

August 15, 2024

Shari Moore
City Clerk
310 City Hall
15 Kellogg Boulevard West
Saint Paul, MN 55102

Re: District Cooling Service Rates

Dear Ms. Moore:

Pursuant to Section 11 E. of the district cooling franchise (City Ordinance No. 07-1109, §§ 1 and 2, adopted December 12, 2007), District Energy St. Paul, Inc. hereby files notice of the rates to be charged to district cooling customers effective October 1, 2024.

These rates were determined in accordance with the District Cooling Service Agreement and approved unanimously by District Energy St. Paul's Board of Directors on June 6, 2024. As detailed on the enclosed exhibit, the new rates are:

Two-Part Rate:

Demand:	\$34.19 per ton per month
Energy:	\$0.113 per ton-hour

Transition Rate:

\$0.455 per ton-hour

District Energy St. Paul will, of course, abide by the provisions of the City of Saint Paul's Ex Parte Ordinance set forth in Chapter 11 of the Administrative Code. Please contact me at 651.297.8955 if there are any questions.

Sincerely,
DISTRICT ENERGY ST. PAUL INC.



Kenneth W. Smith
President

Enclosures: Rate Calculations Summary, Schedule A (Amended) and Attachment 1

cc: City Council Members
District Energy Board
John McCarthy, Director, Office of Financial Services
Sarah Brown, Treasurer, Office of Financial Services
Lyndsey Olson, City Attorney
Saint Paul BOMA

SCHEDULE A (AMENDED)
to
DISTRICT COOLING FRANCHISE
granted to
DISTRICT ENERGY ST. PAUL, INC.
by the
CITY OF ST. PAUL
(Ordinance No. 07-1109, §§ 1 and 2, adopted December 12, 2007 and
Ordinance 13-45, § 1, adopted September 25, 2013)

RATES: The following rates for the Chilled Water service shall be effective beginning with the billing month of **October 2024** and shall remain in effect until superseded:

Two-Part Rate:

Demand	\$34.19 per ton per month
Energy	\$0.113 per ton-hour

Transition Rate: \$0.455 per ton-hour

TRANSITION RATE: The Transition Rate is the single rate charge per ton-hour of energy usage, subject to utilization hour adjustments, due to exceptional circumstances where a Customer building is undergoing major modifications that substantially and temporarily reduce chilled water service requirements, Customer and District Energy may agree to a single rate for the transition period.

PROMPT PAYMENT PROVISION: A charge of 5 percent will be added to the net bill computed at the rates shown above, which charge shall constitute a discount from the gross bill for payment within the discount period, all as more specifically provided in the District Cooling Service Agreement.

FUEL ADJUSTMENT: As provided in the District Cooling Service Agreement, the energy charge may be appropriately adjusted (i.e., spread over the remaining months in the fiscal year) from time to time during the fiscal year to cover cost increases (or decreases) occurring subsequent to the establishment of projected energy-related costs for such period regarding energy purchased by District Energy St. Paul, Inc. for the Chilled Water service, to the extent such costs are in excess of (or below) those costs projected by District Energy St. Paul, Inc. in establishing the energy charge for such period.

SURCHARGE: A City franchise fee surcharge of 3.51965 percent will be added to the gross and net monthly bills computed under this rate schedule except as otherwise provided by law.

SERVICE CHARGES: The attached service charges shall be effective beginning with the billing month of October 2024 and shall remain in effect until superseded.

**DISTRICT ENERGY ST. PAUL, INC. - COOLING SERVICES
RATE CALCULATIONS SUMMARY**

	ACTUAL FY-2023	FY-2024		BUDGET FY-2025	NET CHANGES			
		BUDGET	FORECAST		FY-25B (-)	FY-25B (-)	FY-25B (-)	FY-25B (-)
		FY-2024	FY-2024		FY-24B	FY-24B %	FY-24F	FY-24F %
<u>DEMAND CHARGE CALCULATION</u>								
OPERATION & MAINTENANCE EXPENSES	\$3,979,162	\$3,903,680	\$3,908,345	\$4,194,104	\$290,424	7.4%	\$285,759	7.3%
GENERAL & ADMINISTRATIVE EXPENSES	1,782,931	1,565,704	1,859,169	1,659,864	94,160	6.0%	(199,305)	-10.7%
NET CASH DEBT SERVICE	4,297,676	4,121,199	3,988,611	4,141,549	20,350	0.5%	152,938	3.8%
CHANGE IN OTHER ASSETS & LIABILITIES	(2,161,090)	(89,817)	33,895	(148,695)	(58,878)	65.6%	(182,591)	-538.7%
NET PLANT, PROPERTY & EQUIPMENT	236,695	535,000	565,910	755,000	220,000	41.1%	189,090	33.4%
BAD DEBT EXPENSE-DEMAND	4,235	0	(4,586)	0	0		4,586	-100.0%
FORFEITED DISCOUNTS-DEMAND	<u>(26,240)</u>	<u>(10,653)</u>	<u>(28,152)</u>	<u>(24,000)</u>	<u>(13,347)</u>	<u>125.3%</u>	<u>4,152</u>	<u>-14.7%</u>
TOTAL DEMAND RELATED COSTS	8,113,369	10,025,113	10,323,192	10,577,822	552,710	5.5%	254,630	2.5%
LESS: OTHER (REVENUE) OR COSTS	83,389	93,280	93,520	89,458	(3,822)	-4.1%	(4,063)	-4.3%
LESS: NEW DEBT	<u>1,969,192</u>	<u>535,000</u>	<u>0</u>	<u>0</u>	<u>(535,000)</u>	<u>-100.0%</u>	<u>0</u>	<u>-</u>
NET DEMAND REVENUE REQUIREMENT	\$10,165,950	\$10,653,393	\$10,416,713	\$10,667,280	\$13,887	0.1%	\$250,567	2.4%
DIVIDED BY AGGREGATE DEMAND (TONS)	26,408	26,612	26,021	26,000	(612)	-2.3%	(21)	-0.1%
DIVIDED BY 12 EQUALS DEMAND RATE (\$/TON/MO)	\$32.08	\$33.36	\$33.36	\$34.19	\$0.83	2.5%	\$0.83	2.5%
% CHANGE FROM FY-24 FORECAST				2.5%				
<u>ENERGY CHARGE CALCULATION</u>								
FUELS, THERMAL ENERGY & OTHER	(\$1,331,570)	(\$1,488,333)	(\$1,445,281)	(\$1,620,826)	(\$132,493)	8.9%	(\$175,545)	12.1%
ENERGY (ASSESSMENT) / REFUND	72,246	0	310,732	0	(0)	-	(310,732)	-100.0%
ELECTRICITY	4,042,052	4,044,876	3,870,326	4,152,393	107,517	2.7%	282,067	7.3%
BAD DEBT EXPENSE-ENERGY	1,335,868	1,498,333	1,451,288	1,630,826	132,493	8.8%	179,538	12.4%
FLOW PENALTY/CREDIT	29,054	19,200	21,075	22,800	3,600	18.8%	1,725	8.2%
FORFEITED DISCOUNTS-ENERGY	<u>(7,568)</u>	<u>(4,076)</u>	<u>(7,185)</u>	<u>(4,193)</u>	<u>(117)</u>	<u>2.9%</u>	<u>2,992</u>	<u>-41.6%</u>
TOTAL ENERGY RELATED COSTS	\$4,140,082	\$4,070,000	\$4,200,955	\$4,181,000	\$111,000	2.7%	(\$19,955)	-0.5%
DIVIDED BY TOTAL ENERGY SALES	37,733,214	37,000,000	37,920,937	37,000,000	0	0.0%	(920,937)	-2.4%
EQUALS ENERGY RATE (\$/TON-HR)	\$0.110	\$0.110	\$0.111	\$0.113	\$0.003	2.7%	\$0.002	2.0%
% CHANGE FROM FY-24 FORECAST				2.0%				
<u>AVERAGE OVERALL COST AT 1200 UTILIZATION HOURS</u>								
DEMAND RATE (\$/TON/MO) x 12 / 1200	\$0.3208	\$0.3336	\$0.3336	\$0.3419	\$0.008	2.5%	\$0.008	2.5%
PLUS ENERGY RATE (\$/TON-HR)	<u>0.1097</u>	<u>0.1100</u>	<u>0.1108</u>	<u>0.1130</u>	<u>0.003</u>	<u>2.7%</u>	<u>0.002</u>	<u>2.0%</u>
EQUALS SINGLE RATE (\$/TON-HR)	\$0.4310	\$0.4440	\$0.4440	\$0.4550	\$0.011	2.5%	\$0.011	2.5%
% CHANGE FROM FY-24 FORECAST				2.5%				