

New Prague, Minnesota

A Tradition of Progress



NEW PRAGUE UTILITIES COMMISSION 2025 PROPOSED ELECTRIC BUDGET REPORT

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MANAGEMENT STATEMENT

The overall management goal of the New Prague Utilities Electric Department is to provide safe, reliable, and economical public electric service with a focus on customer needs, infrastructure enhancements, growth, and responsible resource management. 2024 was a very busy year starting out with the NE residential Project that involved the utility installing nearly 10,000' of underground conductor and 68 underground house services. The utility also worked with several commercial customers upgrading or installing new services.

2024 also brought on continued challenges dealing with supply chain shortages for construction materials, metering electronics, and delays on equipment orders forcing staff to move project dates and pre-order material as much as two years in advance for upcoming projects.

FORECAST

The 2025 Electric Department budget is projected to forecast the financial operation of the New Prague Utilities Commission. Southern Minnesota Municipal Power Agency (SMMPA) is predicting that wholesale energy cost will remain stable throughout 2025 with only slight changes in transmission rates and demand ratchet charges due to peak load changes.

REVENUE

The 2025 Revenue budget reflects a 2% increase on residential and Commercial rates and 2.3% on industrial and demand rates. Residential customer service charges will increase by \$1.00 in 2025. These increases are primarily driven by escalating labor, material and equipment cost and the ongoing operational cost of building and maintaining an electric distribution system that is both reliable and capable of serving future growth.

EXPENSES

Personnel Costs:

- Wages Full-Time and Part-Time – Reflects a 2.8% COLA wage adjustment and step increases.
- Health Insurance – There will be a 4.7% increase in health insurance premiums for 2025. HSA contributions will increase from \$1,000 (family) to \$2,250 and \$500 (single) to \$1,125.
 - Note: Insurance providers will change effective Jan. 1, 2025 from HealthPartners to BlueCross Blue Shield. This change is effective for the entire Sourcewell insurance pool.
- Dental Insurance – There is a 12.6% decrease in dental insurance premiums for 2025.
 - Note: Insurance providers will change effective Jan. 1, 2025 from Delta Dental to HealthPartners. This change is due to bid results completed in 2024
- Life, Long-Term Disability and Short-Term Disability – 0% change in 2025 as part of the 36-month rate guarantee established in 2023.

Operating Expenses:

- Purchased Power cost shows a slight budget decrease compared to 2024, but can show fluctuations from year to year based on local demand and ratchet costs.
- Capital improvement costs are a decrease compared to 2024 and are based on planned SMMPA projects.

2025 KEY BUDGET AND OPERATIONAL CHALLENGES

2025 will bring several budget and operation challenges while maintaining and providing reliable and affordable electric service to its current and new customers.

- Continued work on future expansion of New Prague's generation facilities to meet continued growth and to meet base load requirements of New Prague's power supplier (SMMPA) it is anticipated that this project will cost an estimated 18 million dollars and take nearly 3 years to complete. This expansion will provide New Prague residents with reliable generation backup for the next 20 years and be paid for by a 20 year contract with New Prague's wholesale power provider (SMMPA)
- Distribution replacements and upgrades to our distribution system and the extension of underground distribution lines to keep moving toward our goal of having all residential distribution lines underground by the end of the 2025 by adding an additional 20,000' of new underground conductors and related equipment.
- Continued refinement and development of energy programs that are offered to new and existing customers to promote energy sales and cost efficiency.
- Strengthen current and future workforce and career development needs so that the utility can retain a skilled labor force and be prepared for future workforce retirements.

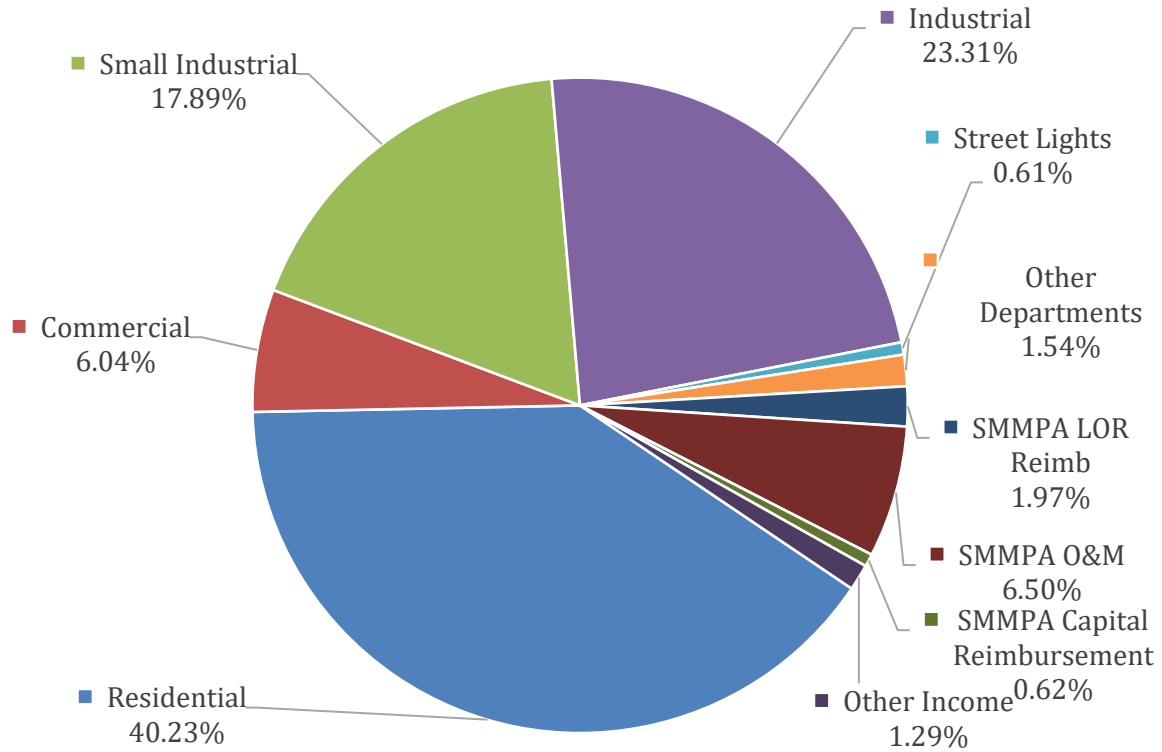
2024 NPUC KEY ACCOMPLISHMENTS

- Installed 20,500 feet of new underground distribution conductor, 19 distribution Transformers and 65 house services furthering the goal to have all residential lines underground.
- Installed commercial services to Scott Equipment and Scooters Coffee
- Replaced Cooling towers as part of SMMPA's \$225,000 capital improvement plan.
- Installed fiber optic and electrical services to the new dog park and parks department building

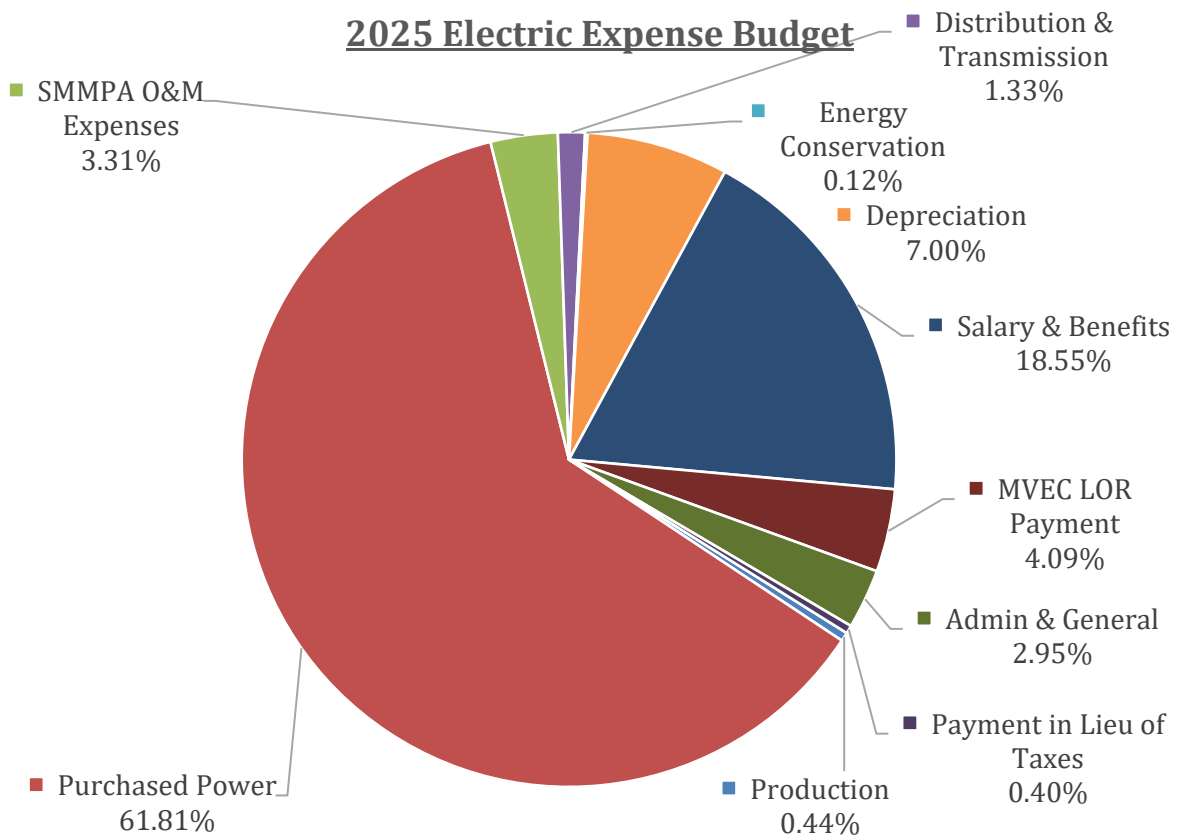
NEW PRAGUE UTILITIES COMMISSION
PROPOSED ELECTRIC BUDGET
As of 9/30/2024

| | 2023 | 2024 | 2024 | 2025 | 2024-2025 | |
|--|-------------------------|------------------------|-------------------------|-------------------------|-----------------------|-----------------|
| | ACTUAL | Y-T-D ACTUAL | CURRENT BUDGET | PROPOSED BUDGET | \$ DIFFERENCE | % DIFFERENCE |
| REVENUES | | | | | | |
| Unbilled Accounts Receivable | \$ (101,665.83) | \$ 195,502.77 | 0 | \$ - | \$ - | #DIV/0! |
| Residential | \$ 4,190,656.01 | \$ 2,789,874.14 | \$ 4,226,849.00 | \$ 4,186,223.00 | \$ (40,626.00) | -0.96% |
| Commercial | \$ 621,377.31 | \$ 444,148.40 | \$ 606,240.00 | \$ 628,951.00 | \$ 22,711.00 | 3.75% |
| Small Industrial | \$ 1,835,814.18 | \$ 1,255,706.32 | \$ 1,837,352.00 | \$ 1,861,047.00 | \$ 23,695.00 | 1.29% |
| Industrial | \$ 2,383,439.94 | \$ 1,614,815.88 | \$ 2,374,761.00 | \$ 2,424,913.00 | \$ 50,152.00 | 2.11% |
| Large Industrial | \$ - | \$ - | \$ - | \$ - | \$ - | 0.00% |
| Streetlights | \$ 64,064.46 | \$ 36,548.33 | \$ 58,529.00 | \$ 63,443.00 | \$ 4,914.00 | 8.40% |
| Other Departments | \$ 147,823.24 | \$ 83,363.95 | \$ 162,901.00 | \$ 160,583.00 | \$ (2,318.00) | -1.42% |
| SMMPA LOR Reimbursement | \$ 208,350.36 | \$ 135,821.42 | \$ 180,000.00 | \$ 205,075.00 | \$ 20,075.00 | 13.93% |
| SMMPA O&M Revenue | \$ 696,048.51 | \$ 447,875.73 | \$ 654,740.00 | \$ 676,033.00 | \$ 21,293.00 | 3.25% |
| SMMPA Capital Reimbursement | \$ - | \$ - | \$ 225,000.00 | \$ 65,000.00 | \$ (160,000.00) | -71.11% |
| Other Income | \$ 562,681.32 | \$ 273,714.46 | \$ 147,700.00 | \$ 133,800.00 | \$ (13,900.00) | -9.41% |
| TOTAL REVENUES | \$ 10,608,589.50 | \$ 7,277,371.40 | \$ 10,474,072.00 | \$ 10,405,068.00 | \$ (69,004.00) | -0.66% |
| EXPENSES | | | | | | |
| Production | \$ 10,124.77 | \$ 4,213.33 | \$ 26,000.00 | \$ 44,000.00 | \$ 18,000.00 | 69.23% |
| Purchased Power | \$ 6,221,565.52 | \$ 4,210,866.65 | \$ 6,401,508.00 | \$ 6,196,036.00 | \$ (205,472.00) | -3.21% |
| SMMPA O&M Expenses | \$ 287,056.29 | \$ 198,805.15 | \$ 486,740.00 | \$ 332,295.00 | \$ (154,445.00) | -31.73% |
| Distribution/Transmission | \$ 139,750.14 | \$ 17,775.52 | \$ 114,000.00 | \$ 133,313.00 | \$ 19,313.00 | 16.94% |
| Energy Conservation | \$ 42,911.84 | \$ 9,732.15 | \$ 12,500.00 | \$ 12,500.00 | \$ - | 0.00% |
| Depreciation | \$ 695,511.90 | \$ 502,614.38 | \$ 680,160.00 | \$ 701,323.00 | \$ 21,163.00 | 3.11% |
| Salary & Benefits | \$ 1,328,631.33 | \$ 985,091.80 | \$ 1,697,681.00 | \$ 1,859,346.00 | \$ 161,665.00 | 9.52% |
| MVEC LOR Payment | \$ 416,700.67 | \$ 271,642.82 | \$ 357,793.00 | \$ 410,150.00 | \$ 52,357.00 | 14.63% |
| Admin & General | \$ 264,005.94 | \$ 231,944.44 | \$ 260,278.00 | \$ 295,321.00 | \$ 35,043.00 | 13.46% |
| Payment in Lieu of Taxes | \$ 40,000.00 | \$ 26,666.64 | \$ 40,000.00 | \$ 40,000.00 | \$ - | 0.00% |
| TOTAL EXPENSES | \$ 9,446,258.40 | \$ 6,459,352.88 | \$ 10,076,660.00 | \$ 10,024,284.00 | \$ (52,376.00) | -0.52% |
| EXCESS REVENUES OVER EXPENSES | \$ 1,162,331.10 | \$ 818,018.52 | \$ 397,412.00 | \$ 380,784.00 | \$ (16,628.00) | -4.18% |

2025 Electric Revenue Budget



2025 Electric Expense Budget



**ELECTRIC DEPARTMENT
SMMPA PURCHASE POWER**

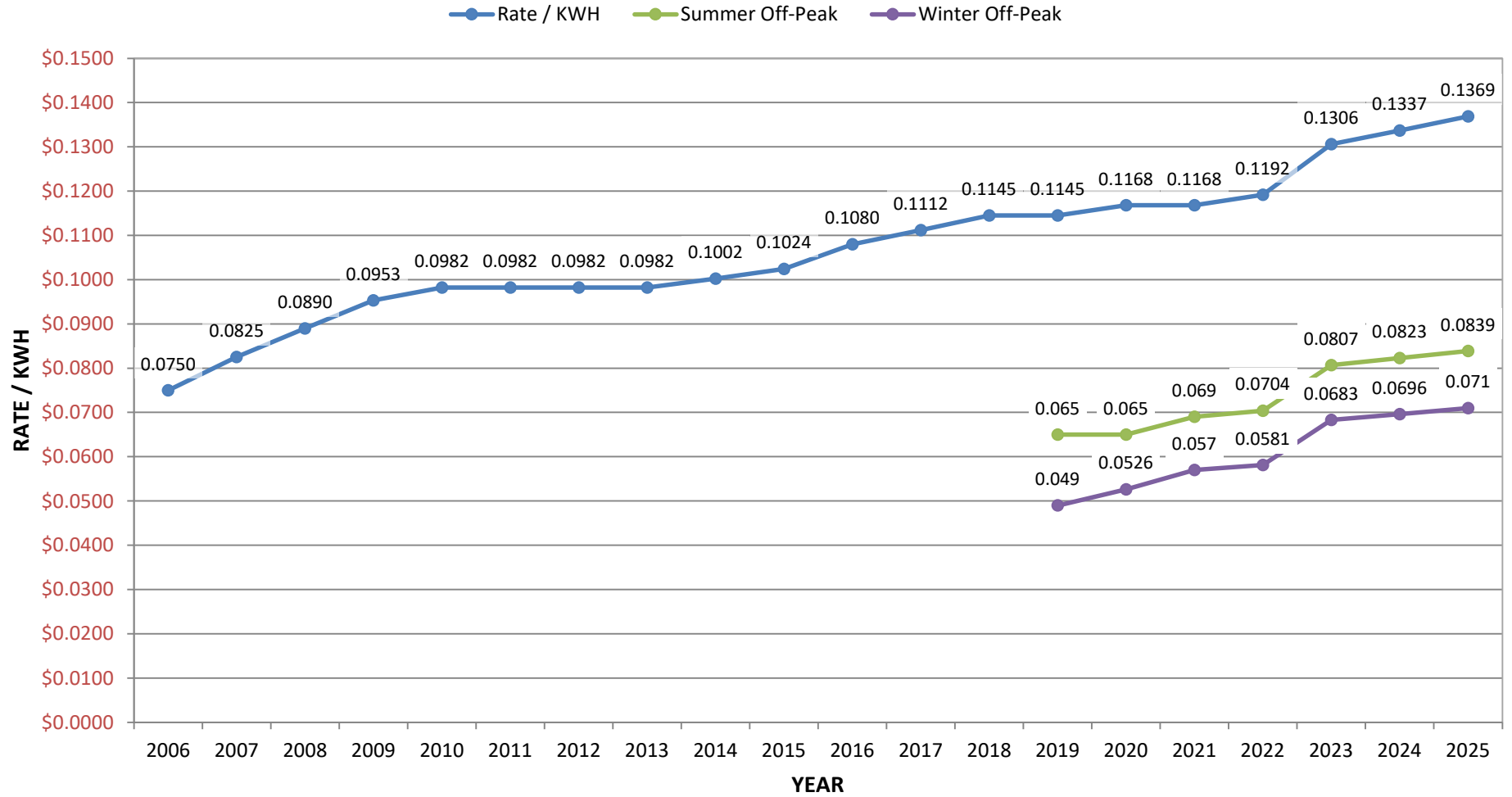
The 2025 purchased wholesale net power rate is projected to be \$0.0875 per kilowatt-hour (kWh).

The budget projects the energy purchase to be 70,811,849 kWh for New Prague.

| | Purchased kWh | Cost kWh | Total Cost |
|-------|--------------------------|---------------------|-----------------------|
| *2025 | 70,811,849 | \$0.0875 | \$6,196,036 |
| *2024 | 70,270,140 | \$0.0859 | \$6,037,365 |
| 2023 | 72,260,959 | \$0.0861 | \$6,221,565 |
| 2022 | 72,086,211 | \$0.0753 | \$5,427,726 |
| 2021 | 72,006,211 | \$0.0754 | \$5,427,727 |
| 2020 | 61,433,726 | \$0.0847 | \$5,200,945 |
| 2019 | 77,305,672 | \$0.0744 | \$5,752,796 |

* Represents projections

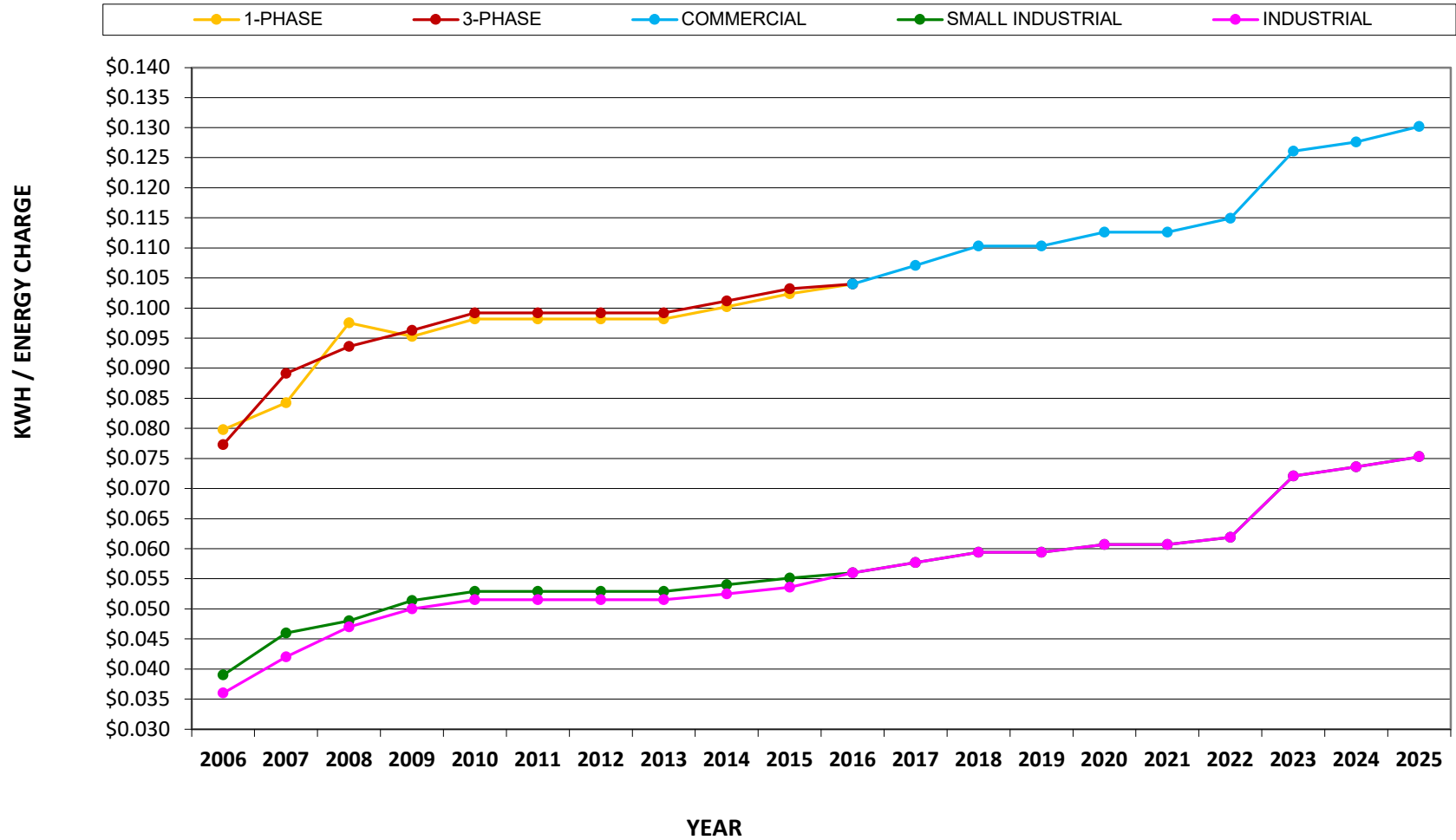
NEW PRAGUE UTILITIES COMMISSION RESIDENTIAL ELECTRIC RATES (2006 - 2025)



* An average residential customer using 650 kWh will see an increase of \$2.02 per month with 2024 rate increase

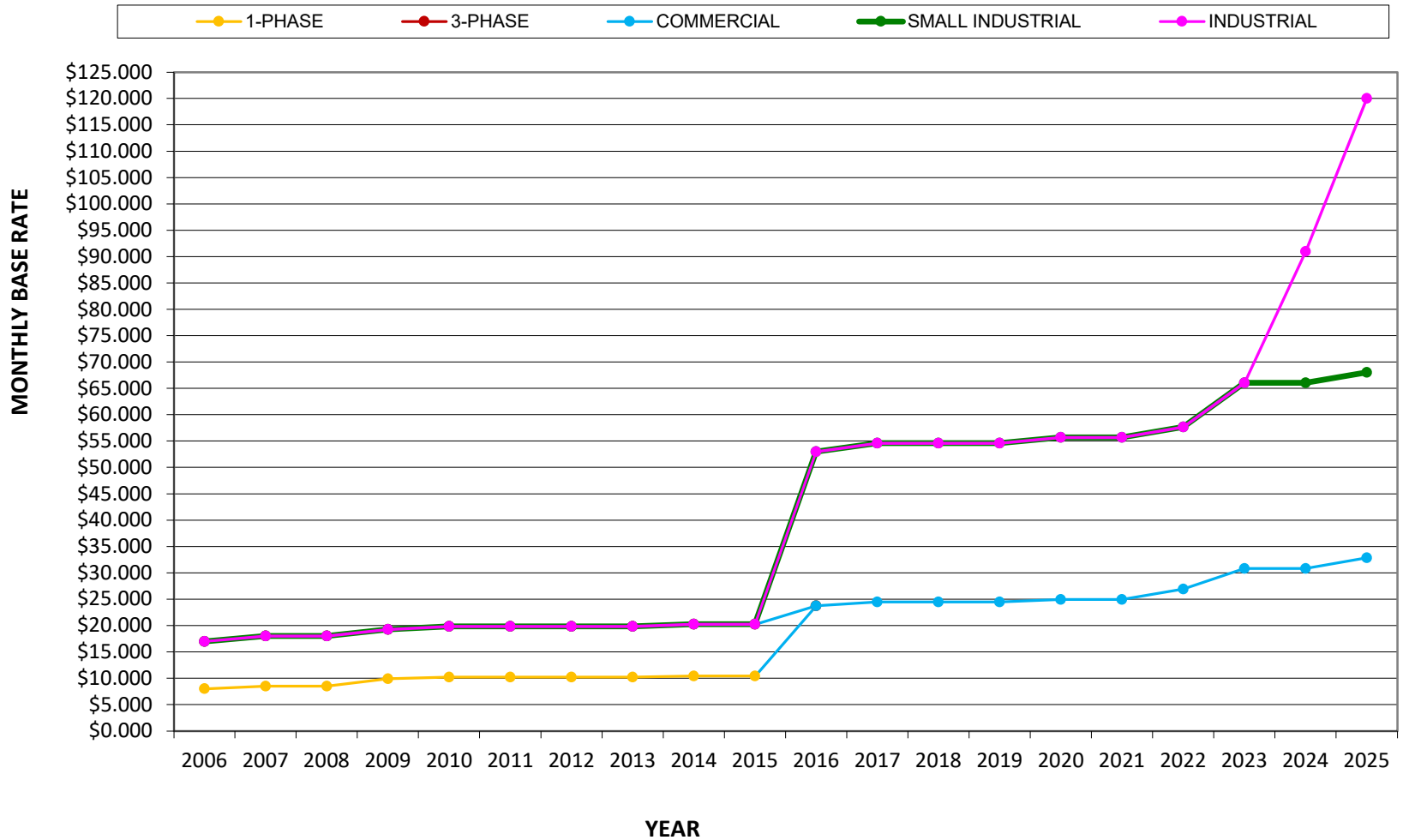
* An average residential customer using 1200 kWh will see an increase of \$3.72 per month with 2024 rate increase

NEW PRAGUE UTILITIES COMMISSION COMMERCIAL ELECTRIC RATE INFORMATION (2006 - 2025)



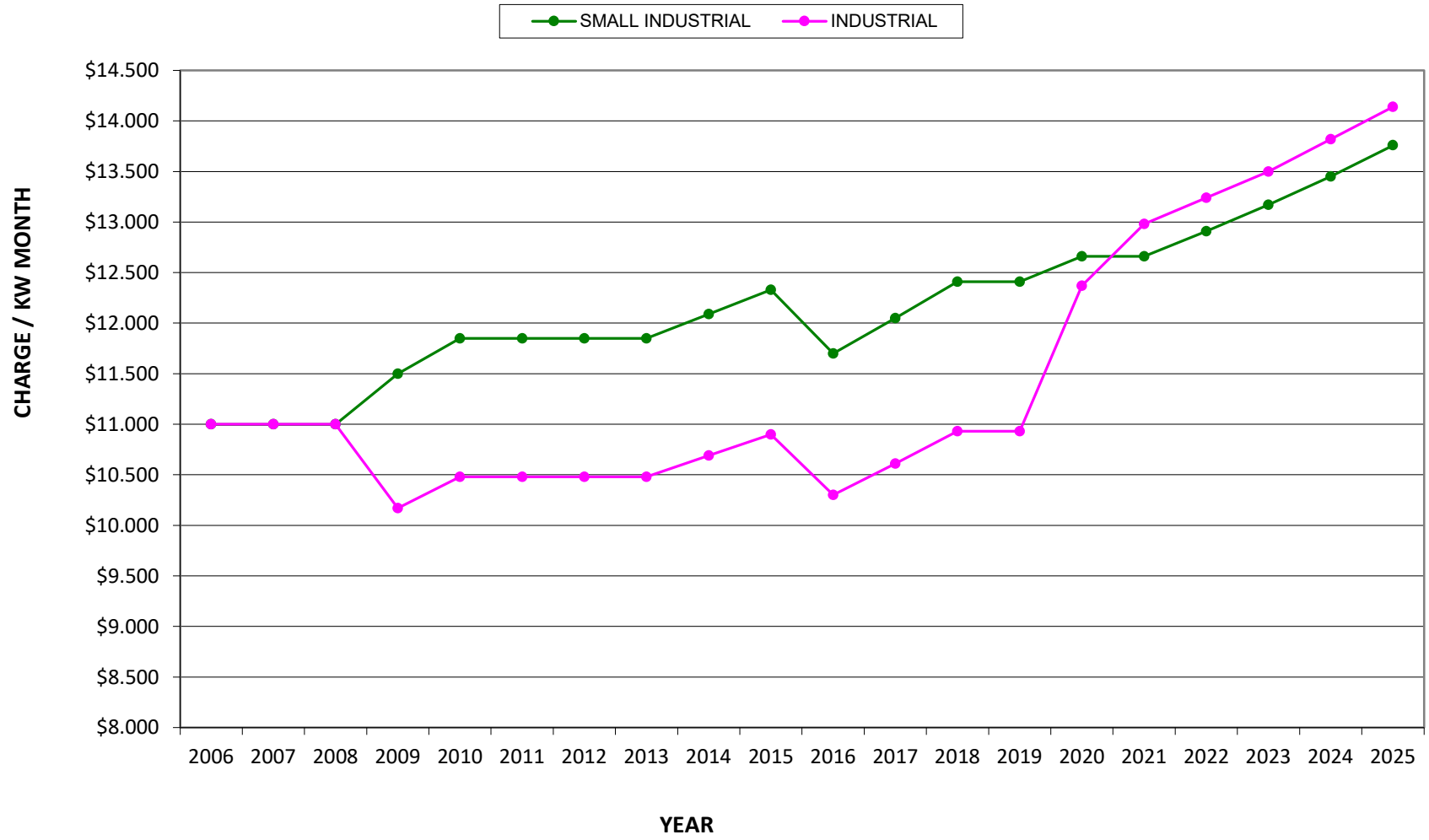
1-Phase and 3-Phase rates were combined in 2016 to create the Commercial rate.
2016-2025, Small Industrial and Industrial will have the same rate.

NEW PRAGUE UTILITIES COMMISSION COMMERCIAL ELECTRIC BASE RATE INFORMATION (2006 - 2025)



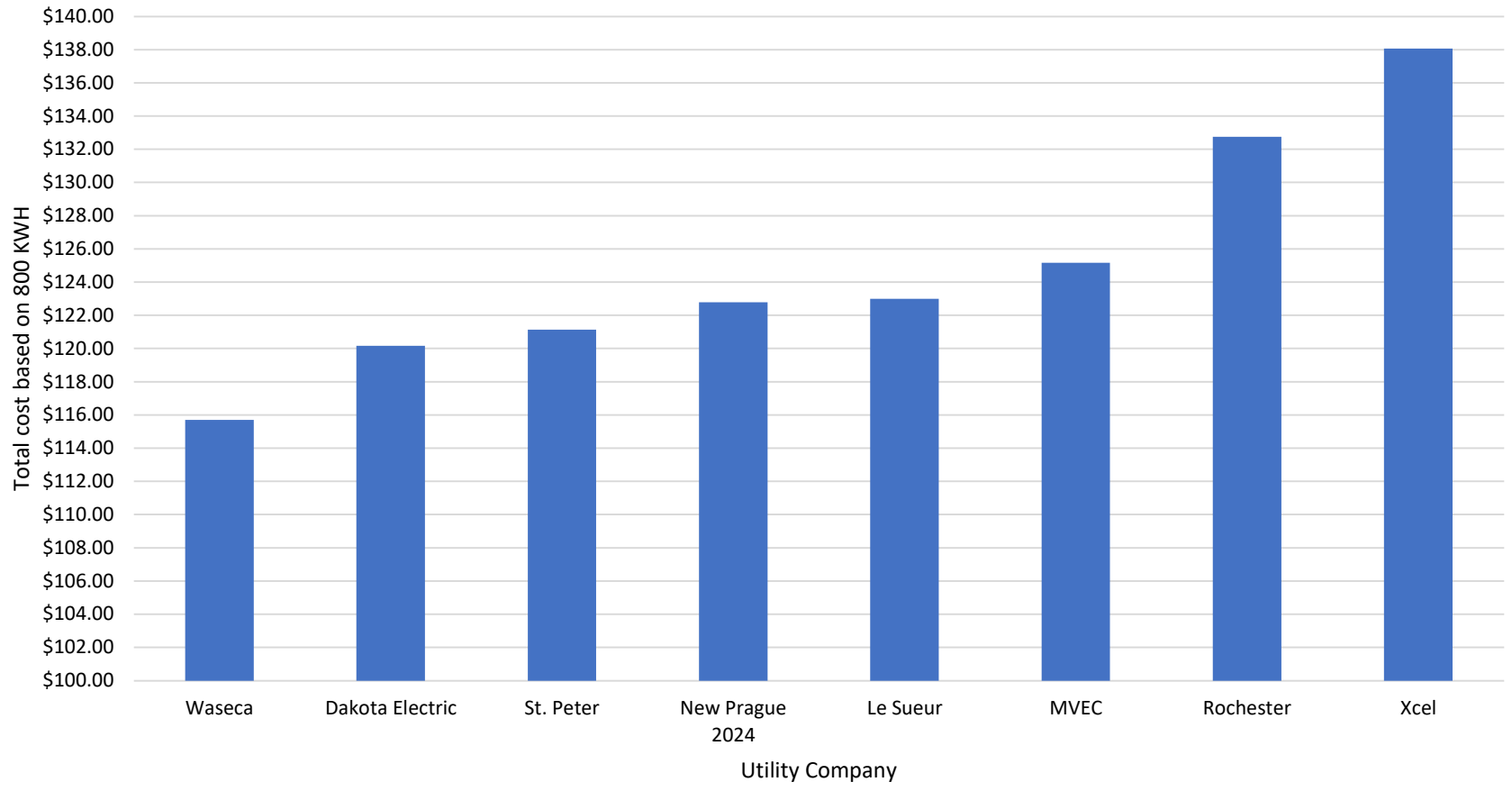
1-Phase and 3-Phase rates were combined in 2016 to create the Commercial rate.
 From 2006 to 2015, 3-Phase(Commercial), Small Industrial, Industrial, and Large Industrial charged the same rate.
 2017-2023, Small Industrial and Industrial will have the same rate.

NEW PRAGUE UTILITIES COMMISSION COMMERCIAL ELECTRIC DEMAND RATE INFORMATION (2006 - 2025)



From 2006 to 2008, Small Industrial, Industrial, and Large Industrial charged the same rate.

New Prague Utilities Commission 2024 Summer Rate Comparison



| Sum of Amount | Years | | | | | | | | | | |
|---|------------------|------------------|------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|--------------------|
| Funding Sources | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | Grand Total |
| Electric | 6,972,000 | 7,247,000 | 6,738,000 | 799,400 | 626,000 | 589,000 | 606,000 | 684,000 | 642,590 | 661,677 | 25,565,667 |
| #5 Generator Replacement | 300,000 | 300,000 | | | | | | | | | 600,000 |
| Brush Chipper (15% of cost) | | | | 5,400 | | | | | | | 5,400 |
| Bucket Truck | 65,000 | 275,000 | | | | | | | | | 340,000 |
| Directional Drill | | | | 150,000 | | | | | | | 150,000 |
| Dump Truck Replacement | | | | 65,000 | | | | | | | 65,000 |
| Future Distribution CIP | 450,000 | 463,000 | 477,000 | 491,000 | 506,000 | 522,000 | 537,000 | 553,000 | 569,590 | 586,677 | 5,155,267 |
| Future Generation | 6,000,000 | 6,000,000 | 6,000,000 | | | | | | | | 18,000,000 |
| Mini Excavator Backhoe | 45,000 | | | | | | | | | | 45,000 |
| Miscellaneous Equipment | 27,000 | 29,000 | 31,000 | 33,000 | 35,000 | 37,000 | 39,000 | 41,000 | 43,000 | 45,000 | 360,000 |
| Pavement Replacement- Warehouse Alley | 55,000 | | | | | | | | | | 55,000 |
| SCADA/ Switch Gear | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 | 300,000 |
| Service Truck Replacement | | | 50,000 | | 55,000 | | | 60,000 | | | 165,000 |
| Tractor Backhoe | | | | 25,000 | | | | | | | 25,000 |
| Trencher/Plow | | | 150,000 | | | | | | | | 150,000 |
| West Substation Upgrade - Controls/Gear | | 150,000 | | | | | | | | | 150,000 |
| Grand Total | 6,972,000 | 7,247,000 | 6,738,000 | 799,400 | 626,000 | 589,000 | 606,000 | 684,000 | 642,590 | 661,677 | 25,565,667 |

Proposed 2025 Rates

| | 2024 | | 2025 | |
|------------------------------------|-------------|-----------|-------------|-----------|
| | Rate | BASE FEE | RATE | BASE FEE |
| RESIDENTIAL | \$ 0.1337 | \$ 15.82 | \$ 0.1369 | \$16.82 |
| OFF PEAK SUMMER (JUNE - SEPT) | \$ 0.0823 | \$ - | \$ 0.0839 | |
| OFF PEAK WINTER (OCT - MAY) | \$ 0.0696 | \$ - | \$ 0.0710 | |
| RESIDENTIAL - SOLAR | \$ 0.1337 | \$ 4.50 | \$ 0.1369 | \$4.50 |
| RESIDENTIAL - SOLAR BI-DIRECTIONAL | \$ (0.1337) | \$ - | \$ (0.1369) | |
| TIME OF USE - AM (CAR) | \$ 0.2388 | \$ - | \$ 0.2507 | |
| TIME OF USE - PM (CAR) | \$ 0.0806 | \$ - | \$ 0.0806 | |
| LOAD CONTROL CREDITS | | \$ (5.00) | | \$ (5.00) |
| | | | | |
| COMMERCIAL | \$ 0.1276 | \$ 30.85 | \$ 0.1302 | \$ 32.86 |
| SMALL INDUSTRIAL | \$ 0.0736 | \$ 66.04 | \$ 0.0753 | \$ 68.04 |
| SMALL INDUSTRIAL - DEMAND | \$13.4500 | \$ - | \$13.7600 | |
| INDUSTRIAL | \$ 0.0736 | \$ 91.00 | \$ 0.0753 | \$120.00 |
| INDUSTRIAL - DEMAND | \$13.8200 | \$ - | \$14.1400 | |
| PEAK ALERT | \$ 0.0779 | \$ 136.60 | \$ 0.0797 | \$ 138.60 |
| PEAK ALERT - DEMAND | \$ 3.8100 | \$ - | \$ 4.4100 | \$1.00 |
| INTERRUPTABLE | \$ 0.0926 | \$ 30.86 | \$ 0.0945 | \$32.86 |
| LARGE INDUSTRIAL | \$ - | \$ 100.00 | \$ 0.0753 | \$140.00 |
| LARGE INDUSTRIAL - Demand | | | \$17.2000 | |
| INTERDEPARTMENT SALES | \$ 0.0812 | \$ 26.94 | \$ 0.0945 | \$32.86 |
| INTERDEPARTMENT SALES | \$ 0.1149 | \$ 26.94 | \$ 0.1302 | \$32.86 |
| | | | | |
| METERED STREET LIGHT - LED | \$ 0.2000 | \$ 12.35 | \$ 0.2500 | \$12.60 |
| METERED STREET LIGHT - NON LED | \$ 0.1469 | \$ 11.29 | \$ 0.1469 | \$12.60 |
| SECURITY LIGHTS | \$ - | \$ 12.35 | \$ - | \$12.60 |