

New Prague, Minnesota

A Tradition of Progress



NEW PRAGUE UTILITIES COMMISSION 2024 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. 2023 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.

2023 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 2024 Electric Department budget is projected to forecast the financial operation of the New Prague Utilities Commission. Southern Minnesota Municipal Power Agency (SMPA) is predicting that wholesale energy cost will remain stable throughout 2024 with only slight changes in transmission rates starting in February of 2024.

REVENUE

The 2024 Revenue budget reflects a 2% increase on residential energy rates, 1% on Commercial and 2.3% on industrial and demand rates. Residential customer service charges will not change in 2024. 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 4% COLA wage adjustment and step increases.
- Health Insurance – There is a 6.25% increase in health insurance premiums for 2024. Note: 2024 is year 2 of a two-year rate guarantee, 2023 was an 11.08% decrease. Employer cost share remains at 80% and HSA contribution will remain at \$1000 (family) and \$500 (single).
- Dental Insurance – There is an 8.07% increase in dental insurance premiums for 2024. This increase is due to dental trend increases and inflation.
- Life, Long-Term Disability and Short-Term Disability – 0% change in 2024 as part of the 36-month rate guarantee established in 2023.

Operating Expenses:

- Purchase Power is up due to increased service loads and slightly higher off-season demand cost.
- Capital improvement costs remain higher than prior years due to increased material costs and planned 2024 construction projects.

2024 KEY BUDGET AND OPERATIONAL CHALLENGES

2024 will bring several budget and operation challenges while maintaining and providing reliable and affordable electric service to its current and new customers.

- Continue working with SMMPA to explore 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)
- 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.
- 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.
- Implementation of new GIS program and mapping tools

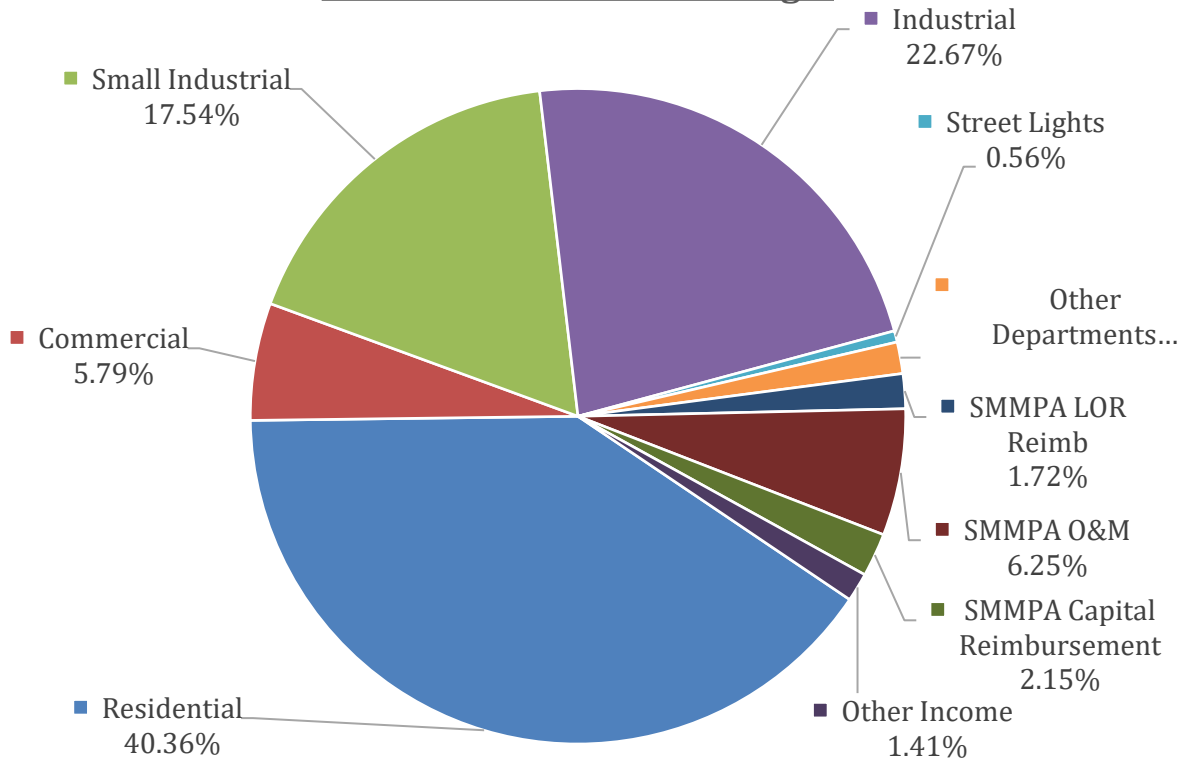
2023 NPUC KEY ACCOMPLISHMENTS

- Completed work on 14,000 sq. ft. addition and remodel of existing building to accommodate the growing needs of the water and electric maintenance departments.
- Installed 10,000 feet of new underground distribution lines, 26 distribution Transformers and 68 house services furthering the goal to have all residential lines underground.
- Installed commercial distribution services to MVE Biological Solutions and Bricks Boat works.
- Updated meter reading and load control servers.
- Implemented new software programs for customer billing, accounting, payroll, purchasing & inventory management.
- Installed 5,800 ft. of underground fiber optic cable serving the utilities West water Tower and City compost site.
- Applied for the APPA RP3 Award in excellence for system reliability this award can be received every three years. Out of 2,000 Public Power Utilities, NPU was one of 275 recipients across the country to receive this award in the past.

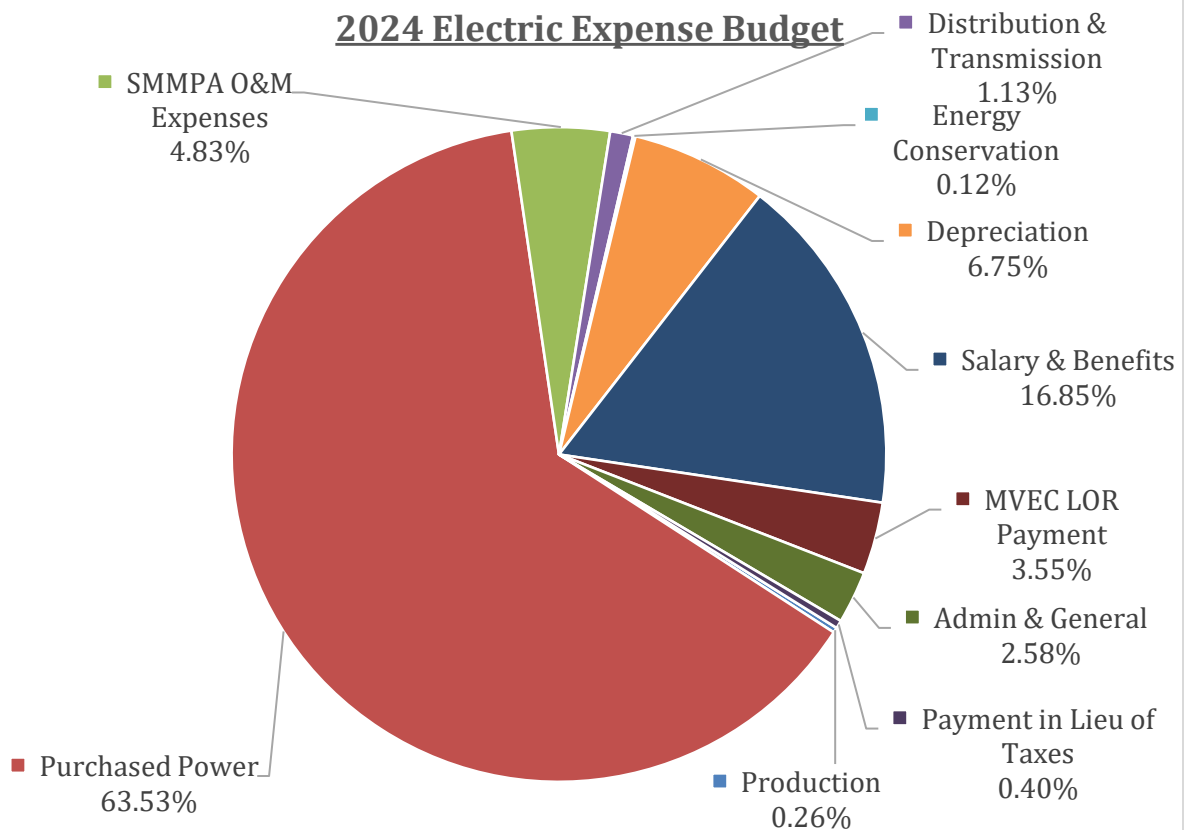
NEW PRAGUE UTILITIES COMMISSION
PROPOSED ELECTRIC BUDGET
As of 8/31/2023

REVENUES	2022	2023	2023	2024	2023-2024	
	ACTUAL	Y-T-D ACTUAL	CURRENT BUDGET	PROPOSED BUDGET	\$ DIFFERENCE	% DIFFERENCE
Unbilled Accounts Receivable	\$ 183,486.08	\$ (57,646.38)	\$ -	\$ -	\$ -	0.00%
Residential	\$ 3,673,465.68	\$ 2,848,368.55	\$ 4,130,213.00	\$ 4,226,849.00	\$ 96,636.00	2.34%
Commercial	\$ 537,197.07	\$ 419,905.95	\$ 601,454.00	\$ 606,240.00	\$ 4,786.00	0.80%
Small Industrial	\$ 1,675,374.40	\$ 1,232,805.29	\$ 1,834,345.00	\$ 1,837,352.00	\$ 3,007.00	0.16%
Industrial	\$ 2,086,969.34	\$ 1,598,524.33	\$ 2,283,345.00	\$ 2,374,761.00	\$ 91,416.00	4.00%
Large Industrial	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
Streetlights	\$ 58,622.54	\$ 41,777.10	\$ 65,000.00	\$ 58,529.00	\$ (6,471.00)	-9.96%
Other Departments	\$ 132,125.37	\$ 102,631.42	\$ 137,230.00	\$ 162,901.00	\$ 25,671.00	18.71%
SMMPA LOR Reimbursement	\$ 188,104.95	\$ 139,291.36	\$ 190,000.00	\$ 180,000.00	\$ (10,000.00)	-5.26%
SMMPA O&M Revenue	\$ 628,151.96	\$ 465,617.19	\$ 611,000.00	\$ 654,740.00	\$ 43,740.00	7.16%
SMMPA Capital Reimbursement	\$ -	\$ -	\$ -	\$ 225,000.00	\$ 225,000.00	0.00%
Other Income	\$ 239,698.70	\$ 186,389.00	\$ 146,700.00	\$ 147,700.00	\$ 1,000.00	0.68%
TOTAL REVENUES	\$ 9,403,196.09	\$ 6,977,663.81	\$ 9,999,287.00	\$ 10,474,072.00	\$ 474,785.00	4.75%
EXPENSES						
Production	\$ 11,012.61	\$ 6,682.33	\$ 26,000.00	\$ 26,000.00	\$ -	0.00%
Purchased Power	\$ 5,649,470.73	\$ 4,267,736.74	\$ 6,242,485.00	\$ 6,401,508.00	\$ 159,023.00	2.55%
SMMPA O&M Expenses	\$ 254,501.09	\$ 196,549.72	\$ 337,500.00	\$ 486,740.00	\$ 149,240.00	44.22%
Distribution/Transmission	\$ 190,992.39	\$ 72,749.15	\$ 101,000.00	\$ 114,000.00	\$ 13,000.00	12.87%
Energy Conservation	\$ 33,032.31	\$ 27,279.56	\$ 11,500.00	\$ 12,500.00	\$ 1,000.00	8.70%
Depreciation	\$ 638,527.97	\$ 399,375.18	\$ 606,941.00	\$ 680,160.00	\$ 73,219.00	12.06%
Salary & Benefits	\$ 1,185,298.93	\$ 755,701.42	\$ 1,499,862.00	\$ 1,697,681.00	\$ 197,819.00	13.19%
MVEC LOR Payment	\$ 376,209.84	\$ 278,582.71	\$ 379,465.00	\$ 357,793.00	\$ (21,672.00)	-5.71%
Admin & General	\$ 192,013.10	\$ 168,908.94	\$ 252,650.00	\$ 260,278.00	\$ 7,628.00	3.02%
Payment in Lieu of Taxes	\$ 40,000.00	\$ 23,333.35	\$ 40,000.00	\$ 40,000.00	\$ -	0.00%
TOTAL EXPENSES	\$ 8,571,058.97	\$ 6,196,899.10	\$ 9,497,403.00	\$ 10,076,660.00	\$ 579,257.00	6.10%
EXCESS REVENUES OVER EXPENSES	\$ 832,137.12	\$ 780,764.71	\$ 501,884.00	\$ 397,412.00	\$ (104,472.00)	-20.82%

2024 Electric Revenue Budget



2024 Electric Expense Budget



**ELECTRIC DEPARTMENT
SMMPA PURCHASE POWER**

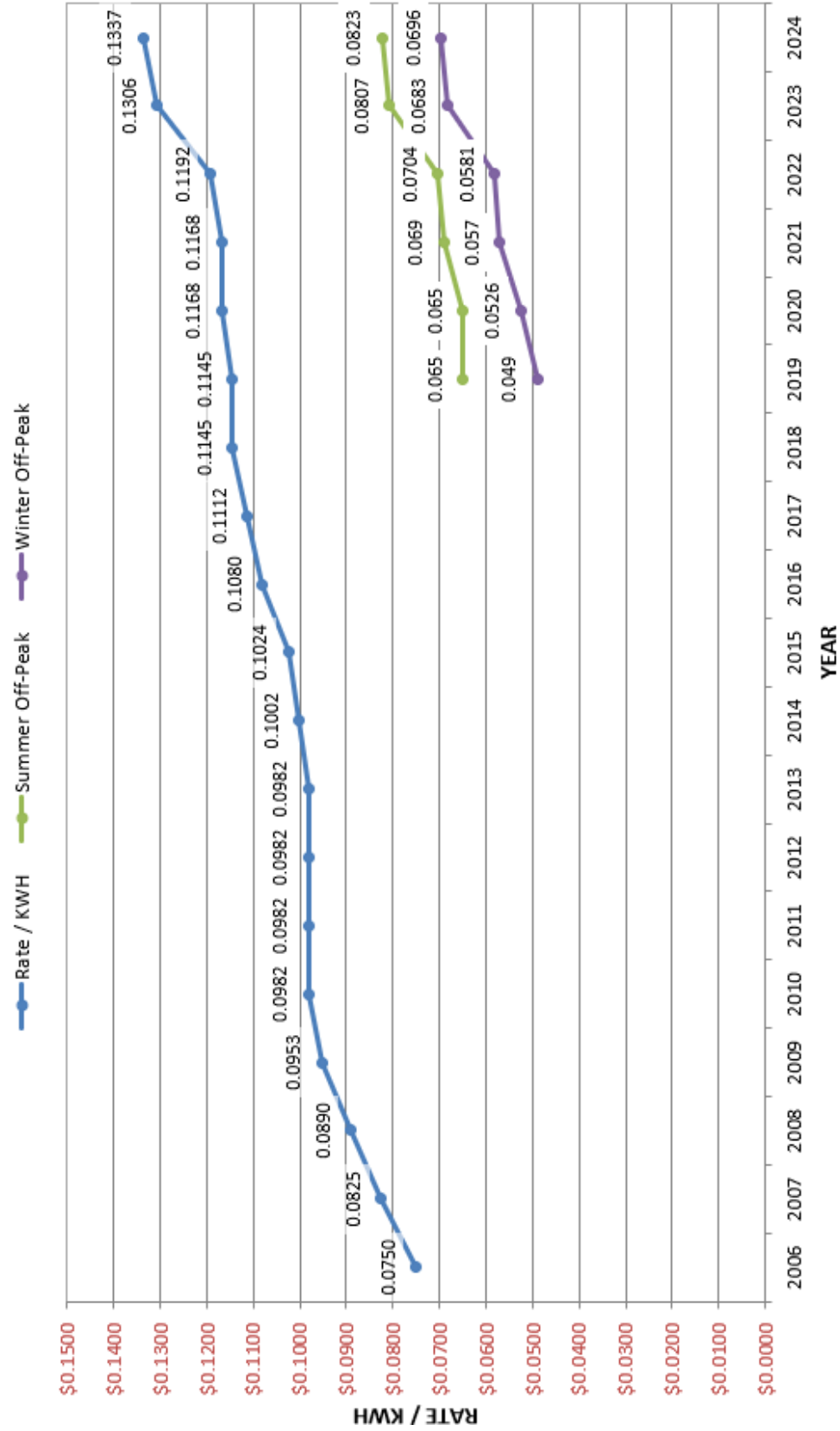
The 2024 purchased wholesale net power rate is projected to be \$0.0870 per kilowatt-hour (kWh).

The budget projects the energy purchase to be 73,580,555 kWh for New Prague.

	Purchased kWh	Cost kWh	Total Cost
*2024	73,580,555	\$0.0870	\$6,401,508
*2023	72,574,628	\$0.0867	\$6,292,220
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 - 2024)



* 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

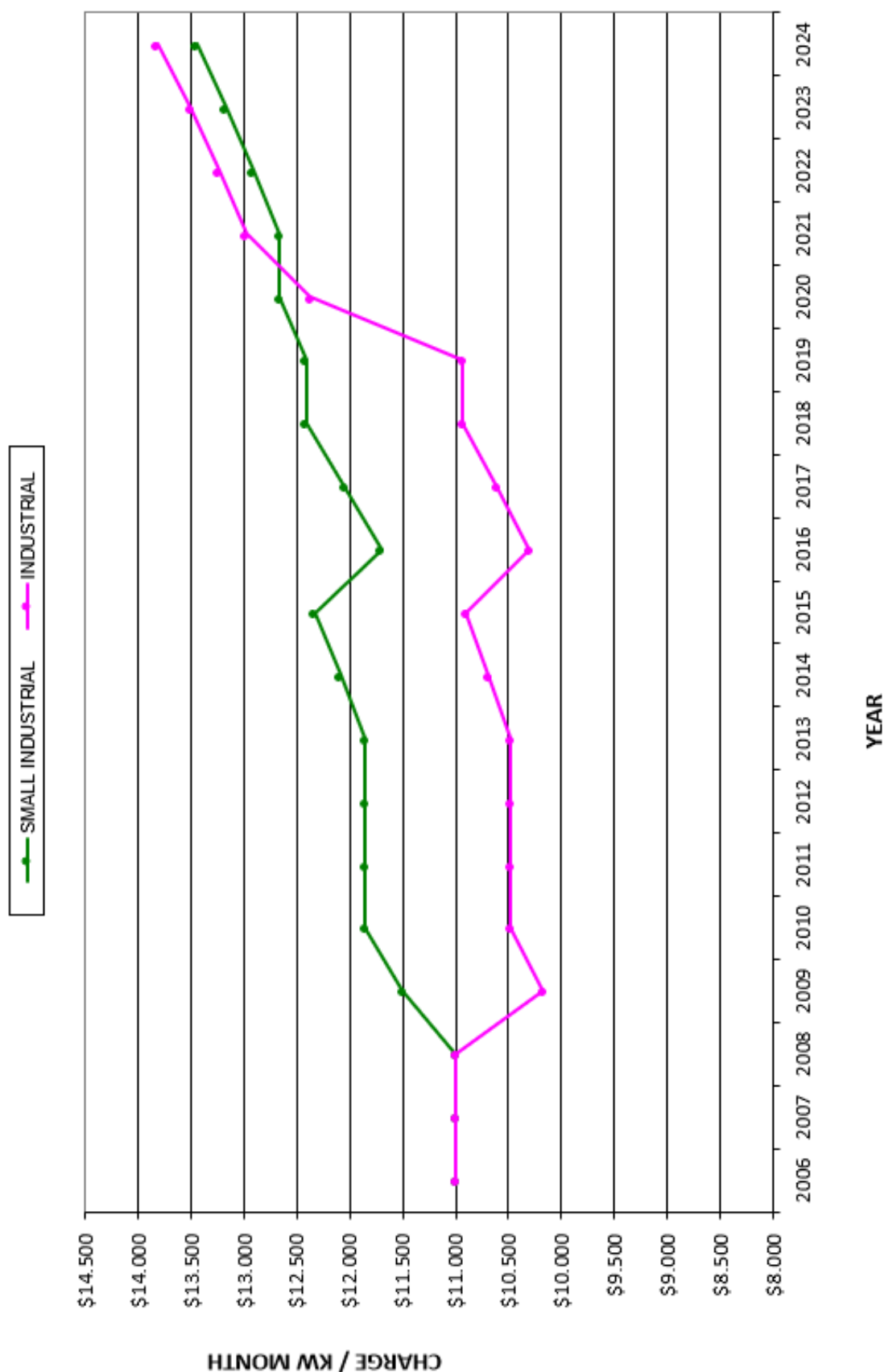
NEW PRAGUE UTILITIES COMMISSION COMMERCIAL ELECTRIC RATE INFORMATION (2006 - 2024)



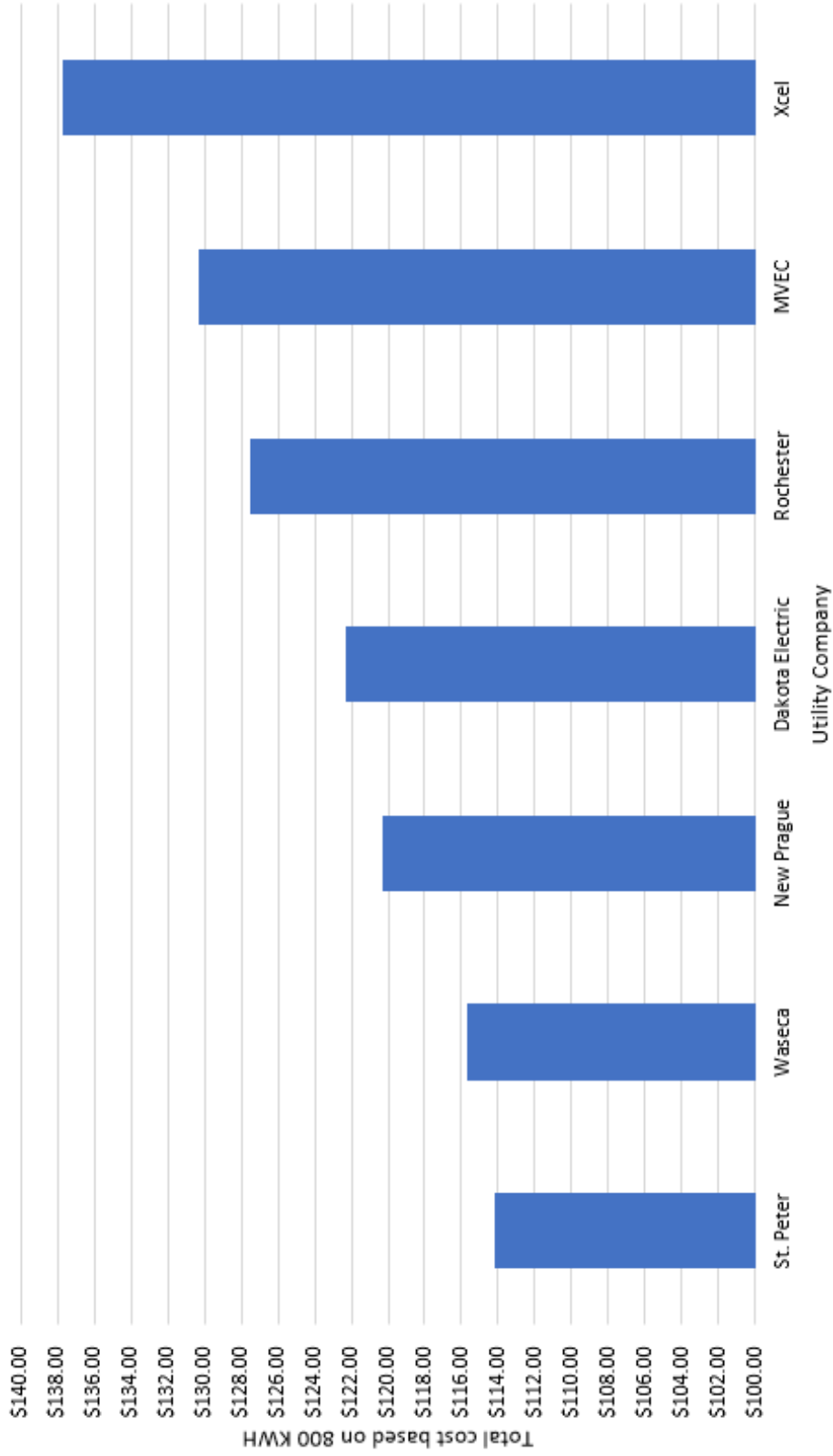
NEW PRAGUE UTILITIES COMMISSION COMMERCIAL ELECTRIC BASE RATE INFORMATION (2006 - 2024)



NEW PRAGUE UTILITIES COMMISSION COMMERCIAL ELECTRIC DEMAND RATE INFORMATION (2006 - 2024)



New Prague Utilities Commission 2023 Summer Rate Comparison



Projects By Department/Division

	Previous Years	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	Later Years	Project Total
Electric													
Digger Truck Replacement (org. 2021)	\$280,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$280,000
Directional Drill	\$235,000	\$0	\$0	\$0	\$0	\$150,000	\$0	\$0	\$0	\$0	\$0	\$0	\$385,000
Distribution Systems Upgrades	\$1,280,000	\$400,000	\$450,000	\$463,000	\$477,000	\$491,000	\$506,000	\$522,000	\$537,000	\$553,000	\$569,590	\$0	\$6,248,590
Miscellaneous Equipment	\$40,000	\$25,000	\$27,000	\$29,000	\$31,000	\$33,000	\$35,000	\$37,000	\$39,000	\$41,000	\$43,000	\$0	\$380,000
SCADA / Switch Gear	\$50,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$0	\$350,000
Service Truck Replacement	\$108,000	\$0	\$0	\$60,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$168,000
Tractor Backhoe	\$55,000	\$0	\$0	\$0	\$0	\$50,000	\$0	\$0	\$0	\$0	\$0	\$0	\$105,000
Vac Machine Replacement	\$65,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$65,000
West Substation Upgrade-Control/Gear	\$175,000	\$0	\$150,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$325,000
#5 Generator Replacement	\$0	\$300,000	\$300,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$600,000
Dump Truck	\$0	\$90,000	\$0	\$0	\$0	\$65,000	\$0	\$0	\$0	\$0	\$0	\$0	\$155,000
Locate Truck Replacement	\$0	\$45,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$45,000
Bucket Truck #1	\$0	\$0	\$350,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$350,000
Mini Excavator Backhoe	\$0	\$0	\$35,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$35,000
Trencher/Plow	\$0	\$0	\$120,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$120,000
Subtotal - Electric	\$2,288,000	\$890,000	\$1,462,000	\$582,000	\$538,000	\$819,000	\$571,000	\$589,000	\$606,000	\$624,000	\$642,590	\$0	\$9,611,590
Grand Total:	\$2,288,000	\$890,000	\$1,462,000	\$582,000	\$538,000	\$819,000	\$571,000	\$589,000	\$606,000	\$624,000	\$642,590	\$0	\$9,611,590

Proposed 2024 Rates

<u>Class</u>	<u>Current Rate</u>	<u>2024 Proposed Rate</u>
Residential Service		
Customer (per month)	\$ 15.82	\$ 15.82
Energy - all kWh	\$ 0.1306	\$ 0.1337
Off Peak Control Credit (per month)	\$ 5.00	\$ 5.00
Off Peak Summer Energy - all kWh	\$ 0.0807	\$ 0.0823
Off Peak Winter Energy - all kWh	\$ 0.0682	\$ 0.0696
Commercial Service		
Customer (per month)	\$ 30.85	\$ 30.85
Energy - all kWh	\$ 0.1261	\$ 0.1276
Interruptible - all kWh	\$ 0.0917	\$ 0.0926
Small Industrial		
Customer (per month)	\$ 66.04	\$ 66.04
Demand - all kW	\$ 13.17	\$ 13.45
Energy - all kWh	\$ 0.0721	\$ 0.0736
Industrial		
Customer (per month)	\$ 66.04	\$ 91.00
Demand - all kW	\$ 13.50	\$ 13.82
Energy - all kWh	\$ 0.0721	\$ 0.0736
Large Industrial		
Customer (per month)	\$ 66.04	\$ 100.00
Demand - all kW	\$ 16.61	\$ 16.91
Energy - all kWh	\$ 0.0721	\$ 0.0736
Peak Alert		
Customer (per month)	\$ 136.60	\$ 136.60
Demand - all kW	\$ 3.18	\$ 3.81
Energy - all kWh	\$ 0.0779	\$ 0.0779
Interruptible		
Customer (per month)	\$ 30.86	\$ 30.86
Energy - all kWh	\$ 0.0917	\$ 0.0926

<u>Class</u>	2024	
	<u>Current Rate</u>	<u>Proposed Rate</u>
Street Lighting (current fixtures)		
Customer (per month)	\$ 11.07	\$ 11.29
Energy - all kWh	\$ 0.1440	\$ 0.1469
Street Lighting (LED fixtures)		
Energy - all kWh	\$ 0.1440	\$ 0.2000
Unmetered Lighting (per month)		
Residential LED	\$ 21.72	\$ 22.15
Commercial LED	\$ 30.23	\$ 30.83
Security lights	\$ 12.11	\$ 12.35
City LED less than 100 W	\$ 12.11	\$ 12.35
City LED more than 100 W	\$ 15.62	\$ 15.93
EV Charging		
On Peak (10 am - 10 pm) per kWh	\$ 0.2274	\$ 0.2388
Off Peak (10 pm - 10 am) per kWh	\$ 0.0806	\$ 0.0806

- Stand-alone EV charging at commercial locations
 - Separately metered
 - Customer pays for infrastructure
 - Same TOU rates as current EV charging rates
- Whole house TOU rate
 - On peak (8 am – 10 pm) - \$0.1650/kWh
 - Off peak (10 pm – 8 am) - \$0.0823/kWh
 - Customer charge - \$15.82/month
- Solar Grid Access Charge
 - Based on kW size of solar array
 - No charge for first 3 kW
 - Access charge - \$4.50/kW/month