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January 30, 2023

Mr. Daniel Buchholtz
City Administrator
City of Spring Lake Park
1301 81st Avenue NE
Spring Lake Park, MN 55432-2116

Re: 2023 First Half Suburban Rate Authority Assessment

Dear Mr. Buchholtz:

At this customary time for notice of the SRA's first half assessments, I want to take this opportunity to say that it has been my great privilege to represent the Suburban Rate Authority for over 30 years as general counsel. Dedicated SRA board members and the broad and sustained city membership in the SRA have contributed to its many accomplishments over the years. With thirty-two city members totaling over one million in population, the SRA continues to provide an effective collective voice to utilities that serve SRA cities, and with the Public Utilities Commission.

I have retired from Kennedy & Graven as of December 31, 2022 but will stay on as Of Counsel to complete certain matters, including remaining proceedings in Xcel Energy's large, multi-year electric rate increase petition to the PUC. Many of you know my partner, Bob Vose, who succeeds me as SRA general counsel. Kennedy & Graven associates, Joe Sathe and Sam Ketchum will also be assisting Bob in the important utility issues the SRA was formed in 1974 to address. My able assistant, Lisa Larson, will remain ready to assist members administratively.

2022 was a very busy year for the SRA. All three gas and electric utilities serving substantially all SRA members filed for rate increases beginning 2022: CenterPoint Energy, Xcel Gas and Xcel Electric – which will continue well into 2023 with its request for electric rate increases in 2022, 2023 and 2024. Xcel Electric began the case with a \$677 million increase request over the three years, now revised downward to \$498 million due to a higher sales forecast from the revived post-COVID economy. Regardless, streetlighting and municipal pumping rates stand to increase substantially, and the SRA is addressing ways to moderate those increases and reward LED streetlighting customers more than proposed by Xcel. SRA cities have substantially changed over from the less efficient High Pressure Sodium streetlighting to the energy efficient and longer lasting LED fixtures.

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Other issues are also ongoing or on the horizon regarding utility rates and services affecting SRA cities. Xcel is pushing for electric vehicle (EV) charging stations, there is significant utility changeover to greater technology use in the delivery of energy, legislatively-required reduction in carbon emissions in gas and electricity generation for retail use, and more utility cost assistance programs to help financially-challenged residential customers in an increasing utility rate environment. All of these issues impact SRA cities and their residents.

Despite this rapid growth and convergence of current and future issues, the SRA has functioned within its budget with moderate, below inflation, increases in member assessments for 2023. The SRA is strengthened by each member, large and small, and each city is benefitted by the collective identification of issues from SRA board members.

We thank you for your continued membership and are always available for questions and suggestions you may have.

Very truly yours,


James M. Strommen
General Counsel

Thanks, Paul.

Enclosure

cc: SRA Delegate
Bob Vose

SUBURBAN RATE AUTHORITY

150 South Fifth Street, Suite 700
Minneapolis, MN 55402
(612) 337-9233

INVOICE

TO:

Mr. Daniel Buchholtz
City Administrator
City of Spring Lake Park
1301 81st Avenue NE
Spring Lake Park, MN 55432-2116

DATE: 01/30/2023

<u>DESCRIPTION</u>	<u>NUMBER OF VOTES</u>	<u>AMOUNT</u>
2023 Membership Assessment: (\$479.00 per vote)	2	\$ 958.00
Assessment Paid:		\$0
<u>First Half Assessment Due and Payable:</u>		<u>\$ 479.00</u>

Please Send Payment To:

Mr. Darin Nelson
Treasurer
Suburban Rate Authority
Minnetonka City Hall
14600 Minnetonka Boulevard
Minnetonka, MN 55345-1502