



Offices in  
Minneapolis  
St. Cloud

Fifth Street Towers  
150 South Fifth Street, Suite 700  
Minneapolis, MN 55402  
(612) 337-9300 telephone  
(612) 337-9310 fax  
kennedy-graven.com  
Affirmative Action, Equal Opportunity Employer

**JAMES M. STROMMEN**

Of Counsel

Direct Dial: (612) 337-9233

Email: [jstrommen@kennedy-graven.com](mailto:jstrommen@kennedy-graven.com)

July 27, 2023

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

**Re: 2023 Second Half Suburban Rate Authority Assessment**

Dear Mr. Buchholtz:

Enclosed is the second half assessment for 2023 membership in the SRA. Please note that if the City has already paid its full 2023 assessment, we are still enclosing the notice confirming the \$0.00 owing for 2023, and the attached updates. The SRA member option to cover its full annual assessment with the first half assessment invoice is always available to avoid the administration of two installments rather than one.

2022 and the first half of 2023 have been extremely busy and successful years for the SRA. In 2022 and 2023, all three regulated gas and electric utilities serving substantial areas of SRA membership (CenterPoint Energy, Xcel Gas, Xcel Electric) litigated their rate increase petitions before the PUC. The SRA intervened in each on behalf of its residents, businesses, and cities as customers. Customer savings and PUC-ordered additional data from the utilities on municipal customer service costs for upcoming rate cases resulted from the SRA's efforts in these cases. Details are contained in the attached, updated History of the SRA. Further, I also attach the outage credit excerpt from Xcel Electric's 2022 Annual Service Quality Report. You will note over \$600,000 in Xcel credits to customers for outages were paid in 2022, a substantial portion of those going back to customers living in SRA cities. These outage credits are due to SRA past efforts, and they will continue each year under the formulas shown.

My partner, Bob Vose, has now stepped in as general counsel and I will step away more into full retirement now that the Xcel Electric case is completed by PUC order of July 17, 2023.

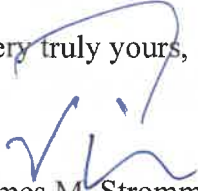
Mr. Daniel Buchholtz

July 27, 2023

Page 2

We thank you for your City's continued membership in and valuable contribution to the SRA, a collective voice for municipal interests in gas, electric and telecommunications.

Very truly yours,



James M. Strommen  
Of Counsel

Enclosures

cc: SRA Delegate  
Bob Vose, General Counsel

**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:** 07/27/2023

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

**Please Send Payment To:**

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

## **Excerpt from Xcel Energy April 27, 2023 Report**

Below is a list of documents attached to this Annual Report that provide additional information:

- Attachment A: QSP Tariff Summary
- Attachment B: Customer Complaints by Category
- Attachment C: Telephone Response Time Detail
- Attachment D: Reliability Detail
- Attachment E: Major Event Days (MEDs)
- Attachment F: Gas Emergency Response Time Detail
- Attachment G: Accurate Invoice Detail
- Attachment H: Invoice Adjustment Timeliness Detail

### **B. TELEPHONE RESPONSE TIME**

Attachment C to this Annual Report provides a summary of our 2022 telephone response metric and depicts an average annual response time of 84.60% which is above our standard level of greater than or equal to 80%.

The renegotiated metrics approved by the Commission in the 2013 Order revised the telephone response time metric to include all calls to our Call Centers or business office, whether they are handled via Interactive Voice Response (IVR) or by call center representatives.

### **C. CUSTOMER OUTAGE CREDITS**

The QSP Tariff requires that we pay a \$50 credit to customers experiencing six or more outages unrelated to major event days (MEDs) in the performance year, and those experiencing an outage lasting 24-hours or more.

In addition, the QSP Tariff also provides a credit for customers who have continuously resided at an address experiencing consecutive years of interruptions according to the below terms:

- A \$75 credit to customers experiencing five or more interruptions in two consecutive years;
- A \$100 credit to customers experiencing four or more interruptions in three consecutive years; and
- A \$125 credit to customers experiencing four or more interruptions in four or more consecutive years.

The QSP Tariff further provides that large municipal pumping customers on the A41 Tariff receive \$200 credits for each outage unrelated to MEDs lasting more than one minute per year. Similarly, small municipal pumping customers on the A40 Tariff

## Excerpt from Xcel Energy April 27, 2023 Report

receive \$100 credits for each outage unrelated to MEDs lasting more than one minute per year. Table 1 provides the detailed customer count per outage credit type. The majority of the credits have been implemented and we are in the process of completing credits for a small number of customers.

**TABLE 1: 2022 OUTAGE CREDITS**

	<b>2022 Credits</b>	<b>Dollars</b>
Six or More Service Outages	5,261	\$263,050
Outages Lasting 24-Hours or Longer	435	\$21,750
Consecutive Years of Outages	964	\$85,825
Tracked Small Municipal Pumping Outages (A40)	1,059	\$105,900
Untracked Small Municipal Pumping Outages (A40)	248	\$40,672
Tracked Large Municipal Pumping Outages (A41)	554	\$110,800
Untracked Large Municipal Pumping Outages (A41)	196	\$52,332
<b>Total</b>	<b>8,717</b>	<b>\$680,329</b>

As previously discussed in the above-referenced dockets, the Company is unable to track all outages for all of our customers due to the constraints of our current distribution infrastructure. As a result, there are approximately 200 large municipal pumping meters (on the A41 Tariff) which may have had untracked outages that were greater than one minute and equal to or less than five minutes. There are also approximately 250 small municipal pumping meters (on the A40 Tariff) which may have had untracked outages that were greater than one minute and equal to or less than five minutes. Thus, we have issued proxy credits for these customers who may have had untracked momentary outages.

To determine the large municipal pumping customer proxy credit, we used the 2022 outages that were greater than one minute and equal to or less than five minutes that we can track for our other municipal pumping customers and determined that on average, other large municipal pumping customers received \$267 (which is equal to 1.34 outages per year at \$200 per outage) in credit for outages of this duration. We recently sent these customers a letter and issued a \$267 bill credit. The letter provides customers an opportunity to provide documentation for additional credits if they believe they had more than two qualifying outages in 2022.

To determine the small municipal pumping customer proxy credit, we used the 2022 outages that were greater than one minute and equal to or less than five minutes that we can track for our other small municipal pumping customers and determined that on average, other small municipal pumping customers received \$164 (which is equal to 1.64 outages per year at \$100 per outage) in credit for outages of this duration. We recently sent these customers a letter and issued a \$164 bill credit. The letter provides customers

# **SUBURBAN RATE AUTHORITY HISTORY AND ACCOMPLISHMENTS (UPDATED JULY 27, 2023)**

## **INTRODUCTION**

This summary is intended to summarize the history, purposes and accomplishments of the Suburban Rate Authority (“SRA”). The SRA has obtained important gas and electric utility rate decisions before the Minnesota Public Utilities Commission (“PUC”), most recently for Xcel Energy streetlighting and municipal pumping rate reductions from Xcel-proposed rate designs and revenue allocations saving all cities an estimated \$200,000 to \$300,000 a year. Over the SRA’s history beginning in 1975, it has been responsible for telephone, gas and electric rate savings to suburban residents, businesses and municipalities in the millions of dollars. SRA cities have also been active in clean energy initiatives and other issues raised as utility services and use of public land evolve.

The SRA is a joint powers (“JPA”) organization currently consisting of 32 Twin Cities Metropolitan Area suburban cities totaling well over one million in population. (List of member cities attached) The SRA is authorized by its JPA to intervene in PUC proceedings, and address matters affecting gas, electric and telephone rates, services, franchises and utility right-of-way regulation affecting SRA cities. This has historically included assisting cities in formulating terms of gas and electric franchises, wireless communication site leases on public land and utility right-of-way use, including small cell regulation. The SRA is also authorized by its joint powers agreement to address sanitary sewer matters or other utility services provided by a governmental agency such as the Metropolitan Council.

## **SRA HISTORY**

The SRA was organized in 1963, for the purpose of providing collective strength in negotiating franchises with the Minneapolis Gas Company (later Minnegasco and now CenterPoint Energy), which served the original SRA members. In 1974, the Legislature adopted the Public Utilities Act to provide for state regulation of gas and electric utilities, except for cooperative electric associations and municipal utilities. In 1975, the SRA reorganized to intervene in the early gas and electric cases and employ its expertise in utility regulation as well as address suburban municipal interests before the PUC. Since that time, the SRA has been active as a party in matters concerning gas, electric and land-line and wireless telephone rate regulation of utilities serving SRA cities – Xcel Electric, CenterPoint Energy, Xcel Gas, and the telecommunication providers using city right-of-way and other public land.

## **EXAMPLES OF SAVINGS TO CITIES/RATEPAYERS FROM SRA EFFORTS**

The collective voice and combined resources of Twin Cities suburban municipalities has allowed the SRA to address utility issues most single suburban cities cannot afford to take on.

The SRA is careful to address unique issues not otherwise of interest or within the expertise of state agencies or other parties involved in utility matters. For example, solely through recent SRA efforts, municipalities and residential and business customers in Xcel’s electric service

territory have received several million dollars in back credits since 2014 for unexcused electrical outages. This includes outages for municipal pumping stations totaling approximately \$600,000 a year on an Xcel system-wide basis. These are ongoing savings.

What is now “ancient history” in the telecommunications world – 1990-2000, SRA efforts before the PUC eliminated then Northwestern Bell’s tiered telephone pricing system skewered against suburban customers located further away from the central Minneapolis and St. Paul area. The resulting equal Twin Cities area telephone rates saved suburban ratepayers millions of dollars until the now unregulated rates and cell phone use has supplanted land-line phones.

**2022-2023 Streetlighting, Municipal Pumping, Natural Gas Infrastructure Rate Savings/Costing Data Improvements/Continued Gas Piping Replacement Requirements.** In 2022-2023 all of the PUC-regulated gas and electric utilities serving SRA cities filed for sought rate increases totaling hundreds of millions of dollars annually from ratepayers. The SRA retained an expert rate consultant to address the complex rate allocation and rate design issues affecting residential, business and municipal rates as customers. While important rate of return and revenue requirement issues were addressed successfully by Minnesota state agencies, the SRA focused on issues unique to cities as streetlighting, municipal pumping (Xcel Electric) and gas infrastructure integrity, data accuracy and use of assets during the February 2021 gas price spike (Xcel Gas and CenterPoint). Through its expert consultant, the SRA was able to obtain very successful results with savings for LED streetlighting, lowered cost allocation of revenue requirements to streetlighting, more favorable treatment of municipal pumping for sales true-ups, better data on costs for future rate cases and assured continuation of gas utility timely replacement of aging piping to minimize gas leaks and eliminate failing piping in city right-of-ways. The collective result of SRA efforts in these cases brought rate savings to customers in SRA cities totaling hundreds of thousands of dollars annually with PUC-ordered updated cost data requirements for future rate cases.

**2019-2021 The SRA joined the State Agencies and other parties in recommending two Xcel Electric rate case deferrals, stabilizing rates and benefitting SRA interests.** These “Stay-Out” agreements maintained electric rates at 2019 levels, avoiding large rate increases for residential and city customers during the COVID pandemic. The SRA actively participated and obtained agreement from Xcel for continuation of previous settlement terms for LED streetlighting, without interest costs, and separate sales true-up treatment for municipal pumping stations saving cities an estimated \$200,000 in surcharges due to municipal pumping performance during COVID.

**2015-2019 LED Streetlighting Changeover from HPS by Xcel in SRA Cities.** The SRA was a major municipal voice in analyzing LED pricing, lamp styling and promoting new LED lighting offerings by Xcel. The SRA was at the table on behalf of municipalities and has worked with the City of Minneapolis before the PUC in reaching a settlement on streetlighting rates during the LED changeover, creating a regulatory asset to be carried forward to the next rate case, as offset by LED savings. SRA efforts resulted in moderating increases in streetlighting rates for the Xcel multi-year rate period of 2016-2019. Today, over 80% of SRA city streetlighting is energy saving LED lighting. The remaining regulatory asset identified and measured in the recent 2022-23 Xcel Electric rate case was very small and will be fully recovered in 2024.

**2016-2017 SRA Participation in League of Minnesota Cities Small Cell Wireless ROW Access Review, Legislation.** The SRA participated actively in reviewing and commenting to the League of Minnesota Cities during the 2017 Legislative Session at which new small cell siting regulations were added to the utility right-of-way use law, Minnesota Statutes, Chapter 237.

**2016 Small Municipal Pumping Rate Settlement.** On November 2, 2016, the SRA settled with Xcel on small pumping station outage credits. Xcel paid \$497,737 in credits from January 1, 2014 through March 1, 2016 to all Xcel municipalities. The SRA municipalities received \$131,950 in credits during this period. These totals are in addition to the ongoing outage credits for large and small stations that have now been maintained at the \$200 and \$100 per outage amount under the tariff.

**2015 Xcel-ROW Statement of Work Tariff-Undergrounding Agreement.** Through the SRA's sole efforts, city customers of Xcel now have the right to scrutinize undergrounding of distribution line costs incurred by Xcel in ROW projects when the city decides to pay for the undergrounding at its option. Prior to the PUC approval of the new tariff, cities were required to pay the entire Xcel-estimated cost of the work, up front, with no opportunity to obtain a refund of unused costs or review the reasonableness of the construction costs.

**2013 Xcel Residential/Business Customer Outage Credits.** Due to repeated, uncompensated outages occurring within a residential neighborhood of an SRA member city (Roseville), the SRA successfully argued for an expansive formula to credit customers who have repeated electric outages in Xcel service territory that remain unrepaired. These credits range from \$50 to \$125 and have been implemented since 2013 to the benefit of Xcel residential and business customers.

**2011 Xcel Gas \$3.5 Million Rate Base Reduction.** In a PUC proceeding, the SRA successfully eliminated \$3.5 million requested by Xcel Gas for predicted facilities relocation projects not proven to be funded through the American Recovery Act.

**2010 CenterPoint Energy \$4 Million Rate Base Reduction.** The SRA successfully eliminated \$4 million requested by CenterPoint in its rate case related to costs to replace faulty and dangerous piping it purchased but did not inspect at the time of purchase.

**2009-2016 CenturyLink Alternative Form of Regulation (AFOR).** The SRA intervened actively on behalf of Twin Cities Metropolitan Area cities in the AFOR proceedings. In these AFOR proceedings, the SRA has sought and obtained important protections against potentially hundreds of thousands of dollars in pass-through costs to city residents and businesses CenturyLink sought for facilities relocation and undergrounding.

**2005-2019 Model Gas and Electric Franchise, Franchise Fees.** The SRA has traditionally assisted its members and established model gas and electric franchises. The SRA has served as a resource on franchise terms, including the implementation of franchise fees. The SRA has worked with the League of Minnesota Cities to establish the published SRA-League Model Gas and Electric Franchise.



**2007 Cooperative SRA-Xcel Effort to Reduce Electric Usage in Pumping Stations.** The SRA worked with Xcel during 2007 and 2008 to identify strategies to reduce electric rates and electricity usage at municipal pumping stations. It is through this process that the SRA identified the method of how minimizing use of pumping stations during the six winter months can result in the estimated \$1,000-\$20,000 annual savings in rates to city pumping station electricity bills. The higher savings estimates would apply to larger municipalities with multiple redundant wells using greater than 25 KW in electricity. It is likely that even small municipalities would be able to utilize some savings from this method, available because the SRA was able to retain the municipal pumping rate in this rate case.

**2005 Service Lateral Utility Locate Rules.** The Office of Pipeline Safety Rules, effective January 1, 2006, requires cities to locate water and sewer service laterals of utilities found in the right-of-way. This includes service laterals that are privately-owned for water and sewer, located deep under the right-of-way. The SRA assisted in the process of equipping cities within ordinances and permit language to effectively obtain location information on newly-installed water and sewer service laterals.

**2003 Xcel Metro Emissions Reduction Plan-Audit.** The SRA was a signatory to a plan endorsed by the Governor's Office and approved by the Public Utilities Commission in December 2003. The Plan will have a significant impact on Metro Area pollution reduction as well as a reduction in the need for additional transmission upgrades and sites.

**1999-2002 Right-of-Way Management.** The SRA participated significantly with the League of Minnesota Cities and staff from Minneapolis and St. Paul in developing right-of-way legislation, right-of-way rules promulgated by the PUC and model right-of-way management ordinances based on the 1997 legislation and 1999 PUC right-of-way management rules.

**1998 612 Area Code Split along Municipal Boundaries.** The SRA was the original and primary advocate of area code boundaries drawn along municipal boundaries ("952", "763", "651"), rather than telephone wire centers for the 612 area code split. Adoption of this position by the Minnesota PUC was the first of its type in the United States.

**1997-1999 Right-of-Way Legislation and Task Force Participation.** The SRA played an important role in assisting the League of Minnesota Cities in the 1997 comprehensive legislation governing telecommunication providers' use of municipal right-of-way. The SRA also actively participated in the preparation of the model right-of-way ordinance that arose out of this legislation. These right-of-way management Rules have been very successful and continue to be used, without amendment or litigation twenty-five years later.

**1996 Model Wireless Communication Lease Agreement.** The SRA provided primary drafting contributions to a League of Minnesota Cities Model Site Lease Agreement for PCS/cellular communication antennas. This Model has been distributed to Minnesota cities for use in negotiation on site lease agreements.

**1992 US West Telephone Rate Savings.** As of November 1, 1992, residential and business telephone rates for US West Twin Cities local calling area became equal by class of service

throughout the metropolitan area. This PUC action eliminated the tiered telephone rates that were in existence since 1980 and has saved outer Metro suburban ratepayers served by Qwest millions of dollars since its implementation. The US West Tier System charged higher rates for residential and business customers living in the suburban areas. In 1984 the SRA achieved a reduction of one half of the tier ratios. This elimination of the Tier System is a direct result of SRA's intervention and arguments against differentiating telephone rates by geographic location.

### **MEMBER ASSESSMENTS**

The SRA members are assessed on the basis of population and voting power. Each 5,000 in population or fraction thereof, is equal to one vote. For instance, a city of 23,000 would have five votes. In 2023, each vote equals a \$479 per year annual assessment. The SRA has been very fiscally responsible and benefits greatly from the continued membership of its members.

We hope you find this summary informative. If you have any questions about the information, please contact Bob Vose, SRA general counsel, at Kennedy & Graven at 612-337-9275.

**2023 SUBURBAN RATE AUTHORITY MEMBER CITIES**

<b>Bloomington</b>	<b>Minnetonka</b>
<b>Brooklyn Park</b>	<b>Mound</b>
<b>Burnsville</b>	<b>Orono</b>
<b>Carver</b>	<b>Plymouth</b>
<b>Chanhassen</b>	<b>Robbinsdale</b>
<b>Circle Pines</b>	<b>Rogers</b>
<b>Deephaven</b>	<b>Roseville</b>
<b>Eden Prairie</b>	<b>St. Anthony Village</b>
<b>Edina</b>	<b>St. Louis Park</b>
<b>Fridley</b>	<b>Shakopee</b>
<b>Golden Valley</b>	<b>Shoreview</b>
<b>Hastings</b>	<b>Spring Lake Park</b>
<b>Hopkins</b>	<b>Spring Park</b>
<b>Lauderdale</b>	<b>Victoria</b>
<b>Maple Grove</b>	<b>Wayzata</b>
<b>Maplewood</b>	<b>Woodbury</b>