

## Allowing another to serve in your city could become a snare in troubled time

*'A house divided against itself cannot stand.'*

*Abraham Lincoln, June 16, 1858.*

You can add another bullet point to a municipal utility's vital interest in providing electric service throughout the city it serves: if you don't, somebody else might use that shortcoming as a lever for an eventual takeover of the municipal system.

The point was proven at an Oct. 20 Shakopee city council meeting. Had city voters approved a Nov. 3 referendum to abolish the local utilities commission, the city said it would then enter into a 24-month agreement with a third party to manage the municipal utility.

### APPA cancels event; transitions others to 'virtual' from APPA

After careful consideration, the American Public Power Association (APPA) will transition several of APPA's major events in the first quarter of 2021—including the Legislative Rally, Engineering & Operations and Joint Action conferences to virtual events.

APPA has also cancelled the 2021 Public Power Lineworkers Rodeo and the CEO Roundtable. The location of the 2021 Rodeo was a significant factor in this decision given ongoing stringent restrictions in Los Angeles. The primarily strategic and networking nature of the CEO Roundtable does not lend itself to a virtual event.

For the CEO Roundtable/executive engagement, we are exploring opportunities for virtual and in-person activities in conjunction with our conferences later in 2021 and will circle back when those are firmed up.

APPA surveyed the 2020 attendees for each of these meetings and received valuable feedback, which played an important role in our final decision. While we recognize that some of our members are eager to attend in-person events (as are some of the APPA staff), many members, including speakers, still face travel restrictions, whether because of COVID-19 concerns or because of the budgetary impacts of COVID-19, or both.

The expected limitations in physically accessing congressional offices were also taken into consideration in terms of the Legislative Rally. Finally, cost was a significant factor in our decision, both from APPA's perspective and from an attendee perspective. Offering the programs virtually allows attendees to participate even with travel restrictions

After two years, the council would be presented with a number of options, including agreeing to let the management company take control of the municipal electric system.

While the proposals presented by the third parties varied in the degree of perceived 'friendliness' to municipal ownership, each entity touted its existing ties to the city. The three entrants in this high-stakes contest include:

The Minnesota Municipal Power Agency (MMPA). This municipal power agency is the Shakopee Public Utility (SPU) wholesale electric supplier, under a contract running to 2050. MMPA has a generating station in the

and reduces travel and other costs associated with the in-person events.

APPA is exploring additional opportunities for strategic discussion and networking and will announce new opportunities in place of canceled events as decisions are made.

city—the 46-megawatt Shakopee Energy Park, which includes five reciprocating internal combustion energy generators. SPU has a seat on the MMPA board, and the agency—the friendly entrant in this high-stakes contest—touted its favorable wholesale rates in comparison to other providers.

Minnesota Valley Electric Cooperative (MVEC) serves three seemingly minor portions of the city—on the east, south and west—at retail. The cooperative is headquartered in nearby Jordan. Along with serving portions of the city, MVEC also touted its automated metering infrastructure as an energy management tool to manage energy use and reduce costs.

Xcel provides transmission service to SPU. Xcel also operates electric generation—six oil- or natural gas-fired simple cycle combustion turbines—at its Blue Lake substation in Shakopee, on the east side of the city just south of the Minnesota River. Xcel also purchases power from the Blue Lake Solar Facility,

sited on a buffer zone of land immediately adjacent to the Metropolitan Council's Blue Lake Wastewater Treatment Plant.

Most importantly, Xcel serves significant industrial load on the north side of the city along Minn. Hwy. 101.

Shakopee has preserved its right to serve these customers over the years but never mustered the local political will to purchase them from Xcel (and its predecessor, NSP). Had the municipal utility exerted the political will to serve throughout the city in the past, it is clear both Xcel and MVEC would have one less claim to serve the entire city today.

Had the SPU Commission been abolished, the city said it intended to enter into a 24-month agreement with the utility management company. At that point, the council would have options, including agreeing to let the management company take control over SPU.

What that meant for the

future of municipal electric service in Shakopee was unsettling at best.

### A city's vital interests

The following points are among the vital interests in providing electric service throughout a city, previously identified by MMUA:

- To treat all electric rate-payers and taxpayers in the City equally.

- To ensure and preserve the financial stability and fiscal integrity of the City's overall financial structure and credit ratings.

- To provide for greater efficiency of the municipal utility through economies of scale.

- To facilitate intermediate and long-range planning for electric generation, transmission, and distribution facilities—for the municipal utility and neighboring utilities.

- To provide electric service to residents and users in the City at terms and conditions subject to the control and regulation of the City.

- Steve Downer



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