

AGENDA
PUBLIC UTILITIES COMMISSION
October 7, 2020
3:00 P.M.

A. Call to Order

B. Roll Call

C. Approve Consent Agenda

1. Approve Agenda
2. Approve Meeting Minutes
3. Payments Report

D. AMI Water Meter Update

E. Electric Rate Study—Draft Review

F. Adjourn

Public Utilities Commission Special Meeting
Minutes
August 5, 2020

Meeting was called to order by Chair George Wilkes at 3:00 p.m.

Members present: Annie Possis and George Wilkes
Absent: Tim Kennedy
Staff Present: Mike Roth and Haden Hinchman

Motion by Possis, seconded by Wilkes to approve the Agenda; July 1st, 2020 Minutes; and Payment of Bills. Approved unanimously.

The commission reviewed a request by Garry Gamble to modify the AMI opt out policy to allow for tenants the apartment building he caretakes to individually opt out of using AMI meters at no additional charge.

The Commission discussed the current policy and the reasons originally used to determine the policy. The commission determined that there were no changes or new information since establishing the policy that would require modification.

There being no further business, the meeting adjourned at 3:07 p.m.



City of Grand Marais

CITY OF GRAND MARAIS

Payments

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Current Period: August 2020

Payments Batch 8-13-20 AP \$64,779.50

Refer	80301	<u>PUBLIC UTILITIES COMMISSION1</u>	<u>Ck# 004997E 8/5/2020</u>			
Cash Payment	E 602-49451-380	Utility Services (GENER				\$1,183.86
Invoice	Aug 20	8/1/2020				
Cash Payment	E 602-49480-380	Utility Services (GENER				\$4,514.03
Invoice	Aug 20	8/1/2020				
Cash Payment	E 601-49420-380	Utility Services (GENER				\$1,797.85
Invoice	Aug 20	8/1/2020				
Cash Payment	E 604-49551-380	Utility Services (GENER				\$34.57
Invoice	Aug 20	8/1/2020				
Transaction Date	8/4/2020	Due 9/3/2020	MAIN CHECKING G	10100	Total	\$7,530.31
Refer	80303	<u>ARROWHEAD COOPERATIVE</u>	<u>Ck# 004999E 8/20/2020</u>			
Cash Payment	E 604-49590-321	Telephone				\$191.60
Invoice	2244	8/1/2020				
Transaction Date	8/6/2020	Due 9/5/2020	MAIN CHECKING G	10100	Total	\$191.60
Refer	80308	<u>KGM CONTRACTORS, INC.</u>				
Cash Payment	E 601-49430-317	Contracted Services				\$11,000.00
Invoice	762	8/5/2020				
Transaction Date	8/6/2020	Due 9/5/2020	MAIN CHECKING G	10100	Total	\$11,000.00
Refer	80311	<u>UTILITY CONSULTANTS, INC</u>				
Cash Payment	E 602-49480-300	Professional Srvs (GENE				\$1,313.42
Invoice	105902	7/29/2020				
Transaction Date	8/6/2020	Due 9/5/2020	MAIN CHECKING G	10100	Total	\$1,313.42
Refer	80323	<u>MN DEPT OF REVENUE-EFTPS</u>	<u>Ck# 005002E 8/6/2020</u>			
Cash Payment	G 601-20800	Taxes Due (State MN)				\$1,206.00
Invoice	1-398-839-584	8/6/2020				
Cash Payment	G 604-20800	Taxes Due (State MN)				\$12,546.00
Invoice	1-398-839-584	8/6/2020				
Transaction Date	8/6/2020	Due 9/5/2020	MAIN CHECKING G	10100	Total	\$13,752.00
Refer	80329	<u>GRAND MARAIS AUTO PARTS, INC</u>				
Cash Payment	E 604-49570-210	Operating Supplies (GEN				\$311.92
Invoice	2088	7/23/2020				
Transaction Date	8/6/2020	Due 9/5/2020	MAIN CHECKING G	10100	Total	\$311.92
Refer	80330	<u>NORTH SHORE WASTE</u>				
Cash Payment	E 602-49480-384	Refuse/Garbage Disposa				\$92.43
Invoice	72990	7/31/2020				
Transaction Date	8/6/2020	Due 9/5/2020	MAIN CHECKING G	10100	Total	\$92.43
Refer	80338	<u>GOPHER STATE ONE CALL</u>				
Cash Payment	E 601-49440-317	Contracted Services				\$51.98
Invoice	0070992	7/31/2020				
Cash Payment	E 602-49490-317	Contracted Services				\$51.97
Invoice	0070992	7/31/2020				
Transaction Date	8/6/2020	Due 9/5/2020	MAIN CHECKING G	10100	Total	\$103.95
Refer	80340	<u>G&G SEPTIC</u>				



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Cash Payment	E 604-49551-317 Contracted Services					\$555.00
Invoice	24420	7/20/2020				
Transaction Date	8/6/2020	Due 9/5/2020	MAIN CHECKING G	10100	Total	\$555.00
Refer	80356	BANYON DATA SYSTEMS,INC	-			
Cash Payment	E 604-49590-310 Service Agreements					\$1,321.60
Invoice	00160525	8/1/2020				
Cash Payment	E 601-49440-310 Service Agreements					\$371.70
Invoice	00160525	8/1/2020				
Cash Payment	E 602-49490-310 Service Agreements					\$371.70
Invoice	00160525	8/1/2020				
Transaction Date	8/6/2020	Due 9/5/2020	MAIN CHECKING G	10100	Total	\$2,065.00
Refer	80357	MERCURY TECHNOLOGIES OF MN	-			
Cash Payment	E 604-49590-390 Conservation Improve					\$633.08
Invoice	022671	7/21/2020				
Transaction Date	8/6/2020	Due 9/5/2020	MAIN CHECKING G	10100	Total	\$633.08

Fund Summary

10100 MAIN CHECKING GMSB

101 GENERAL FUND	\$94,640.14
211 LIBRARY	\$1,348.33
215 LIBRARY RESTRICTED FUND	\$394.46
225 CARES ACT	\$1,806.86
601 WATER	\$19,650.57
602 SEWER	\$29,121.16
604 ELECTRIC	\$16,007.77
609 MUNICIPAL LIQUOR FUND	\$61,885.06

\$224,854.35

Pre-Written Checks	\$22,067.75
Checks to be Generated by the Computer	\$42,711.75
Total	\$64,779.50

Payments Batch 8-3-20DEPRE \$438.78

Refer	0 AT&T	-				
Cash Payment	G 604-11504 Undistributed Receipts		000000214500			\$285.40
Invoice						
Transaction Date	8/3/2020		MAIN CHECKING G	10100	Total	\$285.40
Refer	0 PAULETTE ANHOLM	-				
Cash Payment	G 604-11504 Undistributed Receipts		000000267101			\$153.38
Invoice						
Transaction Date	8/3/2020		MAIN CHECKING G	10100	Total	\$153.38



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Payments

City of Grand Marais

Current Period: July 2020

Fund Summary

	10100 MAIN CHECKING GMSB	
604 ELECTRIC		\$438.78
		<hr/>
		\$438.78

Pre-Written Checks	\$0.00
Checks to be Generated by the Computer	\$438.78
Total	<hr/> \$438.78

Payments Batch EFTPS \$25.00

Refer	0 GRAND MARAIS STATE BANK	Ck# 004881E 2/28/2002	
Cash Payment	E 604-49590-431 Bank Charges		\$12.50
Invoice	Direct Deposit 2/28/2002		
Cash Payment	E 601-49440-430 Miscellaneous (GENERA		\$6.25
Invoice	Direct Deposit 2/28/2002		
Cash Payment	E 602-49490-430 Miscellaneous (GENERA		\$6.25
Invoice	Direct Deposit 2/28/2002		
Transaction Date	12/4/2013	MAIN CHECKING G 10100	<hr/> Total \$25.00

Fund Summary

	10100 MAIN CHECKING GMSB	
101 GENERAL FUND		\$3,138.51
601 WATER		\$6.25
602 SEWER		\$6.25
604 ELECTRIC		\$12.50
609 MUNICIPAL LIQUOR FUND		\$2,874.37
		<hr/> \$6,037.88

Pre-Written Checks	\$25.00
Checks to be Generated by the Computer	\$0.00
Total	<hr/> \$25.00

Payments Batch JUL EFTPS 2 \$442.94

Refer	80296 GRAND MARAIS STATE BANK	-	
Cash Payment	E 604-49590-431 Bank Charges		\$12.50
Invoice	Direct Deposit 2/28/2002		
Cash Payment	E 601-49440-430 Miscellaneous (GENERA		\$6.25
Invoice	Direct Deposit 2/28/2002		
Cash Payment	E 602-49490-430 Miscellaneous (GENERA		\$6.25
Invoice	Direct Deposit 2/28/2002		
Transaction Date	7/31/2020	MAIN CHECKING G 10100	<hr/> Total \$25.00

Refer	80302 VISA	Ck# 004998E 7/8/2020	
Cash Payment	E 601-49430-240 Small Tools and Minor E		\$417.94
Invoice	0224 7/2/2020		
Transaction Date	8/5/2020	Due 9/4/2020 MAIN CHECKING G 10100	<hr/> Total \$417.94



Payments

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Current Period: July 2020

Fund Summary

	10100 MAIN CHECKING GMSB	
101 GENERAL FUND		\$4,025.48
211 LIBRARY		\$330.00
601 WATER		\$424.19
602 SEWER		\$6.25
604 ELECTRIC		\$12.50
609 MUNICIPAL LIQUOR FUND		\$2,874.37
		<hr/>
		\$7,672.79

Pre-Written Checks	\$417.94
Checks to be Generated by the Computer	\$25.00
Total	<hr/>
	\$442.94



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Current Period: August 2020

Payments Batch 8-27-20 AP \$136,074.71

Refer	80382	<u>BUCK S HARDWARE HANK</u>	-					
Cash Payment	E 604-49570-220	Repair/Maint Supply (GE						\$135.90
Invoice	2088	7/31/2020						
Transaction Date	8/20/2020	Due 9/19/2020	MAIN CHECKING G	10100			Total	\$135.90
Refer	80383	<u>COOK COUNTY HOME CENTER</u>	-					
Cash Payment	E 604-49570-220	Repair/Maint Supply (GE						\$1,174.97
Invoice	2088	7/31/2020						
Cash Payment	E 604-49570-220	Repair/Maint Supply (GE						\$313.60
Invoice	3125	7/31/2020						
Transaction Date	8/20/2020	Due 9/19/2020	MAIN CHECKING G	10100			Total	\$1,488.57
Refer	80399	<u>TOSHIBA BUSINESS SOLUTIONS</u>	-					
Cash Payment	E 604-49590-200	Office Supplies (GENER						\$12.28
Invoice	5329410	8/10/2020						
Cash Payment	E 601-49440-200	Office Supplies (GENER						\$3.45
Invoice	5329410	8/10/2020						
Cash Payment	E 602-49490-200	Office Supplies (GENER						\$3.45
Invoice	5329410	8/10/2020						
Cash Payment	E 604-49590-200	Office Supplies (GENER						\$4.08
Invoice	5329411	8/10/2020						
Cash Payment	E 601-49440-200	Office Supplies (GENER						\$1.14
Invoice	5329411	8/10/2020						
Cash Payment	E 602-49490-200	Office Supplies (GENER						\$1.14
Invoice	5329411	8/10/2020						
Transaction Date	8/20/2020	Due 9/19/2020	MAIN CHECKING G	10100			Total	\$25.54
Refer	80400	<u>MN DEPT OF HEALTH-DRINKING</u>	-					
Cash Payment	G 601-20803	State Water Connection Fee						\$1,735.00
Invoice	1160001	8/13/2020						
Transaction Date	8/20/2020	Due 9/19/2020	MAIN CHECKING G	10100			Total	\$1,735.00
Refer	80404	<u>GREAT LAKES PIPE SERVICES, IN</u>	-					
Cash Payment	E 602-49451-317	Contracted Services						\$2,300.00
Invoice	20010	8/10/2020						
Transaction Date	8/20/2020	Due 9/19/2020	MAIN CHECKING G	10100			Total	\$2,300.00
Refer	80407	<u>STUART C IRBY CO</u>	-					
Cash Payment	E 604-49570-210	Operating Supplies (GEN						\$165.89
Invoice	S012032514.001	8/11/2020						
Transaction Date	8/20/2020	Due 9/19/2020	MAIN CHECKING G	10100			Total	\$165.89
Refer	80414	<u>US BANK</u>	-					
Cash Payment	E 601-47027-611	Bond Interest						\$673.13
Invoice	LOAN PAY 153	8/19/2020						
Cash Payment	E 601-47027-620	Fiscal Agent s Fees						\$173.81
Invoice	LOAN PAY 153	8/19/2020						
Transaction Date	8/20/2020	Due 9/19/2020	MAIN CHECKING G	10100			Total	\$846.94
Refer	80415	<u>ARROWHEAD COOPERATIVE</u>		<u>Ck# 005019E 8/20/2020</u>				
Cash Payment	E 602-49490-321	Telephone						\$129.33
Invoice	2121	8/1/2020						



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Transaction Date	8/20/2020	Due 9/19/2020	MAIN CHECKING G	10100	Total	\$129.33
Refer	80422	COMO OIL & PROPANE	-			
Cash Payment	E 602-49480-217	Heating Fuel				\$458.76
Invoice	1501873480	8/6/2020				
Transaction Date	8/20/2020	Due 9/19/2020	MAIN CHECKING G	10100	Total	\$458.76
Refer	80423	LOCATORS & SUPPLIES, INC	-			
Cash Payment	E 604-49570-210	Operating Supplies (GEN				\$122.55
Invoice	0286705-IN	8/11/2020				
Transaction Date	8/20/2020	Due 9/19/2020	MAIN CHECKING G	10100	Total	\$122.55
Refer	80424	HAWKINS, INC.	-			
Cash Payment	E 601-49420-218	Operating Supplies- Che				\$607.64
Invoice	4768231	8/5/2020				
Transaction Date	8/20/2020	Due 9/19/2020	MAIN CHECKING G	10100	Total	\$607.64
Refer	80425	CENTURYLINK	-			
Cash Payment	E 601-49440-321	Telephone				\$57.40
Invoice	218 387-1788	8/1/2020				
Cash Payment	E 601-49440-321	Telephone				\$69.36
Invoice	218 D24-1001	8/1/2020				
Cash Payment	E 601-49440-321	Telephone				\$69.36
Invoice	218 D24-1002	8/1/2020				
Transaction Date	8/20/2020	Due 9/19/2020	MAIN CHECKING G	10100	Total	\$196.12
Refer	80431	ALTERNATIVE TECHNOLOGIES, IN	-			
Cash Payment	E 604-49570-220	Repair/Maint Supply (GE				\$810.00
Invoice	48426	7/29/2020				
Transaction Date	8/20/2020	Due 9/19/2020	MAIN CHECKING G	10100	Total	\$810.00
Refer	80432	WESTERN LAKE SUPERIOR SANIT	-			
Cash Payment	E 602-49480-317	Contracted Services				\$5,714.96
Invoice	7810	8/4/2020				
Transaction Date	8/20/2020	Due 9/19/2020	MAIN CHECKING G	10100	Total	\$5,714.96
Refer	80433	SMMPA		Ck# 005020E 8/25/2020		
Cash Payment	E 604-49560-388	Purchase Power				\$118,505.58
Invoice	JULY 2020	8/1/2020				
Transaction Date	8/20/2020	Due 9/19/2020	MAIN CHECKING G	10100	Total	\$118,505.58
Refer	80434	JAVA MOOSE	-			
Cash Payment	E 604-49590-200	Office Supplies (GENER				\$55.00
Invoice	1001	8/3/2020				
Transaction Date	8/20/2020	Due 9/19/2020	MAIN CHECKING G	10100	Total	\$55.00
Refer	80436	ALLIED GENERATORS	-			
Cash Payment	E 604-49551-317	Contracted Services				\$2,315.00
Invoice	24333	8/5/2020				
Transaction Date	8/20/2020	Due 9/19/2020	MAIN CHECKING G	10100	Total	\$2,315.00
Refer	80443	WEX BANK		Ck# 005021E 8/20/2020		
Cash Payment	E 604-49570-212	Motor Fuels				\$24.04
Invoice	67031207	8/15/2020				



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Cash Payment	E 601-49440-212 Motor Fuels				\$6.87
Invoice	67031207	8/15/2020			
Cash Payment	E 602-49490-212 Motor Fuels				\$6.87
Invoice	67031207	8/15/2020			
Cash Payment	E 604-49570-212 Motor Fuels				\$242.87
Invoice	67015809	8/15/2020			
Cash Payment	E 601-49440-212 Motor Fuels				\$90.64
Invoice	67039808	8/15/2020			
Cash Payment	E 602-49490-212 Motor Fuels				\$90.64
Invoice	67039808	8/15/2020			
Transaction Date	8/20/2020	Due 9/19/2020	MAIN CHECKING G	10100	Total \$461.93

Fund Summary

10100 MAIN CHECKING GMSB

101 GENERAL FUND	\$50,742.36
211 LIBRARY	\$1,785.95
215 LIBRARY RESTRICTED FUND	\$74.73
225 CARES ACT	\$5,555.80
601 WATER	\$3,487.80
602 SEWER	\$8,705.15
604 ELECTRIC	\$123,881.76
609 MUNICIPAL LIQUOR FUND	\$21,551.45
	<hr/>
	\$215,785.00

Pre-Written Checks	\$119,096.84
Checks to be Generated by the Computer	\$16,977.87
Total	<hr/> \$136,074.71

Payments Batch EFTPS \$25.00

Refer 0 GRAND MARAIS STATE BANK Ck# 004881E 2/28/2002

Cash Payment	E 604-49590-431 Bank Charges				\$12.50
Invoice	Direct Deposit	2/28/2002			
Cash Payment	E 601-49440-430 Miscellaneous (GENERA				\$6.25
Invoice	Direct Deposit	2/28/2002			
Cash Payment	E 602-49490-430 Miscellaneous (GENERA				\$6.25
Invoice	Direct Deposit	2/28/2002			
Transaction Date	12/4/2013		MAIN CHECKING G	10100	Total \$25.00



Payments

City of Grand Marais

Current Period: Recur Batch

Fund Summary

	10100 MAIN CHECKING GMSB	
101 GENERAL FUND		\$3,138.51
601 WATER		\$6.25
602 SEWER		\$6.25
604 ELECTRIC		\$12.50
609 MUNICIPAL LIQUOR FUND		\$2,874.37
		<hr/>
		\$6,037.88

Pre-Written Checks	\$25.00
Checks to be Generated by the Computer	\$0.00
	<hr/>
Total	\$25.00



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City of Grand Marais

Current Period: August 2020

Payments Batch 9-1-20DEPRE \$70.31

Refer	0	CATHERINE CROSBY	-		
Cash Payment	G 604-11504	Undistributed Receipts	000000326901		\$33.93
Invoice					
Transaction Date	9/1/2020		MAIN CHECKING G	10100	Total \$33.93
Refer	0	JEANNE MANKO	-		
Cash Payment	G 604-11504	Undistributed Receipts	000000092500		\$36.38
Invoice					
Transaction Date	9/1/2020		MAIN CHECKING G	10100	Total \$36.38

Fund Summary

	10100	MAIN CHECKING GMSB	
604 ELECTRIC			\$70.31
			<u>\$70.31</u>

Pre-Written Checks	\$0.00
Checks to be Generated by the Computer	\$70.31
Total	<u>\$70.31</u>



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Current Period: August 2020

Payments Batch 9-10-20 AP \$32,221.24

Refer	80464	PSN		Ck# 005028E 9/2/2020		
Cash Payment	E 604-49590-432	Credit Card Charges				\$430.82
Invoice	223295	9/2/2020				
Cash Payment	E 601-49440-432	Credit Card Charges				\$121.17
Invoice	223295	9/2/2020				
Cash Payment	E 602-49490-432	Credit Card Charges				\$121.17
Invoice	223295	9/2/2020				
Transaction Date	9/3/2020	Due 10/3/2020	MAIN CHECKING G	10100	Total	\$673.16
Refer	80466	TWIN PORTS PAPER & SUPPLY IN				
Cash Payment	E 601-49420-210	Operating Supplies (GEN				\$356.43
Invoice	454757	8/19/2020				
Transaction Date	9/3/2020	Due 10/3/2020	MAIN CHECKING G	10100	Total	\$356.43
Refer	80468	T & R ELECTRIC				
Cash Payment	E 604-49570-317	Contracted Services				\$30.00
Invoice	81232	8/21/2020				
Transaction Date	9/3/2020	Due 10/3/2020	MAIN CHECKING G	10100	Total	\$30.00
Refer	80472	EATON				
Cash Payment	E 601-49430-227	Utility Maint Supplies				\$9,996.00
Invoice	940534156	8/7/2020				
Transaction Date	9/3/2020	Due 10/3/2020	MAIN CHECKING G	10100	Total	\$9,996.00
Refer	80473	LHB ENGINEERS & ARCHITECTS				
Cash Payment	E 601-49431-303	Engineering Fees				\$3,154.00
Invoice	160861.00-22	8/12/2020				
Cash Payment	E 602-49431-303	Engineering Fees				\$3,154.00
Invoice	160861.00-22	8/12/2020				
Transaction Date	9/3/2020	Due 10/3/2020	MAIN CHECKING G	10100	Total	\$6,308.00
Refer	80474	FERGUSON WATERWORKS#2518				
Cash Payment	E 601-49430-240	Small Tools and Minor E				\$891.51
Invoice	0460507	8/13/2020				
Cash Payment	E 601-49430-210	Operating Supplies (GEN				\$753.26
Invoice	0460002	8/12/2020				
Transaction Date	9/3/2020	Due 10/3/2020	MAIN CHECKING G	10100	Total	\$1,644.77
Refer	80482	NEON LINK				
Cash Payment	E 604-49590-310	Service Agreements				\$418.73
Invoice	1866	6/26/2020				
Cash Payment	E 601-49440-310	Service Agreements				\$117.77
Invoice	1866	6/26/2020				
Cash Payment	E 602-49490-310	Service Agreements				\$117.77
Invoice	1866	6/26/2020				
Cash Payment	E 601-49440-310	Service Agreements				\$20.84
Invoice	1866	6/26/2020				
Cash Payment	E 604-49590-310	Service Agreements				\$30.00
Invoice	1846	7/1/2020				
Cash Payment	E 604-49590-310	Service Agreements				\$420.54
Invoice	1881	8/3/2020				



Payments

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Current Period: August 2020

Fund Summary

	10100 MAIN CHECKING GMSB	
101 GENERAL FUND		\$58,560.58
211 LIBRARY		\$2,123.35
215 LIBRARY RESTRICTED FUND		\$4,600.41
225 CARES ACT		\$1,805.27
601 WATER		\$15,529.26
602 SEWER		\$14,902.79
604 ELECTRIC		\$1,789.19
609 MUNICIPAL LIQUOR FUND		\$2,056.24
		<hr/>
		\$101,367.09

Pre-Written Checks	\$861.63
Checks to be Generated by the Computer	\$31,359.61
Total	<hr/> \$32,221.24

Payments Batch 9-1-20DEPRE \$70.31

Refer	0 CATHERINE CROSBY	-		
Cash Payment	G 604-11504 Undistributed Receipts	000000326901		\$33.93
Invoice				
Transaction Date	9/1/2020	MAIN CHECKING G	10100	Total \$33.93

Refer	0 JEANNE MANKO	-		
Cash Payment	G 604-11504 Undistributed Receipts	000000092500		\$36.38
Invoice				
Transaction Date	9/1/2020	MAIN CHECKING G	10100	Total \$36.38

Fund Summary

	10100 MAIN CHECKING GMSB	
604 ELECTRIC		\$70.31
		<hr/>
		\$70.31

Pre-Written Checks	\$0.00
Checks to be Generated by the Computer	\$70.31
Total	<hr/> \$70.31

Payments Batch EFTPS \$25.00

Refer	0 GRAND MARAIS STATE BANK	Ck# 004881E 2/28/2002		
Cash Payment	E 604-49590-431 Bank Charges			\$12.50
Invoice Direct Deposit	2/28/2002			
Cash Payment	E 601-49440-430 Miscellaneous (GENERA			\$6.25
Invoice Direct Deposit	2/28/2002			
Cash Payment	E 602-49490-430 Miscellaneous (GENERA			\$6.25
Invoice Direct Deposit	2/28/2002			
Transaction Date	12/4/2013	MAIN CHECKING G	10100	Total \$25.00



Payments

City of Grand Marais

Current Period: Recur Batch

Fund Summary

	10100 MAIN CHECKING GMSB	
101 GENERAL FUND		\$3,138.51
601 WATER		\$6.25
602 SEWER		\$6.25
604 ELECTRIC		\$12.50
609 MUNICIPAL LIQUOR FUND		\$2,874.37
		<hr/>
		\$6,037.88

Pre-Written Checks	\$25.00
Checks to be Generated by the Computer	\$0.00
Total	<hr/>
	\$25.00



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Current Period: August 2020

Payments Batch 10-1-20 AP \$208,758.48

Refer	80507	<u>PUBLIC UTILITIES COMMISSION1</u>	<u>Ck# 005031E 9/4/2020</u>			
Cash Payment	E 602-49451-380	Utility Services (GENER			\$1,247.97	
Invoice	SEPT 2020	9/4/2020				
Cash Payment	E 602-49480-380	Utility Services (GENER			\$4,554.87	
Invoice	SEPT 2020	9/4/2020				
Cash Payment	E 601-49420-380	Utility Services (GENER			\$1,649.94	
Invoice	SEPT 2020	9/4/2020				
Cash Payment	E 604-49551-380	Utility Services (GENER			\$42.76	
Invoice	SEPT 2020	9/4/2020				
Transaction Date	9/4/2020	Due 10/4/2020	MAIN CHECKING G	10100	Total	\$7,495.54
Refer	80553	<u>WEX BANK</u>	<u>Ck# 005052E 10/1/2020</u>			
Cash Payment	E 604-49570-212	Motor Fuels			\$210.24	
Invoice	67548279	9/15/2020				
Cash Payment	E 601-49440-212	Motor Fuels			\$104.70	
Invoice	67551002	9/15/2020				
Cash Payment	E 602-49490-212	Motor Fuels			\$104.70	
Invoice	67551002	9/15/2020				
Transaction Date	9/21/2020	Due 10/21/2020	MAIN CHECKING G	10100	Total	\$419.64
Refer	80556	<u>BUCK S HARDWARE HANK</u>				
Cash Payment	E 604-49570-210	Operating Supplies (GEN			\$5.27	
Invoice	9088	8/31/2020				
Cash Payment	E 602-49480-300	Professional Srvs (GENE			\$57.07	
Invoice	1160	8/31/2020				
Cash Payment	E 602-49480-210	Operating Supplies (GEN			\$9.87	
Invoice	1160	8/31/2020				
Transaction Date	9/24/2020	Due 10/24/2020	MAIN CHECKING G	10100	Total	\$72.21
Refer	80558	<u>COOK COUNTY HOME CENTER</u>				
Cash Payment	E 601-49420-221	Equipment Parts/Building			\$239.99	
Invoice	1160	8/31/2020				
Cash Payment	E 602-49451-220	Repair/Maint Supply (GE			\$106.91	
Invoice	1160	8/31/2020				
Cash Payment	E 604-49570-210	Operating Supplies (GEN			\$243.48	
Invoice	2088	8/31/2020				
Transaction Date	9/24/2020	Due 10/24/2020	MAIN CHECKING G	10100	Total	\$590.38
Refer	80561	<u>ARROWHEAD COOPERATIVE</u>	<u>Ck# 005055E 9/20/2020</u>			
Cash Payment	E 602-49490-321	Telephone			\$128.41	
Invoice	2121	9/1/2020				
Transaction Date	9/24/2020	Due 10/24/2020	MAIN CHECKING G	10100	Total	\$128.41
Refer	80565	<u>STUART C IRBY CO</u>				
Cash Payment	E 604-49570-210	Operating Supplies (GEN			\$87.86	
Invoice	S012054622.001	9/9/2020				
Cash Payment	E 604-49570-210	Operating Supplies (GEN			\$2,239.50	
Invoice	S012069232.001	9/3/2020				
Cash Payment	E 604-49570-210	Operating Supplies (GEN			\$360.15	
Invoice	S012082701.002	9/23/2020				



CITY OF GRAND MARAIS

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Payments

City of Grand Marais

Current Period: August 2020

Cash Payment	E 604-49560-388 Purchase Power								\$118,430.23
Invoice	AUGUST 2020	9/1/2020							
Transaction Date	9/24/2020	Due 10/24/2020	MAIN CHECKING G	10100			Total		\$118,430.23
Refer	80579	SAWTOOTH MOUNTAIN CLINIC, IN							
Cash Payment	E 604-49570-308 Safety Assistance Progra	JEFF ELIASEN							\$106.00
Invoice	314292	8/7/2020							
Transaction Date	9/24/2020	Due 10/24/2020	MAIN CHECKING G	10100			Total		\$106.00
Refer	80580	GRAYBAR ELECTRIC COMPANY, I							
Cash Payment	E 604-49570-210 Operating Supplies (GEN								\$679.92
Invoice	9317640158	9/3/2020							
Transaction Date	9/24/2020	Due 10/24/2020	MAIN CHECKING G	10100			Total		\$679.92
Refer	80581	MN DEPT OF COMMERCE							
Cash Payment	E 604-49590-390 Conservation Improveme								\$613.23
Invoice	1000044914	9/1/2020							
Transaction Date	9/24/2020	Due 10/24/2020	MAIN CHECKING G	10100			Total		\$613.23
Refer	80583	EHLERS							
Cash Payment	E 604-47032-620 Fiscal Agent s Fees								\$475.00
Invoice	59614	9/14/2020							
Cash Payment	E 604-47030-611 Bond Interest								\$6,893.75
Invoice	59474	9/14/2020							
Cash Payment	E 604-47032-611 Bond Interest								\$8,850.00
Invoice	59475	9/14/2020							
Cash Payment	E 604-47032-620 Fiscal Agent s Fees								\$3,450.00
Invoice	84428	9/3/2020							
Transaction Date	9/24/2020	Due 10/24/2020	MAIN CHECKING G	10100			Total		\$19,668.75
Refer	80584	VISA							
									<u>Ck# 005057E 9/8/2020</u>
Cash Payment	E 604-49570-221 Equipment Parts/Building								\$748.93
Invoice	0224	9/2/2020							
Cash Payment	E 601-49430-404 Repairs/Maint Machinery								\$88.88
Invoice	0224	9/2/2020							
Transaction Date	9/24/2020	Due 10/24/2020	MAIN CHECKING G	10100			Total		\$837.81
Refer	80586	LEAGUE OF MN CITIES INSURANC							
Cash Payment	E 601-49440-360 Insurance (GENERAL)								\$3,103.66
Invoice	40001157	8/24/2020							
Cash Payment	E 602-49490-360 Insurance (GENERAL)								\$8,238.79
Invoice	40001157	8/24/2020							
Cash Payment	E 604-49590-360 Insurance (GENERAL)								\$17,026.03
Invoice	40001157	8/24/2020							
Transaction Date	9/24/2020	Due 10/24/2020	MAIN CHECKING G	10100			Total		\$28,368.48
Refer	80591	GUSTAVUS ADOLPHUS COLLEGE							
Cash Payment	E 604-49590-430 Miscellaneous (GENERA	ELLEN CALLENDER							\$500.00
Invoice	SCHOLARSHIP	9/1/2020							
Transaction Date	9/24/2020	Due 10/24/2020	MAIN CHECKING G	10100			Total		\$500.00
Refer	80592	CENTURYLINK							
Cash Payment	E 601-49440-321 Telephone								\$69.36
Invoice	218 D24-1001	9/1/2020							



CITY OF GRAND MARAIS

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Payments

City of Grand Marais

Current Period: August 2020

Cash Payment	E 601-49440-321 Telephone					\$58.51
Invoice	218 387-1788	9/1/2020				
Cash Payment	E 601-49440-321 Telephone					\$69.36
Invoice	218 D24-1002	9/1/2020				
Transaction Date	9/24/2020	Due 10/24/2020	MAIN CHECKING G	10100	Total	\$197.23
Refer	80593	W.W. GOETSCH ASSOCIATES, INC				
Cash Payment	E 602-49451-580 Capital Outlay (Equipme					\$5,102.44
Invoice	104721	9/8/2020				
Transaction Date	9/24/2020	Due 10/24/2020	MAIN CHECKING G	10100	Total	\$5,102.44
Refer	80594	LHB ENGINEERS & ARCHITECTS				
Cash Payment	E 602-49431-303 Engineering Fees					\$185.00
Invoice	160861.00-23	9/10/2020				
Transaction Date	9/24/2020	Due 10/24/2020	MAIN CHECKING G	10100	Total	\$185.00
Refer	80595	METERING & TECHNOLOGY SOLU				
Cash Payment	E 601-49430-227 Utility Maint Supplies					\$4,383.14
Invoice	17824	9/8/2020				
Cash Payment	E 602-49451-227 Utility Maint Supplies					\$4,383.13
Invoice	17824	9/8/2020				
Transaction Date	9/24/2020	Due 10/24/2020	MAIN CHECKING G	10100	Total	\$8,766.27
Refer	80597	ALLIED GENERATORS				
Cash Payment	E 604-49551-317 Contracted Services					\$772.66
Invoice	24577	9/11/2020				
Transaction Date	9/24/2020	Due 10/24/2020	MAIN CHECKING G	10100	Total	\$772.66
Refer	80598	US BANK				
Cash Payment	E 601-47027-611 Bond Interest					\$673.13
Invoice	LOAN PAY 154	9/18/2020				
Cash Payment	E 601-47027-620 Fiscal Agent s Fees					\$177.55
Invoice	LOAN PAY 154	9/18/2020				
Transaction Date	9/24/2020	Due 10/24/2020	MAIN CHECKING G	10100	Total	\$850.68

Fund Summary

	10100 MAIN CHECKING GMSB	
101 GENERAL FUND		\$84,633.97
211 LIBRARY		\$9,583.63
215 LIBRARY RESTRICTED FUND		\$309.41
225 CARES ACT		\$5,690.20
601 WATER		\$12,914.46
602 SEWER		\$33,814.55
604 ELECTRIC		\$162,029.47
609 MUNICIPAL LIQUOR FUND		\$4,462.72
		<hr/>
		\$313,438.41

Pre-Written Checks	\$127,311.63
Checks to be Generated by the Computer	\$81,446.85
Total	\$208,758.48

Payments Batch EFTPS \$4.00



City of Grand Marais

CITY OF GRAND MARAIS

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Payments

Current Period: Recur Batch

Refer	0	GRAND MARAIS STATE BANK	Ck# 004881E 2/28/2002		
Cash Payment	E 604-49590-431	Bank Charges			\$0.00
Invoice Direct Deposit	2/28/2002				
Cash Payment	E 601-49440-430	Miscellaneous (GENERA			\$0.00
Invoice Direct Deposit	2/28/2002				
Cash Payment	E 602-49490-430	Miscellaneous (GENERA			\$0.00
Invoice Direct Deposit	2/28/2002				
Transaction Date	12/4/2013	MAIN CHECKING G	10100	Total	\$0.00
Refer	80517	GRAND MARAIS STATE BANK	Ck# 005044E 8/17/2020		
Cash Payment	E 604-49590-431	Bank Charges			\$4.00
Invoice nsf	8/17/2020				
Transaction Date	9/8/2020	Due 10/8/2020	MAIN CHECKING G	10100	Total \$4.00

Fund Summary

	10100	MAIN CHECKING GMSB	
101 GENERAL FUND			\$11,264.56
601 WATER			\$0.00
602 SEWER			\$0.00
604 ELECTRIC			\$4.00
609 MUNICIPAL LIQUOR FUND			\$7,460.60
			<u>\$18,729.16</u>

Pre-Written Checks	\$4.00
Checks to be Generated by the Computer	\$0.00
Total	<u>\$4.00</u>

DATE: October 1, 2020

TO: Mike Roth, City Administrator
Grand Marais Public Utility Commission
Grand Marais Council

FROM: Thomas Nelson
Wastewater/Water Superintendent

RE: Update

AMI – The first batch of water nodes and meter heads have arrived and about 5 have been installed. The process is slow and cumbersome and will take a lot of coordination with city hall and home owners.

Highway 61 project – The project for the summer is done, with the cutting in of the manholes and gate valves.

Park lift station – The major park sewer lift station is very near the end of it's life. The piping in side the lift station needs to be replaced along with a 32 old year pump. I have contacted a company for quotes.

Thomas Nelson
Water/Wastewater Superintendent.

City of Grand Marais

MEMO

TO: Public Utilities Commissioners
FROM: Michael J. Roth, City Administrator
DATE: October 1, 2020
SUBJECT: Electric Utility Draft Rate Study

Attached is the draft of the rate study completed by Dave Berg. Dave will be online at the meeting to present the draft report and answer any questions.



ELECTRIC COST OF SERVICE AND RATE DESIGN STUDY

Draft Report

October 1, 2020



REPORT OUTLINE

Cover Letter

Section 1 - Introduction

Section 2 – Projected Operating Results – Existing Rates

Section 3 – Cost of Service

Section 4 – Proposed Rates



October 1, 2020

Grand Marais Public Utilities Commission

15 North Broadway
Grand Marais, MN 55604

Subject: Electric Rate Study

Commission Members:

Dave Berg Consulting, LLC has undertaken a study of the retail rates Grand Marais Public Utility (Grand Marais) charges its customers for electric service. This report summarizes the analyses undertaken and the resulting recommendations for changes to the existing rates.

The recommended rate adjustments have been made based on overall revenue and cash reserve needs of the utility and the results of a cost-of-service analysis. No overall increase in revenues from rates is recommended at this time. However, a change in billing for Large Commercial customers is recommended.

Thank you for the opportunity to be of service to Grand Marais through the conduct of this study. I wish to express our appreciation for the valuable assistance we received from utility staff relative to the execution of this study.

Sincerely,

Dave Berg Consulting, LLC

David A. Berg, PE
Principal

Dedicated to providing personal service to consumer-owned utilities

Dave Berg Consulting, LLC | 15213 Danbury Ave W, Rosemount, MN 55068 | 612-850-2305

www.davebergconsulting.com

Section 1

Introduction

The City of Grand Marais, MN owns a municipal utility providing service to approximately 1,300 retail electric customers. The electric utility is operated by the Grand Marais Public Utility (Grand Marais) and is under the direction of the Grand Marais Public Utilities Commission. This report has been prepared by Dave Berg Consulting, LLC to examine the rates and charges for electric service in Grand Marais. The study includes an examination of the allocated cost of service based on 2019 utility operations (Test Year). It also includes projected operating results for 2020-2024 (Study Period). As a result of the analyses undertaken and reported on herein, electric rate recommendations have been developed for implementation by Grand Marais.

Section 2

Projected Operating Results Existing Rates

The rates charged for electric service by Grand Marais, combined with other operating and non-operating revenues, must be sufficient to meet the cost of providing services to Grand Marais's retail electric customers. This is necessary to ensure the long-term financial health of Grand Marais. The cost of providing electric service consists of normal operating expenses such as purchased power, transmission and distribution functions, customer and administrative functions, system depreciation expenses, system improvements and other non-operating expenses.

An analysis of the operating results for Grand Marais during the 2020-2024 Study Period has been performed assuming the current retail rates and charges remain in effect for the electric utility through the Study Period. This analysis has been done to determine the overall need, if any, for additional revenue through rates to meet projected revenue requirements. The analyses and assumptions utilized in these projections are explained below.

Estimated Revenues – Existing Rates

Retail Sales

Grand Marais sells retail power and energy to residential and commercial customers. Grand Marais has seen a decrease in total sales year-to-date from 2019 to 2020. This reduction is assumed to be related to the economic effects of the coronavirus outbreak. For purposes of this analysis, 2020 retail electric sales were assumed to be 10% less than sales in 2019. For 2021 through 2024, it is assumed that sales will return to the 2019 level, but no additional growth in sales has been assumed.

Section 2

Exhibit 2-A is a summarized listing of Grand Marais's historical and projected electric operating results at existing retail rates. The existing rates include a 2% overall increase in retail rates implemented by Grand Marais on Jan. 1, 2020. The historical and projected revenues from retail sales of power and energy to different groups of customers are included in Operating Revenues. Operating Revenues also includes other operating revenues including streetlights, wind power, contract work, connection and hookup fees, merchandise sales, penalties, capacity and rebate payments from Southern Minnesota Municipal Power Agency (SMMPA), Grand Marais's wholesale power provider and pole attachments. The capacity payments from SMMPA are related to SMMPA's lease of local peaking generation owned by Grand Marais.

Revenue Requirements

Generation and Purchased Power

Grand Marais currently meets its wholesale power and energy and transmission requirements through its wholesale power sales contract with SMMPA.

Grand Marais's 2019 actual and 2020/2021 estimated retail sales and wholesale requirements are shown in Table 2-1.

Table 2-1
Retail Sales
And Wholesale Requirements

Item	2019	2020	2021
Retail Sales (kWh)	23,528,962	21,176,066	23,528,962
Losses/Unmetered (% of wholesale purchases)	6.6%	6.6%	6.6%
Total Wholesale (kWh)	25,179,765	22,661,789	25,179,765

SMMPA implemented a 4% rate reduction to members in 2019. SMMPA's current rates are assumed to remain in effect through the remainder of the Study Period.

Projected Operating Results – Existing Rates

Other Operating Expenses

Grand Marais incurs other operating expenses associated with local electric system operations. Distribution operating and maintenance expenses are related to the substations, overhead and underground lines and customer facilities located in Grand Marais. Customer accounts and customer information expenses are directly related to service to individual customers. Administrative and general expenses are required for utility management, employee benefits, training and other administrative costs. The operating expenses have been increased in 2021 to reflect the assumed addition of another electric system employee. This is reflected in the salaries and benefits expense items. An expense of \$50,000 per year has also been added effective in 2021 for electric system expenditures in support of the City of Grand Marais Climate Action Plan.

Depreciation

Grand Marais has annual depreciation costs based on its system investments. Depreciation is a funded non-cash expense that generates monies available for annual capital improvements and reserves.

Non-operating Revenue (Expenses)

Grand Marais's non-operating revenue is primarily associated with investment and miscellaneous income. Grand Marais has annual interest expenses associated with outstanding electric system bonds. Those payments are set to expire after 2023.

City Support

Grand Marais makes a direct cash transfer of \$40,000 plus 1 percent of annual revenue per year to the City of Grand Marais. This is shown in the operating expenses as Facility Fees. Additionally, Grand Marais makes annual transfers to other City funds to support City operations, this amount has been set at \$120,000 per year.

Section 2

Projected Operating Results – Existing Rates

Based on the assumptions outlined above, the resulting projected operating results assuming continued application of the existing retail rates are summarized in Table 2-2 for the electric utility. A summary presentation of the operating results is shown in Exhibit 2-A.

Table 2-2
Projected Operating Results
Existing Rates

	2020	2021	2022	2023	2024
Operating Revenues	\$2,783,911	\$3,038,730	\$3,038,730	\$3,038,730	\$3,038,730
Less Operating Expenses	(2,351,873)	(2,673,128)	(2,698,264)	(2,724,154)	(2,750,822)
Plus Non -Operating Revenue (Expenses)	(44,748)	(33,966)	(26,060)	(14,123)	12,715
Less Transfer Out	<u>(120,000)</u>	<u>(120,000)</u>	<u>(120,000)</u>	<u>(120,000)</u>	<u>(120,000)</u>
Change in Net Position	\$267,290	\$211,636	\$194,406	\$180,453	\$180,624
Net Position as Percent of Revenues	9.6%	7.0%	6.4%	5.9%	5.9%

Cash Reserves

A summary of the impact of the projected operating results on Grand Marais's cash reserves for the Study Period is shown at the end of Exhibit 2-A and in Table 2-3 below.

As shown below, under existing retail rates and estimated revenue requirements over the Study Period, the cash reserves for the electric utility are projected to increase from approximately \$841,000 at the end of 2019 to approximately \$1.7 million by the end of 2024. As shown in Table 2-3 below, the balance at the end of the Study Period is estimated to be 56% of annual operating revenues.

Projected Operating Results – Existing Rates

Table 2-3
Projected Cash Reserves
Existing Rates

	2020	2021	2022	2023	2024
Beginning of Year	\$840,770	\$1,055,666	\$1,212,036	\$1,353,519	\$1,238,610
Plus Change in Net Position	267,290	211,636	194,406	180,453	180,624
Plus Depreciation	237,606	244,734	252,076	259,638	267,428
Less Debt Principal Payments	<u>(290,000)</u>	<u>(300,000)</u>	<u>(305,000)</u>	<u>(555,000)</u>	-
End of Year	\$1,055,666	\$1,212,036	\$1,353,519	\$1,238,610	\$1,686,662
As a percent of Operating Revenue	38%	40%	45%	41%	56%

City of Grand Marais
Electric Operating Results at Existing Rates

	Historical					Projected				
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
OPERATING REVENUES										
Charges for sales and services	\$ 2,781,017	\$ 2,866,234	\$ 2,879,478	\$ 3,013,851	\$ 3,036,547	\$ 2,783,911	\$ 3,038,730	\$ 3,038,730	\$ 3,038,730	\$ 3,038,730
OPERATING EXPENSES										
Cost of Sales	\$ 1,628,897	\$ 1,687,559	\$ 1,760,140	\$ 1,797,746	\$ 1,742,020	\$ 1,543,377	\$ 1,714,864	\$ 1,714,864	\$ 1,714,864	\$ 1,714,864
Salaries	212,029	216,991	183,102	219,471	220,422	227,266	284,084	292,606	301,385	310,426
Employee benefits and payroll taxes	64,841	81,735	55,213	46,819	66,511	71,313	98,452	101,406	104,448	107,582
Bad debt	-	-	102	-	-	-	-	-	-	-
Contract services	38,443	36,998	65,636	118,640	40,568	51,000	52,530	54,106	55,729	57,401
Facility fees	65,209	65,524	65,991	66,985	67,138	67,839	70,387	70,387	70,387	70,387
Insurance	32,969	30,175	37,535	39,417	41,171	50,000	51,500	53,045	54,636	56,275
Miscellaneous	34,376	30,982	21,122	8,223	13,919	12,572	12,949	13,338	13,738	14,150
Rent	9,200	9,300	9,300	11,452	11,880	9,300	9,579	9,866	10,162	10,467
Repairs and maintenance	23,412	67,975	32,957	61,445	25,251	46,600	47,998	49,438	50,921	52,449
Supplies	19,668	77,515	16,821	47,587	157,229	31,700	32,651	33,631	34,639	35,679
Telephone	922	1,200	1,230	2,221	2,462	1,800	1,854	1,910	1,967	2,026
Utilities	2,945	2,683	2,694	1,852	402	1,500	1,545	1,591	1,639	1,688
Climate Action Plan Projects	-	-	-	-	-	-	50,000	50,000	50,000	50,000
Depreciation	209,008	213,470	213,167	237,606	242,221	237,606	244,734	252,076	259,638	267,428
Total Operating Expenses	\$ 2,341,919	\$ 2,522,107	\$ 2,465,010	\$ 2,659,464	\$ 2,631,194	\$ 2,351,873	\$ 2,673,128	\$ 2,698,264	\$ 2,724,154	\$ 2,750,822
OPERATING INCOME	\$ 439,098	\$ 344,127	\$ 414,468	\$ 354,387	\$ 405,353	\$ 432,037	\$ 365,603	\$ 340,466	\$ 314,576	\$ 287,909
NONOPERATING REVENUES (EXPENSES)										
Investment earnings	\$ 11,054	\$ 11,791	\$ 12,231	\$ 12,731	\$ 12,241	\$ 12,715	\$ 12,715	\$ 12,715	\$ 12,715	\$ 12,715
Grants and contributions	-	952	66	1,282	377	-	-	-	-	-
Interest expense	(87,245)	(81,142)	(74,365)	(74,058)	(61,391)	(57,463)	(46,681)	(38,775)	(26,838)	-
Loss on disposal of capital assets	23,937	-	-	-	(11,510)	-	-	-	-	-
Total NonOperating Revenues (Expenses)	\$ (52,254)	\$ (68,399)	\$ (62,068)	\$ (60,045)	\$ (60,283)	\$ (44,748)	\$ (33,966)	\$ (26,060)	\$ (14,123)	\$ 12,715
Income (Loss) Before Capital Grants and Transfers	\$ 386,844	\$ 275,728	\$ 352,400	\$ 294,342	\$ 345,070	\$ 387,290	\$ 331,636	\$ 314,406	\$ 300,453	\$ 300,624
Capital grants	\$ 1,736	\$ -	\$ -	\$ 324	\$ 7,351	\$ -	\$ -	\$ -	\$ -	\$ -
Capital contributions	-	-	-	1,550,726	-	-	-	-	-	-
Transfers in	468	468	468	937	937	-	-	-	-	-
Transfers out	-	-	-	(267,875)	(146,345)	(120,000)	(120,000)	(120,000)	(120,000)	(120,000)
CHANGE IN NET POSITION	\$ 389,048	\$ 276,196	\$ 352,868	\$ 1,578,454	\$ 207,013	\$ 267,290	\$ 211,636	\$ 194,406	\$ 180,453	\$ 180,624
as a percent of Operating Revenues	14.0%	9.6%	12.3%	52.4%	6.8%	9.6%	7.0%	6.4%	5.9%	5.9%
CASH RESERVES (nonrestrictive)										
Beginning of Year						\$ 840,770	\$ 1,055,666	\$ 1,212,036	\$ 1,353,519	\$ 1,238,610
Plus Change in Net Position						267,290	211,636	194,406	180,453	180,624
Plus Depreciation						237,606	244,734	252,076	259,638	267,428
Less Debt Principal Pmts						(290,000)	(300,000)	(305,000)	(555,000)	-
End of Year					\$ 840,770	\$ 1,055,666	\$ 1,212,036	\$ 1,353,519	\$ 1,238,610	\$ 1,686,662
as a percent of Operating Revenues					28%	38%	40%	45%	41%	56%

Section 3

Cost-of-Service

A cost-of-service analysis was performed to determine the allocated cost to serve each of Grand Marais's customer classes within the electric utility. Customer classes exist, in part, because the cost to serve different kinds of customers varies. The cost-of-service analysis has been performed on a 2019 'Test Year' based on actual 2019 financials, operations and sales with certain adjustments. The results of the cost-of-service study give an indication of the degree of revenue recovery warranted for each class of customers. A comparison of the allocated cost to serve a class of customers and the actual revenues received from that class is taken into consideration during rate design.

Functionalization of Costs

Grand Marais's Test Year electric revenue requirements have been divided into four functional categories. These categories are described below.

Power Supply – the production function is related to the cost of purchases from SMMPA.

Distribution – distribution expenses are related to the Grand Marais system for delivering power and energy to Grand Marais customers. They include substation and distribution system costs.

Customer – these costs are fixed costs associated with the service facilities utilized to deliver electric power and energy directly to customers. They also include items such as meter reading, billing, collections and dealing with customers by customer service representatives.

Revenue – revenue related costs include certain non-operating revenues, transfers and utility margin.

Section 3

Table 3-1 below summarizes the functional electric costs for the 2019 Test Year. The detailed cost functions are shown in Exhibit 3-A.

Table 3-1
Functional Electric Costs
2019 Test Year

Component	Revenue Requirement
Power Supply	\$1,633,934
Distribution	480,505
Customer	119,310
Revenue	<u>475,938</u>
Total	<u>\$2,709,687</u>

Classification of Costs

Within each function, the revenue requirements have been divided into distinct cost classifications. These cost classifications are described below.

Demand Related – demand related costs are fixed costs that do not vary with hourly consumption. Demand related costs are required to meet the overall demand of the system as expressed in kW.

Energy Related – energy related costs vary based on hourly consumption in kWh.

Customer Related – costs related to serving, metering and billing of individual customers.

Revenue Related – revenue related costs vary by the amount of revenue received by the utility.

Exhibits 3-B through 3-D show the detailed classification of revenue requirements within the power supply, distribution and customer functions.

Allocation of Costs

Based on an analysis of customer class service characteristics, the classified costs summarized above were allocated to the Grand Marais customer classes. Grand Marais currently charges most customers the same energy rate with differing customer charges for single phase and three phase customers. Grand Marais tracks sales and revenues separately for residential and commercial customers. For the cost of service analysis, an additional class (Large Commercial) was created to represent the usage of the 8 largest retail customers in Grand Marais. Allocation of costs was performed on a fully-distributed, embedded cost allocation basis. Specific allocation factors were utilized in each of the cost classification categories as described below. Exhibit 3-E contains a summary of the development of the various allocation factors.

Demand Allocations

Customer class demands on a system can be reflected in various ways. Two primary demand allocation types were utilized in this analysis. A common industry allocator known as Coincident Peak Demand (CP) allocator is utilized to allocate demand related costs based on each class' contribution to the system peak demand each month. A 12 CP demand allocator was utilized for production demand costs. A 1 CP demand allocator was utilized for transmission demand costs. A Non-coincident Peak Demand (NCP) reflects a class maximum demand regardless of when it occurs. A 1 NCP method, an estimate of each class' maximum annual demand on the local system, was utilized for allocating local system demand related costs.

Section 3

Energy Allocations

Each class' share of energy requirements was used to allocate energy related costs. Power supply energy related expenses were allocated based on each customer class' share of total energy requirements.

Customer Allocations

Two separate customer allocators were utilized. The customer facilities (CF) allocator was used to allocate costs associated with the physical facilities required to serve individual customers. The customer service (CS) allocator is for allocation of costs associated with customer service – meter reading, billing, collections and customer inquiries. For both the customer facilities and customer service allocators, a weighted customer allocation factor is developed. Weighting factors are developed to represent the difference in service configurations between customer classifications. For instance, a larger customer facility is required for a single large power customer than for a single residential customer, or a single large power customer requires more customer service than a single residential customer.

Revenue Allocations

Revenue related costs were allocated based on each class' share of total demand, energy, customer distribution, customer service and direct costs.

Cost of Service Results

Based on the classifications and allocations described above, the estimated cost to serve each major class of customers for the 2019 Test Year was determined. Exhibit 3-F presents this analysis in detail. Table 3-2 below summarizes the total allocated electric costs for each class compared to the total electric revenues received from the class during 2019.

Table 3-2
Electric Cost of Service Results
Comparison of Cost and Revenues
2019 Test Year

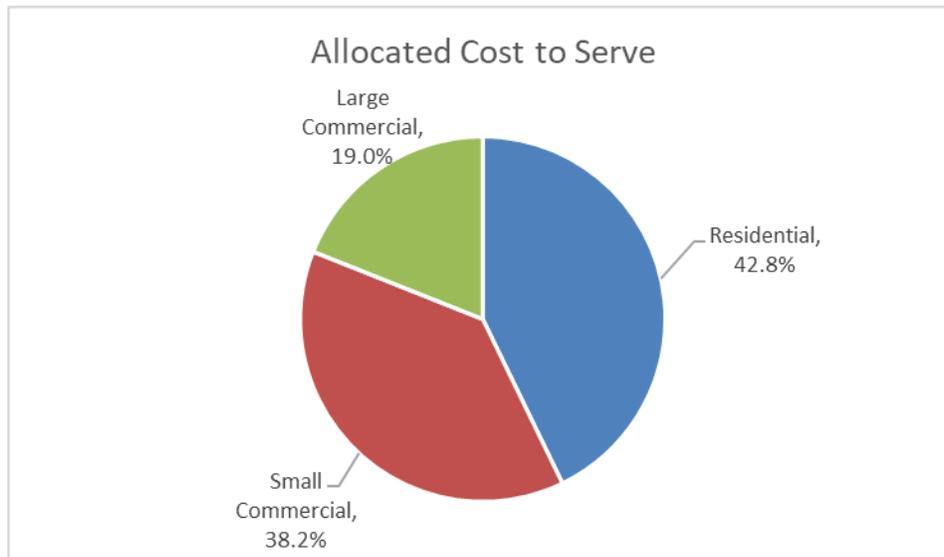
Customer Classification	Allocated Cost to Serve	Revenues
Residential	\$1,159,994	\$1,185,049
Small Commercial	1,035,651	1,012,793
Large Commercial	<u>514,042</u>	<u>511,845</u>
Total	\$2,709,687	\$2,709,687

The revenue requirements and revenues as allocated to each class and summarized above are shown on a total dollar basis. Table 3-3 below makes the comparison based on percentages of total cost to serve and total revenues. The charts following Table 3-3 show a graphical comparison between allocated cost to serve and revenues as a percentage of the totals. The percentage increase/(decrease) in each class' revenue shown below is the adjustment necessary to produce revenues from each class in accordance with the allocated cost to serve. The percentage adjustments do not represent the recommended change in each class' rates. The cost-of-service results are one item for consideration in rate design. It is important to note also that the adjustments shown in the table below would not change the total revenue received by the utility and are not indicative of overall revenue needs of the utility going forward. Recommendations regarding rate design are included in Section 4 of this report.

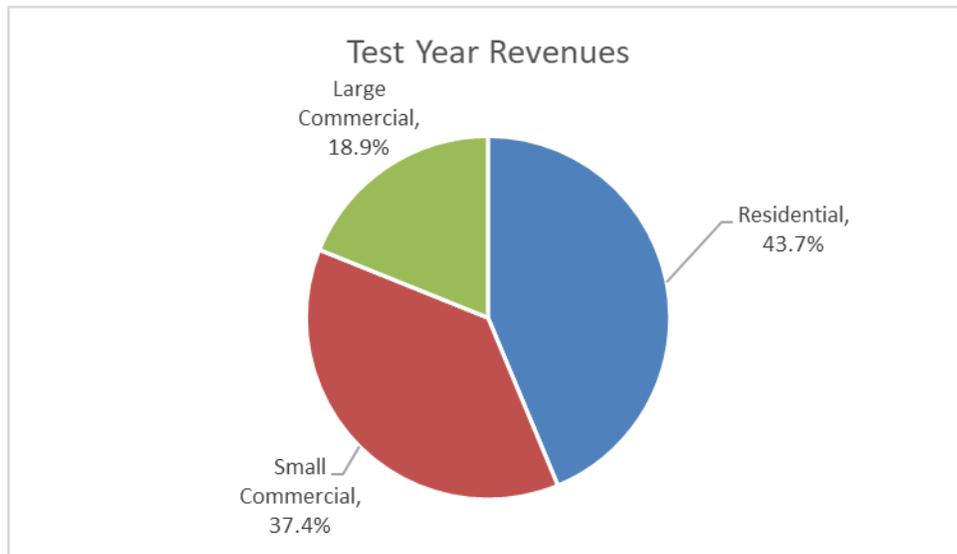
Section 3

**Table 3-3
Electric Cost of Service Results
Comparison of % Cost and Revenues
2019 Test Year**

Customer Classification	Allocated Cost to Serve	Revenues	Increase/ (Decrease)
Residential	42.8%	43.7%	-2.1%
Small Commercial	38.2%	37.4%	2.3%
Large Commercial	<u>19.0%</u>	<u>18.9%</u>	<u>0.4%</u>
Total	100.0%	100.0%	0.0%



Cost-of-Service



As indicated above, Grand Marais's existing class revenues do not exactly match the allocated cost to serve each class. Cost based rates are one of several goals in establishing rates. The relationship between allocated costs and revenues for each class should be considered, in addition to other rate related goals, in developing recommended rates.

City of Grand Marais
 Functionalization of 2019 Test Year Revenue Requirements

DEPARTMENT	REVENUE REQUIREMENT OPERATING EXPENSES	2019				Revenue	Classification Basis
		Test Year	Power Supply	Distribution	Customer		
Power Production	E 604-49551-101 Salary (Full-Time Employees)	2,255	2,255	-	-	-	100% power supply
	E 604-49551-121 PERA	169	169	-	-	-	100% power supply
	E 604-49551-122 FICA	136	136	-	-	-	100% power supply
	E 604-49551-125 Medicare	32	32	-	-	-	100% power supply
	E 604-49551-131 Employer Paid Health	33	33	-	-	-	100% power supply
	E 604-49551-133 Employer Paid Life	1	1	-	-	-	100% power supply
	E 604-49551-210 Operating Supplies (GENERAL)	2,059	2,059	-	-	-	100% power supply
	E 604-49551-213 Lubricants and Additives	2,265	2,265	-	-	-	100% power supply
	E 604-49551-317 Contracted Services	17,657	17,657	-	-	-	100% power supply
	E 604-49551-360 Insurance (GENERAL)	29,279	29,279	-	-	-	100% power supply
	E 604-49551-380 Utility Services (GENERAL)	402	402	-	-	-	100% power supply
	E 604-49551-420 Depreciation Expense	99,114	99,114	-	-	-	100% power supply
	E 604-49551-439 Licenses	245	245	-	-	-	100% power supply
Power Supply	E 604-49560-388 Purchase Power	1,742,020	1,742,020	-	-	-	100% power supply
Transmission and Distribution	E 604-49570-101 Salary (Full-Time Employees)	125,430	-	125,430	-	-	100% distribution
	E 604-49570-102 Wages - Load Mgmt	320	-	320	-	-	100% distribution
	E 604-49570-105 Overtime	2,592	-	2,592	-	-	100% distribution
	E 604-49570-110 Salary - Meter Labor	8,333	-	8,333	-	-	100% distribution
	E 604-49570-121 PERA	10,065	-	10,065	-	-	100% distribution
	E 604-49570-122 FICA	7,829	-	7,829	-	-	100% distribution
	E 604-49570-125 Medicare	1,831	-	1,831	-	-	100% distribution
	E 604-49570-131 Employer Paid Health	16,337	-	16,337	-	-	100% distribution
	E 604-49570-133 Employer Paid Life	182	-	182	-	-	100% distribution
	E 604-49570-210 Operating Supplies (GENERAL)	125,088	-	125,088	-	-	100% distribution
	E 604-49570-212 Motor Fuels	4,034	-	4,034	-	-	100% distribution
	E 604-49570-220 Repair/Maint Supply (GENERAL)	4,915	-	4,915	-	-	100% distribution
	E 604-49570-221 Equipment Parts/Builing Maint.	474	-	474	-	-	100% distribution
	E 604-49570-222 Transformers	22,417	-	22,417	-	-	100% distribution
	E 604-49570-240 Small Tools and Minor Equip	56	-	56	-	-	100% distribution
	E 604-49570-241 Safety Equipment	930	-	930	-	-	100% distribution
	E 604-49570-242 Substation Maintenance	810	-	810	-	-	100% distribution
	E 604-49570-308 Safety Assistance Program	6,492	-	6,492	-	-	100% distribution
	E 604-49570-317 Contracted Services	12,050	-	12,050	-	-	100% distribution
	E 604-49570-420 Depreciation Expense	142,221	-	142,221	-	-	100% distribution
	E 604-49570-439 Licenses	40	-	40	-	-	100% distribution
Administration	E 604-49590-101 Salary (Full-Time Employees)	76,177	-	-	76,177	-	100% customer
	E 604-49590-103 Salary (Part-Time Employees)	4,555	-	-	4,555	-	100% customer
	E 604-49590-112 Salary CIP	759	-	-	759	-	100% customer
	E 604-49590-121 PERA	5,834	-	-	5,834	-	100% customer
	E 604-49590-122 FICA	4,710	-	-	4,710	-	100% customer
	E 604-49590-125 Medicare	1,124	-	-	1,124	-	100% customer
	E 604-49590-131 Employer Paid Health	11,860	-	-	11,860	-	100% customer
	E 604-49590-133 Employer Paid Life	115	-	-	115	-	100% customer
	E 604-49590-151 Worker s Comp Insurance Prem	5,086	-	-	5,086	-	100% customer
	E 604-49590-161 Pension PERA Expense	1,169	-	-	1,169	-	100% customer
	E 604-49590-200 Office Supplies (GENERAL)	1,214	-	-	1,214	-	100% customer
	E 604-49590-301 Auditing and Acct g Services	7,750	4,673	1,374	341	1,361	total revenue requirement
	E 604-49590-304 Attorney(Civil)	770	464	137	34	135	total revenue requirement
	E 604-49590-310 Service Agreements	5,123	-	5,123	-	-	100% distribution
	E 604-49590-317 Contracted Services	2,342	-	2,342	-	-	100% distribution
	E 604-49590-321 Telephone	2,462	1,484	436	108	432	total revenue requirement
	E 604-49590-322 Postage	152	91	27	7	27	total revenue requirement
	E 604-49590-330 Transportation/School	2,518	1,518	447	111	442	total revenue requirement
	E 604-49590-360 Insurance (GENERAL)	11,892	4,866	6,983	44	-	depreciation
	E 604-49590-385 Franchise Fee	67,138	-	-	-	67,138	100% revenue
	E 604-49590-390 Conservation Improvement Progr	12,943	-	-	12,943	-	100% customer
	E 604-49590-409 Rent	11,880	-	11,880	-	-	100% distribution
	E 604-49590-420 Depreciation Expense	886	-	-	886	-	100% customer
	E 604-49590-428 Cash Short	40	-	-	40	-	100% customer
	E 604-49590-430 Miscellaneous (GENERAL)	13	-	-	13	-	100% customer
	E 604-49590-431 Bank Charges	219	-	-	219	-	100% customer
	E 604-49590-432 Credit Card Charges	4,351	-	-	4,351	-	100% customer
	Total Operating Expenses	2,631,193	1,908,764	521,194	131,699	69,536	
NON_OPERATING REVENUES (EXPENSES)	Investment earnings	12,241	-	-	-	12,241	100% revenue

City of Grand Marais
Functionalization of 2019 Test Year Revenue Requirements

REVENUE REQUIREMENT	2019				Revenue	Classification Basis
	Test Year	Power Supply	Distribution	Customer		
Grants and contributions	377	-	-	-	377	100% revenue
Interest expense	(61,391)	-	-	-	(61,391)	100% revenue
Loss on disposal of capital assets	(11,510)	-	-	-	(11,510)	100% revenue
Capital Grants	7,351	-	-	-	7,351	100% revenue
Total Non-Operating Revenues (Expenses)	(52,932)	-	-	-	(52,932)	
OTHER OPERATING REVENUES						
Street Lights	15,150	-	15,150	-	-	100% distribution
Wind Power	1,247	1,247	-	-	-	100% power supply
Contract Electric	5,625	-	5,625	-	-	100% distribution
Connect/Reconnect	200	-	200	-	-	100% distribution
Hookup Fees	1,550	-	1,550	-	-	100% distribution
Merchandise	629	-	-	-	629	100% revenue
Elec Penalty	15,999	-	-	-	15,999	100% revenue
Quick Start - SMMPA	216,000	216,000	-	-	-	100% power supply
Miscellaneous Income	173	-	-	-	173	100% revenue
Rebate Reimbursement - SMMPA	12,389	-	-	12,389	-	100% customer
SMMPA Misc Reimbursement	57,584	57,584	-	-	-	100% power supply
Pole Attachments	18,165	-	18,165	-	-	100% distribution
Total Other Operating Revenues	344,709	274,830	40,689	12,389	16,801	
Net Transfers Out	145,408	-	-	-	145,408	100% revenue
Margin	224,863	-	-	-	224,863	100% revenue
Total Revenue Requirement	\$ 2,709,687	\$ 1,633,934	\$ 480,505	\$ 119,310	\$ 475,938	

City of Grand Marais
2019 Test Year Power Supply Classification

REVENUE REQUIREMENT	2019 <u>Test Year</u>	Power Supply <u>Demand</u>	Transmission <u>Demand</u>	<u>Energy</u>	<u>Classification Basis</u>
Power Production					
E 604-49551-101 Salary (Full-Time Employees)	2,255	2,255	-	-	100% demand
E 604-49551-121 PERA	169	169	-	-	100% demand
E 604-49551-122 FICA	136	136	-	-	100% demand
E 604-49551-125 Medicare	32	32	-	-	100% demand
E 604-49551-131 Employer Paid Health	33	33	-	-	100% demand
E 604-49551-133 Employer Paid Life	1	1	-	-	100% demand
E 604-49551-210 Operating Supplies (GENERAL)	2,059	-	-	2,059	100% energy
E 604-49551-213 Lubricants and Additives	2,265	-	-	2,265	100% energy
E 604-49551-317 Contracted Services	17,657	17,657	-	-	100% demand
E 604-49551-360 Insurance (GENERAL)	29,279	29,279	-	-	100% demand
E 604-49551-380 Utility Services (GENERAL)	402	402	-	-	100% demand
E 604-49551-420 Depreciation Expense	99,114	99,114	-	-	100% demand
E 604-49551-439 Licenses	245	245	-	-	100% demand
Power Supply					
E 604-49560-388 Purchase Power	1,742,020	453,573	98,284	1,190,163	per power supply
Transmission and Distribution					
E 604-49570-101 Salary (Full-Time Employees)	-	-	-	-	NA
E 604-49570-102 Wages - Load Mgmt	-	-	-	-	NA
E 604-49570-105 Overtime	-	-	-	-	NA
E 604-49570-110 Salary - Meter Labor	-	-	-	-	NA
E 604-49570-121 PERA	-	-	-	-	NA
E 604-49570-122 FICA	-	-	-	-	NA
E 604-49570-125 Medicare	-	-	-	-	NA
E 604-49570-131 Employer Paid Health	-	-	-	-	NA
E 604-49570-133 Employer Paid Life	-	-	-	-	NA
E 604-49570-210 Operating Supplies (GENERAL)	-	-	-	-	NA
E 604-49570-212 Motor Fuels	-	-	-	-	NA
E 604-49570-220 Repair/Maint Supply (GENERAL)	-	-	-	-	NA
E 604-49570-221 Equipment Parts/Builing Maint.	-	-	-	-	NA
E 604-49570-222 Transformers	-	-	-	-	NA
E 604-49570-240 Small Tools and Minor Equip	-	-	-	-	NA
E 604-49570-241 Safety Equipment	-	-	-	-	NA
E 604-49570-242 Substation Maintenance	-	-	-	-	NA
E 604-49570-308 Safety Assistance Program	-	-	-	-	NA
E 604-49570-317 Contracted Services	-	-	-	-	NA
E 604-49570-420 Depreciation Expense	-	-	-	-	NA
E 604-49570-439 Licenses	-	-	-	-	NA
Administration					
E 604-49590-101 Salary (Full-Time Employees)	-	-	-	-	NA
E 604-49590-103 Salary (Part-Time Employees)	-	-	-	-	NA
E 604-49590-112 Salary CIP	-	-	-	-	NA
E 604-49590-121 PERA	-	-	-	-	NA
E 604-49590-122 FICA	-	-	-	-	NA
E 604-49590-125 Medicare	-	-	-	-	NA
E 604-49590-131 Employer Paid Health	-	-	-	-	NA
E 604-49590-133 Employer Paid Life	-	-	-	-	NA
E 604-49590-151 Worker s Comp Insurance Prem	-	-	-	-	NA
E 604-49590-161 Pension PERA Expense	-	-	-	-	NA
E 604-49590-200 Office Supplies (GENERAL)	-	-	-	-	NA
E 604-49590-301 Auditing and Acct g Services	4,673	4,673	-	-	100% demand
E 604-49590-304 Attorney(Civil)	464	464	-	-	100% demand
E 604-49590-310 Service Agreements	-	-	-	-	NA
E 604-49590-317 Contracted Services	-	-	-	-	NA
E 604-49590-321 Telephone	1,484	1,484	-	-	100% demand
E 604-49590-322 Postage	91	91	-	-	100% demand
E 604-49590-330 Transportation/School	1,518	1,518	-	-	100% demand
E 604-49590-360 Insurance (GENERAL)	4,866	4,866	-	-	100% demand
E 604-49590-385 Franchise Fee	-	-	-	-	NA
E 604-49590-390 Conservation Improvement Progr	-	-	-	-	NA
E 604-49590-409 Rent	-	-	-	-	NA
E 604-49590-420 Depreciation Expense	-	-	-	-	NA
E 604-49590-428 Cash Short	-	-	-	-	NA
E 604-49590-430 Miscellaneous (GENERAL)	-	-	-	-	NA

City of Grand Marais
2019 Test Year Power Supply Classification

	2019 <u>Test Year</u>	Power Supply <u>Demand</u>	Transmission <u>Demand</u>	<u>Energy</u>	<u>Classification Basis</u>
REVENUE REQUIREMENT					
E 604-49590-431 Bank Charges	-	-	-	-	NA
E 604-49590-432 Credit Card Charges	-	-	-	-	NA
Total Operating Expenses	<u>1,908,764</u>	<u>615,993</u>	<u>98,284</u>	<u>1,194,487</u>	
NON_OPERATING REVENUES (EXPENSES)					
Investment earnings	-	-	-	-	NA
Grants and contributions	-	-	-	-	NA
Interest expense	-	-	-	-	NA
Loss on disposal of capital assets	-	-	-	-	NA
Capital Grants	-	-	-	-	NA
Total Non-Operating Revenues (Expenses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
OTHER OPERATING REVENUES					
Street Lights	-	-	-	-	NA
Wind Power	1,247	-	-	1,247	100% energy
Contract Electric	-	-	-	-	NA
Connect/Reconnect	-	-	-	-	NA
Hookup Fees	-	-	-	-	NA
Merchandise	-	-	-	-	NA
Elec Penalty	-	-	-	-	NA
Quick Start - SMMPA	216,000	216,000	-	-	100% demand
Miscellaneous Income	-	-	-	-	NA
Rebate Reimbursement - SMMPA	-	-	-	-	NA
SMMPA Misc Reimbursement	57,584	57,584	-	-	100% demand
Pole Attachments	-	-	-	-	NA
Total Other Operating Revenues	<u>274,830</u>	<u>273,584</u>	<u>-</u>	<u>1,247</u>	
Net Transfers Out	-	-	-	-	NA
Margin	-	-	-	-	NA
Total Revenue Requirement	\$ 1,633,934	\$ 342,410	\$ 98,284	\$ 1,193,240	

City of Grand Marais
2019 Test Year Distribution Classification

REVENUE REQUIREMENT		2018		Customer	
DEPARTMENT	OPERATING EXPENSES	Test Year	Demand	Facilities	Classification Basis
Power Production					
	E 604-49551-101 Salary (Full-Time Employees)	-	-	-	NA
	E 604-49551-121 PERA	-	-	-	NA
	E 604-49551-122 FICA	-	-	-	NA
	E 604-49551-125 Medicare	-	-	-	NA
	E 604-49551-131 Employer Paid Health	-	-	-	NA
	E 604-49551-133 Employer Paid Life	-	-	-	NA
	E 604-49551-210 Operating Supplies (GENERAL)	-	-	-	NA
	E 604-49551-213 Lubricants and Additives	-	-	-	NA
	E 604-49551-317 Contracted Services	-	-	-	NA
	E 604-49551-360 Insurance (GENERAL)	-	-	-	NA
	E 604-49551-380 Utility Services (GENERAL)	-	-	-	NA
	E 604-49551-420 Depreciation Expense	-	-	-	NA
	E 604-49551-439 Licenses	-	-	-	NA
Power Supply					
	E 604-49560-388 Purchase Power	-	-	-	NA
Transmission and Distribution					
	E 604-49570-101 Salary (Full-Time Employees)	125,430	106,616	18,815	Dist/Cust split
	E 604-49570-102 Wages - Load Mgmt	320	272	48	Dist/Cust split
	E 604-49570-105 Overtime	2,592	2,203	389	Dist/Cust split
	E 604-49570-110 Salary - Meter Labor	8,333	-	8,333	100% Cust facilities
	E 604-49570-121 PERA	10,065	8,555	1,510	Dist/Cust split
	E 604-49570-122 FICA	7,829	6,654	1,174	Dist/Cust split
	E 604-49570-125 Medicare	1,831	1,556	275	Dist/Cust split
	E 604-49570-131 Employer Paid Health	16,337	13,886	2,451	Dist/Cust split
	E 604-49570-133 Employer Paid Life	182	155	27	Dist/Cust split
	E 604-49570-210 Operating Supplies (GENERAL)	125,088	106,325	18,763	Dist/Cust split
	E 604-49570-212 Motor Fuels	4,034	3,429	605	Dist/Cust split
	E 604-49570-220 Repair/Maint Supply (GENERAL)	4,915	4,177	737	Dist/Cust split
	E 604-49570-221 Equipment Parts/Building Maint.	474	403	71	Dist/Cust split
	E 604-49570-222 Transformers	22,417	19,054	3,363	Dist/Cust split
	E 604-49570-240 Small Tools and Minor Equip	56	48	8	Dist/Cust split
	E 604-49570-241 Safety Equipment	930	790	139	Dist/Cust split
	E 604-49570-242 Substation Maintenance	810	689	122	Dist/Cust split
	E 604-49570-308 Safety Assistance Program	6,492	5,518	974	Dist/Cust split
	E 604-49570-317 Contracted Services	12,050	10,242	1,807	Dist/Cust split
	E 604-49570-420 Depreciation Expense	142,221	120,888	21,333	Dist/Cust split
	E 604-49570-439 Licenses	40	34	6	Dist/Cust split
Administration					
	E 604-49590-101 Salary (Full-Time Employees)	-	-	-	NA
	E 604-49590-103 Salary (Part-Time Employees)	-	-	-	NA
	E 604-49590-112 Salary CIP	-	-	-	NA
	E 604-49590-121 PERA	-	-	-	NA
	E 604-49590-122 FICA	-	-	-	NA
	E 604-49590-125 Medicare	-	-	-	NA
	E 604-49590-131 Employer Paid Health	-	-	-	NA
	E 604-49590-133 Employer Paid Life	-	-	-	NA
	E 604-49590-151 Worker s Comp Insurance Prem	-	-	-	NA
	E 604-49590-161 Pension PERA Expense	-	-	-	NA
	E 604-49590-200 Office Supplies (GENERAL)	-	-	-	NA
	E 604-49590-301 Auditing and Acct g Services	1,374	1,168	206	Dist/Cust split
	E 604-49590-304 Attorney(Civil)	137	116	20	Dist/Cust split
	E 604-49590-310 Service Agreements	5,123	4,354	768	Dist/Cust split
	E 604-49590-317 Contracted Services	2,342	1,991	351	Dist/Cust split
	E 604-49590-321 Telephone	436	371	65	Dist/Cust split

City of Grand Marais
2019 Test Year Distribution Classification

	2018		Customer	
REVENUE REQUIREMENT	<u>Test Year</u>	<u>Demand</u>	<u>Facilities</u>	<u>Classification Basis</u>
E 604-49590-322 Postage	27	23	4	Dist/Cust split
E 604-49590-330 Transportation/School	447	380	67	Dist/Cust split
E 604-49590-360 Insurance (GENERAL)	6,983	5,935	1,047	Dist/Cust split
E 604-49590-385 Franchise Fee	-	-	-	Dist/Cust split
E 604-49590-390 Conservation Improvement Progr	-	-	-	Dist/Cust split
E 604-49590-409 Rent	11,880	10,098	1,782	Dist/Cust split
E 604-49590-420 Depreciation Expense	-	-	-	Dist/Cust split
E 604-49590-428 Cash Short	-	-	-	Dist/Cust split
E 604-49590-430 Miscellaneous (GENERAL)	-	-	-	Dist/Cust split
E 604-49590-431 Bank Charges	-	-	-	Dist/Cust split
E 604-49590-432 Credit Card Charges	-	-	-	Dist/Cust split
Total Operating Expenses	<u>521,194</u>	<u>435,932</u>	<u>85,263</u>	
 NON_OPERATING REVENUES (EXPENSES)				
Investment earnings	-	-	-	NA
Grants and contributions	-	-	-	NA
Interest expense	-	-	-	NA
Loss on disposal of capital assets	-	-	-	NA
Capital Grants	-	-	-	NA
Total Non-Operating Revenues (Expenses)	<u>-</u>	<u>-</u>	<u>-</u>	
 OTHER OPERATING REVENUES				
Street Lights	15,150	15,150	-	100% Dist demand
Wind Power	-	-	-	NA
Contract Electric	5,625	-	5,625	100% Cust facilities
Connect/Reconnect	200	-	200	100% Cust facilities
Hookup Fees	1,550	-	1,550	100% Cust facilities
Merchandise	-	-	-	NA
Elec Penalty	-	-	-	NA
Quick Start - SMMPA	-	-	-	NA
Miscellaneous Income	-	-	-	NA
Rebate Reimbursement - SMMPA	-	-	-	NA
SMMPA Misc Reimbursement	-	-	-	NA
Pole Attachments	18,165	18,165	-	100% Dist demand
Total Other Operating Revenues	<u>40,689</u>	<u>33,315</u>	<u>7,374</u>	
Net Transfers Out	-	-	-	NA
Margin	-	-	-	NA
Total Revenue Requirement	\$ 480,505	\$ 402,617	\$ 77,888	

City of Grand Marais
2019 Test Year Customer Classification

REVENUE REQUIREMENT	2019 <u>Test Year</u>	<u>Customer</u>	<u>Classification Basis</u>
DEPARTMENT OPERATING EXPENSES			
Power Production			
E 604-49551-101 Salary (Full-Time Employees)	-	-	NA
E 604-49551-121 PERA	-	-	NA
E 604-49551-122 FICA	-	-	NA
E 604-49551-125 Medicare	-	-	NA
E 604-49551-131 Employer Paid Health	-	-	NA
E 604-49551-133 Employer Paid Life	-	-	NA
E 604-49551-210 Operating Supplies (GENERAL)	-	-	NA
E 604-49551-213 Lubricants and Additives	-	-	NA
E 604-49551-317 Contracted Services	-	-	NA
E 604-49551-360 Insurance (GENERAL)	-	-	NA
E 604-49551-380 Utility Services (GENERAL)	-	-	NA
E 604-49551-420 Depreciation Expense	-	-	NA
E 604-49551-439 Licenses	-	-	NA
Power Supply			
E 604-49560-388 Purchase Power	-	-	NA
Transmission and Distribution			
E 604-49570-101 Salary (Full-Time Employees)	-	-	NA
E 604-49570-102 Wages - Load Mgmt	-	-	NA
E 604-49570-105 Overtime	-	-	NA
E 604-49570-110 Salary - Meter Labor	-	-	NA
E 604-49570-121 PERA	-	-	NA
E 604-49570-122 FICA	-	-	NA
E 604-49570-125 Medicare	-	-	NA
E 604-49570-131 Employer Paid Health	-	-	NA
E 604-49570-133 Employer Paid Life	-	-	NA
E 604-49570-210 Operating Supplies (GENERAL)	-	-	NA
E 604-49570-212 Motor Fuels	-	-	NA
E 604-49570-220 Repair/Maint Supply (GENERAL)	-	-	NA
E 604-49570-221 Equipment Parts/Building Maint.	-	-	NA
E 604-49570-222 Transformers	-	-	NA
E 604-49570-240 Small Tools and Minor Equip	-	-	NA
E 604-49570-241 Safety Equipment	-	-	NA
E 604-49570-242 Substation Maintenance	-	-	NA
E 604-49570-308 Safety Assistance Program	-	-	NA
E 604-49570-317 Contracted Services	-	-	NA
E 604-49570-420 Depreciation Expense	-	-	NA
E 604-49570-439 Licenses	-	-	NA
Administration			
E 604-49590-101 Salary (Full-Time Employees)	76,177	76,177	100% Customer
E 604-49590-103 Salary (Part-Time Employees)	4,555	4,555	100% Customer
E 604-49590-112 Salary CIP	759	759	100% Customer
E 604-49590-121 PERA	5,834	5,834	100% Customer
E 604-49590-122 FICA	4,710	4,710	100% Customer
E 604-49590-125 Medicare	1,124	1,124	100% Customer
E 604-49590-131 Employer Paid Health	11,860	11,860	100% Customer
E 604-49590-133 Employer Paid Life	115	115	100% Customer
E 604-49590-151 Worker s Comp Insurance Prem	5,086	5,086	100% Customer

City of Grand Marais
2019 Test Year Customer Classification

	2019		
REVENUE REQUIREMENT	<u>Test Year</u>	<u>Customer</u>	<u>Classification Basis</u>
E 604-49590-161 Pension PERA Expense	1,169	1,169	100% Customer
E 604-49590-200 Office Supplies (GENERAL)	1,214	1,214	100% Customer
E 604-49590-301 Auditing and Acct g Services	341	341	100% Customer
E 604-49590-304 Attorney(Civil)	34	34	100% Customer
E 604-49590-310 Service Agreements	-	-	NA
E 604-49590-317 Contracted Services	-	-	NA
E 604-49590-321 Telephone	108	108	100% Customer
E 604-49590-322 Postage	7	7	100% Customer
E 604-49590-330 Transportation/School	111	111	100% Customer
E 604-49590-360 Insurance (GENERAL)	44	44	100% Customer
E 604-49590-385 Franchise Fee	-	-	NA
E 604-49590-390 Conservation Improvement Progr	12,943	12,943	100% Customer
E 604-49590-409 Rent	-	-	NA
E 604-49590-420 Depreciation Expense	886	886	100% Customer
E 604-49590-428 Cash Short	40	40	100% Customer
E 604-49590-430 Miscellaneous (GENERAL)	13	13	100% Customer
E 604-49590-431 Bank Charges	219	219	100% Customer
E 604-49590-432 Credit Card Charges	4,351	4,351	100% Customer
Total Operating Expenses	131,699	131,699	
NON_OPERATING REVENUES (EXPENSES)			
Investment earnings	-	-	NA
Grants and contributions	-	-	NA
Interest expense	-	-	NA
Loss on disposal of capital assets	-	-	NA
Capital Grants	-	-	NA
Total Non-Operating Revenues (Expenses)	-	-	
OTHER OPERATING REVENUES			
Street Lights	-	-	NA
Wind Power	-	-	NA
Contract Electric	-	-	NA
Connect/Reconnect	-	-	NA
Hookup Fees	-	-	NA
Merchandise	-	-	NA
Elec Penalty	-	-	NA
Quick Start - SMMPA	-	-	NA
Miscellaneous Income	-	-	NA
Rebate Reimbursement - SMMPA	12,389	12,389	100% Customer
SMMPA Misc Reimbursement	-	-	NA
Pole Attachments	-	-	NA
Total Other Operating Revenues	12,389	12,389	
Net Transfers Out	-	-	NA
Margin	-	-	NA
Total Revenue Requirement	\$ 119,310	\$ 119,310	

City of Grand Marais
2019 Test Year Allocation Factors

	<u>Total</u>	<u>Residential</u>	<u>Small Commercial</u>	<u>Large Commercial</u>
Demand Allocation Factors				
12 Coincident Peak (kW)	43,790	15,950	17,911	9,929
12 CP	100.0%	36.4%	40.9%	22.7%
1 Coincident Peak (kW)	4,888	2,318	1,731	839
1 CP	100.0%	47.4%	35.4%	17.2%
1 Non-coincident Peak (kW)	6,353	3,127	2,193	1,033
1 NCP	100.0%	49.2%	34.5%	16.3%
Sum of Max Demands	109,664	66,009	30,280	13,375
SMD	100.0%	60.2%	27.6%	12.2%
Wholesale 12 Coincident Peak (kW)	38,390	13,961	15,785	8,644
12 WCP	100.0%	36.4%	41.1%	22.5%
Wholesale 1 Coincident Peak (kW)	4,887	2,228	1,776	883
1 WCP	100.0%	45.6%	36.3%	18.1%
Energy Allocation Factors				
Retail Energy Req. (kWh)	23,368,962	9,454,574	9,022,745	4,891,643
RE	100.0%	40.5%	38.6%	20.9%
Customers				
Number of Customers	1,286	972	306	8
CN	100.0%	75.6%	23.8%	0.6%
Customer Facilities Allocation Factor				
Weighted Number of Cust	2,210	972	918	320
CF	100.0%	44.0%	41.5%	14.5%
Customer Service Allocation Factor				
Weighted Number of Cust	1,616	972	612	32
CS	100.0%	60.1%	37.9%	2.0%
Revenue Allocator				
Sum Other Rev Reqs	\$ 2,233,749	\$ 956,249	\$ 853,746	\$ 423,754
R	100.0%	42.8%	38.2%	19.0%

City of Grand Marais
2019 Test Year Allocation of Revenue Requirements

	<u>Total</u>	<u>Residential</u>	<u>Small Commercial</u>	<u>Large Commercial</u>	<u>Allocation Factor</u>
<u>Power Supply</u>					
Power Supply Demand	342,410	124,520	140,790	77,099	12 WCP
Transmission Demand	98,284	44,798	35,722	17,764	1 WCP
Energy	<u>1,193,240</u>	<u>482,759</u>	<u>460,709</u>	<u>249,772</u>	RE
Total Power Supply	\$ 1,633,934	\$ 652,077	\$ 637,221	\$ 344,635	
<u>Distribution</u>					
Demand	402,617	198,152	138,987	65,479	1 NCP
Customer Facilities	<u>77,888</u>	<u>34,257</u>	<u>32,354</u>	<u>11,278</u>	CF
Total Distribution	\$ 480,505	\$ 232,408	\$ 171,340	\$ 76,757	
<u>Customer</u>					
Customer Service	<u>119,310</u>	<u>71,763</u>	<u>45,184</u>	<u>2,363</u>	CS
Total Customer Service	\$ 119,310	\$ 71,763	\$ 45,184	\$ 2,363	
<u>Revenue</u>					
Franchise Fee	\$ 67,138	28,741	25,660	12,736	R
Net Transfer Out	\$ 145,408	62,248	55,575	27,585	R
Operating Expenses	\$ 2,398	1,026	916	455	R
Other NonOperating Expenses	\$ 52,932	22,660	20,231	10,041	R
Other Operating Revenues	\$ (16,801)	(7,192)	(6,421)	(3,187)	R
Margin	<u>224,863</u>	<u>96,262</u>	<u>85,943</u>	<u>42,658</u>	R
Total Revenue	\$ 475,938	\$ 203,745	\$ 181,905	\$ 90,288	
Total Revenue Requirements	\$ 2,709,687	\$ 1,159,994	\$ 1,035,651	\$ 514,042	
Total Revenues	\$ 2,709,687	\$ 1,185,049	\$ 1,012,793	\$ 511,845	
Percent Revenue Requirements	100.0%	42.8%	38.2%	19.0%	
Percent Revenues	100.0%	43.7%	37.4%	18.9%	
Percent Change	0.0%	-2.1%	2.3%	0.4%	
Revenue Req/kWh	0.116	0.123	0.115	0.105	
Revenue/kWh	0.116	0.125	0.112	0.105	

Section 4

Proposed Rates

Changes to rates are generally based on the overall need for revenues and results of the cost-of-service analyses. The projected operating results at existing rates as presented in Section 2 of this report outline the overall revenue needs of the electric utility. Section 3 summarizes the cost-of-service results. These factors have been considered in developing the proposed rates summarized in this section of the report.

Proposed Rates

Revenue Needs/Cash Reserves

In Section 2, it shows that Grand Marais' projected annual change in net position, assuming continuation of the existing retail rates, stays reasonably steady between 5.9% and 9.6% of revenue during the Study Period. Projected cash reserves are projected to increase from \$841,000 to \$1.7 million during the same period. At this time, no overall increase in revenues from rates is recommended. Grand Marais implemented a 2% rate increase to all customers at the beginning of this year, the assumptions and analysis in this study indicate the current retail rate level can be maintained through the Study Period.

Cash reserves are an important financial consideration for all utilities. Cash reserves can be viewed as an internal insurance policy to assist a utility with short term financial needs necessitated by an unexpected financial or operational event. The current projection of cash reserves indicates that overall reserve levels could double during the Study Period. Each utility must assess its own policy regarding appropriate level of reserve funds. For a utility, the size of Grand Marais, this is an important consideration. The smaller the utility, generally the larger recommended reserves based on percentage of revenue. Even though overall reserves for Grand Marais are projected to increase to 56% of revenues by the end of the Study Period, this level of reserves is not excessive given

Section 4

Grand Marais's size. My recommendation for a utility like Grand Marais would be to maintain cash reserves equal to at least 50% of annual operating revenues.

Rate Design Adjustments

As outlined above, no overall increase in revenues through rates is recommended at this time. Additionally, the cost of service results does not indicate a need to balance revenues between different classes of customers. However, one potential rate change is offered for Grand Marais's consideration. This change is explained below.

Large Commercial

Grand Marais currently charges all customers the same energy rate for regular electric service. There is a difference in monthly customer charges for single phase and three phase customers. Most residential and smaller commercial customers are single phase customers and larger commercial customers are typically three phase customers. Grand Marais does not have any retail customer classes that include a demand charge as part of the rate. Most electric utilities have demand charges as part of the rate for larger customers. A demand charge is based on the maximum kW load that a customer places on the system during a billing month. By charging for both demand and energy, rates automatically adjust based on a customer's load factor. Load factor is an expression of how much energy is used in a specific time period, versus how much energy would have been used, if the power had been at its maximum demand for the entire period. Customers with a higher percentage load factor, will have a lower average bill per kWh under a demand and energy rate. This is due to the ability to spread the kW demand charge over more kWh energy. Electric systems have a high percentage of fixed costs related to demand. For Grand Marais, the wholesale power bill from SMMPA includes both demand and energy related costs. Demand and energy rates are utilized for larger customers because there can be more variety of average load factors within these groups of customers.

Proposed Rates

Within the cost-of-service analysis, Grand Marais' current 8 largest customers were examined separately as a large commercial class. Presented in Table 4-1 below is a proposed large commercial rate for larger customers in Grand Marais. This rate has been designed to collect the same amount of total revenue from these customers, but some will experience increased bills while others will have decreased bills depending on their monthly load factor.

Table 4-1
Proposed Large Commercial Demand Rate

<u>Item</u>	<u>Customer Charge</u> <u>(\$/month)</u>	<u>Energy Charge</u> <u>(\$/kWh)</u>	<u>Demand Charge</u> <u>(\$/kW-month)</u>
Existing Rate	\$47.73	\$0.1037	n/a
Proposed Rate	\$100.00	\$0.0808	\$8.00

Table 4-2 illustrates how the proposed rate would impact two customers with the same total monthly energy, but different monthly peak demands resulting in different load factors. For each customer, the total bill under the existing rate and under the proposed rate is shown. This is for illustrative purposes, but one customer has a decrease in its bill and one has an increase, even though they both use the same energy. This type of rate better reflects the costs to serve these types of customers. Customer 1 with a higher load factor is utilizing the fixed system more efficiently, using less of the demand-based system to serve the same amount of energy. Before implementing this rate, Grand Marais needs to ensure that its meter reading and billing practices are accurately reading both energy and demand for these types of customers. This rate design is based on estimated demand billing units for this group of customers.

Section 4

Table 4-2
Proposed Large Commercial Demand Rate
Example Bill Impacts

<u>Item</u>	<u>Customer 1</u>	<u>Customer 2</u>
Monthly Energy	25,000 kWh	25,000 kWh
Monthly Demand	50 kW	100 kW
Monthly Load Factor	68%	34%
Current Rate Bill	\$2,640	\$2,640
Proposed Rate Bill	\$2,520	\$2,920
Bill Change	-5%	+11%

Projected Operating Results/Cash Reserves – Proposed Rates

The resulting projected operating results assuming implementation of the proposed rate summarized above would not change the projected operating results or cash reserves presented in Section 2 of this report.

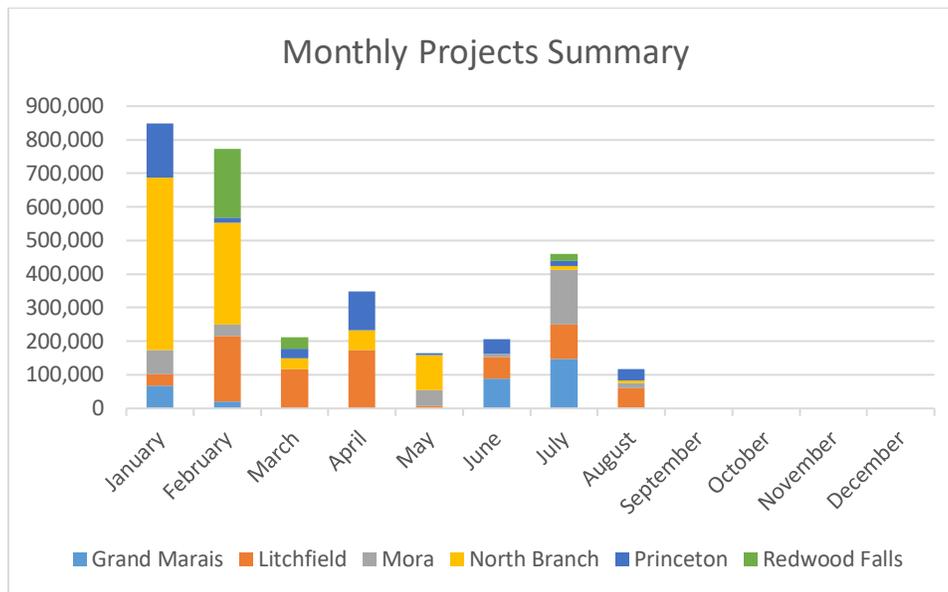
ESR Activity Report for August 2020

Nancy Kelly



Overview

Just for something different, below is a graphical presentation of all the energy savings from projects I have worked on this year. You can see the year started off with a bang with the work done on North Branch schools. You can also see how much savings can vary from month to month. I keep a **12-month rolling average** of projects to get a sense that my cities are on track to meet savings targets. At the time of this report the northern cities are 7% ahead of goal. This is just a rough estimate, but it makes me feel good about where we are at. As always thanks for promoting energy efficiency and let me know how I can help your customers.



Grand Marais

Planning a visit to Grand Marais Sept. 1st – 3rd

- **Fire Hall** – approved rebate of \$1,885 with savings of 0.19 kW and 1,754 kWh for a LED Lights
- **Plumbing Contractors** – reached out to contractors to discuss potential for providing rebates on EC circulator pump motors used on hot water heating systems
- **NEWS** - The pharmacy is closing, and the Sawtooth Clinic will be opening a pharmacy in Jan 2021

Electric savings at 168% of 316,325 kWh goal. This reflects carryover from 2019 savings

Low income spending at 6% of \$1,954 goal.