

ECONOMIC DEVELOPMENT CREDIT

AVAILABILITY:

To all qualifying commercial or industrial customers within the Rochester Public Utilities (RPU) Service Territory.

APPLICABILITY:

Customers taking service under schedules MGS, MGS-HEF, MGS-TOU, LGS, or LIS that meet the following criteria may be eligible for an economic development energy credit:

- New commercial or industrial customers with a load of 250 kW or greater
- Existing commercial or industrial customers with at least twelve months of billing history adding new incremental connected load of 250 kW
- Existing commercial or industrial customers in economic distress that have legitimate opportunities to move operations out of RPU's service territory with a total load across all facilities located within the RPU service territory of 1,000 kW

QUALIFICATIONS:

- The customer must have received no less than \$50,000 in local, county, State of Minnesota and/or federal financial assistance for economic development or economic stimulus.
 - A list of qualifying economic development programs is shown in Appendix A.
- For load retention, the customer must have received economic development assistance within the 24 months prior to applying for this rate.
- The customer must sign an affidavit attesting to the fact that "but for" the rate credits, either on their own or in combination with a package of economic development or job creation incentives from local, county, State of Minnesota, and/or federal programs the customer would not have located operations, added load or would have significantly reduced its energy consumption or shut down its facilities in the RPU service territory.
 - Customer Affidavit for Economic Development Credit is shown in Appendix B.
- The customer must meet all conditions set forth by the City of Rochester for economic development assistance.
- No credit is available to customers or potential commercial or industrial customers transferring load from a city that is a current member of the Southern Minnesota Municipal Power Agency.
- The customer must meet with RPU and review the energy efficiency program opportunities available prior to approval of the application for the credit.

ECONOMIC DEVELOPMENT CREDIT (Cont.)

QUALIFYING LOAD:

- New Load
 - All electric load from the customer's new facilities served by RPU qualifies as new load.
- Incremental Load
 - For incremental load, the base level of load is the customer's peak demand and energy consumption for the twelve months prior to adding the new load.
 - If the customer's energy consumption for a month in the current year exceeds the customer's energy consumption for the same month of the base year, the additional kilowatt-hours are incremental load that qualifies for the credit.
 - The customer need not have incremental energy use every month of the year, but at the end of each 12-month period the customer's entire twelve month energy use must exceed the base level and the customer must meet the minimum incremental peak demand requirements in at least one hour of the first twelve month period.
 - If the customer fails to meet the incremental peak demand requirements within the first twelve months, or fails to meet the annual incremental energy use each year, the customer will no longer qualify for any further credits within the five-year term.
- Load Retention
 - RPU will designate how much load qualifies for the credit based on the facts and circumstances related to the customer.
 - If a qualifying customer falls below the designated demand and/or energy consumption level, the customer will no longer qualify for any further credits within the five-year term.

APPLICATION AND APPROVAL:

- Customers must complete an Application for Economic Development Credit and provide all required information.
 - A sample application is shown in Appendix C.
- RPU will accept or reject an application for the Economic Development Credit within thirty days of having received a completed application.

CREDITS:

- The credit will apply to all qualifying new, incremental or retained load taken under applicable rate schedules. The Economic Development Rate Credit for customers beginning participation in 2019 shall be applied to the energy charge at a rate of:
 - \$0.01915/kWh in year one
 - \$0.00957/kWh in year two
 - \$0.00479/kWh in year three
 - \$0.00239/kWh in year four
 - \$0.00120/kWh in year five
 - No credit beginning in year six
- The credit levels listed above will be in effect for the full five-year term for customers commencing participation on or before December 31, 2019.
- Credit levels are subject to change for customers commencing participation after December 31, 2019.
- Credits will be calculated and applied based on energy consumption in the current billing month.

ECONOMIC DEVELOPMENT CREDIT (Cont.)

MONTHLY FIXED CHARGE:

- A fixed charge of \$185.00 per month will be applied during the term of this rate to cover on-going administrative costs. The monthly fixed charge is subject to change after December 31, 2019.

TERM:

Qualifying customers will be eligible for Economic Development Credits for a five-year period

- For new customers, the credits will begin on the first day of the first full month after a participating new customer begins taking service and meets the demand requirements.
- For incremental load, the credits will begin on the first day of the first full month after the equipment driving incremental load is installed and meets the minimum incremental demand requirements.
- For retained load, the credits will begin on the date specified by RPU.

METERING:

RPU reserves the right to impose a one-time charge on participating commercial or industrial customers for any new and/or additional metering infrastructure required to measure qualifying load and energy.

ECONOMIC DEVELOPMENT CREDIT (Cont.)

Appendix A - Qualifying Economic Development Programs:

STATE OF MINNESOTA PROGRAMS

BUSINESS DEVELOPMENT

- Export and Trade Counseling and Assistance
- Location and Expansion Assistance
- Made in Minnesota Directory
- Minnesota Business First Stop
- Minnesota Marketing Partnership
- Small Business Assistance
- Small Business Development Centers

BUSINESS FINANCING

- Angel Loan Fund Program
- Emerging Entrepreneurs Loan Program
- Indian Business Loan Program
- Innovation Voucher Program
- Minnesota Investment Fund
- Minnesota Job Creation Fund
- Minnesota Minerals 21st Century Fund
- Minnesota Reservist and Veteran Business Loan Program
- STEP Grant Program: Export Assistance
- Tourism Business Septic Tank Replacement

TAX CREDITS + BENEFITS

- Border Cities Enterprise Zone Program
- Data Centers
- Foreign Trade Zones (FTZs)
- Greater Minnesota Job Expansion Program
- Research and Development Tax Credit
- Single Sales Factor Apportionment; Throwback; Greater Minnesota Internship Tax Credit Program
- Tax Increment Financing; Tax Abatement; Personal Property Exemption; Capital Equipment Exemption

COMMUNITY FINANCING

- Border-to-Border Broadband Development Grant Program
- Cleanup Revolving Loan Program
- Contamination Cleanup and Investigation Grant Program
- Demolition Loan Program
- Greater Minnesota Business Development Infrastructure Grant Program
- Redevelopment Grant Program
- Shovel-Ready Site Certification
- Small Cities Development Program
- Transportation Economic Development Infrastructure Program (TEDI)

TRAINING

- Dual Training Competency Grants
- Export and Trade Classes and Training
- Job Training Incentive Program
- Minnesota Job Skills Partnership
- Minnesota WorkForce Centers
- SciTechsperience Internship Program

ECONOMIC DEVELOPMENT CREDIT (Cont.)

LOCAL OR COUNTY PROGRAMS

- Financial assistance from a local Revolving Loan Fund
- Establishment of or location in a Tax Increment Financing District
- Direct loan from a unit of local government
- Construction of public facilities – roads, sewer, water – to serve a project
- Site acquisition and clearance
- Building renovation assistance

FEDERAL PROGRAMS

- Loan Guarantees
- Grants
- Investment Tax Credits
- Income Tax Credits tied to New Hiring
- Low-Interest Loans
- Other, subject to RPU Approval

ECONOMIC DEVELOPMENT CREDIT (Cont.)

Appendix B – Customer Affidavit for Economic Development Credit:

AFFIDAVIT

STATE OF MINNESOTA)
COUNTY OF _____) ss

COMES NOW being first duly sworn, under oath, and states that the following information is within personal knowledge and belief:

_____ is a commercial or industrial customer (Customer) of a Southern Minnesota Municipal Power Agency (SMMPA) member utility who is locating, adding, or retains load in the service territory of Rochester Public Utilities (RPU) hereby certifies and declares under penalty of perjury under the laws of the State of Minnesota that the statements in the following paragraphs are true and correct.

1. But for receipt of the economic development credit, either on its own, or in combination with Qualifying Economic Development Program as defined in Appendix A of SMMPA’s Economic Development Credit program, the Customer’s load would not have been located, added, or retained within RPU’s service territory.
2. The new, incremental or retained load represents kilowatt-hours (kWh) that either (i) do not already exist in any SMMPA member utilities’ service territory, or (ii) the Customer would be significantly reducing its energy consumption or shutting down its facilities in RPU’s service territory.
3. The Customer has discussed with RPU cost-effective energy efficiency and load management measures the Customer may take to reduce their electric bills and the load they place on SMMPA and the RPU system.

Customer Name

Name of Authorized Representative

Signature

SUBSCRIBED AND SWORN TO before me this _____ day of _____, 20____, by

NOTARY PUBLIC FOR MINNESOTA

My Commission Expires: _____

ECONOMIC DEVELOPMENT CREDIT (Cont.)

Appendix C – Application for Economic Development Credit

Commercial or Industrial Customer Information

Customer Name: _____
Customer Street Address: _____
Customer City, State, ZIP _____

Please attach Customer Affidavit for Economic Development Credit.

Have you discussed energy efficiency and load management programs with Rochester Public Utilities (RPU)?

YES _____ NO _____

New Load

Estimated demand (kW): _____
Estimated annual energy (kWh): _____
Estimated in-service date: _____
Estimated full load date: _____
Projected load factor: _____

Please attach a summary description of your business.

Incremental Load

Prior year's demand (kW): _____
Estimated additional demand (kW): _____
Prior year annual energy (kWh): _____
Estimated additional energy (kWh): _____
Estimated in-service date: _____
Estimated full load date: _____
Projected load factor: _____

Please attach a summary description of your business and what is causing the additional load.

ECONOMIC DEVELOPMENT CREDIT (Cont.)

Load Retention

Prior year's demand (kW): _____
 Estimated demand reduction (kW): _____
 Prior year's annual energy (kWh): _____
 Estimated energy reduction (kWh): _____
 Estimated effective date: _____
 Projected load factor: _____

Please attach a summary description of your business and what is causing your business to potentially leave the RPU service territory.

Customer Name

Name of Authorized Representative

Signature

Date:

Rochester Public Utilities Approval

This application for the Economic Development Credit is:

Approved _____ Denied _____

If denied, reason for denial.

BY:

Name

Title

Signature

Date