

September 17, 2020

VIA E-mail

Mr. Michael Kerski
Director of Planning & Development
City of Shakopee
485 Gorman Street
Shakopee, Minnesota 55379

Dear Mr. Kerski:

The Minnesota Municipal Power Agency (MMPA) is pleased to provide this statement of qualifications to the City of Shakopee (City or Shakopee) for services to assist Shakopee with services related to the City's electric utility.

Our proposal is based upon our understanding of Shakopee's needs for management of Shakopee's electric utility if the ballot measure to abolish the Commission passes. We expect that Shakopee's needs may become clearer during contract discussions.

MMPA Is Qualified to Provide these Services to Shakopee

MMPA, together with its management partner, Avant Energy, Inc. (Avant), is qualified to provide these services to Shakopee. As the City's wholesale supplier, MMPA has experience working with Shakopee's electric utility system. We also have a power generating resource, Shakopee Energy Park, interconnected with Shakopee's electric distribution system. Avant has more than 35 years of experience providing consulting services to municipalities, colleges and universities, and Native American tribes, as well as large energy users.

Work Organized into Three Parts

We have organized our contemplated work effort on this project into three parts:

- Utility leadership and management
- Review of electric utility
- Support of ongoing utility activities

MMPA and Avant have experience and expertise in each of these three areas, as described in the following sections.

Utility Leadership and Management

MMPA would provide leadership and management services to Shakopee's electric utility. Derick Dahlen and Oncu Er would be the project leads in this area. We would work with Shakopee to define the mission, vision, and values of the electric utility. Based upon this, we would develop proposed goals and objectives to meet the mission.

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We would propose regular reports that the utility manager would provide to the city administrator. We believe these reports would improve communication from the utility to the city.

We understand that Larry Koshire, the former manager of Rochester Public Utilities (RPU), is being considered as interim manager of Shakopee Public Utilities. Both Mr. Dahlen and Mr. Er have a good working relationship with Mr. Koshire. MMPA provided daily scheduling services for the output of RPU's Silver Lake and Cascade Creek plants.

Review of Electric Utility

MMPA would review Shakopee's electric utility, including:

- Electric utility organizational structure
- Staffing levels
- Rates
- Cash balances
- Utility transfer to the City's general fund
- Use of third-party contractors

We would prepare a report describing the results of our review.

David Niles would be the project lead in this area.

Review of Ongoing Utility Activities and Continuing Support

MMPA would support Shakopee in the performance of ongoing utility activities. We understand that Shakopee would continue to perform most functions with existing staff. We would support Shakopee by performing an initial review and report for each of the following activities:

- Long-term electric system planning
- Engineering services
- Energy conservation
- Renewable energy options
- Utility rates and fees
- Metering systems, including advanced metering infrastructure (AMI)
- Customer service
- Economic development
- Emergency response and mutual aid
- Regulatory management and compliance

For the duration of the contract, MMPA would provide oversight of these activities by reviewing utility staff work product and work activities and advising the city administrator.

Oncu Er and Joe Fulliero would be the project leads in this area.

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Pricing

Our proposal is based upon our understanding of Shakopee's needs for management of Shakopee's electric utility if the ballot measure to abolish the Commission passes. We are prepared to perform all the functions in this proposal or a subset of these functions.

Our proposed fees are:

- Utility Leadership and Management:
 - Development of Mission, Vision, and Values, Goals & Objectives, and Reports: \$85,000
 - Ongoing Utility Leadership and Management Services: \$10,000 per month
- Review of Electric Utility: \$155,000
- Review of Ongoing Utility Activities and Continuing Support:
 - Review of Ongoing Utility Activities: \$120,000
 - Continuing Support for Ongoing Utility Activities: \$20,000 per month

This proposal, including the pricing above, is subject to the successful negotiation of a contract.

Staffing

MMPA, through its management partner Avant, proposes the following team to provide services to Shakopee. Resumes of each team member are provided in an appendix:

- Derick Dahlen, Project Executive and Co-Lead, Utility Leadership & Management
- Oncu Er, Project Manager, Co-Lead, Utility Leadership & Management & Ongoing Utility Activities and Continuing Support
- David Niles, Lead, Review of Electric Utility
- Joe Fulliero, Co-Lead, Review of Ongoing Utility Activities and Continuing Support
- Jim Larson, Utility Regulation
- Sam Meersman, Utility Planning & Engineering
- Rajat Malhotra, Electrical Engineering
- Ivan Srdjevic, Engineering
- Phil Musser, Utility Management & Distribution System Operations
- Jim Templeton, Construction and Infrastructure Development
- Anna Harmon, Project Management and Regulatory Compliance
- Kim Lillyblad, Conservation Services

We would use other Avant staff as appropriate.

MMPA and Avant Overview and Experience

MMPA is a political subdivision of the state of Minnesota. It was formed in 1992 and began providing reliable, competitively-priced power to its members in 1995. MMPA has an A+ rating from Fitch and an A1 rating from Moody's.

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MMPA brings the strength of its twelve municipal utilities working together toward a common purpose. When necessary, MMPA's members have assisted each other in times of natural disasters and other emergencies. Managers from MMPA communities make themselves available to consult with each other on management issues.

All management and operational services are provided by the Agency's management partner, Avant Energy. For more than 35 years, Avant has provided consulting and utility management services to municipalities, colleges and universities, Native American Tribes, and large energy users across the country.

Avant manages the Minnesota Municipal Power Agency – providing all operating management, financial management, strategic planning, utility planning, regulatory, and power facility development services for the Agency.

Avant also manages the Northern Illinois Municipal Power Agency, providing operating, financial management, and advisory services to NIMPA.

Avant is currently performing utility formation and management services to the Pueblo of Acoma, a New Mexico Native American Tribe that is forming its own Tribal electric utility. Avant consults on utility management and distribution system planning activities for Acoma.

Avant performed an Electric Utility Benchmarking and Organizational Assessment for the electric utility department of Dover, Delaware, providing advice and recommendations regarding utility leadership, an evaluation of utility operations by department, financial benchmarking, and developed four alternative organizational structures for the utility, identifying the skill sets needed and risks presented by each alternative.

Avant Energy has provided energy supply management services for over twenty years to the University of Connecticut, initially consisting of the project planning and program management for the campus' Central Cogeneration/Chiller plant, a twenty-five (25) MW combined heat and power facility, completed in 2007 and providing electric, steam, and chilled water to the Storrs campus. Early this year, Avant Energy completed an updated energy supply plan for UConn's Storrs campus with the express purpose of achieving a fifty percent level of supply utilizing renewable energy sources to meet campus energy loads.

References:

NIMPA

Gary Holm, P.E., Director of Public Works, City of Batavia, Illinois, and President, NIMPA Board of Directors - (630) 454-2309

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Pueblo of Acoma

Augustine Seymour Jr., Executive Director (Current), Pueblo of Acoma Utility Authority,
(505) 552-5131

Arvind Patel, Previous Executive Director, Pueblo of Acoma Utility Authority,
505-980-0608

City of Dover, Delaware

Donna Mitchell, City Manager, (302) 736-7005

University of Connecticut

Stanley Nolan, Director of Utility Operations and Energy Management, University of
Connecticut, (860) 486-3208

We look forward to discussing our qualifications with Shakopee soon. You can reach me via
e-mail at derick.dahlen@avantenergy.com.

Very truly yours,

Minnesota Municipal Power Agency

A handwritten signature in blue ink that reads "Derick O. Dahlen". The signature is written in a cursive, flowing style.

Derick O. Dahlen
President, Avant Energy, Inc.,
Agent for MMPA

Enclosure: Project Team Resumes

Project Team Resumes

Derick O. Dahlen,
President & CEO

Derick Dahlen is the President and CEO of Avant. Since its founding, Mr. Dahlen has provided leadership, strategic guidance, and long-term utility planning services to Avant and its clients. Mr. Dahlen has over 35 years of experience negotiating with utilities.

Mr. Dahlen has led strategic planning and utility planning engagements for municipal utilities, colleges and universities, Native American tribes, and large industrial energy users. He has also managed the development and construction of many energy infrastructure projects.

Mr. Dahlen holds an M.B.A. from the University of Virginia. He did his undergraduate work at the Massachusetts Institute of Technology.

Oncu Er,
Chief Operating Officer

Oncu Er is Avant's Chief Operating Officer. Mr. Er is experienced at working with municipal clients on complex management issues. He works with city and utility managers and city councils and utility boards to support clients throughout projects, from the early planning phases through implementation.

At Avant, Mr. Er oversees clients' integrated resource plans, energy supply portfolios, including renewable energy, market operations, power plant operations, marketing, and economic development initiatives. Mr. Er has over 22 years of experience in electric utility industry.

Mr. Er received a B.A. in economics *magna cum laude* from Macalester College. He received an M.B.A. in finance from University of Minnesota's Carlson School of Business.

Mr. Er also became a Harvard Business School Alumnus through completion of the HBS' Program for Leadership Development. He has received certificates from Stanford University's Strategic Decision Making and Risk Management Program and MIT's Blockchain Technologies program.

Before joining Avant Energy in 1998, Mr. Er has worked for Citibank as a research analyst where he conducted research for the annual "Internal Investment Prospectus" as well as Paine Webber, Morgan Stanley, and Robert Baird all in research and sales roles.

David W. Niles,
Vice President

David Niles is a Vice President at Avant. Mr. Niles has over 18 years of experience in the electric utility industry. His municipal utility experience covers strategic planning, utility management and planning, financial planning & rate design, and energy infrastructure development.

Mr. Niles advises the Board of Directors of two municipal power agencies on strategic utility issues on a regular basis. He has prepared Integrated Resource Plans both as a primary author and reviewer. He has performed cost of service studies and performed rate design at both the wholesale and retail level.

Mr. Niles was the project manager the Electric Utility Benchmarking and Organizational Assessment that Avant performed for the electric utility department of Dover, Delaware.

Mr. Niles received a B.A. in Economics *magna cum laude* from Carleton College, where he was also elected to Phi Beta Kappa. He received an M.B.A. from the University of Minnesota's Carlson School of Management where he was designated a Carlson Scholar.

Mr. Niles is licensed as a certified professional accountant by the State of Minnesota and is also registered as a municipal advisor with the Securities and Exchange Commission.

Joe Fulliero,
Vice President of Operations

Joe Fulliero is the Vice President of Operations at Avant Energy and has over 35 years of utility industry experience. Mr. Fulliero has a background in operations management, utility operations, environmental engineering, and risk assessment and mitigation.

Mr. Fulliero has a B.A. in Liberal Arts from Fairfield University, a B.S. in Engineering from University of Connecticut and a M.S. in Science from the Rensselaer Polytechnic Institute.

James Larson,
Vice President of Regulatory Affairs

James Larson is Avant's Vice President of Regulatory Affairs. Mr. Larson is an attorney with more than 35 years of utility regulation experience.

Mr. Larson has advised clients on a number of regulatory issues, including electric rates and energy infrastructure development.

Mr. Larson has testified before the Federal Energy Regulatory Commission and multiple state utility commissions on a variety of topics.

Mr. Larson received a J.D. *magna cum laude* from William Mitchell College of Law. He received a B.S. in Engineering Sciences from the United States Air Force Academy.

Sam Meersman,
Senior Manager

Sam Meersman is a Senior Manager at Avant and has wide-ranging professional and educational experience within the energy industry. Mr. Meersman has experience in strategic long-term planning, infrastructure and development projects, legal and regulatory analysis, renewable and conservation compliance, integrated resource planning, and risk management.

He has supported the planning and management of energy portfolios and infrastructure projects for clients. To further the objectives of these planning activities, Mr. Meersman has negotiated contracts and worked on the development of projects from conception to commercial operation. These projects and processes often involve stakeholder engagement, permitting and regulatory filings, as well as continued management activities. Mr. Meersman also conducts physical and financial hedging, complex modeling, and renewable technology assessments.

Mr. Meersman received a B.S. in Civil & Environmental Engineering and Mathematics from the University of Wisconsin at Madison and an M.S. in Structural Engineering from the University of California at Berkeley. Mr. Meersman completed a four-year dual degree program at the University of Minnesota where he received an M.B.A., designated a Carlson scholar, and a J.D., *magna cum laude*. Mr. Meersman is a licensed Attorney in the State of Minnesota. He also is a licensed Professional Engineer and Structural Engineer in the State of Illinois.

Rajat Malhotra,
Senior Associate

Rajat Malhotra is a Senior Associate at Avant. Mr. Malhotra has over 9 years of experience in the energy and infrastructure industry. His experience covers consulting with utilities, government agencies, college and universities, Native American tribes, and large energy users.

Mr. Malhotra has advised clients on subjects including energy planning, Tribal utility formation, feasibility of renewable generation, including the evaluation of resources such as solar, wind, and geothermal, and development of microgrid systems.

Mr. Malhotra has a background in electrical engineering, and has supported planning, electrical design, engineering, procurement, and project management for large scale energy and infrastructure projects. His experience includes:

- electrical load estimation
- low voltage distribution system design
- sustainability and energy conservation
- vendor management
- regulatory compliance
- construction management

Mr. Malhotra received an M.B.A. from the Kelley School of Business, Indiana University. He received an M.S. in Engineering from the Indian Institute of Technology, Delhi. He received his Bachelor of Technology (with Honors) in Electrical Engineering from Jamia Millia University, Delhi.

Ivan Srdjevic,
Senior Associate

Ivan Srdjevic is a Senior Associate at Avant. As a consultant at Avant, Mr. Srdjevic has prepared cost of service studies, utility formation feasibility studies, and analyzed power purchase agreements. His accomplishments include:

- Designed electric rates and classes for municipal utility and supported city council during implementation to eliminate 25% revenue shortfall while fairly allocating costs to customer classes
- Analyzed electric tariffs and developed pro forma financials for new utility formation projecting 30% savings in annual electric cost
- Performed microgrid feasibility study recommending phased development plan to upgrade existing infrastructure, connect loads, install solar field, wind turbines and battery storage
- Managed eight development projects for plant upgrades at 300 MW combined cycle and 49 MW simple cycle sites

Prior to joining Avant in 2018, Mr. Srdjevic spent five years at Sargent and Lundy performing detailed engineering and feasibility studies on cogeneration and combined cycle generating stations.

Mr. Srdjevic received an M.B.A. from the Kellogg School of Management at Northwestern University and holds a B.S. degree in Mechanical Engineering from the University of Illinois. He is also a licensed Professional Engineer in Illinois.

Phil Musser,
Senior Consultant

Phil Musser is a Senior Consultant at Avant. Mr. Musser has 36 years of electric industry experience. He has managed utility engineering and operational departments at three different utilities.

Mr. Musser has managed departments with over 100 personnel. He has supervised the following utility areas:

- Distribution Engineering
- Electric Field Operations
- Transmission & Substation Maintenance
- Emergency System Dispatch
- Key Accounts
- Metering
- Energy Efficiency

In addition to his utility management experience, Mr. Musser has acquired a depth of understanding in utility best practices by working for two large engineering consulting firms.

Mr. Musser also served as the executive editor and publisher of *Transmission & Distribution World* magazine. He was also the editor-in-chief of *Power Quality* and *Energy Manager* magazines.

Mr. Musser received a B.S. in Electrical Engineering from the University of Missouri – Rolla.

Jim Templeton,
Senior Consultant

Jim Templeton, a Senior Consultant, provides Avant and its clients experienced project management capabilities for the development and construction of generation, transmission, and distribution system capital projects. Mr. Templeton has managed engineering and construction projects for industrial, utility, municipal, and institutional clients for over 40 years.

Mr. Templeton brings strong experience ensuring energy facilities are designed and constructed with operations in mind. He provides a breadth of practical experience to support maintenance planning and improvements for existing facilities. Mr. Templeton has a well developed, analytical approach to utility infrastructure maintenance and troubleshooting, including failure analysis in resolving and improving overall equipment service life and availability levels.

Mr. Templeton holds a B.S. in Civil Engineering from Union College and is a registered Professional Engineer in Minnesota, New York, Connecticut, and Massachusetts.

Anna Harmon,
Senior Associate

Anna Harmon is a Senior Associate at Avant and has been with the company for more than five years. She manages the state and local permitting for energy generation facilities and develops regulatory compliance programs for these facilities.

She also has experience managing engineers and contractors during the development and construction of energy generation facilities. Prior to Avant, Ms. Harmon worked in the building and construction industry as a structural engineer. She is experienced with all phases of project development and can communicate effectively with a variety of stakeholders with both technical and non-technical backgrounds.

Ms. Harmon is a licensed engineer and a U.S. Green Building Council LEED Accredited Professional. She holds an Honors B.S. in civil engineering *summa cum laude* from Oregon State University. She received a M.S. from the University of Minnesota in Building Science.

Kim Lillyblad,
Conservation Services Manager

Ms. Lillyblad is the Conservation Services Manager at Avant, managing MMPA's Conservation Improvement Program (CIP) offerings. She also provides conservation program guidance to individual utilities as a consulting service.

Ms. Lillyblad oversees MMPA's metering and communication system, which encompasses over 75 wholesale meters, communications equipment, data service plans, and coordinating with multiple utilities and contractors. Ms. Lillyblad has been responsible for MMPA's billing activity for 20 years. She also manages the Agency's Energy Education program, which provides outreach educational opportunities to elementary and high school students in MMPA member and project host communities.

Ms. Lillyblad has over 32 years in the energy industry, of which 26 have been with Avant. She has advised municipal, industrial, and institutional clients in multiple areas, including cost of service and rate design studies, energy supply planning, utility operations, and regulatory compliance.

Ms. Lillyblad received a B.A. in Economics from the University of Virginia and studied at the George Washington University's Graduate School of Engineering and Applied Science.
