



Council Agenda Item: 26-0005R

MEETING DATE: 1/12/2026

SUBJECT/TITLE: RESOLUTION APPROVING DULUTH ENERGY SYSTEM'S THERMAL ENERGY HOT WATER RATE FOR EASTERN CANAL PARK

SUBMITTED BY: Jim Benning, Director of Public Works and Utilities.

RECOMMENDATION: Approve

BOARD/COMMISSION/COMMITTEE RECOMMENDATION: N/A

PREVIOUS COUNCIL ACTION: none

BACKGROUND: The purpose of this resolution is to approve modification of the Energy Charge for thermal energy services provided to customers (Canal Park Lodge, Canal Park Brewery, Hampton Inn, Inn on Lake Superior) connected to the eastern Canal Park hot water system from \$7.00 per million BTU for thermal energy service to \$8.00 per million BTU plus 70% of the Steam Consumption Rate. The proposed Canal Park water rate increase is required to more equitably distribute Duluth Energy Systems' operating costs between steam and hot water customers, and the overall Canal Park energy cost is approximately 17% lower than the lowest hot water customer charge (Group 9).

BUDGET/FISCAL IMPACT: If passed, will increase revenues for Duluth Energy Systems (DES) and bring impacted customer rates more in line with remaining customers.

OPTIONS: Doing nothing would result in impacted customers receiving utility services below market value and placing a larger financial burden on the remaining hot water and steam customers.

NECESSARY ACTION: Approve

ATTACHMENTS: none