



*Minnesota Municipal Utilities Association*

A photograph of a large, multi-story brick industrial building with several tall, dark smokestacks rising from the roof. The building has many windows, some of which are covered with glass blocks. The sky is blue with a few wispy clouds. A yellow banner is overlaid on the right side of the image, containing the title text.

# THE POWER OF HOMETOWN UTILITIES

**Federal Issues  
2023 APPA  
Legislative Rally**

*Hometown services. Hometown strengths. Hometown solutions.*

The Minnesota Municipal Utilities Association (MMUA) is a nonprofit organization representing the interests of the state's hometown utilities. There are 124 municipal electric and 33 municipal gas utilities in Minnesota. MMUA also has a number of Minnesota municipal water utilities as members, and several North and South Dakota municipal electric utilities are associate members. MMUA was formed in 1931 and provides a wide variety of services to the utilities in the region.

Representing locally-owned and operated organizations, hometown utility policymakers and staff not only have a career interest in their community's success, they have a personal stake in the city in which they have chosen to raise their families and build lifelong relationships.

Because of this, municipal utility leaders focus only on the well-being of the community. It's true the utility has to maintain solvency, but there is no profit motive. In hometown utility communities, focus on maintaining a high quality of life isn't a corporate slogan; it's a promise to friends and neighbors.



### **How much do you know about Minnesota's municipal utilities? Here are some facts.**

- Open, accessible governance by its citizen owners is one reason municipals are also known as "hometown" or "public power" utilities.
- Oversight occurs largely through the local utilities commission or city council.
- Municipal electric utilities serve more than 391,000 customers in 124 Minnesota communities.
- Over 70 percent of Minnesota's municipal electric utilities have operated for 100 years or more.
- Duluth is the largest of Minnesota's 33 municipal natural gas systems, with an estimated 30,000 customers.
- Of the 87 county seat cities in Minnesota, 50 operate municipal electric and/or natural gas utilities.
- Most of the municipal electric power comes from power agencies, which are controlled by groups of municipal utilities themselves.
- There are approximately 50 municipal power plants in Minnesota. They are generally used in emergency situations.



# 2023 Federal Legislative Priorities

## FEDERAL SUPPORT FOR CLEAN ENERGY TRANSITION

Municipal utilities in Minnesota are dedicated to providing reliable, affordable, and sustainable services to their customers. Recent carbon-free mandates and renewable standards placed on all Minnesota electric utilities by the State legislature heighten the importance of maintaining and strengthening any and all assistance available at the federal level. Policy priorities at the federal level include limiting additional mandates, sustaining funding for infrastructure updates and the energy transition, and streamlining administrative procedures.

In addition, new rules and regulations that help implement key federal legislation, including the Infrastructure Investment and Jobs Act (IIJA) and the Inflation Reduction Act (IRA), need to be simple, clear, and flexible, allowing all Minnesota communities—especially smaller towns—to benefit. Most importantly, federal guidance should never hinder a municipal utility's ability to provide reliable and affordable electric service to our member communities.



## COMBINING OLD WITH NEW FOR CLEAN, RELIABLE ENERGY

In 2021, the Hutchinson Utilities Commission (HUC) dedicated its second solar energy plant within the last seven years. This plant combines with the previous solar plant, opened in 2015, to supply over 1,100 kilowatts of electricity to the city.

HUC is now able to supply customers with 100% renewable energy. Hutchinson can still use local generators in addition to these solar plants to ensure electric reliability during outage times. HUC's legacy generation capability enables the utility to hedge against high market prices and maintain power for the citizens of Hutchinson when required.

# 2023 Federal Legislative Priorities

## **PRESERVE AND PROTECT ENERGY INFRASTRUCTURE AND INVESTMENTS**

MMUA and its members support the Investing in Infrastructure and Jobs Act (IIJA) and the Inflation Reduction Act (IRA). These two pieces of federal legislation will benefit grid resiliency and reliability, clean energy technologies, and electric vehicle infrastructure. When it passed the IIJA, Congress took critical steps when it authorized various new federal infrastructure programs. Under the IRA, Congress extended long-standing energy tax credits and created new direct payment credits for municipal electric utilities, rural co-ops, and other not-for-profit entities. The IRA authorizes these tax credits as refundable and transferable, a first for public power systems. However, it only protected public bonds from sequestration for two years and it failed to reauthorize the advanced refunding of bonds.

The grants authorized in the IRA and the IIJA will be extremely beneficial towards projects that seek to increase grid reliability and resiliency, upgrade technology for cleaner and more efficient operations, and expand infrastructure investments for electric vehicle (EV) charging stations and other facilities. However, the advantages offered by the IIJA and IRA are lessened if treated as taxable, or if funding is not secure due to Congressional threats of rescission or sequestration.

### **MMUA asks Congress to consider:**

- New federal rules and regulations for both the IIJA and IRA implementation should be simple, clear, and flexible.
- Benefits offered under the IIJA and IRA should be tax exempt.
- Congress should oppose attempts to repeal or rescind these new federal programs and resist attempts to impose sequestration provisions.
- The supply chain crisis hinders investment and economic development; Congress needs to help solve the shortage of distribution transformers and other critical industry materials. Further actions under the Defense Production Act aimed clearly at the increased production of transformers should be encouraged.
- MMUA and its members support reasonable permitting reform legislation, including streamlining the federal permitting process for all types of utilities: generation, transmission, and pipeline facilities.
- Workforce recruitment and retention assistance and incentives would be welcomed.
- Cybersecurity assistance in the form of guidance, best practices, and funding would be helpful, but excessive reporting requirements and other mandates would hinder municipal utilities' operations.
- Similar assistance regarding the physical security of utility infrastructure would also be helpful.
- We support a pricing mechanism that would protect utilities and their customers against sudden spikes in natural gas prices such as were seen during the 2021 polar vortex in Minnesota and throughout the Midwest.



# 2023 Federal Legislative Priorities

## PUBLIC FINANCE

Municipal bonds continue to be the most effective financial tool for public power communities and local entities everywhere—bonds build three-quarters of all public infrastructure in the country.

Congress took a critical step towards modernizing public financing when it authorized various new energy-related tax credits for municipal electric utilities in the IRA, but more action is needed, including reinstating the ability to issue advance refunding bonds and expanding the power of small local banks to issue bonds in excess of \$10 million while retaining small issuer status. In addition, sequestration continues to restrict full use of our public bonds—Congress needs to repeal such provisions.



### **MMUA asks Congress to consider:**

- Complete the modernization of public finance tools by restoring the ability to use tax-exempt advanced refunding bonds. This is a critical financial tool for all state and local entities, including municipal utilities. Advance refunding can only occur once a year, and only when market conditions allow, but it can save communities millions of dollars. Support bipartisan legislation.
- The small issuer exception is outdated. Congress should increase the value of bonds a bank may issue and remain a small provider from \$10 million to \$30 million.
- Sequestration needs to end. Public power communities continue to be burdened by sequestration of public bonds.



# 2023 Federal Legislative Priorities

## POLE ATTACHMENTS

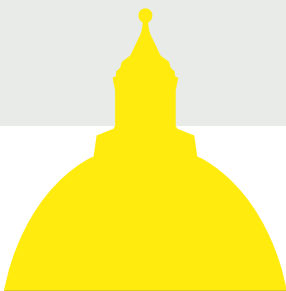
In 2018, the FCC issued final comments and orders that took effect in January 2019, which reversed the long-held interpretation of the Federal Communications Act that municipal utilities were exempt from FCC oversight. This new rule was upheld by the Ninth Circuit Court of Appeals. As a result, local control over the use of rights-of-way and infrastructure became subject to challenge by telecommunication companies who view local regulations as a barrier to full implementation of 5G technology.

Utility poles are not designed to accommodate additional structures such as small-cell antennae. Their co-location on utility poles can impose safety risks to line workers, and the extra weight may void warranties. Local utilities are then responsible and liable for equipment that is not even theirs.



### **MMUA asks Congress to consider:**

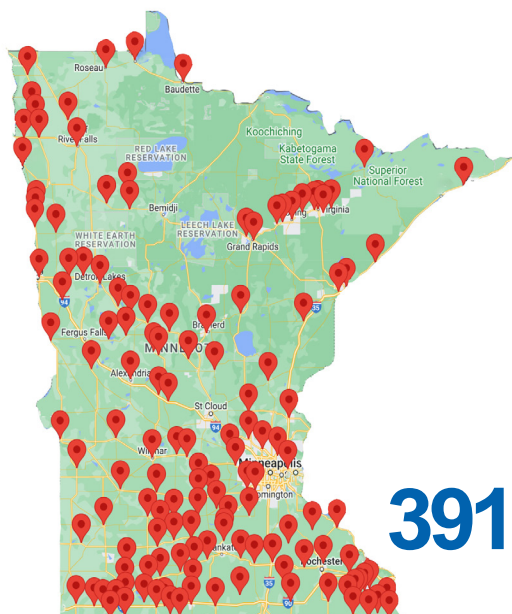
- Restore local control, including what permit fees may be charged by a local unit of government for use of their rights-of-way and infrastructure by telecommunication companies.
- Public power utilities and rural electric cooperatives are not obstacles or barriers to entry to 5G or other telecommunications development. Treatment of pole attachment fees and services has been successfully negotiated between utilities and the telecom industry for decades.



# 2023 State Legislative Priorities

The Minnesota Municipal Utilities Association (MMUA) Board of Directors, representing the interests of all its members, has identified a list of priorities for the 2023 Minnesota Legislative Session. Following is a summary of those priorities.

Issue	Summary
<b>Nuclear moratorium</b>	MMUA supports exploring all sources for producing clean and renewable energy. In order to allow for meaningful dialogue on expanding carbon-free resources, MMUA believes that the 1994 legislative moratorium on the siting of new nuclear reactors should be repealed.
<b>Electric vehicle (EV) charging</b>	A popular means of providing EV charging stations is for a third party to contract with a commercial entity to offer customers a place to charge their EV while doing business. MMUA supports legislation clarifying that power supplied to such stations must come from the permitted utility and not through a third party.
<b>Pay equity exemptions</b>	Minnesota's pay equity law has made it difficult for some utilities to recruit and retain line workers, and it has suppressed salaries in some communities. MMUA supports exempting certain positions, such as line workers, from the pay equity review process or reviewing unique requirements of such positions and increasing the point value accordingly.
<b>Critical Infrastructure Protection (CIP) rules for data centers</b>	Several municipal utilities in Minnesota are home to large data centers featuring computers and cooling systems that need to run constantly, which dramatically increasing the utility's electrical load. These centers are usually designed to be highly as efficient as possible, making it difficult to find the increased savings offset required by current CIP standards. MMUA supports exempting these uses from CIP requirements by modifying Minnesota Statutes Section 216B.2403.
<b>Repeal local government salary cap</b>	Minnesota caps the total compensation of local government employees. This cap has made it difficult for some utilities to retain experienced employees, who often leave for more lucrative posts in the private sector. MMUA supports repealing the local government salary cap.
<b>Excess generation compensation</b>	An increasing number of Minnesotans are using distributed energy resources (DER) like rooftop solar panels to generate a portion of their electrical load. Current law gives customers the right to request payment for excess generation by check, which can be very costly to the utility. MMUA supports allowing utilities to grant DER customers excess generation refunds using the most cost-effective means available including bill credits and vouchers.
<b>CIP rules for gas utilities</b>	An oversight in drafting the Energy Conservation and Optimization (ECO) Act of 2021 resulted in municipal gas utilities having a higher CIP goal (1.5 percent) than investor-owned utilities (1.0 percent). MMUA supports lowering the CIP goal for municipal gas utilities to 1.0 percent.



**33** municipal gas utilities are MMUA members.

**124** municipal electric utilities serve Minnesotans.

**183** municipal water utilities are MMUA members.

**391,000** customers served by municipal electric utilities.

**50** of the 87 county seats in Minnesota operate an electric or gas utility.

**57** customers served by the smallest municipal utility, Whalan.

**1,264** customers is the median amount for a MN municipal utility.

**57,000** customers served by the largest municipal utility, Rochester.

## Connect with the MMUA Government Relations Team

**Karleen Kos**  
Chief Executive Officer

email: [kkos@mmua.org](mailto:kkos@mmua.org)  
office: 763.746.0701  
cell: 813.675.7589



**Kent Sulem**  
Director of Government Relations and Senior Counsel

email: [ksulem@mmua.org](mailto:ksulem@mmua.org)  
office: 763.746.0703  
cell: 612.263.0440



**Bill Black**  
Government Relations Attorney

email: [bblack@mmua.org](mailto:bblack@mmua.org)  
office: 763.746.0708  
cell: 651.398.2098



**Mike Siebenaler**  
Government Relations Liaison

email: [msiebenaler@mmua.org](mailto:msiebenaler@mmua.org)  
office: 763.746.0715  
cell: 612.979.5219

