

**SOUTHERN MINNESOTA MUNICIPAL POWER AGENCY**  
**Minutes of the Board of Directors' Meeting**  
**December 10, 2025**

President Moulton called the meeting to order at 9:00 a.m. via virtual meeting due to inclement weather.

**Board Members Present Via Conference Call:**

President Peter T. Moulton, Saint Peter; Vice President Roger E. Warehime, Owatonna; Secretary James R. Bakken, Preston; Treasurer Bruce A. Reimers, New Prague; and Timothy M. McCollough, Rochester.

**Board Member Absent:**

Thomas J. Dankert, Austin.

**Others Present Via Conference Call:**

David P. Geschwind, Executive Director & CEO; Alex Bumgardner, Austin; Jerry Mausbach, Blooming Prairie; Julie Zarling, Fairmont; Mike Roth, Shane Steele, Grand Marais; Mike Geers, Litchfield; Joe Kohlgraf, Mora; Keith Butcher, Princeton; Jason Halvorson, Redwood Falls; Chris Rolli, Spring Valley; Carl C. Sonnenberg, Waseca; Craig Anderson, Wells; Beth A. Fondell, Naomi A. Goll, Joseph A. Hoffman, Rebecca J. Schmitz, and Jeremy B. Sutton of the Agency staff.

**#1 Agenda Approval:**

Mr. Warehime moved to approve the agenda, seconded by Mr. Reimers, passed upon a unanimous vote of the board members present.

**#2 Consent Agenda:**

Mr. Warehime moved to approve the consent agenda, seconded by Mr. Bakken, passed upon a unanimous vote of the board members present.

APPROVED the November 12, 2025 board meeting minutes.

APPROVED the Policy Changes due to Minnesota's Paid Leave Program. (Attachment A.)

**#3 Long-Term Financial Forecast-Schmitz:**

The long-term financial forecast and key assumptions packets were distributed electronically to the members prior to the board meeting.

Ms. Schmitz presented the long-term financial forecast for 2025-2041. The forecast and key assumptions were summarized. Released debt service reserve funds relating to the maturing

1994A bonds are not included in the forecast as the plan is to utilize those funds for Sherco 3 decommissioning costs and related expenses for the planned 2030 retirement date.

Discussion.

#### Continuing Evaluation

- Mix of wind and solar for needed renewable resources.
- Capital Reserves Study that will establish a target Capital Reserves level and related bandwidth.
- Coal inventory impact to future cash as the coal pile is eliminated in conjunction with Sherco 3's retirement.
- New debt issuance timing and strategy.
- Sherco 3 decommissioning/lingering costs and funding strategy.

#### **#4 MISO Tranche 1 Projects LRTP-4 & LRTP-6-Sutton:**

Mr. Sutton reported on the MISO Tranche 1 Projects LRTP-4 and LRTP-6.

The Tranche 1 projects will address transmission needs across the MISO footprint. A near-final draft of the Joint Development Agreement was provided in the board book, and a final draft is expected next month.

Board and members will be asked to approve resolutions at the January board meeting. The board resolution will authorize the Agency to enter into the required agreements to participate in LRTP-4 and LRTP-6 as well as fund the projects. The member representative resolution will authorize the Agency to fund the LRTP-4 and LRTP-6 projects.

Discussion.

MCR will provide a presentation on the transmission investment analysis at the January board meeting.

#### **#5 Western Fuels Lease of SMMPA Train-Sutton:**

Mr. Sutton reported on the Western Fuels lease of SMMPA train.

SMMPA currently owns 120 aluminum rail cars that were manufactured in 1994. Several years ago SMMPA ceased utilizing the train set when SMMPA opted to have Xcel Energy manage the coal supply.

Recently, Western Fuels Association (WFA) proposed a lease-to-own the SMMPA train through a 60-month lease at \$204 per car for a total of \$1,470,000. WFA would be responsible for maintenance, dispatch, and any fees associated with the cars within the lease period.

Discussion.

There was board consensus to move forward with negotiating the terms of the contract with WFA.

A final draft contract will be provided for board consideration at the January board meeting.

After a short break, the board reconvened at 10:27 a.m.

**#6 RPU Battery Storage Project-Geschwind:**

The Rochester Battery Storage Project Resolution was distributed electronically to the members prior to the board meeting.

Mr. Geschwind reported on the Rochester Public Utilities Battery Storage Project.

Rochester inquired about installing a battery storage project on their system before 2030 when the Power Sales Contract between SMMPA and Rochester expires and asked if there would be any implications.

The project would provide capacity as well as provide opportunities to charge and discharge for energy production purposes. The battery storage project could be handled similar to the way other traditional generation resources not under contract to the Agency have been handled for years. Meters would be installed to monitor generation output and power consumption. The charging and discharging are expected to occur in the same location at the battery facility.

Assuming the generation and charging load are able to be submitted to MISO under RPU's own MISO node, any costs associated with charging the battery storage project and revenue from discharging the batteries would flow directly to Rochester and would not impact the Agency's costs and/or revenues.

Discussion.

Mr. Warehime moved to approve the Rochester Battery Storage Project Resolution, seconded by Mr. Reimers, passed upon a unanimous vote of the board members present. Abstained: Mr. McCollough. (Attachment B.)

**#7 Board Retreat Summary-Geschwind:**

Mr. Geschwind reported that the SMMPA Board Retreat was held November 20-21, 2025 at the Mystic Lake Casino Hotel, Prior Lake, Minnesota.

Retreat topics and the discussion that took place at the retreat were summarized.

**Government Affairs/Member Services Report-Hoffman:**

Mr. Hoffman summarized the government affairs/member services report detailed in the board book.

**SMMPA 'The Current' Newsletter Mailing List**

Each year SMMPA publishes quarterly newsletters (The Current) to city council members, commissioners, and business owners in the member communities. The SMMPA Board asked

the SMMPA team to share the mailing list with each member to assist SMMPA with updates. An email will be sent to each member.

#### APPA PowerTRX Reliability

APPA PowerTRX Reliability is a web-based service that helps public power utilities effectively collect, categorize, and summarize outage information. APPA will host a Walkthrough Webinar for PowerTRX on December 11, 2025 from 1:00-2:30 p.m. CT. SMMPA provides a subscription for the members.

#### Cybersecurity Board Security Brief

On November 25, 2025, SMMPA held a cyber-attack tabletop exercise to evaluate the effectiveness of our Cyber Incident Response Plan. Attendees included SMMPA Directors, SMMPA IT, and SMMPA's Operations staff. The tabletop facilitator was Kirk Gresham, Sophos training specialist (formerly Dell Secureworks) and he will provide a report with recommendations.

#### **Operations Report-Sutton:**

Mr. Sutton reported:

#### OPU Tabletop Emergency Event

Owatonna Public Utilities was thanked for conducting the Emergency Response Tabletop Electric and Gas Event on December 5, 2025. Three SMMPA staff members attended the valuable session.

#### MPCA Notice of Alleged Violation

SMMPA received Notice of Alleged Violation for failure to submit semiannual compliance reports relating to the Owatonna Energy Station and the Fairmont Energy Station. To the extent that MPCA suggested SMMPA should have submitted the reports to EPA also, SMMPA disagreed in writing to the MPCA. Direction from EPA received on September 15, 2014 stated that reports only need to be sent to the authorized State permitting authority. Regardless, SMMPA took corrective action by submitting the requested reports to MPCA and EPA, and we are waiting for a response from the MPCA to see if the matter is now resolved.

#### Mora Generation

LMP prices have increased with average prices of \$40 to \$160/MWh. Mora units have been running a lot, and to maintain capacity credit within MISO, the units were placed on 'Emergency Only' offer status. An estimated 37 hours of operation are left on the air permit.

#### Steele Energy Station Update

Working through the Steele Energy Station air permit solutions on formaldehyde and acrolein.

#### Market Update

A graph of recent natural gas and on-peak electricity prices was discussed.

#### **Financial Report October 2025-Fondell:**

Ms. Fondell summarized Agency financial results through October as provided in the board

book materials.

#### SMMPA Finance & Audit Committee

The SMMPA Finance & Audit Committee met on December 2, 2025. Baker Tilly conducted the 2025 audit entrance conference to address the audit plan and timeline. The preliminary fieldwork was completed October 20-21, 2025. The audit fieldwork is scheduled for the week of February 16, 2026. The Committee reviewed the Internal Controls Report response recommendations from SMMPA staff and will participate in updating the Investment Policy in 2026. The Committee will meet prior to the April 2026 SMMPA Board meeting, and the 2025 audit results will be presented by Baker Tilly for approval at the April board meeting.

#### RCA Draw

The Revolving Credit Agreement draw of \$8 million was completed on December 1, 2025 to fund various transmission projects, and the Steele Energy Station and Austin Energy Station expenditures. All proceeds from the November 2024 draw were spent, and \$700,000 will be reimbursed to the operating bank account.

#### Pre-Payment Program Update

SMMPA is reviewing the draft pre-payment program structure and will share the document with the members that participated in the June 30, 2025 working session.

#### Financial Reserves Policy Update

The Financial Reserves Policy update begins with Public Financial Management (PFM) conducting risk assessment interviews with SMMPA staff on January 7, 2026 at the SMMPA office.

#### **President's Report:**

Mr. Moulton reported:

- SMMPA Staff Recognition: Appreciation was expressed toward the SMMPA staff for their efforts this year.

#### **Executive Director & CEO's Report:**

Mr. Geschwind reported:

- SMMPA Board Meeting: Members and SMMPA staff were thanked for switching today's board meeting from in-person to virtual meeting due to the inclement weather.
- SMMPA Board Meeting: The January SMMPA Board meeting will be held in Saint Peter rather than at the SMMPA office.
- SMMPA Key Metrics: The SMMPA key metrics document highlighted LMP impacts due to the constrained transmission system in Minnesota, which contributed to the Energy Cost Adjustment.

**Member Forum:**

Mr. McCollough reported that the City of Rochester and Rochester Public Utilities applied for solar on public building grants and were awarded funds to install 850 kW on 17 different municipal building sites. Rochester will be working with SMMPA to avoid issues with the Power Sales Contract.

**Other Business:**

There was no other business.

**Adjourn:**

A motion to adjourn the meeting was made by Mr. Reimers, seconded by Mr. Warehime, passed upon a unanimous vote of the board members present.

The meeting was adjourned at 12:00 p.m.

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Secretary

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