

SOUTHERN MINNESOTA MUNICIPAL POWER AGENCY
Minutes of the Board of Directors' Meeting
November 12, 2025

President Moulton called the meeting to order at 9:00 a.m. at the Westside Energy Station in Rochester, Minnesota.

Mr. McCollough welcomed the members and guests to the Westside Energy Station, which was commissioned in 2018. This site is also the future home for Mount Simon Station, a new power generation facility, being developed by Rochester to meet future energy needs. Those interested may tour the Westside Energy Station after today's meeting.

Board Members Present:

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

Others Present:

David P. Geschwind, Executive Director & CEO; Alex Bumgardner, Austin; Keith Butcher, Princeton; Chris Rolli, Spring Valley; Craig Anderson, Wells; Ken Krall, Korn Ferry; Sandy Feehan, SMMPA Human Resources Contractor; Debra A. Donahue, Beth A. Fondell, Naomi A. Goll, Joseph A. Hoffman, Seth T. Koneczny, Jeremy B. Sutton, and Ben B. Ziegler of the Agency staff.

Others Present Via Conference Call:

Miles Heide, Julie Zarling, Fairmont; Mike Roth, Shane Steele, Grand Marais; Mike Geers, Litchfield; Joe Kohlgraf, Mora; and Christian Fenstermacher, Owatonna.

#1 Agenda Approval:

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

#2 Consent Agenda:

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

APPROVED the October 17, 2025 board meeting minutes.

#3 Salary Ranges Review-Fondell/Ken Krall-Korn Ferry:

Ms. Fondell reported that the SMMPA staff salary ranges are reviewed every three years and introduced Mr. Ken Krall, Korn Ferry, to provide the study results. This year, Korn Ferry also

completed a review of the Agency's benefits package in conjunction with the salary range review.

Mr. Krall presented the results of the SMMPA salary range study. Korn Ferry reviewed the SMMPA salary structure with regard to internal equity and external market competitiveness. Between these three-year reviews, salary ranges are adjusted annually using Korn Ferry's Annual Compensation Planning Guide indices. Study results indicate that the Agency's combined benefits and compensation package is competitive with the market.

Discussion.

Action Item

Requested board approval of the proposed salary range midpoints as recommended by Korn Ferry.

Mr. Warehime moved to approve the 2026 salary range midpoints as recommended by Korn Ferry, seconded by Mr. Bakken, passed upon a unanimous vote of the board members present.

President Moulton thanked Mr. Krall for his efforts.

#4 2024 Board Retreat Follow-up-Geschwind:

Mr. Geschwind provided an update on accomplishments on the items that were identified as activities for 2025 during the 2024 board retreat.

#5 2026 SMMPA Board Meeting Schedule-Geschwind:

Mr. Geschwind reported on the 2026 SMMPA Board meeting schedule.

To avoid conflict with the January APPA Joint Action Conference, the January board meeting was moved from January 14, 2026 to January 15, 2026, and the November board meeting was moved from November 11, 2026 to November 10, 2026 to avoid a conflict with Veterans Day.

To avoid conflict with the MMUA Technical and Operations Conference in St. Cloud December 8-10, 2026, the board discussed looking at alternative dates for the December 2026 SMMPA Board meeting, which will be determined at a future meeting.

Mr. McCollough moved to approve the 2026 SMMPA Board meeting schedule through November with December to be determined, seconded by Mr. Bakken, passed upon a unanimous vote of the board members present. (Attachment A.)

#6 Confidential Board Report Summary-Sutton:

Mr. Sutton summarized the confidential board report.

#7 Pacific Northwest National Lab Battery Storage Study-Sutton:

Mr. Sutton reported on the Pacific Northwest National Lab (PNNL) Battery Storage Study.

The American Public Power Association partnered with PNNL to provide technical assistance related to energy storage in rural communities. Five APPA utility partners selected were Lompoc Electric Division-CA; KPP Energy-KS; SMMPA-Grand Marais; Town of Stowe Electric Division-VT; and Delaware Municipal Electric Corporation-DE. Over the last year, the study looked at community benefits, techno-economic analysis, regulatory and policy assistance, and funding opportunities.

The Grand Marais battery storage project was not selected for a Minnesota grant.

Discussion.

Rochester is potentially looking at two 10 MW battery project interconnections.

SMMPA continues to analyze battery storage opportunities, pricing, and emerging technologies.

After a short break, the board reconvened at 10:58 a.m.

#8 Upcoming Transmission Projects-Koneczny/Sutton:

Mr. Koneczny reported on the upcoming Litchfield and Owatonna transmission projects.

Litchfield Project Summary Recap

Due to aging infrastructure and load growth concerns, large sections of the 69 kV transmission lines in the area will be upgraded to 115 kV voltage standard. Engineering has determined it is not feasible to co-locate the transmission and distribution substations as the proposed location could not accommodate all required equipment. The initial project estimate was \$30-\$35 million and now projected to be in the \$40 million range. Project site locations are being reviewed.

Owatonna Future Transmission

In the 2023 transmission study, Great River Energy, working with SMMPA staff, identified solutions to voltage constraints in the Owatonna area. The previously identified capacitor bank addition does not solve voltage constraints into the future using current transmission models, and additional system upgrades will be required. In addition, Owatonna recently requested SMMPA staff consider transmission upgrades/expansion to support upcoming distribution facilities. Additional transmission sources into Owatonna will likely be required to address the issues. SMMPA has developed a conceptual plan and is rerunning the transmission study.

Discussion.

LRTP Tranche 1 and Tranche 2.1 Update-Sutton

Mr. Sutton reported on the LRTP Tranche 1 and Tranche 2.1 update. Five utility commissions (Arkansas, Louisiana, Mississippi, Montana, and North Dakota) filed a Tranche 2.1 FERC complaint contending that MISO used flawed modeling and assumptions, which led the grid operator to significantly overstate the benefits of its Tranche 2.1 portfolio. MISO is urging FERC to dismiss the “deficient and misleading” complaint.

Discussion.

Tranche 1 – SMMPA, Rochester, and Dairyland met to review legal documents and anticipate a final draft of the Joint Development Agreement within the next month. In order to make the contractual commitments to participate in a share of the Tranche 1 LRTP-4 and LRTP-6 projects, the Agency expects to seek financing approval from the board and member representatives in the near future – possibly in January.

#9 Election of Officers-Board of Directors:

Mr. McCollough moved to re-seat the current slate of officers for the Board of Directors of Southern Minnesota Municipal Power Agency for 2025-2026, seconded by Mr. Dankert, passed upon a unanimous vote of the board members present.

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

Government Affairs/Member Services Report-Hoffman:

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

APPA Legislative Rally

Members were reminded the APPA Legislative Rally is February 23-25, 2026 in Washington, D.C. and members interested in being included in the MMUA room block should contact Mr. Hoffman.

APPA Governance Essentials

APPA offers a webinar series of 15 courses called the Public Power Governance Essentials that are designed for public power policymakers (utility commissioners, mayors, and city council members). SMMPA purchased a block of subscriptions, valid for 24 months, for policymakers in the member communities. Members interested may contact Mr. Hoffman to activate the subscription.

MMUA Governance in Action

MMUA is hosting a governance training in St. Cloud January 23, 2026. The session will review the key statutes that define commission authority, clarify the line between governance and operations, and explore how commissions and city governments can work together effectively.

SMMPA Member Polls

SMMPA posted results of the member poll (cold weather disconnection) in the shared OneDrive folder on the SMMPA website.

Cybersecurity BoardSecurity Brief

Many small and large businesses use an automated feature in QuickBooks to email invoices to customers. Scammers send emails requesting payment and often attach a malicious file posing as an invoice. The Agency has been inundated with these spam emails and while cybersecurity

protections are very good, the Agency is dependent on staff members to be the last line of defense.

Operations Report-Sutton:

Mr. Sutton reported:

OES/FES Cylinder Heads Project

Working on installing engine cylinder heads at Fairmont Energy Station and at Owatonna Energy Station. No tariff expenses have been invoiced to SMMPA.

Steele Energy Station Update

The Minnesota Pollution Control Agency (MPCA) ruled in favor that the Owatonna Public Utilities Combustion Turbine Unit 7 should not be included in the Steele Energy Station air permit model as a SMMPA resource. The engineering drawing package was signed off with Solar Turbines to start production drawings on the three units. An in-person meeting with DGR Engineering is scheduled for November 14, 2025.

Quarterly Wind and Solar Update

Information on the performance of the Agency's wind and solar resources, including capacity factor and costs relative to market energy prices and net margins, was reviewed.

Market Update

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

Financial Report September 2025-Fondell:

Ms. Fondell summarized Agency financial results through September as provided in the board book materials.

Revolving Credit Agreement

The Revolving Credit Agreement annual paydown of \$2.55 million for 2025 was completed on October 29, 2025.

Cash Distribution Preliminary Estimate as of October 31, 2025

An estimate of members' share of the upcoming one-time cash distribution, which will be issued in January 2026, was shared with the members.

President's Report:

Mr. Moulton reported:

- **SMMPA Staff Recognition:** SMMPA staff members recognized were Seth Koneczny and Ben Ziegler for the transmission updates, and Beth Fondell, Deb Donahue, and Sandy Feehan for handling the salary review process with Korn Ferry.

Executive Director & CEO's Report:

Mr. Geschwind reported:

- SMPMA Board Retreat: The SMPMA Board Retreat will be held November 20-21, 2025 at the Mystic Lake Casino Hotel, Prior Lake, Minnesota.

Member Forum:

Mr. Sutton thanked New Prague for hosting the SMPMA Diesel Workshop on October 29, 2025.

Other Business:

There was no other business.

Adjourn:

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

The meeting was adjourned at 12:15 p.m.

Secretary