

**SOUTHERN MINNESOTA MUNICIPAL POWER AGENCY**  
**Minutes of the Board of Directors' Meeting**  
**September 11, 2024**

President Reimers called the meeting to order at 9:00 a.m. at Austin Utilities in Austin, Minnesota.

Mr. Nibaur, Austin Utilities General Manager, welcomed the members to Austin and introduced Jess Dunlap, Austin Utilities Operations Supervisor; Alex Bumgardner, Austin Utilities Operations Director; and Jay Lutz, Austin Utilities Commissioner.

Mr. Lutz welcomed the members to Austin.

**Board Members Present:**

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

**Others Present:**

David P. Geschwind, Executive Director & CEO; Alex Bumgardner, Jess Dunlap, Jay Lutz, Austin; Jerry Mausbach, Blooming Prairie; Miles Heide, Julie Zarling, Fairmont; Damian Baum, Owatonna; Keith R. Butcher, Princeton; Todd Prafke, Saint Peter; Chris Rolli, Spring Valley; Craig Anderson, Wells; Beth A. Fondell, Naomi A. Goll, Joseph A. Hoffman, and Jeremy B. Sutton of the Agency staff.

**Others Present Via Conference Call:**

Mike Roth, Grand Marais; Mike Geers, Litchfield; Joe Kohlgraf, Mora; and Jason Halvorson, Redwood Falls.

**#1 Agenda Approval:**

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

**#2 Consent Agenda:**

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

APPROVED the August 14, 2024 board meeting minutes.

**#3 Wholesale Rate Comparison-Fondell:**

Ms. Fondell reported on the wholesale rate comparison, which the Agency has been tracking since 2014. She compared SMMPA's rates with a group of other wholesale electricity suppliers

in the region.

Discussion.

The SMMPA wholesale rate has been impacted by the November 2022 rate increase and February 2023 implementation of the Energy Cost Adjustment (ECA). A review of the last several years of wholesale rates among the utilities in the comparison group demonstrates which organizations had an ECA in place prior to 2022.

#### **#4 2025 Budget and Rates Preview-Fondell:**

Ms. Fondell presented the 2025 budget and rates preview.

##### Member Rates

The Agency is currently proposing no change in the Agency's wholesale power and energy rates for 2025. The proposed transmission rates are based on the second year of a three-year rate transition approved at the May 2023 board meeting.

The draft 2025 Sources and Uses of Revenues excludes financial transmission rights (FTR) revenues, which reduces the rates stabilization contribution and increases the ECA base cost.

Discussion.

##### Next Steps

- Finalize proposed 2025 budget.
- Distribute detailed budget book on September 20, 2024.
- Budget and Rates Workshop September 24, 2024.

The proposed 2025 budget and rates will be presented at the October board meeting for action by the board.

After a short break, the board reconvened at 10:37 a.m.

#### **#5 New Dispatchable Generation-Sutton:**

Mr. Sutton compared the Solar Titan 130 to the Titan 250 gas turbine for the new dispatchable generation project in Owatonna.

Installing three units of the Titan 130 would have 5 MW more in the summer and 13 MW more in the winter than a plant consisting of Titan 250 units.

The estimated total project costs are \$74,941,346.

To keep the project moving forward and to maintain the air permit issuance progress, the Agency will soon need to request authorization for the next round of spending on costs to include providing 10% down for certain Solar equipment at contract signing in November 2024, 10% - 50% down for a generator step-up transformer, and \$250,000 for engineering activities.

Discussion.

Financing approval would be requested from the board and member representatives in approximately one year to keep on track for a 2028 in-service schedule.

A handout of the 2028 Generating Plant Project Schedule was distributed. (Attachment A.)

At next month's board meeting, the Agency may request approval of the next round of expenditures for a project based around the Titan 130 gas turbine.

Mr. Geschwind announced that SMMPA would be happy to attend commission and council meetings in the member communities to discuss the new dispatchable generation project.

**#6 2024 Integrated Resource Plan Draft-Sutton:**

Mr. Sutton reported on the 2024 Integrated Resource Plan (IRP) draft which was provided electronically to the members prior to the board meeting.

Key assumptions and a summary of the results were reviewed. The last IRP was filed with the Minnesota Public Utilities Commission on December 1, 2021.

Discussion.

Depending on feedback received, this topic will be brought back next month to seek board approval to file the IRP with the State by December 1, 2024.

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

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

**Electric Vehicle Chargers**

Tritium, manufacturer of the fifteen RT50 DCFCs in the member communities, was recently purchased by Exicom. Exicom does not intend to provide repair support or parts for the RT50 chargers. As the RT50s become unrepairable, SMMPA and the members will discuss the future of the DCFC charging network.

**Battery Storage Funding Project**

SMMPA submitted a 40101(d) grant application for funding a potential battery storage project to be located in Grand Marais. The awarded fund grants will be announced in October 2024.

**WAPA RECs**

WAPA members have access to Renewable Energy Credits (RECs) for their WAPA power and the WAPA REC Option form allows the members to choose how those RECS are handled. SMMPA maintains a Midwest Renewable Energy Tracking System (M-RETs) account and can assist with the RECs retiring process.

### SMMPA/Eaton User Group Meeting

SMMPA plans to partner with Eaton to host an Eaton User Group meeting (AMI and load control topics) for the members. The one-day meeting (9am-3pm) will be held in November or December 2024 in New Prague, Minnesota.

### Public Power Week

Public Power Week will be held October 6-12, 2024.

### SMMPA Annual Meeting

The SMMPA Annual Meeting will be held October 16-17, 2024 at the Sheraton Hotel, Bloomington, Minnesota.

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

Mr. Sutton reported:

#### OPU Combustion Turbine Update

On July 30, 2024, the Owatonna Public Utilities combustion turbine unit was removed and shipped to Florida for inspection due to the damaged blades. Waiting for the final report findings.

#### OES/FES Head Repairs

Waiting for direction from Caterpillar on the Owatonna Energy Station and Fairmont Energy leaking engine cylinder heads. There may be issues with the valve seat tolerances.

#### SMMPA Organizational Changes

Two SMMPA employees have been promoted, and some organizational changes have been made in the Operations Department:

- Clint Schumacher promoted to Manager of Agency & Member Generation.
- Burnell Folkert promoted to Senior Application Engineer.

### **Financial Report July 2024-Fondell:**

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

#### Banking RFP Status

The deadline for questions regarding the request for proposal (RFP) is September 13, 2024. The deadline for proposals is September 30, 2024.

#### Member Financial Metrics

SMMPA will distribute the financial metrics to each member this month. A new addition to the financial metrics this year will be data regarding Payments in Lieu of Taxes (PILOT). Members should feel free to reach out to the Agency staff with any questions.

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

There was no report.

**Executive Director & CEO’s Report:**

Mr. Geschwind reported:

- SMMPA Board Position: Preston announced their candidacy for re-election for the SMMPA Board position, currently held by Preston, with the election on October 17, 2024.
- Potential Green Fertilizer Plant: A potential green fertilizer plant is considering building a facility in Austin, Minnesota. SMMPA plans to arrange for a transmission infrastructure study for the projected large load and provide the study scope and cost estimate to the project developer for their consideration.

**Member Forum:**

None.

**Other Business:**

There was no other business.

**Adjourn:**

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

The meeting was adjourned at 12:02 p.m.

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Secretary