



General Manager's Report

April 2025

VISION | We will set the standard for service.

MISSION | We provide the highest quality services and products for our customers. With our experience and resources, we enrich people's lives, help businesses prosper, and promote the community's welfare.

WORKING TOWARD
100%
NET RENEWABLE ELECTRICITY BY 2030

APPROXIMATELY
60k
ELECTRIC
CUSTOMERS

GALLONS OF WATER PUMPED
**4.953
BILLION**

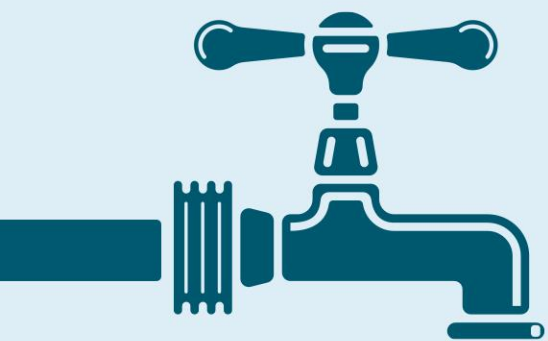
**131
YEARS**

2023 ASA/
99.994%
RELIABILITY



**223
EMPLOYEES**

ROCHESTER
PUBLIC UTILITIES
WE PLEDGE, WE DELIVER™



42K
WATER
CUSTOMERS

1  **COUNCIL APPOINTED
COUNCILMEMBER
BOARD MEMBER**



4 **MAYOR
APPOINTED
BOARD MEMBERS**

#1
BEST TASTING WATER



RELIABILITY



RATES



RESPONSIBILITY

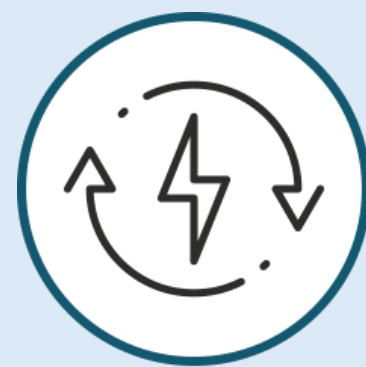


RELATIONSHIPS



REPUTATION

THE FIVE R'S



RELIABILITY

Leaders in Service and System Reliability



RATES

Provide Value and Long-Term Financial Stability



RESPONSIBILITY

Stewards of the Resources We Impact



RELATIONSHIPS

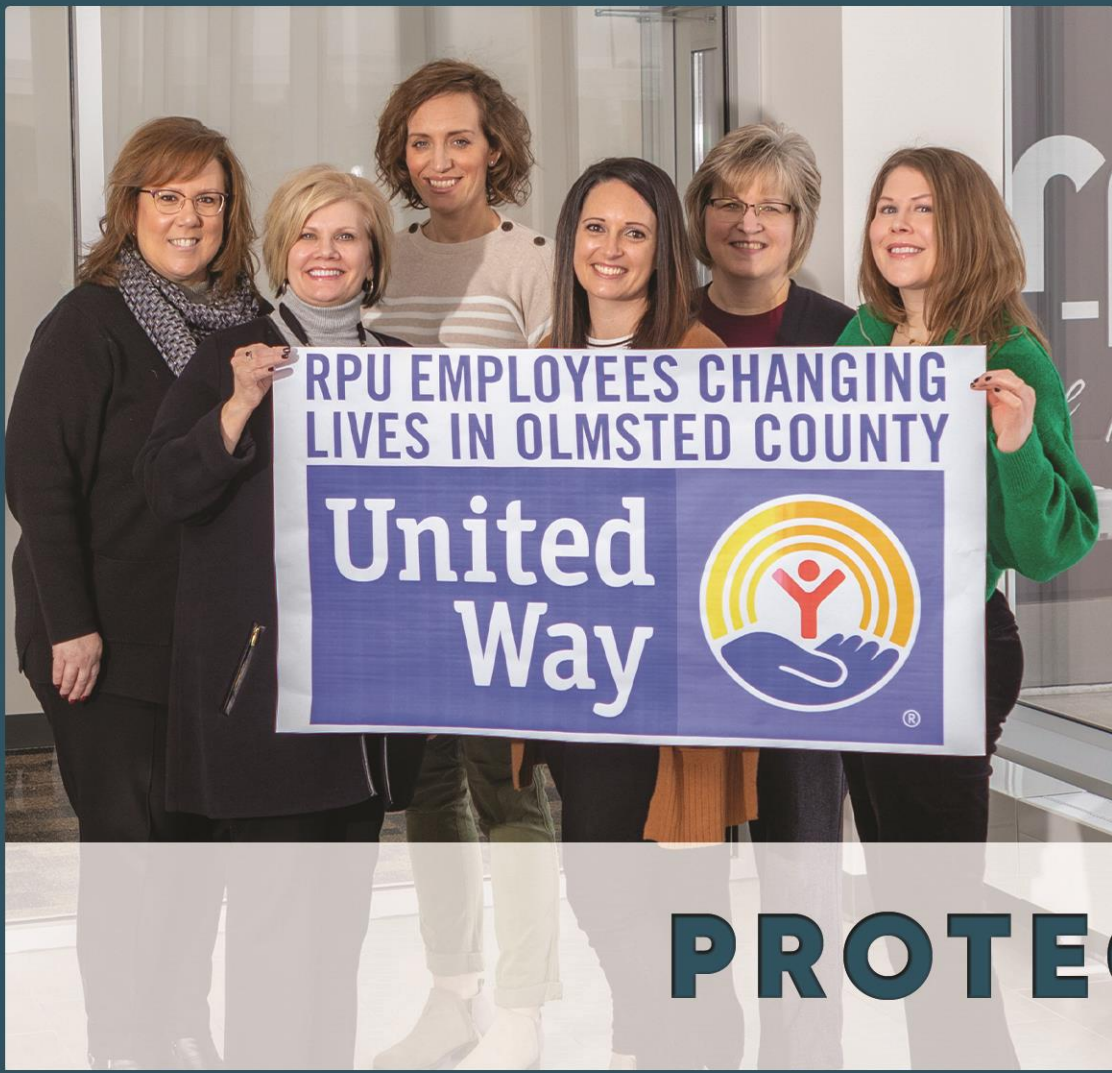
Empowered and Customer-Focused Employees



REPUTATION

Engaged with Our Community





CARE FOR THE ENVIRONMENT.

PROTECT EACH OTHER.



**RESPECT
EVERYONE.**

LEAVE A POSITIVE IMPRESSION.

TAKE OWNERSHIP.



CONTINUE IMPROVING.

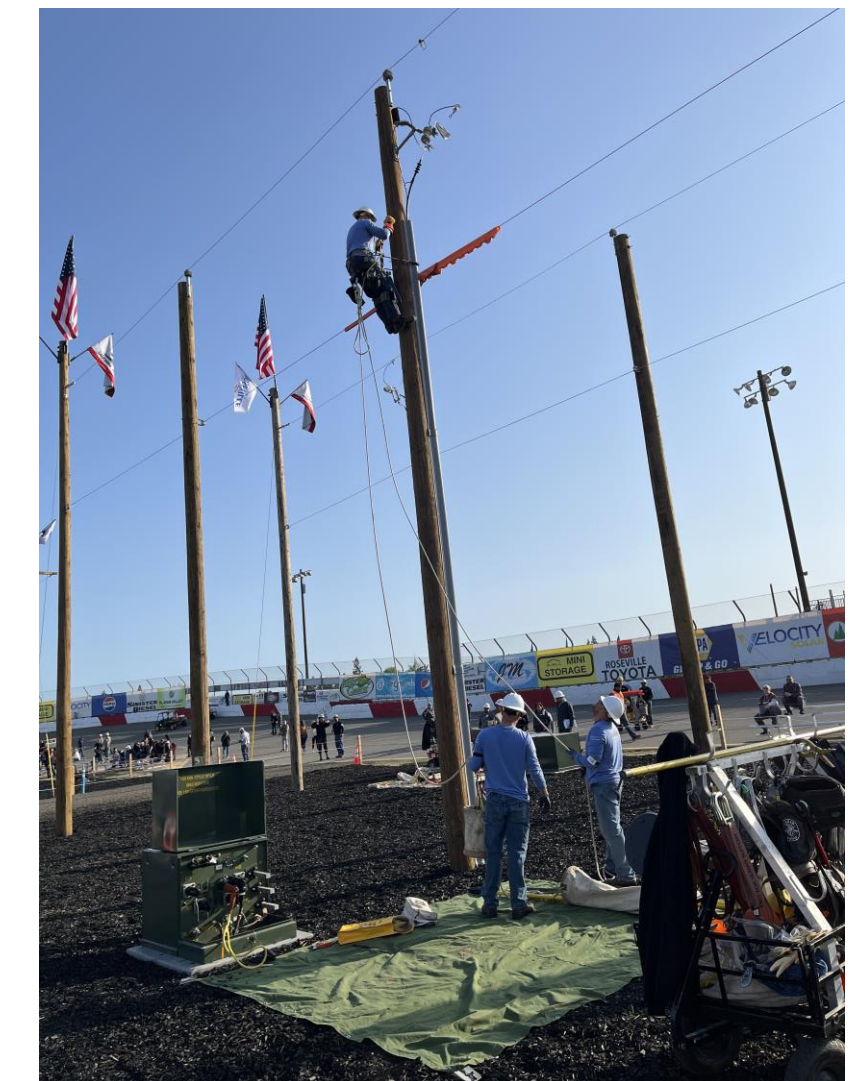
Meeting Reports & Current Activity

- **Monthly Highlights**
- **SMMPA Board Meeting Report**
- **Reliable Capacity. Renewable Energy.**
- **Legislative & Regulatory Report**
- **Transmission Access Policy Study (TAPS) Group**
- **Statements of Net Position**
- **Retirement Recognitions**
- **Major Projects Status Updates (Separate File)**



Monthly Updates | April 2025

- **Sparky the Resilient Raccoon** – On March 26, a raccoon caused a significant overnight power outage after coming into contact with a transformer. Remarkably, the raccoon survived and was affectionately nicknamed “Sparky” by RPU staff. The story gained widespread attention after being shared on RPU’s Facebook page, with coverage from outlets including the Star Tribune and Minnesota Public Radio.
- **APPA Public Power Lineworkers Rodeo** – RPU was represented at the APPA 2025 Public Power Lineworkers Rodeo in Roseville, California, by a journeyman team including Tyler Meiners, Chad Peterson, and Chad Grinhaug, along with Landon Meier competing in the apprentice category. While they did not take home awards, the team gained valuable experience competing alongside top lineworkers from across the country.
- **Visit with President of Xcel, Ryan Long** – RPU and SMMPA met with Xcel on the upcoming transmission investments and also discussed interest in future potential joint project opportunities. It was a positive meeting with a goal of maintain leadership connections between the three utilities.



- **APPA Diamond Safety Award** - Rochester Public Utilities has been awarded the American Public Power Association’s (APPA) Safety Award of Excellence – Diamond Designation, a prestigious recognition within the public power industry. This honor reflects RPU’s strong safety culture, robust policies, and continuous efforts to reduce workplace incidents.



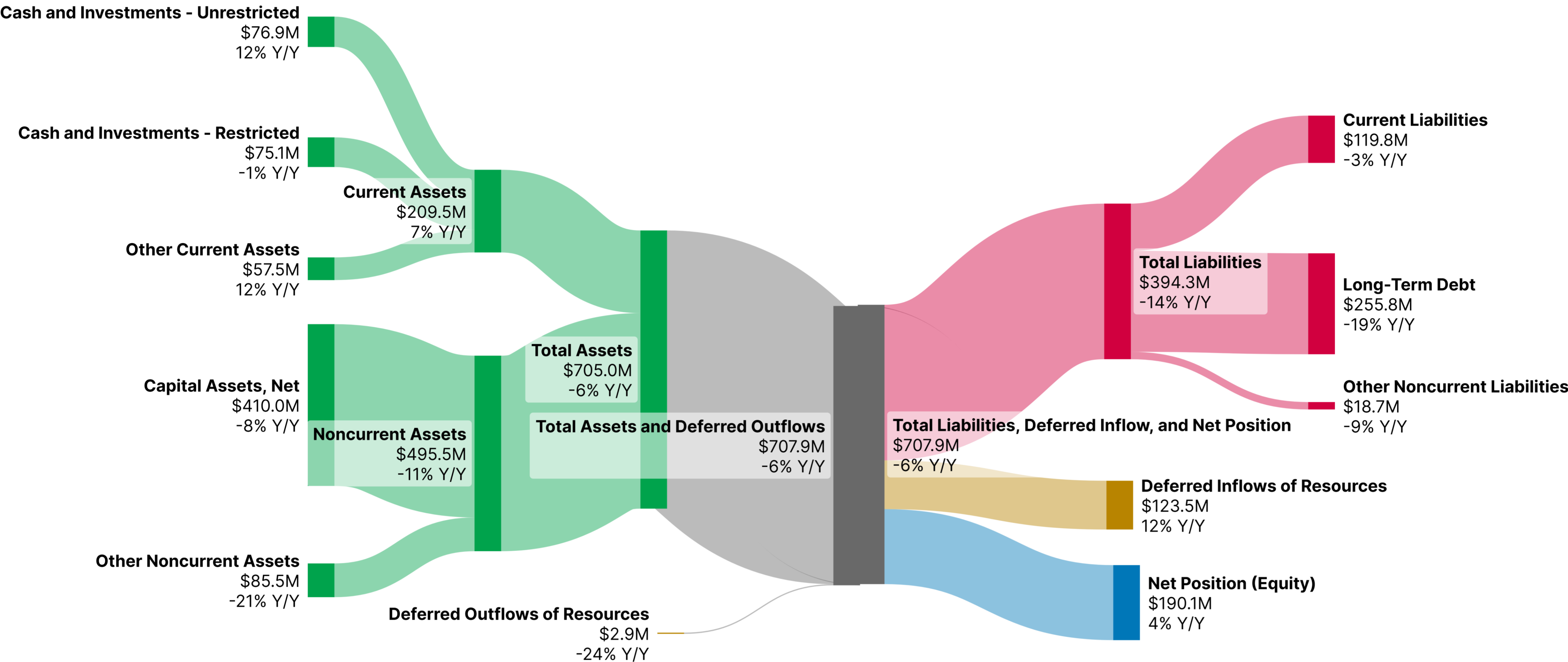
Monthly Updates | April 2025

- **Arbor Day Success** – RPU held its 23rd Annual Arbor Day Celebration on April 25 at the RCTC Field House due to the wet weather. The event featured live music, free food, tree giveaways, and educational activities. About 2500 people attended, including more than 1700 elementary school students.
- **Silver Lake Plant Tour** – We held a board orientation tour for Wendy Turri, our newest board member, and Melissa Johnson, our longest-tenured board member. This was Melissa's first visit to the Silver Lake Plant.
- **Lead Service Line Replacement (LSLR) Program Public Meeting** – On April 23, RPU hosted its first open house for the first group of customers eligible for the Lead Service Replacement Program. Several people attended the open house to learn more about the program and take the next steps.
- **Awards from Employee Recognition Breakfast** - At the Employee Recognition Breakfast on March 20, three staff members were honored for their outstanding contributions:
 - **Toward Zero Safety:** Chuck Pentek
 - **Most Valuable Player:** Melissa Zamzow
 - **Customer First:** Brian Ehlenfeldt





SMPMA | Statement of Net Position, FY2024



SMMPA | Audit Result & Bond Rating

Summary:

Southern Minnesota Municipal Power Agency; Retail Electric; Wholesale Electric

Credit Profile		
Southern Minnesota Mun Pwr Agy pwr supp (MBIA) (National)		
Unenhanced Rating	A+(SPUR)/Stable	Affirmed
Southern Minnesota Mun Pwr Agy pwr supp		
Long Term Rating	A+/Stable	Affirmed
Southern Minnesota Mun Pwr Agy Badger Coulee proj rev bnds ser 2019A due 01/01/2034		
Long Term Rating	A+/Stable	Affirmed
Many issues are enhanced by bond insurance.		

Credit Highlights

- S&P Global Ratings affirmed its 'A+' long-term rating and underlying rating (SPUR) on the Southern Minnesota Municipal Power Agency's (SMMPA or the agency) debt outstanding.
- The outlook is stable.

Audit overview (cont.)

- > Audit objective – obtain reasonable assurance that financial statements are free from material misstatement
- > Financial statements received an Unmodified Opinion (clean opinion)



SMMPA | Renewable Energy Standard & Carbon Free Standard

SMMPA 2.0 Goals

- With Xcel, we will plan to retire Sherco 3 and cease owning coal generation after 2030.
- We plan to be at least 80% carbon-free in 2030.
- We will add significant levels of renewable energy sources, primarily wind and solar, to meet this goal.
- In doing so, we will have reduced carbon emissions in 2030 by nearly 90% compared to 2005 levels.

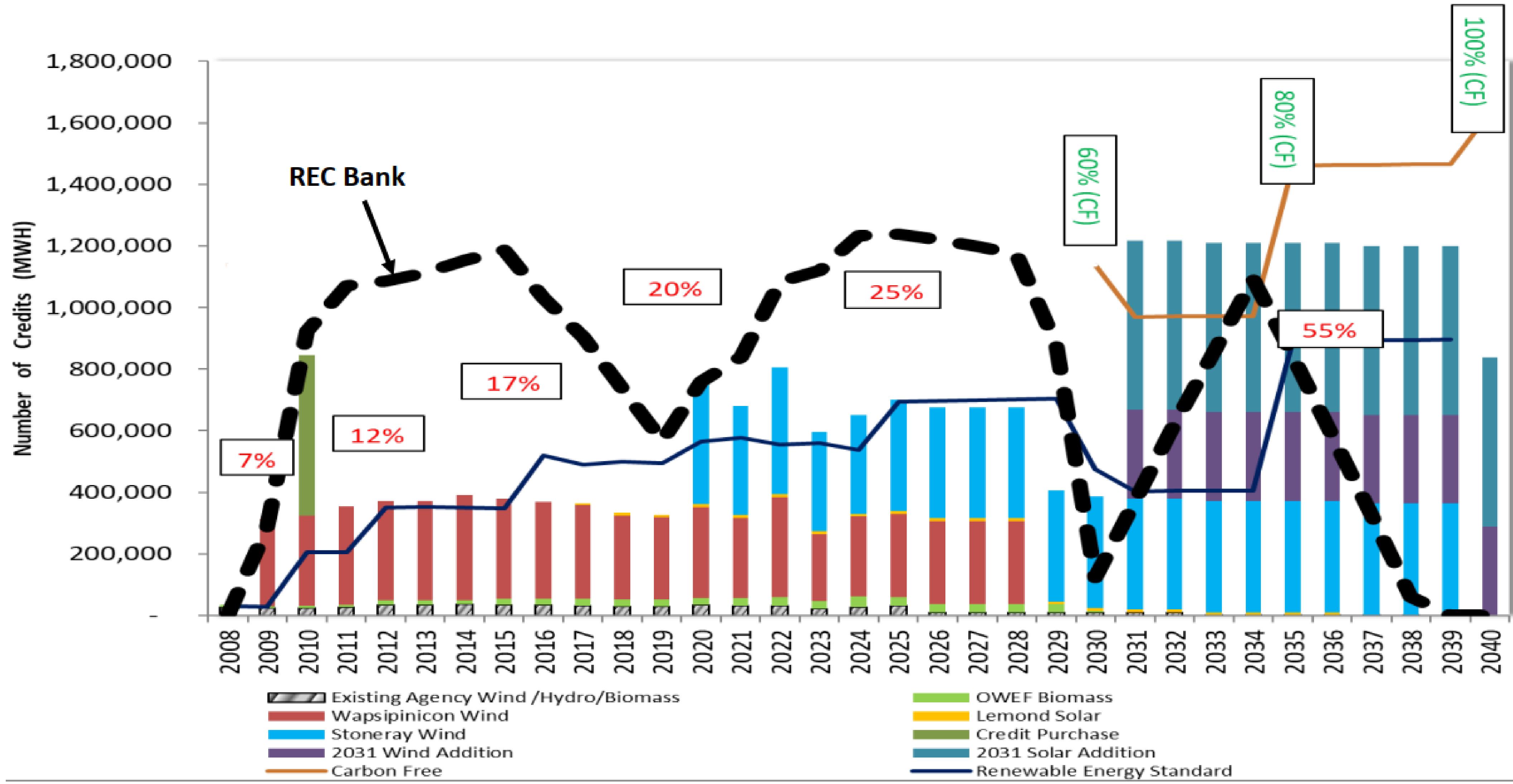
•Minnesota §216B.1691

- 2007 Amended – Renewable Energy Standard (RES)
 - Mandated goals
 - Defined applicable entities and eligible technologies
 - Established a credit tracking / trading platform
- 2023 Amended
 - Enhanced RES mandated goals
 - Added carbon free mandates

Previous renewable requirements	{	2012 – 12%
		2016 – 17%
		2020 – 20%
		2025 – 25%
New renewable requirement		2035 – 55%
New carbon free requirements	{	2030 – 60%
		2035 – 90%
		2040 – 100%



SMPMPA | Renewable Energy Standard & Carbon Free Standard



SMPMPA | Generator Step Up Transformer & Prime Mover Procurement

- **Equipment Lead Time, Tariff Uncertainty, and Manufacturer Delays**
 - Prime Mover selection was decided in December, contracts were just signed in April with the manufacturer re-negotiating terms after the initial terms sheet.
 - Tariff impacts are adding uncertainty to both domestic and non-domestic orders.
 - Domestic manufacturers still rely on imported raw goods (steel, copper, etc...)
 - Volatility and uncertainty on what tariffs might apply, or not.
 - Lead times are being quoted as **three or more years** for generator step up transformer equipment. Lead times and import tariff risk, both direct and indirect, are the major risks being managed.

Generator Step-Up Transformer Procurement			
Bidder	Price	Manufacturing Location	Guaranteed Delivery
A	\$1.9M	USA	July 2028 (40 Months)
B	\$2.7M	Mexico	November 2028 (43 Months)
C	\$3.2M	Mexico	December 2027 (32 Months)
D	\$3.9M	Canada	October 2029 (54 Months)



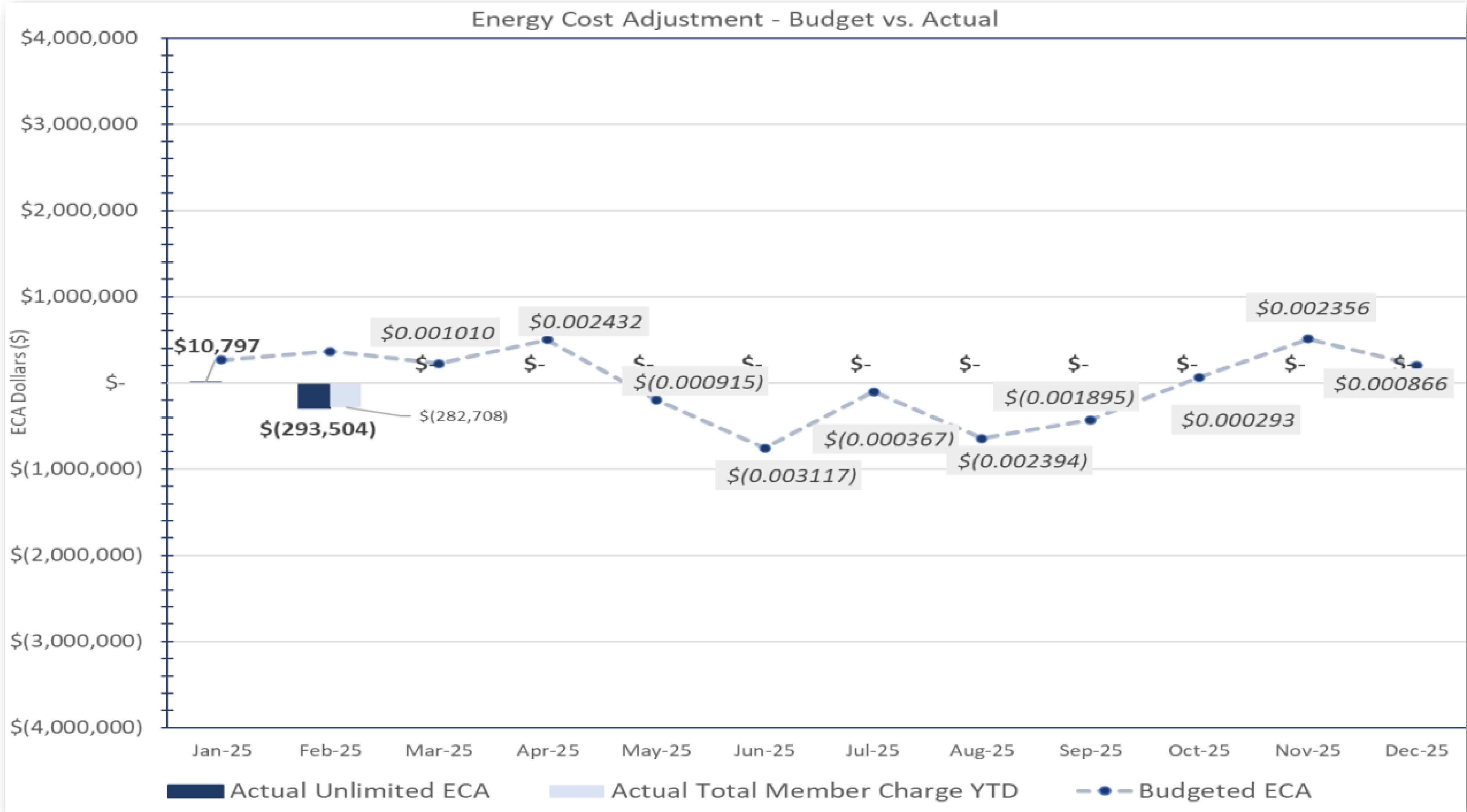
SMPA | Capacity Shortfalls: Bilateral Deals & MISO Auctions

- **Capacity Shortfalls**

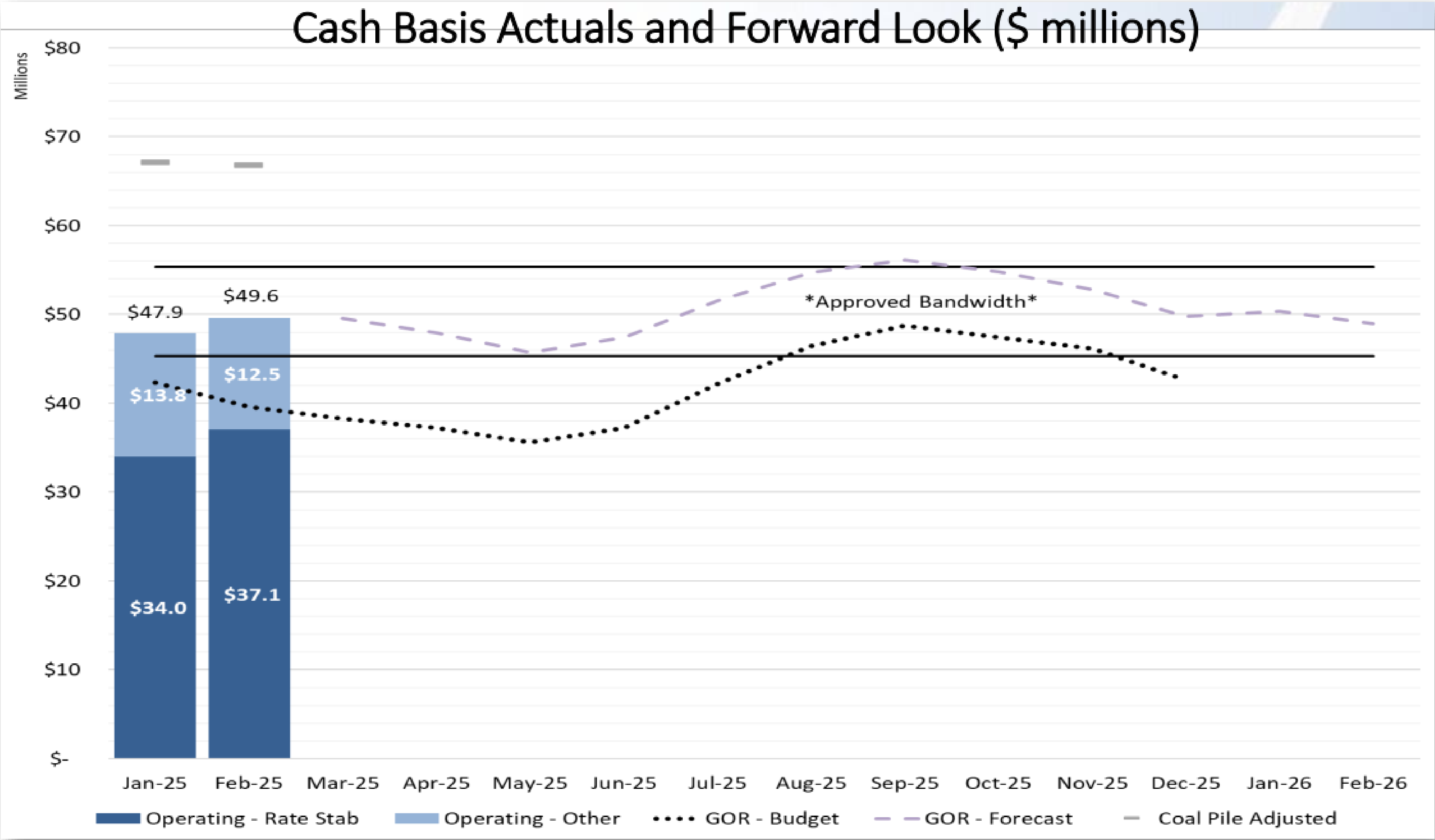
- Utilities can cover capacity shortfalls in future resource adequacy planning years by:
 - negotiating bi-lateral deals to cover capacity obligations pre-auction
 - covering shortfall positions in the auction.
- The MISO Seasonal Resource Adequacy Construct has discounted Sherco 3 Spring Accreditation due to planned outages, typically in the Spring
- The Capacity Auction can clear at a low price which is advantageous for buyers or at significantly high prices which is connected to the cost of new entry (CONE)
- The graphic on the right depicts the financial risk (whisker plot bounds) of auction versus bilateral deals in covering capacity.



SMMPA | Energy Cost Adjustment (ECA) Year to Date



SMMPA | General Operating Reserves



Power Supply Resource Plan | Reliable Capacity. Renewable Energy.

Reliable Capacity



Dispatchable
Generation
49.9 MW



Battery
Storage
100 MW
@ 4 hr



Demand
Response
**Mitigate
Growth**

Renewable Energy



Wind
350 MW



Solar
50 MW



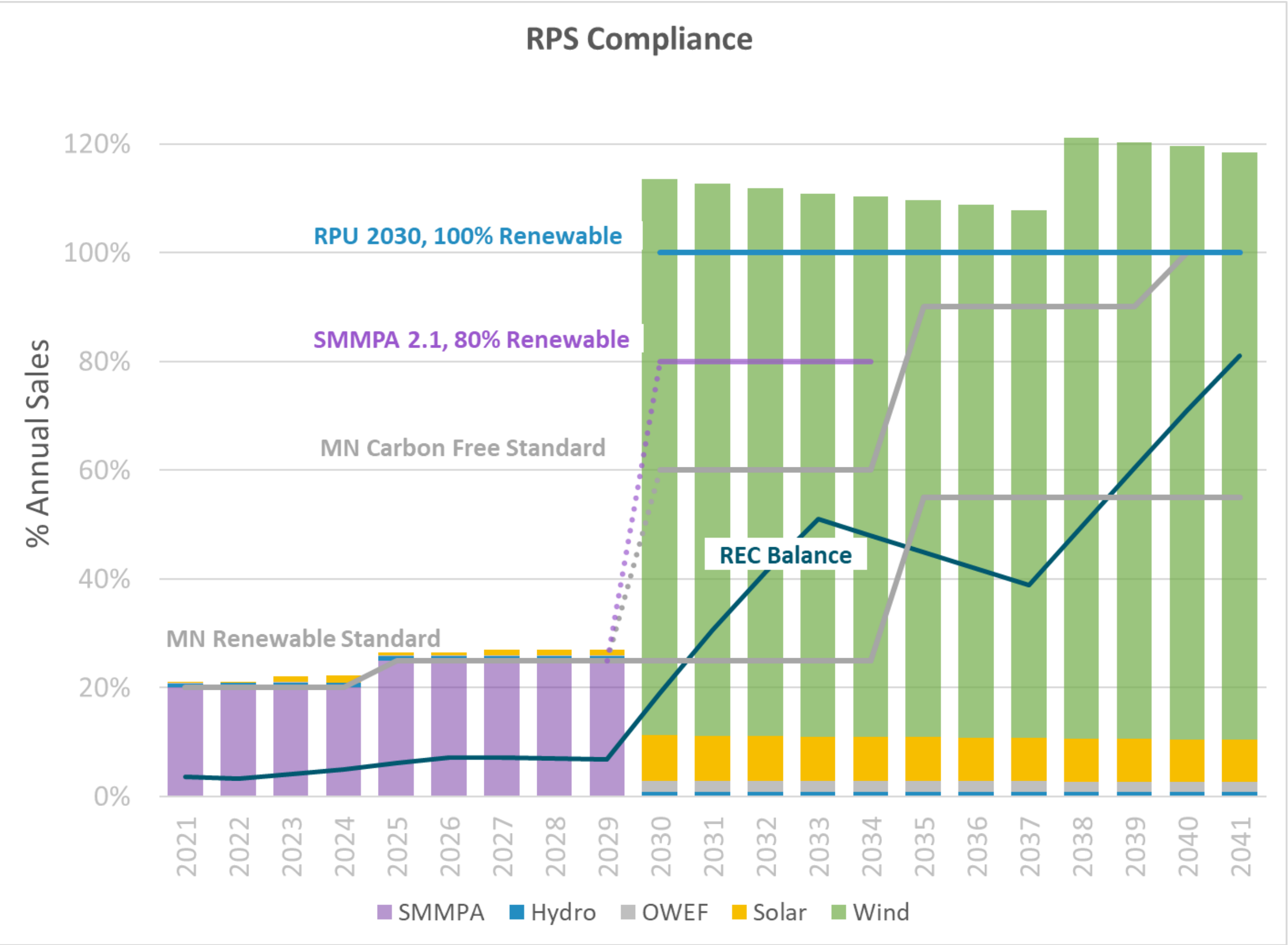
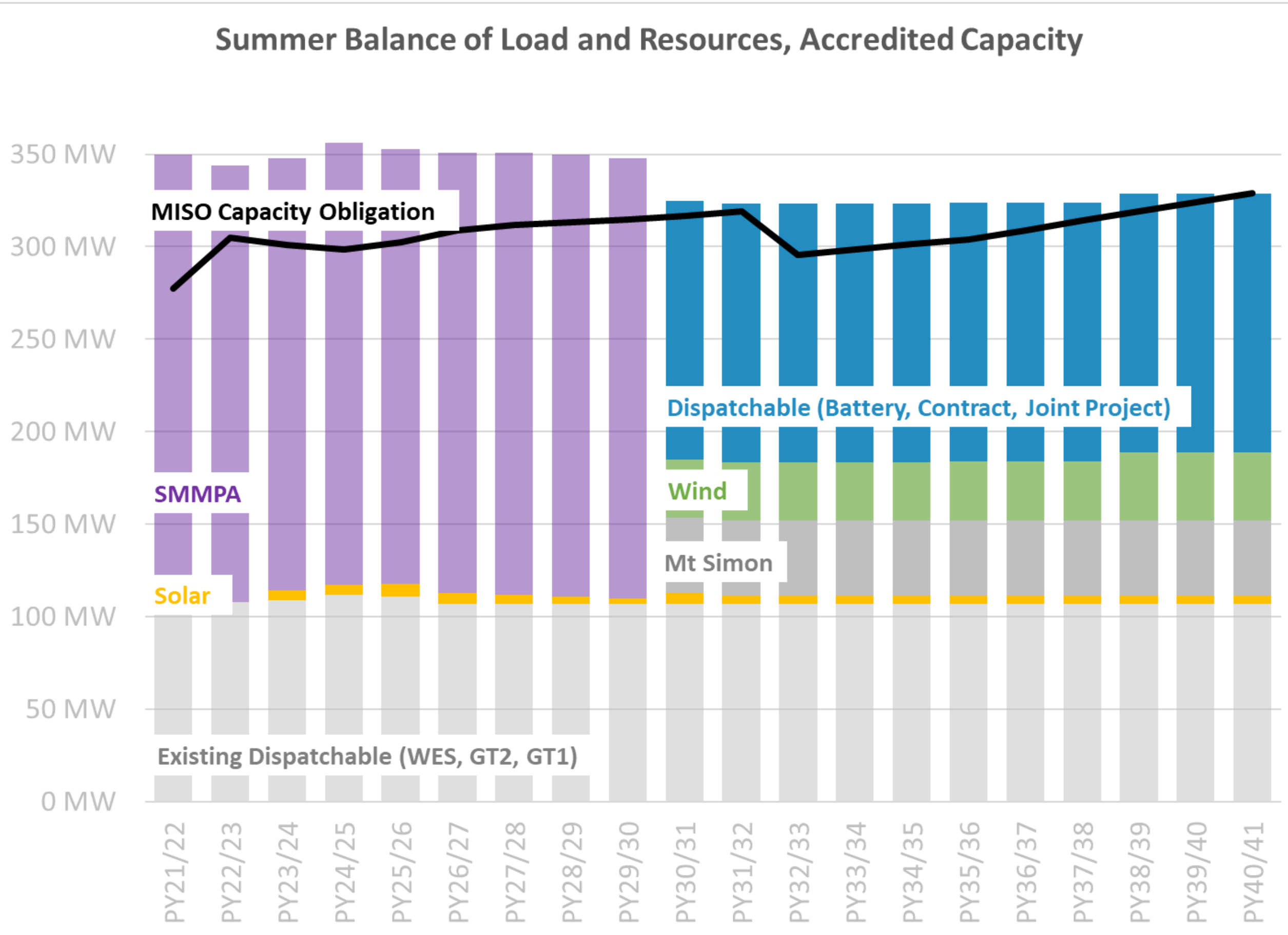
Hydro
3 MW



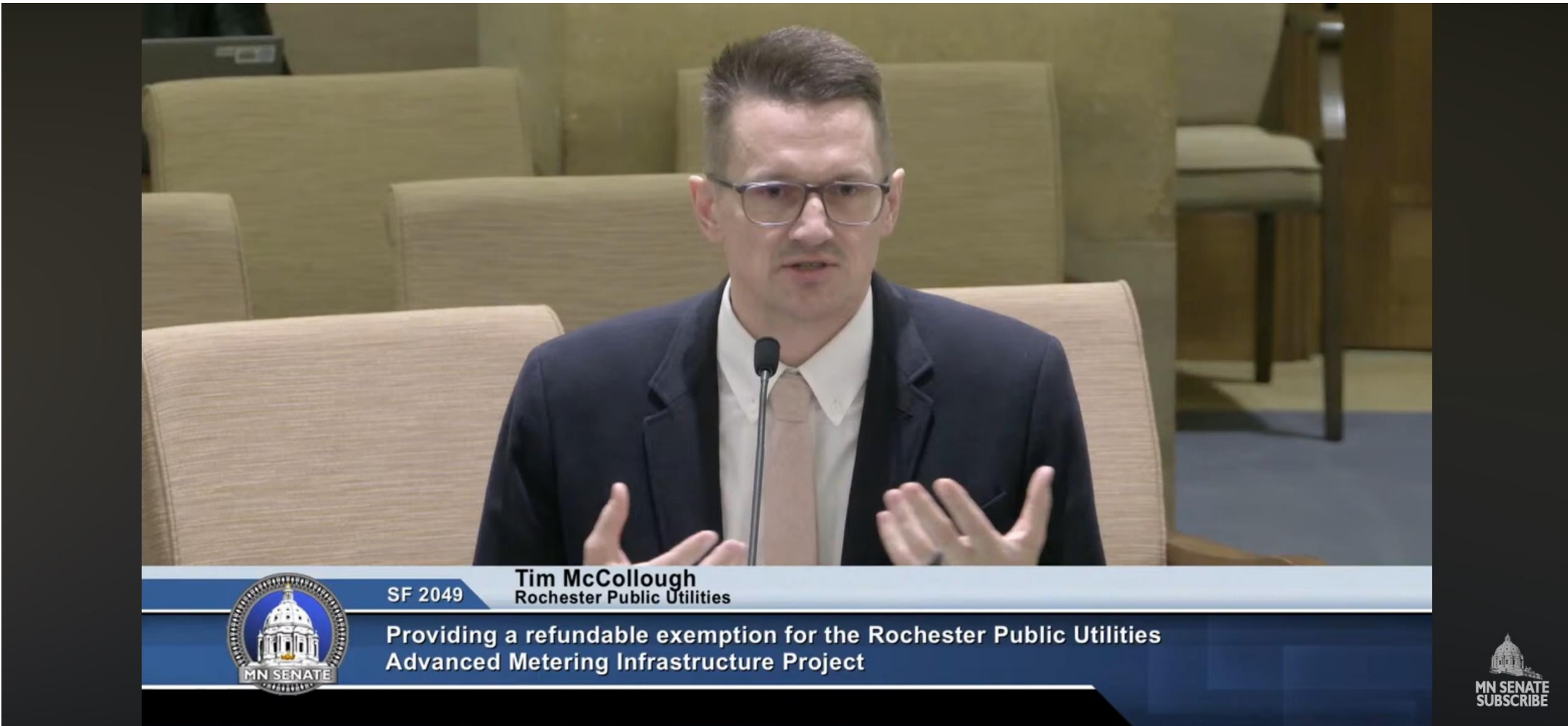
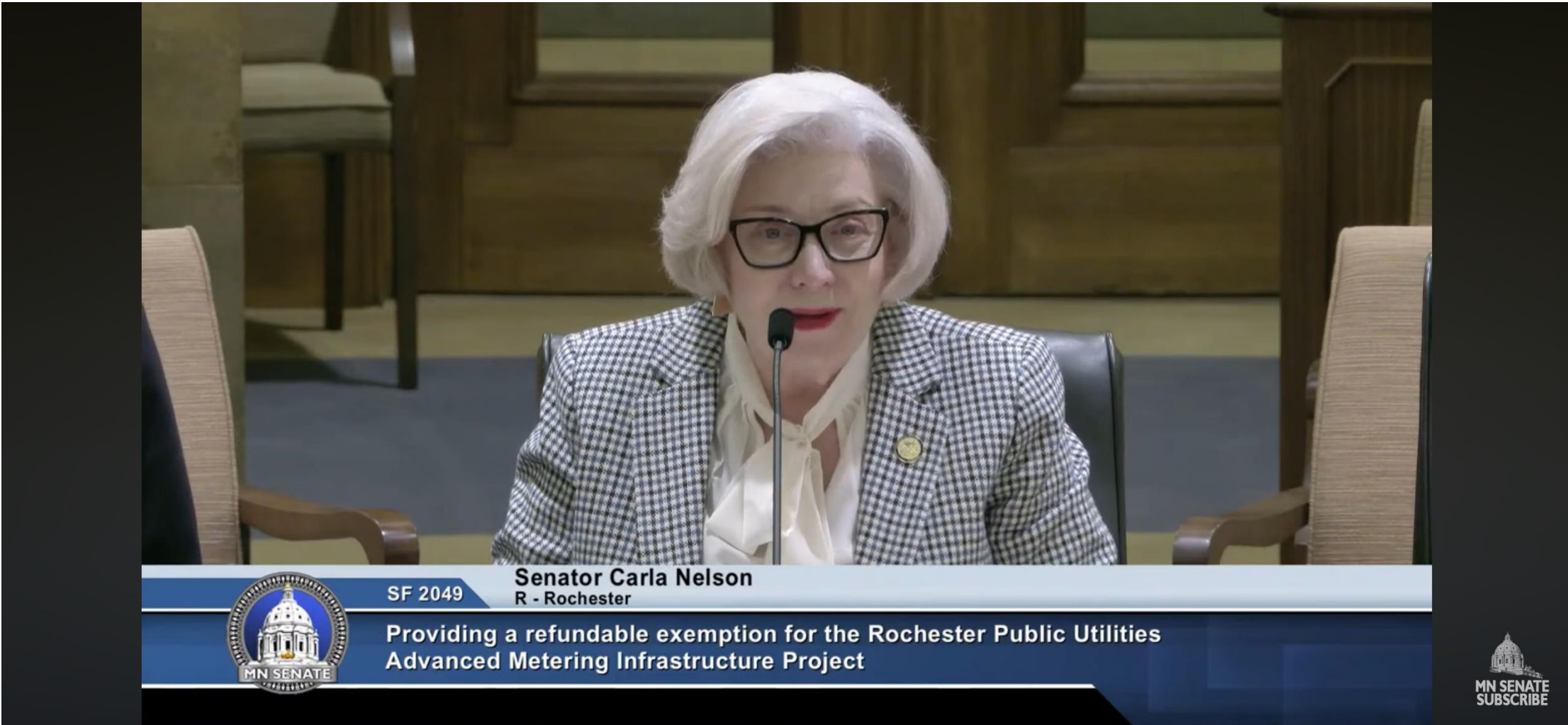
Continued Conservation



Power Supply Resource Plan | Reliable Capacity. Renewable Energy.



Legislative & Regulatory | State of Minnesota Update



Legislative & Regulatory | Federal Update

PRESIDENT DONALD J. TRUMP

The WHITE HOUSE



PRESIDENTIAL ACTIONS

REGULATORY RELIEF FOR CERTAIN STATIONARY SOURCES TO PROMOTE AMERICAN ENERGY

Proclamations | April 8, 2025

MAINTAINING ACCEPTABLE WATER PRESSURE IN SHOWERHEADS

Executive Orders | April 9, 2025

PROTECTING AMERICAN ENERGY FROM STATE OVERREACH

Executive Orders | April 8, 2025

ZERO-BASED REGULATORY BUDGETING TO UNLEASH AMERICAN ENERGY

Executive Orders | April 9, 2025

STRENGTHENING THE RELIABILITY AND SECURITY OF THE UNITED STATES ELECTRIC GRID

Executive Orders | April 8, 2025



Legislative & Regulatory | State of Minnesota Update

- **Regulatory Actions to Monitor**

- **[Oppose]** [Docket 23-151](#) **Changes to the Renewable Energy Standard and the Newly Created Carbon-Free Standard** [*Department of Commerce Opinion*] - The Department of Commerce submitted an opinion on the Carbon Free Standard (CFS) adopted by the Legislature in 2023 that recommends an hourly matching compliance mechanism for Environmental Attribute Certificates.

- **Legislative Actions to Monitor**

- **[Oppose]** [SF 434](#) **Right of First Refusal (ROFR) Repeal** [*Matthews, Lucero*] - No hearing scheduled. Relating to energy; Eliminating certain incumbent electric transmission owner rights; repealing Minnesota Statutes 2024, section 216B.246.
- **[Monitor]** [SF 572](#) [HF 9](#) **Hydro, Nuclear, Fossil Demolition, Energy Sales Tax Expansion** [*Swedinski, Niska*] - Hearing 2/11/2025. Hydroelectric capacity that qualifies as an eligible energy technology under the renewable energy standard modified; electric utility requirements relating to energy, solar, or carbon-free standards delayed under certain conditions; and sales tax exemption for residential heating fuels and electricity expanded. **Potential impact to Silver Lake Plant decommissioning.**
- **[Monitor]** [SF 486](#) [HF 771](#) **Supplemental Energy Assistance Appropriation** [*Dibble, Hoffman*] - No hearing scheduled. Relating to energy; appropriating money for supplemental energy assistance; requiring an annual report; proposing coding for new law in Minnesota Statutes, chapter 216C.
- **[Monitor]** [SF 1142](#) [HF 845](#) **Various Provisions Modifying Net Metering** [*Rarick, Hoffman, Swedinski, Baker*] – Passed out of House committee on a partisan vote. Senate has referred bill to the committee.
- **[Strong Support]** [SF 2049](#) [HF 1760](#) **RPU Advanced Metering Sales Tax Exemption** [*Nelson, Boldon, Smith, Liebling*] – Senate Committee hearing scheduled for Mar 26.



TAPS Group | Conference Report



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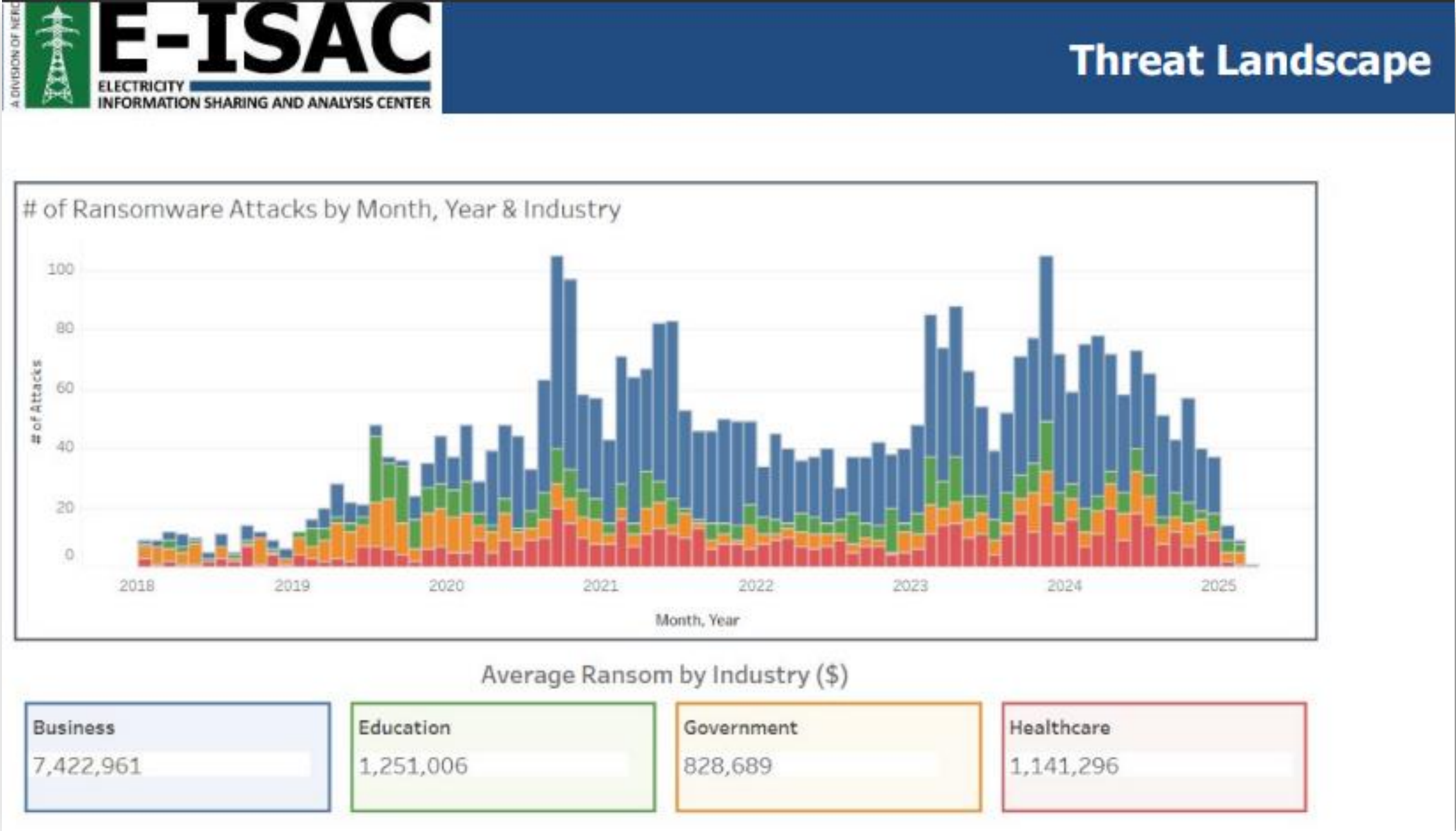
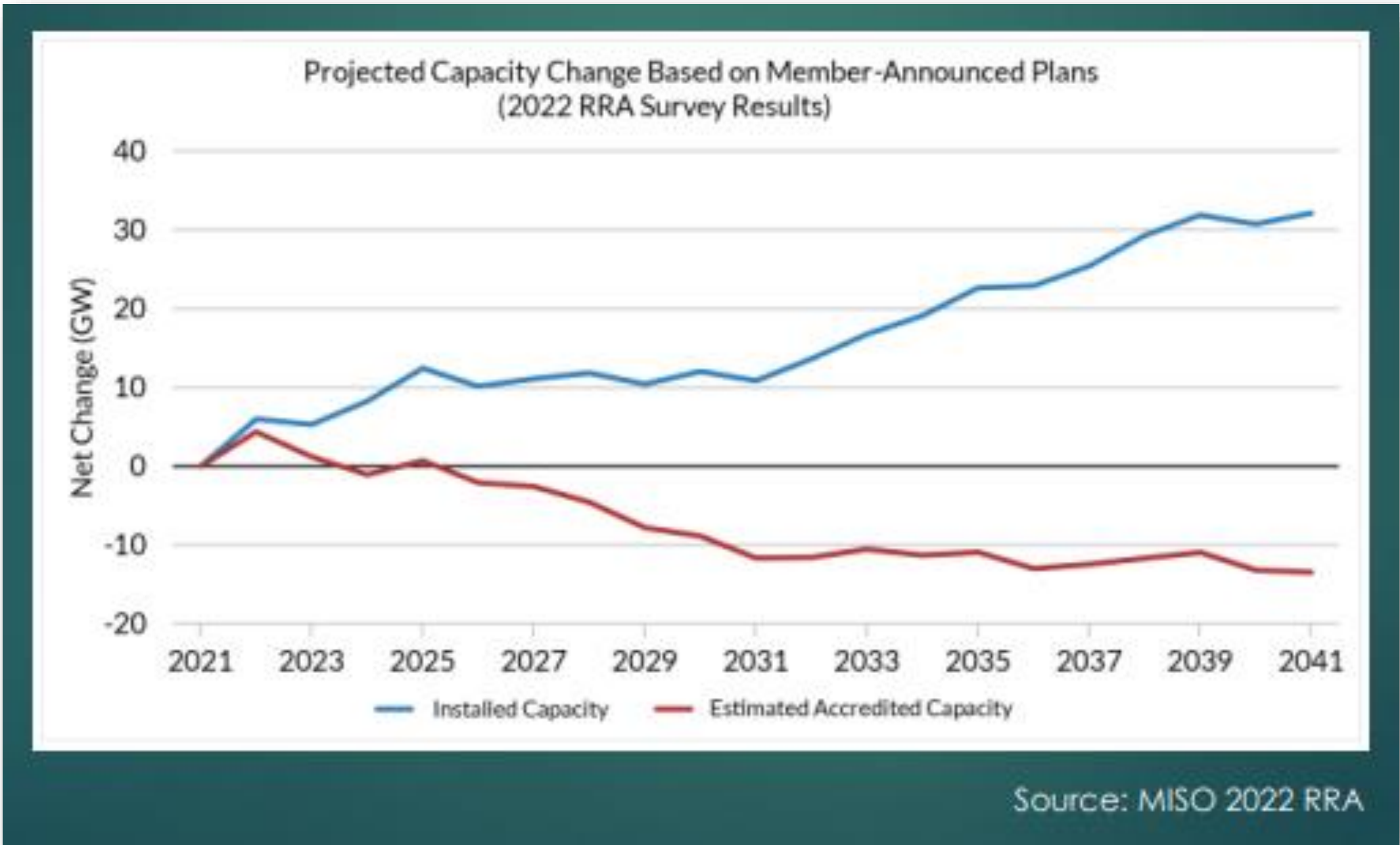
[Members](#)

[Policy Papers](#)

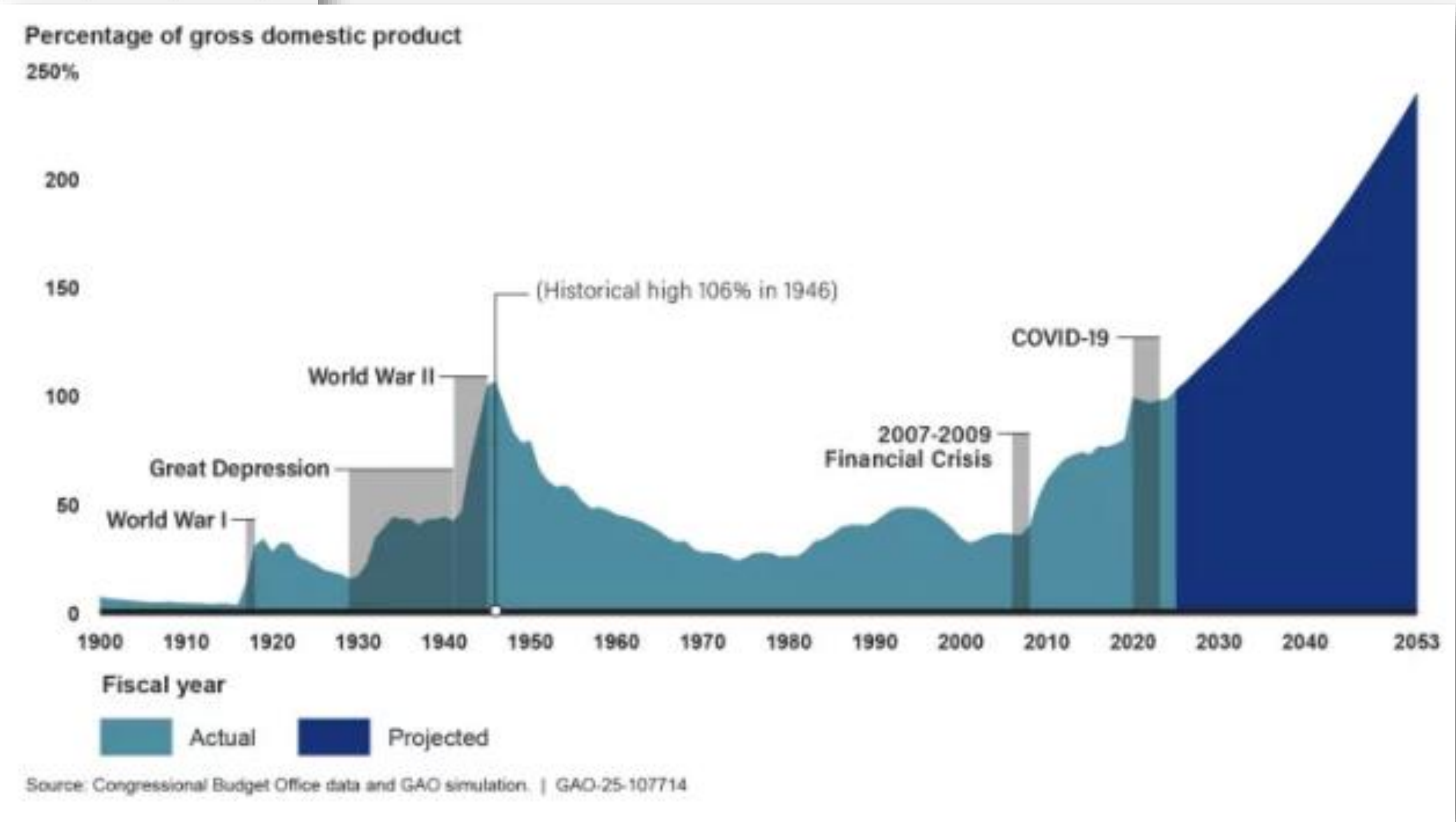
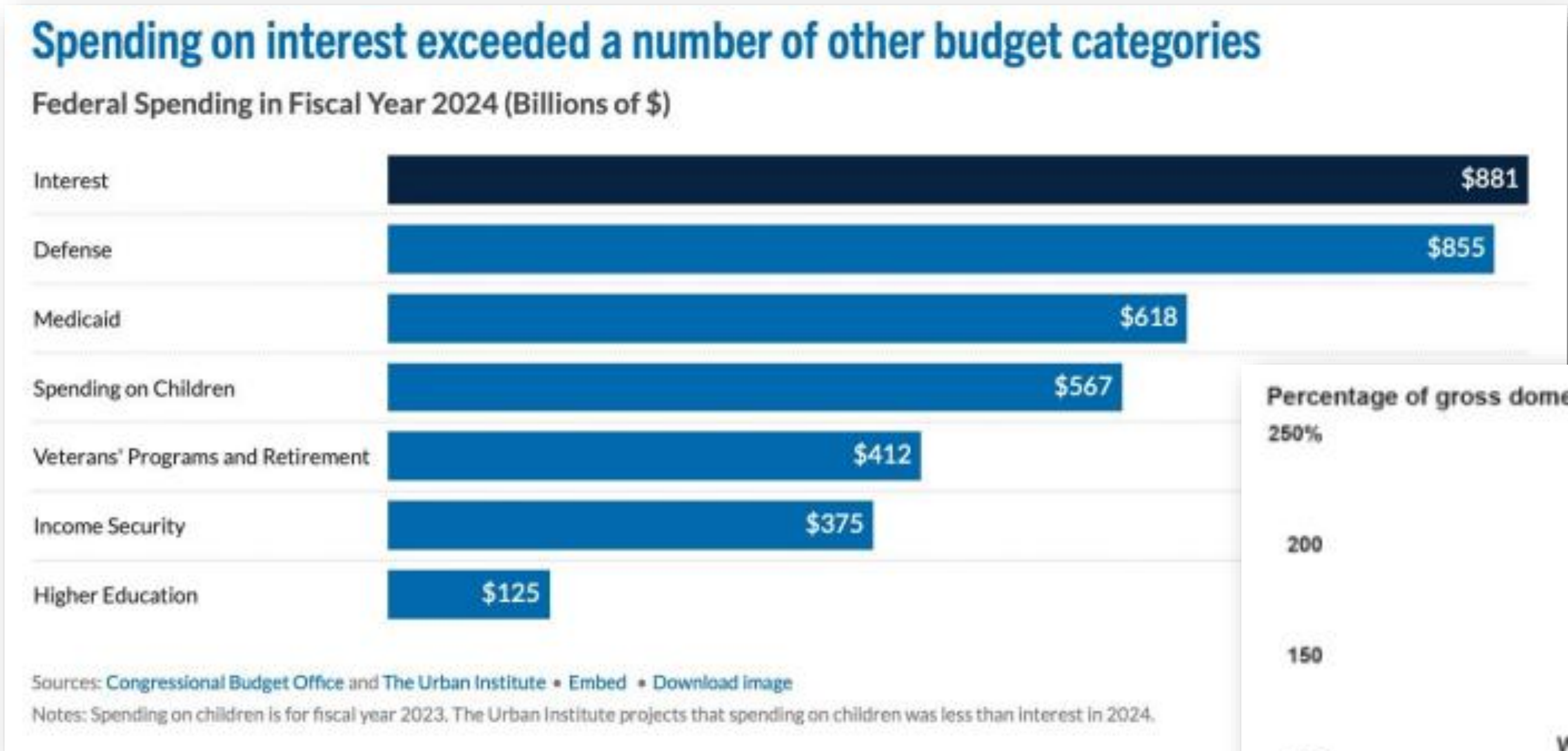
[Contact](#)



TAPS Group | Energy Market Capacity & E-ISAC Threat Landscape



TAPS Group | Bleak Federal Budget Outlook



- Speculations abound in what tools will be used to close the gap in the Federal Budget reconciliation effort.
- Tax-exempt Bonds? | ITCs? PTCs? | LiHEAP?



EXCLUSIVE

White House asked FERC's Phillips to step down

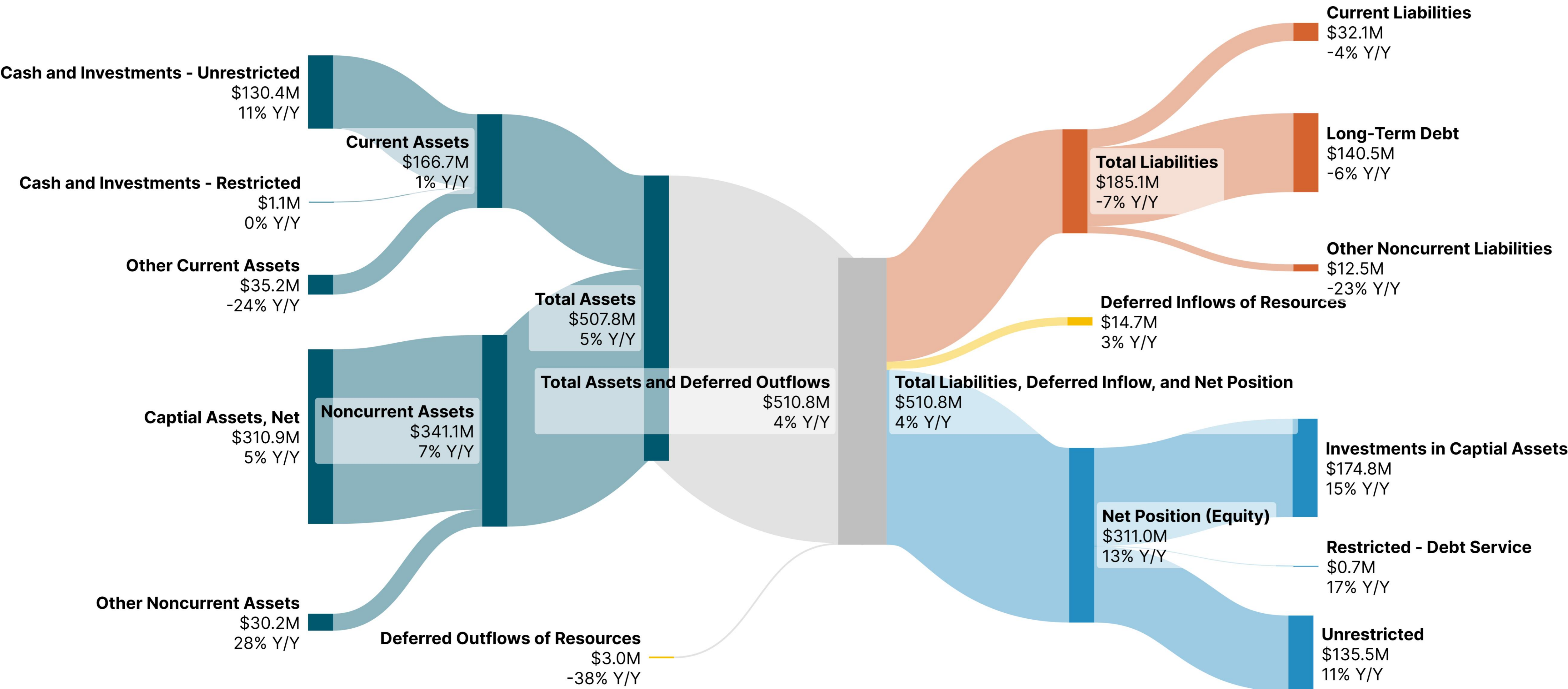
His exit from the commission will leave a 2-2 partisan split, and allow President Donald Trump to tap a replacement commissioner.



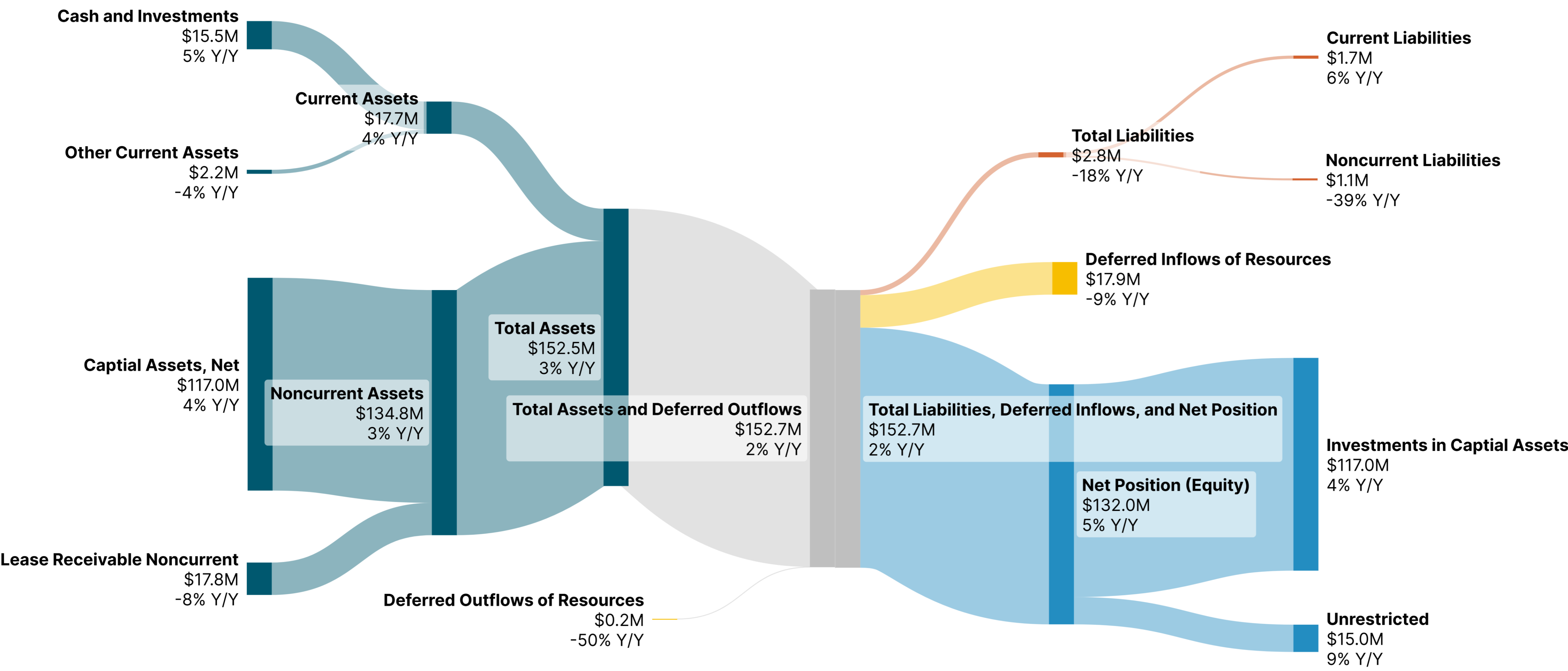
Willie Phillips of the Federal Energy Regulatory Commission speaks last year on Capitol Hill. | Francis Chung/POLITICO



Financial | Statement of Net Position, FY2024 – Electric



Financial | Statement of Net Position, FY2024 – Water



People | 2025 Retirements

 <p>Matt Mueller Project Engineer Adv. Notice – 9/25/24 8/28/08-4/2/25 (16.6)</p>	 <p>Ted Mason Utility Technician Adv. Notice – 2/7/25 6/5/00-6/20/25 (25.0)</p>	 <p>Dan Helmbrecht First Class Lineworker Adv. Notice – 2/5/25 7/16/86-6/25/25 (38.9)</p>
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Financial | External Funding Opportunities Update

TITLE	DESCRIPTION	AMOUNT	STATUS
<u>Rural and Municipal Utility Advanced Cybersecurity Grant (RMUC)</u>	Grant to extend IT security monitoring at substations.	\$236,000	Awarded – 2023 Materials Received
<u>Board of Water and Soil Resources (BWSR) Pollinator Pilot</u>	Board of Water and Soil Resources (BWSR) pollinator funding opportunities for utilities.	\$110,000	Awarded – 2024 1 st year Work Complete Reimbursements
<u>MN Department of Commerce Energy Benchmarking Grant</u>	Grant for municipal utilities to implement the building energy benchmarking legislation from the 2023 session.	\$321,631	Awarded – 2024 Reimbursements
<u>FEMA & MN Emergency Funds</u>	Received notice that the estimates again fell below the Federal \$750k threshold	\$108,750	Awarded – 2025 Reimbursed
<u>MN Electric Grid Resilience Grants Program</u>	<p>The MN EGRG Program created by the State Legislature (Minn. Law Chapter 60—H.F.No. 2310. Article 12. Sec. 72.), is designed for eligible electric utilities to increase their electric grid resiliency by preparing for, adapting to, or minimizing the consequences of extreme weather or malicious physical or cyber-attacks.</p> <p>A total of \$5.3M is available; the maximum award to eligible entities is \$250k. There is no match required for the funds. Three project concepts were submitted in November 2024:</p> <ul style="list-style-type: none"> • Lake Zumbro Hydroelectric Dam Backup Communications (\$26k) • Substation Videocamera Infrastructure (\$99k) • Substation Thermal Camera Infrastructure (\$250k) 	\$100,000 (of \$375,000 requested)	Awarded – 2025
<u>Lead Service Line Replacement Program via Public Facilities Authority</u>	Rochester Public Utilities has submitted a 2025 Lead Service Line Replacement Program projects on the Intended Use Plan (IUP) Drinking Water State Revolving Fund for construction in 2025.	\$1,021,000 (of \$26M that will be requested by 2028)	Awarded - 2025
<u>Inflation Reduction Act (IRA) Direct Pay Tax Credits</u>	Direct pay tax incentives now available to tax-exempt entities through up front investment tax credits or through production tax credits on renewable and other projects (batteries)	\$90,000,000	Exploring opportunities with the Power Supply Plan



What's Ahead

Fri May 9, 2p – 6p	Drinking Water Week Open House	Board - TBD	Apache Mall Tower
Wed, May 14	SMMPA Board Meeting	McCollough	New Prague, MN
Tue, May 20	**RPU Board Meeting**	Board – All, McCollough	RPU
Sun, Jun 8 – Wed, Jun 11	APPA National Conference	McNeilus, Hogan	New Orleans, LA
Sun, Jun 8 – Wed, Jun 11	AWWA National Conference	Turri, McCollough, Blomstrom	Denver, CO
Wed, Jun 11 – Thu, Jun 12	MRO Q2 Board Meeting	McCollough	St. Paul, MN
Tue, Jun 24	RPU Board Meeting	Board – All, McCollough	RPU
Wed, Jul 9	SMMPA Board Meeting	McCollough	Preston, MN
Tue, Jul 29	RPU Board Meeting	Board – All, McCollough	RPU
Tue, Aug 5	RPU Special Board Meeting - Budget	Board – All, McCollough	RPU
Wed, Aug 13	SMMPA Board Meeting	McCollough	Princeton, MN
Mon, Aug 18 – Wed, Aug 20	MMUA Summer Conference	Board – TBD, McCollough	Rochester, MN
Tue, Aug 26	RPU Board Meeting	Board – All, McCollough	RPU
Wed, Sep 10	SMMPA Board Meeting	McCollough	Redwood Falls, MN
Tue, Sep 30	RPU Board Meeting	Board – All, McCollough	RPU



QUESTIONS