



General Manager's Report

June 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**

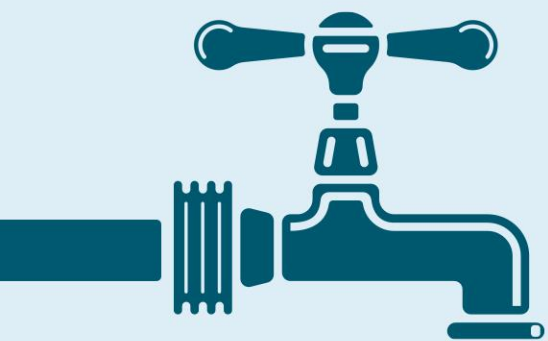
**131
YEARS**

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

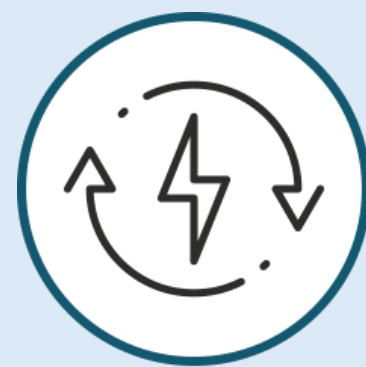


RELATIONSHIPS



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

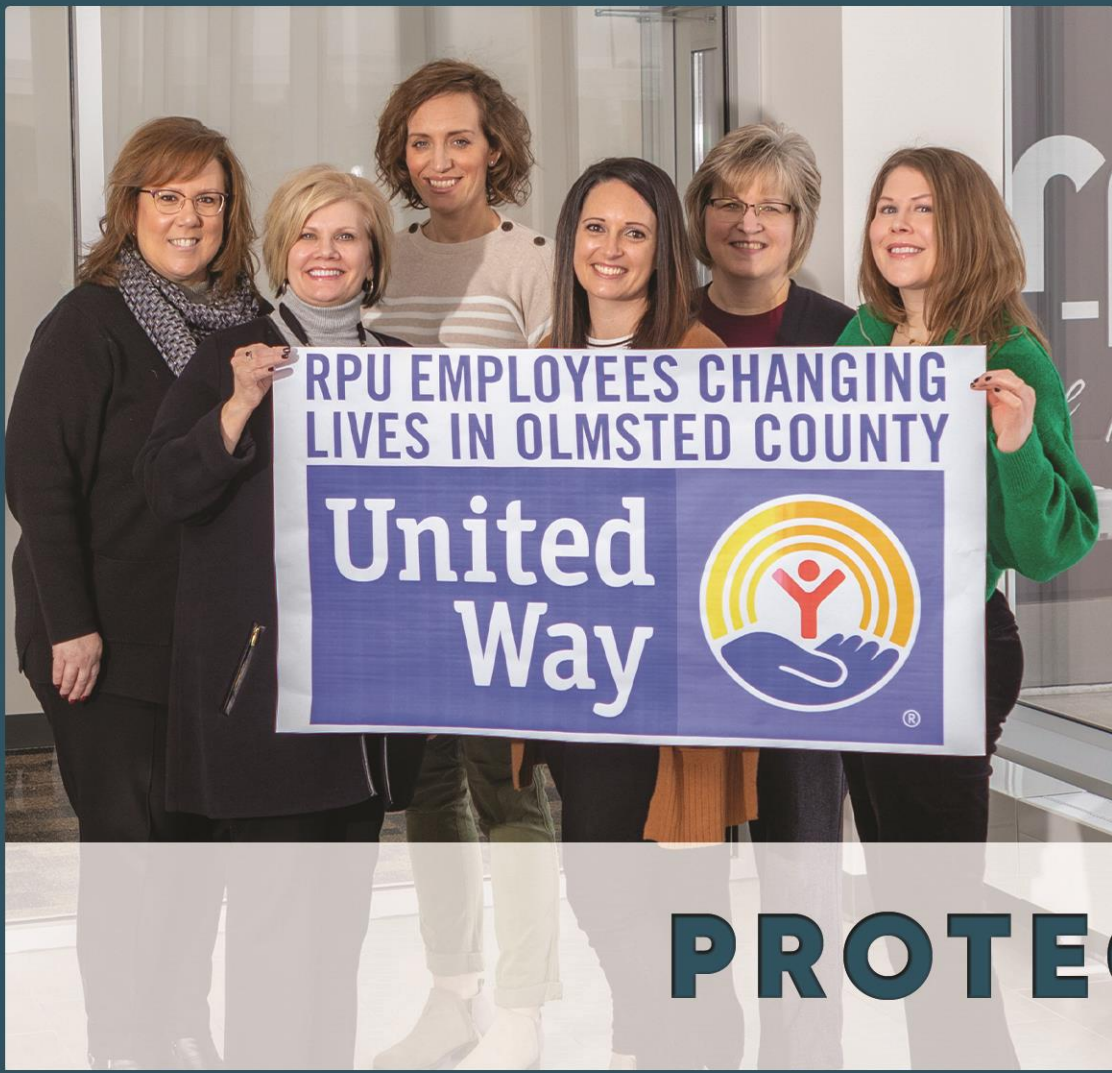
Empowered and Customer-Focused Employees



REPUTATION

Engaged with Our Community





CARE FOR THE ENVIRONMENT.



RESPECT EVERYONE.

TAKE OWNERSHIP.



LEAVE A POSITIVE IMPRESSION.

CONTINUE IMPROVING.

Meeting Reports & Current Activity

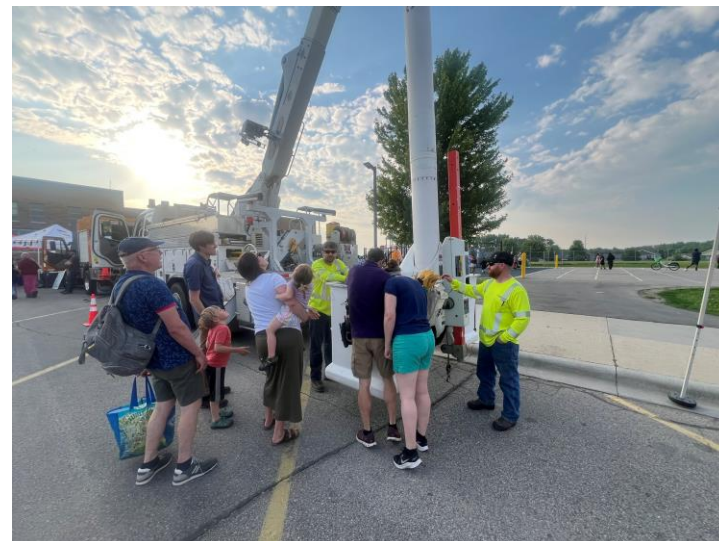
- **Monthly Highlights**
- **SMMPA Board Meeting Report**
- **AWWA National Conference Report**
- **Legislative & Regulatory Update**
- **Major Projects Status Updates (Separate File)**





Monthly Updates | June 2025

Eggs & Issues: Powering Our Region: Tim served as a panelist at the Rochester Area Chamber of Commerce's Eggs & Issues: Powering the Rochester Region, Energy and Utilities. The event brought together local energy and utility leaders to discuss how policy decisions, global trends, and increasing demand are shaping the future of our region's power supply.



Safe City Nights: RPU participated in the first Safe City Nights event of the season with a booth and a bucket truck display. These events provide a valuable opportunity to engage with the community, and we're looking forward to being part of the remaining events throughout the summer.

Rochester Electrified Home & Vehicles Show: RPU will participate in the Rochester Electrified Home & Vehicles Show on Saturday, June 28 at the Olmsted County Fairgrounds. Staff will be on hand to share information on electric vehicles, solar energy options, available rebates, and the Bring Your Own Device (BYOD) smart thermostat program. This event is a great opportunity to engage with customers interested in energy efficiency and electrification.



KROC News-Talk Segment: Tim is featured in a monthly segment with Andy Brownell on News Talk KROC 1340 AM, airing the third Wednesday of each month shortly after 5:00 p.m. Recordings are also available on krocnews.com. Recent topics have included the Lead Service Line Replacement Program (May), the Marion Road Duct Bank Project (June), and Advanced Metering (upcoming in July). This ongoing segment provides a valuable platform to highlight key initiatives and keep customers informed about the work happening at RPU.

Employee Accomplishments | June 2025



First Class Line Workers Jeremy Casey, Bowdrie Kimery, and Nick Mensink completed their four-year state-required apprenticeship and passed their Journeyman test.



Safety Technician Jim Simpson earned the Associate Safety Professional (ASP) designation, an important first step toward becoming a Certified Safety Professional.

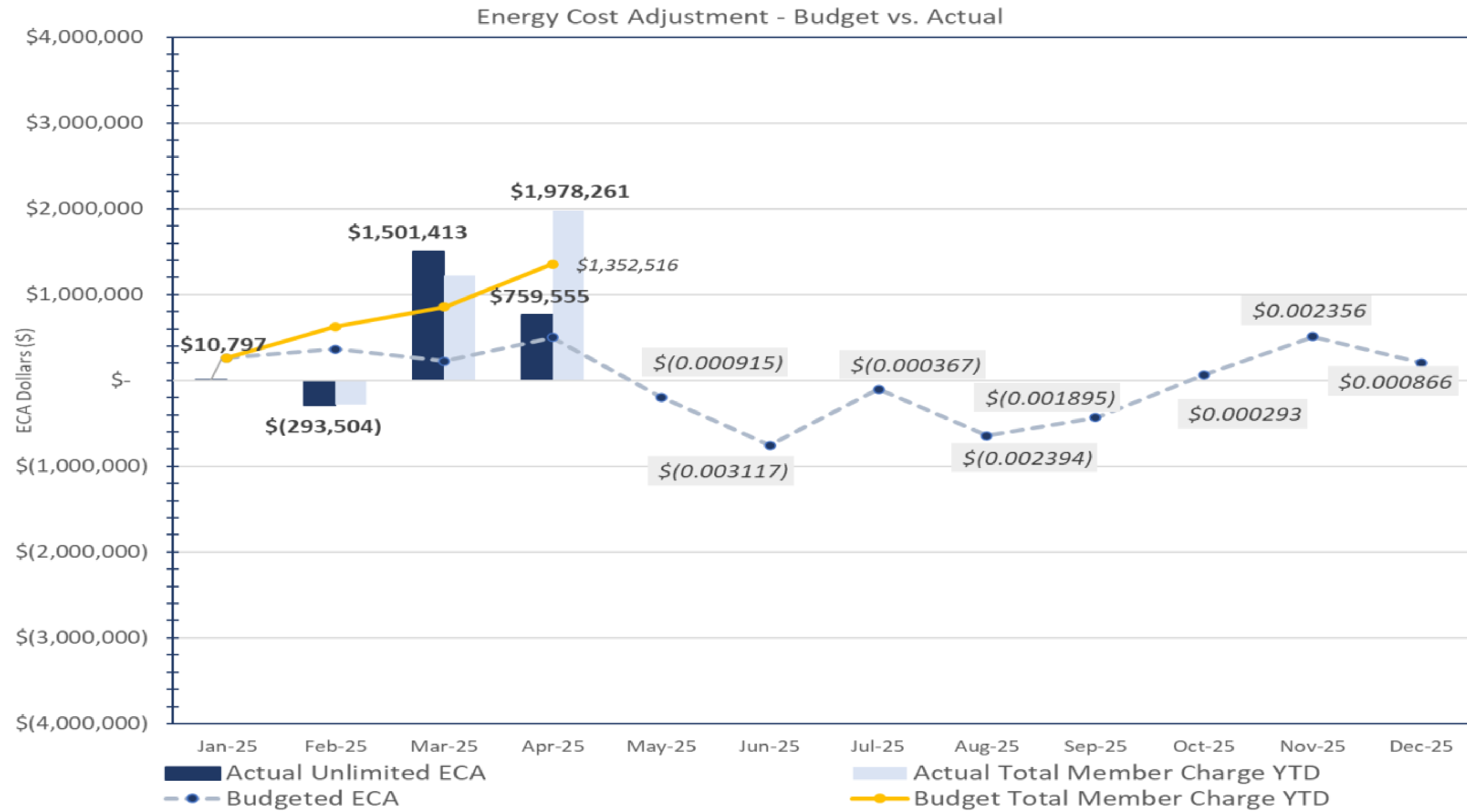


Electrical Engineer Priyanka Lama earned her Master of Science in Electrical Engineering from Iowa State University.



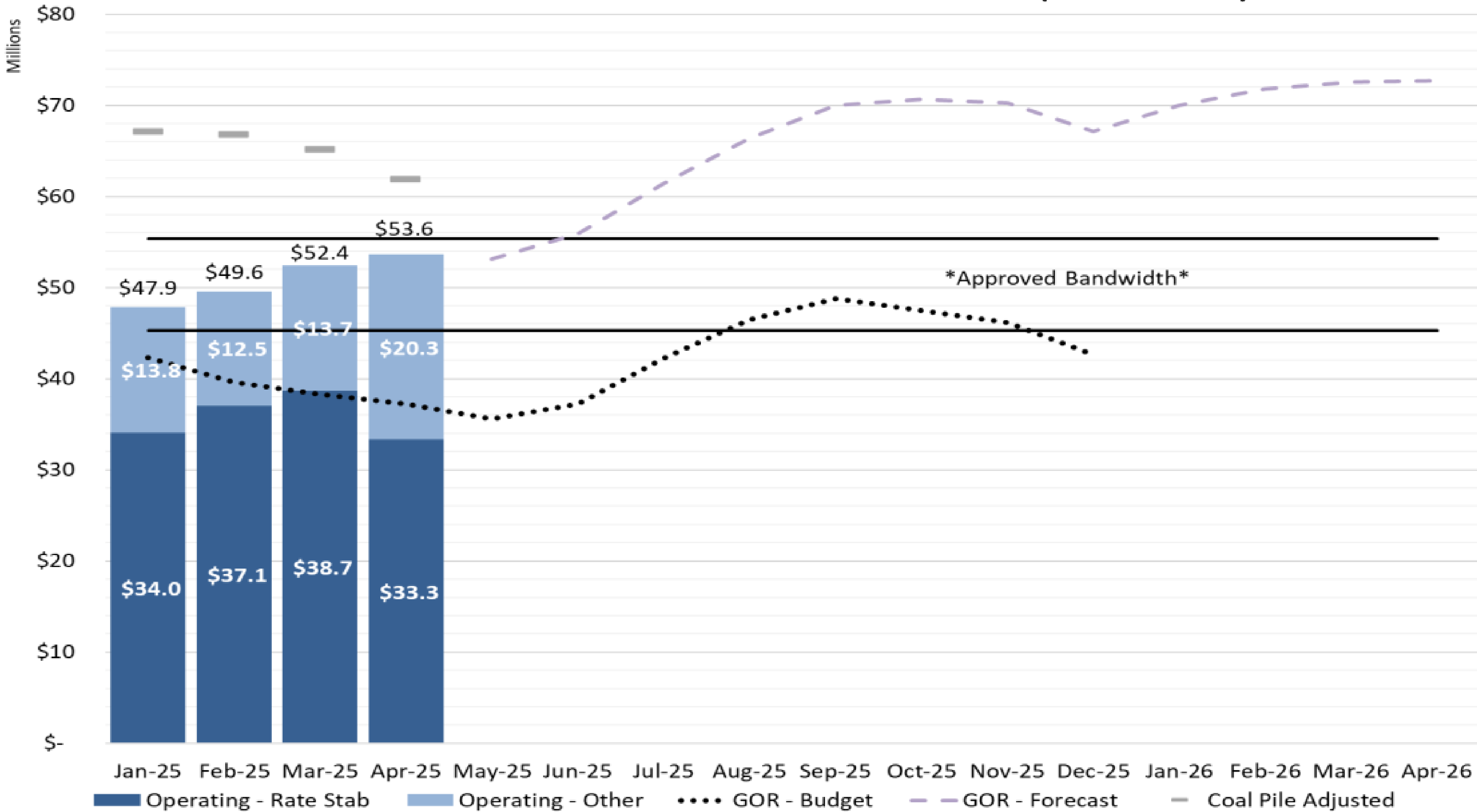


SMMPA | Energy Cost Adjustment



SMMPA | General Operating Reserves

Cash Basis Actuals and Forward Look (\$ millions)



AWWA National Conference Report | Denver, CO

ACE25 | American Water Works Association

8 June - 11 June



ACE25 is a four-day conference and three-day trade show event, organised by the American Water Works Association (AWWA), where water sector professionals gather to learn, connect and be inspired to solve today's global water challenges.

Detailed updates will be provided verbally in the meeting.



Legislative | 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.



Legislative | Federal Budget Reconciliation Bill – Senate Version

- **Wind and Solar:** The bill would phase out the Section 45Y and 48E credits for wind and solar facilities more rapidly than current law.
 - Projects starting construction in 2025 can claim the full credit.
 - Projects starting in 2026 can claim 60%
 - Projects starting in 2027 can claim 20%.
 - No credits would be available for projects starting construction after 2027.
 - Prevents homeowners who lease solar panels from claiming the residential tax credit (Section 25D).
- **Battery Storage:** The bill extends the full value of the technology-neutral investment tax credit (Section 48E) for battery storage projects through 2033, with a gradual phase-out until 2036.
 - But redefines and tighten restrictions on **prohibited foreign entities for renewable energy credits** under the Inflation Reduction Act (IRA). The restrictions could apply to the entire supply chain to affect the components, finished products and facilities. Taxpayers must assess their compliance with the new definitions of "**prohibited foreign entity**," "**specified foreign entity**" and "**material assistance**" to avoid penalties and ensure eligibility for tax credits.



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

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
Wed, Aug 20 – Thu, Aug 21	MRO Q3 Board Meeting	McCollough	St. Paul, MN
Tue, Aug 26	RPU Board Meeting	Board – All, McCollough	RPU
Wed, Sep 10	SMMPA Board Meeting	McCollough	Redwood Falls, MN
Mon, Sep 22	SMMPA Budget & Rates Workshop	McCollough	Owatonna, MN
Sun, Sep 28 – Tue, Sep 30	TAPS Group Fall Conference	McCollough	Stowe, VT
Tue, Sep 30	RPU Board Meeting	Board – All, McCollough	RPU
Sun, Oct 12 – Wed, Oct 15	APPA Legal & Regulatory Conference	McCollough	San Diego, CA
Thu, Oct 16 – Fri, Oct 17	SMMPA Annual Meeting	Board – TBD, McCollough	Bloomington, MN
Tue, Oct 21	RPU Board Meeting	Board – All, McCollough	RPU
Sun, Oct 26 – Wed, Oct 29	AWMA Executive Management Conf	McCollough	Austin, TX





QUESTIONS