

The Owatonna Public Utilities Commission met in regular session in the Morehouse Conference Room at the Owatonna Public Utilities. Present were Commissioners Zirngible, Rossi, Johnson and Vetter. Also present were General Manager Warehime; Director, Finance & Administration Olson; Director, Engineering & Field Services Fenstermacher; Director, Information Technologies & Metering Baum; Manager, Gas/Water Operations Prokopec; Manager, Human Resources Madson; Supervisor, Accounting Linders; Executive, Communications & Administration Coordinator Schmoll; Accountant, Lori Jerpbak; and, GIS Coordinator, Shannon Petty. Other guests included Dave Geschwind and Jeremy Sutton, Southern Minnesota Municipal Power Agency and customer, Roger Wacek.

President Zirngible called the meeting to order and led the Pledge of Allegiance. He then asked for any changes to, and/or approval of, the agenda and consent agenda. The consent agenda items consisted of minutes from the July 23, 2024 Commission meeting and the contributed services report as of July 31, 2024. Commissioner Ross moved to accept the agenda and consent agenda items. Commissioner Vetter seconded the motion. All Commissioners voting Aye, the motion passed.

Committee Reports

Finance Committee - Commissioner Johnson reported the Finance Committee met, reviewed, and approved Vouchers totaling \$5,292,929.94. He further reported there were not any work orders closed during the month. Sixty-four work orders remain open for the year. All three utilities are doing well coming in above the budgeted plan for the year.

Personnel Committee – Commissioner Rossi noted the Personnel Committee did not meet in August. As the date of this meeting, OPU has gone 306 days without an OSHA recordable incident.

City Administrator' Report

City Administrator Busse was not in attendance to give a report.

SMMPA Update on Generation and Transmission

General Manager Warehime introduced Dave Geschwind, CEO, and Jeremy Sutton, Chief Operating Officer for the Southern Minnesota Municipal Power Agency (SMMPA). He noted, Mr. Geschwind and Mr. Sutton will discuss a capacity study, as well as local generation in Owatonna, and trends in transmission throughout the region. Mr. Geschwind discussed the need for new generation and how Owatonna is the prime location for that. He discussed the competing interests SMMPA is trying to address in addition to their obligations throughout Minnesota and the reliability commitments they have to the Mid-continent Independent Systems Operator (MISO). He noted, the state legislature passed a law in 2023 for utilities to be 100% carbon free by 2040. SHERCO 3 coal fired plant in Becker, MN, which SMMPA is a part owner of, is scheduled to be offline by 2030. One side of the issue is the energy transition and on the other side is reliability.

Mr. Sutton discussed the reason for a new combustion turbine. He discussed capacity versus energy noting capacity is required by regulation. He discussed different energy sources such as wind and solar and noted they are intermittent which allows for only a portion of their installed capacity to be counted towards what is available for energy output. Resources such as a combustion turbine are considered dispatchable meaning their energy output is much higher and they can be called upon at any time if additional energy is needed. He further discussed the mix of generation in the MISO territory noting SMMPA is required to cover the load capacity in their territory plus reserves. Mr. Geschwind explained the differences between accreditation in summer versus winter regarding renewable energy. Storage will be a big factor in meeting these loads, but it is not anticipated to be available at a utility scale for another 15-20 years. Wind and solar are the first resources to be exhausted when needing to cover load due to the low cost of producing these commodities. However, once the sun goes down, solar is no longer a viable option further making the case for the need for other capacity.

Mr. Sutton then discussed the process for finding a combustion turbine. After the RFP came back, he discussed the unit selected and discussed potential land plots in Owatonna where it could be located. He further discussed the construction timeline from start to finish including the air permitting process, supply chain lead times, and an impact study. The impact study was completed, and it was determined there are not any impact issues in this area. The whole process takes about 4 years. SMMPA asked the Commission to help come up with the name of this new generating unit. Commissioner Vetter inquired about the noise issues. Mr. Sutton explained the traits of the new turbine and noted outside the building there is not hardly any noise.

From an economic development standpoint, Owatonna has been asking SMMPA what Owatonna's ability is to serve additional load; how much load can the transmission system handle. Mr. Geschwind discussed a study conducted with Great River Energy to address this question. He discussed different scenarios, noted Owatonna has multiple transmission lines coming into town, and the impacts of losing one of those transmission lines. While there is still transmission coming into town, the voltage on the entire system needs to stay at a high enough level (above 95%) that it won't stress the system. One solution is to add a capacitor bank which is a lower cost option. With no generation load on in Owatonna, the system could support 50 MW with system adjustments (coordination from a system operator), no cost to do that. By adding a new capacitor bank at about \$3.2 million, without system adjustments, 40 MW could be supported which is about 50% of Owatonna's load today. With system adjustments, 95 MW could be supported. If a company wanted to bring a 200 MW load to town, the capacitor bank could not support that so other options would have to be looked at.

General Manager/Staff Report

General Manager Warehime introduced Shannon Petty, OPU's GIS Coordinator. Mr. Petty demonstrated to the Commission the new job site briefing process he developed using OPU's GIS system.

Mr. Warehime updated the Commission on the history book noting it is in the printing process and the final logo has been signed off on.

Mr. Warehime updated the Commission on the Bridge St. Building noting Viracon has determined they will need the space for additional expansion plans and how it will impact their warehouse. They cannot give up the space OPU was looking to use. OPU will no longer be pursuing purchasing this facility.

Commission Roundtable

Commissioner Rossi thanked the other Commissioners for their hard work on the annual review for the General Manager.

Audience Comments

Due to the length of the meeting, Mr. Wacek will email his comments.

Adjournment

There being no further business to come before the Commission, the meeting adjourned at 5:48 p.m.

Respectfully submitted,

Tammy Schmoll
Executive, Communications and Administration Coordinator