



ANNUAL REPORT

2023–2024

A MESSAGE FOR OUR FRIENDS

Over the past three years at MMUA, we've done a lot of work to take things to the next level. You might say our strategic plan has been the transformer—and we are energized! With the support of MMUA's members, the staff and volunteers have been empowered to make changes that position the Association to grow and lead for years to come. Thank you. With your help and the engagement of our Board of Directors, we have worked hard and been creative in searching for ways to bring you better services and representation while improving our operational processes. As we enter into the second half of this decade, MMUA has the systems in place to deliver what members need from the classroom to the Capitol.

But the work isn't done yet—not even close. We will continue to expand our offerings so every utility employee can benefit and learn through our programs. We will find new ways to help you articulate the unique value of hometown utilities to your communities. We will fight to protect the municipal model in St. Paul and beyond. Really, the hard work has only just begun.

It's a pleasure to serve the people of Minnesota alongside you. Thank you for supporting our mission!



Julie Kennedy
*President, MMUA Board
of Directors*



Karleen Kos
CEO, MMUA

MMUA strategic plan

MMUA unveiled a new strategic plan in 2022 with the goal of enhancing our leadership position and fostering growth while focusing intently on the needs of municipal utilities. The plan features five strategic pillars to guide the work of our organization through 2027. This annual report is organized to represent what we have done to honor those pillars in 2023–24. The strategic pillars are listed below.



- Effective Public Policy Advocacy
- Strategic Preservation of Local Control
- Best-in-Class Programs and Services
- Excellence in Member Benefits
- Efficient Association Operations

Effective Public Policy Advocacy

MMUA's strategic plan focuses on strengthening public policy advocacy by prioritizing state-level utility initiatives, partnering with allied organizations for joint policy influence, and creating a resource library for municipal utility leaders. Additionally, MMUA hosts regional meetings and develops educational materials to deepen understanding of emerging policy issues. Here are some efforts MMUA made this year toward these goals.

Key legislative messages

- **Hometown utilities are reliable, affordable, and sustainable.** Municipal utilities provide excellent services responsibly and reliably, directly to their communities.
- **We are Main Street not Wall Street.** The municipal utility model keeps profits within the community.
- **Municipal utilities are different than investor-owned utilities and cooperatives.** While we share many objectives with our counterparts, municipal utilities have different needs and capabilities than other utility companies—one size does not fit all.



MMUA's Kent Sulem testifies before the House Climate and Energy Finance and Policy Committee alongside Representative Patty Acomb.

Interacting on the Issues

The MMUA Government Relations team hosted another series of gatherings for utility leaders, commissioners, and council members in 2024.



The meetings covered implications of the legislative session and other hot topics related to strengthening municipal utilities.

Virtual Legislative Conference

The only major winter storm of 2024 forced MMUA's Legislative Conference into a virtual environment this year. Over the course of the two days, participants heard from the Government Relations team as well as from the two scheduled keynote speakers, Dr. Pete Wyckoff of the Minnesota Department of Commerce Division of Energy and Mark Teklinski of the Midwest Renewable Energy Tracking System.

Effective Public Policy Advocacy

The MMUA Board of Directors and our Government Relations team, along with the Government Relations Working Group of member utility leaders, developed a list of legislative priorities for the 2024 session. Here is a brief synopsis of issues relevant to MMUA members.

| Issue | Summary |
|--|---|
| Critical Infrastructure Protection (CIP) rules for data mining | A growing number of Minnesota municipal utilities are becoming home to large data mining centers. These centers are usually designed to be as efficient as possible, making it difficult to find the increased energy saving offsets required by the state's CIP standards. MMUA successfully lobbied to exempt data mining related to cryptocurrency from the CIP requirements of Minnesota Statutes if the operation increases the utility's load by at least 40 percent. |
| CIP rules for gas utilities | An oversight in drafting the Energy Conservation and Optimization (ECO) Act of 2021 resulted in municipal gas utilities having a higher CIP goal than investor-owned utilities. MMUA successfully lobbied for lowering the CIP goal for municipal gas utilities to 1.0 percent. |
| Bonding bill | The proceeds of state-issued bonds are used in part to fund important projects and programs that assist municipal utilities—particularly water and wastewater utilities. Even-numbered years are traditional bonding years for the legislature, and MMUA supported efforts to get a bill passed; however, the vote required to pass the bill did not occur due to the politics surrounding the end of the 2024 legislative session. |
| Nuclear moratorium | MMUA supports exploring all sources for producing clean and renewable energy. To allow for meaningful dialogue on expanding carbon-free resources, MMUA believes the 1994 legislative moratorium on the siting of new nuclear reactors should be repealed. MMUA supported an effort in the Senate to study the issue, but the measure was not included in the final omnibus bill. |
| Excavation | The Association of General Contractors pushed hard for changes to laws governing excavation near underground utilities, claiming utilities do not locate on time, thus causing work delays. MMUA supported changes that would improve safety, and we blocked or amended proposals that would have forced unwarranted requirements on utilities. |
| Per- and polyfluoroalkyl substances (PFAS) | MMUA, along with other municipal advocates, continued its efforts to keep responsibility for PFAS pollution on producers, not on water and wastewater utilities. Many utilities did their parts to advance the state's PFAS blueprint by testing facility influent to help identify PFAS sources in their communities. Without passing further mandates on utilities, the legislature ordered a study to determine how to hold sources accountable and allocated more funding for local governments to identify and reduce sources. |
| Minnesota Public Utilities Commission (MPUC) measures for solar customers | After complaints over Xcel Energy delaying customer solar interconnections, advocates successfully pressured the MPUC to add an ombudsperson to its staff. They also succeeded in forcing an MPUC process to allocate interconnection-related utility upgrade costs across all customer beneficiaries, rather than requiring the first interconnecting cost causer to pay. MMUA led efforts to change the bill to apply only to state-regulated utilities; municipal utilities will continue to work through their own customers' issues and determine their own cost allocation methods. |
| MPUC Docket 23-251 | The MPUC opened this docket to interpret and enforce the revised renewable energy standard and the new carbon-free standard. MMUA has actively participated in this docket, submitting comments and testifying at hearings to protect the interests of municipal utilities. |

Strategic Preservation of Local Control

MMUA's five-year strategic plan is dedicated to preserving local control of utility services. Key goals include championing reliability, affordability, and sustainability within the municipal model, improving communications to underscore the benefits of local ownership, offering educational resources to enhance customer relations, and empowering local leaders to advocate for their hometown utilities.



MMUA members advocating for hometown utilities with Senator Amy Klobuchar's staff in Washington DC.

New resource: Model resolution for requiring a referendum

MMUA introduced a document to help communities organize around the issue of utility sales. In recent years, four Minnesota municipal utilities were sold without a required referendum. State law mandates a two-thirds affirmative vote from the community for such sales or closures, but this has not been enforced.

MMUA believes early awareness of referendum requirements empowers citizens in municipal cities. MMUA's model resolution provides a locally binding process that requires a two-thirds community vote before any sale or closure.

New service: Strategic planning consulting

Many utilities excel in financial and capital expenditure planning but may overlook holistic organizational planning for the future. MMUA offers tailored assistance for comprehensive utility planning, covering areas like community relations, education, workforce development, and sustainability.

Our services include research, data analysis, planning session facilitation, and the creation of customized strategic plans. We also help translate these plans into operational objectives with measurable outcomes.



Best-in-Class Programs and Services

MMUA's strategic plan outlines five-year goals for advancing municipal utilities employees' excellence, safety, and proficiency. This includes updating safety and training programs, enhancing communication and evaluation tools, tailoring services to diverse utility needs, collaborating with partner organizations, and establishing a capital replacement process for facilities to align with mission requirements.



Zero blackouts

After restructuring the Safety Management Program in 2022, MMUA has focused on eliminating gaps in program coverage due to staffing changes or other emergency circumstances. This year, MMUA added the Field Safety Services Coordinator position, whose role has been designed to ensure MMUA can fill gaps as needed. Other staff members have gained new skills so they can step into openings when necessary.

These steps provide program flexibility and responsiveness without compromising training and consulting time for participants. As a result, MMUA proudly reports "zero blackouts" in the Safety Management Program in 2024.



Expanded Apprenticeship Program

MMUA's Apprenticeship Program has recently grown through an important new partnership with the Minnesota Department of Labor and Industry (MN DOLI). This collaboration makes MMUA the official sponsor for the Lineperson Apprenticeship Program, easing the administrative load for utilities and facilitating a streamlined certification process for apprentices.

The program offers a robust curriculum featuring extensive on-the-job training, safety components, and tailored educational experiences. Its flexible, we-come-to-you approach allows for customized training that adapts to each utility's specific needs and apprentices' learning styles. With these advancements, MMUA remains at the forefront of developing skilled lineworkers and supporting municipal utilities in workforce development.

Students learn about locating at Underground School at the MMUA Training Center in Marshall.



MMUA's Jay Reading instructs on wood chipper safety at the Tree Trimming Workshop.



New program: Gas Circuit Rider Plus

The MMUA Gas Circuit Rider (GCR) program offers essential support for municipal gas utilities, focusing on Pipeline and Hazardous Materials Safety Administration (PHMSA) compliance. It provides technical training and regulatory assistance to ensure operators meet all requirements, including operator qualification and the Gas Distribution Integrity Management Plan (DIMP).

In 2024, MMUA is launching the Gas Circuit Rider Plus (GCR+) program, designed to complement the GCR core program with additional flexibility and customization. GCR+ allows utilities to purchase tailored sessions for:

- Training and evaluation
- Inspection assistance
- Operator qualification
- New employee training
- Leak inspection
- Program development and manual updates
- Regulator/meter assistance
- Other utility-specific topics

This initiative aims to enhance proficiency and support ongoing excellence in natural gas operations.

Excellence in Member Benefits

MMUA's strategic plan focuses on improving benefits for all members. Here are some benefits we have added or upgraded this year.

New MMUA website



For the first time in a decade, the MMUA website has undergone a major refresh. In June, MMUA launched a new, modern website and online membership platform. Improvements include an enhanced directory, robust library tools, and clearer service descriptions. The new Member Compass simplifies event registration, invoicing, and profile customization.

Grant assistance

This year, MMUA doubled down on its commitment to helping members access grant funds. We have spearheaded grant collaborations for federal GRIP funds and attained state funds that help us offer members expert assistance with grant applications and stewardship. With the addition of MMUA's Grant Development and Technical Support Coordinator, the Association has helped members gather information and edit applications for federal and state grants.

We have led a weekly series of webinars on the 40101(d) Grid Resiliency grant and the State Competitiveness Fund grants during the summer of 2024. Moving forward, MMUA will assist members in navigating reporting requirements and provide resources to simplify the grant application process.

Award-winning publication



The Resource, MMUA's flagship publication, was honored with an APPA Excellence in Public Power Communications Award of Merit in November 2023 for its bold new look and content. With a monthly circulation of 2,100, *The Resource* reaches members, legislators, and libraries, supporting MMUA's mission to unify and serve municipal utilities.



Human Resources webinars

MMUA introduced quarterly webinars to address HR topics relevant to municipal utilities.

These webinars aim to keep members informed about changes in HR law, pending legislation, and current trends. In addition, a new column in *The Resource* will provide further insights and updates on HR issues.

Members are encouraged to suggest topics and questions for future content. These initiatives enhance member engagement and ensure access to essential HR information and resources.

Efficient Association Operations

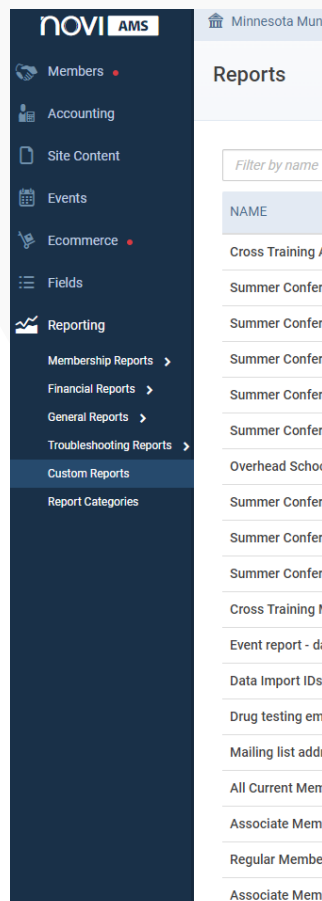
MMUA's strategic plan outlines a five-year vision for efficient association operations, staffed with competent and forward-looking professionals. Goals include implementing a strategic visioning and accountability process, enhancing staff development, clarifying and promoting the organization's brand, updating governance procedures, leveraging partnerships for efficiency, seeking grant funding, and optimizing financial policies. The plan aims to foster competence, innovation, and effectiveness while ensuring prudent management of resources and alignment with MMUA's mission.



Upping our organizational development game

Municipal utilities face a myriad of changes as populations shift and the grid moves to carbon-free generation. In 2024, MMUA introduced a new leadership role to help MMUA help you evolve.

In addition to routine HR duties at MMUA, the Human Resources and Organizational Development Manager will be spearheading a whole new approach to leadership development for municipal utilities, envisioning and implementing workforce changes with the help of a member-driven workforce development task force, and making sure member utilities have access to the information and data they need to stay on top of what is happening in the world of personnel.



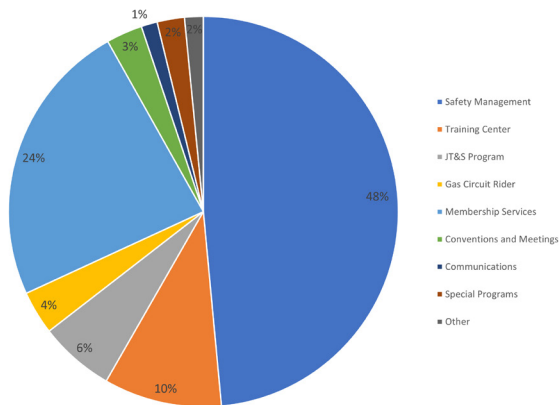
New Association Management Software

MMUA launched new association management software in 2024 alongside the new website. This modern system eliminates redundant processes and enhances the organization of member data.

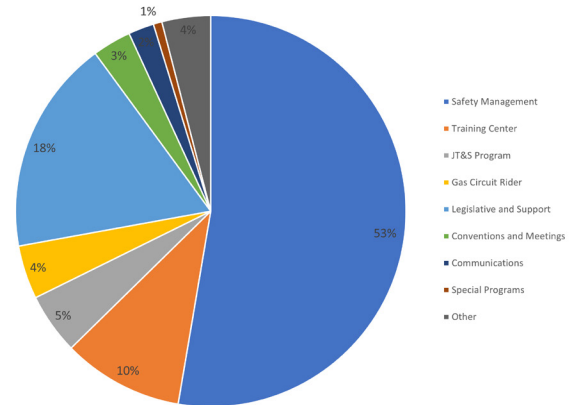
With improved segmentation and information storage, the software allows MMUA staff to create a more personalized experience for members. It also simplifies invoicing, event management, and other administrative tasks, streamlining operations significantly.

Financial Highlights Fiscal Year 2022–2023

MMUA FY2022–23 INCOME SOURCES



MMUA FY2022–23 EXPENSES



MMUA FY2022–23 INCOME

| | ACTUAL INCOME | PERCENT OF TOTAL INCOME |
|------------------------|--------------------|-------------------------|
| Safety Management | \$2,980,963 | 49% |
| Training Center | \$600,984 | 10% |
| JT&S Program | \$382,658 | 6% |
| Gas Circuit Rider | \$221,920 | 4% |
| Membership Services | \$1,456,781 | 24% |
| Conventions & Meetings | \$184,543 | 3% |
| Communications | \$81,878 | 1% |
| Special Programs | \$139,359 | 2% |
| Miscellaneous Other | \$95,152 | 2% |
| TOTAL | \$6,144,236 | |

MMUA FY2022–23 EXPENSES

| | ACTUAL EXPENSES | PERCENT OF TOTAL EXPENSES |
|------------------------|--------------------|---------------------------|
| Safety Management | \$2,990,398 | 53% |
| Training Center | \$567,719 | 10% |
| JT&S Program | \$286,014 | 5% |
| Gas Circuit Rider | \$251,453 | 4% |
| Legislative & Support | \$1,009,388 | 18% |
| Conventions & Meetings | \$182,123 | 3% |
| Communications | \$120,411 | 2% |
| Special Programs | \$40,486 | 1% |
| Miscellaneous Other | \$228,935 | 4% |
| TOTAL | \$5,676,927 | |

MMUA Board of Directors (as of July 2024)

Officers

President—Julie Kennedy, Grand Rapids

President-Elect—Scott Grabe, Staples

Secretary/Treasurer—Pete Moulton, Saint Peter

Directors

Keith Butcher, Princeton

Jeremy Carter, Hutchinson

Bruce DeBlieck, Willmar

Greg Drent, Shakopee

Kevin Lee, Marshall

Jay Lutz, Austin

Dave Meyer, Glencoe

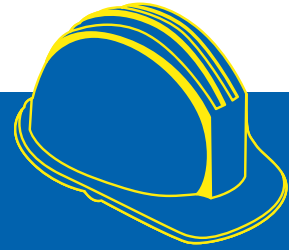
Roger Warehime, Owatonna

MINNESOTA MUNICIPAL UTILITIES ASSOCIATION
STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2023 AND 2022

| Assets | 2023 | 2022 |
|---|---------------|---------------|
| CURRENT ASSETS | | |
| Cash and Cash Equivalents | 1,090,085 | 519,305 |
| Accounts Receivable, Net | 548,004 | 472,054 |
| Prepaid Expenses | 56,168 | 46,273 |
| Total Current Assets | 1,694,257 | 1,037,632 |
| | | |
| PROPERTY AND EQUIPMENT | | |
| Leasehold Improvements | 20,667 | 20,667 |
| Land | 39,000 | 39,000 |
| Building | 342,449 | 342,449 |
| Equipment | 1,142,056 | 1,064,227 |
| Vehicles | 166,247 | 166,247 |
| Total | 1,710,419 | 1,632,590 |
| Less: Accumulated Depreciation | (1,309,859) | (1,250,658) |
| Net Property and Equipment | 400,560 | 381,932 |
| | | |
| OTHER ASSETS | 27,348 | 27,348 |
| | | |
| Total Assets | 2,390,430 | 1,722,097 |
| | | |
| LIABILITIES AND NET ASSETS | | |
| | | |
| CURRENT LIABILITIES | | |
| Accounts Payable | 147,512 | 145,626 |
| Accrued Payroll and Payroll Taxes | 196,277 | 12,375 |
| Accrued Vacation | 130,833 | 145,709 |
| Deferred Revenue—Membership Dues | 303,203 | 310,118 |
| Deferred Revenue—Other | 109,784 | 83,540 |
| Current Portion of Long-Term Debt | 6,853 | 15,720 |
| Total Current Liabilities | 1,055,054 | 713,088 |
| | | |
| Long-term debt, net of current portion | 0 | 1,402 |
| | | |
| Total Liabilities | 1,194,430 | 993,406 |
| | | |
| NET ASSETS | | |
| Unrestricted Net Assets: | | |
| Board Designated—Legal and Legislative | 67,264 | 67,264 |
| Board Designated—Capacity Building Fund | 233,655 | 0 |
| Board Designated—Operating Reserve Fund | 468,654 | 235,000 |
| Undesignated | 426,427 | 426,427 |
| Total Net Assets | 1,196,000 | 728,691 |
| | | |
| Total Liabilities and Net Assets | 2,390,430 | 1,722,097 |



MMUA
Minnesota Municipal Utilities Association



**TECHNICAL &
OPERATIONS
CONFERENCE**
SAFER TOGETHER

**DECEMBER
10-12, 2024**

*Holiday Inn,
St. Cloud, MN*

**MINNESOTA MUNICIPAL
UTILITIES ASSOCIATION**



New Address:

600 Highway 169 South, Ste 701
St. Louis Park, MN 55426



763-551-1230
Toll Free 800-422-0119



www.mmua.org

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