



Joint MMUA/MREA Meeting Summary for MMUA and MREA Members

A group of leaders representing Minnesota's municipal utilities and rural electric cooperatives, along with staff from the Minnesota Municipal Utilities Association (MMUA) and the Minnesota Rural Electric Association (MREA), met on September 29, 2022.

Meeting participants

From the cooperatives:

- Mark Bakk, Lake Country Power
- Ryan Hentges, Minnesota Valley Electric Cooperative
- Dan Carlisle, Todd-Wadena Electric Cooperative
- Steve Shurts, Co-op Light & Power Association (Acting)
- Scott Reimer, Federated Rural Electric Association
- Darrick Moe, CEO, MREA
- Mike Bull, Director of Policy and Regulatory Affairs, MREA

From the municipals:

- Roger Warehime, Owatonna Public Utilities
- Ted Cash, ALP Utilities (Alexandria)
- Greg Drent, Shakopee Public Utilities
- Keith Butcher, Princeton Public Utilities
- Vernell Roberts, Detroit Lakes Public Utilities
- Karleen Kos, CEO, MMUA
- Kent Sulem, Director of Government Relations and Senior Counsel, MMUA

Following introductions, the group discussed common principles that naturally bind municipal utilities and rural electric cooperatives in a common purpose. These concepts can be summarized as follows:

- We are owned by and focus on serving the people in our local communities.
- We have a non-partisan approach to energy and policy issues, and
- We both face the growing challenge of educating legislators on what makes Consumer Owned Utilities (COUs) different.

Several areas of success from recent partnerships between MMUA and MREA were discussed. This mostly focused on legislative and policy issues, though other areas were also covered. Examples include the joint formulation and passage of the Energy Conservation and Optimization Act (ECO), reforming the railroad crossing fees, adjustments to the treatment of distributed generation in state statute, and our shared opposition to mandates that constrain local ideas and efforts to address the challenges related to providing affordable, reliable and sustainable energy. These are examples of the reasons this meeting was organized with a goal of fostering future partnerships, not diminishing them. With this in mind, we also wished to engage in some dialog on territorial issues, which are viewed differently and sometimes cause significant tension between the two groups.

During the first half of the meeting, suggestions for possible areas of future collaboration among COUs were discussed, as ways to grow our past efforts together. The group did not take time to come to consensus on this list or identify which areas would be the highest priority, but these ideas (listed in the order they were offered) were discussed and generally supported by the group as meriting further consideration:

- Joint conference(s) between leadership of COUs
- Joint op-ed(s), either at the state level or among local COU leaders
- Joint legislative visits

- Joint mutual aid
- Nuclear energy messaging/policy regarding the moratorium and perhaps additional advocacy.
- Permitting reform
- Net metering reform
- Regulatory burden concerns
- Low-income program development/deployment

The second half of the meeting was focused on territorial issues. The group started this discussion by each participant sharing thoughts on why this issue is challenging between cooperatives and municipals. No effort was made to formulate a consensus on these sentiments. Concepts shared with the group included:

- On this issue our financial interests are not aligned, but we are both looking out for our rate payers.
- We all have to work with and through our governing bodies, which are comprised of individuals with differing perceptions and ideas. Boards apply pressure. Could we seek a way for both boards to win?
- Territory expansion is the only way a city grows.
- The municipal wants to grow services; the cooperative doesn't want to lose services.
- When territorial changes occur, a co-op loses load forever.
- For co-ops in particular, loss of load requires spreading costs to remaining members, increasing rates. Low density makes spreading costs to other customers especially painful.
- It can be difficult to distinguish analysis of cost vs. horse-trading. There is often a lack of a mutual understanding of the finances. There is no agreed upon playbook.
- It seems like there can be a loss of focus on what is best for the end use consumer (member).
- Each situation is different.
- Being a good neighbor is important.
- The cost and public relations impacts of PUC or court proceedings and associated finger-pointing as a way to address territorial issues is undesirable.
- The current statute is perceived by co-ops a one-way street with the cooperative always losing.
- There is a history of battling and a lack of local relationships between co-op and municipal utility leaders.
- It is desirable to seek creative outcomes.

After breaking up into two smaller groups for an initial brainstorming of potential paths forward worthy of further exploration regarding territorial issues, the group came to consensus and fully endorsed:

- 1) The COU management groups, or some representative subset of those groups, should meet periodically on topics of mutual interest.
- 2) This meeting, and any future meetings, should result in a joint communication of outcomes to the broader COU leadership community. This should facilitate a growing relationship by fostering a commonly understood message and goals.
- 3) COUs should continue to collaborate on areas of mutual interest, such as those noted above. We should work to increase collaboration at the local level across the state, and show up together at local and statewide events when it is feasible.
- 4) Working to resolve the service territory issue should not be a near term area of focus at a statewide level. It could be discussed 'around the edges' at future meetings, but should largely be left to local efforts including building relationships.

The agenda and slides used to facilitate the meeting are attached.