

St. Cloud inks hydroelectric sales agreement with Xcel Energy

by Steve Downer

A Power Purchase Agreement (PPA) between Xcel Energy and the City of St. Cloud for 8.5 MW of hydroelectric generation was approved Nov. 5 by the Minnesota Public Utilities Commission (MPUC).

St. Cloud Hydro is owned and operated by the City of St. Cloud and located on the Mississippi River, within the city limits of St. Cloud. Xcel and the City of St. Cloud have an existing PPA regarding St. Cloud Hydro, dated



Hydro: see page 4

The St. Cloud hydroelectric plant, on the Mississippi River, is located at the end of the city-owned dam, adjacent to St. Cloud State University. The University heating plant is visible as is a recreational 'bubble.'

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MPUC orders contested case in Barnesville-RRV dispute

by Steve Downer

The Minnesota Public Utilities Commission (MPUC) Nov. 5 ordered a contested case hearing to resolve a service territory complaint brought by Red River Valley Cooperative Power Association (RRV) against the City of Barnesville.

The city is providing electric service to a Dollar General store and has provided service since the store commenced operations in 2013, RRV noted in its complaint. However, it said the store is "wholly located" in the cooperative's service territory.

In addition, there is a former Dairy Queen property adjacent to the Dollar General. The city has purchased the site for a new municipal liquor store. The site is also within RRV's territory, said the cooperative, and it did not consent to the city serving any consumer located there.

Both sites have been in the city limits for many years.

RRV requested an order finding it had the exclusive right to provide retail service within its assigned service area, including to the Dol-



The City of Barnesville has operated a municipal electric utility since 1899. Far from stuck in the past, the City also operates a telephone exchange and fiber optic system.

lar General and Dairy Queen site. It also asked that the city compensate and reimburse RRV for the loss of revenue to RRV for the service of electric loads to the Dollar General from 2013 to the present, and for future loss of revenue.

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State's IOUs show uneven reliability improvement; standards changed

by Steve Downer

The Minnesota Public Utilities Commission (MPUC) Nov. 5 accepted from Minnesota's three investor-owned utilities annual reports on safety, reliability, and service quality for 2019. The MPUC also set standards for 2020 with additional filing requirements.

Historically, the MPUC has based reliability standards for state-regulated utilities on a rolling five-year average of outage tracking metrics for each work center in a utility's service territory.

However, the Commission has 'frozen' standards for utilities at prior levels if there is not sufficient progress toward meeting standards.

Otter Tail's standards have been frozen at 2013 levels and Minnesota Power's at 2016 levels. Xcel had standards for the Southeast work center held at 2017 levels in last year's report.

Utilities are also required to provide an action plan for remedying any failure to comply with the standard or "why non-compliance was unavoidable under the circumstances."

The MPUC is now moving away from the five-year rolling average. Instead, it has set in motion a transition to a full benchmarking approach to setting reliability standards. The new standards will be based on the Institute of Electrical and Electronics Engineers (IEEE) benchmarking 2nd Quartile for either large (Xcel) or medium utilities.

Due to a quirk in Minn. Rules 7826.0500 that requires goals be set at a "work center" level, the MPUC set standards at two levels. This was done to avoid

a rule variance, which hadn't been briefed by the parties.

After this year the state will transition completely to the IEEE benchmarking method.

The MPUC also required supplemental filings from the investor-owned utilities, following IEEE publishing its 2020 benchmarking results, with an explanation for any standards not met.

Minnesota Power (MP)

The Commission had previ-

Reliability: see page 8 please

Barnesville:

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RRV said the MPUC had all the information it needed to act.

Barnesville said it has served the property, and other surrounding properties, with electricity for generations, and is the only electric service provider who has ever supplied electricity to the property. This electric service pre-dates the 1974 adoption of the Minnesota Public Utilities Act.

In addition, the city has had sufficient facilities in place to serve the electricity needs of the property for decades. The facilities were installed and owned by the city. The necessary cooperative facilities are nearly one mile away, said the city, an assertion RRV contests.

RRV, in its comments, said it has the capacity and ability to serve the Dollar General.

RRV referenced a June 2008 letter in which it told the city that it would serve “any new consumer desiring electric service” within the cooperative’s territory.

Barnesville asserted that the electric utility service area maps published online do not accurately encompass Barnesville’s undisputed service to these properties in 1974 when the MPUC assigned service territories. The city also pointed out that its service followed the legislative policy in the statute of avoiding “duplication of electric facilities and to promote economical, efficient and adequate service to the public.”

Barnesville asked the MPUC to re-draw the service territory to include these properties within Barnesville’s territory because Barnesville served these properties prior to and in 1974, the area was not contested by RRV and the statutes support assigning service territories reflecting then-existing properties served. If the PUC does not re-draw the boundaries, Barnesville argued that RRV has consented in writing and by its inaction for over 40 years has waived any right to object to Barnesville’s service in the disputed area. This consent or waiver should apply to the property served, not



Barnesville has aggressively pursued residential and commercial development, and the efforts have been bearing fruit. It has invested to serve this growth, including a newer substation, pictured here.

only to a specific user.

The city argued a contested case was necessary for a full record to be presented to the MPUC:

“RRV has waited 46 years

MMUA Tom Bovitz Memorial Scholarship Award program offered in 2021

MMUA has budgeted \$5,000 for its Tom Bovitz Memorial Scholarship Award

to claim customers that the City has served under Section 216B.39. A proceeding allowing a proper record to decide this matter is in the interests of the parties and the custom-

ers affected,” said the city.

The MPUC decision was 5-0 to refer the matter to the Office of Administrative Hearings.

program.

This essay contest was created as a public relations tool to increase the awareness of public power and create goodwill in your city for your utility.

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Here’s how it works: The local governing body of the utility picks a local winner. Every MMUA member may

then enter the one local essay contest winner to the state contest. Deadline for having utilities forward local winners to MMUA is April 15, 2021. Local deadlines will need to be set earlier, to allow the local governing board (or its designee) time to review the entries. Many members, with necessary local political support, award their own scholarships locally to encourage participation. A group of MMUA members will select the first, second, third and fourth place winners, announced by mid-May.



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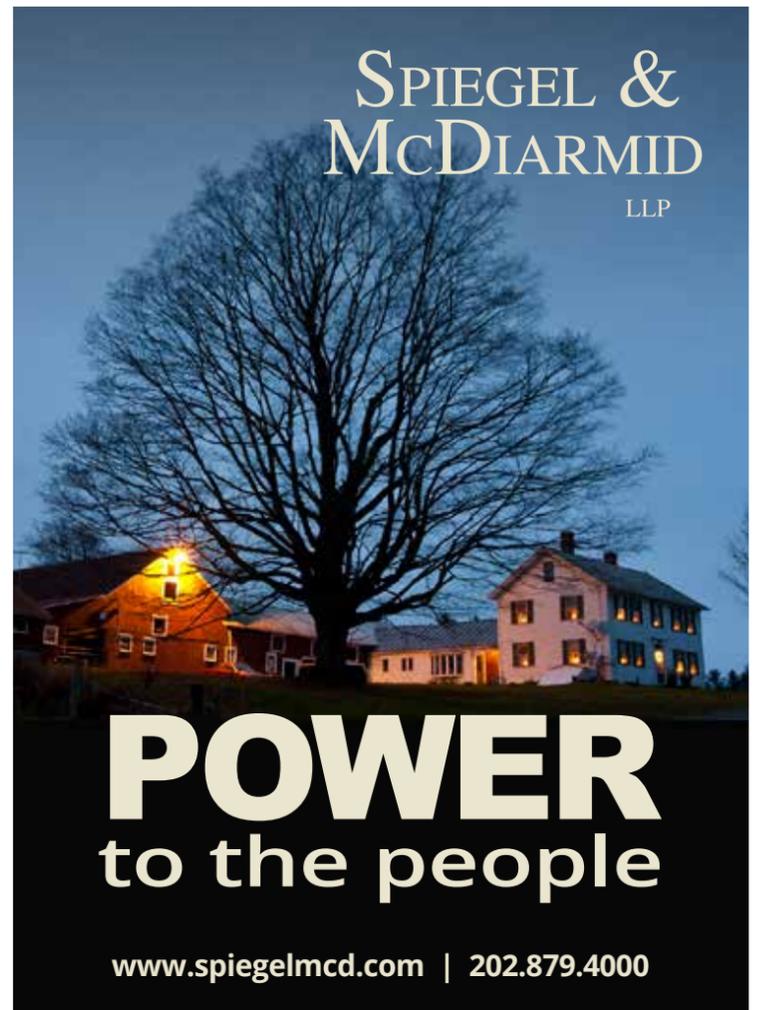
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Contested cases between municipals-co-ops have been rare in recent years

While the state regulatory landscape from the early 1990s to the new millennium was fairly littered with electric service territory disputes between municipals and cooperatives, the contested case hearing ordered by the Minnesota Public Utilities Commission (MPUC) in Barnesville vs. Red River Valley is the first involving a municipal and cooperative in 15 years.

There have been high-profile contested cases in recent years, but they have involved cooperatives and investor-owned utilities.

The last municipal-cooperative contested case occurred in May 2005 when the MPUC heard a service territory case involving Redwood Falls Public Utilities and Redwood Electric Cooperative.

The MPUC in this case followed an administrative law judge's recommendation that Redwood Falls should not have to pay to acquire electric service rights to a parcel for which it was acting as developer. In several other particulars, including compensation for other customers acquired, the MPUC order largely supported the cooperative's claims.

The Redwood Falls case followed a spate of cases in the early 2000s. At this time three municipals—Two Harbors, Buffalo and Moorhead—withdrew from regulatory dockets before what they perceived as an unfriendly MPUC. Two Harbors and Moorhead pressed their claims in district court.

All three municipals in these cases eventually reached negotiated settlements with their neighboring cooperatives.

With favorable preliminary rulings from the district courts in hand, the municipals in 2008 entered into statewide talks with the cooperatives to determine a more fully-defined territory compensation formula. With agreement on numerous issues identified and the outlines of an agreement within grasp, these talks were "suspended" by the co-ops.

In 2008, the housing bubble burst and the economy entered into 'The Great Recession.' With little development, service territory issues receded to the background. With a recovering economy by 2017, joint requests from municipals and cooperatives to adjust the state's service territory maps to reflect municipal growth had again become common.

Given the history of relatively large number of contested cases between municipals

and cooperatives, it is perhaps not surprising that another local situation has been brought before state regulators.

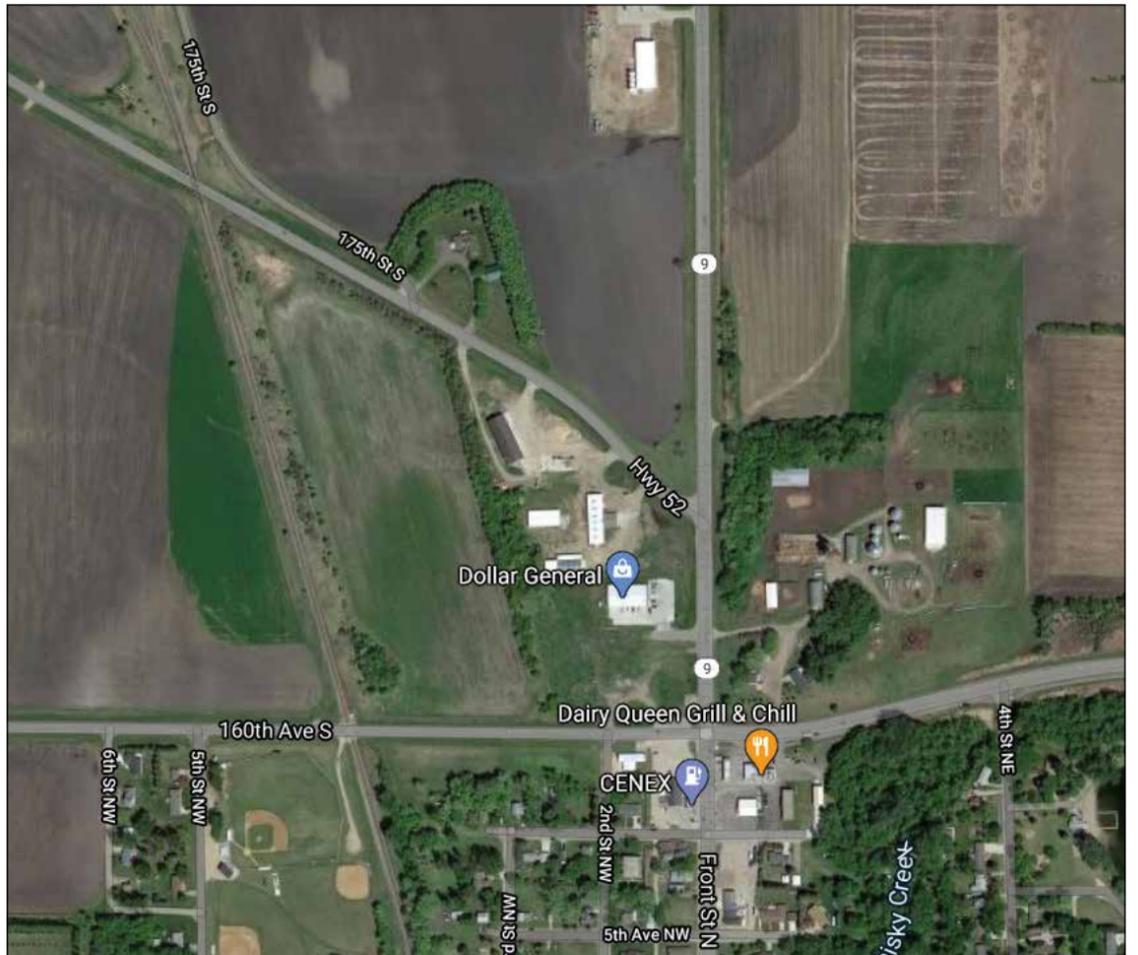
Co-op, IOU cases

Given the public nature of the issue between municipals and cooperatives, it may come as some surprise that the most significant territory cases in recent years have involved cooperatives and investor-owned utilities (IOUs).

The most recent example involved a December 2017 complaint by Lake Country Power (LCP) against Minnesota Power (MP). The situation involved a Canadian National Railway project to improve and add signaling and sensing equipment to its railroad facilities near Hoyt Lakes. Failing to gain traction with its initial filing, the cooperative amended the filing. The MPUC eventually dismissed the complaint.

In February 2015, PKM Electric Cooperative filed a complaint alleging that proposed service by Otter Tail Power to new oil pipeline pumping equipment that Enbridge was constructing near Donaldson would violate exclusive service territory law. The parties reached a settlement agreement, whereby Otter Tail retained the customer and compensated the cooperative.

Interestingly, in the course of investigating PKM's complaint it was found that Otter Tail provides electrical service to more than 400 customers located in the assigned service territories of other utilities, and that other utilities provide electrical service to approximately 150 customers within Otter Tail's assigned service territory. The Department of Commerce expressed concern that the Commission's map of utility service areas does not provide the most accurate information about which entities have the obligation to serve any given location. Resolution of this concern was left for another day.



Development on the edge of a city occasionally leads to electric service territory issues. This Google maps screenshot shows northwest Barnesville. The municipal serves the customers shown south of Hwy. 52 and immediately east of the Dollar General across County Road 9.

The late 1990s and early 2000s saw a smattering of cases between cooperatives and IOUs over service to ethanol plants, and a pipeline. In 1996, the MPUC denied a petition from Northern Electric Cooperative Association to serve Inland Steel, a customer of MP.

An early docket involving service to a steel plant embroiled MP and Mesabi Nugget. The customer in August 2007 filed a joint petition asking the Commission to authorize MP to provide electric service to an iron nugget production plant being developed in the assigned service area of Lake Country Power. Lake Country opposed the joint petition. Three days before evidentiary hearings were to begin, Mesabi Nugget withdrew from the case as reconfiguration of its facilities ended the need for permission to receive service from Minnesota Power. The MPUC closed the docket.

- Steve Downer



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Hydro:

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May 12, 1986, which continues through October 31, 2021.

The new PPA is a 20-year term that will begin on November 1, 2021 and continues through May 31, 2041.

Xcel said St. Cloud Hydro satisfies the conditions established by the federal Public Utility Regulatory Policies Act of 1978 (PURPA) for a Qualifying Facility (QF) as a small power production facility that has less than 80 MW of capacity and uses renewable resources as the primary energy source.

Under PURPA and Minnesota's implementing statute and rules, Xcel is required to purchase all energy and capacity made available by QFs. Since St. Cloud Hydro qualifies as a QF, Xcel negotiated the PPA with City of St. Cloud pursuant to Minn. Rule 7835.4019 at avoided energy and capacity cost. Xcel will pay for energy, capacity and green benefits based on the company's avoided costs according to the terms of the PPA.



This view looking downstream at the St. Cloud Hydro plant shows two intake gates (at right). The transmission tower in the distance is fed from an Xcel-owned substation adjacent to the hydro plant.

Payment for capacity begins in 2026 when Xcel said there is capacity need on its system.

According to Xcel the levelized cost aligns with its recent offers for solar PPAs. Xcel also explained hydroelectric generation provides more reliable and steady power production year-round and each hour of the day, unlike solar. As compared to wind genera-

tion, Xcel stated hydroelectric generation typically receives a higher Midcontinent Independent System Operator (MISO) capacity accreditation.

Xcel stated further the PPA pricing reflects the fact that St. Cloud Hydro is located within the city limits close to load and therefore does not take up significant transmission capacity. Xcel

also claimed St. Cloud Hydro has a relatively high average capacity factor compared to some other hydroelectric facilities and the 20-year term of the St. Cloud Hydro PPA will provide more reliable production.

The brief Commission discussion centered around the confidential nature of much of the filing, and the potential to see the documents through

a request to the City. The MPUC attached a number of conditions to its approval, including:

- No party may transfer the proposed PPA without the consent of the Commission if that transfer would cause any material change to the terms and conditions of the existing agreement;
- Xcel may not purchase the St. Cloud Hydro facility without the consent of the Commission; and
- Upon exercising its option to purchase the facility, Xcel shall file with the Commission its plan to recover the costs of purchasing the facility.

Largest municipal hydro

The St. Cloud Dam is the largest city-owned hydroelectric facility in Minnesota. The Hydroelectric Generation Facility (HGF) is a division of the Public Utilities Department.

The HGF consists of two turbines and two generators, which generate from 40-60 million kilowatt hours of electricity annually, dependent on precipitation in the upper Mississippi River drainage basin.

The dam is located across from the St. Cloud State University Stadium. The original dam at this location dated from 1887 was made of stone and wood. Dam ownership was transferred from Northern States Power to the city in 1967. The city replaced this structure with a concrete dam in 1970. The hydroelectric facility was constructed in 1986.

In a local news report, St. Cloud Public Services Director Tracy Hodel said the city looked at several different options but ultimately decided to continue to sell the power to Xcel Energy.

The City reportedly wanted to retain control of the dam, as it takes water upstream of the hydroelectric facility to supply its drinking water treatment facility.

Xcel owns all of the electric infrastructure adjacent to the dam.

Municipal hydro in Minnesota

Along with St. Cloud, the City of Hastings also owns a hydroelectric plant that sells its output to Xcel Energy.

Minnesota municipal electric utilities with a municipally-owned hydroelectric plants include:

- Brainerd
- Granite Falls
- Lanesboro
- Redwood Falls
- Rochester
- Thief River Falls

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Multi-party agreement brings solar-battery storage project to Minnesota

A unique agreement between Minnesota Power (MP), the Grand Rapids Public Utilities Commission (GRPUC), the Itasca Clean Energy Team and US Solar is bringing the region's first solar-plus-battery storage system to the city of Grand Rapids.

The Grand Rapids Public Utilities Commission on Wednesday, Nov. 18 approved the two-megawatt solar array and one-megawatt/2.5-hour energy storage battery. The project, requiring an investment of more than \$6 million, is expected to support more than 25 construction jobs.

It is the first solar and battery project for MP and the first clean energy project for the GRPUC, and is the result of several years of collaboration between the city's municipal utility, the citizens group and Minnesota Power. Grand Rapids is MP's largest municipal wholesale power customer and provides power to about 7,000 customers.

US Solar, a Minneapolis-based solar developer, is developing the array on a site near the Grand Rapids/Itasca County Airport. Energy generated by the solar panels can be stored in the adjacent



Grand Rapids Public Utilities shares a joint facility with the City of Grand Rapids Public Works Department.

battery and then dispatched when demand for energy is high or when the sun isn't shining.

Construction site preparation is underway thanks to a grant from the Iron Range Resources and Rehabilitation Board. The project is expected to produce energy for Grand Rapids Public Utilities customers by the end of 2021. A

pollinator garden is planned as part of the development.

"The Grand Rapids Public Utilities Commission is very excited to bring this project on-line," said Tom Stanley, Commission president. "We have spent many years working to find a way that we can provide renewable solar power along with battery storage to our system that benefits all

of our ratepayers. We would like to thank all of the people involved to get us to this momentous event and we look forward to enjoying the benefits of this project for years to come."

Bill Schnell, leader of Itasca Clean Energy Team (CET), said, "Almost five years ago a small group of local citizens organized themselves as the

Itasca Clean Energy Team and started promoting a community solar garden here in Grand Rapids. Now through this project, we ended up with something better: the benefits of solar power, including lower electric rates, for every GRPUC customer. We are extremely grateful for the

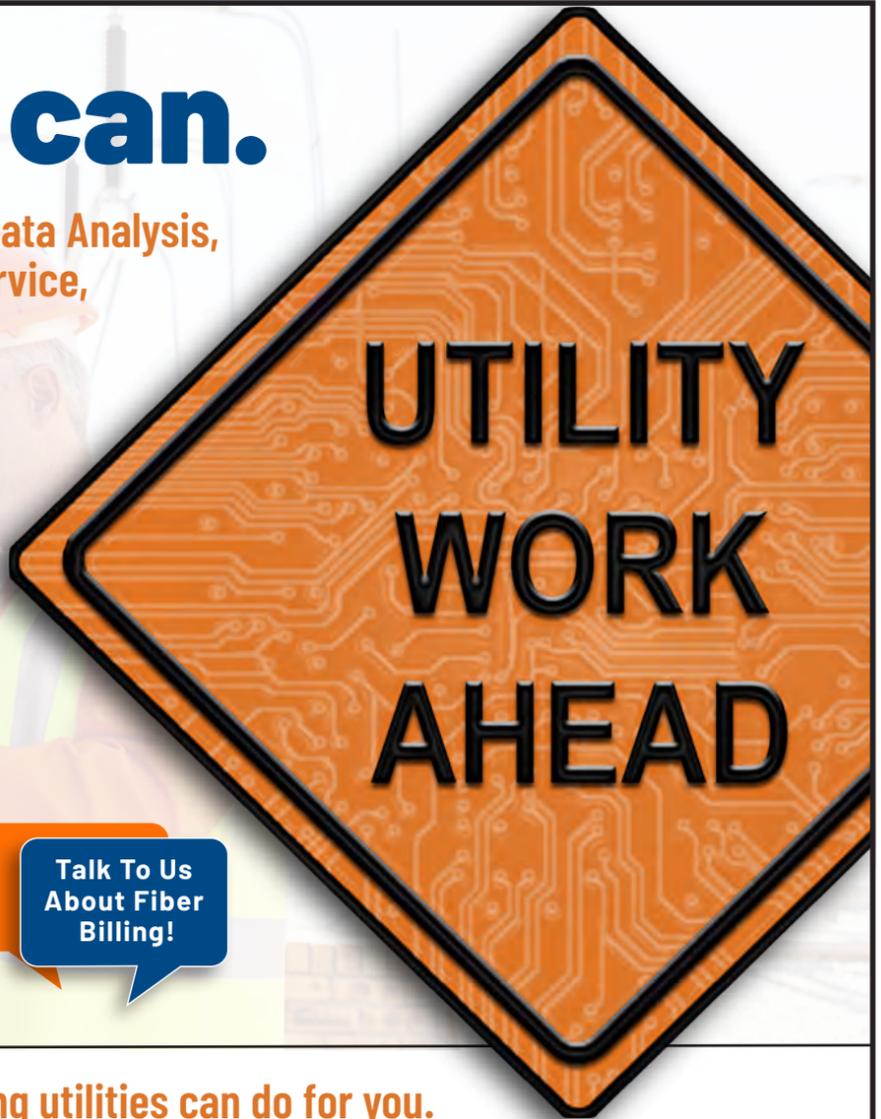
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Solar:

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support of the GRPU Commission and especially for the hard work and persistence of General Manager Julie Kennedy and Electric Distribution Manager Jeremy Goodell.”

Goodell, GRPUC electric department manager, said, “After several years of working with the Itasca Clean Energy Team and Minnesota Power, we are looking forward to bringing the first solar storage project to our region. By pairing a utility sized battery with a large-scale solar system, we will be able to store energy generated from the solar panels and use it during times when electrical power demand is higher. We would like to thank our partners in helping bring this project to

fruition and look forward to working with them over the next 25 years.”

“Minnesota Power is proud to contribute our expertise and insight to this collaborative, community-driven project,” said Julie Pierce, vice president Minnesota Power Strategy and Planning. “It’s a fantastic opportunity for us to implement and learn about solar-plus-storage technology while working closely with a valued municipal customer and our partners in Grand Rapids to bring more carbon-free energy to the region. We are reaching a significant milestone of delivering 50 percent renewable energy to our customers by the end of this year and will be poised to advance further through unique opportunities like this one in Grand Rapids.”

Contractual implications

GRPUC hired an independent community solar consultant in 2018 to study the feasibility of a local ‘Community Solar Garden.’ Based on the consultant’s report, the Grand Rapids PUC was set to move toward the development of a Request For Proposal for a developer to build a community solar array and battery storage system. The solar array and storage system would then be owned by the developer, and the Grand Rapids PUC would sign an agreement to purchase the power produced by the system. This option would allow a private developer to gather beneficial investment opportunities that are not available to publicly owned and governmental entities.

However, the Grand Rapids

PUC currently has a contract to purchase its wholesale electricity from MP. The contract has a clause that allows the Grand Rapids PUC to get up to 10 percent of its electricity from customer-owned renewable generation sources.

MP, however, expressed concern that the contract didn’t allow the wholesale customer to sign an agreement to purchase electricity produced by a solar array that was owned by any outside third party, including purchasing power from a developer that the municipal would hire to build and run

the local solar array.

MP suggested that it take over management, development, implementation, and ultimately ownership of the project and work in partnership with the Grand Rapids PUC, and the Grand Rapids PUC agreed to the proposal.

In a blog post, Simon Gretton of the Itasca CET said the non-profit organization regretted the contractual complications but supported the eventual agreement. Itasca CET said it would remain involved in the project going forward.

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Enbridge obtains final Line 3 permits

Enbridge announced Nov. 30 that construction on the Line 3 Replacement Project has received all necessary permits and approvals.

The Minnesota Pollution Control Agency that day issued a construction storm water permit for the project, the last permit needed. The U.S. Army Corps of Engineers and the Minnesota Public Utilities Commission gave their final approvals the week before.

Line 3 is an existing crude oil pipeline, built in the 1960s, stretching from Edmonton, Alberta to Superior, Wisc. The \$2.9 billion project includes replacing old 34-inch pipe with new 36-inch pipe, including 337 miles in Minnesota.

The project still reportedly faces lawsuits, including one from the state Department of Commerce.



NextEra Energy Marketing is a wholesale power supplier responsible for the electricity and fuel management for all of NextEra Energy Resources’ generation fleet, which includes the largest renewable energy portfolio in North America.

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Dunnell marks 100th year of municipal electric service

The City of Dunnell is one of three Minnesota municipal utilities celebrating its centennial this year (the cities of Shelly and Brownton were featured in last month's newsletter).

Dunnell is situated near the Iowa border in Martin County, 22 miles southwest of Fairmont.

The city's high-water mark for population came in 1920, when population was 247. The population was 167 at the 2010 census.

The city is home to Dunnell Telephone Company.

The Minnesota Department of Employment and Economic Development (DEED) in February 2015 awarded broadband grants to pay up to 50 percent of the cost of developing broadband connections for high-speed internet.

Dunnell Telephone Company was awarded \$625,000 as a 42 percent match for a \$1.49 million project to build connections for 174 unserved households in Dunnell. The company spent \$867,650 as its matching amount.

Long-time Mayor Daniel Nelson is general manager



Martin County Rd. 8 doubles as the main east-west thoroughfare in Dunnell. In this view looking east, the Municipal Building is visible at right, the fourth building down from the stop sign.



Two local residents visited outside the Dunnell post office.

of the phone company. He is joined on the council by Terry Helmers, Barbra Swenson, and relative newcomers Dean Janssen and Dale Krueger. Nicole Kolbe is the city clerk.

The city provides electricity and wastewater service. Kolbe, the clerk, is responsible for the utilities. Alan Helmers served as the public works employee and police chief but has retired. The city no longer has a police department.

Kurt Nelson now oversees utilities and public works.



Top: The Dunnell Municipal Building was a Works Progress Administration project, completed in 1940. At right: Dunnell Mayor Daniel Nelson is also general manager of the privately-owned Dunnell Telephone Company.



MMUA file photos by Steve Downer



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Reliability:

continued from front page

ously frozen MP's reliability standards at 2016 levels after the company failed to meet its SAIDI and SAIFI targets for 2015 and 2016. Minnesota Power, noted MPUC briefing papers, did not meet any of its standards again in 2019.

Minnesota Power offered two options for its 2020 standards: the frozen 2016 standards, or a five-year average of the IEEE benchmarking 2nd quartile for medium utilities. Minnesota Power indicated it preferred to use the IEEE benchmark over the frozen 2016 standards.

The company gave weather and equipment failure as the primary reasons for not meeting its reliability goals, including a higher prevalence of windstorms in April and September of 2019.

The IEEE standards were higher than the standards that would have otherwise been set. The MPUC set MP's 2020 Reliability Standard at the IEEE benchmarking 2nd Quartile for medium utilities and required a supplemental

MN Power 2019 Results & 2020 Standards

Metric	SAIDI	SAIFI	CAIDI
2019 Standard	98.19	1.02	96.26
2019 Results (Normalized)	144.02	1.35	106.32
2019 Results (Non-Norm.)	164.54	1.53	107.45
2020: Based on 2016	98.19	1.02	96.26
2020: IEEE 2nd Qrtle. Ave.	124.8	1.12	109.80

Otter Tail Power 2020 Standards based on 5-year average

Work Center	SAIDI	SAIFI	CAIDI
Bemidji	70.64	1.26	56.06
Crookston	69.33	1.19	58.26
Fergus Falls	55.97	1.11	60.33
Milbank	75.49	1.82	41.48
Morris	55.78	1.01	55.23
Wahpeton	57.24	1.13	50.65

filing to Minnesota Power's 2020 report 30 days after IEEE publishes the 2020 benchmarking results, with an explanation for any standards the utility did not meet

Otter Tail

As part of its response to the Commission's inquiry about shifting to a benchmarking standard instead of the rolling five year average, Otter Tail proposed moving from reliability goals for its

six service centers to a single work center encompassing its entire service territory.

Otter Tail explained this proposal made sense due to the implementation of its new Interruption Monitoring System (IMS), which captures a larger volume of customer outages due to monitoring on all three phases.

Otter Tail also explained several of its customer service centers have reorganized, rendering historical data in-

Otter Tail Power

Region	Metric	2019 Stndrd.	2019 Results	2020 IEEE
Minnesota	SAIDI	64.95	93.51	94.00
	SAIFI	1.13	1.33	1.00
	CAIDI	57.48	70.28	94.00
Bemidji	SAIDI	70.64	127.33	
	SAIFI	1.26	1.52	
	CAIDI	56.06	83.85	
Crookston	SAIDI	69.33	128.55	
	SAIFI	1.19	1.86	
	CAIDI	58.26	69.11	
Fergus Falls	SAIDI	66.97	95.12	
	SAIFI	1.11	1.31	
	CAIDI	60.33	72.79	
Milbank	SAIDI	75.49	244.74	
	SAIFI	1.82	3.35	
	CAIDI	41.48	73.12	
Morris	SAIDI	55.78	51.13	
	SAIFI	1.01	1.15	
	CAIDI	55.23	44.36	
Wahpeton	SAIDI	57.24	33.93	
	SAIFI	1.13	0.19	
	CAIDI	50.65	180.71	

compatible for comparison. Due to these changes, the company explained its reli-

ability targets, which had been held at 2013 levels, are now statistically irrelevant.

The Department of Commerce, representing the public interest in these matters,

Reliability: see facing page

SAIDI, SAIFI, CAIDI: defined and formulas

• SAIDI means the System Average Interruption Duration Index and measures the average customer minutes of interruptions per customer. $SAIDI = \text{Total Customer Minutes of Sustained Outages} \div \text{Number of Customers}$.

• SAIFI means the System Average Interruption Frequency Index and measures the average number of interruptions per customer per year. $SAIFI = \text{Total Number of Sustained Customer Interruptions} \div \text{Number of Customers}$.

• CAIDI means Customer Average Interruption Duration Index and is measured by the average customer minutes of interruption per customer interruption. $CAIDI = \text{Total Customer Minutes of Sustained Outages} \div \text{Total number of Sustained Customer Interruptions} = SAIDI \div SAIFI$.

• Interruption means an interruption of electricity service to a customer greater than five minutes in duration.

• Major Service Interruption means an interruption of service at the feeder level or above and affecting 500 or more customers for one or more hours.

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Reliability: from facing page

noted Otter Tail's proposed statewide goals are higher for SAIDI and CAIDI (and therefore easier to meet), but lower for SAIFI than the 2013 numbers. The Department examined Otter Tail's historic reliability performance, but concluded its performance had not improved enough to warrant changing its goals.

Otter Tail's goals have been frozen since 2013. MPUC staff emphasized that despite not meeting the Commission set goals, Otter Tail's overall reliability results are on average better than Xcel or MP.

The MPUC set Otter Tail's 2020 reliability at the IEEE benchmark for medium utilities, to be set by work center, and required a supplemental filing after IEEE publishes its 2020 benchmarking results.

Xcel

Xcel met five of its 12 reliability goals for 2019, all in the Metro East or Metro West regions, for a success rate of 42 percent. While an improvement from 2018's 17 percent of goals met, it is still a decline from prior years, when Xcel achieved 83 percent (2017), 50 percent (2016) and 67 percent (2015) of its reliability goals.

The Department indicated if the Commission wished to see continued improvement in goal numbers, it should freeze any standards that increased from the previous year. The Department did not support a move to benchmarking.

The Department also noted that Xcel's reasoning for non-compliance with the Commission's goals focused on weather events. MPUC staff agreed with the Department that Xcel (and other utilities) should spend less time discussing weather events that contributed to outages, and focus instead on factors within the utility's control.

The MPUC set Xcel's 2020 standard at the IEEE benchmark for its Minnesota service territory but carried forward a five-year average for the Southeast work center.

Last year's order made way for this year's change

In its March 19, 2019 Orders accepting the investor-owned utility reliability and service quality reports, the MPUC required the utilities to benchmark their performance to the IEEE reliability standards. Xcel and Minnesota Power participate in the IEEE reliability benchmarking study; however, Otter Tail Power only participates in the Edison Electric Institute (EEI) benchmarking group.

In its January 28, 2020 Or-

Xcel Energy 2019 Results and 2020 Proposed Standards

Region	Metric	2019 Std.	2019 Results (Normal.)	2019 Results (Non-Nrml.)	2020 Std. (MN Rules)	2020. IEEE
Minnesota	SAIDI		81.02	124.5		109
	SAIFI		0.75	0.86		0.99
	CAIDI					111
Metro East	SAIDI	89.78	80.56	104.57	89.85	
	SAIFI	0.86	0.75	0.85	0.84	
	CAIDI	103.94	107.36	122.52	106.91	
Metro West	SAIDI	82.08	69.5	79.92	79.37	
	SAIFI	0.82	0.70	0.74	0.79	
	CAIDI	100.37	99.15	107.38	100.55	
Northwest	SAIDI	85.86	89.07	150.82	87.11	
	SAIFI	0.76	0.78	0.94	0.75	
	CAIDI	113.01	113.48	160.71	115.72	
Southeast	SAIDI	94.82	129.1	374.19	94.82	(94.82)
	SAIFI	0.76	0.93	1.32	0.76	(0.76)
	CAIDI	122.04	138.99	283.4	122.04	(122.04)

der, the Commission recognized some metrics, including the method by which it currently sets reliability goals, might need to be modified. Therefore, the Commission required utilities to "discuss transitioning from a five year rolling average method of proposing SAIDI, SAIFI, and

CAIDI standards, to standards that are similar to the second quartile rank of similarly sized investor-owned utilities under either the IEEE benchmarking study or using United States Energy Information Administration (EIA) reliability data."

In their 2019 reports, all

three utilities supported moving to benchmarking performance instead of the rolling five-year average.

The reports are submitted annually (municipal utilities are required to make similar reports to their local governing body).

Window closing soon in 2021 MMUA Annual Sponsor drive

MMUA is now signing-up sponsors for 2021. Annual Sponsorship is a great value for the involved Associate Member, or for those who want to raise their profile.

We are holding the line on the Annual Sponsorship contribution, at \$1,750.

The total value of the Resource ad, trade show table and meeting registrations for 2021 stands at approximately \$3,700. The \$1,750 sponsorship package is a real value

for the involved associate member. In addition, we keep our sponsors in mind as we go through the year, and add value whenever and wherever we can.

We urge you to be seen on our website, at our meetings, and in our publications.

To sign-up as an MMUA Annual Sponsor, complete the Annual Sponsor form on the MMUA website at Sponsors > Become a Sponsor.

MMUA has also been con-

tacting its current Annual Sponsors and its Associate Members.

For more information, particularly related to advertising, contact Steve Downer at sdowner@mmua.org or call 763-746-0702. Questions on meetings should be directed to Rita Kelly at rkelly@mmua.org or 763-746-0707.

Otter Tail requests 6.8 percent hike

Otter Tail Power Company has requested permission from the Minnesota Public Utilities Commission to increase non-fuel rates by approximately \$14.5 million, or 6.77 percent. If the request is approved, a typical residential customer's bill would increase by approximately \$7.75 a month, and a typical business customer's bill would increase by approximately \$26 a month.

While the company's request is considered, it asked to increase rates on an interim basis beginning January 1, 2021. The interim rates would remain in effect until early 2022.

The increased revenues will help fund new projects, including the Merricourt Wind Energy Center, a 150-MW wind generation facility in southeast North Dakota, and Astoria Station, a 245-MW simple-cycle natural gas combustion turbine in east central South Dakota. The Merricourt Wind Energy Center will begin commercial operation by the end of 2020, and Astoria Station likely will begin commercial operation in the first quarter of 2021.

They will help replace the output from the coal-fired Hoot Lake Plant in Fergus Falls, Minn., which is slated for a 2021 retirement.

The MPUC heard the matter Dec. 3. (after this writing). The matter is likely to be under study for some time.



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'Tis the season, that municipal electric utilities across the state fan out across town, putting up Christmas decorations.

The annual tradition of lighting up the downtown **Alexandria** Christmas lights took place Nov. 27, the day after Thanksgiving. ALP Utilities crews put the lights into place that Monday and Santa Claus was in charge of turning them on.

The 'Light up Broadway' event started around 5 p.m. Santa and Mrs. Claus were led by the Alexandria Police Department. They paused at various intersections to 'light

Around the State

up" certain sections of the downtown area.

While other parts of the annual event were cancelled due to the pandemic, the lighting ceremony proceeded as usual.

Brainerd Public Utilities is offering a \$100 first prize bill credit to the winner of a local holiday lighting contest.



photo courtesy of Al Edenloff, Alexandria Echo Press

ALP Utilities was one of the many municipal utilities in Minnesota that decorated local downtown thoroughfares with decorations this holiday season. In Alexandria's lighting ceremony, an ALP bucket truck carried Santa along as the lights were lit.

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Elk River's annual tree lighting ceremony was also scaled back this year, but the first lighting at 5 p.m. on Black Friday was recorded, along with messages from Mayor John Dietz and business leaders.

Elk River Municipal Utilities and the Elk River Parks and Recreation Department collaborated to make the event possible.

Great River Energy (GRE) met with the **Elk River Planning Commission** on Oct. 27 and the City Council on Nov. 2 to discuss a potential conditional use permit to build a combustion turbine generator at its site on U.S. Hwy. 10 in the city. The new generator would replace a 49-megawatt generator that has been removed from the former refuse-derived generation plant. The site includes an existing 200-megawatt combustion turbine, burning either fuel oil or natural gas.

Electric rates in **Moorhead** could be flat for the next three years, while water rates will increase, but only about half as much as expected.

Possible electric increases are projected of two percent in 2024 and 2025. Water rates increases of 3.5 percent are projected for each year through 2025. Recently-named Moorhead Public Service General Manager Travis Schmidt presented the rate information and the MPS budget to the city council. Rates were expected to be approved by the MPS Commission on Dec. 15.

The **Southern Minnesota Municipal Power Agency** (SMMPA) board of directors

this fall approved a \$10 million refund and no increase in wholesale rates for power, transmission and energy in 2021. The refund, equivalent to an approximately 5 percent rate decrease for one year, will be distributed in the first quarter of 2021.

As part of an effort to lower operating reserves to a target, the board reduced wholesale rates 4 percent in February 2019 and issued a \$7 million refund to member utilities at the end of 2019. Wholesale rates did not increase in 2020 and will remain unchanged in 2021.

Devin Swanberg is the new city administrator for the **City of Harmony**. Jerome Ilg is now the Finance Director at Lake City.

Todd Jorgenson, **Austin Utilities** (AU) gas and water operations director, is retiring Dec. 31 with 38 years of service and many accomplishments.

Alex Bumgardner, AU Energy Resources & Utility Operations Director, will advance to the position of Utility Operations Director, effective November 2020.

In an update to an article that ran in last month's newsletter, election results changed somewhat in **Princeton**. Thom Walker has been elected mayor with 53 percent of the vote (winning by 138 votes). A ballot question to abolish the Princeton Public Utilities Commission failed with 71 percent voting against.

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Western Electric Coordinating Council sounds warning bell at online forum

Editor's note: As the western United States, particularly California, seem to be leading the way to a de-carbonized electric future, developments there fairly cry out for our attention and study.

The Western Electric Coordinating Council (WECC) recently held a panel discussion, with outside experts, on the current and future adequacy of the region's electric system. While various industry sources reported on the forum, the following statements are taken from a PowerPoint presentation used during that discussion. MMUA would

welcome clarifying comments from anybody who listened in or participated in the meeting.

A warning bell on electric reliability was sounded Nov. 18 at a Western Electric Coordinating Council Resource Adequacy Forum.

Among the official statements made during the Regional Transmission Operator's forum were: Some form of firm generation is needed to serve load reliably on a deeply decarbonized grid; and current practices may not be sufficient to maintain reliability in the West.

Utilities, it was noted, need

adequate generation capacity to meet continuously-varying electric loads reliably over a broad range of conditions. (Capacity is the ability to generate electric energy at any given point in time.)

The consequence of inadequate capacity is loss of load. Loss of load, it was noted, is "inconvenient, expensive, and potentially life-threatening."

Utilities and their regulators are ultimately responsible for ensuring resource adequacy in their jurisdictions.

Some form of firm generation is "needed to serve load reliably on a deeply decarbonized grid."

Wholesale markets don't build capacity, noted WECC. Capacity is developed by utilities as a rate-based asset or procured from third parties via long-term power purchase agreements (PPA).

Conventional methods for determining resource needs effectively assume that each system is an island. Long-term contracted resources are treated as owned. Many utilities rely on "market purchases" or "front office transactions" to fill any energy and capacity gap.

Current practice relies on states and Canadian provinces and many local jurisdictions to adopt practices that maintain reliability across the regional grid.

However, "commissions and stakeholders are having a difficult time understanding whether and when new capacity is really needed."

Current practices do not take full advantage of regional load and resource diversity. New institutions and practices may be needed to ensure resource adequacy during the transition to a lower-carbon resource mix.

Regional planning reserve sharing would take advantage of load and resource diversity that exists across regions.

The current Resource Adequacy (RA) situation in the WECC footprint is: California and the Pacific Northwest both have immediate capacity needs. Coal and gas retirements have led to an increasing capacity shortfall in the West. California Public Utilities Commission (PUC) ordered procurement of 3.3 GW of new capacity in 2020 IRP. The California Independent System Operator (CAISO) called a Stage 3 Emergency and ordered rotating black-outs on August 14 and 15.

The PUC is concerned with overreliance on RA imports to meet 2021 reliability (up to 8.8 GW imports required).



Source: WECC

Different subregions of the West have widely different resource portfolios. Hydro dominates the Northwest; California and the Southwest have relied heavily on natural gas; wind has grown in the Rocky Mountains, with solar becoming increasingly prevalent throughout.

The Pacific Northwest has a near-term capacity need that grows over the next 10 years, with 5,000 – 10,000 MW capacity need by 2030. However, Integrated Resource Planning (IRP) planned resource additions fall short, as they total only approximately 7,000 MW effective capacity. Planned market purchases of 2,300 MW generally do not address regional need.

The recommendations of the Northwest Power Pool Working Groups included:

- The region should take further steps to develop a regional resource adequacy program to achieve significant

benefits including reliability, transparency, and diversity

- The design of a resource adequacy program for the NW should be tailored to reflect the unique qualities & characteristics of the region

- The resource adequacy program should not usurp authority that is currently vested with the utilities and their governing bodies to determine the best way to meet resource adequacy requirements.

Detailed design work is now underway with a phased implementation concluding in 2024. The Southwest Power Pool has been retained to assist with the detailed design.

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Byklum joins MMUA as safety coordinator

Keith Byklum has been hired by MMUA as Regional Safety Coordinator. He started with MMUA Nov. 30, with the West Central group.

Byklum previously worked for Hawley Public Utilities, beginning in 1999. He was a Utility Worker and served as Safety Officer.

At Hawley, he performed a number of duties on the electrical and natural gas, water and sewer utilities.

Byklum interned with Cass County Electric Cooperative in May 1999.

After working three years in residential construction, Byklum attended Northwest



Keith Byklum

Technical College, Wadena, from August 1998-May 1999.

Byklum enjoys hunting, riding snowmobile and motorcycle and spending time with family and friends.

Welcome Keith!
Byklum takes over from Kevin Thompson, who is retiring at the end of 2020.



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NERC expresses concern over natural gas supply in winter reliability study

Original from APPA

There will be sufficient resources in service to meet electrical demand during the upcoming winter season, according to the North American Electric Reliability Corp. (NERC), 2020-2021 Winter Reliability Assessment. However there are continuing risks regarding supplies of natural gas in New England, California and the Southwest.

The report, which covers December, January and February, found that anticipated reserve margins will meet or surpass reference reserve margins in all areas under normal conditions.

Sufficient fuel supplies, specifically of natural gas, remains a concern in some areas, however, as demand

for natural gas for power generation and for space heating continues to grow, NERC said.

During particularly cold weather generating units that lack alternate fuel sources or that do not have contracts for firm fuel delivery may not be able to meet demand, the report noted.

In New England, where natural gas availability is limited, firm load would still be able to be served even under abnormally cold conditions, but under more severe conditions, such as those experienced in January 2018, limited oil inventories could lead to “eventual loss of generation and firm load shed,” NERC said.

The NERC report also noted that California and the

southwest area in the Western Interconnection could face “fuel supply curtailment or disruption from extreme events that impact natural gas supplies,” as those regions rely on natural gas-fired generation capacity for over 60 percent of on-peak demand and have limited gas storage.

Overall, extreme weather conditions—such as wind generation blade icing, frozen coal piles, and curtailment of natural gas pipelines—continue to pose a risk to the bulk power system during the winter, NERC said. Unusu-

ally cold temperatures could result in increased demand and higher levels of generation forced outages and create conditions that would lead system operators to take emergency actions.

The NERC report also examined ongoing impacts from the COVID-19 pandemic, which it said is causing “increased uncertainty in electricity demand projections and presents cybersecurity and operating risks.” The reliability organization noted that no specific threats or degradation to reliability have

been identified for the winter season. However, the report also noted that if maintenance operations on generation and transmission assets are not able to be performed because of the pandemic, “forced outages may escalate.”

The pandemic could also affect the accuracy of demand projections in the near term and have the potential to exacerbate or alleviate planning reserve shortfalls in areas that are below or near reference margin levels, NERC said.

California PUC plans to avoid future outages

From APPA

The California Public Utilities Commission (CPUC) on Nov. 19 launched a rulemaking that it said will address how to increase energy supply and decrease demand during peak hours if a ‘heat storm’ occurs in the summer of 2021 so the state does not experience a repeat of rolling power outages.

Through the proceeding, the CPUC said it will implement temporary changes to existing processes, programs, and rules for demand response, and other initiatives.

The CPUC will focus on near-term actions that can be adopted by April 2021 and that the utilities can implement before the summer of 2021.

The proceeding will consider multiple options, including, but not limited to:

- Evaluating a mechanism for encouraging load shifting by compensating customers for switching to back-up generators;

- Modernizing the California Independent System Operator’s (CAISO) Flex Alert program by expanding its application to social media (e.g., paid advertising content) and consumer devices;

- Engaging various customer groups in load reduction programs, such as new event-based demand response programs or revising existing supply-side reliability demand response programs; and,

- Directing each investor-owned utility to develop new supply-side resources that can be brought online in 2021 and to bring additional capacity online by procuring incremental capacity from the existing resources, implementing efficiency upgrades to existing generators, and retrofitting existing generators.

The CPUC also said it will address whether particular

measures may extend beyond calendar year 2021. Moreover, the CPUC will consider whether specific measures would be triggered only in emergency conditions to ensure continued access to utility services.

In mid-August 2020, the western U.S. experienced unprecedented, prolonged heat, which led to a variety of circumstances that ultimately required CAISO to initiate rotating power outages to pre-

vent sustained, wide-spread service interruptions.

On October 6, 2020, the California Energy Commission, CAISO, and the CPUC issued a preliminary report on the causes of the August rotating outages, which outlined short-term and longer-term actions to mitigate electricity shortages and ensure delivery of clean, reliable, and affordable energy.

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Once envisioned as the largest solar photovoltaic electric generating facility in the state, the Minnesota Public Utilities Commission Nov. 25 granted a certificate of need and issued a site permit to a slimmed down Elk Creek Solar project.

Elk Creek Solar, LLC is a Delaware limited liability company owned by Geronimo Energy (now part of National Grid Renewables). The proposed plant is an 80-megawatt (MW) alternating current plant covering 976 acres, in Vienna Township, Rock County, Minnesota.

Land acquisition will proceed once permits were issued, said the developer, with a second phase possible.

The plant was originally proposed in 2018 as a 150- to 200-megawatt project, covering up to 1,600 acres of land. That would have made it the largest solar electric generating plant in Minnesota. The plan was reportedly scaled back due to commercial interest in the energy.

The developer estimates the project will create approximately 100 temporary construction jobs and four full-time permanent jobs. The project is anticipated to raise \$180,000 in local tax revenue annually.

The MPUC Dec. 3 (after this writing) heard an application from Buffalo Ridge Wind Energy, LLC for a Certificate of Need for a 109-MW Large Wind Energy Conversion System in Lincoln and Pipestone Counties, Minnesota.

The Commission was expected to grant a certificate of need and site permit for the project.

The California Independent System Operator (CAISO) Board of Governors has approved Hybrid Resources Phase 2 to expedite connection of more than 1,500 megawatts of storage capacity to the grid by the end of next year.

The storage capacity is part of California's procurement goal of 3,300 MW of battery resources by 2023 to help replace retiring fossil fuel generation.

In related news, the Federal Energy Regulatory Commission (FERC) on Nov. 19 adopted CAISO's Hybrid Resources Phase 1 tariff.

FERC's order responded

to a September filing made by the grid operator. In that filing, CAISO proposed revisions to its open access transmission tariff regarding modeling separate resources that are co-located at a single generating facility, and data requirements for hybrid resources that include a wind or solar generation component.

The U.S. Department of Energy has awarded just less than \$14 million for an attempt to build a hydrogen-energy production facility at a nuclear power plant in Minnesota with the help of a nuclear research lab in Idaho.

Idaho National Laboratory and Minneapolis-based Xcel Energy will work on devising and building the facility.

The project is part of the Energy Department's strategy to reduce U.S. greenhouse gas emissions using nuclear power to generate carbon-free energy.

The proposed project would use Prairie Island Nuclear Generating Station's steam and electricity to split water and separate the hydrogen. Idaho National Laboratory will help with technical aspects of the project.

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1 www.bls.gov/oes/current/oes499051.htm | 2 www.bls.gov/oes/2017/may/oes499052.htm
3 www.bls.gov/oes/2017/may/oes472152.htm

Upcoming Events

Electrical Distribution Design Workshop

An ONLINE Educational Program - January 11-14, 2021

No matter how large or small your electric utility, it is important to understand and apply engineering principles that underlie distribution system planning, design, construction and maintenance. Safety is at stake (for the public, for your customers, and for your workers) as well as the ability of the system to deliver adequate and reliable service.

This four-part interactive course will be held online. The program is intended for:

- Electrical Managers and Superintendents
- Technicians
- Crew Leaders and Crew Members
- Engineering Staff
- And anyone else routinely involved with the electrical distribution system

Major topics to be covered include:

- Review of Alternating Current (AC) Electricity
- Three-Phase AC Electricity
- Introduction to Customer Load Estimation
- Distribution Transformers



- Medium Voltage Underground Cable
- Underground Distribution Grounding
- Underground Lightning Protection
- Underground Distribution Inspection & Maintenance

The Workshop will be taught by John Miner. John is a registered professional engineer, accomplished executive manager, and educator with over 45 years of experience in the electric utility industry.



John is a frequent presenter at MMUA workshops and formerly was General Manager of Rochester Public Utilities and Chief Operating Officer for the Austin, Texas, Electric Utility Dept. He has been a course instructor for APPA for 30 years.

Registration deadline: December 14, 2020.

Emergency Preparedness and Restoration Conference

January 26-27

Training, exercising and planning provides an opportunity to collaborate—whether it's with your utility or with your local or statewide responders.

Join other city and utility professionals at this worthwhile conference where you will engage in open-forum and roundtable discussions, share ideas and gain valuable insight to improve your effectiveness in a crisis, and collaborate with MMUA to help improve consistency across the membership.

See the MMUA online Events Calendar for more!

Save the following dates!

Watch your email for information on the following events:

PCB Management Workshop

March 16-17, 2021, MMUA Office, Plymouth

This program is one of few available that specifically focuses on the topic of managing PCBs and PCB items.

The workshop includes active discussion and a variety of real-life examples that participants will work through. Plus, each participant will receive a PCB management reference manual, with numerous sample forms and templates.

This workshop can benefit individuals responsible for PCB management at all levels of experience. Those who have recently been assigned PCB management responsibilities from a predecessor will find the class to be especially helpful.

Substation School

April 6-8, 2021, Anoka

In addition to classroom instruction on a variety of substation-related topics, participants will also go behind the scenes and tour two of Anoka Municipal Utilities' substations, plus we will tour Federal® Cartridge (tentative). This School can benefit anyone who works in a substation environment or those interested in learning more.



A surge in positive COVID-19 cases and resulting state-imposed restrictions have thrown MMUA's meeting/training schedules into uncertainty heading into the holiday season.

The Technical & Operations Conference, our second largest meeting of the year, was scheduled for Dec. 8-9 but has been postponed. We hope to offer a worthwhile 'virtual' conference, but will need some time to pull this adjusted meeting together.

While the T&O was the first domino to fall, others are following.

The mid-December Transformer School and Pre-Conference have been cancelled.

The Electrical Distribution Design Workshop was already planned as an online offering, so that will proceed as scheduled.

The Legislative Conference was scheduled for Feb. 2. With uncertainty surrounding the actual in-person or virtual status of the session, MMUA staff is considering various options for this informative meeting.

The Emergency Preparedness and Restoration Conference scheduled for Jan. 26-27 is still scheduled to go-ahead as planned.

The deeper into the schedule we look, the more positive we become that meetings will occur as scheduled.

The Feb. 9-10 Metering Pre-Conference and Feb. 10 - 12 Meter School still look like reasonable bets to happen as planned.

We learned in 2020 to make plans with a reduced amount of certainty. Here's hoping that is a reality we can soon jettison as we head into the New Year.

Virtual Regional Meetings

One of the joys of working for MMUA is the opportunity to visit member cities/utilities and get to know the people who make them go. This effort also allows members to get to know the people who work for MMUA.

To foster those relationships, MMUA board and staff last year set a goal of holding a series of regional meetings in 2021. While the pandemic has dimmed the prospects of a series of in-person meetings, it hasn't squelched the idea altogether. MMUA President Mark Nibaur, general manager of Austin Utilities, and MMUA Executive Director Jack Kegel are planning a whirlwind 'Zoom' tour around the state.

A series of 90-minute meetings are being planned.

Look for more information on these virtual get-togethers, which are tentatively scheduled to start in late January.