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Protecting the utility and the city: Minnesota communities respond to July cyberattacks

When the aging Cradlepoint cellular routers at two lift stations fail within minutes of each other, the stations stop communicating with the utility's central monitoring system—it's a recurring risk with older communications equipment.

But when failures repeatedly affect most of a system, suspicions start to rise. In Minnesota, routine equipment issues like these went from a nuisance to a troubling cybersecurity incident in the blink of an eye last summer.

Pine City's wastewater system was among the critical infrastructure targeted in a widespread July cyberattack on water systems. Today, the city is operating differently and making upgrades to protect its system.

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Protecting water infrastructure now involves more than just physical assets. Minnesota municipal utilities are enhancing cybersecurity measures to safeguard essential systems and ensure consistent service in a more interconnected world.

Election 2026: The ripple effect

Minnesota's 2026 ballot contains more than a collection of individual contests.

Its results could rearrange the state's representation in Washington and will determine control of the Legislature, produce a new governor, and trigger appointments that will have influence well beyond one term. For municipal utilities, understanding those connections is essential preparation for the policy environment that will emerge after the votes are counted.

Elections have consequences. This is probably the most overused comment regarding elections. It is also the most accurate. Sadly, it is often heard more as a lament following an election than as a warning to take an election seriously going into it. This article will look at some of the possible consequences of the upcoming 2026 federal and state elections.

The federal scene

Since sitting US Senator Tina Smith announced that she would retire following the end

of her current term, Minnesota voters are facing a rare opportunity: the chance to fill an open Senate seat. Holding the seat is critical to any hope the Democrats have of flipping control of the US Senate.

Republicans have nominated former television sports celebrity Michelle Tafoya for the position. In the past, she has made critical statements about President Trump and has expressed limited pro-choice preferences, two things that have not been successful for Republican hopefuls elsewhere. In Minnesota, she dominated the GOP primary. The Democrats have nominated current Lieutenant Governor Peggy Flanagan for the role. She is widely viewed as being fairly progressive, but she beat moderate Rep. Angie Craig by 20 points in what had been projected to be a very close primary.

When Rep. Craig filed for Smith's open Senate seat, it left her Congressional District (CD) 2 House seat open since a candidate cannot file for more than one office. Although Rep. Craig has won reelection by

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PUC sets Xcel compensation from Slayton at quadruple the precedent rate

A recent Minnesota Public Utilities Commission (PUC) decision could significantly raise the cost of municipalizing an electric system and create a formidable new barrier for communities considering local ownership.

The Slayton case also raises questions about how lost revenue and avoided costs should be calculated, what evidence utilities can reasonably be expected to produce, and whether the Commission's process gave adequate consideration to Slayton's position.

On Thursday, August 20, the PUC made its determination on what would constitute fair compensation to Xcel Energy if Slayton proceeds to municipalize the electric distribution system serving it. Following contested case proceedings ordered by the Commission to collect testimony, the Commission voted 5-0 to "accept the ALJ report" of Administrative Law

Judge Christa Moseng with minor modifications. The 30-page report includes the judge's findings and recommendations based on lengthy written testimony and evidence submitted by Slayton and Xcel.

For Xcel's depreciated facilities, the judge recommended, and the PUC approved, approximately \$3.2 million—an amount to which the parties had agreed. However, in adopting the ALJ's findings and recommendations, the PUC also put its stamp on awarding a compensation rate to Xcel for its loss of future revenue at nearly four times the level of any past PUC decision: approximately 116 mills for 10 years. That means Slayton would pay Xcel 11.6 cents for every kilowatt-hour (kWh) of electricity consumed by Slayton electric customers beginning on the date of transfer for 10 years. A 10-year window is a common period for lost revenue payments. However, the highest

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Taylor Ruiz joins MMUA

In mid-August, Taylor Ruiz joined the MMUA staff team in the newly created role of member experience coordinator.

The position focuses on member interface, with particular attention to engaging utility members in MMUA programs supported by their dues and working closely with associate members seeking greater impact from their MMUA involvement. Ruiz will also be supporting the transition after MMUA’s Director of Administration, Rita Kelly, retires at year’s end.

Prior to joining MMUA, Ruiz collaborated closely with vendors, building relationships and organizing trade shows, conferences, and events. She looks forward to engaging with MMUA members

over the coming year through site visits, vendor meetings, collaboration with the MMUA team, and familiarizing herself with key MMUA events.

Ruiz has spent most of her life in St. Paul, working in the hospitality industry and raising her family. With more than 10 years of combined restaurant and event experience, she thrives most in environments where she can connect with others. She believes that community and connection can come from anywhere if you look for it.

Ruiz is an active member of her community, organizing events such as book clubs, play groups, new-parent support groups, and fundraising events. Her value of human connection and genuine relationships



Taylor Ruiz

ultimately drew her towards MMUA. Ruiz says, “I hope to become a reliable resource for members and your go-to girl for anything MMUA.” Outside of work, she is an avid reader and a proud reality TV fan.

AI’s thirst is getting harder to ignore

Artificial intelligence (AI) may live in the cloud, but keeping it there requires a decidedly earthbound resource—water.

As technology companies race to build larger data centers to train and operate AI systems, communities focus largely on the enormous amount of electricity those facilities require. Water could present an equally difficult constraint. Data centers can consume millions of gallons per day for cooling, while the power plants supplying their electricity can add another layer of indirect water consumption. The result has pushed water utilities into a planning challenge few anticipated several years ago.

The American Water Works Association now calls data centers increasingly common “high-impact customers” for water utilities. Its 2025 *Cooling the Cloud* report warns the rapid development can increase demand, strain infrastructure, and force utilities to consider alternative water supplies. The organization urges utilities to evaluate projects before developers lock in locations and cooling technologies.

The numbers support the concern. Large data centers can consume an estimated five million gallons of water daily, roughly equivalent to the needs of a 50,000-resident community. In an opinion piece for *Utility Dive*, researchers Pete Elliott and Richard Tribble project that on-site and off-site water consumption associated with AI infrastructure could reach 4.2 to 6.6 billion cubic meters annually.

The local impact can vary dramatically

In Jefferson County, Alabama,



developers proposed a hyperscale facility, requesting two million gallons per day from the Warrior River Water Authority, according to *Inside Climate News*. The utility said it could not meet demand without “significant upgrades to the existing water system.” The requested volume would equal roughly one-third of the system’s reported six-million-gallon daily capacity.

Not every utility faces scarcity. Central Alabama Water CEO Jeffrey Thompson said his system sees data centers as potential customers because industrial decline left it with excess capacity. “We have certainly expressed to them that we have an abundance of cold, high-quality, raw water at low prices,” Thompson told public radio station WBHM in June. The utility has even discussed its available water supply with Alabama Power as it courts data-center development.

The water demand could equal more revenue for air cooling systems

This contrast illustrates why national estimates tell only part of the story. Five million gallons of daily water demand can over-

whelm one system while providing valuable revenue to another.

Technology also offers alternatives, as mentioned in the *Utility Dive* article. Closed-loop liquid cooling recirculates water rather than continually consuming it, while air-cooled systems can sharply reduce water demand. Those approaches come with trade-offs. Air cooling generally requires more electricity, potentially transferring some environmental and infrastructure pressure from the water system to the electric grid.

The water impact on municipal utilities

For municipal utilities, the issue extends beyond whether a community has enough water today. Utilities must determine who pays for new pipes, pumps, treatment capacity, and storage; how data-center demand affects drought planning; and whether developers can reduce potable-water consumption through reclaimed water or closed-loop systems.

AI’s appetite for electricity has already changed utility planning. Its thirst for water may force the next round of complex decisions.

Dolly deference: How institutions become worth defending

Part one of a series

People can disagree about almost anything. Don't try to get a consensus on mustard versus mayo, Democrats versus Republicans, or Ford versus Chevy. If you really want to get people wound up, try to have a Packers versus Vikings conversation or opine on the merits of pineapple on pizza. Yet amid all the vehement bickering about things big and small, it is clear that people have come together on a few things in these challenging times:

- 1. Dolly Parton was good.
- 2. Data centers are scary.
- 3. Discussion to the contrary of either of these inalienable truths is not welcome.

I have been thinking about this phenomenon lately as I prepared a new DUEL™ course called *Telling the Municipal Story*. It occurs to me that things closer to home can fall into similar—if less widely evaluated—categories. Our community schools, teams, mascots, and marching bands are usually classed with Dolly, as are our public libraries, beloved citizens, and first responders. On the other hand, nearly everyone lumps tornadoes, potholes, and power outages in the same category as data centers: something to be avoided if at all possible.

It's not that simple—or is it?

An objective look at the facts paints a much more nuanced portrait of reality than our instinctive good-versus-evil reactions suggest. Dolly Parton was human, so she undoubtedly made some mistakes. Our local schools can have disappointing test scores or sports teams, and we still stick by them. Some data centers have been around for years and have been net gains for their communities.

None of this matters, though, at the emotional level. In the

heat of the moment, people defend the first group and sputter about the second. That's because, without any formal discussion or agreement, we have unconsciously decided to protect the way the "good stuff" is understood and instinctively circle the wagons when it is attacked. When the "bad stuff" is mentioned, we don't think; we mostly just hate on it.

So yes—right or wrong, fair or unfair—at a practical level, it really is that simple.

Which brings me to wonder: How can municipal utility leaders and their community ambassadors understand the phenomena that make Dolly Parton, a beloved teacher or coach, and the high school band unassailable while data centers are too terrible to even talk about? More importantly, how can our utility occupy and maintain the sort of intuitive civic protection status in our community that other "good stuff," such as the school sports teams and first responders, typically enjoy?

I'll be touching on all of this and more in the upcoming DUEL course. In the interest of keeping this column shorter than *A Penguin History of the World*, this month I will focus on how civic protection of an institution happens in the first place and give you some things to think about regarding your utility's approach. Next month, we'll dig deeper into how to apply these ideas directly to your utility and work towards attaining or maintaining the protected status that is so important to ensuring the best long-term utility services for our communities.

Understanding civic protection

Certain people and institutions tend to receive a favorable presumption, regardless of the ebbs and flows of daily events. Their mistakes and difficult positions are given room for explanation

and the benefit of the doubt—something I will call "Dolly deference." Problems are treated as something to fix, not evidence that the institution should be eliminated or the person kicked to the curb. Critics are expected to show respect to the people and organizations they critique. In communities, residents see protected local institutions as "ours," even when they don't participate in them or disagree with their leaders.

This is not to suggest protected people or institutions are immune from accountability. Rather, civic protection springs from the kind of community trust that says, "I believe you will generally do the right thing," and a conviction that even when someone or something falls short, the relationship or institution is worth preserving.

For example, Dolly Parton used to offer a dinner theater attraction near Dollywood that divided its audiences into North and South, staged a playful Civil War rivalry that idealized the antebellum South, and included the song *Dixie*. When confronted about the show after the deadly 2017 events in Charlottesville, Virginia, Dolly responded that she would "evaluate concerns." Eventually the event evolved away from the Dixie theme. Dolly later acknowledged what she called "innocent ignorance" and said once she understood the effect of the show on many guests, they made the change. Her words of explanation were characteristically Dolly: "As soon as you realize something is a problem, you should fix it. Don't be a dumbass." While some people thought she had caved to political correctness, the deference she received from fans gave her time to get things right, and the absence of ongoing controversy suggests that even many who didn't like the change didn't turn into haters.

From my desk to yours

Karleen Kos
MMUA CEO



Achieving civic protection and Dolly deference

Civic protection and Dolly deference, assumed positive intent, time to fix problems, and active protection of the relationship or institution do not just "happen," though it can seem almost organic and inevitable in retrospect. Here are the conditions that seem to set the stage:

- **Shared identity.** The institution represents something larger than its function. It depicts who we are as people and how we show up for one another. Schools ("We're the Tigers!") and churches ("We are descendants and friends of Norwegian Lutherans who settled here in 1885!") often represent caring, neighborliness, and confidence in the community's future in addition to their stated purposes of education and worship. A utility's purpose is to provide essential services—and it can be taken for granted if things stop there. It needs to be perceived as something bigger than that. *Question: How can your utility position itself as a vital community asset and a critical piece of shared identity?*
- **Visible human relationships.** For Dolly to receive the deference she eventually got, she had to be visible and connected to people. She did this behind the scenes by personally

engaging in strategic planning meetings for her companies, and by appearing on stage, at literacy or charity events, and at Dollywood. Phoning it in would not have fostered the Dolly deference that resulted. In our communities, customers trust people, not utilities or anonymous billing systems. So we must be visible and building relationships with all our customers—not just with community leaders. *Question: Are your utility leaders consistently visible and connecting with ratepayers in person around the community?*

- **Repeated concrete benefit.** In the tributes to Dolly since her death, her legacy as an entertainer has been nearly overshadowed by the staggering statistics behind her good works. Through Dolly's Imagination Library, more than 300 million free books have been given to children from birth to five years old to promote literacy. Her millions in donations to medical research and disaster relief, as well as her boosting of the Sevier County economy, also provided concrete benefits to countless households. In short, Dolly did tangible things that she didn't have to do—and that most entertainers don't consider. Utilities can do something similar by finding ways to stand out, to be seen as something more than "the electric company," and, ultimately, to capture the affection of residents through caring about things beyond the strict definition of utility services. *Question: What can your utility do to stand out and provide concrete benefits in your community beyond those on the bill?*

- **Continuity and memory.** The people and institutions that earn civic protection and Dolly deference are those that connect to shared histories, civic milestones, emergencies, traditions, and the development of the community. When it comes to people like Dolly Parton or a favorite teacher, pastor, or coach, stories generally abound from generation to generation: How a certain

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Minnesota communities respond to July cyberattacks

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A new reality for utilities

At 7:12 pm, the first alarm came in. A wastewater lift station had stopped communicating with Pine City’s control system. Annoying, but not unusual. Aging communications equipment occasionally dropped offline and usually came back after operators reset the connection. Two minutes later, a second station failed. By 7:28 pm, another alarm appeared. What initially looked like a routine communications problem soon became something much larger.

Pine City did not initially speak publicly about the cyberattacks but later shared its experience with MMUA. Jason Chapman, Pine City Public Works Director, described the events matter-of-factly. The following day, the city learned that the problems it had experienced were part of a coordinated cyberattack. The incident did not stop operations, however. “We have manual backup floats. So when we lose communication, [the system] will still operate as normal,” Chapman says.

Chapman explained that the wastewater system continued operating because it does not have to rely on technology to run. The incident affected the city’s ability to monitor equipment remotely, but it did not compromise the underlying wastewater process itself.

The City of Braham provided the clearest public example of what was happening elsewhere. A text went out to the town’s residents that day, urging them to minimize water use while the water plant was offline. The message read, “The water plant is currently offline for an unknown reason.”

The east-central Minnesota city reported that a malicious cyber-attack knocked its computerized water operating system offline on July 27. The disruption briefly shut down the water plant, but local operators restored service in roughly 90 minutes. Plymouth and South St. Paul also acknowledged attempts against their systems, while state officials declined to identify every affected utility.

From local outages to a statewide incident

As state personnel began connecting the incidents, what had begun as local outages and communication disruptions became part of a wider state and federal investigation. The cities of Braham, Maple Plain, Plymouth, and South St. Paul were the first to publicly discuss impacts to their systems. Soon, communities around the state reported similar problems with water and wastewater systems, and some shifted to manual operations or declared local emergencies.

Minnesota IT Services (MNIT) said attackers targeted operational technology at more than 30 of Minnesota’s community water systems over 48 hours on July 26 and 27. Local officials were contacted by the Federal Bureau of Investigation, the Department of Homeland Security, and other state and federal agencies.

As reports flowed in, Minnesota activated its cybersecurity incident-response capabilities. MNIT coordinated with the Minnesota Department of Public Safety, the Bureau of Criminal Apprehension’s Minnesota Fusion Center, the Minnesota Department of Health, the Minnesota Pollution Control Agency, the Cybersecurity & Infrastructure Security Agency (CISA), other federal and local partners, and affected utilities. Together, they shared threat intelligence and indicators of compromise while helping utilities contain, investigate, and remediate the attacks.

The coordinated nature of the incidents makes them stand out from the steady background noise of phishing, ransomware, and isolated intrusion attempts. Attackers did not simply probe one municipality or steal one employee’s credentials. They used a coordinated, apparently synchronized, set of incursions to make clear the vulnerabilities under which water systems operate. The sheer scale of the attacks forced Minnesota to treat what was happening as a statewide critical-infrastructure incident rather than a collection of local IT problems.

Later reports from CISA indicated that the problems were not limited to Minnesota. More than 100 water and wastewater systems in multiple states had experienced malicious cyber activity targeting internet-exposed systems that use programmable logic controllers connected directly to a cellular modem. The FBI indicated the systems were in at least seven states, while some news reports put the estimates at closer to 12 states. The investigation remains active.

The attack also carried a geopolitical dimension. The Wall Street Journal reported that federal investigators suspected Iran-linked hackers were responsible as authorities examined the Minnesota incidents. MNIT’s initial public statement did not attribute the attack to a specific actor. The distinction matters: Attribution can take time, but a utility does not need to know an attacker’s nationality or motives before it acts to isolate systems, preserve evidence, and keep water flowing.

What Minnesota system operators learned

The attacks affected the digital systems that help operators see,

control, and receive alarms from equipment, but they did not directly impact the water itself. In Pine City, lift stations continued operating through local backup floats even after remote communications were disconnected. What operators lost was immediate visibility: Alarms and operating information no longer traveled back to staff through the supervisory control and data acquisition (SCADA) system.

A communications failure does not automatically mean the treatment process or water quality has failed. It does mean operators may need to visit sites, check equipment, record pump hours, and confirm levels in person until remote SCADA monitoring is restored.

“We still have two that still don’t have communication, and so we have to go out every day and physically check the levels and make sure that the pumps have still been working,” Chapman says. “Basically, [we are] checking the hours of the pumps running to make sure that they’re not clogged and everything’s working as it should.”

Pine City’s experience illustrates why cybersecurity and operational resilience cannot be separated. Utilities need secure technology, but they also need backup controls, staff who understand manual operations, clear notification procedures, and relationships with vendors and government partners before an emergency occurs.

Water systems present an unusually consequential target because digital controls connect directly to pumps, treatment processes, storage, and distribution. A successful intrusion can, therefore, move beyond stolen data or frozen files and affect physical operations. Many smaller systems also lack dedicated cybersecurity staff, which can leave general managers, public works employees, and outside vendors sharing responsibility

5 Cybersecurity questions every utility should ask

- 1. If remote communications fail, can essential services continue?
- 2. What unusual activity should trigger a call for help?
- 3. Who has remote access to utility systems?
- 4. Are the emergency response plan and contact list current?
- 5. When did the utility last practice operating without connected systems?

for technology that now attracts sophisticated attackers. The occurrences highlighted a longstanding infrastructure challenge: Small water utilities increasingly rely on connected automation, but many have limited staffing and funding to secure, maintain, and replace it.

Changes have been made at municipal water utilities

Marc Oleson, IT Director at Austin Utilities, says the attacks raised awareness and emphasized the importance of resilience. The issue extends beyond protecting a network. During a cyber incident, a utility must still be able to provide water, electricity, and gas to customers.

“For any utility, regardless of size, it’s no longer targeting by size; it’s targeting by opportunity,” Oleson says. “They were looking for those who were easy to pick on, and that’s kind of what happened at this point.”

Austin Utilities illustrates the kind of organizational preparation municipal systems can build before an incident. The utility maintains dedicated information-technology leadership as part of its management team and provides a 24-hour number for electric, gas, and water emergencies. Austin’s municipal code also directs Austin Utilities to use established water-supply plans, emergency response plans,

and procedures when critical water conditions require public notification. Those public-facing measures do not reveal the utility’s cybersecurity architecture, nor should they, but they demonstrate a broader principle: Cyber response works best when it fits into an existing operational chain of command rather than sitting in a separate IT binder.

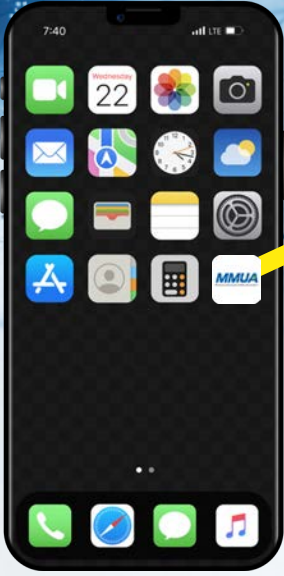
Planning for the next alarm

For Pine City, the next phase is practical: Restore secure communications, update aging equipment, formalize the response plan, and clarify when staff should notify outside agencies. The city’s experience also showed that a utility may not immediately recognize a cyber incident. The first warning can look like an ordinary equipment or network failure.

“We put together an emergency response plan with a risk and resilience, supply chain, and cybersecurity plan,” Chapman says. “We sat in on multiple cybersecurity trainings.”

Emergency planning has become part of the cybersecurity job. America’s Water Infrastructure Act, which amended the Safe Drinking Water Act, requires community drinking-water systems serving more than 3,300 people to conduct risk and resilience assessments and prepare

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or update emergency response plans. Environmental Protection Agency (EPA) guidance specifically requires those plans to address cybersecurity resilience and the vulnerabilities identified in the system’s assessment. Systems serving 3,300 or fewer people do not face the same federal certification requirement, but the EPA provides guidance and technical assistance for them as well. For utility managers, an emergency response plan should answer practical questions before an alarm appears on a screen: Who has authority to disconnect remote access? Can operators run critical equipment manually? Which systems must remain isolated from business networks? Who calls MNIT, CISA, law enforcement, regulators, and neighboring utilities? How will the utility communicate with customers if normal digital chan-

nels fail? The EPA now offers a cybersecurity incident-response plan template and an incident action checklist that utilities can incorporate into their emergency plans. Pine City is also reviewing whom to call and when. Chapman says Pine City has communicated with the Minnesota National Guard, Minnesota Pollution Control Agency, Minnesota Department of Health, Minnesota Rural Water Association, and League of Minnesota Cities. “We didn’t necessarily call the duty officer right away because we didn’t know it was a cybersecurity issue,” Chapman says. “But we now know when to call our duty officer, even if it isn’t necessarily an attack, just so they’re aware that something happened and in case there is something to follow up on.” That learning is being turned into tools other communities may be able to use. Chapman says Minnesota Rural Water Association is preparing a response template that Pine City can post at its facilities and share with other cities. For smaller utilities, the work will involve choices about priorities and available resources. “I’ve been communicating with a ton of people about what questions I should be asking,” Chapman

says. “Being a smaller city like we are, with the funding that we have, what is the best that we can do with what we have?” **Federal proposals and local defenses** The July attacks also add urgency to proposals in Washington that could help Minnesota utilities strengthen their defenses. A bipartisan group of senators introduced the Rural and Municipal Utility Cybersecurity (RMUC) Act, S. 5360, to reauthorize the Department of Energy’s Rural and Municipal Utility Advanced Cybersecurity Grant and Technical Assistance Program. The bill would authorize \$250 million over five years through 2031 for cybersecurity planning, workforce development, vulnerability assessments, and related assistance for rural electric cooperatives and municipally owned utilities. The American Public Power Association (APPA) supports the legislation. APPA President and CEO Scott Corwin said the existing program helps public power utilities turn assessments into practical improvements. “With RMUC support, APPA has launched the Cyber Accelerator Program to help utilities assess their readiness and take concrete steps to improve their security

posture,” Corwin said. Water utilities could also face a changing federal framework. Senators Adam Schiff, D-California, and Amy Klobuchar, D-Minnesota, introduced the Water Cyber Shield Act of 2026, which would expand the EPA’s cybersecurity role for drinking-water and wastewater systems. The proposal would require cybersecurity considerations in risk and resilience assessments and emergency response plans, establish baseline standards, and authorize additional funding for water-system cybersecurity. Legislation and technology can address only part of the problem. Utilities still need basic defenses: unique passwords, multifactor authentication, timely software patches, network segmentation, secure backups, restricted remote access, and tested incident-response procedures. They also need employees who know when to stop a transaction, disconnect a system, or make a phone call. For Minnesota utilities, Pine City’s experience brings those recommendations back to the first alarm. Utilities cannot eliminate every threat, but they can reduce opportunities for attackers, prepare employees to recognize unusual activity, and build enough operational redundancy to continue serving

What was affected?

- SCADA communications
- Remote monitoring
- Automated alarms
- Operator visibility into system status

What was not affected?

- Water treatment processes
- Water quality testing
- Physical infrastructure
- Backup controls
- Utility staff’s ability to operate systems manually

customers when connected systems are unavailable. Oleson hopes the incident keeps cybersecurity connected to the utility mission. “Hopefully, this raises awareness across the MMUA body just to realize that this is out there,” he says. “It is real, and we want to make sure that we are as prepared as possible to continue to provide those reliable services.”

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Election 2026: The ripple effect

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increasing margins each time she appeared on a ballot, CD 2 is still viewed as a purple district that may lean DFL but is not a sure thing. This makes the candidate choices especially interesting in the race to replace her.

The Republicans have nominated current State Senator Eric Pratt, who ran unopposed in the CD 2 primary election. His State Senate district is in the Shakopee area, and by current standards he is probably viewed as moderate rather than extreme. On the other side, DFL primary voters chose former Lakeville mayor and one-term State Senator Matt Little as their candidate. He was, by all reports, the most progressive candidate in the running, but he easily turned back two current legislators in what had been expected to be a close race. Holding this CD 2 seat is important to the Democrats' plan for gaining control of the US House of Representatives.

Obviously, if Democrats are successful in flipping at least one chamber of Congress, even more shouting and less work can be expected given the current dynamics of DC. But certain work has to get done, and the subtle differences in what passes under these conditions could be significant in their application.

The race for governor

Governor Walz's decision not to seek a third term is having ramifications at both the state and federal levels. When US Senator Amy Klobuchar announced she would file to succeed him as governor, she instantly became the front-runner, a fact reinforced when she won her primary election with about 90 percent of the votes.

Should Sen. Klobuchar win the Minnesota Governor's race, she will need to resign her Senate seat prior to taking the Governor's oath of office. This will create a vacancy in her Senate seat. Filling the vacancy could be one of Governor Walz's last actions. Alternatively, he could opt not to appoint, or Senator Klobuchar could wait until it is effectively too late for him to appoint. In either of those cases, one of Governor Klobuchar's first acts in office will be to appoint her own successor. The person elected would serve until the 2028 elections, at which time Klobuchar's former Senate seat will be on the ballot for the remainder of the existing term, which ends January 3, 2031. The office would again be on the ballot in 2030, this time for a standard six-year term.

On the Republican side, current Speaker of the Minnesota House Lisa Demuth overcame the absence of endorsement from both her party and President Trump to claim an overwhelming

victory with primary voters. A Demuth victory would mean Sen. Klobuchar would not need to resign her Senate seat, and there would be no vacancy to fill.

Win or lose, Speaker Demuth was prohibited from simultaneously filing for her House seat when she filed for the Governor's race. Her open seat will be filled through the regular election process in November.

Regardless of whether Sen. Klobuchar or Speaker Demuth prevails, the winner will be the first female governor in Minnesota history. Speaker Demuth would also be the first Black Minnesota governor.

A new governor—irrespective of party—means changes in State agencies and departments are forthcoming. In Minnesota, the governor appoints commissioners and can restructure the administrative makeup, something that is likely no matter which candidate wins. Governors also fill vacancies in the State's judiciary. This is often an overlooked power, but since judges serve beyond the Governor's term,

it can have significant impacts.

The legislative outlook

Finally, let's turn to the consequences of Minnesota's legislative elections. One thing that will be true regardless of who wins which seats is that the bodies will have many new faces. Approximately 21 percent of the legislature will be freshmen, driven by 43 current members not seeking reelection. Of those, a good many are retiring, and a few are seeking to move from the House to the Senate. In addition, a few members are likely to lose their reelection bids.

In the Senate, any net gain by the DFL would expand their current one-seat majority, whereas a one-seat net gain by the Republicans would flip the Senate to Republican control. Control of the Senate carries with it the ability to confirm or reject the Governor's appointment of commissioners.

In the House, a net gain of one by either party will break the current tie. Another tie would require another agreement on

the sharing of power, which would not be easy. Perhaps the most significant impact of controlling the House is that all tax and revenue bills must originate there.

One final thing to think about is that single-party control of the House, Senate, and Governor's office would likely mean that the party passes at least some of its most extreme policies. Times of divided government, at the very least, create a degree of checks and balances on the worst extremism from either side—but it can also make it hard to get anything accomplished if one side or the other decides to dig in. The 2027 legislature will be constitutionally obligated to pass a new biennial 2028–2029 budget. Failure to adopt a budget before July 1, 2027, will mean a partial government shutdown and the need for a special session.

Buckle up

We'll see the consequences of this year's elections starting late on November 3 when the ballots start being counted. Ideally, we will know the outcome soon

after, although we have seen in prior close elections that wrinkles, lost ballots, challenges, and recounts can stretch out the process of learning exactly where things stand. As Bette Davis once said, "Buckle up; it's going to be a bumpy night."

The 2027 legislative session is scheduled to convene on January 12, 2027, and MMUA will be there on behalf of Minnesota's municipal utilities. Be sure to put the 2027 Legislative Conference on your calendar and plan to attend so that we can, together, make sure the voices of municipal utilities are heard. The event will be held at the Drury Inn in downtown St. Paul January 26–27. Also be sure to participate in our weekly Government Relations Advisory Group (GRAG) meetings, where we bring you up to speed on what is happening at the legislature and seek your input on important topics. Contact Bill Black (bblack@mmua.org) to be added to the invitation list.



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The fight for space on the pole

A wooden utility pole rarely attracts much attention until everyone wants a piece of it.

Electric utilities need poles to deliver power safely and reliably. Broadband providers need them to string fiber quickly and economically. Federal policymakers want both industries to move faster as billions of dollars flow toward connecting Americans who still lack high-speed internet. Somewhere between those competing demands sits a deceptively tricky question—who should pay when another wire is installed?

This question now drives a widening dispute among broadband companies, electric utilities, and the Federal Communications Commission (FCC). The FCC wants to accelerate broadband construction by reducing costs and delays associated with pole attachments. Public power utilities support faster broadband deployment, but argue that Congress deliberately left their poles under local control—and that electric customers should not subsidize private communications companies that use community-owned infrastructure. The debate could determine not only how quickly broadband networks expand, but also how much authority local utilities retain over the poles they own.

For municipal utilities, the

stakes extend far beyond annual attachment fees. Pole owners must consider engineering, inspections, worker safety, loading, maintenance, replacement schedules, and storm restoration. When a new attachment requires a taller or stronger pole, someone must also decide how to divide that expense.

The FCC has placed itself increasingly in the middle.

The line Congress drew

Section 224 of the Communications Act gives the FCC authority over rates, terms, and conditions for attachments to poles owned by investor-owned utilities, unless a state assumes that regulatory responsibility. Congress, however, excluded poles owned by municipalities and electric cooperatives from Section 224's definition of a regulated utility.

The American Public Power Association (APPA) argues the distinction reflects a deliberate policy choice. Municipal utilities answer to local governments, elected or appointed boards, and the communities that own them. APPA contends that local oversight protects electric customers from absorbing costs that commercial broadband companies should pay.

The FCC has now turned to another section of federal law. In June, the Commission

advanced a proposal under Section 253 of the Telecommunications Act of 1996 that could establish presumptions governing authorization timelines and fees that state and local governments impose on wireline deployments. The FCC published the proposal in August and specifically raised the possibility of applying a cost-based fee framework to government-owned poles and conduit.

APPA sees a potential end run around the municipal exemption. The association argues that Section 253 addresses state and local governments when they regulate telecommunications providers, while a municipal utility acts as an infrastructure owner—not a regulator—when it negotiates access to its poles. APPA plans to press that distinction as the FCC considers the rule.

The legal argument may sound technical. The practical question does not: Can Washington dictate the price and process when a broadband company wants to use a pole that a community owns?

Broadband builders see a bottleneck

Broadband companies frame the issue differently. They argue that inconsistent rules, lengthy reviews, and expensive make-ready work can slow down projects that already face tight construction deadlines.

The federal Broadband Equity,

Access, and Deployment (BEAD) program magnifies that pressure. Congress committed \$42.45 billion to the program to extend high-speed internet into unserved and underserved areas. Many projects rely on aerial fiber because builders can attach cable to existing poles rather than construct an entirely new support network.

That approach works only when providers can gain access quickly enough and at a workable cost.

A February FCC decision involving Comcast and Appalachian Power Company illustrates the conflict. Comcast told the Commission that a \$126 million BEAD grant would help it connect approximately 13,000 unserved and underserved locations in Virginia and that the project would require access to thousands of Appalachian Power poles. The companies disagreed over who should pay when existing poles contained safety or engineering violations but also required replacement to accommodate Comcast's equipment.

The FCC sided partly with Comcast. It ruled that Appalachian Power could not require the new attacher to pay the entire replacement cost when a pole already violated existing safety or engineering standards. The Commission said Comcast should pay the incremental cost of the stronger or taller pole that

its attachment required, rather than the full replacement cost.

That distinction cuts to the heart of the national argument. Broadband providers do not want to finance upgrades that they believe a utility already needed. Utilities do not want their electric customers to finance improvements that a commercial attachment triggers.

Both sides can make a legitimate cost argument. The trouble comes when they disagree over what caused the cost.

There is no such thing as just hanging a wire

From a distance, pole attachment can look simple. A communications company wants space. The utility owns space. The company pays rent.

Up close, the process looks considerably different.

The pole owner must review an application, survey the affected poles, and determine whether each structure can safely accommodate additional equipment. Crews may need to move existing wires, correct clearance problems, or replace poles. Engineers must account for loading and safety standards. After construction, the utility continues to inspect and maintain an asset that now supports equipment from multiple companies.

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PUC sets Xcel compensation from Slayton

Continued from page 1

mill rate ever awarded by the PUC to date was 29.7 mills or 2.97 cents/kWh when the City of Redwood Falls acquired service area from Redwood Electric Cooperative in 2007.

In contrast, the City calculated a fair rate of 4.2 mills, or 0.42 cents/kWh, for a period of five years. Assuming 20,500 megawatt-hours in sales over that time, it would pay approximately \$86,000 per year, approximately \$430,525 total. The shorter proposed recovery period reflects the City's expert testimony that Xcel's size and resources will allow it to recover easily from the loss of Slayton, population 2,013, compared with other service area transfers between similarly sized municipal utilities and cooperatives.

Xcel, on the other hand, claimed its losses would amount to \$34.7 million, which it would take as a lump-sum payment or as annual payments of \$3,153,021 for twenty years, totaling a staggering \$63 million. The ALJ recommended using a 10-year window based on precedent and advised using a mill rate rather than lump-sum payments, as the City and precedent suggested, basing total compensation on actual sales. However, the ALJ also recommended using Xcel's estimates

of future consumption, customer growth, and rate increases to arrive at the mill rate reflected in the \$3.1 million per year figure, which Xcel calculates as 116 mills, or 11.6 cents/kWh.

The vast difference between 4.2 mills and 116 mills comes, in part, from Xcel's use of statewide figures rather than Slayton- or region-specific data that would show less consumption and slower growth, according to the City. The ALJ put the burden of proving the lower amount on Slayton using Xcel data, which Xcel said it had no way of providing. The issue of who bears the burden of proving the matter continued into the August 20 hearing, with the Commission following the ALJ and denying the City's plea not to be forced to somehow produce data that only Xcel possesses.

The far larger factor causing the chasm, however, comes from what costs Slayton and Xcel say that Xcel will no longer incur from serving Slayton customers. The ALJ report accounts for some avoided costs, but, again, recommends the PUC rely on Xcel's "narrower view" of avoided cost assumptions than the City's. The "narrower view" adopted in the report subtracts costs from lost revenue for "fuel and purchased power that vary

directly with Slayton's load, clearly variable [operations and maintenance] expenses that can be shown to decrease when Slayton leaves, and any demonstrable reductions in customer service or billing costs attributable to loss of Slayton accounts."

The City believes much more should be included. In its filing titled "Exceptions to Administrative Law Judge's Report," the City attempted to demonstrate to the ALJ that Xcel will continue to fully utilize all of its assets and resources following the transfer, except for a portion of the substation serving Slayton. Those costs relate to minimum system and service drop, energy services, on-peak and off-peak revenue requirements, energy-related production, capacity-related summer peak and winter peak production, transmission, primary distribution lines and substations, and secondary distribution and transformers. Nearly all of those costs would actually be paid for by Slayton's municipal utility and its customers, according to Slayton.

Regarding the substation serving Slayton, Xcel addressed it outside the lost revenue category and, thus, outside its mill rate calculus. Under the governing statute's "other appropriate factors" compensation category,

Xcel claimed it would lose the entire \$1.13 million value of utilizing it. However, the City's expert consultant had pointed out that Xcel would continue to use three-quarters of the substation. Again, the ALJ sided with Xcel, and the PUC confirmed the move with its decision.

Irregularities

Apart from seemingly demurring on much of the City of Slayton's written testimony and evidence, one procedural irregularity (among others) appeared in the form of a lack of opportunity for one party to speak during the hearing. Normally, the parties in a service area acquisition would be able to offer comments in order to clarify points of contention in the evidentiary record and to be able to refute inaccuracies made in the opposing party's final filing.

At the hearing, Slayton City Administrator Josh Malchow and one of the City's consultants, Dave Berg, sat beside Slayton's attorney, Josh Weir from Kennedy & Graven. Cozen O'Connor attorney Ryan Barlow spoke for Xcel. To begin the hearing, commissioners questioned Xcel and the City at length about how Xcel's community solar garden subscribers in Slayton would be handled. Then, Xcel

pleaded with the Commission for compensation from Slayton for any future engineering studies it might decide are needed as a result of the transfer.

Meanwhile, the City's representatives expectantly awaited their chance to address the glaring difference between \$430,525 and \$34.7 million in the entities' lost revenue calculations. As commissioners' comments began indicating a clear leaning toward an Xcel-favored outcome, the City's representatives took pains to bring up the point. At different times, each of them requested permission to speak about avoided costs, noting the subject was clearly "the elephant in the room." Each attempt was ultimately denied, with four different commissioners explaining, in effect, that they were limited to considering evidence from the contested case filings and were not able to, or not interested in, listening to oral testimony on the loss-of-revenue issue.

As the Commission moved to finish the hearing, MMUA's Bill Black joined Slayton's table and asked permission to make a comment, which the chair granted. Black noted that the Commission's pending motion, if approved, would institute a major departure from past compensation

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Municipals find savings in a complicated corner of the bond market

Municipal utilities have found an increasingly attractive way to buy tomorrow's energy at today's discount. Wall Street has noticed—and lately, so have nervous bond investors.

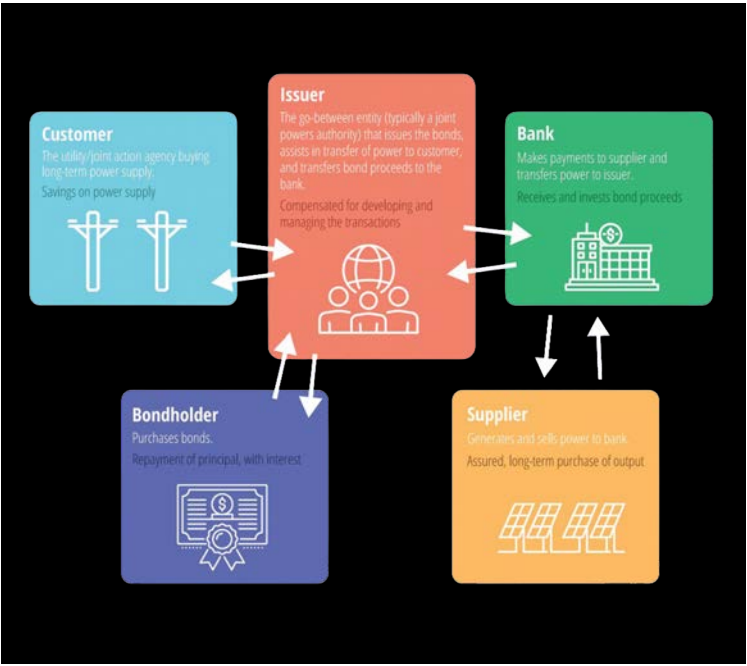
Prepaid energy bonds have grown from an obscure corner of municipal finance into a market exceeding \$100 billion. Utilities use the transactions to lock in long-term supplies of natural gas or electricity at discounted prices, while investors gain tax-exempt securities. Minnesota Community Energy (MCE) entered the market again this year with a \$750 million gas prepay transaction ranking among the nation's largest municipal financings in March, according to a Taft report.

The rapid growth offers public utilities an opportunity to reduce energy costs and improve budget predictability. It also brings risks that differ sharply from conventional municipal debt. Recent concerns about private credit have pushed investors to scrutinize the banks, insurers, and other corporations standing behind some transactions. For municipal utilities, however, a carefully structured prepay can turn access to tax-exempt financing into long-term savings for customers.

The concept sounds more complicated than its objective. A municipal entity issues tax-exempt bonds and uses the proceeds to prepay a supplier for decades of natural gas or electricity. The supplier delivers the energy over time at a discount. Participating utilities then sell the energy to their customers.

The structure effectively converts the municipal market's lower borrowing costs into cheaper energy.

The model has grown quickly. Nuveen reported in April that



energy prepays exceeded five percent of the Bloomberg Municipal Index and surpassed \$100 billion outstanding in 2025. The firm calculated an average annual issuance growth of 37 percent. AllianceBernstein similarly estimates that prepays represent about five percent of the tax-exempt municipal market.

“Prepay bonds look like municipal debt,” Nuveen wrote in its April analysis. “The credit risk tells a different story.”

This distinction has gained importance.

Unlike a conventional utility revenue bond, a prepay bond can expose investors to the financial institution that guarantees or funds the transaction. Bloomberg reported in April that investors had demanded higher yields from some bonds involving Athene Annuity and Life Co., owned by Apollo Global Management, amid broader worries about private-credit investments.

The episode spotlighted a central concern surrounding the sector: Investors must evaluate more than the municipal name on the bond.

Nuveen cautions crediting quality can vary substantially according to the funding recipient and deal structure. AllianceBernstein offers a more optimistic conclusion but also stresses careful credit analysis, diversification, and liquidity management.

Meanwhile, demand keeps growing.

AllianceBernstein expects data centers, electrification, and rising power consumption to make long-term energy-price protection increasingly valuable. PGIM Fixed Income noted the prepaid gas market tripled in size in five years. The structure has even attracted technology companies. Google parent Alphabet tapped the municipal prepaid electricity market this year through a transaction initially sized at \$1 billion to \$1.25 billion.

“Today is no different than a couple of weeks ago,” Principal Asset Management Municipal Portfolio Manager James Welch told *The Bond Buyer* in June as another wave of deals reached investors. “They’ve all been coming.”

Dolly deference

Continued from page 3

song affected the listener, how the teacher had your dad in class, how everyone remembers ringing the church bell on Sunday morning. Institutions stand the test when they remain steady through all the ups and downs a community and its inhabitants face. Most municipal utilities have been around a long time, so there is ample opportunity to harness the concepts of continuity and memory in your town if you take the time to think about ways to do it. *Question: How does your utility show up as a force for continuity and service in the community—and how can you make sure people see and appreciate that?*

• **Perceived fairness.** For those who gain the status of a beloved person or institution worthy of protection, the public has generally concluded that fairness is inherent in what they do. Dolly, for example, sang to everyone and sent books to everyone. She didn’t base her Imagination Library on income or anything else. She didn’t only sing to country music fans or invite only people who agreed with her to Dollywood. Institutions that are seen as accessible to everyone rather than only to a favored constituency are much more likely to earn civic protection and deference than those that are exclusionary or perceived to show favoritism. Utilities are uniquely positioned to communicate fairness, since we serve everyone equally. *Question: How does your utility communicate its service and accessibility to all without favoritism, and how does that show up in actual customer experience?*

“Find out who you are and do it on purpose.”

Dolly Parton excelled at being great and being herself. Today,

her iconic and protected status seems like destiny, but it did not occur without a few bumps along the way. There was the messy breakup with Porter Wagoner, the regrettable film *Rhinestone*, and more than a few kerfuffles over her acceptance of people and things some folks found unacceptable. Yet Dolly ultimately gained civic protection and deference because she found her way through all sorts of tough situations, hung in there with a genuine smile on her face, and had the willingness to follow her own advice: “Find out who you are and do it on purpose.” For Dolly, “on purpose” meant intentionally identifying with her audiences, building visible relationships, and providing concrete benefits in a fair, caring way across three generations, multitudes of hit songs, and uncounted memories. Now that she is gone, that purpose remains protected as a rare gem in the public’s eyes.

Municipal utilities have many of the raw materials needed to earn this kind of protection too: Deep roots, familiar faces, essential services, shared ownership, and a long record of showing up when communities need them. But none of that makes civic protection—or Dolly deference—automatic. We cannot simply declare ourselves beloved hometown institutions and expect the public to play along. Nor can a clever slogan, anniversary celebration, or social media campaign manufacture what daily experience does not support. We have to find out who we are—our personality, our place in the community apart from the obvious purveyor of this or that utility service—and then do it on purpose.

Civic protection and Dolly deference accumulate slowly, one interaction and decision at a time. They grow when people see the utility as competent, fair, accessible, and unmistakably on the community’s side. They can also be squandered—sometimes through a spectacular failure, but more often through distance, silence, perceived favoritism, a tin ear to the community’s fears or concerns about things like data centers, or reducing a relationship to a monthly bill.

Next month, we will turn from the conditions that create civic protection and deference to the particular opportunities—and obstacles—municipal utilities face. We will look at where hometown utilities naturally align with beloved community institutions, where the comparison breaks down, how utilities lose the public’s favorable presumption, and what leaders can do now to make “our utility” something worth defending.

“Together, we can all dream more, learn more, care more, and be more.” —Dolly Parton





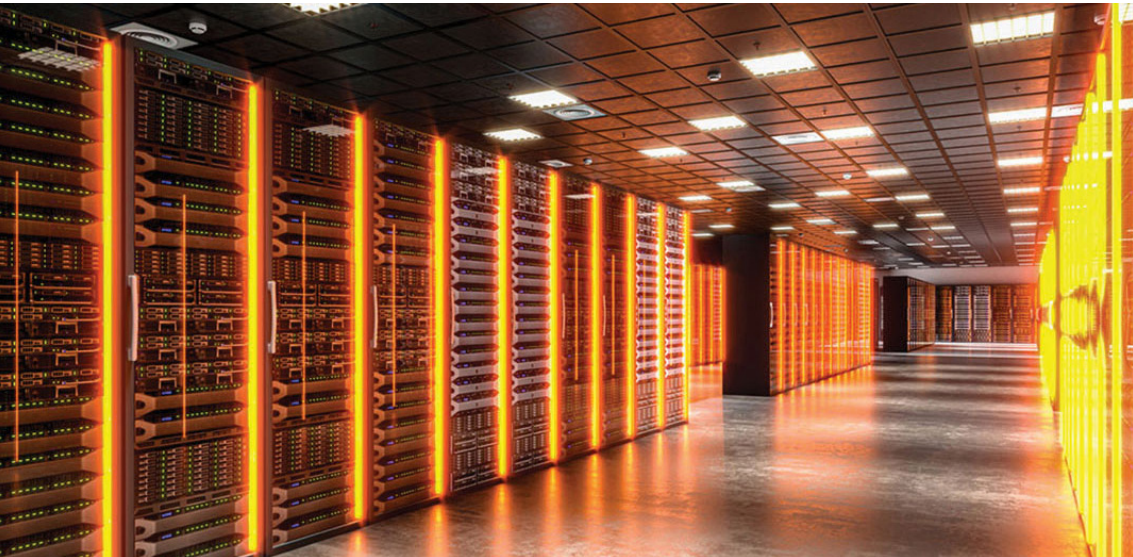
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The data center divide



Data centers once occupied a quiet corner of the electric grid.

Artificial intelligence (AI) has made them one of the fastest-growing customers and forced utilities to confront consequential questions about their impact. Today, utility leaders differ on whether this new demand can strengthen the system without shifting costs and risks to existing customers.

The rapid construction of AI-driven data centers promises utilities something they have not seen consistently in decades: substantial, sustained load growth. This growth can spread fixed system costs across more

electricity sales, support new generation and transmission, and create opportunities for utilities to modernize aging infrastructure. But it can also strain power supplies, raise costs, complicate resource planning, and increase emissions when utilities turn to fossil generation to meet demand quickly.

The International Energy Agency (IEA) expects global data center electricity consumption to more than double by 2030, reaching about 945 terawatt-hours. In the US, data centers could account for nearly half of electricity-demand growth through the end of the decade. The IEA expects renewables and

natural gas to supply much of this new demand.

For utilities, the financial upside can prove substantial. As published by Utility Dive, PG&E says large-load growth has helped the company reduce electric rates four times in two years. The California utility estimates each gigawatt of additional load can lower customer bills by roughly one percent by spreading system costs across greater electricity sales. PG&E's large-load pipeline totaled 7.3 gigawatts (GW) at the end of 2025.

Minnesota offers another model. Investor-owned utility Xcel Energy's proposed agreement to serve a nearly one-GW Google

data center requires Google to cover the infrastructure costs associated with serving the facility. Xcel Energy also plans 1.9 GW of new wind, solar, and long-duration storage to support the project, according to another Utility Dive article.

"We're partnering to ensure large load growth strengthens our overall system, benefits our local communities, maintains our states' clean energy goals, and doesn't increase costs for our existing customers," Xcel Chairman, President, and CEO Bob Frenzel told analysts.

Not every utility executive shares this enthusiasm.

In another Utility Dive article, Joe Nolan, CEO of Massachusetts-based Eversource Energy, said data centers offer "no value to our residential customer" and argued the additional demand would "only ... drive up the price of energy." His concern highlights the central risk: Utilities may need to build generation, substations, and transmission years before they know whether projected data center demand will fully materialize.

Similar sentiments were echoed by Josh Kramer, Executive Vice President and General Manager for the North Dakota Association of Rural Electric Cooperatives, who made it clear

earlier this year that data centers are welcome there only if existing cooperative members are not harmed. He told North Dakota Living, "Yes, it's possible for North Dakota's electric cooperatives to serve data centers. ... But only where it makes sense in that it doesn't affect the existing members, both in terms of cost and reliability. ... Data centers must pay those costs. The cost causers are the cost payers."

The environmental equation also continues to evolve. In a paper published in August in Nature, researchers modeled how AI could increase emissions beyond those associated with powering data centers by making fossil-fuel exploration and production more efficient. Under scenarios in which AI adoption advanced in parallel across fossil-fuel and renewable-energy applications, the researchers estimated a net annual emissions increase equal to approximately 1.2 to 4.8 percent of global energy-related CO₂ emissions in 2024. AI can also improve renewable-energy forecasting, grid integration and energy efficiency, partially offsetting those increases.

For utilities, then, the data center boom presents neither an unqualified windfall nor an unavoidable burden. The

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Minnesota Municipal Utilities Association

The data center divide

Continued from page 10

outcome will depend largely on who pays for new infrastructure, how accurately utilities forecast demand, and what resources they build to serve it. Carefully structured tariffs and long-term contracts could turn unprecedented load growth into an opportunity. Poorly allocated costs could leave other customers paying for someone else's computing power. Meanwhile, ratepayers and keyboard warriors on social media are sounding alarms about effects ranging from noise and water concerns to fears of Big Tech and quality-of-life impacts in addition to concerns about rates and reliability.

For Minnesota's municipal utilities, the issue extends beyond communities that may host a data center. Large new loads can affect regional transmission needs, wholesale power costs, resource adequacy, and the pace of generation development across the Upper Midwest.

No utility can afford to treat this as someone else's question, and communities need time, credible information, and meaningful public engagement to move beyond the current fever pitch and toward a shared understanding of the choices involved. Neither, however, must every utility or community reach the same conclusion. The prudent response is to understand the potential benefits, identify the risks, insist that costs follow those who cause them, and ask hard questions before commitments are made. Data centers may prove valuable partners in some communities and poor fits in others. What matters is that municipal utilities approach them with open eyes, reliable information, and the interests of the communities they serve firmly in view.

The fight for space on the pole

Continued from page 7

Those expenses help explain why utilities resist proposals that treat attachment charges as little more than rent for a few feet of wood.

Jefferson County Public Utility District in Washington offers a recent example. General Manager Joe Wilson recommended increasing the district's annual pole attachment rate from \$32 to \$34.24 in 2026, a seven percent increase. His April report cited higher labor, material, and equipment expenses, more inspections and repairs, vegetation management, storm response, pole replacement, and growing broadband demand.

Wilson also identified "ensuring pole attachment users pay a fair share of infrastructure costs" and "reducing cross-subsidization by electric ratepayers" among the reasons for the increase.

That argument resonates strongly in public power. A municipal utility does not have outside shareholders who can absorb unrecovered infrastructure expenses. Ultimately, the community owns the system, and its customers pay the bills.

Yet public power's position should not suggest hostility toward broadband itself.

Some municipal utilities have become broadband providers.

BrightRidge, a public power utility in Tennessee, launched broadband service in 2019 and now offers speeds up to 10 gigabits. CEO Jeff Dykes said the utility intends to keep expanding until its network reaches everyone in its territory.

"Our community embraced high-speed fiber," Dykes said as reported in an APPA article. BrightRidge has already passed 73 percent of the customers it hopes to reach, with "our long-term goal of reaching a hundred percent, no matter how far or how hard it is to get to them."

Experiences such as BrightRidge's complicate the



claim that public power utilities inherently stand in broadband's way. Many municipal systems view connectivity as an economic-development tool and essential community service. Their objection centers on federal control and cost allocation rather than broadband expansion itself.

Speed meets safety

The coming wave of federally supported construction will test that distinction.

Broadband companies face deadlines attached to public funding, along with labor shortages, permitting requirements, and rising construction costs. A utility that takes months to process thousands of pole applications can derail a project even when it has legitimate reasons for the delay.

Utilities face their own capacity problem. A small municipal system cannot instantly add engineers, line workers, and inspectors because a broadband company submits thousands of applications at once. Nor can an electric utility ignore its first

responsibility: keeping the electrical system safe and reliable.

The FCC has already tightened pole-attachment procedures for utilities that fall under its Section 224 jurisdiction. Its rules establish processes for applications, surveys, estimates, and make-ready work and provide mechanisms for resolving disputes.

Public power leaders worry that Section 253 could provide a pathway for the Commission to extend similar federal expectations to municipal systems despite the Section 224 exemption.

That prospect turns a fight over pole space into a fight over federalism.

Broadband advocates can reasonably ask why the ownership structure of a pole should determine how quickly a federally funded network reaches an unserved home. Municipal utilities can reasonably ask why federal broadband policy should override local control of infrastructure that local electric customers financed.

Neither question disappears simply because Washington wants fiber deployed faster.

What comes next?

For public power utilities, the immediate battle will unfold at the FCC.

The Commission's current proceeding could help define how far Section 253 reaches into locally owned infrastructure. APPA intends to argue that Congress already settled the jurisdictional question when it exempted municipal poles from Section 224 and that the FCC cannot recreate that authority through another provision of the Communications Act.

Congress could eventually settle the issue more explicitly. Until then, broadband funding will continue to push the two industries together at precisely the moment when regulators, utilities, and providers disagree about the rules.

The best outcome may require something less dramatic than choosing a winner.

Broadband providers need predictable application procedures, realistic timelines, and transparent charges. Utilities need enough time to protect safety and reliability, recover legitimate costs, and prevent electric customers from subsidizing commercial networks. Both sides benefit when they coordinate large projects before thousands of applications arrive.

That cooperation will matter increasingly as BEAD construction moves from planning to poles.

For municipal utilities, however, one principle will remain difficult to negotiate away. A utility pole may provide convenient real estate for the broadband revolution, but somebody bought it, somebody maintains it, somebody replaces it after the storm—and somebody must pay for all of that.

The fight now centers on who decides.



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Sharing the risk: Different insurance models for protecting municipal utilities

Minnesota's municipal utilities face the same property, liability, cyber, workplace, wildfire, severe-weather, and cost pressures as utilities across the US, but they generally begin with a protection model already built around shared public risk.

Most MMUA member cities obtain coverage through the League of Minnesota Cities Insurance Trust (LMCIT). Elsewhere, some rely primarily on commercial insurers. Some participate in public-entity pools. Others share ownership of an insurance company, while a utility with sufficient scale may create a captive insurance company of its own. Most programs combine more than one model, retaining manageable losses and transferring the largest ones.

Insurance is only one part of a utility's risk protection. Preventive maintenance, worker training, cybersecurity controls, emergency planning, mutual aid, contracts, reserves, and claims management all reduce either the likelihood of a loss or its consequences. Insurance and other risk-financing arrangements address what remains. The important question is not simply whether a utility is insured. It is who ultimately bears each layer of risk—and who controls the terms, claims process, and money set aside to pay losses.

For a Minnesota municipal utility, that question is usually answered first through LMCIT. Minnesota cities created LMCIT in 1980 as a not-for-profit, self-insured membership cooperative. Its eligibility rules include city utility commissions and related organizations. Small municipal utilities can participate without the balance sheet or administrative capacity needed to form an insurer themselves.

The LMCIT pools members' risk and provides coverage designed for municipal exposures, including property, liability, auto, workers' compensation, and cyber coverage, along with claims expertise and loss-control programs. It has also returned funds not needed for claims, expenses, or reserves to members through annual dividends since 1987. From the Minnesota vantage point, the alternatives used elsewhere are best understood by asking how each differs from this familiar arrangement.

Commercial coverage and local retention

A utility can buy a conventional policy while accepting a deductible or self-insured retention. The utility pays smaller losses up to that amount; the carrier pays covered losses above it, subject to policy limits and exclusions. This is administratively familiar and transfers substantial risk, but the

utility has less control over price, wording, and the carrier's appetite for specialized exposures. The LMCIT also transfers and retains risk in layers, but the member-created, member-governed structure gives Minnesota cities a continuing stake in the program. Therefore, the comparison is not between being insured and being self-insured. It is between different ways of sharing, retaining, and transferring risk. As commercial insurers narrow terms, raise deductibles, reduce limits, or leave a market, that distinction becomes increasingly important.

A large utility can own its insurer

The New York Power Authority (NYPA) offers a prominent recent example of an insurance captive. NYPA formed its captive in 2023 after evaluating how the structure could fit its broader insurance program. The nation's largest state public power organization operates 17 generating facilities and more than 1,550 circuit-miles of transmission, giving it a broad asset base and enough financial scale to support its own insurer.

The American Public Power Association (APPA) featured NYPA's experience in an August 2026 webinar as other utilities examined the same option. The program was directed to public power professionals managing rising insurance costs, coverage challenges, and long-term risk financing, including property, liability, cyber, wildfire, and severe-weather exposures.

Compared with Minnesota's pooled approach, a single-owner captive concentrates both governance and retained risk in one organization. It offers greater control over policy design, but the utility must supply capital, maintain reserves, manage claims, and decide where commercial insurance or reinsurance should



begin. Formation is less a one-time response to an expensive renewal than a long-term financing decision. For most of Minnesota's municipal utilities, the LMCIT supplies scale without requiring each utility to create and govern an insurance subsidiary.

Washington creates an option for public utility districts

Other states have begun opening the door to creative insurance models. In 2026, Washington adopted rules to allow public utility districts to form, own, or use captive insurers. The change does not require a district to abandon commercial coverage. Instead, it gives districts a tool to retain predictable losses, insure hard-to-place risks, or purchase reinsurance for catastrophic layers.

The distinction is important: Enabling authority creates an option, not a ready-made program. Each district still must determine whether its loss history, asset values, internal capacity, and access to capital make a captive practical. Minnesota utilities generally approach the same decision from the opposite direction: A statewide municipal pool already exists, so the question is whether a need remains that the pool and supplemental coverage cannot address.

Northeastern utilities own an insurer together

Utilities do not always have to act alone. The Public Utility Mutual Insurance Company (PUMIC) shows how an association captive can share the burden. Six members of the Public Utilities

Risk Management Association contributed \$1 million to launch PUMIC in Vermont in 1997 after hard insurance markets limited affordable liability coverage. The member-owned company now serves municipal utilities and cooperatives in the Northeast, operates under a 10-member board, and purchases reinsurance through Associated Electric & Gas Insurance Services.

PUMIC later converted to a risk retention group, a federally recognized form that can provide liability coverage across state lines after being licensed in its domiciliary state and registering elsewhere. That feature suits a regional membership, but it is not a complete substitute for every type of insurance: The federal structure is limited to liability

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Insurance models

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coverage. Property, workers' compensation, and other lines still require separate arrangements.

PUMIC is closer to the LMCIT than NYPA's captive because participating public entities share risk and governance. The legal structures and eligible coverages differ, however. PUMIC is a utility-focused insurer capitalized by its members; LMCIT is a broader municipal self-insurance pool. For a Minnesota utility, that breadth can be an advantage because the cities' departments combine their scale, while MMUA supplies utility-specific safety expertise.

State law changes the form, not the basic problem

Texas financial-reporting guidance defines a public-entity risk pool as governmental entities joining to finance an exposure, liability, or risk and notes that a pool may be legally separate or administered by a sponsoring agency or government. That broad definition helps explain why programs with similar economic functions carry different legal names from state to state.

California provides another variation. State law allows public agencies to create joint powers authorities, and the state regulates public entities and joint powers authorities that self-insure workers' compensation. The California Joint Powers Insurance Authority serves more than 120 member cities and other governmental agencies with liability, workers' compensation, pollution, property, and earthquake programs, along with training and loss-control services. A city-owned utility can therefore receive protection as part of the city's larger municipal risk program—an approach that resembles Minnesota's in practical effect even though the legal architecture differs.

In both cases, members combine exposure, retain a portion of losses collectively, use common claims and prevention services, and transfer the most severe layer. The pool's breadth gives a small utility access to scale and expertise, but utility-specific

risks must still fit within a program designed for many public operations.

Prevention remains a Minnesota municipal utility's first layer

MMUA strengthens this model by providing the League with safety-related services for municipal utility operations. Training, inspections, updates of manuals, procedures, and records, in addition to safer practices, protect workers and the public while helping members control claims and long-term costs.

No model makes risk disappear. Each allocates it. Commercial insurance places more of the financial burden on an outside carrier but leaves the buyer exposed to market cycles and coverage decisions. A public-entity pool spreads risk among many governmental members. A group captive offers utility-specific ownership and control, but members must commit capital and govern an insurer together. A single-owner captive gives a large utility maximum flexibility while leaving it responsible for the captive's financial health.

In practice, the strongest programs are hybrids. A utility may retain routine losses, participate in a pool or captive for the next layer, and buy commercial excess insurance or reinsurance against catastrophe. Coverage structure also cannot substitute for accurate property values, documented maintenance, cyber controls, employee training, emergency planning, and prompt claims reporting. Under every model, prevention protects both people and the balance sheet.

Captive insurers will likely draw more attention as utilities confront volatile premiums and narrower coverage. From Minnesota's perspective, they are not a wholly different idea so much as another answer to a familiar question: How can public entities combine purchasing power, shape coverage around their risks, and benefit when prevention reduces losses? Other states provide useful comparisons, but Minnesota's municipal utilities already have a homegrown model of shared risk.

Finding power in strange places



Dairies, wastewater systems, and farms reveal new ways to make better use of energy.

Cheese has fueled plenty of late-night snacks. Now it is helping fuel a dairy operation. At a nearly two-century-old cheesemaking farm in southwest England, a heat-pump system captures warmth that would otherwise be lost while fresh milk is chilled and puts it to work heating water. The unlikely energy source points to a broader opportunity for utilities and businesses: finding useful energy in places few people once thought to look.

Barber's Farmhouse Cheese-makers, founded in 1833 in Somerset, installed three milk-source heat pumps supplied by British company Arkaya Energy. Milk arrives warm but must be cooled quickly. The system removes heat from the milk as it cools to about 39 degrees Fahrenheit and uses that energy to produce water heated to as much as 194 degrees for cleaning and other farm needs.

According to Arkaya's case study, the equipment replaced an ice bank and an existing heat-recovery system and reduced electricity use by more than 50 percent. Independent reporting by *Farmers Weekly* in March 2026 put the farm's annual electricity savings at more than 70,000 British pounds (more than US \$93,000) and said the investment was expected to pay for itself in less than two years. Those results are specific to this operation, but the underlying principle is broadly applicable: Heat that appears to be a byproduct may be an asset if it is available where and when someone else needs it.

That principle is gaining attention as communities confront

rising energy costs, growing electric demand, and pressure to make better use of existing infrastructure. Waste heat will not replace conventional generation, and recovering it generally requires electricity to run pumps and compressors. Still, it can reduce the amount of new energy needed for heating or cooling and may ease demand at a particular facility.

Municipal utilities may find an equally unconventional resource flowing beneath their streets. Wastewater retains heat from showers, washing machines, commercial kitchens, and industrial processes. Heat exchangers can transfer that energy to a clean-water loop, while heat pumps raise or lower the temperature for use in buildings or district energy systems.

Denver's National Western Center provides a large-scale example. The 250-acre campus draws thermal energy from sewer pipes carrying wastewater to Metro Water Recovery. The district system supplies heating and cooling to campus buildings, including classrooms, an equestrian center, and a veterinary hospital. The National Western Center says the system is expected to meet about 90 percent of the campus's heating and cooling needs while avoiding the combustion of natural gas on site.

Minnesota is examining similar possibilities. The Minnesota Pollution Control Agency (MPCA) includes sewer thermal heat-recovery systems in its technical guidance for wastewater projects. In 2025, lawmakers introduced House File 2317, which proposed an MPCA pilot program to identify promising wastewater facilities, estimate the heat available, and fund engineering work for one metropolitan and one greater

Minnesota project. The House Energy Finance and Policy Committee heard the proposal in April 2026, but the bill did not establish a funded statewide program.

Minnesota farms and wastewater facilities may also produce energy in another form. Anaerobic digesters break down manure, wastewater solids, and other organic materials without oxygen, producing biogas that can be burned for heat or electricity or upgraded into renewable natural gas. These projects can offer waste-management and energy benefits, but they also require substantial capital, suitable equipment, consistent feedstock, and ongoing technical attention.

The limits matter. Waste-derived energy is highly dependent on location, scale, infrastructure, and economics. A University of Wisconsin-led study estimated that renewable natural gas made from Minnesota landfills, livestock manure, and wastewater solids could technically replace about 7.5 percent of the state's fossil natural gas use. The researchers also found that project economics and access to pipelines sharply narrow what is practical.

For municipal utilities, the lesson is not that every sewer, farm, or factory hides an economical power plant. It is that energy planning can begin with a better inventory of what a community already has: steady flows of warm wastewater, industrial processes releasing heat, organic material producing methane, or customers whose heating and cooling needs overlap. Before looking farther afield for the next energy resource, it may be worth looking at what the community already discards.

US finalizes solar tariffs

The US Commerce Department has finalized steep tariffs on solar cells and panels from India, Indonesia, and Laos after finding that producers received unfair advantages. The tariffs, announced September 11, vary widely by company and country and could reshape supply chains for US solar projects. US

manufacturers say enforcement supports fair competition, while developers and importers warn of higher costs, tighter supplies, and project delays. According to Reuters, the US International Trade Commission must still determine whether domestic producers were harmed before the duties take full effect.

The municipalization map is moving

The long-running tug-of-war between public power and investor-owned utilities (IOUs) has entered a consequential stretch.

Ann Arbor voters will weigh a key municipalization step in November, San Francisco continues pressing its bid for PG&E assets, and San Diego is digesting a new study that puts both a multibillion-dollar price tag and potentially substantial customer savings on a public takeover. The battle has even reached Slayton, Minnesota, where the tiny city wants to replace Xcel Energy as the electric provider.

Together, the battles offer a fresh snapshot of a familiar fight. The municipalization process remains difficult, expensive, and often measured in years rather than election cycles. But several high-profile efforts have reached decision points, potentially shaping how other communities approach public ownership. For municipal utility leaders, the next several months should provide new evidence about what arguments resonate with voters, how regulators value IOU assets, and whether the economics of conversion can withstand scrutiny from both sides.

Ann Arbor, Michigan, now hosts one of the country's most closely watched battles. According to Ann Arbor for Public Power, more than 5,000 registered voters signed petitions to place a public-power charter amendment on the November 3 ballot. The measure would establish a municipal electric utility and create a nine-member governing board, with five elected members and four City Council appointees. DTE Energy would continue serving customers unless voters later approve acquisition of its infrastructure.

Cost dominates the argument. According to the City of Ann Arbor's municipalization study FAQ, a city-commissioned analysis estimated that acquiring DTE's distribution system could cost \$281 million to \$1.15 billion, excluding an estimated \$114 million for substations and transmission infrastructure. DTE argues municipalization would saddle residents with substantial acquisition and startup costs while the company continues investing in its Ann Arbor system.

The national numbers help explain public power's appeal. The American Public Power Association reports public-power residential customers paid an average of \$123.78 per month in 2024, compared with \$139.42 for IOU customers. From 2020 through 2024, residential rates increased 11.7 percent at public-power utilities versus 27.2 percent at IOUs. Public-power systems also avoid shareholder dividends,

can finance infrastructure with tax-exempt municipal bonds, keep utility revenues within their communities, and give local boards or elected officials direct authority over rates, reliability investments, and energy portfolios.

Public-power executives often rank local authority alongside cost. Doug Brown, President and CEO of the Illinois Municipal Electric Agency and former leader at Springfield's municipally-owned City Water, Light, and Power, said his career taught him "the value of local control and the many benefits public power provides communities," according to the American Public Power Association's announcement of his appointment.

As detailed in the City of San Diego's Phase 2 public-power feasibility study, those advantages come with responsibilities. Municipalities assume operating, financial, cybersecurity, wildfire, and other infrastructure risks that shareholders shoulder under the IOU model. Cities also need experienced utility staffers, access to wholesale power and



transmission, emergency-response capabilities, and enough revenue to maintain aging systems. Acquisition costs can erase projected savings, particularly when utilities and municipalities spend years litigating asset values.

San Diego illustrates this uncertainty. According to KPBS news, a city-commissioned phase two study estimated acquiring San Diego Gas & Electric (SDG&E) infrastructure could cost between \$2.4 billion and \$7.6 billion.

Under some scenarios, the study projected eventual annual savings exceeding \$600 million, or about \$500 per customer. SDG&E disputes those conclusions and argues the analysis

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Xcel's rate case: A bigger story

Xcel Energy's latest electric rate case provides a close look at how Minnesota regulators weigh costs borne by customers against the financial requirements of an investor-owned utility.

The Minnesota Public Utilities Commission (PUC) substantially reduced Xcel Energy's requested electric rate increase in a July 31 order, while authorizing a higher return on equity. The return-on-equity decision is now the subject of petitions for reconsideration filed by the Minnesota Attorney General's Office and the Citizens Utility Board of Minnesota (CUB).

The Commission approved approximately \$82.9 million in additional revenue for 2025 and another \$127.3 million for 2026. Xcel had requested \$353 million for 2025 and an additional \$137.5 million for 2026. The Commission described the approved increase as nearly 60 percent less than the company's request.

Xcel estimates that the approved rates will increase the average residential customer's monthly electric bill by 2.85 percent, or \$2.78, across 2025 and 2026.

The company said that estimate reflects lower fuel costs and federal nuclear-production tax credits that reduce the effect of the base-rate increase. Because the final rates are lower than the interim rates customers have paid since January 2025, Xcel said it will provide customers a one-time bill credit with interest.

ROE is a significant issue in the case

A central dispute in the proceeding concerned return on equity, or ROE. In a regulated utility rate case, ROE is the authorized return on the shareholder-funded portion of qualifying utility investments.

Xcel requested a 10.3 percent ROE, an increase from its previously authorized 9.25 percent. Administrative Law Judge Joseph C. Meyer recommended

9.8 percent after reviewing the evidentiary record. The Commission approved 9.6 percent.

The Energy and Policy Institute reported that consumer advocates estimated the increase from 9.25 percent to 9.6 percent would add approximately \$34 million to \$35 million annually to customer costs. Xcel argued during the proceeding that a higher return was necessary to attract capital, preserve its financial integrity, and support infrastructure investment. Shortly before the Commission's final deliberations, Xcel filed a letter stating that a 9.6 percent ROE would be sufficient.

The administrative law judge's report discussed the relationship between utility financial health and customer costs. It stated that customers have an interest in a financially healthy utility because financial strength can affect borrowing costs and other expenses. The report also stated that shareholder and customer interests can diverge because a utility's corporate profits are driven by rates charged to captive customers.

Disconnections draw stakeholder concern

Disconnections were another concern in the proceeding. The Energy and Policy Institute reported that Xcel disconnected Minnesota customers 52,549 times in 2024 and recorded 56,823 disconnections in 2025.

Joint intervenors asked the Commission to impose an indefinite moratorium on payment-related disconnections or, alternatively, to require a study of their effects. The administrative law judge recommended against both proposals. His report noted that Minnesota rules permit disconnection for nonpayment when the utility complies with applicable notice requirements.

The report also cited evidence that residential arrearages increased from approximately



\$44 million at the end of 2019 to approximately \$85 million at the beginning of 2022 during the pandemic-era moratorium, acknowledging the intervenors' argument that pandemic-related disruptions to employment and income contributed to customer debt.

In the end, the PUC did not impose the requested moratorium. Instead, it established a temporary 17 percent cap on Xcel's rate of disconnection for 2026 and 2027 and approved additional assistance and arrearage-management measures. Separate PUC proceedings have established protections requiring Xcel to suspend certain remote disconnections and reconnect some customers during specified extreme-heat and poor-air-quality conditions.

Other issues and decisions

In addition to approving the increased ROE, and allowing disconnections to continue, the PUC also limited several costs and charges. It capped recoverable compensation for each of Xcel's 10 highest-paid executives at the Minnesota governor's salary and imposed a combined ceiling of \$2 million per year. The Commission reduced late-payment charges from 1.5 percent to 0.45 percent per month and waived them for low-income customers.

The order approved a Residential Arrears Management Program, or RAMP, partly funded by shareholders. It also approved automatic enrollment in Xcel's PowerOn bill-assistance program and expanded eligibility for the Low-Income Usage Assistance Credit.

The proceeding separately considered whether the PUC should adopt a formal definition

of energy justice. Xcel stated that equity, energy justice, and environmental justice are core company values, but recommended that any formal definition be developed through a broader Commission proceeding involving all regulated utilities and interested stakeholders. The administrative law judge recommended such a stakeholder process, but the PUC did not act on that recommendation in its final order.

Stakeholders ask for reconsideration

On August 20, the Minnesota Attorney General's Office and CUB filed separate petitions asking the PUC to reconsider portions of its July 31 order. Both challenged the 9.6 percent ROE. CUB argued in its petition that Xcel had not demonstrated that an increase above 9.25 percent was necessary and that the Commission had not adequately explained how the record supported its decision. The Minnesota Department of Commerce subsequently filed support for reconsideration. Those assertions represent the petitioners' positions; the Commission had not ruled on the petitions as of September 14.

The rate case illustrates a structural distinction between Xcel and Minnesota's municipal utilities. Xcel's rates must provide it an opportunity to recover reasonable costs and earn an authorized return for shareholders, subject to PUC approval. A municipal utility's rates are established locally for a utility owned by the community it serves. This allows local processes to be resolved more quickly and with greater immediate accountability for the utility's leaders.



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The municipalization map is moving

Continued from page 14

understates separation, wildfire, insurance, and transmission costs. City officials have not committed to municipalization and estimate such a transition could take 10 to 20 years.

San Francisco, meanwhile, continues one of the nation’s more complex efforts. According to the San Francisco Public Utilities Commission, the city has asked state regulators to establish the value of PG&E’s local electric assets after PG&E rejected a \$2.5 billion offer in 2019. The city submitted an updated valuation of about \$3.4 billion as California regulators continue developing a compensation framework.

Minnesota now has its own test case. Slayton, a southwestern Minnesota city of about 2,000, has moved farther toward replacing an IOU than most communities considering municipalization. Residents authorized the city to pursue a municipal electric utility in a May 2024 referendum after local officials and residents raised concerns about Xcel Energy’s customer service and emergency response. The city plans to contract with neighboring Nobles Cooperative Electric for operations and maintenance if the transition succeeds.

The fight has shifted from whether Slayton can leave Xcel Energy to what leaving will cost. After the city and the investor-owned utility failed to agree on a purchase price, the Minnesota Public Utilities Commission (PUC) opened Docket 25-129 to determine just compensation for Xcel Energy’s distribution system and lost revenue. The parties agreed that Xcel’s distribution assets within Slayton had an original cost of about \$4.7 million and a depreciated value of approximately \$3.2 million, subject to adjustment when a transaction closes. They differed sharply, however, over lost revenue. Xcel Energy initially sought \$40.1 million over 20 years and later reduced the figure to about \$34.7 million, while Slayton proposed roughly \$430,000 over five years.

Administrative Law Judge Christa Moseng recommended a middle course in May 2026: 10 years with compensation for lost revenue collected through a per-kilowatt-hour mill rate and other compensation paid as a lump sum. The PUC took up those recommendations on August 20. Our analysis of the Slayton case can be found in the page one article, “PUC sets Xcel compensation from Slayton at quadruple the precedent rate.”

That proceeding could become particularly significant for Minnesota municipal utilities because the commission noted it had never before solely determined compensation for a full service-

territory acquisition under the state law Slayton invoked. The outcome could, therefore, provide a roadmap, and a price signal, for other Minnesota communities contemplating a similar break from an incumbent utility.

The next several months should reveal whether today’s municipalization movement gains momentum. Ann Arbor voters will decide the governance question Nov. 3; even approval would trigger years of feasibility work, asset valuation, financing decisions, and another voter decision before the city could acquire DTE facilities. San Diego officials will continue weighing their feasibility study against SDG&E’s objections, while San Francisco’s proceeding could establish an important standard for valuing IOU assets. In Minnesota, the PUC’s final determination in the Slayton case could set a precedent for how the state calculates compensation when a municipality seeks to acquire an incumbent utility’s

service territory. History suggests caution. Maine voters rejected the proposed statewide Pine Tree Power takeover by roughly two-to-one in 2023. Boulder, Colorado, spent more than \$27 million during a decade-long effort to separate from Xcel Energy before voters approved a new franchise agreement in 2020.

Municipalization rarely produces a quick revolution. Public ownership can give communities another utility model, but poles, substations, debt, and legal rights do not change hands easily. Over the coming months, voters and regulators may begin answering the central question confronting these campaigns: whether the long-term value of local control justifies the considerable cost of acquiring it.

PUC sets Xcel compensation from Slayton

Continued from page 8

awards, negatively affecting future municipal utility growth. Before Black could suggest that such a surprising and far-reaching change warranted hearing what the City had to say, the chair cut him off, saying that if she let him make his point, she would have to allow others to weigh in, and they were finished hearing testimony.

The Commission has not adjudicated a contested utility property and service area acquisition since the 2007 Redwood Falls docket. This time gap may have contributed to a lack of specific experience among commissioners, PUC analytical staff, and Department of Commerce staff. It may also explain the lower-than-usual level of discussion, analysis, and fact-finding at the Commission level, as well as deference to the non-specialized Administrative Law Judge’s expertise.

Another partial explanation could be the rush the commissioners applied to the day’s

proceeding. Several of their comments during the hearing clearly stated a shared belief that they must not attempt to do any calculating beyond the existing record, nor hear any complicating testimony, yet provide a final answer that day. The source of that belief was not made clear.

Among Slayton, MMUA, and other PUC watchers, major concerns remain about the conduct of these proceedings and the result. Attempts to reopen the docket could be made by “any party to the proceeding and any other person, aggrieved by the decision and directly affected thereby” under state administrative law statutes. Such filings are due within 20 days of the Commission’s posting of its August 20 decision.

The PUC’s order on this matter was posted on September 16. As of press time, plans for future actions related to this case and its implications were under discussion.



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Minnesota regulators have approved a large solar-and-battery development in Martin County. The Minnesota Public Utilities Commission granted site permits for the Lake Charlotte Solar Project and its associated battery storage system in Rutland Township. Plans call for 150 megawatts (MW) of solar generation alongside a 150 MW 600-megawatt-hour (MWh) battery. The battery could store electricity when solar production exceeds immediate demand and return it to the grid when customers need more power. The combination reflects a broader industry shift toward pairing renewable generation with storage, although developers still must navigate construction,

interconnection, and other project requirements.

Another proposed Minnesota energy project would combine utility-scale solar with substantial battery capacity, according to the Minnesota Public Utilities Commission website. Lake Wilson Solar Energy plans to install an up to 150 MW solar energy generating facility in Leeds Township, Murray County. Developers also propose a battery system capable of delivering up to 95 MW and storing 380 MWh of electricity. Plans include a substation, switchyard, collector lines, and transmission connections. Pairing batteries with solar could help move daytime generation



into higher-demand hours and provide utilities with greater operating flexibility. The project is currently in the regulatory review process as developers pursue required state approvals.

Minnesota's battery-storage build-out continues to accelerate as developers pursue projects designed to strengthen grid flexibility. Proposals before state regulators include two 200 MW/800 MWh battery systems in Olmsted County and a 150 MW project

in Freeborn County. Developers have proposed storage projects in Chisago County and elsewhere. Batteries can absorb electricity when supplies exceed demand and return it during periods of greater need, potentially easing congestion and supporting reliability. The projects also require regulators and communities to weigh land use, safety, transmission connections, and costs as large-scale storage expands across Minnesota.

The US Environmental Protection Agency (EPA) has launched a five-year review of the Baytown Township Groundwater Plume Superfund site in Washington County to ensure the long-running cleanup continues to protect public health and the environment. The site, contaminated primarily by trichloroethene from a former metalworking facility, has undergone decades of groundwater treatment and monitoring. The EPA will evaluate remediation

efforts, review current site conditions, and invite public input before issuing a report with its findings and any recommended improvements.



A long-term effort to remove more than 100,000 pounds of invasive common carp has helped restore the ecological health of an urban Twin Cities lake, according to a Star Tribune report. The project improved water clarity, encouraged the return of native aquatic vegetation, and created healthier habitat for fish and wildlife in Upper Prior Lake. Local officials and conservation partners say the results demonstrate how targeted management of invasive species can reverse decades of environmental decline while improving recreational opportunities for nearby residents.

Concerns grow over missing emails at Virginia City Hall after an IT review found an unauthorized breach in the city council's network. According to a WDIO-TV report, an unauthorized user among staff accessed, opened, and sometimes deleted sensitive emails of council members and staff, including confidential messages about personnel, projects, council notes, and attorney communications. The deleted files raise issues about data security, records retention, and legal violations. In response, the city is revoking access privileges to safeguard files and prevent further misuse, while debating steps to secure its IT infrastructure, preserve digital evidence, and restrict administrative access across systems.

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Rochester is confronting a challenge uncommon in water-rich Minnesota: Growth is pushing the city's groundwater supply toward its limits, according to a September 1 MinnPost article. State regulators have barred new wells within city limits due to concerns about impacts on streams and wetlands, prompting Rochester Public Utilities to study long-term alternatives. Options include tapping deeper aquifers, adding surface water sources, or combining both approaches.



Puerto Rico will add major battery-storage capacity as the island works to strengthen its fragile electric grid. The US Department of Energy (DOE) has closed a \$489.4 million loan to Amanecer Puerto Rico LLC, a Pattern Energy subsidiary, for two battery-storage systems totaling 220 megawatts in Arecibo and Santa Isabel. DOE estimates that the batteries could provide backup electricity for more than 100,000 customers during shortages and help prevent approximately 13 million customer-interruption hours. The restructured financing also creates a pathway for possible future natural-gas-fired generation. Unlike the project proposed in January 2025, however, the finalized version does not include a solar installation. Puerto Rico continues to experience chronic outages nine years after Hurricanes Irma and Maria devastated the island in 2017.



New federal trade restrictions could raise solar installation costs while giving US manufacturers additional protection from overseas competition. President Donald Trump approved minimum import prices for imported polysilicon, wafers, solar cells and modules on August 6, along with an additional tariff on many downstream products. The administration says the measures are intended to encourage domestic production and strengthen US supply chains. Solar developers could face higher equipment prices, while domestic manufacturers could gain a stronger competitive position. Utilities and developers now must weigh potentially higher near-term project costs against the prospect of a larger domestic supply chain.

PJM Interconnection wants states and utilities to take a larger role in managing how massive new data centers connect to and use the power grid. The regional grid operator expects data centers to account for roughly 30 gigawatts of additional peak demand by 2030. Under a proposal filed with federal regulators, new large loads that do not

bring or otherwise secure sufficient capacity could be required to reduce consumption during grid emergencies. Because PJM cannot directly assign retail costs or dictate which customers utilities curtail, state regulators and utilities would play essential roles in implementation. The proposal could influence how other regions manage large-load growth while protecting existing customers from added costs.

A surge in solar development has helped make the Midcontinent Independent System Operator

(MISO) the nation's largest power grid by generating capacity, according to an August 19 Indianapolis *Business Journal* article. MISO, which serves 45 million people across 15 states, finished the first quarter with about 230 gigawatts (GW) of capacity, edging PJM Interconnection's 227 GW. MISO added roughly 7.45 GW of solar capacity between April 2024 and March 2026, compared to PJM's three GW. Growing electricity demand from data centers and other large customers has helped accelerate development. The expansion

also increases pressure on grid operators to add transmission and manage the variability of solar generation.

The US Department of Transportation (DOT) wants highways and rail lines to carry more than traffic and freight. Its new America's Great Corridors of Commerce **initiative would encourage transportation right-of-way owners to host electric transmission, water pipelines, broadband, and other utility infrastructure.** DOT says the approach could speed permitting,

reduce construction costs, and generate revenue for transportation improvements. The voluntary program would use public-private partnerships, with DOT planning to designate up to five corridors annually for



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enhanced federal assistance. The agency also sees potential for attracting data centers and manufacturers near the corridors. The DOT posted a request for information in August to obtain input on the initiative.

Colorado regulators approved an electric rate increase for Xcel Energy customers but trimmed the utility's original request substantially. According to CBS Colorado news, residential customers will pay about \$5 more per month on average, while commercial customers

will see bills rise about \$7 when the new rates take effect in late December. The investor-owned utility initially requested a \$356 million revenue increase before reducing its proposal to slightly more than \$150 million. Colorado Public Utilities Commission Chairman Eric Blank raised concerns about long-term affordability, noting that Xcel Energy's capital spending grew from \$1.6 billion in 2021 to \$5.4 billion in 2025. The company maintains that Colorado households spend about one percent of their income on electricity.

The Bureau of Labor Statistics (BLS) has issued new employment projections covering the years 2025 through 2035. In the upcoming decade, the **utilities sector is expected to have the fastest job growth** at +9.8 percent or 58,800 jobs. Nearly all of the positions will result from needs in electric power generation, transmission, and distribution, including jobs related to artificial intelligence (AI) demands. According to an August 27, 2026, BLS news release, "The overall demand for electricity is expected to increase over the

projections period due in large part to AI adoption and demand for related infrastructure, such as data centers. Consequently, projected employment growth in 4 out of the 10 fastest growing industries is expected to be driven, in large part, by demand for electricity. The solar, wind, and geothermal electric power generation industries are projected to be the fastest-growing detailed industries. ... Electricity demand is expected to grow significantly over the projections decade, leading to strong employment growth for solar photovoltaic

installers (+36.5 percent) and wind turbine service technicians (+29.5 percent)." During the 10-year period, the US economy is expected to add 5.9 million jobs overall, reflecting a 3.5 percent growth rate.

Mississippi regulators are challenging a court-appointed receiver selected to oversee the troubled **Holly Springs Utility District**, citing concerns that the appointment will not bring meaningful management changes. The dispute follows years of customer complaints about prolonged outages, billing issues, and system reliability problems. A state-commissioned investigation found widespread infrastructure and management deficiencies, and regulators are seeking additional oversight, including a forensic audit, as efforts continue to improve service for the utility's roughly 12,000 customers.

The increasing use of low-cost drones in conflicts overseas is creating new security challenges for energy infrastructure as demonstrated in recent attacks in Ukraine and the Middle East, according to Ben Geman of Axios. The attacks have targeted refineries, oil facilities, shipping routes, and electric systems, disrupting fuel and energy supplies. Energy analysts say utilities and policymakers will need to rethink how critical infrastructure is protected, as drones can strike from long distances at a fraction of the cost of traditional weapons. Proposed strategies include expanding distributed energy resources, developing microgrids, hardening key facilities, and strengthening coordination between the energy sector and defense agencies.

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Beware of attendee-list scam

An old scam has resurfaced, causing confusion for MMUA members. You may receive emails from individuals claiming to be affiliated with MMUA and offering to sell an MMUA event attendance list. These messages are fraudulent.

MMUA does not sell, rent, or otherwise share its membership or attendance lists except in print to other members attending the same event.

Unfortunately, MMUA cannot prevent scammers from sending these solicitations. If you receive such a solicitation, it is best to delete the messages and avoid replying, clicking links, opening attachments, or providing payment information.



Have you ever used the words, “Well, that’s obvious” or “They knew that was dangerous because they know how to use...?”

Statements such as these are the root of complacency. The General Duty Clause in the Occupational Safety and Health Act (OSHA) requires employers to provide a safe workplace, free from recognized hazards that cause or are likely to cause death or serious physical harm, even if no specific OSHA standard applies. Equipment manufacturers provide resources

to help employers meet that regulatory requirement—instructions and operating manuals. These resources are frequently overlooked or passed off. Employees and supervisors often view the manuals as lengthy technical documents that need to be kept in a file cabinet. This is a mistake. Instructions and operating manuals serve several important purposes. They explain how equipment should be assembled, operated, maintained, inspected, stored, and repaired. They also identify specific hazards that may not be obvious to users,

even experienced ones. Recent workplace incidents have highlighted a simple but powerful lesson: When manufacturer instructions are ignored, the consequences can be catastrophic. In one case, a crane operator was killed when a 35-foot steel H-beam slipped from a clamp and crushed the crane cab. Investigators later discovered that the work crew was unaware of a manufacturer’s warning that clamp failure could occur if air remained trapped in the hydraulic cylinder. The manual also required use of a shackle and short line connected to

specific lifting points. Those instructions were not followed, and the outcome was fatal. If you attended MMUA’s 2025 T&O Conference, you might remember the story from Jeff “Odie” Espenship. In his keynote address, Odie shared the story of the airplane accident that took the life of his brother and another man. A key theme centers on the consequences of failing to follow instructions in preparing a plane engine for operation.

In another occurrence, an MMUA regional safety coordinator investigated an electrical contact incident. A mechanic was working on the strobe lights on a plow truck. Those strobe lights are energized via a capacitor that produces close to 20 joules of flash energy per burst. The capacitor instructions require it to discharge for 15–30 minutes before work is done on the strobe lights. In this incident, the mechanic began disassembling the strobe lights after disconnecting the capacitor from the 12-volt system. The capacitor discharged three times, causing the mechanic to receive electrical burns to his fingers and injuries to his head and face from falling against the frame of the truck. The mechanic was unaware of the manufacturer’s warning and instructions, and thus they were not followed.

These instances illustrate a common theme: Equipment is designed with specific operating requirements, and manufacturers understand the limitations,

hazards, and safe-use practices associated with their products better than anyone else. Employers have a duty to provide a safe workplace and ensure employees receive adequate training regarding the equipment they use. Manufacturer instructions often form the basis of training programs, safe work procedures, and preventive maintenance schedules. Labels also provide immediate warnings near a hazard and immediate information about the equipment. Labels affixed by the manufacturer must be followed and kept legible. Manufacturer instructions, operating manuals, and warning labels provide users with critical information on proper operation and tactics that can help prevent injuries, property damage, and equipment failures. They are more than just technical paperwork. By maintaining and extensively using these manuals, employers can improve safety, extend equipment life, increase productivity, reduce repair costs, and support regulatory compliance. In today’s world, employee safety and equipment reliability are critical. These manuals remain one of the most important tools available for achieving both. When employers and crew leaders are committed to creating safer workplaces, they take the important step of ensuring that manufacturer instructions and manuals are readily available and used appropriately throughout the workplace. Doing so helps save lives.

Upcoming events

Gas School

October 5–8, 2026
MMUA Training Center
Marshall, Minnesota

This hands-on training opportunity is designed for natural gas utility personnel seeking to expand their technical knowledge and gain practical experience with equipment, procedures, and industry best practices, as well as for other personnel who help maintain natural gas systems. Topics/training that will be covered at Gas School will include regulator setup, startup, and troubleshooting; leak investigation and relighting best practices; accident investigation and emergency response documentation; residential and commercial metering; MNOPS inspection observations and expectations; and working with various manufacturers’ equipment. Visit mmua.org/events for more information or to register.

2026 Technical & Operations Conference

December 8–10, 2026
Holiday Inn & Suites
St. Cloud, Minnesota

The Technical & Operations Conference (or “T&O”) is a not-to-be-missed event for managers, crew leads, lineworkers, and others. This is the perfect venue to join fellow public power professionals to hear speakers on timely topics, participate in discussions, share ideas, and connect with friends old and new. Come and listen to a great lineup of speakers, presentations, and topics that will be covered during this year’s T&O Conference! Plus, learn about new products and services and speak with supplier representatives during the trade show. Visit mmua.org/events for more information or to register. The hotel block closes on November 7, 2026.

Transformer School

December 14–15
MMUA Training Center
Marshall, Minnesota

Transformer School will focus on three-phase transformer connections. Scott Meinecke, our highly qualified instructor, has decades of experience working with and providing training on all manner of topics related to transformers. Participants will appreciate Scott’s unique ability to explain complicated topics in an easy-to-understand way. This course includes classroom and hands-on instruction. Participants can expect to learn about the basics of transformers, including turns ratios, polarities, calculations, and connections. Working with miniature transformers, participants will put their troubleshooting skills to the test. Visit mmua.org/events for more information or to register.