OWATONNA PUBLIC UTILITIES

OPU Commission Meeting

May 26, 2026

4:00 PM

OWATONNA PUBLIC UTILITIES

VISION: *We are recognized for excellence in our community, our state and nationwide.*

MISSION: *We enhance the quality of life in our community by safely and reliably delivering customer-focused utility services.*

Core Values

Customer Focus - They're why we're here
Safety - For ourselves, our families and our community.
Accountability - Fully responsible for our attitudes and actions
Pursuit of Excellence - Going above and beyond

Company-Wide Expections

- **We never compromise safety**
- **Follow the Golden Rule**
- **Know what is expected; if you don't know, ask**
- **We're a team; by working together we accomplish more**
- **Decisions are not driven by personal agendas**
- **We share knowledge to help each other grow in knowledge and skills**
- **All people and jobs are valued**
- **Take pride in every task**
- **Start from a position of trust and assume positive intent**
- **We are ambassadors for OPU on and off the clock**
- **Demonstrate gratitude and appreciation**
- **Positively impact the lives of others everyday**

OPU COMMISSION MEETING
May 26, 2026
4:00 P.M.

3:45pm – Meet Kenzie Jacobson, Customer Service/Credit Representative

Location: OPU Morehouse Meeting Room

1.	Open Meeting, Pledge of Allegiance and Agenda Approval	4:00 pm
2.	Newly Elected Commissioner – Krista Louden	
3.	Consent Agenda	
	• Minutes from April 28, 2026 • Contributed Services as of April 30, 2026	
4.	Committee Reports	
5.	City Administrator's Report	
6.	Election of Officers	4:10 pm
7.	Lobby Redesign Bid (Christian)	4:15 pm
8.	Tree Trimming Bid (Christian)	4:35 pm
9.	AI Policy (Damian)	4:45 pm
10.	PIES Policy (Anne)	4:55 pm
11.	General Manager/Staff Report • Krista – Welcome (Dave) • GM Hiring Process Update • Naming of Conference Room (Dave) • Rate Study (Memo – Tim)	5:05 pm
12.	Commission Roundtable	5:15 pm
13.	President's Report	
14.	Audience Comments†	
15.	Adjournment	5:20 pm

AGENDA

†Please state your name and address. We appreciate your cooperation in keeping remarks within a five-minute timeframe. As a matter of policy, the commission will not take immediate action or provide direct responses to concerns during this meeting and assures you your concerns will be thoroughly addressed.

Owatonna Public Utilities Commission April 28, 2026 4:00 p.m.

The Owatonna Public Utilities Commission met in regular session called to order at 4:01 p.m. by President Rossi.

Present were Commissioners Rossi, McLane, Vetter, Zirngible, and newly seated Commissioner Louden who will take her position beginning May 1, 2026. Commissioner Johnson attended virtually. Also present were Interim General Manager Olson; Director, Finance & Administration Linders; Director, Information Technology & Metering Baum; Director, Engineering & Field Operations Fenstermacher; Manager, Human Resources Madson; Manager, Customer Experience Schmoll; Manager, Gas & Water Operations Prokopec; Supervisor, Accounting Jerpbak; Accounting Specialists Meier and Moran; and Business Analyst Engineer Riggleman. City Administrator Tuma was also in attendance, along with Tom Olinger from Abdo Auditing & Consulting Firm, Dan Boeke from the City Council, and audience member Roger Wacek.

President Rossi called the meeting to order at 4:01 p.m. Commissioner McLane moved to approve the agenda. Commissioner Zirngible seconded the motion. All Commissioners voting Aye, the motion passed.

Commissioner Zirngible moved to approve the consent agenda, which included the minutes from March 31, 2026 and April 14, 2026. Commissioner McLane seconded the motion. All Commissioners voting Aye, the motion passed.

A moment of silence was observed in honor of General Manager Roger Warehime.

Committee Reports

Personnel Committee Report – Commissioner McLane reported the Personnel Committee met on April 15, 2026. The following positions were posted internally: Lead Meter Service Worker – Electric/Water and Lead Meter Service Worker – Natural Gas. OPU has reached 364 days without an OSHA recordable incident.

Finance Committee Report – Commissioner Vetter reported the Finance Committee reviewed March financials and disbursements. Financial highlights included:

- Total disbursements for March were $7,647,829.22.
- Electric utility net income was $371,000 below budget in March, and $578,000 below budget year-to-date.
- Water utility net income was $72,000 above budget in March, and $169,000 above budget year-to-date.

- Natural gas utility net income was $563,000 below budget in March, and $681,000 below budget year-to-date.
- Four work orders were completed in March totaling $295,000, coming in $92,000 below budget. Sixty-five work orders remain open with $3.2 million spent toward a total budget of $18.7 million.
- Water reserves are currently at 183% of the minimum target; Gas reserves at 147%; and Electric reserves at 101% of minimum.

In addition to the standard financial update, Vetter noted that invoices in the amount of $5,783,382.84 were approved by staff in GM Warehime's absence with authorization from Director Linders. Although the approvals were properly authorized, the Commission was asked to formally ratify these expenditures to ensure transparency at the time of the annual audit. Commissioner Vetter and Johnson approved the expenditures.

City Administrator Report

City Administrator Tuma reported that the first round of fire chief interviews did not result in a candidate selection. The position was reposted and will remain open for approximately three more weeks, it is expected that it will be approximately six weeks before a final appointment is made. The Police and Fire building project continues to progress, with a community deep-dive presentation scheduled for Tuesday at 4:30 p.m. at City Hall and virtually, providing residents an opportunity to understand the scope and rationale of the project. The City continues to offer support to OPU in any way needed during the leadership transition.

Annual Audit Presentation – Abdo Auditing & Consulting

Tom Olinger of Abdo Auditing & Consulting Firm presented the results of OPU's annual audit. OPU received an unmodified (clean) audit opinion. Key highlights included:

Olinger described the risk-based audit methodology used, which involves testing a sample of transactions throughout the year, evaluating internal controls through walk-throughs, and confirming compliance with applicable state statutes including deposits, investments, debt, tax increment disbursements, and conflicts of interest.

One instance of Minnesota legal compliance was noted: insufficient collateral coverage, which requires deposits held at banks above the FDIC threshold to be collateralized at 110%. Management identified this issue prior to the audit and proactively contacted the bank to ensure compliance going forward, and controls have been put in place to prevent recurrence.

Financial highlights by fund:

- Electric Fund: Revenues remained relatively steady with a slight decrease tied to demand. Production costs also decreased accordingly. Distribution and other operational areas reflect cost-of-living increases. Unrestricted net assets increased, with total electric fund reserves at approximately $2.5 million. Overall cash receipts were approximately $47 million, with operating costs at approximately $43 million.
- Water Fund: Revenues have increased approaching $5 million. Distribution expenditures have continued to increase with cost-of-living trends. Unrestricted net assets increased by approximately $700,000, bringing total fund balance to approximately $30 million. Cash flow from operations was an increase of approximately $5.2 million. There was a combination of decrease in production and administration costs that did drop the cost of operation down about $200,000 but overall for this fund we have about $1.6 million coming in for 2025.
- Gas Fund: Revenues increased year-over-year from 2023 to 2025, exceeding $18 million. Net investment and capital assets increased approximately $1.6 million, with unrestricted net assets increase of approximately $700,000. The Gas Fund continues to hover near break-even, with $18.4 million in cash inflows and $17.4 million in operating outflow.
- Combined Cash & Investment Balance: Total cash and investment balance increased by just over $600,000, with $2.3 million in earmarked funds. Interest income was $1.2 million in 2025 compared to $1.3 million in 2024, reflecting a slight flattening of interest rates and a shift in the cash-to-investment mix.

Key notes highlighted by the auditor included the smooth transition of the leadership team through the audit process, the replacement of the forward-looking EAA policy with a backward-looking ETC policy, the summer windstorm outage, and the implementation of address-based watering rules to reduce peak demand.

In response to Commissioner questions, Olinger noted that Abdo varies its audit focus from year to year to ensure comprehensive coverage, with particular attention to revenue recognition, receivables and collections, and the accuracy of recorded transactions. Internal control walk-throughs are conducted to verify that policies and procedures are being followed.

Interim General Manager Contract & General Manager Search

The Commission acknowledged that a written contract has been executed with Dave Olson to serve as Interim General Manager from April 20 through August 24, 2026. During this period, OPU will advertise for a permanent General Manager. The Commission will conduct interviews and will determine how to best involve the City Administrator and Mayor in the process.

Former President Rossi has agreed to remain available to OPU as a consultant following his departure from the Commission on May 1, 2026. The Executive Administrative Assistant will contact all Commissioners to gather availability for candidate interviews. The recruitment advertisement has been placed in regional publications including MMUA, League of Cities, People's Press, and other selected media outlets beginning April 27, 2026, to ensure broad awareness of OPU and the position.

A Personnel Committee meeting is scheduled for May 20, 2026, with all Commissioners invited to attend. Former President Rossi will also be in attendance. Manager Madson and Interim GM Olson will provide an update on applicants at that time. Interim GM Olson has also been designated as a participant in the hiring process, consistent with his contract.

Bank Access

The Commission discussed the need to add an authorized signer to the utility's bank accounts. Currently, Liders and Warehime are the designated signatories on record. The Commission approved the addition of Olson, Interim General Manager, as an authorized signer on the bank accounts for his interim period. We will revisit this when a new permanent GM is hired.

SMMPA Board Member Representative

Director Fenstermacher was recommended as OPU's Member Representative to the SMMPA Board, with Interim GM Olson designated as the Alternate. As OPU holds a permanent position and voting seat on the SMMPA Board, the Commission was asked to formally approve these designations. Given that Director Fenstermacher has been actively involved in SMMPA matters in recent months and the interim nature of the GM role, this arrangement was determined to be the most practical approach. Commissioner Rossi moved to approve Director Fenstermacher as Member Representative and Dave Olson as Alternate. Commissioner McLane seconded the motion. All Commissioners voting Aye, the motion passed. The paperwork will be returned to SMMPA by the Executive Administrative Assistant.

Water Service Line Protection Program – Policy Revision

Director, Fenstermacher presented the final revisions to OPU's Water Service Line Protection Program policy, following discussion at the March Commission meeting and April Commission Work Session. Key changes from the prior version include:

- Residential monthly fees will remain at $0.99 per month; no rate increase for existing residential customers.

- A new commercial customer rate of $4.99 per month will be added for eligible properties. Commercial customers will be auto-enrolled and receive a bill credit for the first year, providing an opportunity to benefit from the program while retaining the option to opt out.
- Coverage has been expanded to include restoration of personal site improvements such as driveways and similar surfaces.
- A per-incident coverage cap of $15,000 has been established, applicable to both residential and commercial customers.
- Work associated with street reconstruction projects has been removed from the policy scope and will be expensed separately going forward.

The policy will be integrated into the NiSC billing system with an effective date of August 1, 2026, to allow sufficient time for implementation and proper communication to affected commercial customers. Discussion confirmed that the program applies to property owners, including multi-family rental properties, rather than tenants. Renters of single family homes are also offered the opportunity to opt in/opt out of the program (if they opt out and charges are incurred, the property owner is responsible for the charges). Properties seeking enrollment after opting out are subject to a pre-inspection to identify any pre-existing conditions. Commissioner Zirngible moved to approve the revised Water Service Line Protection Program policy as presented. Commissioner McLane seconded the motion. All Commissioners voting Aye, the motion passed.

Lobby Redesign Update

Director Fenstermacher reported that the lobby redesign project has reached 100% design completion and has been advertised for bids. The bid opening is scheduled for May 14, 2026, with one week allotted for review prior to the May Commission meeting. Staff are exploring the use of a construction trailer in the parking lot to house customer service operations during the renovation, pending confirmation of trailer rental costs. Construction is expected to begin in June with a targeted completion date of October 15, 2026.

Gas System Improvements Bid Award

Director Fenstermacher presented bids received for the 2026 Gas System Improvements project. The low bid was submitted by Q3 Contracting at $753,429.99, slightly above the estimate of $695,705. Commissioner Rossi moved to award the contract to Q3 Contracting. Commissioner Zirngible seconded the motion. All Commissioners voting Aye, the motion passed.

Vegetation Management – Tree Trimming Bid

Director Fenstermacher presented the results of the 2026 Vegetation Management Tree Trimming bid process. The base bid scope covers four circuits totaling 27.6 linear miles, with an optional two additional circuits totaling 12.8 linear miles.

Four bids were received: Carr's Tree Service submitted a base bid of $246,170, Asplundh submitted $444,770, Tree Story submitted $483,355, and New Age Tree Service submitted $799,975.16. The project budget is $276,000.

By way of background, OPU paid Carr's Tree Service $477,888.66 in the prior year under their service contract. Carr's is a local company based out of Ottertail with crews operating in the OPU service area, serving OPU and SWCE as primary customers. Under the previous hourly-rate contract structure, Carr's at times staffed smaller crews, which contributed to cost overruns, original estimates were approximately $16,000 per mile, while actual costs came in closer to $35,000 per mile. OPU transitioned Carr's to project-based contracting, and staff has since observed improved work quality and satisfactory safety performance. Carr's currently remains under a month-to-month extension of their 2025 contract and is actively performing trimming work.

Asplundh is a large, nationwide tree trimming contractor that OPU utilized previously, though it has been approximately two decades since that relationship. Asplundh has the capacity to deploy larger crews, which could accelerate the pace of work; however, staff noted some uncertainty regarding their safety performance relative to Carr's, and safety remains OPU's top priority in contractor selection.

The intent for this trimming season was to take a more aggressive approach and advance OPU's overall trimming plan. Due to a delayed start, staff anticipates the program may not progress as far as originally planned this year; however, all bidders indicated that even with a June start date, they could complete the bid scope before the onset of winter. OPU's expectation is that the awarded contractor will be required to trim entire circuits, not only high-risk locations. An additional $80,000 has been budgeted separately for targeted high-risk spot trimming on other circuits. OPU will monitor the selected contractor's progress and utilize AI Dash to verify that work is being completed on schedule and in accordance with OPU's standards.

OPU's total budget for tree trimming this year is $400,000. A portion of that has already been applied to Carr's 2025 contract work, leaving approximately $220,000 remaining to apply toward the new contract award.

City Attorney Mark Walbran reviewed the bid submissions and determined that the bid submitted by Carr's Tree Service does not meet bidding requirements under state law, as it was submitted via email rather than in a sealed envelope as required by the bid instructions and Minnesota statute. The bid was opened and read aloud at the bid opening, making all bidders aware of the submitted amounts.

Attorney Walbran recommended rejecting all bids on the basis that the $230,000 spread between the two lowest bids warrants rebidding in the public interest. Staff concurred, noting that rebidding with a revised base scope of three circuits rather than four would bring anticipated bids more in line with available budget. The optional scope would also be revised to three circuits, and staff will evaluate whether any optional circuits can be added within budget once new bids are received. Director Fenstermacher noted that tree-related outages have doubled in recent years, making the trimming program an operational priority. A five-year plan update reflecting the revised scope and budget projections will be prepared for the June Commission meeting.

Commissioner Rossi moved to reject all bids and authorize staff to readvertise for new bids with a revised scope of three base circuits and three optional circuits.

Commissioner Vetter seconded the motion. All Commissioners voting Aye, the motion passed. New bids will be presented at the May Commission meeting.

Artificial Intelligence Policy

Director Baum presented OPU's draft Artificial Intelligence Policy for Commission review. The policy was previously discussed at the April Commission Work Session. The policy establishes hard guardrails and identifies Claude as OPU's approved AI tool, with procedural guidance provided in a companion procedures document. Key elements include data security requirements, restrictions on the use of customer or personal information, and provisions for disciplinary action in cases of intentional misuse of unauthorized tools.

Staff noted that OPU plans to support ongoing AI literacy through monthly Claude Tech Sessions, where users can share learnings, discuss updates, and raise any concerns. Additional training will be provided during rollout. The Commission was asked to review the policy and submit any recommended changes for consideration before the June meeting, at which time the policy will be brought forward for formal approval.

General Manager/Staff Report

Interim GM Olson noted that the Commission formally recognized the significant contributions and extended gratitude to President Rossi for his ten years of service on the Commission. Commissioners expressed appreciation for President Rossi's legal perspective, curiosity, and engagement with both OPU and the broader community, particularly his support during the GM search process.

Commission Roundtable

Commissioner Vetter suggested renaming a conference room within the OPU facility in honor of General Manager Warehime. Management will discuss the matter and bring a recommendation forward.

Discussion took place regarding officer elections, with the following designations noted for the upcoming year: President – Vetter; Vice President – McLane; Finance Committee – Louden and Johnson; Personnel Committee – McLane and Zirngible; with Vetter serving between the two committees as needed.

Commissioner Zirngible brought up a leadership opening at a local utility and wondered about concerns within OPU. OPU staff noted confidence in its organizational culture, and indicated no current concerns regarding employee recruitment competition from neighboring utilities.

Audience Comments

Roger Wacek addressed the Commission regarding the natural gas electric generating plant that SMMPA is planning to build near Owatonna. Mr. Wacek suggested that SMMPA consider a Combined Heat & Power (CHP) hybrid fuel facility modeled after the St. Paul District Energy Facility, which has provided district heating since 1983 and cooling since 1993 using biomass while also generating electricity. Mr. Wacek encouraged the Commission to explore how SMMPA might be engaged to consider a downsized version of such a facility as a means of reducing dependence on fossil fuels.

Adjournment

There being no further business to come before the Commission, the meeting adjourned at 6:05 p.m.

Respectfully submitted,

Shannon DeWitz

Executive Administrative Assistant

05/12/2026 7:00:38 am

Contributed Services to the City of Owatonna
for the Billing Period Ending 05/01/2026
April 2026

#	Location	Service Address	Electric	Water	Gas	Total
1	139	1150 INDUSTRIAL BLVD	0.00	67.82	0.00	67.82
2	1020010	330 MILL ST W	34.52	0.00	0.00	34.52
3	1020020	332 MILL ST W	38.27	0.00	0.00	38.27
4	1020030	328 MILL ST W	34.30	25.84	0.00	60.14
5	1020040	350 SCHOOL ST W	173.19	67.22	0.00	240.41
6	1020042	350 SCHOOL ST E	114.14	0.00	0.00	114.14
7	1020050	347 SCHOOL ST W	157.59	111.99	422.13	691.71
8	1020060	330 SCHOOL ST W	30.11	0.00	0.00	30.11
9	1100090	400 15TH ST SW (BROWN)	85.36	49.84	0.00	135.20
10	1140012	100 BARNEY ST	63.46	47.55	44.72	155.73
11	1140020	1301 OAK AVE S	97.01	22.71	170.16	289.88
12	1160612	111 1/2 MAIN ST W	164.06	0.00	0.00	164.06
13	1160620	107 MAIN ST W (FIRE HALL)	1933.33	296.87	649.82	2880.02
14	1221080	1460 AUSTIN RD	0.00	22.73	0.00	22.73
15	1221090	344 18TH ST SE	127.60	0.00	0.00	127.60
16	1221100	1710 AUSTIN RD	0.00	65.86	0.00	65.86
17	1221130	342 18TH ST SE	32.35	0.00	0.00	32.35
18	1221140	340 18TH ST SE	39.84	198.66	0.00	238.50
19	1380702	925 LINCOLN AVE	37.59	0.00	0.00	37.59
20	1441062	899 HAVANA RD	85.25	0.00	0.00	85.25
21	2020010	100 MAIN ST E	0.00	22.73	0.00	22.73
22	2020016	100 MAIN ST E	1293.42	111.99	0.00	1405.41
23	2020440	631 RICE LAKE ST	0.00	67.13	0.00	67.13
24	2031600	1650 ROSE ST E (GOLF COURSE MA	292.29	49.33	188.95	530.57
25	2031630	1600 ROSE ST E	29.50	0.00	0.00	29.50
26	2040480	105 ELM AVE N (LIBRARY)	2262.09	76.89	963.96	3302.94
27	2080490	228 PEARL ST E	30.47	22.23	56.65	109.35
28	2080520	204 PEARL ST E	2912.42	175.83	408.24	3496.49
29	2080522	204 1/2 PEARL ST E	90.11	0.00	0.00	90.11
30	2140870	1650 ROSE ST E (GOLF COURSE)	48.70	70.94	0.00	119.64
31	2180664	600 CHERRY ST (DARTTS)	192.59	12.92	0.00	205.51
32	2180667	429 MINERAL SPRINGS RD	29.50	102.78	0.00	132.28
33	2190010	1369 CHERRY ST	102.84	0.00	0.00	102.84
34	2190660	1369 CHERRY ST (CLUB HOUSE)	854.76	147.45	431.85	1434.06
35	2190700	1025 MINERAL SPRINGS PKWY	30.37	0.00	0.00	30.37
36	2190710	1025 MINERAL SPRINGS PKWY	38.32	35.65	0.00	73.97
37	2190720	1025 MINERAL SPRINGS PW RD	83.36	0.00	0.00	83.36
38	2330710	1940 3RD AVE NE	134.64	106.59	0.00	241.23
39	2340050	140 FREMONT ST E	20.56	1.27	16.93	38.76
40	2360270	115 ROSE ST E	516.67	115.21	451.86	1083.74
41	3020102	148 MAIN ST W	0.00	1.27	0.00	1.27
42	3020230	117 BRIDGE ST W	93.76	1.27	0.00	95.03
43	3060220	224 CEDAR AVE N	67.49	0.00	75.77	143.26
44	3081060	223 ROSE ST W	80.96	0.00	0.00	80.96
45	3112730	640 RIVERSIDE AVE	123.40	21.24	160.03	304.67
46	3112740	646 RIVERSIDE AVE	35.71	0.00	38.33	74.04
47	3112780	639 RIVERSIDE AVE	127.28	21.24	82.07	230.59
48	3113030	433 NORTH ST W	0.00	0.00	179.56	179.56
49	3113310	1015 HOFFMAN DR	79.60	0.00	0.00	79.60
50	3141155	431 SELBY AVE	38.13	24.50	0.00	62.63

05/12/2026 7:00:38 am

Contributed Services to the City of Owatonna for the Billing Period Ending 05/01/2026 April 2026

#	Location	Service Address	Electric	Water	Gas	Total
51	3160105	515 BRIDGE ST W	619.81	62.38	766.49	1448.68
52	3281350	1100 INDUSTRIAL RD (CITY SHOP)	495.22	67.22	688.80	1251.24
53	3300730	2015 BRIDGE ST W	1412.94	0.00	0.00	1412.94
54	3300746	1002 LEMOND RD	38.75	0.00	0.00	38.75
55	3300802	1295 KOHLMEIER DR SW	48.02	0.00	0.00	48.02
56	3300806	1300 LAKE KOHLMEIER DR SW	101.75	0.00	0.00	101.75
57	3301032	600 RIVERWOOD DR SW	37.15	0.00	0.00	37.15
58	6020055	1525 CEDAR AVE S (4 SEASONS)	8122.81	574.39	2119.98	10817.18
59	6020840	1150 INDUSTRIAL RD WST.TREAT. B	18269.36	1068.82	6484.41	25822.59
60	6021180	500 DUNNELL DR (SENIOR PL)	0.00	0.00	339.03	339.03
61	6021230	540 HILLS CIR W (CITY HALL)	4345.44	128.11	2930.88	7404.43
62	6021231	575 DUNNELL DR CARPENTER SHOP	0.00	24.46	384.78	409.24
63	6021233	565 DUNNELL DR (COTTAGE 11)	116.94	62.38	141.13	320.45
64	6021235	502 DUNNELL DR (GYM)	1040.30	120.05	1042.77	2203.12
65	6021236	560 DUNNELL DR STE 109	2482.57	301.70	868.24	3652.51
66	6021237	500 DUNNELL DR	1096.78	152.79	0.00	1249.57
67	6021238	545 DUNNELL DR (VEVLE HALL)	238.48	116.83	278.70	634.01
68	6021365	1115 PARK DR	69.13	0.00	0.00	69.13
69	6021500	2310 4TH ST NW	29.50	0.00	0.00	29.50
70	6023000	540 HILLS CIR W	31761.84	0.00	0.00	31761.84
71	6031251	222 CEDARDALE DR SE	93.64	0.00	0.00	93.64
72	6123000	540 HILLS CIR W	0.00	2274.24	0.00	2274.24
73	6128135	1140 INDUSTRIAL RD PARK & REC BLD	557.92	184.04	373.26	1115.22
74	6128147	317 MINERAL SPRINGS RD (DARTTS)	0.00	68.40	0.00	68.40
75	6128191	930 HOFFMAN DR	64.98	0.00	0.00	64.98
76	6128192	102 STATE AVE	65.30	0.00	0.00	65.30
77	6128303	1200 INDUSTRIAL RD (DOG POUND)	75.30	22.85	110.93	209.08
78	6128597	1659 CEDAR AVE S	130.45	0.00	0.00	130.45
79	6128652	3431 FRONTAGE RD W (CITY HANGER)	0.00	21.24	266.05	287.29
80	6128653	3435 FRONTAGE RD W AIRPORT OFFICE	0.00	115.21	167.01	282.22
81	6128695	640 RIVERSIDE AVE	32.61	0.00	0.00	32.61
82	6128838	310 MAIN ST E	66.89	0.00	0.00	66.89
83	6128839	710 BRIDGE ST W	77.27	0.00	0.00	77.27
84	6129122	2120 BRIDGE ST W	73.37	0.00	0.00	73.37
85	6129130	1155 24TH AVE SW	42.39	0.00	0.00	42.39
86	6129149	1145 INDUSTRIAL RD (GARAGE)	83.44	21.24	89.06	193.74
87	6129159	1065 24TH AVE SW (OBI)	968.54	150.68	774.13	1893.35
88	6129162	433 NORTH ST W	49.41	0.00	0.00	49.41
89	6129570	657 26TH ST NW	30.60	0.00	0.00	30.60
90	6129804	3490 FRONTAGE RD W (MAINT. GARAGE)	0.00	111.99	140.25	252.24
91	6129876	1800 MOSHER AVE	29.50	15.74	0.00	45.24
92	6129877	1200 SMITH AVE SE	117.07	312.98	0.00	430.05
93	6129906	2090 HOFFMAN DR	95.66	0.00	0.00	95.66
94	6130083	1550 GREENLEAF RD	33.22	0.00	0.00	33.22
95	6130135	3440 FRONTAGE RD W	0.00	42.89	397.80	440.69

05/12/2026 7:00:38 am

Contributed Services to the City of Owatonna
for the Billing Period Ending 05/01/2026
April 2026

#	Location	Service Address	Electric	Water	Gas	Total
96	6130771	3034 NORTHRIDGE LN NE	44.51	0.00	0.00	44.51
97	6131148	1190 INDUSTRIAL RD	146.93	0.00	0.00	146.93
98	6131149	1149 INDUSTRIAL RD (TRK WASH BLD)	115.20	44.50	335.43	495.13
99	6131505	475 26TH ST NW	36.18	0.00	0.00	36.18
100	6131742	380 AUTUMN HILLS PL NE	85.51	0.00	0.00	85.51
101	6131899	400 CEDAR AVE N	84.52	0.00	0.00	84.52
102	6131900	1221 FRONTAGE RD E	69.04	0.00	0.00	69.04
103	6131901	2005 BRIDGE ST W	72.85	0.00	0.00	72.85
104	6131986	3065 SAINT PAUL RD (WATER PARK)	210.86	234.20	35.70	480.76
105	6132016	21ST AVE NW & FRONTAGE RD	93.01	0.00	0.00	93.01
106	6132017	24TH AVE NW	92.38	0.00	0.00	92.38
107	6140020	1440 AUSTIN RD BALL DIAMONDS BATHROOMS	34.11	0.00	0.00	34.11
108	6140076	1720 AUSTIN RD	29.50	0.00	0.00	29.50
109	6140088	1740 AUSTIN RD	46.25	0.00	0.00	46.25
110	6140122	560 STATE AVE	29.50	0.00	0.00	29.50
111	6140123	685 FLORENCE AVE	29.50	0.00	0.00	29.50
112	6140124	210 ELM AVE S(HARRY WENGER FESTIVAL)	31.68	0.00	0.00	31.68
113	6140165	3671 18TH ST SW	39.42	0.00	0.00	39.42
114	6140205	710 MAIN ST E BALL LIGHTS	79.55	0.00	0.00	79.55
115	6140206	1680 AUSTIN RD SE	29.50	0.00	0.00	29.50
116	6140291	315 ELM AVE N	124.20	0.00	0.00	124.20
117	6140340	3400 FRONTAGE RD W (GEN)	0.00	0.00	37.95	37.95
118	6140439	433 NORTH ST W (QC LAB)	47.84	0.00	0.00	47.84
119	6140440	433 NORTH ST W (PLANT 069)	71.68	0.00	0.00	71.68
120	6140468	147 PEARL ST W APT 2	15.50	0.00	0.00	15.50
121	6140478	280 BRIDGE ST W (FOUNTAIN)	0.00	12.92	0.00	12.92
122	6140480	400 18TH ST SE (FOUNTAIN)	0.00	12.92	0.00	12.92
123	6140625	1975 STATE AVE NW	29.50	12.92	0.00	42.42
124	6140809	827 CHERRY ST (FOUNTAIN)	0.00	12.92	0.00	12.92
125	6140818	856 MOSHER AVE SE (FOUNTAIN)	0.00	12.92	0.00	12.92
126	6140821	835 CRESTVIEW LN (UP9 FOUNTAIN)	0.00	12.92	0.00	12.92
127	6140855	455 26TH ST NW TRAIL LIGHTS	62.49	0.00	0.00	62.49
128	6140856	1675 STATE AVE NW TRAIL LIGHTS	77.43	0.00	0.00	77.43
129	6140859	1051 INDUSTRIAL RD TRAIL LIGHTS	99.04	0.00	0.00	99.04
130	6141234	BRIDGE & 39TH AVE--LIFT	61.73	0.00	0.00	61.73
131	6141238	1102 RICE LAKE ST E (SOCCER FIELDS)	46.38	65.86	0.00	112.24
132	6141268	120 26TH ST NW	54.42	0.00	0.00	54.42
133	6141394	OAK AVE AND SCHOOL ST	30.00	0.00	0.00	30.00
134	6141667	225 24TH STREET NE	0.00	24.50	0.00	24.50
135	6141688	212 ELM AVE S	56.32	0.00	0.00	56.32
136	6141809	200 BLOCK N. CEDAR ALLEY W. SIDE(IRRIG.)	0.00	22.73	0.00	22.73
137	6141819	314 CEDAR AVE N	34.15	0.00	0.00	34.15
138	6141820	214 CEDAR AVE N	31.77	0.00	0.00	31.77
139	6141825	1155 INDUSTRIAL RD MBR BLDG	17541.51	111.99	1251.23	18904.73
140	6141830	114 CEDAR AVE N	34.06	0.00	0.00	34.06

Contributed Services to the City of Owatonna
for the Billing Period Ending 05/01/2026
April 2026

#	Location	Service Address	Electric	Water	Gas	Total
141	6142089	1155 INDUSTRIAL RD S.T.B.	0.00	110.72	35.20	145.92
142	6142230	600 CHERRY ST NE (GATE)	31.50	0.00	0.00	31.50
143	6142231	1300 LAKE KOHLMEIR DR (GATE)	31.25	0.00	0.00	31.25
144	6142563	140 BROADWAY ST W	29.87	23.23	0.00	53.10

Contributed Services to the City of Owatonna
for the Billing Period Ending 05/01/2026
April 2026

Contributed Service Totals:	**$ 105,781.90**	**$ 8,901.43**	**$ 24,400.24**	**$ 139,083.57**
Commodity Totals:	**$ 3,405,264.27**	**$ 422,684.68**	**$ 1,275,129.65**	**$ 5,103,078.60**
Grand Totals:	**$ 3,511,046.17**	**$ 431,586.11**	**$ 1,299,529.89**	**$ 5,242,162.17**
Contributed Percent:	**3.01 %**	**2.06 %**	**1.88 %**	**2.65 %**

Owatonna Public Utilities: The above current amounts are hereby authorized to be written off as contributed services to the City of Owatonna for the billing month indicated.

Public Utilites Commission:

General Manager/CEO:

Chief Financial Officer:

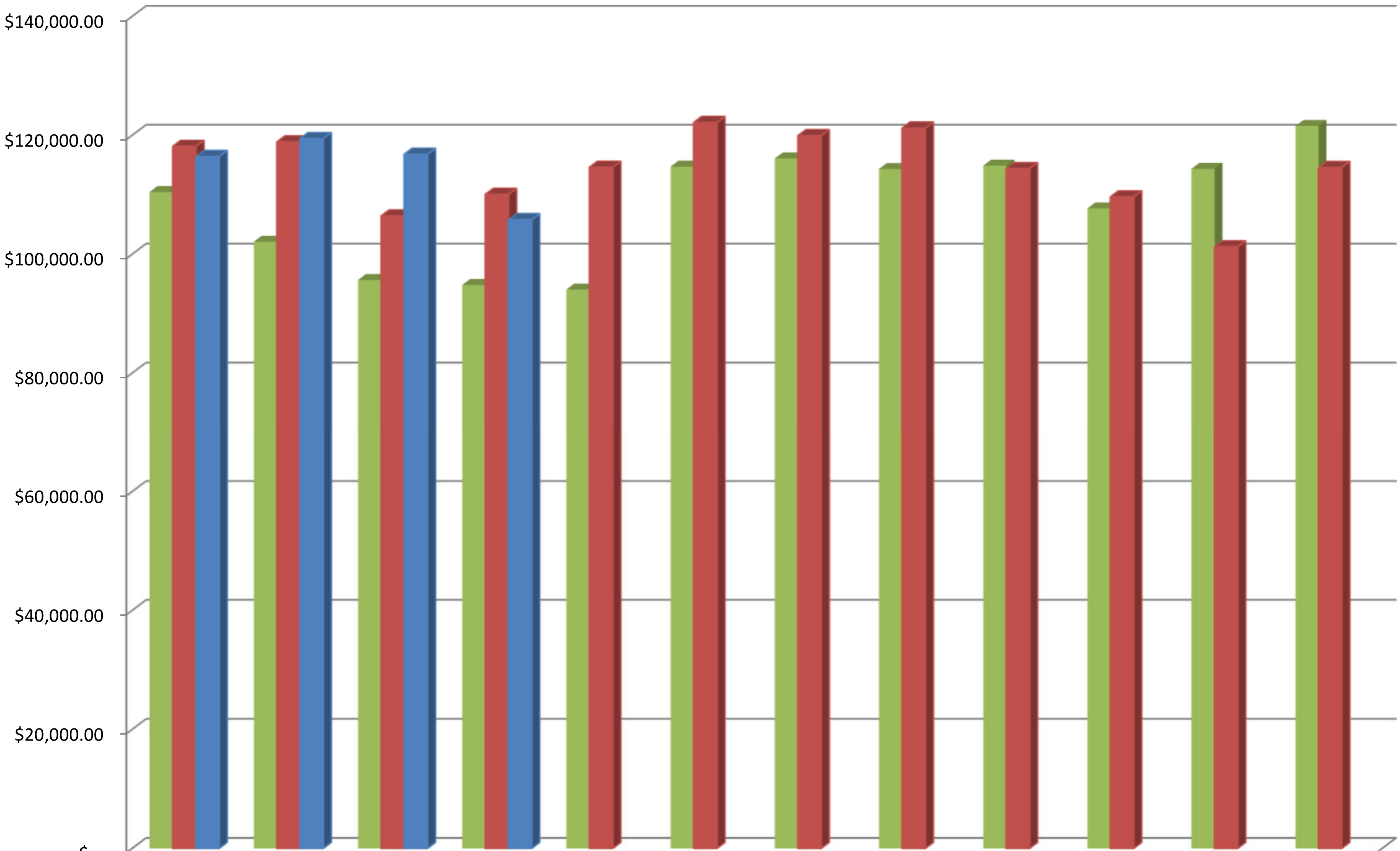
Contributed Services Historical Data

	Electric						Water					
	2026		2025		2024		2026		2025		2024	
	Dollars	Percent	Dollars	Percent	Dollars	Percent	Dollars	Percent	Dollars	Percent	Dollars	Percent
January	$ 116,415.37	2.86%	$ 118,112.04	2.90%	$ 110,449.65	2.58%	$ 9,085.74	2.08%	$ 15,666.87	3.95%	$ 13,118.78	3.62%
February	$ 119,418.18	2.95%	$ 118,865.94	2.96%	$ 102,088.08	2.57%	$ 9,255.75	2.09%	$ 9,342.81	2.40%	$ 17,219.03	4.53%
March	$ 116,789.69	3.10%	$ 106,399.40	2.90%	$ 95,642.70	2.58%	$ 9,101.08	2.12%	$ 8,735.76	2.26%	$ 14,807.24	3.97%
April	$ 105,781.90	3.01%	$ 110,039.68	3.34%	$ 94,806.27	2.53%	$ 8,901.43	2.06%	$ 8,448.26	2.21%	$ 16,159.51	4.33%
May			$ 114,603.33	3.11%	$ 94,043.21	2.64%			$ 9,497.85	2.31%	$ 14,261.24	3.77%
June			$ 122,127.11	3.11%	$ 114,714.90	2.79%			$ 14,189.37	2.97%	$ 19,063.90	4.61%
July			$ 119,910.69	2.82%	$ 116,083.26	2.67%			$ 11,799.49	2.47%	$ 20,064.38	4.76%
August			$ 121,191.10	2.63%	$ 114,325.74	2.48%			$ 12,759.97	2.49%	$ 24,578.96	5.22%
September			$ 114,370.61	2.71%	$ 114,874.75	2.54%			$ 12,730.19	2.33%	$ 31,860.42	5.75%
October			$ 109,618.39	2.76%	$ 107,689.85	2.81%			$ 16,423.73	3.27%	$ 25,290.97	5.04%
November			$ 101,230.12	2.82%	$ 114,339.20	2.92%			$ 9,070.40	2.14%	$ 22,685.83	5.59%
December			$ 114,565.53	2.85%	$ 121,546.84	2.89%			$ 8,178.17	2.12%	$ 19,627.77	5.35%

	Natural Gas						Total					
	2026		2025		2024		2026		2025		2024	
	Dollars	Percent	Dollars	Percent	Dollars	Percent	Dollars	Percent	Dollars	Percent	Dollars	Percent
January	$ 81,876.22	2.46%	$ 66,467.70	2.25%	$ 61,917.00	2.64%	$ 207,377.33	2.65%	$ 200,246.61	2.70%	$ 185,485.43	2.65%
February	$ 93,201.11	2.34%	$ 77,076.65	2.16%	$ 50,237.50	1.89%	$ 221,875.04	2.62%	$ 205,285.40	2.58%	$ 169,544.61	2.42%
March	$ 65,558.34	2.29%	$ 38,576.88	1.77%	$ 32,224.05	1.90%	$ 191,449.11	2.71%	$ 153,712.04	2.46%	$ 142,673.99	2.47%
April	$ 24,400.24	1.88%	$ 21,035.58	1.86%	$ 25,842.38	1.57%	$ 139,083.57	2.65%	$ 139,523.52	2.90%	$ 136,808.16	2.37%
May			$ 14,375.35	1.51%	$ 9,818.72	1.04%			$ 138,476.53	2.74%	$ 118,123.17	2.42%
June			$ 11,433.28	1.66%	$ 11,685.34	1.49%			$ 147,749.76	2.00%	$ 145,464.14	2.74%
July			$ 9,862.93	2.35%	$ 10,916.06	1.91%			$ 141,573.11	2.75%	$ 147,063.70	2.75%
August			$ 9,097.30	1.67%	$ 8,485.19	1.57%			$ 143,048.37	2.52%	$ 147,389.89	2.62%
September			$ 8,926.76	1.66%	$ 5,526.87	1.26%			$ 136,027.56	2.57%	$ 152,262.04	2.76%
October			$ 12,283.19	1.99%	$ 7,497.25	1.28%			$ 138,325.31	2.72%	$ 140,478.07	2.86%
November			$ 33,883.18	2.55%	$ 24,723.17	2.34%			$ 144,183.70	2.70%	$ 161,748.20	3.01%
December			$ 69,238.58	2.92%	$ 59,039.17	2.63%			$ 191,982.28	2.83%	$ 200,213.78	2.93%
							$ 759,785.05	2.66%	$ 1,880,134.19	2.62%	$ 1,847,255.18	2.67%

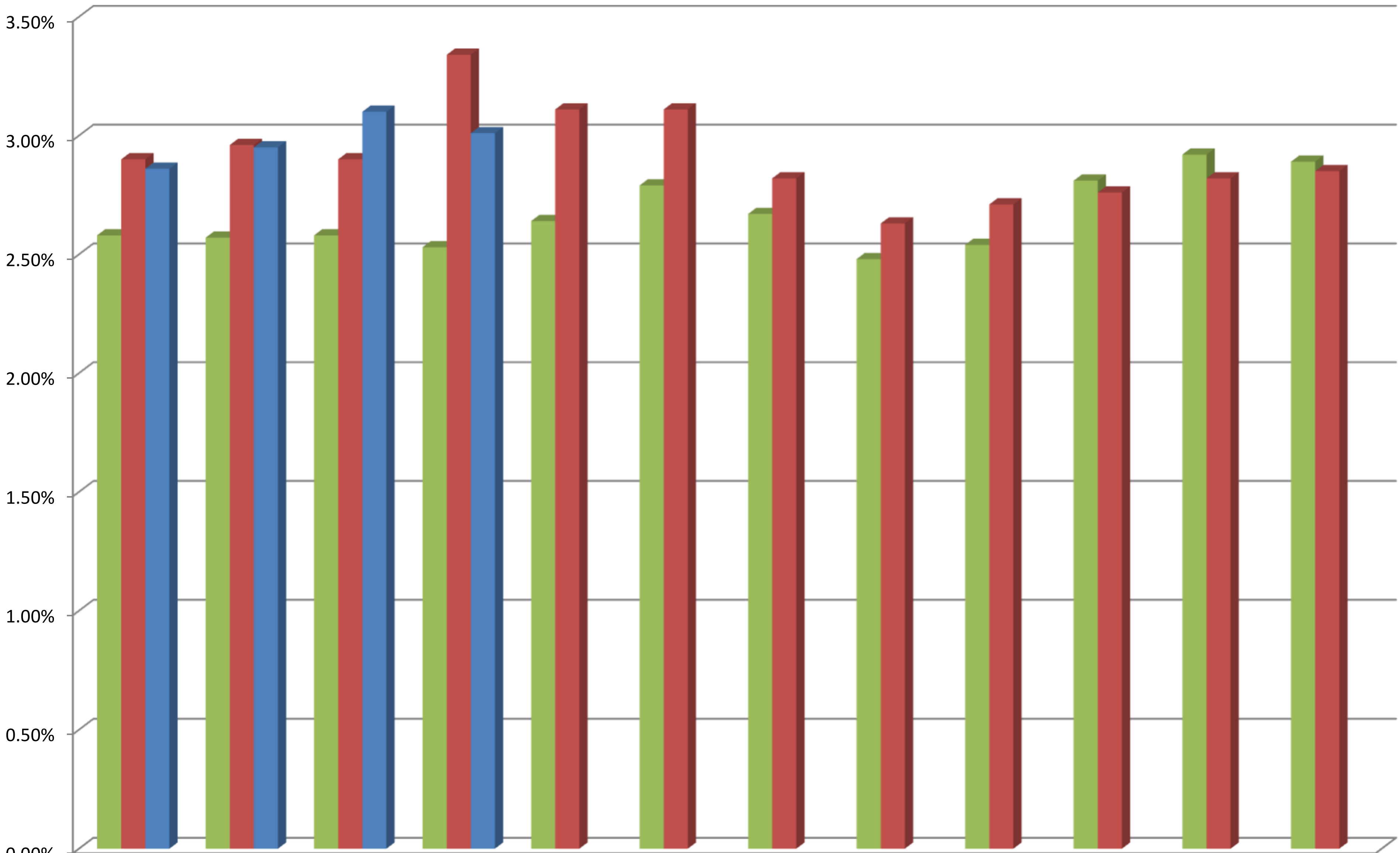
Percent is percent of commodity sales for the month
Dollars are the actual dollars used by the City facilities

Contributed Services
Electric Dollars



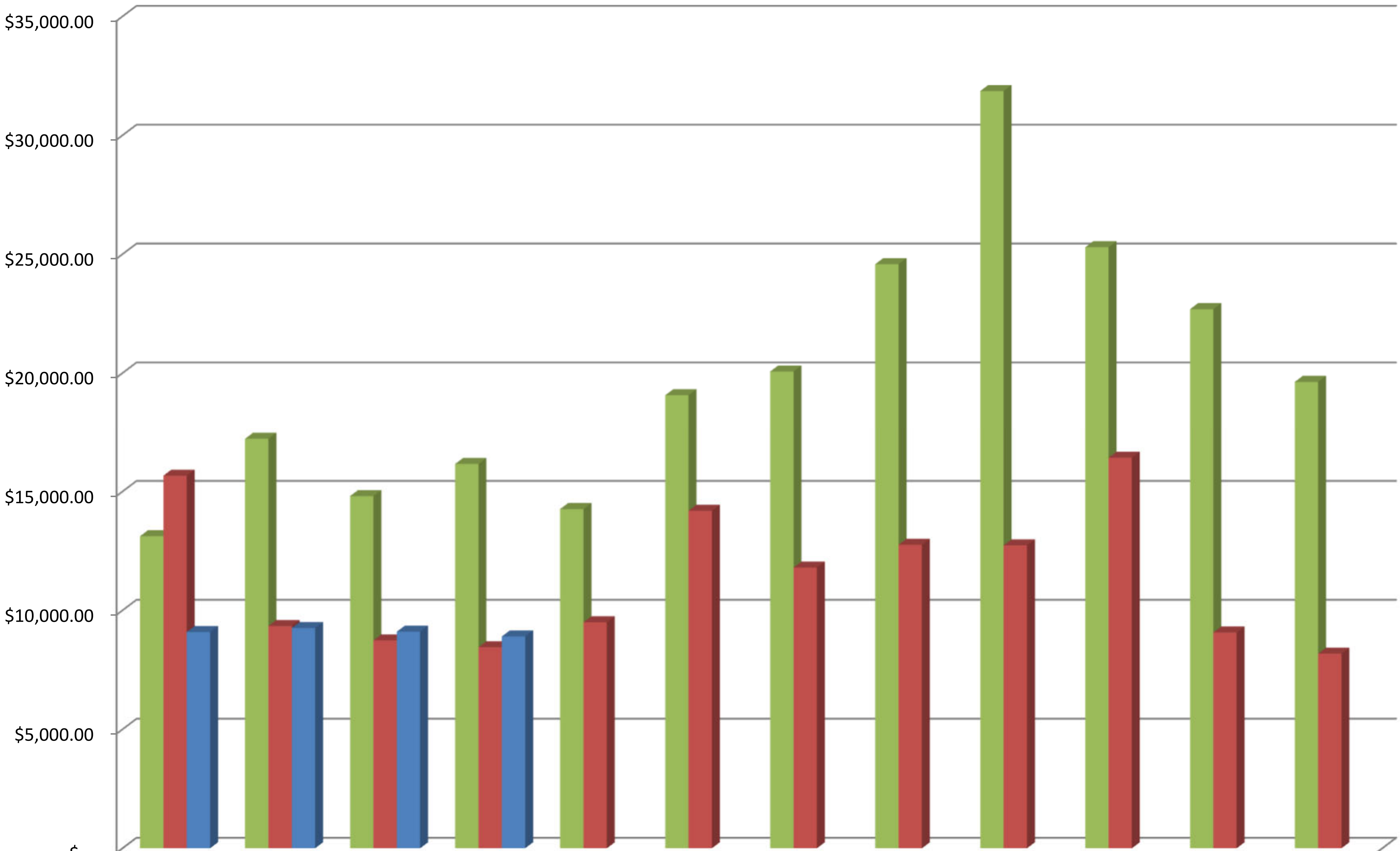
	January	February	March	April	May	June	July	August	September	October	November	December
2024	$110,449.65	$102,088.08	$95,642.70	$94,806.27	$94,043.21	$114,714.90	$116,083.26	$114,325.74	$114,874.75	$107,689.85	$114,339.20	$121,546.84
2025	$118,112.04	$118,865.94	$106,399.40	$110,039.68	$114,603.33	$122,127.11	$119,910.69	$121,191.10	$114,370.61	$109,618.39	$101,230.12	$114,565.53
2026	$116,415.37	$119,418.18	$116,789.69	$105,781.90								

Contributed Services
Electric Percents



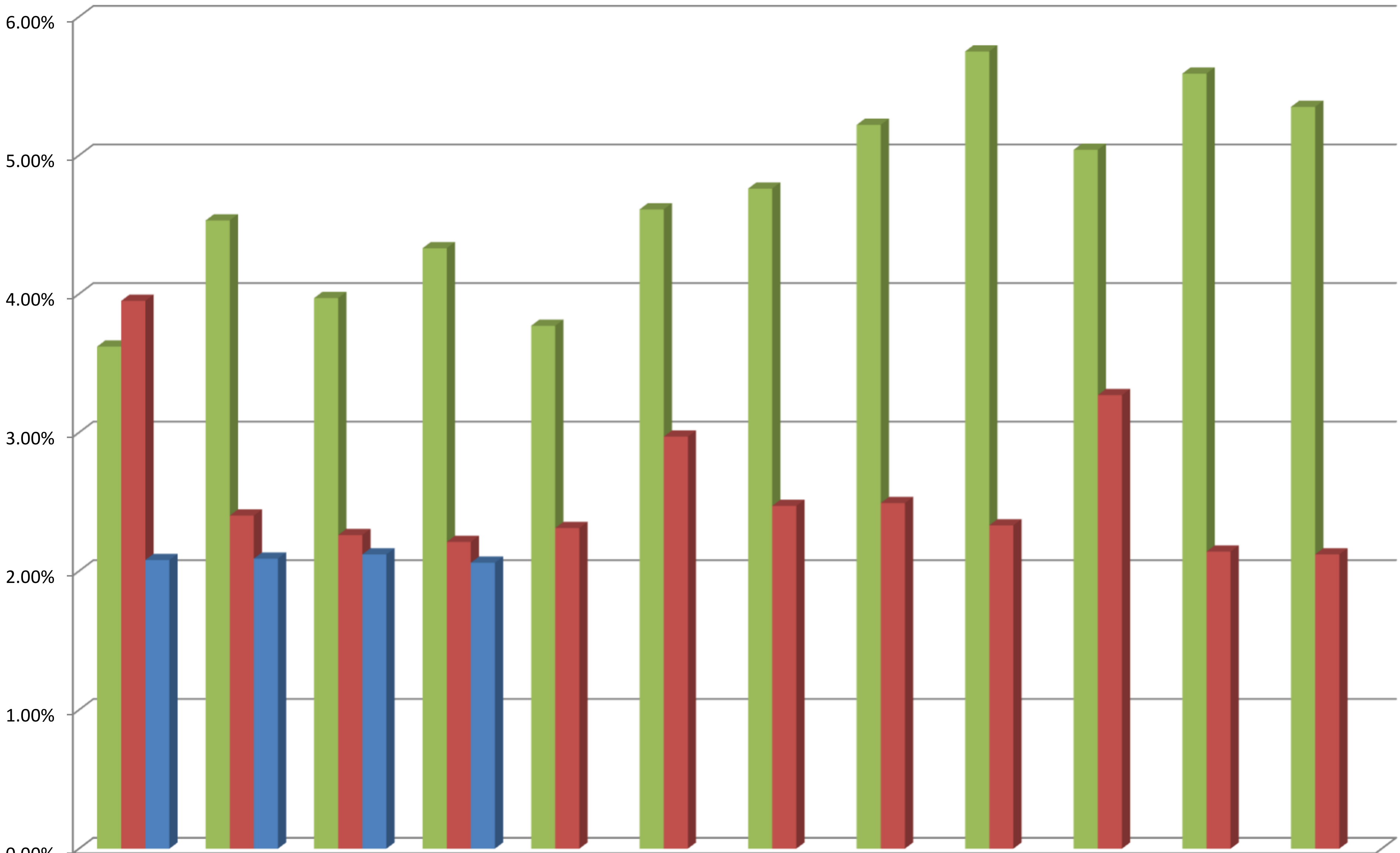
	January	February	March	April	May	June	July	August	September	October	November	December
2024	2.58%	2.57%	2.58%	2.53%	2.64%	2.79%	2.67%	2.48%	2.54%	2.81%	2.92%	2.89%
2025	2.90%	2.96%	2.90%	3.34%	3.11%	3.11%	2.82%	2.63%	2.71%	2.76%	2.82%	2.85%
2026	2.86%	2.95%	3.10%	3.01%								

Contributed Services
Water Dollars



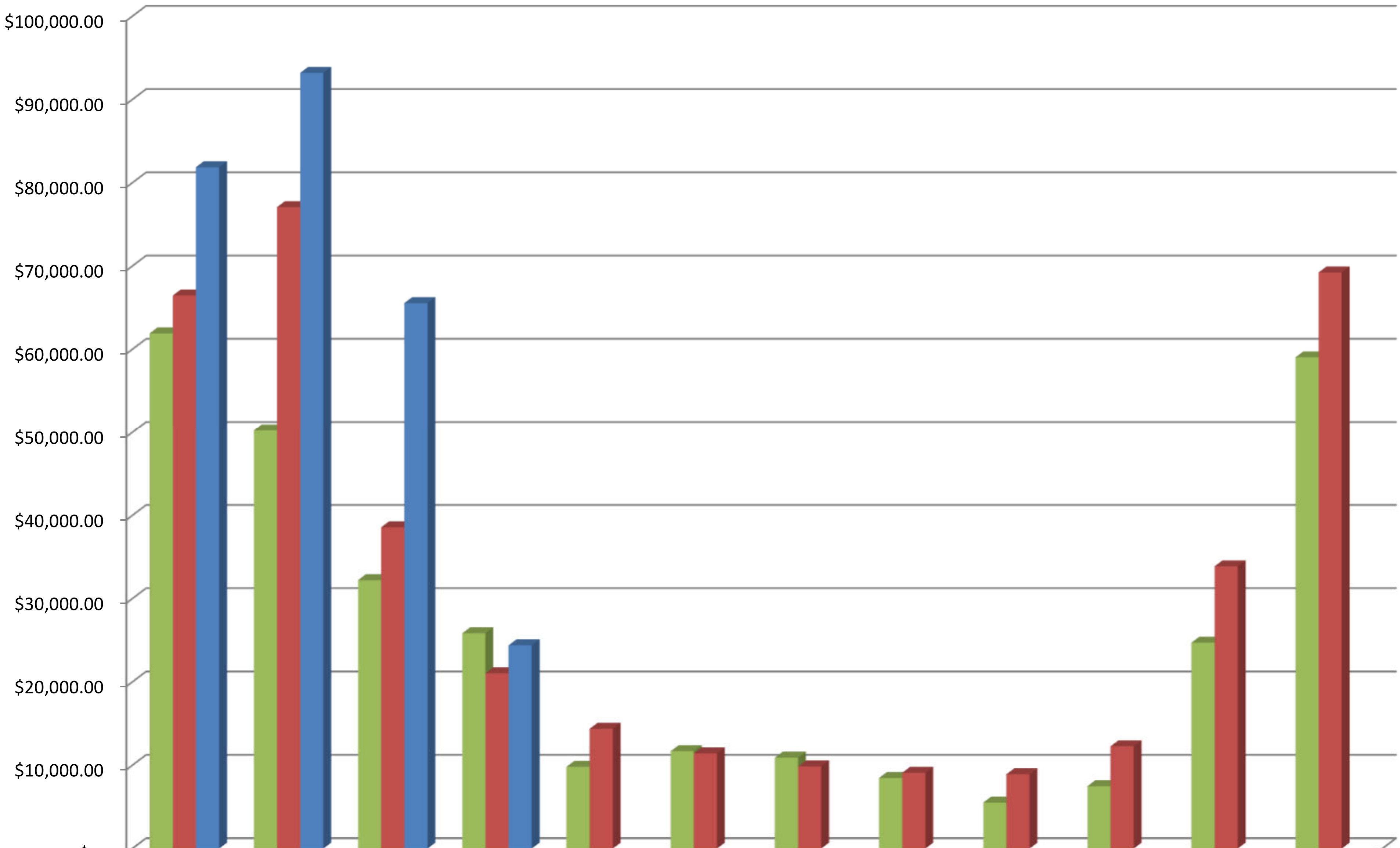
	January	February	March	April	May	June	July	August	September	October	November	December
2024	$13,118.78	$17,219.03	$14,807.24	$16,159.51	$14,261.24	$19,063.90	$20,064.38	$24,578.96	$31,860.42	$25,290.97	$22,685.83	$19,627.77
2025	$15,666.87	$9,342.81	$8,735.76	$8,448.26	$9,497.85	$14,189.37	$11,799.49	$12,759.97	$12,730.19	$16,423.73	$9,070.40	$8,178.17
2026	$9,085.74	$9,255.75	$9,101.08	$8,901.43								

Contributed Services
Water Percentages



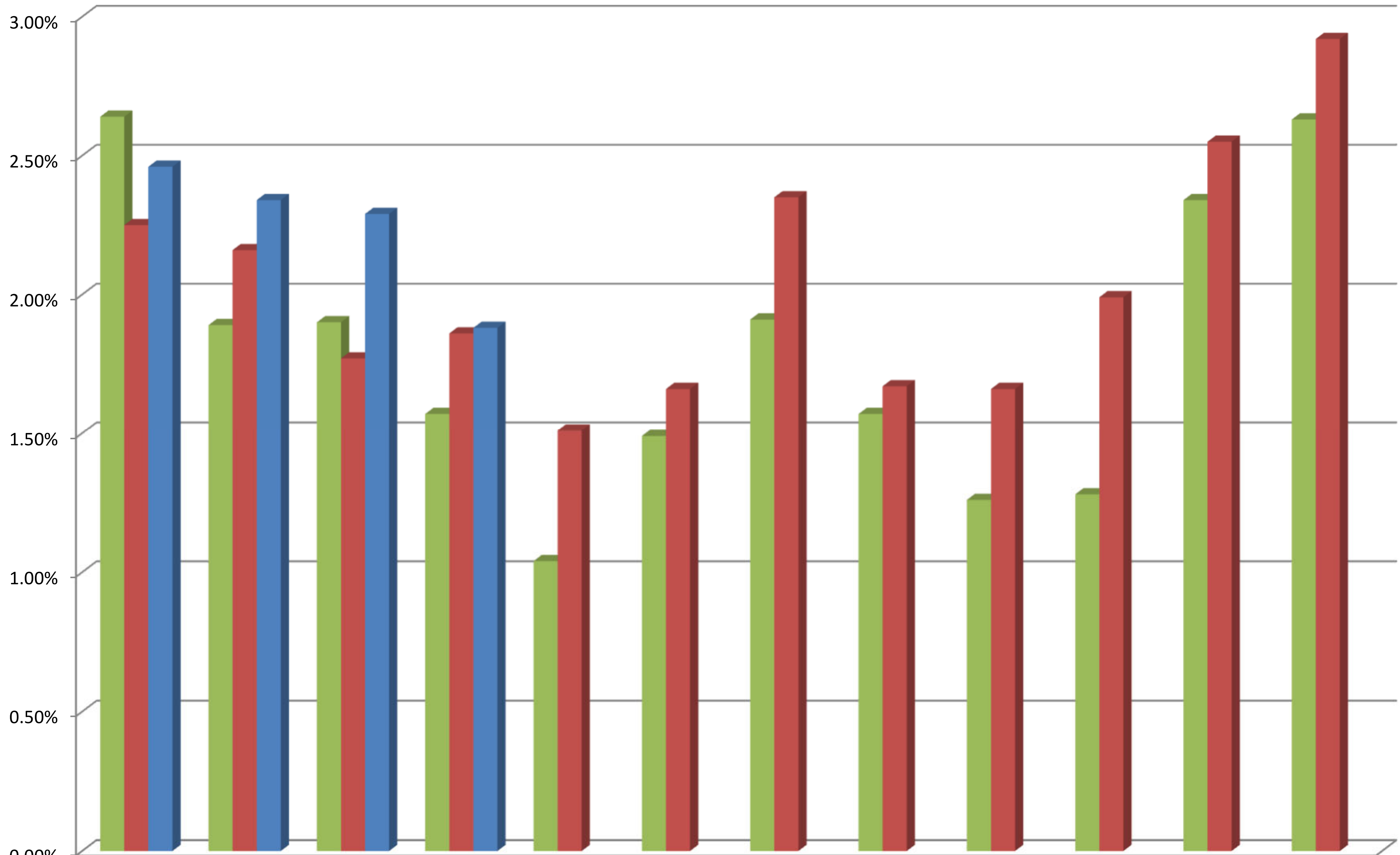
	January	February	March	April	May	June	July	August	September	October	November	December
2024	3.62%	4.53%	3.97%	4.33%	3.77%	4.61%	4.76%	5.22%	5.75%	5.04%	5.59%	5.35%
2025	3.95%	2.40%	2.26%	2.21%	2.31%	2.97%	2.47%	2.49%	2.33%	3.27%	2.14%	2.12%
2026	2.08%	2.09%	2.12%	2.06%								

Contributed Services
Natural Gas Dollars



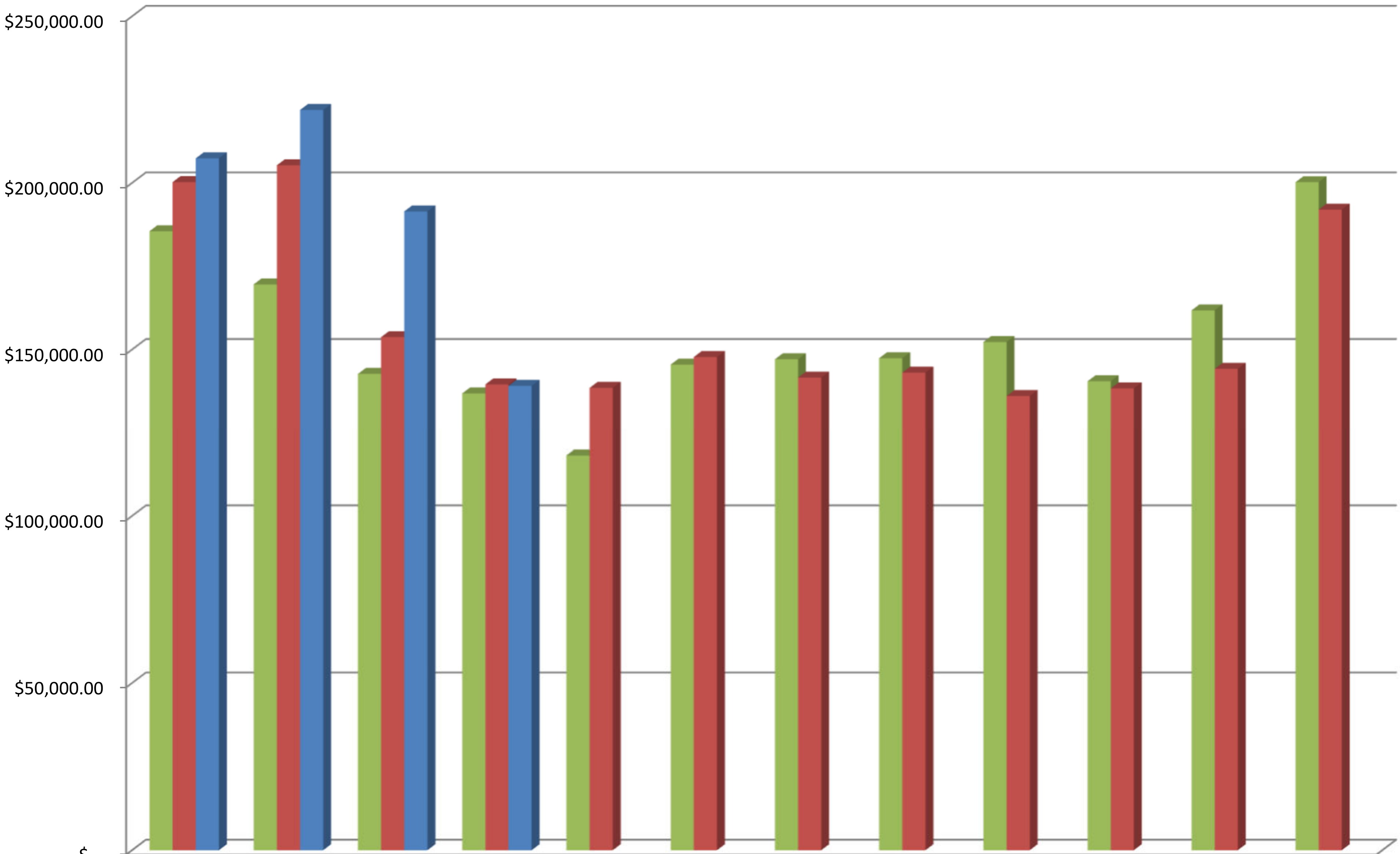
	January	February	March	April	May	June	July	August	September	October	November	December
2024	$61,917.00	$50,237.50	$32,224.05	$25,842.38	$9,818.72	$11,685.34	$10,916.06	$8,485.19	$5,526.87	$7,497.25	$24,723.17	$59,039.17
2025	$66,467.70	$77,076.65	$38,576.88	$21,035.58	$14,375.35	$11,433.28	$9,862.93	$9,097.30	$8,926.76	$12,283.19	$33,883.18	$69,238.58
2026	$81,876.22	$93,201.11	$65,558.34	$24,400.24								

Contributed Services
Natural Gas Percents



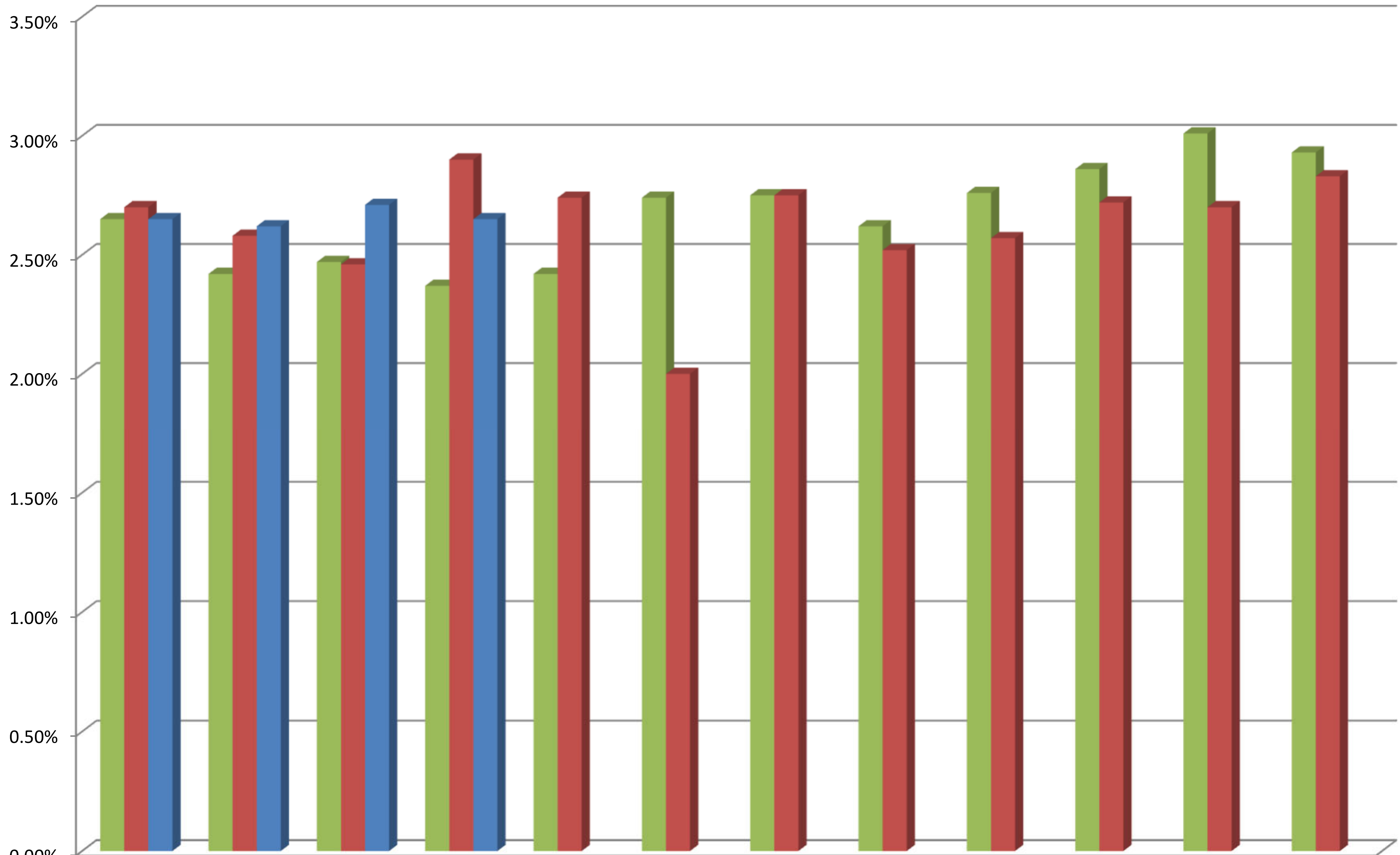
	January	February	March	April	May	June	July	August	September	October	November	December
2024	2.64%	1.89%	1.90%	1.57%	1.04%	1.49%	1.91%	1.57%	1.26%	1.28%	2.34%	2.63%
2025	2.25%	2.16%	1.77%	1.86%	1.51%	1.66%	2.35%	1.67%	1.66%	1.99%	2.55%	2.92%
2026	2.46%	2.34%	2.29%	1.88%								

Contributed Services
Total Dollars



	January	February	March	April	May	June	July	August	September	October	November	December
2024	$185,485.43	$169,544.61	$142,673.99	$136,808.16	$118,123.17	$145,464.14	$147,063.70	$147,389.89	$152,262.04	$140,478.07	$161,748.20	$200,213.78
2025	$200,246.61	$205,285.40	$153,712.04	$139,523.52	$138,476.53	$147,749.76	$141,573.11	$143,048.37	$136,027.56	$138,325.31	$144,183.70	$191,982.28
2026	$207,377.33	$221,875.04	$191,449.11	$139,083.57								

Contributed Services
Total Percents



	January	February	March	April	May	June	July	August	September	October	November	December
2024	2.65%	2.42%	2.47%	2.37%	2.42%	2.74%	2.75%	2.62%	2.76%	2.86%	3.01%	2.93%
2025	2.70%	2.58%	2.46%	2.90%	2.74%	2.00%	2.75%	2.52%	2.57%	2.72%	2.70%	2.83%
2026	2.65%	2.62%	2.71%	2.65%								

Disbursements April 2026

Date	#	Type	VENDOR	VENDOR NAME	REFERENCE	AMOUNT
4/2/2026	158773	CHK	08806	AMARIL UNIFORM COMPANY	FR Clothing- I.Goergen Ariat FR Jean	$ 117.61
4/2/2026	158774	CHK	09160	APG MEDIA OF MN LLC	Vegetation Mangement Services AD	$ 206.25
4/2/2026	158775	CHK	09444	AUTO VALUE OWATONNA	PARTS WA 5GAL CREDIT INV #197029040, FILTER,PM 5QT 10W30 CONVENT,FUEL STABILI, PM 5QT 10W30 CONVENT, NUT WHEEL 1/2-20, CREDIT ORIG INV #197028674, NUT WHEEL 1/2-20,CONN BUTT 16-14 GA, FEMALE 16-14 GA,GROMMET ID 11/16	$ 215.37
4/2/2026	158776	CHK	00965	BORDER STATES ELECTRIC SUPPLY	COUPLING METFIT 1/2CTS, BALL VALVE 6IPS	$ 3,101.15
4/2/2026	158777	CHK	09072	CINTAS CORPORATION - GK	MAT RENTAL	$ 174.21
4/2/2026	158778	CHK	00983	COLE'S ELECTRIC INC	102,106,104,1041/2 BR-BASEMENT BIG APPLE, 108 BROADWAY SALON-E-CLIPS, 106 BROADWAY CREATIVE EXPRESSIONS, 104 1/2 BROADWAY-UPSTAIRS BIG APPLE	$ 14,980.00
4/2/2026	158779	CHK	09099	CONTROL EQUIPMENT SALES INC	CORRECTOR VOLUME ELECTRONIC&LITHIUM BATT, EC350-D0B-00003000-D-C91220-00-N3,NC-200, 40-6048-KIT	$ 5,024.20
4/2/2026	158780	CHK	00116	CROSSTOWN CARTAGE COMPANY OF OWATONNA IN	COURIER & DEPOSIT BOX BANKING	$ 1,038.00
4/2/2026	158781	CHK	00160	FIRST SUPPLY LLC-OWATONNA	FILTERS MERV PLEATED 16X24X1, FILTERS MERV PLEATED 10X20X2 & 8X20X1	$ 892.62
4/2/2026	158782	CHK	01032	IFACS	SCREWS 1/4 X 3 1/4 HEX FLG, CUTOFF WHEELS	$ 632.54
4/2/2026	158783	CHK	00073	KOWZ - KRUE	Rebates Ads	$ 390.00
4/2/2026	158784	CHK	00073	KOWZ - KRUE	Rebates Ads	$ 500.00
4/2/2026	158785	CHK	00073	KOWZ - KRUE	Rebates Ads	$ 250.00
4/2/2026	158786	CHK	01945	LOCAL UNION 949 IBEW	Local Union Dues	$ 2,238.15
4/2/2026	158787	CHK	01054	MANKE'S OUTDOOR EQUIPMENT	AIR FILTER KIT&SPARK PLUG STIHL GAS SAW	$ 36.05
4/2/2026	158788	CHK	05194	MINNESOTA DEPT OF HEALTH	DANIEL CAMMOCK CLASS C WTR LICENSE	$ 23.00
4/2/2026	158789	CHK	05194	MINNESOTA DEPT OF HEALTH	JEREMIAH HANSEN CLASS D WTR LICENSE FEE	$ 23.00
4/2/2026	158790	CHK	01073	NAPA AUTO PARTS	TERMINAL SLIDE REPAIR ON VACTRON	$ 140.57
4/2/2026	158791	CHK	09420	OWATONNA ACE HARDWARE	FASTENERS & CUTTER TUBE MINI 1-1/8", SLEEVE 1/4" COMPRESSION	$ 33.96
4/2/2026	158792	CHK	09268	RON'S REPAIR SERVICE	#54 OLF CHANGE,BATTERY,MIRRORS,SUSPENSIO	$ 2,472.40
4/2/2026	158793	CHK	09454	SELF MADE HOLDINGS LLC	2026 APRIL RENT&UTILITIES SUITES 6,7,8,9	$ 5,253.41
4/2/2026	158794	CHK	01128	STEELE-WASECA COOPERATIVE ELECTRIC	3175 N CTY RD 45 ELE SERV 02/01-03/01/26	$ 144.95
4/2/2026	158795	CHK	09412	STEVE JAMES EXCAVATING INC	DIRT 3 YARDS, DIRT 2 YARDS	$ 160.32
4/2/2026	158796	CHK	08588	STOYKS PLUMBING LLC	WSLPP 1360 LEIF AVE NW, WSLPP 3056 NORTHRIDGE LANE NE	$ 536.15
4/2/2026	158797	CHK	09376	TGK AUTOMOTIVE	MOUNT AND BALANCE FOUR NEW TIRES	$ 140.00
4/2/2026	158798	CHK	00028	TOWNSQUARE MEDIA FARIBAULT	Various digital advertising services, Rebates,	$ 4,840.00
4/2/2026	158799	CHK	01170	US POSTAL SERVICE	April CUST Update/wFlushing Map Postage	$ 3,390.39
4/2/2026	158800	CHK	00249	VAN METER INC	VARIOUS SIZES CONDUIT SCH80 PVC 1,1-1/4, CONDUIT SCH80 PVC 2-1/2, TUBE SHRINK HEAT 6-IN, HEAT SHRINK TERM, RACK-A-TIERS 1/4IN, #6 PEN INKZALL, #3 RACK-A-TIERS 5/16 IN	$ 6,143.37
4/2/2026	158801	CHK	04243	VERIZON WIRELESS	Monthly Invoice Feb 24 - Mar 23	$ 2,280.09
4/2/2026	158802	CHK	02314	WATER CONSERVATION SERVICES INC	Water Leak Locate 20th & 8th NE	$ 972.95
4/2/2026	158803	CHK	09104	ZIEGLER INC	PM SERVICE ASCO SWITCH 03/01/26-02/28/27	$ 1,937.80
4/2/2026	158804	CHK	9998	JASON L HOUSE	INACTIVE REFUND	$ 562.01
4/2/2026	158805	CHK	9997	MORCAULEY PROPERTIES LLC	REBATE F	$ 500.00
4/2/2026	158806	CHK	9997	LAWRENCE B MUSHKIN	WSLPP 626 12TH ST SE-LARRY MUSHKIN	$ 459.50
4/9/2026	158807	CHK	09360	ABOVE ALL CLEANING INC	2026 APRIL JANITORIAL SERVICES	$ 5,114.93
4/9/2026	158808	CHK	08806	AMARIL UNIFORM COMPANY	FR Clothing:Shirts, Pants,Hoddie Tfoss, FR Clothing:Shirts,Jacket,Hoddie Jperdue, FR CLothing Dalton shirts, jeans, hoddie, FRClothing:SBahl shirts,Jeans,Bib,Hoddie	$ 6,043.45
4/9/2026	158809	CHK	09160	APG MEDIA OF MN LLC	Peoples Press Visit Owatonna Publication	$ 792.00
4/9/2026	158810	CHK	09444	AUTO VALUE OWATONNA	BEARING	$ 845.24
4/9/2026	158811	CHK	00182	BARR ENGINEERING CO	DIST SYSTEM MODEL REPAIRS&CRITICALITY AN	$ 665.00
4/9/2026	158812	CHK	09066	BLUE CROSS BLUE SHIELD OF MN- DENTAL	May Premiums for Dental	$ 3,350.32
4/9/2026	158813	CHK	00965	BORDER STATES ELECTRIC SUPPLY	TRANSITION PE-STEEL 6IPS	$ 1,228.47
4/9/2026	158814	CHK	00829	CENTRAL FARM SERVICE	ULSD DYED FIELDMASTER B20 NA 1993	$ 1,050.06
4/9/2026	158815	CHK	01654	DEANS	LIFTED 4 TRANSFORMERS	$ 1,000.00
4/9/2026	158816	CHK	08664	DGR ENGINEERING	LONG RANGE SYSTEM STUDY AND CIP, NE SUBSTATION	$ 1,180.50
4/9/2026	158817	CHK	09399	DUFOUR CLEANERS	Cleaning of FR clothing	$ 3,763.98
4/9/2026	158818	CHK	02677	EF TECHNOLOGIES INC	CALIBRATION EF EQUIPMENT,FITTING ADAPTER	$ 631.21
4/9/2026	158819	CHK	00160	FIRST SUPPLY LLC-OWATONNA	WRENCH OFFSET 18 ALUM RIGID, WRENCH PIPE OFFSET 24 ALUM RIGID, TAPE TEFLON BLUE MONSTER 1/2 X 1424	$ 461.93
4/9/2026	158820	CHK	09002	FLOWPOINT ENVIRONMENTAL SYSTEMS INC	Web Services for March 2026	$ 105.81
4/9/2026	158821	CHK	01004	GLOBAL INVESTIGATIVE SERVICES INC	Background checks-Dispatch,CSR, APPLine	$ 474.94
4/9/2026	158822	CHK	01015	GROEBNER & ASSOCIATES INC	GSG SHOP LOCATION,14PB FACER BODY,4"BLAD	$ 861.22
4/9/2026	158823	CHK	09496	HEALTHIEST YOU	Management Teladoc Monthly Services	$ 156.00
4/9/2026	158824	CHK	00068	HUBER SUPPLY COMPANY INC	NITROGEN SIZE 115, 2026 MARCH CYLINDER RENT AC,AR,CO,NI,OX,	$ 130.56
4/9/2026	158825	CHK	06082	JAGUAR COMMUNICATIONS INC	2026 MARCH LOCATES	$ 10,525.00
4/9/2026	158826	CHK	08585	KECK'S REPAIR INC	#6 OLF CHANGE,F&R BRAKES,CALIPER,PADS,RO, #57 DOT INSPECTION, #T55 DOT INSPECTION,NEW BREAKAWAY SWITCH, #T32 DOT INSPECTION & NEW SEALS	$ 11,412.74
4/9/2026	158827	CHK	08667	LIMBERG PRODUCTIONS LLC	Advertising on Community Network, Work Zone Safety ads	$ 100.00
4/9/2026	158828	CHK	01233	MADISON NATIONAL LIFE (LTD)	LTD April Premium	$ 2,952.31
4/9/2026	158829	CHK	09501	MADISON NATIONAL LIFE (MN PAID LEAVE)	MN Paid Leave (Feb2026)	$ 4,123.70
4/9/2026	158830	CHK	9018	MADISON NATIONAL LIFE (STD)	STD Premiums April	$ 1,137.80
4/9/2026	158831	CHK	08450	MARCO TECHNOLOGIES LLC	Marco VaaS, Named User Account, Resource, Cameras 218306	$ 30,920.32
4/9/2026	158832	CHK	00022	MED COMPASS	Annual Hearing Test	$ 842.00
4/9/2026	158833	CHK	05194	MINNESOTA DEPT OF HEALTH	1ST QTR 2026 WATER CONNECTION FEES	$ 37,826.00
4/9/2026	158834	CHK	09244	MINNESOTA LIFE INSURANCE COMPANY	April Life Ins Premiums	$ 4,449.42
4/9/2026	158835	CHK	07868	ONLINE INFORMATION SERVICES INC	Utility Exchange Report, Web Access Fee, Collections March 2026	$ 222.15

Date	#	Type	VENDOR	VENDOR NAME	REFERENCE	AMOUNT
4/9/2026	158836	CHK	09420	OWATONNA ACE HARDWARE	FASTENERS FOR RODEO	$ 6.57
4/9/2026	158837	CHK	01095	OWATONNA SHOE COMPANY	Safety Shoes Jeff B	$ 270.00
4/9/2026	158838	CHK	00009	RESCO-RURAL ELECTRIC SUPPLY COOPERATIVE	TRANSFORMERS 25KVA & 37.5KVA 1P PADMOUNT, 37KVA 1P PAD 7.2 x 240 / 120 NT BF W/I, 25KVA 1P PAD 7.2 X 240/120 NT	$ 46,862.30
4/9/2026	158839	CHK	09268	RON'S REPAIR SERVICE	#12 WATER PUMP,SERPENTINE BELT,TRANSMISS	$ 9,591.13
4/9/2026	158840	CHK	09342	SEYKORA AUTOMOTIVE REPAIR LLC	MOUNT AND BALANCE TIRES TWO,PACK BEARING	$ 435.15
4/9/2026	158841	CHK	08687	SHRED RIGHT	Mobile Shred, Security Console	$ 71.66
4/9/2026	158842	CHK	09403	SIGN PRO OF OWATONNA	#12 NEW VEHICLE GRAPHICS	$ 192.38
4/9/2026	158843	CHK	01122	SPECIALTY PERSONNEL SERVICES INC	GAGE MOTL WE 03/29/26	$ 4,236.00
4/9/2026	158844	CHK	01128	STEELE-WASECA COOPERATIVE ELECTRIC	ISP Service Territory Contracts 8,10,13	$ 8,316.00
4/9/2026	158845	CHK	09412	STEVE JAMES EXCAVATING INC	DIRT 3 YARDS	$ 96.19
4/9/2026	158846	CHK	08588	STOYKS PLUMBING LLC	WSLPP 233 HILLTOP	$ 527.27
4/9/2026	158847	CHK	03190	STUART C IRBY CO	ASSEMBLY SET METER 1IN X 1IN, MSA059-005 1X1 1A FISHER HSR 1/8 ORF 2	$ 22,378.09
4/9/2026	158848	CHK	09158	T-MOBILE	Monthly recurring charges, taxes	$ 234.95
4/9/2026	158849	CHK	09465	TANKSCO INC	05/19-06/09/25 TOWER #7 RETAINAGE 5%, 06/09-07/08/25 TOWER #7 RETAINAGE 5%, 07/08-08/14/25 TOWER #7 RETAINAGE 5%	$ 30,265.00
4/9/2026	158850	CHK	01050	TRI M GRAPHICS	CrossConnection&BackflowPrevent Brochure, Energy Hero Table Tents, Rebate Form-Green Efficiency Measures	$ 947.99
4/9/2026	158851	CHK	00896	UC LABORATORY	2026 MARCH COLIFORM	$ 441.00
4/9/2026	158852	CHK	04308	UTILITY SAFETY & DESIGN INC	SHRIMP/DIMP TOOL RENEW	$ 1,194.00
4/9/2026	158853	CHK	09185	VALEK SANDBLASTING & PAINTING LLC	blasting and powder coating trailer	$ 4,525.00
4/9/2026	158854	CHK	00249	VAN METER INC	CONDUIT 1-1/4 SCH80 PVC	$ 0.01
4/9/2026	158855	CHK	09313	VERIZON	March 2026 Vehicle Tracking Subscription	$ 788.25
4/9/2026	158856	CHK	04243	VERIZON WIRELESS	Machine to Machine Monthly Charges	$ 246.23
4/9/2026	158857	CHK	00613	VISION COMPANIES LLC	Everyday Leadership Program	$ 7,000.00
4/9/2026	158858	CHK	01149	WALBRAN & FURNESS	Services:2026GasAgreement/OPU Resolution	$ 450.00
4/9/2026	158859	CHK	01188	WESCO DISTRIBUTION INC	WIRE TRACER #10 AWG SOLID CU RED	$ 3,612.38
4/9/2026	158860	CHK	9997	147 HOLLY LLC	REBATE F	$ 600.00
4/9/2026	158861	CHK	9997	RILEY C GRUNWALD	REBATE BO	$ 600.00
4/9/2026	158862	CHK	9997	JONNA J HRUBY	REBATE AC F WIFI TH	$ 766.00
4/9/2026	158863	CHK	9997	DUANE A IMM	REBATE F WIFI TH	$ 650.00
4/9/2026	158864	CHK	9997	PERRY L KYTOLA	REBATE F	$ 500.00
4/9/2026	158865	CHK	9997	MR ROSS L LEUNING	REBATE BO	$ 600.00
4/9/2026	158866	CHK	9997	ANA B MULCAHY	REBATE F	$ 600.00
4/9/2026	158867	CHK	9997	MRS SANDRA J NORDMAN	REBATE EAB	$ 150.00
4/9/2026	158868	CHK	9997	CARISSA L PEDERSON	REBATE F	$ 600.00
4/9/2026	158869	CHK	9997	DERRIK J QUINLAN	REBATE F	$ 1,000.00
4/9/2026	158870	CHK	9997	DAWN SORENSON	REBATE BO	$ 600.00
4/9/2026	158871	CHK	9997	STEELE COUNTY	REBATE PRESCRIPTIVE GAS-BOILER C&T	$ 750.00
4/15/2026	158872	CHK	09508	ALERUS	NEW CDS 36MO 3.85% ELECT $500K,WTR $500K	$ 1,000,000.00
4/16/2026	158873	CHK	09160	APG MEDIA OF MN LLC	2026 Gas System Improvement BIDs	$ 391.88
4/16/2026	158874	CHK	09444	AUTO VALUE OWATONNA	SHINE VINYL & MIST-N-SHINE	$ 27.77
4/16/2026	158875	CHK	00964	BLOCK PLUMBING & HEATING	WSLPP 920 ST ANDREWS PL-GRADY STRAND	$ 337.24
4/16/2026	158876	CHK	00965	BORDER STATES ELECTRIC SUPPLY	TEE TAP 2IPSX1/2CTS, COUPLING 4IPS EF, CONDUIT PVC 3IN 20FT SCH40	$ 3,719.77
4/16/2026	158877	CHK	07150	CARR'S TREE SERVICE INC	TREE TRIMMING WEEK 03/07/26, 03/14/26, 03/21/26	$ 34,443.08
4/16/2026	158878	CHK	09072	CINTAS CORPORATION - GK	MAT RENTAL	$ 164.59
4/16/2026	158879	CHK	01084	CITY OF OWATONNA	2026 MARCH FUEL CONSUMPTION	$ 3,930.46
4/16/2026	158880	CHK	09047	CORE & MAIN LP	SOCKET 1/4	$ 219.68
4/16/2026	158881	CHK	00116	CROSSTOWN CARTAGE COMPANY OF OWATONNA IN	COURIER & DEPOSIT BOX BANKING	$ 1,053.00
4/16/2026	158882	CHK	00997	ENERGY ECONOMICS INC	REPAIR METERS DOMESTIC	$ 8,165.38
4/16/2026	158883	CHK	00160	FIRST SUPPLY LLC-OWATONNA	TORCH KIT TURBO, SEALANT TEFLON THREAD PIPE DOPE	$ 174.09
4/16/2026	158884	CHK	03490	FS3 INC	SHEAVE FEEDING 3" DUCT,SHEAVE HANGER,ADA, CABLE NYLON PROTECTOR 3-6IN	$ 2,904.59
4/16/2026	158885	CHK	00068	HUBER SUPPLY COMPANY INC	NITROGEN SIZE 115	$ 28.28
4/16/2026	158886	CHK	01032	IFACS	SCREW FLOORBOARD 3/8-16 X 2 TRAILER, SCREWS FLOORBOARD&HEX CAP,PIN LOCK WIRE	$ 180.60
4/16/2026	158887	CHK	09290	JT SERVICES OF MINNESOTA	CONDUIT 2" & 3" HDPE	$ 18,262.80
4/16/2026	158888	CHK	09468	KAAL-TV LLC	March Advertisements	$ 450.00
4/16/2026	158889	CHK	01901	LEGACY SIGNS INC	Conserve and Save Banner	$ 128.25
4/16/2026	158890	CHK	01945	LOCAL UNION 949 IBEW	Local Union Dues	$ 2,238.15
4/16/2026	158891	CHK	08450	MARCO TECHNOLOGIES LLC	Rem Quote 218306- mounts and arms, CN193340-02 Base Rate Charge 4/17-5/16, CN225973-01 base,usage,fees 4/16-5/15	$ 2,571.38
4/16/2026	158892	CHK	08998	MARCO TECHNOLOGIES LLC-CONTRACT	Contract Payment HP Copiers April 2026	$ 566.99
4/16/2026	158893	CHK	05194	MINNESOTA DEPT OF HEALTH	CITY OF OWATONNA 2026 ST & UTILITY PROJ	$ 150.00
4/16/2026	158894	CHK	08707	MRC GLOBAL INC	GASKET 2" 150# 1/16" FF	$ 1,673.39
4/16/2026	158895	CHK	09449	NECA IBEW FAMILY MEDICAL CARE PLAN	Union Medical Insurance MAY premium	$ 109,186.42
4/16/2026	158896	CHK	00827	OFFICE OF MN.IT SERVICES	Wide Area Network Services MAR2026	$ 1,068.62
4/16/2026	158897	CHK	09420	OWATONNA ACE HARDWARE	GASKET BASIN 2X1-1/4X3/8	$ 9.57
4/16/2026	158898	CHK	09412	STEVE JAMES EXCAVATING INC	SCREENED PIT RUN 1.5 YARDS, DIRT 4 YARDS x3	$ 148.93
4/16/2026	158899	CHK	05408	STEWART SANITATION	2026 MARCH GARBAGE/CARDBOARD SERVICE	$ 373.09
4/16/2026	158900	CHK	01050	TRI M GRAPHICS	APR 2026 Customer Update w/Flushing Map	$ 8,933.18
4/16/2026	158901	CHK	09185	VALEK SANDBLASTING & PAINTING LLC	BLASTING POWDER COAT THREE GAS METERS	$ 1,125.00
4/16/2026	158902	CHK	01188	WESCO DISTRIBUTION INC	TONG WIRE UNIVERSAL HAST A10023	$ 211.42
4/16/2026	158903	CHK	9997	JAMES E BORGMAN	REBATE AC F WIFI TH	$ 1,256.00
4/16/2026	158904	CHK	9997	GINA S FELTS	REBATE F	$ 500.00
4/16/2026	158905	CHK	9997	MR CHRISTOPHER P GANNON	REBATE EAB	$ 150.00
4/16/2026	158906	CHK	9997	CALEB M GOODENOUGH	REBATE F CW DW RF SW TLT LEDDWN	$ 1,475.00

Date	#	Type	VENDOR	VENDOR NAME	REFERENCE	AMOUNT
4/16/2026	158907	CHK	9998	RYAN HANNAN	INACTIVE REFUND	$ 57.64
4/16/2026	158908	CHK	9998	NATHAN J HARRIS	INACTIVE REFUND	$ 5.08
4/16/2026	158909	CHK	9998	NANCY L HOMEIER	INACTIVE REFUND	$ 9.16
4/16/2026	158910	CHK	9998	VICTOR A KNUPPE	INACTIVE REFUND	$ 60.08
4/16/2026	158911	CHK	9997	MRS ANGELA K MILLER	REBATE F	$ 600.00
4/16/2026	158912	CHK	9997	JURENE K MORTENSEN	REBATE F WIFI TH	$ 1,050.00
4/16/2026	158913	CHK	9997	MR MARK M PHILLIPS	REBATE EAB	$ 150.00
4/16/2026	158914	CHK	9998	PILLSBURY C PREP	INACTIVE REFUND	$ 832.15
4/16/2026	158915	CHK	9998	ORLIN A RODRIGUEZ	INACTIVE REFUND	$ 14.09
4/16/2026	158916	CHK	9997	MR DANIEL R SAMPSON	REBATE BO	$ 600.00
4/16/2026	158917	CHK	9997	KENNETH W SCHULER	REBATE F	$ 600.00
4/16/2026	158918	CHK	9997	DAKOTA J SCHULTZ	WSLPP 255 DARTT AVE-DAKOTA SCHULTZ	$ 813.00
4/16/2026	158919	CHK	9997	AMY E SMITH	REBATE F WIFI TH EIH DW RF IC	$ 815.00
4/16/2026	158920	CHK	9997	STEELE COUNTY	REBATE PRESCRIPTIVE GAS BOILER C&T	$ 356.25
4/16/2026	158921	CHK	9997	STEELE COUNTY	REBATE PRESCRIPTIVE GAS BOILER C&T	$ 300.00
4/16/2026	158922	CHK	9997	STEELE COUNTY	REBATE PRESCRIPTIVE GAS BOILER C&T	$ 300.00
4/16/2026	158923	CHK	9998	JOSE J VALENTIN	INACTIVE REFUND	$ 20.02
4/16/2026	158924	CHK	9998	NADYA L WINKEY	INACTIVE REFUND	$ 8.41
4/23/2026	158925	CHK	09323	ABDO LLP	Audit for YE 12.31.25 and Crunchafi fee	$ 6,329.54
4/23/2026	158926	CHK	00335	AMERIGAS - 2318	2 33.5LB CYLINDER PROPANE FOR FORKLIFT	$ 117.57
4/23/2026	158927	CHK	09444	AUTO VALUE OWATONNA	CLAMPS HOSE FOR VACTRON	$ 11.34
4/23/2026	158928	CHK	00964	BLOCK PLUMBING & HEATING	WSLPP 706 14TH ST NE-GREG GALLAGHER	$ 556.89
4/23/2026	158929	CHK	00965	BORDER STATES ELECTRIC SUPPLY	HUB HVY DTY 3-IN,MTR 3PH 320A RL 7TERM	$ 2,100.36
4/23/2026	158930	CHK	00978	CEDAR VALLEY SERVICES INC	Envelope Checking, Daily Misc. Postage	$ 450.98
4/23/2026	158931	CHK	01084	CITY OF OWATONNA	ESRI SOFTWARE MAINT 5/8-05/07/27,ARC GIS	$ 22,182.50
4/23/2026	158932	CHK	00093	COLE PAPERS INC	PAPER TOWEL,SOAP ALOE FOAM,BATH TISSUE,L	$ 652.35
4/23/2026	158933	CHK	00983	COLE'S ELECTRIC INC	MOVE NL&EM LIGHTS TO GENERATOR, GENERATOR BACKUP POWER TO GARAGE DOORS, MOVING ELECTRIC IN ROOM TO GENERATOR, EMERGENCY OPERATIONS CENTER ELECTRIC WOR	$ 12,416.11
4/23/2026	158934	CHK	09401	COURT SPORTS AND MORE	2026 Rodeo Shirts	$ 342.00
4/23/2026	158935	CHK	01898	FOUR SEASONS ELECTRIC LLC	310 N CEDAR AVE REPAIR SERVICE CONDUITS	$ 3,677.15
4/23/2026	158936	CHK	09394	HOUCK TRANSIT ADVERTISING	Transit Media Space Ad-Energy/Safety, TRANSIT MEDIA TAIL WRAP AND SUPER	$ 2,250.00
4/23/2026	158937	CHK	08493	LEAGUE OF MN CITIES INSURANCE TRUST WC	Workers Comp 4/1/26-4/1/27	$ 118,811.00
4/23/2026	158938	CHK	01901	LEGACY SIGNS INC	Window Clings- Energy Hero Program	$ 529.03
4/23/2026	158939	CHK	01233	MADISON NATIONAL LIFE (LTD)	LTD May Premiums	$ 3,031.14
4/23/2026	158940	CHK	09501	MADISON NATIONAL LIFE (MN PAID LEAVE)	MN Paid Leave (MAR2026)	$ 3,999.39
4/23/2026	158941	CHK	9018	MADISON NATIONAL LIFE (STD)	STD May Premiums	$ 1,165.01
4/23/2026	158942	CHK	08450	MARCO TECHNOLOGIES LLC	CN233110-01 Base Rate Charge 4/26-5/25	$ 168.29
4/23/2026	158943	CHK	07307	MAYO CLINIC - OWATONNA	Pre-Employement Drugscreen IG 3.3.26	$ 44.00
4/23/2026	158944	CHK	01205	MEDTOX LABORATORIES INC	Pre-Employement Drug Screen IG,TN,MJ	$ 150.06
4/23/2026	158945	CHK	08073	METERING & TECHNOLOGY SOLUTIONS	VARIOUS SIZE GASKETS 1/2",3/4",1",1-1/2"	$ 1,471.66
4/23/2026	158946	CHK	09285	METRONET	Fiber Internet, Adv Services 4/16-5/15	$ 178.44
4/23/2026	158947	CHK	03487	MINNESOTA DEPT OF COMMERCE	Service Area Direct Labor & Expense	$ 960.11
4/23/2026	158948	CHK	01065	MINNESOTA POLLUTION CONTROL AGENCY	2026 AQ ANNUAL PERMIT FEE EMISSIONS	$ 25.00
4/23/2026	158949	CHK	01073	NAPA AUTO PARTS	#57&#5 PUMP WASHER WINDSHIELD,RACHET,WAS	$ 59.01
4/23/2026	158950	CHK	09045	NATIONAL INFORMATION SOLUTIONS COOPERATI	MAR 2026 Print Services, Misc Postage, Online Pmts, Software License	$ 29,125.75
4/23/2026	158951	CHK	09509	NORTHSTAR RECREATION LLC	NEW TRAILER #T16 2026 CARGO PRO 54 X 10	$ 4,658.59
4/23/2026	158952	CHK	00827	OFFICE OF MN.IT SERVICES	Voice Services March 2026	$ 88.38
4/23/2026	158953	CHK	03689	RADIAN RESEARCH INC	ANNUAL SUPPORT MAINT WN 03/30/2026-2027	$ 655.62
4/23/2026	158954	CHK	00240	RENT N SAVE PORTABLE SERVICES	2026 MARCH RESTROOM FARIBAULT SUBSTATION, 3141 W BRIDGE ST	$ 235.12
4/23/2026	158955	CHK	09454	SELF MADE HOLDINGS LLC	2026 MAY RENT&UTILITIES SUITES 6,7,8,9	$ 5,125.72
4/23/2026	158956	CHK	09262	SKARSHAUG TESTING LABORATORY INC	Test&Replace&Repair Services and Parts	$ 5,026.12
4/23/2026	158957	CHK	01122	SPECIALTY PERSONNEL SERVICES INC	GAGE MOTL WE 04/12/26	$ 2,118.00
4/23/2026	158958	CHK	09412	STEVE JAMES EXCAVATING INC	DIRT 3 YARDS	$ 96.19
4/23/2026	158959	CHK	08588	STOYKS PLUMBING LLC	WSLPP 642 15TH ST SE, WSLPP 642 15TH ST SE, WSLPP 1324 N CEDAR AVE, WSLPP 447, 459 & 451 FAIRVIEW	$ 2,697.35
4/23/2026	158960	CHK	04308	UTILITY SAFETY & DESIGN INC	2026 MARCH RETAINER FEES, OQ TRAINING JAKE ROOSEN 02/26/26	$ 2,576.44
4/23/2026	158961	CHK	01188	WESCO DISTRIBUTION INC	WIRE 15KV EPR 1/0 SOL	$ 67,407.06
4/23/2026	158962	CHK	00204	XCEL ENERGY	7702 SW 18TH ST ELE SER03/18/26-04/16/26	$ 31.54
4/23/2026	158963	CHK	9997	BRUCE A BUSHO	REBATE F	$ 500.00
4/23/2026	158964	CHK	9997	MR FRED GREEN	REBATE F	$ 500.00
4/23/2026	158965	CHK	9997	MACKENZIE D JACOBSON	REBATE EV	$ 500.00
4/23/2026	158966	CHK	9997	L & L LEGACY PROPERTIES LLC	REBATE ASHP	$ 1,040.00
4/23/2026	158967	CHK	9997	MITCHEL L MAYLAND	REBATE F	$ 600.00
4/23/2026	158968	CHK	9997	OAKDALE MOTEL	REBATE LIGHTING	$ 2,352.44
4/23/2026	158969	CHK	9998	JEFF R PEACH	INACTIVE REFUND	$ 352.86
4/23/2026	158970	CHK	9998	GARY L SCHEFFERT	INACTIVE REFUND	$ 235.54
4/23/2026	158971	CHK	9997	MRS SARA A SLOTSVE	REBATE AC F WIFI TH	$ 750.00
4/23/2026	158972	CHK	9997	MR LUKE B THURNAU	REBATE F	$ 600.00
4/23/2026	158973	CHK	9998	WEST LAKE MEADOWS OF OWATONNA, LLC	INACTIVE REFUND	$ 16.13
4/23/2026	158974	CHK	9998	WEST LAKE MEADOWS OF OWATONNA, LLC	INACTIVE REFUND	$ 28.67
4/27/2026	158975	CHK	04970	MATTHEW T JESSOP	REIM for APPA Conf. in Washington, DC	$ 2,756.35
4/30/2026	158976	CHK	07874	A TASTE OF THE BIG APPLE	3 LG Pizza - Matt K	$ 61.75
4/30/2026	158977	CHK	00690	AFLAC	April 2026 Premiums	$ 1,289.62
4/30/2026	158978	CHK	08806	AMARIL UNIFORM COMPANY	FR Clothing:Isaac Lined BIBs, Credit for Isaac returns on IV294743, FR Clothing: Paden F. Shirts, FR Clothing: Brian C. Longsleeve Shirts	$ 1,861.32
4/30/2026	158979	CHK	00182	BARR ENGINEERING CO	SERVICES GEN ASSIST 01/24/26 - 03/20/26, DIST SYSTEM MODEL REPAIRS&CRITICALITY AN	$ 7,742.50

Date	#	Type	VENDOR	VENDOR NAME	REFERENCE	AMOUNT
4/30/2026	158980	CHK	00964	BLOCK PLUMBING & HEATING	WSLPP 1958 WOODCREST DR NE-KORD BABCOCK, WSLPP 2728 DEER TRAIL LN NE-CHRIS GRONLI	$ 1,097.41
4/30/2026	158981	CHK	00965	BORDER STATES ELECTRIC SUPPLY	CONDUIT SCH40 3IN 20FT PVC, CONDUIT PVC 3IN 20FT SCH40, PEDESTAL SECONDARY WIDE BASE	$ 18,781.21
4/30/2026	158982	CHK	07150	CARR'S TREE SERVICE INC	TREE TRIMMING WEEK 03/28/26, 04/04/26	$ 18,605.60
4/30/2026	158983	CHK	09072	CINTAS CORPORATION - GK	MAT RENTAL	$ 169.40
4/30/2026	158984	CHK	09401	COURT SPORTS AND MORE	2026 Rodeo Shirts	$ 236.00
4/30/2026	158985	CHK	00116	CROSSTOWN CARTAGE COMPANY OF OWATONNA IN	COURIER & DEPOSIT BOX BANKING	$ 953.00
4/30/2026	158986	CHK	02855	CUSTOM ALARM	ANNUAL FIRE ALARM INSP 5/01/26-4/30/27	$ 3,770.07
4/30/2026	158987	CHK	01654	DEANS TOWING	LIFTED TRANSFORMER 15000 LBS OFF TRAILER	$ 500.00
4/30/2026	158988	CHK	08664	DGR ENGINEERING	NE SUBSTATION	$ 1,513.00
4/30/2026	158989	CHK	00160	FIRST SUPPLY LLC-OWATONNA	#8 WELL CL2 EJECTOR BY PASS VALVE	$ 80.53
4/30/2026	158990	CHK	01032	IFACS	WHEEL CUTOFF TYPE 1 4 1/2 X 7/8, FLG HEX 1/4 X 3 1/4	$ 432.47
4/30/2026	158991	CHK	01042	KEROTEST MANUFACTURING CORP	T-STRAINER WELD END 2"	$ 18,997.72
4/30/2026	158992	CHK	08493	LEAGUE OF MN CITIES INSURANCE TRUST WC	Deductible Claim LMC CA 000000507545	$ 500.00
4/30/2026	158993	CHK	01901	LEGACY SIGNS INC	Energy Hero Banner	$ 128.25
4/30/2026	158994	CHK	01945	LOCAL UNION 949 IBEW	Local Union Dues	$ 2,191.53
4/30/2026	158995	CHK	01122	SPECIALTY PERSONNEL SERVICES INC	GAGE MOTL WE 04/19/26, 4/26/26	$ 4,232.00
4/30/2026	158996	CHK	03610	STARGAZER DESIGNS	Plant OUTDOOR Containers Spring Season, Funeral Flowers,Card,Delivery - Roger W, 2026 Indoor Plant Watering JAN-MAR, 2026 Spring Decor & Pack away winter	$ 1,023.33
4/30/2026	158997	CHK	01128	STEELE-WASECA COOPERATIVE ELECTRIC	829 28TH ST SE ELE SERV 03/12 - 04/12/26, 3175 N CTY RD 45 ELE SERV 03/01-04/01/26, ANCHOR BUST AND ROD PURCHASE	$ 172.14
4/30/2026	158998	CHK	09412	STEVE JAMES EXCAVATING INC	DIRT 7.5 YARDS x2, WATERMAIN REPAIR 20TH ST&8TH AVE-3/14/26	$ 1,358.64
4/30/2026	158999	CHK	08588	STOYKS PLUMBING LLC	WSLPP 128 FRANKLIN AVE, WSLPP 2385 LINHAVEN PL, WSLPP 220 22ND ST NW, WSLPP 570 HAZEL LN, WSLPP 835 DAWN PL, WSLPP 338 MEADOW LN, WSLPP 513 MINERAL SPRINGS ROAD, WSLPP 120 18TH PLACE NE, WSLPP 1780 N CEDAR AVE	$ 3,149.37
4/30/2026	159000	CHK	09158	T-MOBILE	Monthly recurring charges, taxes	$ 239.04
4/30/2026	159001	CHK	01050	TRI M GRAPHICS	Backflow Prevention Device Tag	$ 1,364.54
4/30/2026	159002	CHK	00249	VAN METER INC	CLOTH BRADY .75IN X 16FT	$ 33.39
4/30/2026	159003	CHK	01188	WESCO DISTRIBUTION INC	UTILITY HTIW,SAWZALL FUEL,DRIVER IMPACT	$ 900.95
4/30/2026	159004	CHK	9997	MR JOHN BASTYR	REBATE F	$ 600.00
4/30/2026	159005	CHK	9997	CENTRAL FARM SERVICE	REBATE LIGHTING	$ 812.00
4/30/2026	159006	CHK	9998	ESSO APARTMENTS LLC	INACTIVE REFUND	$ 27.91
4/30/2026	159007	CHK	9997	MR BRIAN C SPENCER	REBATE ASHP	$ 1,500.00
4/30/2026	159008	CHK	9997	JEREMY K WORMAN	REBATE F	$ 600.00
4/30/2026	159009	CHK	06199	WOLFF & SONS INC	#7 WELL TREE REMOVAL (3 ASH TREES), #5 WELL TREE REMOVAL (12 ASH TREES)	$ 9,150.00

TOTAL CHECKS **$1,970,917.60**

4/1/2026	2069	WIRE	00081	SOUTHEAST SERVICE COOP (MEDICAL)	April 2026 Premiums MGMT Medical	$ 27,338.86
4/1/2026	2074	WIRE	09346	WEX HEALTH, INC	MEDy26:BRiggleman 95.96	$ 95.96
4/3/2026	2075	WIRE	09061	UNITED STATES TREASURY	FEDERAL WITHHOLDING TAXES	$ 76,446.70
4/3/2026	2076	WIRE	09034	DEFERRED COMPENSATION	DEFERRED COMP CONTRIBUTION	$ 8,135.00
4/6/2026	97188	WIRE	09414	BREMER BANK COMMERCIAL CREDIT CARD 6147	Credit Card Invoice March 2026	$ 44,074.70
4/6/2026	2077	WIRE	09168	PERA	PERA EMPLOYER CONTRIBUTIONS	$ 41,790.13
4/6/2026	2078	WIRE	09170	MINNESOTA DEPT OF REVENUE PAYROLL	MN WH/J Wencl Wage Levy 380.04	$ 15,049.01
4/6/2026	2079	WIRE	09346	WEX HEALTH, INC	EMPLOYER CONTRIBUTION HSA & VEBA	$ 3,257.73
4/6/2026	2080	WIRE	09346	WEX HEALTH, INC	MEDy26:AMoran 328.31	$ 328.31
4/7/2026	2081	WIRE	09346	WEX HEALTH, INC	MEDy25:NikM 194.84,87.22 MEDy26:DFox 475	$ 757.06
4/8/2026	2082	WIRE	09346	WEX HEALTH, INC	MEDy26:MKoch 242.00, MSmith 49.97	$ 291.97
4/9/2026	2083	WIRE	09346	WEX HEALTH, INC	MEDy26: RNoble 349.00, JWencl 134.74	$ 483.74
4/10/2026	2084	WIRE	09346	WEX HEALTH, INC	MEDy26: TRogers 85.93, JWencl 60.00	$ 145.93
4/13/2026	2085	WIRE	09064	THE ENERGY AUTHORITY INC	NNG Transport Demand Fee March 2026	$ 562,027.51
4/13/2026	2086	WIRE	09346	WEX HEALTH, INC	MEDy26:AMoran 295.65, BRiggleman 30.00	$ 325.65
4/14/2026	2087	WIRE	09346	WEX HEALTH, INC	MEDy26: MKoch 306.00	$ 306.00
4/14/2026	2089	WIRE	09346	WEX HEALTH, INC	MEDy26:RNoble 61.02	$ 51.02
4/14/2026	2090	WIRE	09346	WEX HEALTH, INC	MEDy26:LTaghon 21.23	$ 21.23
4/15/2026	2088	WIRE	09064	THE ENERGY AUTHORITY INC	March 2026 Gas Purchases	$ 1,053,240.29
4/15/2026	2091	WIRE	09346	WEX HEALTH, INC	MEDy26: RAnhorn 38.50	$ 38.50
4/16/2026	2097	WIRE	09346	WEX HEALTH, INC	y26:RN 20, SP 20, BRigg 20, MS 102.54	$ 162.54
4/17/2026	2096	WIRE	09061	UNITED STATES TREASURY	FEDERAL WITHHOLDING TAXES	$ 74,406.40
4/17/2026	2098	WIRE	09346	WEX HEALTH, INC	Y26: AMoran 20, JWencl 59-192-44	$ 315.00
4/20/2026	2092	WIRE	09168	PERA	PERA EMPLOYER CONTRIBUTIONS	$ 41,207.82
4/20/2026	2093	WIRE	09034	DEFERRED COMPENSATION	DEFERRED COMP CONTRIBUTION	$ 8,485.00
4/20/2026	2094	WIRE	09170	MINNESOTA DEPT OF REVENUE PAYROLL	MN WITHHOLDING TAX	$ 14,262.27
4/20/2026	2095	WIRE	09346	WEX HEALTH, INC	EMPLOYER CONTRIBUTION HSA & VEBA	$ 3,257.73
4/21/2026	2099	WIRE	09346	WEX HEALTH, INC	y26: RNoble 100.00	$ 100.00
4/21/2026	2100	WIRE	09346	WEX HEALTH, INC	y26: BRigg 95.96	$ 95.96
4/22/2026	2101	WIRE	09346	WEX HEALTH, INC	y26: BRigg (-47.98) (95.96)	$ 47.98
4/24/2026	2102	WIRE	09346	WEX HEALTH, INC	MAR 2026 Monthly Premium	$ 148.50
4/24/2026	2103	WIRE	09184	MINNESOTA UNEMPLOYMENT INSURANCE	T VanEsch Unemployement	$ 3,656.00
4/27/2026	2104	WIRE	01121	SOUTHERN MN MUNICIPAL POWER AGENCY	MAR 2026 Power Sales Contract	$ 2,306,492.84
4/27/2026	2105	WIRE	09346	WEX HEALTH, INC	y26:TNorbeck 1626.99	$ 1,626.99
4/28/2026	2106	WIRE	09346	WEX HEALTH, INC	y26: DFox 39.93	$ 39.93
4/15/2026	105117	ACH	1238	MN DEPT OF REVENUE	SALES TAXES	$ 227,860.00
4/30/2026	105776	ACH	1084	CITY OF OWATONNA	SEWER PAYMENT	$ 620,000.00

Date	#	Type	VENDOR	VENDOR NAME	REFERENCE	AMOUNT
4/2/2026	21610	DD	05444	CDW GOVERNMENT LLC	AutoCAD & Civil 3D Subscription Renewals	$ 17,218.70
4/2/2026	21611	DD	06152	CENTURYLINK	Monthly&Usage Charges - Line: 1031,3735	$ 365.09
4/2/2026	21612	DD	06172	CENTURYLINK BUSINESS SERVICES	Voice Services Recurring Charges	$ 18.72
4/2/2026	21613	DD	01169	HAWKINS INC	DEMURRAGE CHLORINE CYLINDER 150LB	$ 210.00
4/2/2026	21614	DD	00072	KLM ENGINEERING INC	#7 TOWER VERIZON ANTENNA INSPECTIONS	$ 9,000.00
4/2/2026	21615	DD	07944	LITTLER MENDELSON PC	Legal Services for February 2026	$ 1,578.50
4/2/2026	21616	DD	09503	TECHNICAL TOOLBOXES POWERTOOLS INC	GASCALC 6.1 RENEWAL 04/19/26-04/18/27	$ 390.00
4/2/2026	21617	DD	09466	TRC ENGINEERS INC	2026 FEBRUARY SERVICES 02/11/26-03/10/26	$ 1,901.00
4/2/2026	21618	DD	09405	ZENSAI US INC	Perform365-Renewal 5/20/26-5/19/27	$ 6,511.05
4/9/2026	21619	DD	06152	CENTURYLINK	Monthly and Usage Charges F94-166-3369	$ 114.00
4/9/2026	21620	DD	05379	EXPRESS PRESSURE WASHERS INC	VAC TRAILER REPLACED PISTON,VALVES,PACKI	$ 1,265.34
4/9/2026	21621	DD	01012	GOPHER STATE ONE-CALL INC	2026 MARCH LOCATING SERVICE	$ 276.75
4/9/2026	21622	DD	01169	HAWKINS INC	HYDROFLUOSILICIC ACID, CHLORINE, LPC 5	$ 5,416.44
4/9/2026	21623	DD	09362	KOONS GAS MEASUREMENT	AMERICAN AL-1000 TC METER, 45LT,25# TARI	$ 31,389.23
4/9/2026	21624	DD	06019	LEO A DALY	Lobby Safety Improvements:45% Phase 2	$ 17,010.00
4/9/2026	21625	DD	09453	MIDWEST ELECTRIC TRANSFORMER SERVICE INC	TRANSFORMERS PADMOUNT 150,225,1500KVA	$ 41,030.00
4/9/2026	21626	DD	09333	MILSOFT UTILITY SOLUTIONS INC	MILOSOFT ENG ANALYSIS SUPPORT 5/26-4/27	$ 6,147.13
4/9/2026	21627	DD	08229	MOTOROLA SOLUTIONS INC	MOBILE RADIO APX4500 ENHANCED 7/800 MHZ	$ 57,830.06
4/9/2026	21628	DD	01183	UNITED PARCEL SERVICE INC	Jeri Itron Return& Larry AlternativeTech	$ 29.37
4/16/2026	21762	DD	01254	ALTEC INDUSTRIES INC	#11 KIT LATCH REPLACEMENT	$ 182.31
4/16/2026	21763	DD	05976	ANCOM TECHNICAL CENTER	REPLACED VOLUME KNOW APX AND ALIGNMENT	$ 144.41
4/16/2026	21764	DD	09411	FAIRCHILD EQUIPMENT INC	OM SERVICE BIG JOE	$ 1,041.41
4/16/2026	21765	DD	01948	NCPERS MINNESOTA	MAY 2026 Premiums	$ 432.00
4/16/2026	21766	DD	09358	POWER SYSTEM ENGINEERING INC	ELE UTIL NETWORK MIGRATION-2025 REBUILD	$ 2,640.00
4/23/2026	21767	DD	08463	COOPERATIVE RESPONSE CENTER INC	2026 MARCH DISPATCH,CRCLINK,SCADA MONITO	$ 4,436.03
4/23/2026	21768	DD	09199	REAGAN OUTDOOR ADVERTISING OF ROCHESTER	Space Billing 3/30-4/26	$ 700.00
4/23/2026	21769	DD	01183	UNITED PARCEL SERVICE INC	DF Health Consults & BB Alternative Tec	$ 97.93
4/30/2026	21903	DD	06152	CENTURYLINK	Monthly&Usage Charges - Line: 1031,3735	$ 361.42
4/30/2026	21904	DD	01169	HAWKINS INC	HYDROFLUOSILICIC ACID, CHLORINE, LPC 5	$ 5,655.13
4/30/2026	21905	DD	00193	ITRON INC	CP3SRA Form 4S,CL20,120-480V,9S/36S,CL20	$ 18,365.20
4/30/2026	21906	DD	06019	LEO A DALY	LOBBY SAFETY IMPROVEMENTS	$ 11,340.00
4/30/2026	21907	DD	07944	LITTLER MENDELSON PC	Legal Services for March 2026	$ 385.00
4/30/2026	21908	DD	01247	RDO EQUIPMENT CO	INSPECTION&SERVICE VAC OLF CHANGE,GAUGE	$ 1,611.21

TOTAL ELECTRONIC PAYMENTS **$5,381,463.69**

4/3/2026	Various	DD	Various	63 Employees @ 23.08 each	Cell Phone Stipends	$ 1,465.58
4/3/2026		DD		Luke Van Hooser	Mileage Reimbursement	$ 108.75
4/3/2026		DD		Jerry Hansen	Mileage Reimbursement	$ 124.70
4/3/2026		DD		Nik Meuangsaksith	Mileage Reimbursement	$ 221.55
4/17/2026	Various	DD	Various	63 Employees @ 23.08 each - Bev prorated	Cell Phone Stipends	$ 1,454.04
4/17/2026		DD		Jeff Bertram	Mileage Reimbursement	$ 79.75
4/17/2026		DD		Tyler Grupa	Mileage Reimbursement	$ 242.15
4/17/2026		DD		Roger Warehime	Mileage Reimbursement	$ 84.10
4/17/2026		DD		Caden Sorenson	Mileage Reimbursement	$ 108.75

TOTAL EMPLOYEE REIMBURSEMENTS **$3,889.37**

TOTAL CHECKS	$1,970,917.60
TOTAL EMPLOYEE REIMBURSEMENTS	$3,889.37
TOTAL WIRE PAYMENTS	$4,288,510.26
TOTAL EFT PAYMENTS	$245,093.43
Check Register Subtotal	**$6,508,410.66**
TOTAL ACH PAYMENTS	$847,860.00
Payments Subtotal	**$7,356,270.66**
REBATES APPLIED TO CUSTOMER ACCOUNTS	**$11,041.59**
PAYROLL ACH - 4/03/2026	**$185,454.64**
PAYROLL ACH - 4/17/2026	**$182,475.58**
TOTAL PAYMENTS	**$7,735,242.47**
Checks/Wires Voided this month - 2	**$0.00**

Electric Monthly Financial Scorecard

April 2026

	Actual	Plan	Vs. Plan	
Commodity Sold (MWh)	**27,395**	**29,007**	**(1,611)**	**-5.6%**
Commodity Revenue (000)	$3,447	$3,349	$98	2.9%
Commodity Expense (000)	$2,352	$2,246	$106	4.7%
Gross Margin (000)	**$1,096**	**$1,103**	**($7)**	**-0.6%**
Other Revenue (000)	$150	$149	$1	0.5%
Other Expense (000)	$923	$1,013	-$90	-8.9%
Net Income (000)	**$323**	**$239**	**$84**	**35.0%**
NI as a % of Comm Rev	**9.4%**	**7.1%**		**2.2%**

Key Drivers

Commodity Revenue:

$5K - Residential sales above plan
$9K - Commercial sales above plan
$140K - Industrial sales below plan
$5K - City sales above plan
$220K - ETC adjustment above plan

Note: Unbilled revenue

Accrual (U)	$14U - above plan
Reversal (U)	$70U - above plan
Total (U)	**$84U- above plan**

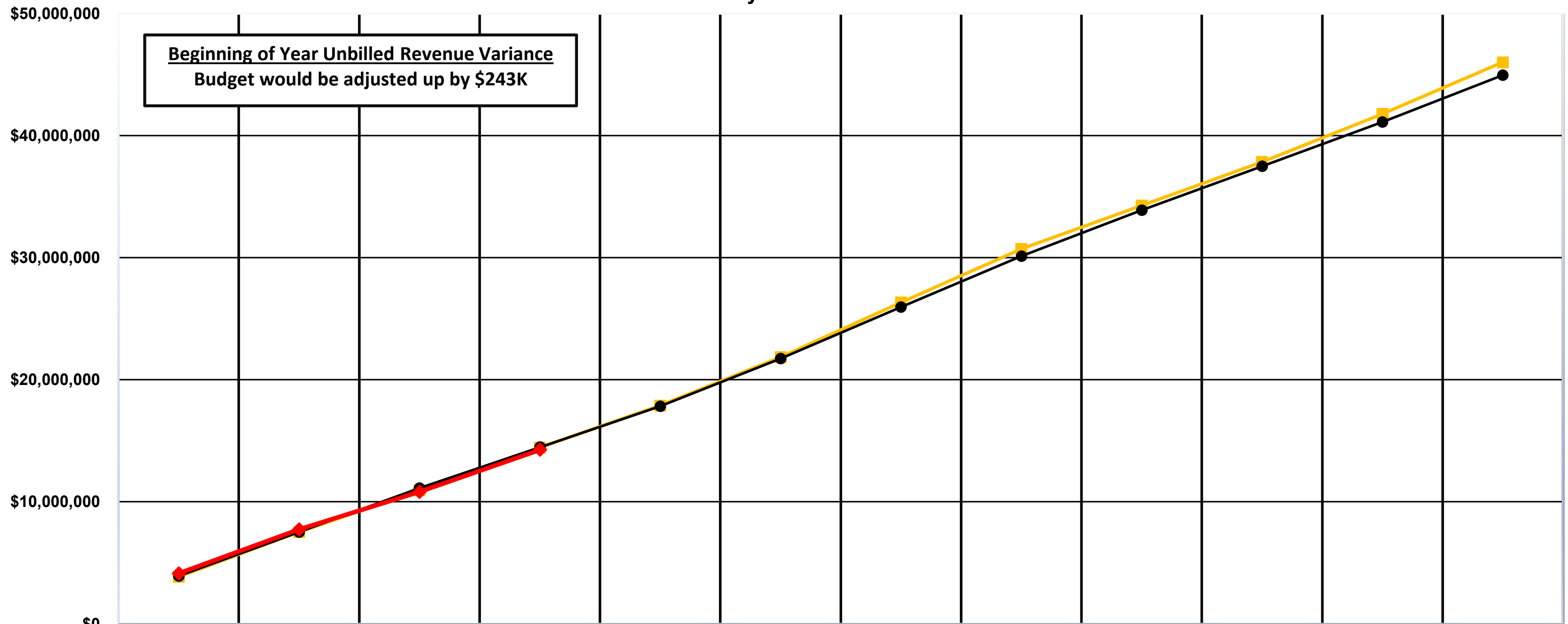
Other Revenue:

$29K - Forfeited Discounts above plan
$19k - SMMPA Rebate reimbursement below plan
$8K - SMMPA Substation revenue below plan
$11K - Interest income above plan
$7K - Misc Sales & Credits above plan
$20k - SMMPA Dist & Economic Credit below plan

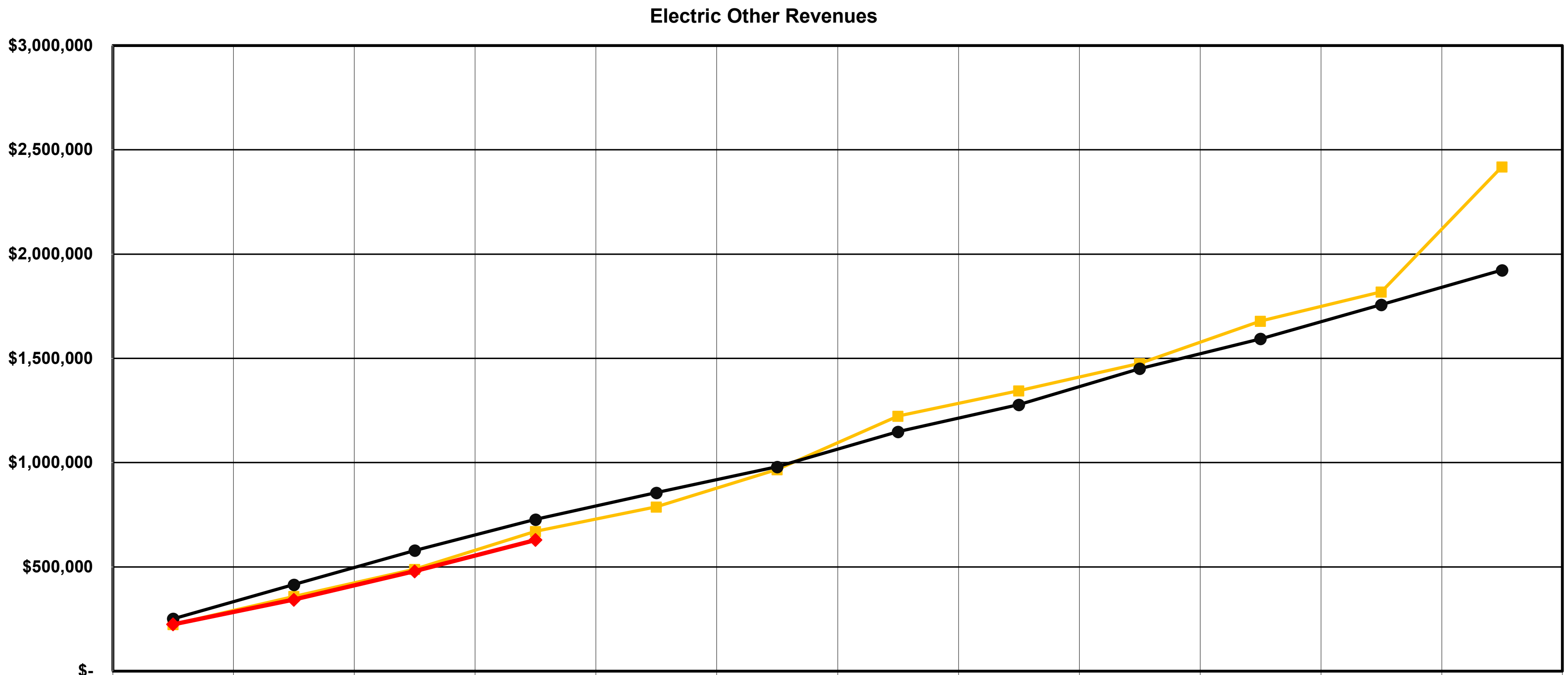
Other Expense:

$49K - Labor/Benefits below plan
$5K - Production Expense below plan
$11K - Distribution Expense above plan
$3K - Administrative & General Expenses below plan
$15K -Depreciation expense below plan
$2K Contributed Services below plan

Electric Commodity Revenues

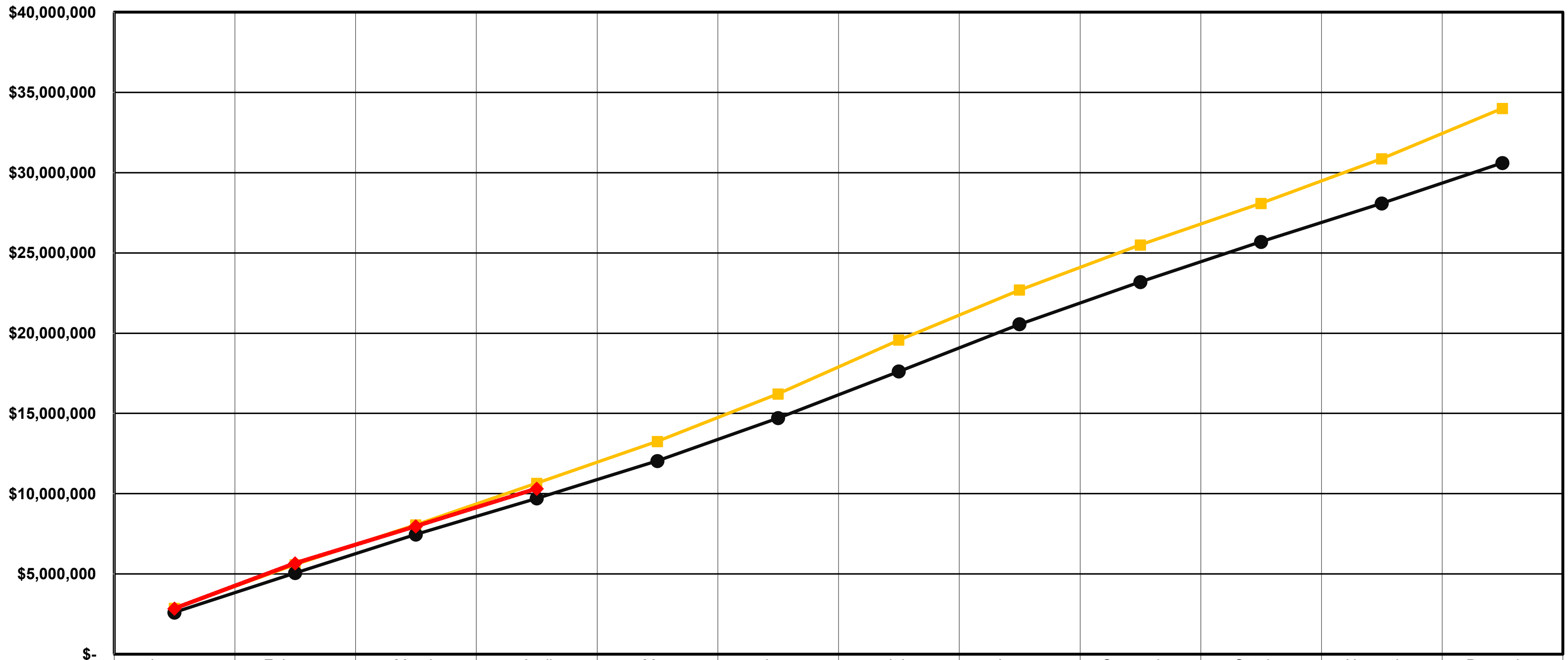


	January	February	March	April	May	June	July	August	September	October	November	December
Var to Budget (Adj.)	$4,139,506	$7,739,426	10,815,073	14,262,329	-	-	-	-	-	-	-	-
2025	$3,848,234	$7,521,187	$10,936,020	$14,452,045	$17,887,675	$21,864,755	$26,327,288	$30,713,229	$34,275,947	$37,851,946	$41,784,276	$46,010,158
Budget	$3,918,959	$7,520,161	$11,123,118	$14,471,882	$17,818,205	$21,725,645	$25,958,535	$30,108,697	$33,882,331	$37,488,530	$41,117,829	$44,948,973
Actual	$4,139,506	$7,739,426	$10,815,073	$14,262,329								
Var to Budget	220,547	219,265	(308,045)	(209,553)	-	-	-	-	-	-	-	-



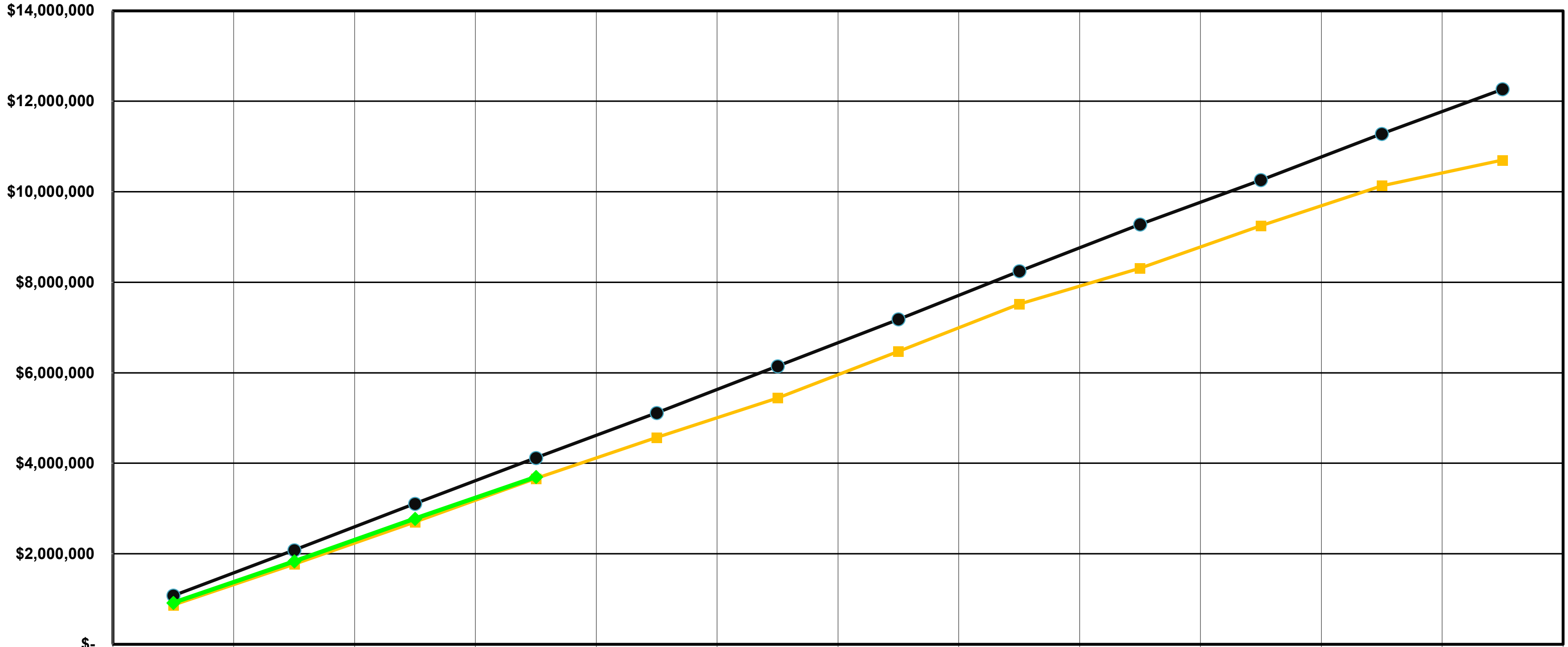
	January	February	March	April	May	June	July	August	September	October	November	December
2025	$224,288	$358,754	$488,474	$670,310	$788,131	$966,541	$1,223,387	$1,344,936	$1,476,227	$1,678,579	$1,819,342	$2,419,073
Budget	$251,846	$415,098	$579,161	$728,062	$856,053	$979,868	$1,149,056	$1,277,710	$1,451,193	$1,594,095	$1,757,896	$1,923,605
Actual	$225,346	$343,295	$479,900	$629,589								
Var to Budget	(26,500)	(71,803)	(99,261)	(98,473)	-	-	-	-	-	-	-	-

Electric Variable Costs (Purchased Power)



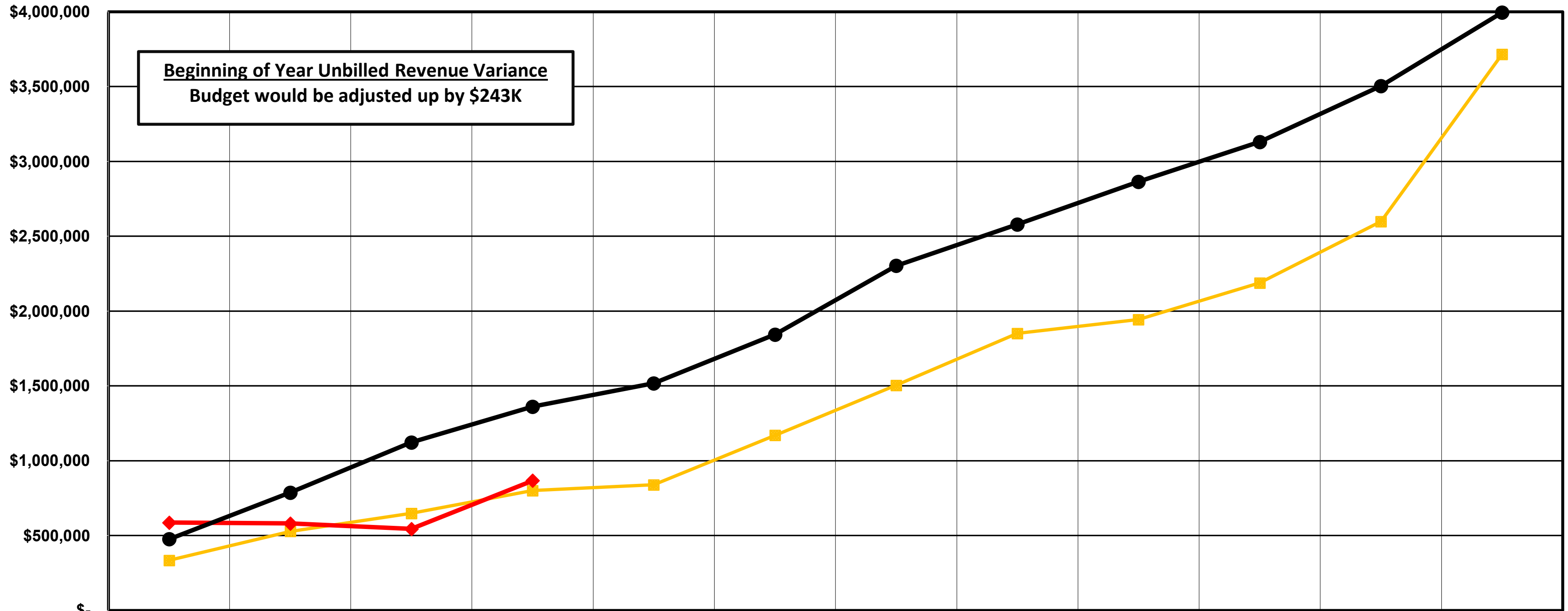
	January	February	March	April	May	June	July	August	September	October	November	December
2025	$2,870,422	$5,580,082	$8,073,712	$10,659,858	$13,263,967	$16,217,450	$19,576,086	$22,692,727	$25,500,051	$28,093,453	$30,870,733	$34,013,074
Budget	$2,614,393	$5,064,176	$7,470,222	$9,716,133	$12,042,194	$14,715,580	$17,622,837	$20,562,261	$23,190,560	$25,692,378	$28,088,914	$30,611,062
Actual	$2,857,926	$5,667,989	$7,974,482	$10,325,988								
Var to Budget	243,533	603,813	504,260	609,855	-	-	-	-	-	-	-	-

Electric Fixed Costs



	January	February	March	April	May	June	July	August	September	October	November	December
2025	$867,991	$1,771,961	$2,702,315	$3,662,052	$4,572,333	$5,443,937	$6,470,767	$7,514,955	$8,308,352	$9,248,730	$10,133,660	$10,699,908
Budget	$1,079,880	$2,083,978	$3,109,481	$4,122,038	$5,114,041	$6,146,622	$7,181,978	$8,244,611	$9,278,633	$10,258,880	$11,282,804	$12,266,062
Actual	$919,712	$1,834,007	$2,775,740	$3,698,370								
Var to Budget	(160,168)	(249,971)	(333,741)	(423,668)	-	-	-	-	-	-	-	-

Electric Net Income



	January	February	March	April	May	June	July	August	September	October	November	December
2025	$334,109	$527,899	$648,468	$800,445	$839,507	$1,169,911	$1,503,823	$1,850,483	$1,943,771	$2,188,342	$2,599,225	$3,716,250
Actual	$587,214	$580,725	$544,751	$867,560								
Budget	$476,532	$787,105	$1,122,576	$1,361,773	$1,518,023	$1,843,311	$2,302,776	$2,579,535	$2,864,331	$3,131,367	$3,504,007	$3,995,454
Var to Budget	110,682	(206,380)	(577,825)	(494,213)	-	-	-	-	-	-	-	-
Var. to Bud. (Adj.)	$587,214	$580,725	544,751	867,560	-	-	-	-	-	-	-	-

Water Monthly Financial Scorecard

April 2026

	Actual	Plan	Vs. Plan	
Commodity Sold (CCF)	**93,327**	**101,051**	**(7,724)**	**-7.6%**
Commodity Revenue (000)	$405	$410	-$5	-1.2%
Commodity Expense (000)	$0	$0	$0	0.0%
Gross Margin (000)	**$405**	**$410**	**($5)**	**-1.2%**
Other Revenue (000)	$60	$48	$12	25.2%
Other Expense (000)	$387	$403	-$16	-4.0%
Net Income (000)	**$78**	**$55**	**$23**	**42.0%**
NI as a % of Comm Rev	**19.2%**	**13.4%**		**5.9%**

Key Drivers

Commodity Revenue:

$2K - Residential sales below plan
$3K - Commercial sales above plan
$3K - Industrial sales below plan
$3K - City sales below plan

Note: Unbilled revenue

Accrual (U)	$3U - above plan
Reversal (U)	($5U) - below plan
Total (U)	**($2U) - below plan**

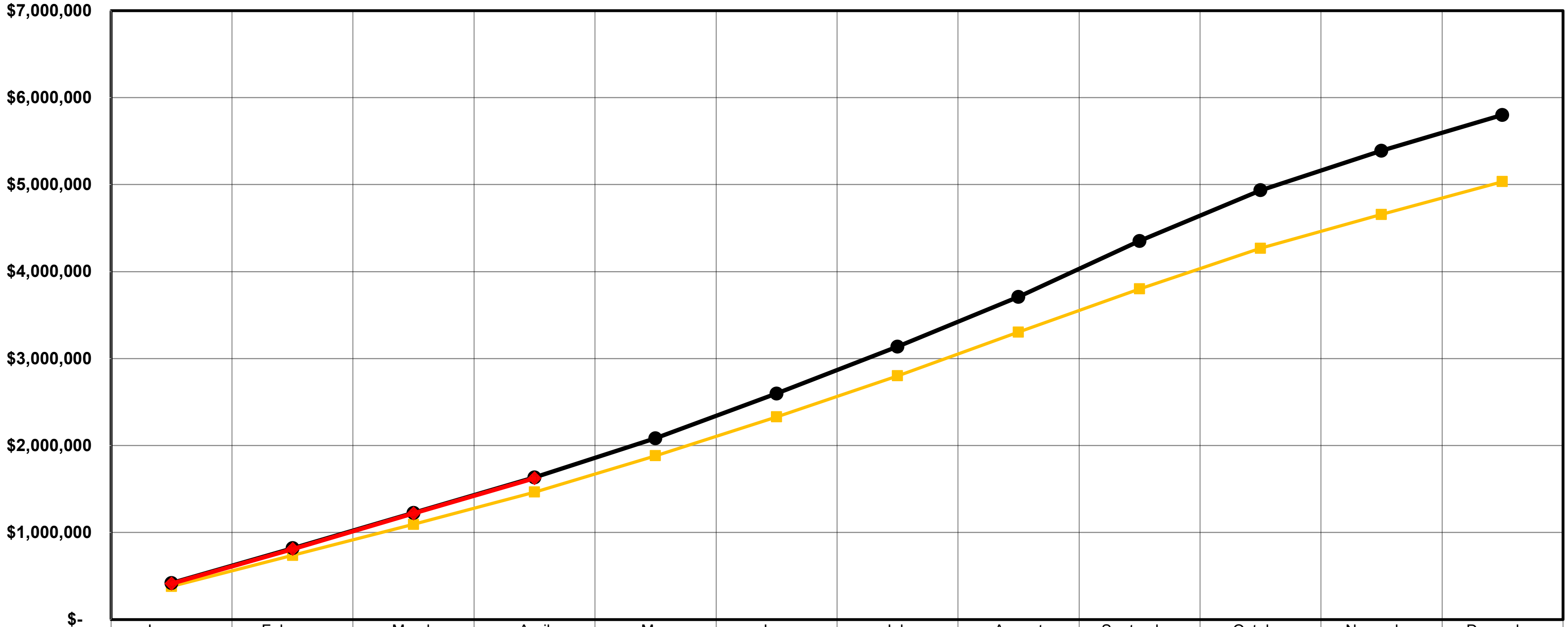
Other Revenue:

$5K - Water access charges above plan
$4K - Interest income above plan
$2k - Misc Sales & Credits above plan

Other Expense:

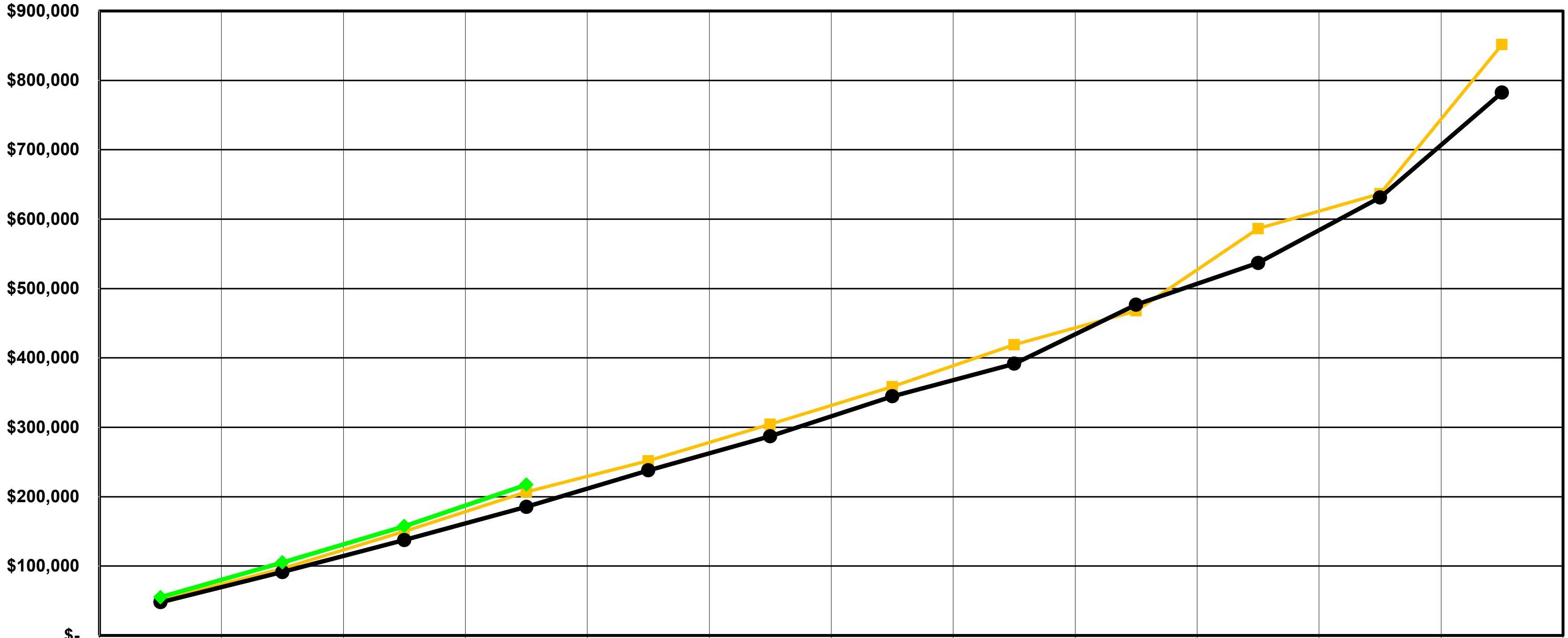
$6K - Production expense below plan
$21K - Distrubution expense below plan
$3K - Admin & General expense below plan
$4K - Depreciation expense below plan

Water Commodity Revenues



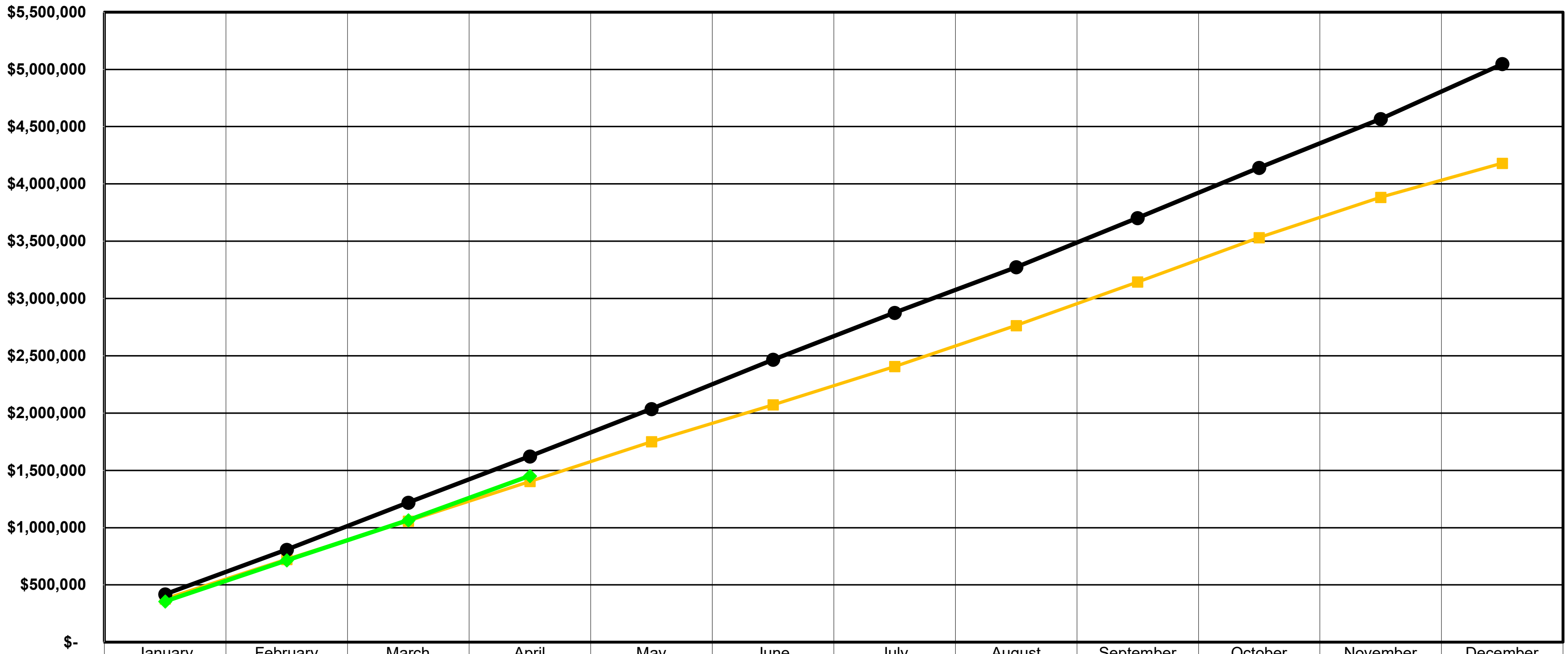
	January	February	March	April	May	June	July	August	September	October	November	December
2025	$380,301	$737,643	$1,092,736	$1,465,068	$1,882,819	$2,328,815	$2,801,766	$3,305,300	$3,800,915	$4,267,980	$4,657,788	$5,034,879
Budget	$418,715	$818,800	$1,224,464	$1,634,217	$2,083,634	$2,596,900	$3,138,057	$3,708,983	$4,351,699	$4,935,357	$5,389,500	$5,801,169
Actual	$411,961	$809,371	$1,219,441	$1,624,200								
Var to Budget	$(6,754)	$(9,429)	$(5,023)	$(10,017)	$-	$-	$-	$-	$-	$-	$-	$-

Water Other Revenues



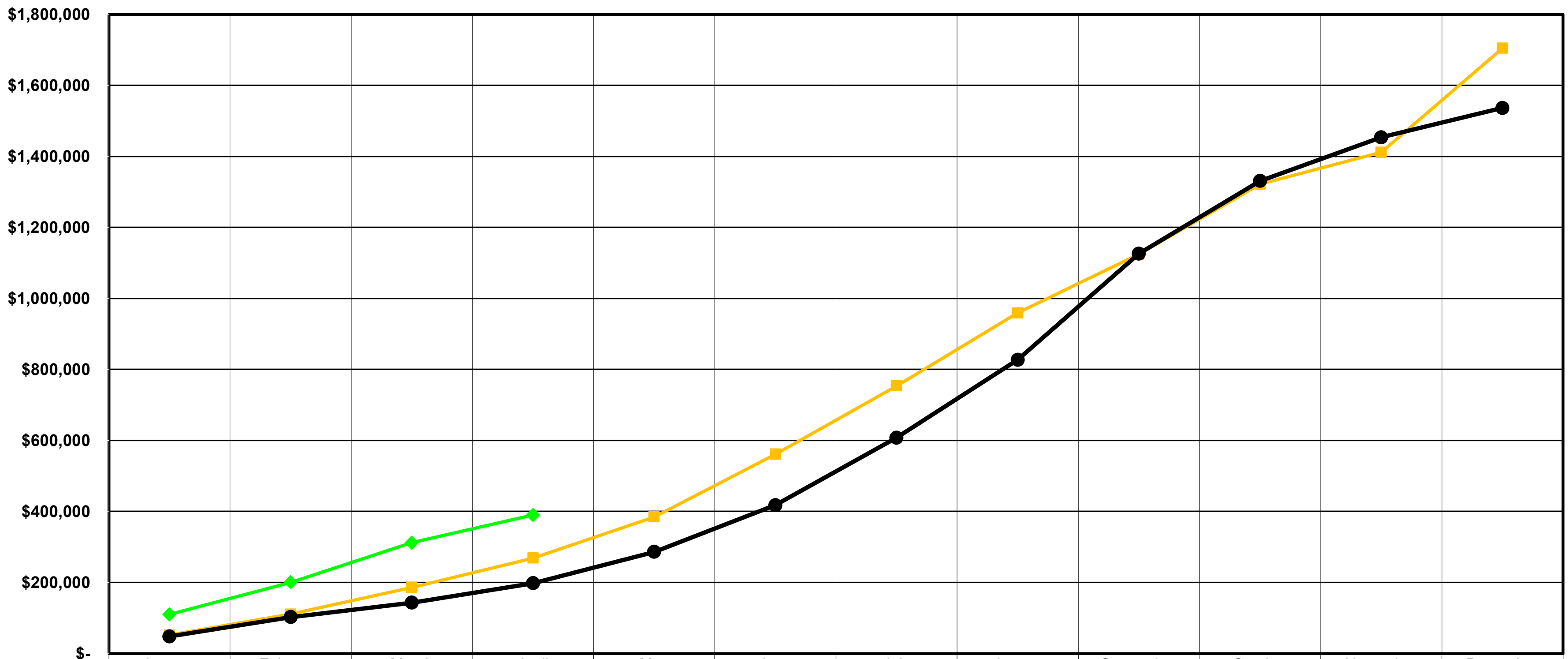
	January	February	March	April	May	June	July	August	September	October	November	December
2025	$50,952	$96,258	$150,089	$206,852	$251,759	$304,306	$358,338	$418,945	$467,867	$586,344	$636,760	$851,756
Budget	$48,036	$91,469	$137,697	$185,461	$237,961	$287,082	$344,684	$391,616	$476,649	$537,016	$631,374	$782,553
Actual	$55,094	$105,259	$157,530	$217,352								
Var to Budget	$7,058	$13,790	$19,833	$31,891	$-	$-	$-	$-	$-	$-	$-	$-

Water Fixed Costs



	January	February	March	April	May	June	July	August	September	October	November	December
2025	$379,136	$722,883	$1,057,042	$1,403,359	$1,749,916	$2,072,037	$2,406,440	$2,764,957	$3,144,536	$3,532,940	$3,883,122	$4,182,154
Budget	$418,950	$807,786	$1,219,208	$1,621,929	$2,035,537	$2,466,121	$2,875,104	$3,273,515	$3,702,380	$4,141,566	$4,567,411	$5,047,393
Actual	$356,914	$714,528	$1,064,847	$1,451,608								
Var to Budget	$(62,036)	$(93,258)	$(154,361)	$(170,321)	$-	$-	$-	$-	$-	$-	$-	$-

Water Net Income



	January	February	March	April	May	June	July	August	September	October	November	December
2025	$52,117	$111,018	$185,783	$268,561	$384,662	$561,084	$753,664	$959,288	$1,124,246	$1,321,384	$1,411,426	$1,704,481
Budget	$47,801	$102,483	$142,953	$197,750	$286,059	$417,862	$607,637	$827,084	$1,125,968	$1,330,807	$1,453,463	$1,536,329
Actual	$110,141	$200,102	$312,124	$389,944								
Var to Budget	$62,340	$97,619	$169,171	$192,195	$-	$-	$-	$-	$-	$-	$-	$-

Gas Monthly Financial Scorecard

April 2026

	Actual	Plan	Vs. Plan	
Commodity Sold (CCF)	**1,419,117**	**1,384,557**	**34,560**	**2.5%**
Commodity Revenue (000)	$1,105	$1,340	-$236	-17.6%
Commodity Expense (000)	$619	$691	-$73	-10.5%
Gross Margin (000)	**$486**	**$649**	**($163)**	**-25.1%**
Other Revenue (000)	$53	$54	-$2	-2.8%
Other Expense (000)	$505	$580	-$75	-13.0%
Net Income (000)	**$34**	**$123**	**($89)**	**-72.4%**
NI as a % of Comm Rev	**3.1%**	**9.2%**		**-6.1%**

Key Drivers

Commodity Revenue:

- $163K - Residential sales below plan
- $2K - Commercial sales above plan
- $31K - Industrial sales below plan
- $44K - PGA/Gas true-up revenue below plan

Note: Unbilled revenue

Accrual (U)	($114U) - below plan
Reversal (U)	$67U - above plan
Total (U)	**($47U) - below plan**

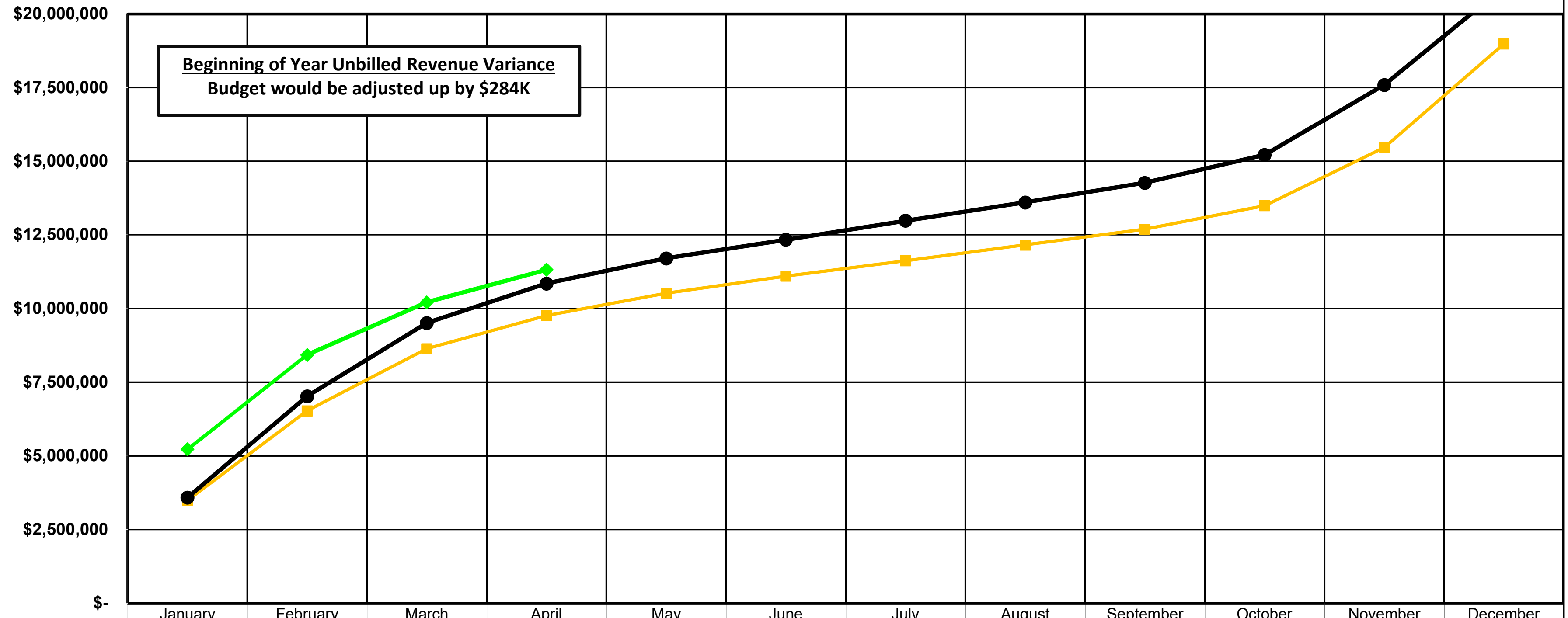
Other Revenue:

- $5K - Forfeited discounts above plan
- $7K - Interest income below plan

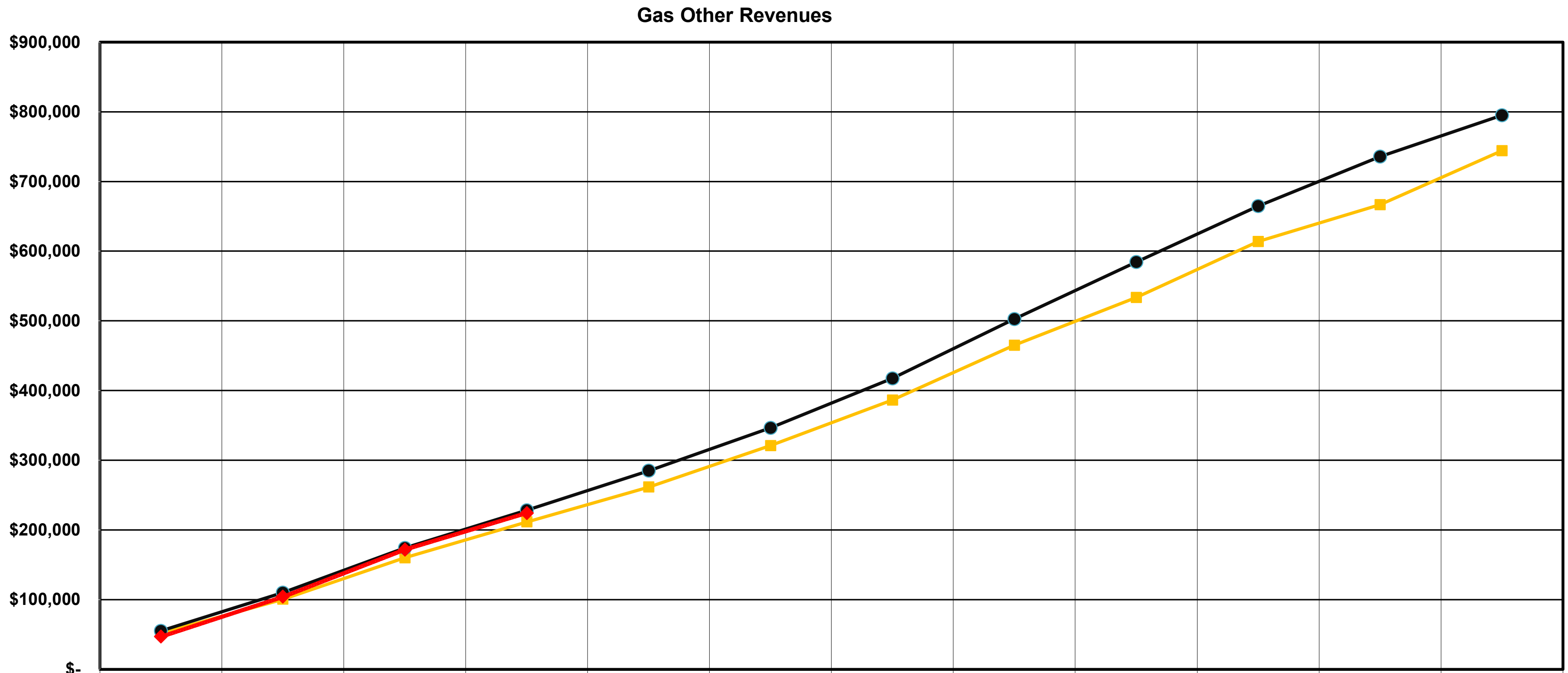
Other Expense:

- $21K - Distribution expense below plan
- $9K - Depreciation below plan
- $25K - Admin & General expense below plan
- $21K - Labor/Benefits below plan

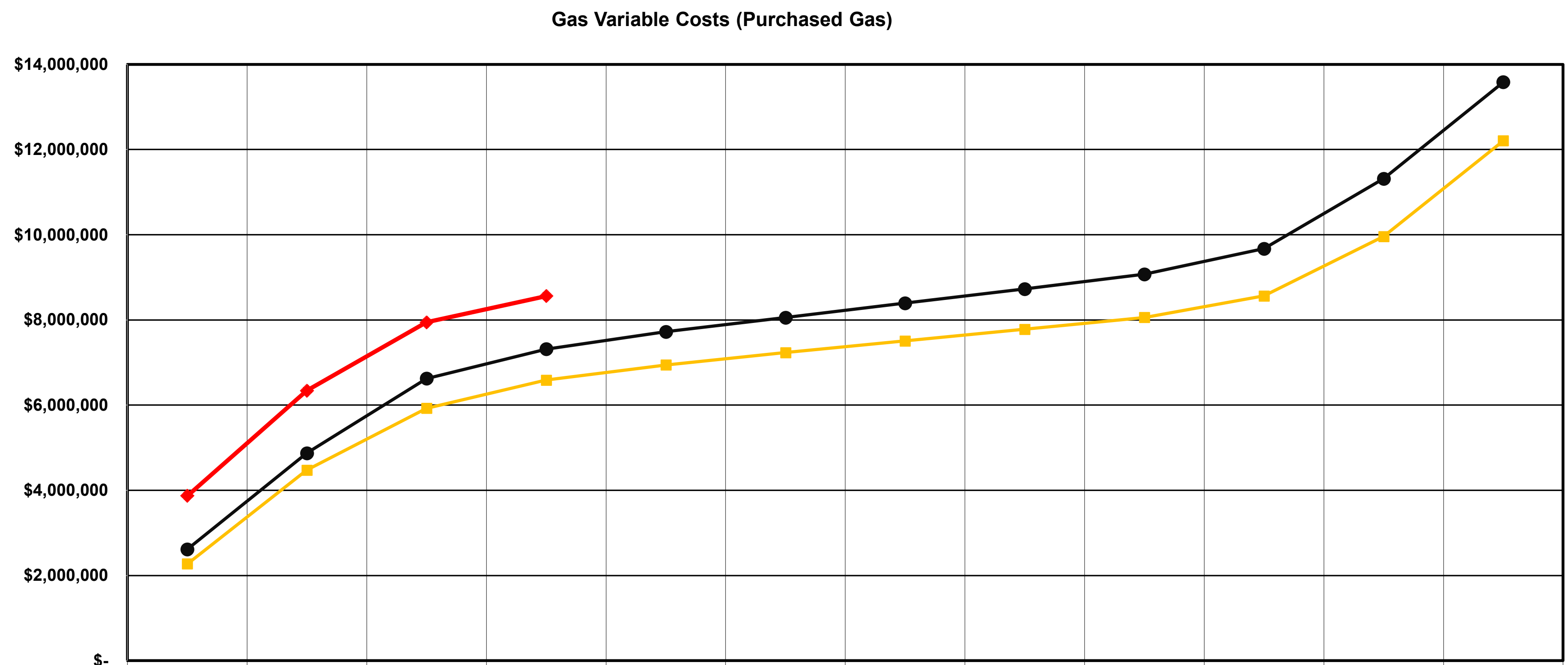
Gas Commodity Revenues



	January	February	March	April	May	June	July	August	September	October	November	December
2025	$3,502,784	$6,530,008	$8,639,223	$9,764,051	$10,523,211	$11,102,752	$11,625,210	$12,158,751	$12,691,805	$13,494,409	$15,464,123	$18,990,216
Budget	$3,591,796	$7,024,629	$9,514,326	$10,854,816	$11,703,120	$12,336,759	$12,981,936	$13,600,099	$14,264,813	$15,213,940	$17,593,897	$20,912,750
Actual	$5,226,433	$8,430,888	$10,216,148	$11,320,700								
Var to Budget	1,634,637	1,406,259	701,822	465,884	-	-	-	-	-	-	-	-

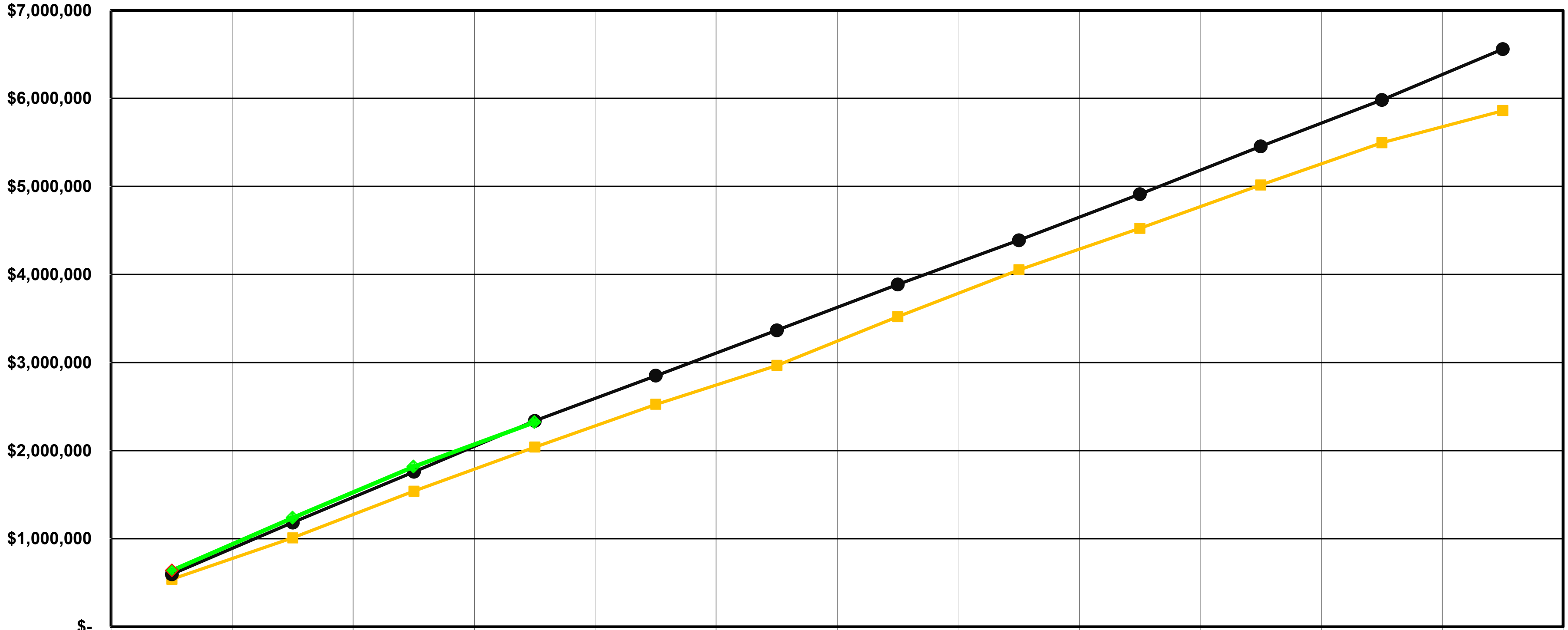


	January	February	March	April	May	June	July	August	September	October	November	December
2025	$52,060	$100,349	$160,016	$211,385	$261,420	$320,988	$386,136	$464,888	$533,390	$613,762	$666,578	$744,340
Budget	$54,933	$109,991	$173,992	$228,201	$284,800	$346,297	$417,398	$502,396	$584,504	$664,777	$735,721	$795,159
Actual	$46,702	$103,980	$171,525	$224,193								
Var to Budget	(8,231)	(6,011)	(2,467)	(4,008)	-	-	-	-	-	-	-	-

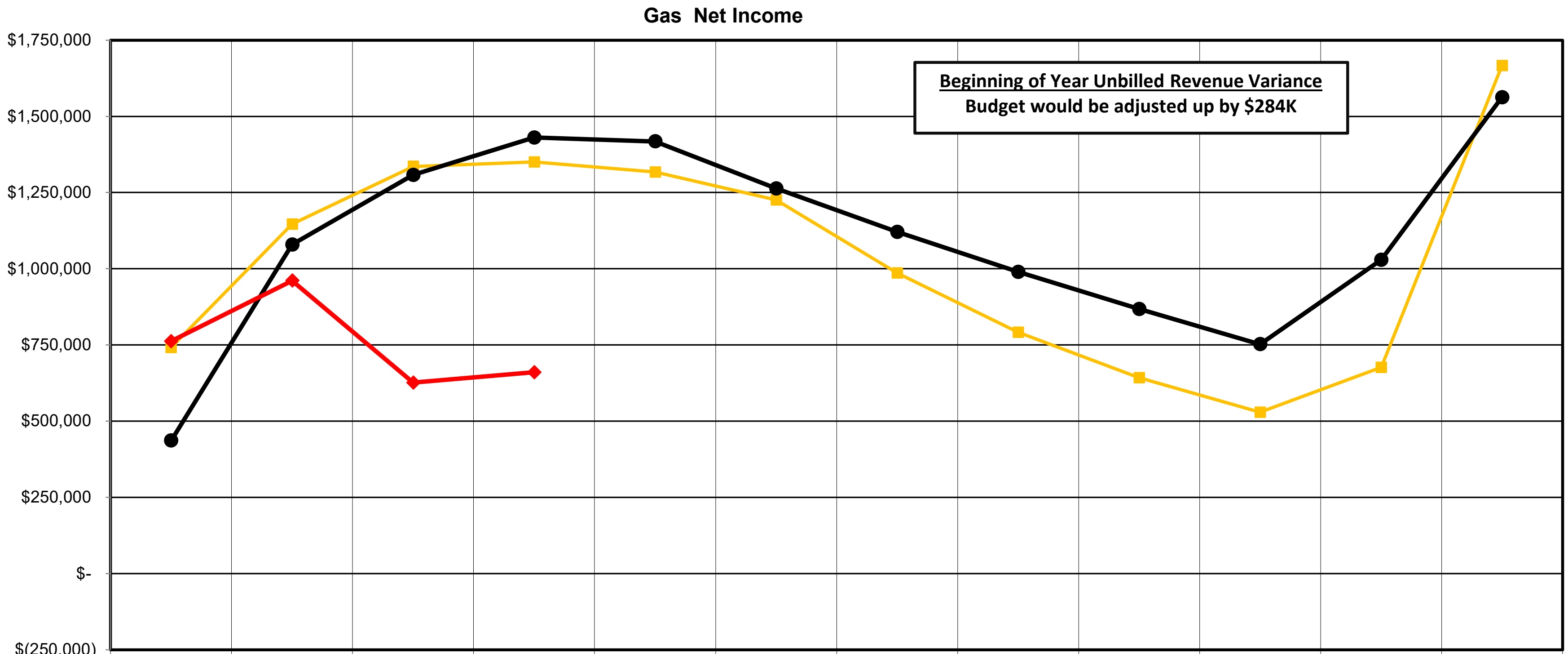


	January	February	March	April	May	June	July	August	September	October	November	December
2025	$2,275,822	$4,475,991	$5,926,465	$6,586,055	$6,942,920	$7,231,663	$7,505,473	$7,780,009	$8,058,838	$8,562,041	$9,959,034	$12,206,529
Budget	$2,615,317	$4,873,126	$6,623,317	$7,314,729	$7,720,248	$8,053,195	$8,392,126	$8,725,160	$9,070,192	$9,670,511	$11,318,509	$13,583,623
Actual	$3,873,100	$6,337,707	$7,943,302	$8,561,879								
Var to Budget	1,257,783	1,464,581	1,319,985	1,247,150	-	-	-	-	-	-	-	-

Gas Fixed Costs



	January	February	March	April	May	June	July	August	September	October	November	December
2025	$537,124	$1,008,147	$1,537,056	$2,038,771	$2,524,191	$2,966,515	$3,519,697	$4,052,247	$4,524,106	$5,016,867	$5,495,131	$5,861,016
Budget	$595,261	$1,182,370	$1,757,205	$2,337,385	$2,849,820	$3,366,682	$3,885,882	$4,387,821	$4,911,459	$5,455,788	$5,981,915	$6,561,129
Actual	$637,547	$1,236,157	$1,817,829	$2,322,552								
Var to Budget	42,286	53,787	60,624	(14,833)	-	-	-	-	-	-	-	-



	January	February	March	April	May	June	July	August	September	October	November	December
2025	$741,898	$1,146,219	$1,335,718	$1,350,610	$1,317,520	$1,225,562	$986,176	$791,383	$642,251	$529,263	$676,536	$1,667,011
Budget	$436,151	$1,079,124	$1,307,796	$1,430,903	$1,417,852	$1,263,179	$1,121,326	$989,514	$867,666	$752,418	$1,029,194	$1,563,157
Actual	$762,488	$961,004	$626,542	$660,462								

Balance Sheet

Consolidated

April 2026

Assets	Current Year	Prior Year	Prior Month	Change From Prior Month
Current Assets				
Cash on Hand	2,400.00	2,400.00	2,400.00	-
Cash in Bank	(1,267,432.83)	(505,258.31)	682,079.92	(1,949,512.75)
Bremer Money Market	16,607,035.68	13,843,484.95	16,309,126.41	297,909.27
Raymond James Money Market	11,414.21	44,023.99	41,468.94	(30,054.73)
UBS Money Market	1.88	7,746.86	12,261.23	(12,259.35)
Other Accounts	-	-	-	-
Total Cash	**15,353,418.94**	**13,392,397.49**	**17,047,336.50**	**(1,693,917.56)**
Investments				
Investments	15,298,236.72	16,217,798.72	13,345,932.72	1,952,304.00
PDO Reserve Fund	1,735,000.00	1,640,000.00	1,702,000.00	33,000.00
Expansion Reserve Fund	666,763.28	565,201.28	657,067.28	9,696.00
Land Held for Investment	660,266.23	660,266.23	660,266.23	-
Total Investments	**18,360,266.23**	**19,083,266.23**	**16,365,266.23**	**1,995,000.00**
Accounts Receivable				
Customers	6,026,556.12	4,756,689.15	6,918,172.00	(891,615.88)
City of Owatonna	647,891.87	585,003.83	612,987.86	34,904.01
Other Receivables	121,897.67	214,679.74	121,038.36	859.31
Miscellaneous Invoices	89,588.19	112,350.48	103,714.50	(14,126.31)
Lease Receivable	2,764,688.00	2,923,876.00	2,764,688.00	-
Interest Receivable	1,063,599.84	913,988.57	1,021,692.55	41,907.29
Allowance for Doubtful Accounts	(141,390.83)	(131,063.53)	(146,600.93)	5,210.10
Net Receivables	**10,572,830.86**	**9,375,524.24**	**11,395,692.34**	**(822,861.48)**
Other Assets				
Inventory				
Major Material	2,495,312.12	2,137,725.89	2,435,264.99	60,047.13
Minor Material	88,065.25	64,800.75	88,065.25	-
Revenue Earned Not Billed	1,536,896.30	1,599,441.94	1,811,915.00	(275,018.70)
Unbilled Commodity Cost Adjustment	-	-	-	-
Prepaid Expenses	1,115,793.16	1,004,391.26	1,153,901.71	(38,108.55)
Deferred Charges	195,965.73	152,486.92	195,965.73	-
Deferred Outflows - Pension/OPEB	711,478.00	614,652.00	711,478.00	-
Total Other Assets	**6,143,510.56**	**5,573,498.76**	**6,396,590.68**	**(253,080.12)**
Total Current Assets	**50,430,026.59**	**47,424,686.72**	**51,204,885.75**	**(774,859.16)**
Fixed Assets				
Construction Work in Progress	3,293,589.86	3,603,850.71	3,205,952.21	87,637.65
Utility Plant in Service	154,818,934.14	149,057,514.10	154,518,797.26	300,136.88
Accumulated Depreciation	(64,271,804.02)	(61,410,484.17)	(63,915,363.99)	(356,440.03)
Net Fixed Assets	**93,840,719.98**	**91,250,880.64**	**93,809,385.48**	**31,334.50**
Total Assets	**144,270,746.57**	**138,675,567.36**	**145,014,271.23**	**(743,524.66)**

Balance Sheet

Consolidated

April 2026

Liabilities and Equity	Current Year	Prior Year	Prior Month	Change From Prior Month
Current Liailities				
Current Payables				
Accounts Payable	3,687,216.23	4,149,335.48	4,971,439.27	(1,284,223.04)
Payable to City of Owatonna	682,400.26	607,881.73	657,894.74	24,505.52
Customer Deposit Interest	1,757.05	1,954.69	1,467.54	289.51
Taxes Payable	178,272.28	162,352.29	235,982.09	(57,709.81)
Customer Deposits	143,060.00	146,910.00	143,710.00	(650.00)
Total Current Payables	**4,692,705.82**	**5,068,434.19**	**6,010,493.64**	**(1,317,787.82)**
Other Current Liabilities				
Accrued Payroll Expenses	484,156.27	401,502.77	415,798.35	68,357.92
Deferred Credits	258,054.95	240,964.22	229,744.11	28,310.84
Deferred Inflows - Pension/OPEB	1,699,962.00	2,024,515.00	1,699,962.00	-
Deferred Inflows - Leases	2,604,092.00	2,827,312.00	2,604,092.00	-
Insurance Reserve	13,491.74	(4,302.38)	5,168.12	8,323.62
Paid Days Off Bank	1,734,305.31	1,638,704.12	1,700,115.94	34,189.37
Comp Time Bank	5,680.39	14,516.11	5,149.38	531.01
Total Other Current Liabilities	**6,799,742.66**	**7,143,211.84**	**6,660,029.90**	**139,712.76**
Total Current Liabilities	**11,492,448.48**	**12,211,646.03**	**12,670,523.54**	**(1,178,075.06)**
Long Term Liabilities				
OPEB Payable	136,844.00	152,110.00	136,844.00	-
Net Pension Liability	2,586,911.00	2,843,363.00	2,586,911.00	-
Total Long Term Liabilities	**2,723,755.00**	**2,995,473.00**	**2,723,755.00**	**-**
Equity				
Net Income	1,917,967.69	2,419,615.39	1,483,417.29	434,550.40
Retained Earnings	128,136,575.40	121,048,832.94	128,136,575.40	-
Total Equity	**130,054,543.09**	**123,468,448.33**	**129,619,992.69**	**434,550.40**
Total Liabilities and Equity	**144,270,746.57**	**138,675,567.36**	**145,014,271.23**	**(743,524.66)**

Income Statement

Electric Utility
April 2026

	This Month	Prior Year	Current YTD	Prior YTD	Budget YTD	YTD Budget Difference $	YTD Budget Difference %
Commodity Revenue							
Residential	904,374	930,972	3,968,107	4,049,900	3,914,960	53,147	1.36%
Commercial	531,418	552,500	2,210,830	2,350,046	2,250,510	(39,680)	-1.76%
Industrial & Large Commercial	1,663,287	1,652,241	7,012,122	7,399,395	7,787,843	(775,721)	-9.96%
City - Street and Park Lighting	31,762	31,762	127,047	127,047	127,048	(1)	0.00%
City - Public Buildings	70,202	78,974	313,268	326,019	282,716	30,552	10.81%
OPU - Interutility	26,182	26,612	109,358	110,942	108,805	553	0.51%
Energy Acquisition Adjustment	-	242,964	(194,334)	88,696	-	(194,334)	0.00%
Electric True-up Charge	220,031	-	715,930	-	-	715,930	0.00%
Total Commodity Revenue	**3,447,256**	**3,516,025**	**14,262,329**	**14,452,045**	**14,471,882**	**(209,553)**	**-1.45%**
Other Operating Revenue							
Forfeited Discounts	41,021	10,505	79,841	42,037	49,400	30,441	61.62%
Reading and Connect Charges	8,610	7,610	28,140	18,705	19,453	8,687	44.66%
Property Rentals	365	355	69,897	67,954	68,418	1,479	2.16%
EV Charger Revenue	-	141	266	343	289	(23)	-7.85%
SMMPA Sub and Gen O&M Revenue	20,498	24,806	75,311	79,107	112,896	(37,585)	-33.29%
Total Other Operating Revenue	**70,494**	**43,417**	**253,456**	**208,146**	**250,456**	**3,000**	**1.20%**
Non-Operating Revenue							
Interest Income	41,763	41,185	160,873	167,033	128,661	32,212	25.04%
Fair Market Value Gain on Investments	-	-	10,241	27,862	14,400	(4,159)	-28.88%
Miscellaneous Sales & Credits	7,101	196	9,410	11,175	3,250	6,160	189.53%
Grant Revenue	-	-	-	-	-	-	0.00%
Supplier Credits and Distributions	15,148	15,440	110,128	136,856	193,785	(83,657)	-43.17%
Supplier Credits - Rebates	10,327	76,721	64,282	99,731	116,456	(52,174)	-44.80%
Sewer & Stormwater Admin Fees	5,251	4,936	21,004	19,744	21,004	-	0.00%
Energy Conservation Revenue	-	-	-	-	-	-	0.00%
Merchandising Revenue	(396)	(59)	196	(236)	50	146	292.00%
Renewable Energy Credit Revenue	-	-	-	-	-	-	0.00%
Total Non-Operating Revenue	**79,195**	**138,419**	**376,134**	**462,164**	**477,606**	**(101,472)**	**-21.25%**
Total Revenue	**3,596,945**	**3,697,861**	**14,891,918**	**15,122,354**	**15,199,944**	**(308,026)**	**-2.03%**

OWATONNA PUBLIC UTILITIES

Income Statement

Electric Utility

April 2026

	This Month	Prior Year	Current YTD	Prior YTD	Budget YTD	YTD Budget Difference $	YTD Budget Difference %
Commodity Expenses							
Purchased Power	2,351,506	2,586,146	10,325,988	10,659,858	9,716,133	609,855	6.28%
Subtotal Commodity Expenses	**2,351,506**	**2,586,146**	**10,325,988**	**10,659,858**	**9,716,133**	**609,855**	**6.28%**
Operating Expenses							
Production	32,643	31,128	111,026	112,410	126,321	(15,295)	-12.11%
Transmission	4,800	5,357	28,714	23,487	64,098	(35,384)	-55.20%
Distribution	278,375	309,563	1,116,758	1,230,600	1,415,943	(299,185)	-21.13%
Customer Acct & Collections	75,722	71,690	296,856	291,315	306,996	(10,140)	-3.30%
Administrative and General	188,920	211,708	713,829	686,417	743,260	(29,431)	-3.96%
Stockroom	4,545	5,599	15,881	20,530	23,228	(7,347)	-31.63%
Other Operating Expenses	4,297	2,787	20,450	13,686	19,620	830	4.23%
Subtotal Operating Expenses	**589,302**	**637,832**	**2,303,513**	**2,378,445**	**2,699,466**	**(395,953)**	**-14.67%**
Capitalized Expenses	-	-	-	-	-	-	0.00%
Total Operating Expenses	**2,940,808**	**3,223,978**	**12,629,501**	**13,038,303**	**12,415,599**	**213,902**	**1.72%**
Income (Loss) Before Other Expense	**656,137**	**473,882**	**2,262,418**	**2,084,051**	**2,784,345**	**(521,927)**	**-18.75%**
Other Expense							
Contributions in Aid to Construction	(10,354)	(10,354)	(41,416)	(41,416)	(41,416)	-	0.00%
Depreciation	236,813	221,282	936,527	869,487	1,008,516	(71,989)	-7.14%
Gain (Loss) on Asset	(26)	-	36,342	(1,822)	-	36,342	0.00%
Contributed Services	106,895	110,977	463,404	457,359	455,472	7,932	1.74%
Total Other Expense	**333,328**	**321,905**	**1,394,856**	**1,283,607**	**1,422,572**	**(27,716)**	**-1.95%**
Total Expenses	**3,274,136**	**3,545,883**	**14,024,357**	**14,321,910**	**13,838,171**	**186,186**	**1.35%**
Net Income (Loss)	**322,810**	**151,977**	**867,561**	**800,444**	**1,361,773**	**(494,212)**	**-36.29%**

Income Statement

Water Utility

April 2026

	This Month	Prior Year	Current YTD	Prior YTD	Budget YTD	YTD Budget Difference $	YTD Budget Difference %
Commodity Revenue							
Residential	275,901	259,031	1,099,796	1,000,227	1,093,928	5,868	0.54%
Commercial	61,474	55,544	242,469	222,101	236,145	6,324	2.68%
Industrial & Large Commercial	57,292	47,881	243,129	198,413	243,940	(811)	-0.33%
City - Public Buildings	8,497	8,201	34,913	41,107	57,418	(22,505)	-39.20%
OPU - Interutility	1,595	1,675	3,893	3,221	2,786	1,107	39.73%
Total Commodity Revenue	**404,759**	**372,332**	**1,624,200**	**1,465,068**	**1,634,217**	**(10,017)**	**-0.61%**
Other Operating Revenue							
Forfeited Discounts	3,048	1,985	9,713	7,712	7,600	2,113	27.80%
Reading and Connect Charges	-	35	-	135	152	(152)	-100.00%
Water Access Charges	9,696	10,875	21,697	13,375	5,663	16,034	283.14%
Property Rentals	20,582	19,493	81,803	77,461	81,827	(24)	-0.03%
Lease Interest Revenue	-	-	-	-	-	-	0.00%
Lease Amortization	-	-	-	-	-	-	0.00%
Total Other Operating Revenue	**33,326**	**32,388**	**113,213**	**98,683**	**95,242**	**17,971**	**18.87%**
Non-Operating Revenue							
Interest Income	21,531	21,765	88,064	85,439	74,066	13,998	18.90%
Fair Market Value Gain on Investments	-	-	1,959	7,302	4,000	(2,041)	-51.03%
Miscellaneous Sales & Credits	2,399	197	3,849	5,776	1,885	1,964	104.18%
Grant Revenue	-	-	-	-	-	-	0.00%
Sewer & Stormwater Admin Fees	2,567	2,413	10,268	9,652	10,268	-	0.00%
Water Service Line Protection Revenue	-	-	-	-	-	-	0.00%
Total Non-Operating Revenue	**26,497**	**24,375**	**104,140**	**108,168**	**90,219**	**13,921**	**15.43%**
Total Revenue	**464,582**	**429,095**	**1,841,552**	**1,671,920**	**1,819,678**	**21,874**	**1.20%**

OWATONNA PUBLIC UTILITIES

Income Statement

Water Utility
April 2026

	This Month	Prior Year	Current YTD	Prior YTD	Budget YTD	YTD Budget Difference $	YTD Budget Difference %
Operating Expenses							
Production	75,145	70,365	269,546	261,763	291,226	(21,680)	-7.44%
Distribution	100,150	93,289	327,306	371,240	440,131	(112,825)	-25.63%
Customer Acct & Collections	34,397	30,716	134,421	126,382	135,916	(1,495)	-1.10%
Administrative and General	100,993	80,927	401,689	347,317	411,200	(9,511)	-2.31%
Stockroom	1,648	2,726	7,862	10,559	11,358	(3,496)	-30.78%
Water Service Line Protection Expenses	-	-	-	-	-	-	0.00%
Other Operating Expenses	6,288	4,297	24,294	17,931	32,736	(8,442)	-25.79%
Subtotal Operating Expenses	**318,621**	**282,320**	**1,165,118**	**1,135,192**	**1,322,567**	**(157,449)**	**-11.90%**
Capitalized Expenses	-	-	-	-	-	-	0.00%
Total Operating Expenses	**318,621**	**282,320**	**1,165,118**	**1,135,192**	**1,322,567**	**(157,449)**	**-11.90%**
Income (Loss) Before Other Expense	**145,961**	**146,775**	**676,435**	**536,728**	**497,112**	**179,323**	**36.07%**
Other Expense							
Contributions in Aid to Construction	(6,025)	(6,025)	(24,100)	(24,100)	(24,100)	-	0.00%
Depreciation	64,818	61,286	258,378	244,150	276,668	(18,290)	-6.61%
Gain (Loss) on Asset	(13)	-	15,075	5,578	-	15,075	0.00%
Contributed Services	9,360	8,736	37,138	42,539	46,794	(9,656)	-20.64%
Total Other Expense	**68,140**	**63,997**	**286,490**	**268,167**	**299,362**	**(12,872)**	**-4.30%**
Total Expenses	**386,761**	**346,317**	**1,451,608**	**1,403,359**	**1,621,929**	**(170,320)**	**-10.50%**
Net Income (Loss)	**77,821**	**82,778**	**389,944**	**268,561**	**197,750**	**192,195**	**97.19%**

Income Statement

Gas Utility
April 2026

	This Month	Prior Year	Current YTD	Prior YTD	Budget YTD	YTD Budget Difference $	YTD Budget Difference %
Commodity Revenue							
Residential	632,613	713,094	4,765,585	4,520,040	4,840,341	(74,756)	-1.54%
Commercial	262,115	119,506	2,143,918	1,971,682	2,220,209	(76,291)	-3.44%
Industrial & Large Commercial	542,922	470,624	3,248,989	2,765,622	3,313,502	(64,513)	-1.95%
City - Public Buildings	32,069	27,852	238,167	196,148	205,747	32,420	15.76%
OPU - Interutility	3,308	3,438	29,753	27,590	30,824	(1,071)	-3.48%
Purchased Gas Adjustment (PGA)	(414,616)	(261,324)	386,453	245,086	244,193	142,260	58.26%
Gas True-up Charge (GTC)	46,139	51,639	507,835	37,884	-	507,835	0.00%
Total Commodity Revenue	**1,104,551**	**1,124,828**	**11,320,700**	**9,764,051**	**10,854,816**	**465,884**	**4.29%**
Other Operating Revenue							
Forfeited Discounts	14,667	9,826	58,367	42,859	46,000	12,367	26.89%
Reading and Connect Charges	75	90	145	250	274	(129)	-47.08%
Property Rentals	-	-	-	-	-	-	0.00%
Gas Transportation Tariff	6,511	4,474	38,006	21,203	34,814	3,192	9.17%
Total Other Operating Revenue	**21,253**	**14,389**	**96,518**	**64,312**	**81,088**	**15,430**	**19.03%**
Non-Operating Revenue							
Interest Income	24,718	33,289	115,783	125,842	131,583	(15,801)	-12.01%
Fair Market Value Gain on Investments	-	-	(7,827)	(1,619)	(2,600)	(5,227)	201.05%
Miscellaneous Sales & Credits	2,848	70	4,016	8,370	2,530	1,486	58.75%
Grant Revenue	-	-	-	-	-	-	0.00%
Sewer & Stormwater Admin Fees	3,850	3,620	15,400	14,480	15,400	-	0.00%
Energy Conservation Revenue	-	-	-	-	-	-	0.00%
Merchandising Revenue	-	-	304	-	200	104	52.00%
Total Non-Operating Revenue	**31,416**	**36,980**	**127,676**	**147,073**	**147,113**	**(19,438)**	**-13.21%**
Total Revenue	**1,157,220**	**1,176,197**	**11,544,893**	**9,975,436**	**11,083,017**	**461,876**	**4.17%**

Income Statement

Gas Utility
April 2026

	This Month	Prior Year	Current YTD	Prior YTD	Budget YTD	YTD Budget Difference $	YTD Budget Difference %
Commodity Expenses							
Purchased Gas	618,577	659,590	8,561,879	6,586,055	7,314,729	1,247,150	17.05%
Subtotal Commodity Expenses	**618,577**	**659,590**	**8,561,879**	**6,586,055**	**7,314,729**	**1,247,150**	**17.05%**
Operating Expenses							
Production	7,611	5,722	13,758	29,914	28,084	(14,326)	-51.01%
Distribution	145,285	149,871	688,438	629,291	722,506	(34,068)	-4.72%
Customer Acct & Collections	59,514	51,271	226,601	205,113	219,717	6,884	3.13%
Administrative and General	186,290	196,126	779,592	702,125	763,467	16,125	2.11%
Stockroom	2,475	4,088	11,827	15,846	17,027	(5,200)	-30.54%
Other Operating Expenses	7,868	5,213	28,843	23,159	37,841	(8,998)	-23.78%
Subtotal Operating Expenses	**409,043**	**412,291**	**1,749,057**	**1,605,448**	**1,788,642**	**(39,585)**	**-2.21%**
Capitalized Expenses	-	-	-	-	-	-	0.00%
Total Operating Expenses	**1,027,620**	**1,071,881**	**10,310,937**	**8,191,503**	**9,103,371**	**1,207,566**	**13.27%**
Income (Loss) Before Other Expense	**129,600**	**104,316**	**1,233,956**	**1,783,933**	**1,979,646**	**(745,690)**	**-37.67%**
Other Expense							
Contributions in Aid to Construction	(3,911)	(3,911)	(15,644)	(15,644)	(15,644)	-	0.00%
Depreciation	75,099	72,182	299,918	287,059	335,540	(35,622)	-10.62%
Gain (Loss) on Asset	(19)	-	22,612	(42,419)	-	22,612	0.00%
Contributed Services	24,512	21,153	266,609	204,327	228,847	37,762	16.50%
Total Other Expense	**95,680**	**89,424**	**573,494**	**433,323**	**548,743**	**24,751**	**4.51%**
Total Expenses	**1,123,300**	**1,161,305**	**10,884,431**	**8,624,826**	**9,652,114**	**1,232,317**	**12.77%**
Net Income (Loss)	**33,920**	**14,892**	**660,462**	**1,350,611**	**1,430,903**	**(770,441)**	**-53.84%**

Owatonna Public Utilities
Uncollectible Accounts Activity
April 2026

	2026				2025			
	April		Year-to-date		April		Year-to-date	
	# of accts	$$	# of accts	$$	# of accts	$$	# of accts	$$
Write-offs:								
Bankruptcies			0	$ -			1	$ 1,692.20
Uncollectibles	28	$ 22,347.44	69	$ 46,671.34	15	$ 7,089.51	64	$ 29,508.04
Small balances	6	$ 9.56	13	$ 18.45			3	$ 7.77
Total Write-offs	34	$ 22,357.00	82	$ 46,689.79	15	$ 7,089.51	68	$ 31,208.01
Collections:								
Collections	15	$ 5,741.95	58	$ 27,313.87	21	$ 5,012.19	77	$ 27,149.31
Total Collections	15	$ 5,741.95	58	$ 27,313.87	21	$ 5,012.19	77	$ 27,149.31

Owatonna Public Utilities
Investment Report, Electric
4/30/2026

	Financial Institution	Month Invested	Maturity Month	Term (Mos)	Current Interest Rate	Balance April 2025	Balance March 2026	Balance April 2026	
Operating Funds:									
Acct# 110378948	Bremer Bank/Old Nat'l Bank				0.00%	(1,317,675.56)	**198,065.48**	**(578,867.73)**	
Cash on Hand	None				0.00%	960.00	**960.00**	**960.00**	
Total Operating Funds						(1,316,715.56)	199,025.48	**(577,907.73)**	
Money Market & Savings:									
Acct# 26032391	Raymond James				0.03%	1,549.26	**0.06**	-	
Acct# 672631288	Bremer Bank/Old Nat'l Bank				2.32%	6,637,151.82	**8,014,386.87**	**7,383,802.66**	
Acct# RP-57586-CE	UBS Financial Services				0.03%	7,746.86	**12,261.23**	**1.88**	
Total MM & Savings						6,646,447.94	8,026,648.16	**7,383,804.54**	**Change PM**
Subtotal Cash, Electric						**5,329,732.38**	**8,225,673.64**	**6,805,896.81**	**(1,419,776.83)**
Certificates of Deposit:									
CD #14042TFD4	Capital One Bank USA (UBS)	Apr-22	Apr-26	48	2.60%		245,000.00	-	
CD #1603876	Community Bank Owatonna	Dec-22	Dec-26	48	4.25%		1,500,000.00	1,500,000.00	
CD #68676797	Bremer Bank	Feb-24	Feb-27	36	4.00%		600,000.00	600,000.00	
CD #07371CG37	Beal Bank NV (UBS)	Feb-22	Feb-27	60	1.85%		245,000.00	245,000.00	
CD #07371AYL1	Beal Bank Plano TX (UBS)	Feb-22	Feb-27	60	1.85%		245,000.00	245,000.00	
CD# 102329434	Old National Bank, Owatonna	Apr-26	Apr-27	12	3.87%		-	500,000.00	
CD #1604001	Community Bank Owatonna	Mar-23	Mar-28	60	4.25%		900,000.00	900,000.00	
CD #1604635	Community Bank Owatonna	Nov-24	Nov-28	48	3.80%		750,000.00	750,000.00	
CD #2000058550	Home Federal Savings - Alerus	Feb-24	Feb-29	60	3.95%		900,000.00	900,000.00	
CD# 400000959756	Home Federal Savings - Alerus	Apr-26	Apr-29	36	3.85%		-	500,000.00	
CD #3012915	Profinium	Nov-24	Nov-29	60	4.00%		500,000.00	500,000.00	
CS# 38151PLZ2	Goldman Sachs Bank, USA (RJ)	Apr-26	Apr-30	48	4.05%		-	245,000.00	
CD #3016155	Profinium	Jul-25	Jul-30	60	3.85%		400,000.00	400,000.00	
Total Certificates of Deposit						7,885,000.00	6,285,000.00	**7,285,000.00**	
									Change PM
Total Funds, Electric						**13,214,732.38**	**14,510,673.64**	**14,090,896.81**	**(419,776.83)**
Restricted Funds:									
Unspent Capital from Work Orders Approved in Prior Years						1,251,819.16	**1,646,290.66**	**1,564,088.73**	
PDO Reserve						794,000.00	**801,000.00**	**820,000.00**	
Consumer Deposits						52,450.00	**51,060.00**	**51,030.00**	
PIES revolving loan fund						250,000.00	**250,000.00**	**250,000.00**	
Total Restricted Funds						2,348,269.16	2,748,350.66	**2,685,118.73**	
									Change PM
Net Unrestricted Funds, Electric						**10,866,463.22**	**11,762,322.98**	**11,405,778.08**	**(356,544.90)**
Required Reserves:									
Operating Reserve Minimum Requirement						4,729,439.00	**4,524,739.00**	**4,524,739.00**	
Capital Reserve Minimum Requirement						5,390,077.00	**7,022,616.00**	**7,022,616.00**	
Total Reserve Minimum Requirement						10,119,516.00	11,547,355.00	**11,547,355.00**	
									% of Target
Excess Unrestricted Reserves, Electric						**746,947.22**	**214,967.98**	**(141,576.92)**	**98.8%**

Plans For Future Capital Reserves or Excess Reserves: (2026 - Plan Total= $7.85M); (2027-30 = $23.26M)

Substation/Electric Lines - Land & Construction approx $3.95M (2026); $16.3M (2027-2030)
Security/IT Software/Hardware- approx. $285K (Current - 2026); $469K (2027-2030)
Vehicles approx. $2.5M (2026-2030)
New Service Territory - approx. $0.9 million (2030); Service Territory Pmts - $3.97M (2026-30)
Streetlights approx. $2.1M (2026 - 2030)
Transformers approx. $520K (2026); $2.51M (2027-2

Owatonna Public Utilities
Investment Report, Water
4/30/2026

	Financial Institution	Month Invested	Maturity Month	Term (Mos)	Current Interest Rate	Balance April 2025	Balance March 2026	Balance April 2026	
Operating Funds:									
Acct# 110378948	Bremer Bank/Old Nat'l Bank				0.00%	494,371.47	211,790.79	**(341,301.09)**	
Cash on Hand	None				0.00%	480.00	480.00	**480.00**	
Total Operating Funds						494,851.47	212,270.79	**(340,821.09)**	
Money Market & Savings:									
Acct# 26032391	Raymond James				0.03%	12,789.80	8,774.78	**3,373.36**	
Acct# 672631288	Bremer				2.32%	3,544,087.15	4,690,827.16	**4,353,498.64**	
Total MM & Savings						3,556,876.95	4,699,601.94	**4,356,872.00**	**Change PM**
Subtotal Cash, Water						**4,051,728.42**	**4,911,872.73**	**4,016,050.91**	**(895,821.82)**
Certificates of Deposit:									
CD# 85628AAU4	State Bank India (RJ)	Jul-25	Jul-26	12	4.25%		239,000.00	**239,000.00**	
CD #160203194	Bremer Bank	Nov-24	Nov-26	24	4.15%		500,000.00	**500,000.00**	
CD #1603878	Community Bank Owatonna	Dec-22	Dec-26	48	4.25%		500,000.00	**500,000.00**	
CD #838734581	Old National Bank, Owatonna	Feb-24	Feb-27	36	4.00%		750,000.00	**750,000.00**	
CD# 102329425	Old National Bank, Owatonna	Apr-26	Apr-27	12	3.87%		-	**250,000.00**	
CD #61773TDG5	Morgan Stanley Bank NA (RJ)	Apr-22	Apr-27	60	2.75%		246,000.00	**246,000.00**	
CD #3016150	Profinium	Jul-25	Jul-27	24	3.95%		400,000.00	**400,000.00**	
CD #1604002	Community Bank Owatonna	Mar-23	Mar-28	60	4.25%		500,000.00	**500,000.00**	
CD# 05612LJZ6	BMW BK North Amer, UT, US (UBS)	Apr-26	Oct-28	18	4.00%		-	**245,000.00**	
CD #2000058557	Home Federal Savings Bank - Alerus	Feb-24	Feb-29	60	3.95%		250,000.00	**250,000.00**	
CD# 400000959755	Home Federal Savings Bank - Alerus	Apr-26	Apr-29	36	3.85%		-	**500,000.00**	
Total Certificates of Deposit						3,615,000.00	3,385,000.00	**4,380,000.00**	
									Change PM
Total Funds, Water						**7,666,728.42**	**8,296,872.73**	**8,396,050.91**	**99,178.18**
Restricted Funds:									
Unspent Capital from Work Orders Approved in Prior Years						1,123,416.41	510,298.25	**490,298.25**	
PDO Reserve						381,000.00	406,000.00	**412,000.00**	
Consumer Deposits						6,960.00	6,400.00	**6,380.00**	
Water Service Line Protection Program Balance						235,320.67	258,301.18	**253,617.23**	
Water Expansion (excess/shortage compared to reserve requirement total)						565,201.28	657,067.28	**666,763.28**	
Total Restricted Funds						2,311,898.36	1,838,066.71	**1,829,058.76**	
									Change PM
Net Unrestricted Funds, Water						**5,354,830.06**	**6,458,806.02**	**6,566,992.15**	**108,186.13**
Required Reserves:									
Operating Reserve Minimum Requirement						850,793.00	888,381.00	888,381.00	
Capital Reserve Minimum Requirement						3,052,551.00	2,633,290.00	2,633,290.00	
Water Expansion Reserve						-	-	-	
Total Reserve Minimum Requirement						3,903,344.00	3,521,671.00	**3,521,671.00**	
									% of Target
Excess Unrestricted Reserves, Water						**1,451,486.06**	**2,937,135.02**	**3,045,321.15**	**186.5%**

Plans For Future Capital Reserves or Excess Reserves: (2026 Plan Total = $2.8M); (2027-30 = $10.4M)
Water Mains - $553K (2025); approx. $1.64 million (2026); $4.4M (2027-2030)
New Well - Land $440K (2026); Water Tower - $2M (2028)
Water Tower restoration - approx. $487K 2025, $2.57M (2027-30); Rebuild Wells - $438K (2026-30)

Owatonna Public Utilities
Investment Report, Gas
4/30/2026

	Financial Institution	Month Invested	Maturity Month	Term (Mos)	Current Interest Rate	Balance April 2025	Balance March 2026	Balance April 2026	
Operating Funds:									
Acct# 110378948	Bremer Bank/Old Nat'l Bank				0.00%	295,167.88	227,316.77	**(381,772.40)**	
Cash on Hand	None				0.00%	960.00	960.00	**960.00**	
Total Operating Funds						296,127.88	228,276.77	**(380,812.40)**	
Money Market & Savings:									
Acct# 1AB21566	Wells Fargo				0.00%	-			
Acct# 26032391	Raymond James				0.03%	29,684.93	32,694.10	**8,040.85**	
Acct# 97174	HomeTown Credit Union				0.00%	-			
Acct# 672631288	Bremer Bank				2.32%	3,662,245.98	3,603,912.38	**4,869,734.38**	
Total MM & Savings						3,691,930.91	3,636,606.48	**4,877,775.23**	**Change PM**
Subtotal Cash, Gas						**3,988,058.79**	**3,864,883.25**	**4,496,962.83**	**632,079.58**
Certificates of Deposit:									
CD #254673V45	Discover Bank (RJ)	Oct-22	Oct-26	48	4.45%		243,000.00	243,000.00	
CD #01882MAJ1	Alliant Credit Union (RJ)	Nov-23	Nov-26	36	5.60%		248,000.00	248,000.00	
CD #1603879	Community Bank Owatonna	Dec-22	Dec-26	48	4.25%		1,250,000.00	1,250,000.00	
CD #167527928	Bremer Bank	Feb-24	Feb-27	36	4.00%		650,000.00	650,000.00	
CD #3012930	Profinium	Nov-24	Nov-27	36	4.30%		500,000.00	500,000.00	
CD #1604003	Community Bank Owatonna	Mar-23	Mar-28	60	4.25%		600,000.00	600,000.00	
CD #930260981	Bremer Bank	Nov-24	Jan-28	48	3.80%		750,000.00	750,000.00	
CD #2000058564	Home Federal Savings	Feb-24	Feb-29	60	3.95%		850,000.00	850,000.00	
CD #3016160	Profinium	Jul-25	Jul-30	60	3.85%		700,000.00	700,000.00	
CD # 61776NVV2	Morgan Stanley PVT (RJ)	Jul-25	Jul-30	60	4.05%		244,000.00	244,000.00	
Total Certificates of Deposit						6,923,000.00	6,035,000.00	**6,035,000.00**	
Other:									
Land Holdings						660,266.23	660,266.23	660,266.23	
Total Other						660,266.23	660,266.23	**660,266.23**	
									Change PM
Total Funds, Gas						**11,571,325.02**	**10,560,149.48**	**11,192,229.06**	**632,079.58**
Restricted Funds:									
Unspent Capital from Work Orders Approved in Prior Years						731,150.87	514,632.12	**514,632.12**	
PDO Reserve						465,000.00	495,000.00	**503,000.00**	
Consumer Deposits						87,500.00	86,250.00	**85,650.00**	
Land Holdings						660,266.23	660,266.23	**660,266.23**	
Total Restricted / Non-Liquid Funds						1,943,917.10	1,756,148.35	**1,763,548.35**	
									Change PM
Net Unrestricted Funds, Gas						**9,627,407.92**	**8,804,001.13**	**9,428,680.71**	**624,679.58**
Required Reserves:									
Operating Reserve Minimum Requirement						3,194,424.00	3,565,185.00	3,565,185.00	
Capital Reserve Minimum Requirement						2,299,715.00	2,403,409.00	2,403,409.00	
Total Reserve Minimum Requirement						5,494,139.00	5,968,594.00	**5,968,594.00**	
									% of Target
Excess Unrestricted Reserves, Gas						**4,133,268.92**	**2,835,407.13**	**3,460,086.71**	**158.0%**

Plans For Future Capital Reserves or Excess Reserves: (2026 Plan Total = $2.67M); (2027-30 = $9.35M)
Gas Mains/Services - $4.2M (2026 - 2030); Gas Connect Border Stations - approx. $4.0M (2028)
Gas - Regulators/Services/Meters - $570K (2026); $2.45M (2027-30)
Vehicles - $800K - (2027-2030)

Owatonna Public Utilities
Investment Report, Consolidated
4/30/2026

	Financial Institution	Month Invested	Maturity Month	Term (Mos)	Current Interest Rate	Balance April 2025	Balance March 2026	Balance April 2026	
Operating Funds:									
Acct# 110378948	Bremer Bank/Old Nat'l Bank				0.00%	(528,136.21)	637,173.04	**(1,301,941.22)**	
Cash on Hand	None				0.00%	2,400.00	2,400.00	**2,400.00**	
Total Operating Funds						(525,736.21)	639,573.04	**(1,299,541.22)**	
Money Market & Savings:									
Acct# 1AB21566	Wells Fargo				0.00%	-	-	-	
Acct# 26032391	Raymond James				0.03%	44,023.99	41,468.94	**11,414.21**	
Acct# 97174	HomeTown Credit Union				0.00%	-	-	-	
Acct# 672631288	Bremer Bank				2.32%	13,843,484.95	16,309,126.41	**16,607,035.68**	
Acct# RP-57586-CE	UBS Financial Services				0.03%	7,746.86	12,261.23	**1.88**	
Total MM & Savings						13,895,255.80	16,362,856.58	**16,618,451.77**	**Change PM**
Subtotal Cash, Consolidated						**13,369,519.59**	**17,002,429.62**	**15,318,910.55**	**(1,683,519.07)**
Certificates of Deposit:									
Electric CDs						7,885,000.00	6,285,000.00	**7,285,000.00**	
Water CDs						3,615,000.00	3,385,000.00	**4,380,000.00**	
Gas CDs						6,923,000.00	6,035,000.00	**6,035,000.00**	
Total Certificates of Deposit						18,423,000.00	15,705,000.00	**17,700,000.00**	
Other:									
Land Holdings						660,266.23	660,266.23	**660,266.23**	
Total Other						660,266.23	660,266.23	**660,266.23**	
									Change PM
Total Funds, Consolidated						**32,452,785.82**	**33,367,695.85**	**33,679,176.78**	**311,480.93**
Restricted Funds:									
Unspent Capital from Work Orders Approved in Prior Years						3,106,386.44	2,671,221.03	**2,569,019.10**	
PDO Reserve						1,640,000.00	1,702,000.00	**1,735,000.00**	
Consumer Deposits						146,910.00	143,710.00	**143,060.00**	
PIES revolving loan fund						250,000.00	250,000.00	**250,000.00**	
Water Expansion (excess/shortage compared to reserve requirement total)						565,201.28	657,067.28	**666,763.28**	
Water Service Line Protection Program surplus						235,320.67	258,301.18	**253,617.23**	
Land Holdings						660,266.23	660,266.23	**660,266.23**	
Total Restricted / Non-Liquid Funds						6,604,084.62	6,342,565.72	**6,277,725.84**	
									Change PM
Net Unrestricted Funds, Consolidated						**25,848,701.20**	**27,025,130.13**	**27,401,450.94**	**376,320.81**
Required Reserves:									
Operating Reserve Minimum Requirement						8,774,656.00	8,978,305.00	**8,978,305.00**	
Capital Reserve Minimum Requirement						10,742,343.00	12,059,315.00	**12,059,315.00**	
Water Expansion Reserve Requirement						-	-	-	
Total Reserve Minimum Requirement						19,516,999.00	21,037,620.00	**21,037,620.00**	
									% of Target
Excess Unrestricted Reserves, Consolidated						**6,331,702.20**	**5,987,510.13**	**6,363,830.94**	**130.2%**

Plans For Future Capital Reserves or Excess Reserves: (2026 - 2030) Plan Total = $60M

Substation/Electric Lines - Land & Construction approx $3.95M (2026); $16.3M (2027-2030)
Security/IT Software/Hardware- approx. $285K (Current - 2026); $469K (2027-2030)
Vehicles approx. $2.5M (2026-2030)
New Service Territory - approx. $0.9 million (2030); Service Territory Pmts - $3.97M (2026-30)
Streetlights approx. $2.1M (2026 - 2030)
Transformers approx. $520K (2026); $2.51M (2027-2030)
Water Mains - $553K (2025); approx. $1.64 million (2026); $4.4M (2027-2030)
New Well - Land $440K (2026); Water Tower - $2M (2028)
Water Tower restoration - approx. $487K 2025, $2.57M (2027-30); Rebuild Wells - $438K (2026-30)
Gas Mains/Services - $4.2M (2026 - 2030); Gas Connect Border Stations - approx. $4.0M (2028)
Gas - Regulators/Services/Meters - $570K (2026); $2.45M (2027-30)
Vehicles - $800K - (2027-2030)

Work Order Status Report
2026

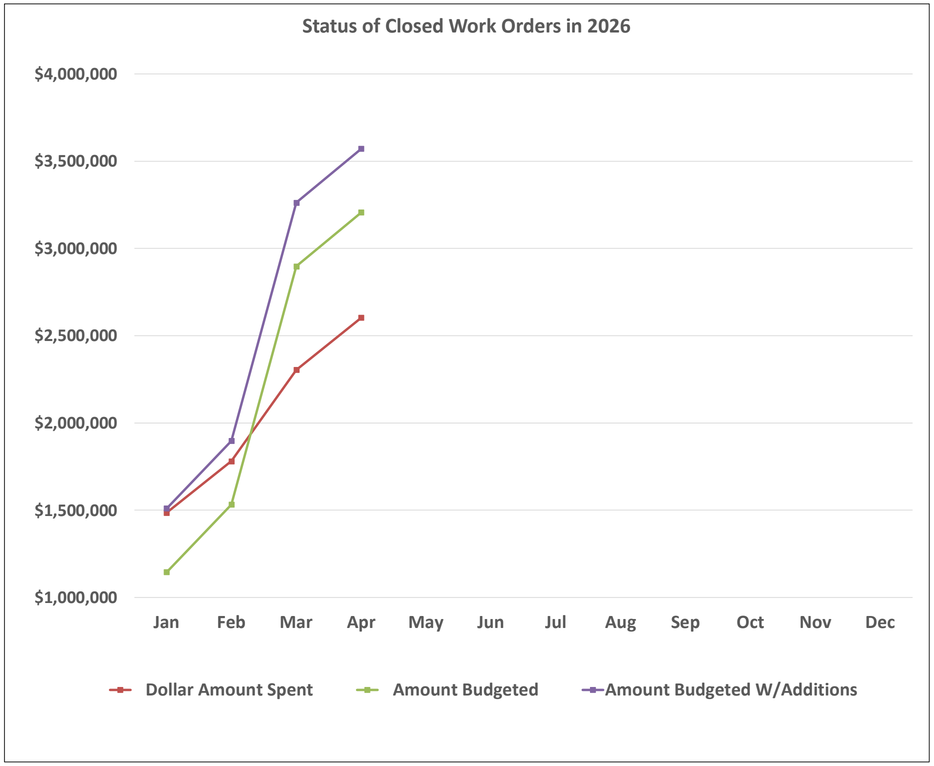
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Work Orders Completed:													
#	3	3	4	3	0	0	0	0	0	0	0	0	13
Dollar Amount Spent	$1,485,796	$294,840	$523,123	$300,137	$0	$0	$0	$0	$0	$0	$0	$0	$2,603,895
Amount Budgeted*	$1,145,000	$387,000	$1,365,000	$310,000	$0	$0	$0	$0	$0	$0	$0	$0	$3,207,000
% over/(under)	*29.76%*	*-23.81%*	*-61.68%*	*-3.18%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*-18.81%*
Approved Workorder Additions	$365,000	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$365,000
Combined Amount Approved**	$1,510,000	$387,000	$1,365,000	$310,000	$0	$0	$0	$0	$0	$0	$0	$0	$3,572,000
Total % over/(under)	*-1.60%*	*-23.81%*	*-61.68%*	*-3.18%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*-27.10%*

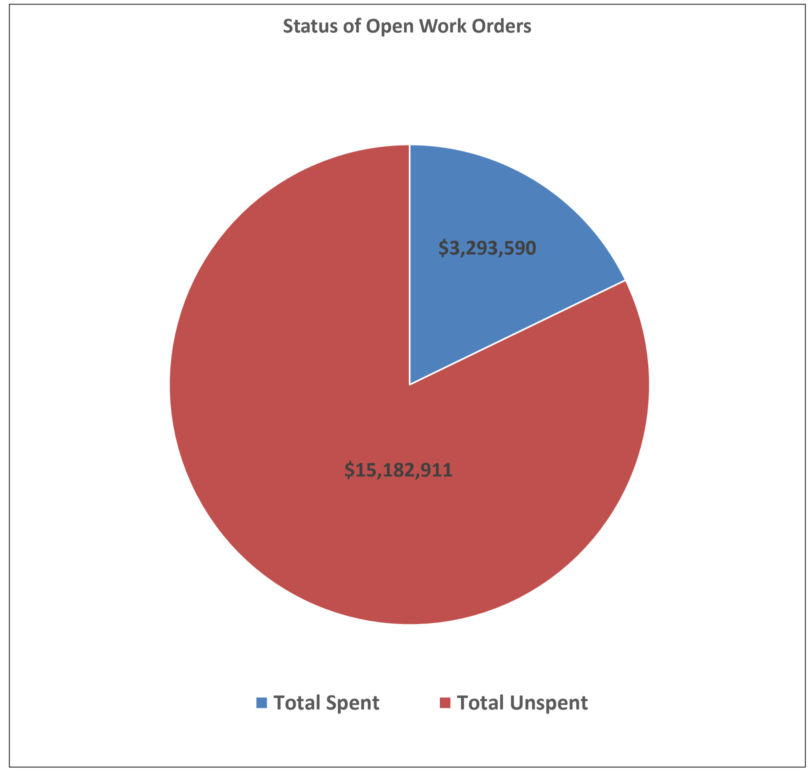
Approved New Work Orders:	
Approved Year to date	43
Amount Budgeted*	$ 12,633,501
Approved Year to date	4
Amount Non-Budgeted	$ 179,000
Approved Work Order Additions:	
Approved Year to date	1
Total Approved	$ 365,000
Cancelled Work Orders:	
Cancelled Year to date	3
Amount Budgeted*	$ 221,000

Active Work Orders Open:	***Apr-26***
#	63
Dollar Amount Spent	$ 3,293,590
Combined Amount Approved**	$ 18,476,501

* Amount Budgeted = Original budget plus any new approved work order amounts, excluding work order additions

** Combined Amount Approved = Original budget, new approved worder amounts, plus any approved work order additions





Open Orders > 80% spent	Project	Description	Budget	Actual	%	Notes
E2025013	Replace vehicle #12	New Ele Substation vehicle	$ 75,000	$ 69,222	92.30%	The new unit is scheduled to have a topper installed
E2026026	Condux Pulling Equipment	Condux underground pulling equipment, sheaves, jamb skid, cable guides	$ 14,000	$ 15,164	108.31%	Minimal costs remaining, expected to close in May 2026
E2026027	Restore Lite Service Saver	Restore lite service saver 20kVA for secondary half power	$ 9,000	$ 7,969	88.55%	Minimal costs remaining, expected to close in May 2026
G2024002	Install new odorizer at WWTP	Waste Water Treatment Plant	$ 80,000	$ 85,433	106.79%	The work has not been completed and we are working with the City of Owatonna to come up with the best resolution on the final steps. We are nearing the end of the project, but it may take a few months before we are able to complete this work order
G2025004	Gas Services-2025	Gas Services	$ 500,000	$ 462,586	92.52%	This project will be closed in the spring of 2026 when the contractor can finish up any restoration issues identified after thawing

Open Orders > 2 Years old	Project	Description	Budget	Actual	%	Notes
E2022017	Purchase XCEL territory	Territory Acquistion	$ 77,000	$ 14,888	19.33%	Territory has been obtained and coordinating the infrastructure installation with Xcel Energy with an estimated completion date in Spring of 2026

MEMORANDUM

Date: 5/21/26

To: Owatonna Public Utilities Commission

From: Christian Fenstermacher, Director Engineering & Field Operations

Re: Lobby Redesign Project Bids

Summary

Bids for the Lobby Redesign Project were opened on April 23, 2026. All bids came in above the Commission's authorized project budget of $250,000. The lowest responsible bid totaled approximately $442,000, exceeding the construction budget by approximately $229,800. The full project cost is now at $479,800.

This memo provides bid results, reviews the evolution of the estimates, and presents the Commission with three options for moving forward. Staff is seeking Commission approval to award the bid to Met-Con Construction, Inc. at this meeting to ensure the project goals are attained and so the project schedule is not further delayed.

Background and Purpose

In February of 2024, following a Homeland Security Facility Assessment (SAFE), staff identified several vulnerabilities related to public access, staff safety, and emergency preparedness. Four main security and safety issues were identified to focus on for improvement to the public spaces in and adjacent to the main lobby.

1. Security Issue: Customer service staff are exposed to threats at open desks

   Solution: Create a secure work area for staff.

2. Security Issue: Access to 2nd floor is not secured

   Solution: Create a secure entrance to the stairwells

3. Security Issue: The Morehouse Room exit is only through the lobby, lack of egress in active shooter situation

   Solution: Add exterior exit out northwest corner of room

4. Safety Issue: Grand stair design is a fall hazard due to abnormal tread depths

   Solution: Modify stair to eliminate hazard

Additionally, staff completed a department reorganization in August 2025 combining Marketing/Communications and Energy Conservation with Customer Service into a new Customer Experience department. This added a 5th goal to the project to improve department functionality by adding office spaces in the Customer Experience area.

The main goal of this project is to strengthen physical security, safety and improve functionality in the main lobby — without losing the customer-focused experience that defines OPU.

The Lobby Redesign Project has progressed through Commission review since fall 2025, with periodic scope refinements. The current bid scope reflects significant reductions completed earlier this year, including:

- Removal of secure access to the second floor, ballistic-resistant glazing, and a new Morehouse Meeting Room exit, effectively removing goals 2 and 3 of the security concerns (December 2025).
- Removal of a conference room for Customer Experience from project scope (March 2026).
- Reuse of existing HVAC and other mechanical components in lieu of replacement (March 2026).

The remaining scope focuses on reconfiguration of the customer service area, additional railings for the grand staircase, and enhanced access control – the elements identified as core to the project's purpose.

Bid Results

Bids were opened publicly on May 14, 2026. Results were as follows:

Bidder	Base Bid	Variance to Budget
Met-Con Construction, Inc.	$442,000	**+$229,800**
Benike Construction	$475,000	**+$262,800**
Remaining Budget	**$212,200**	—

Authorized budget is $250,000. Leo A Daly's fee for design is $37,800 bringing the total remaining budget to $212,200.

All bids exceeded the budget. The two bids are close which suggests the gap reflects current market pricing rather than an outlier from a single contractor.

Recap of Estimates to Bids

The initial project was scoped for inclusion into the 2026 budget with a total project cost of $500,000. After scoping was completed with conceptual plans, that number moved to approximately $580,000 in November.

At the December Commission meeting, the project was recommended to be reduced in scope to only include the Customer Service area improvements, railings for the grand stairs and a one-way film added to the Morehouse Room windows to the lobby. The modified budget was reduced to $250,000, of which the construction portion is $210,000.

Leo A Daly was employed to produce engineered drawings for construction. A part of this step is to develop a final cost estimate based on 95% plans. In March, that cost estimate came in pushing the construction estimate to $436,000. We discussed options with Leo A Daly and we subsequently reduced the scope again by removing the conference space from the plan and reusing existing HVAC, electrical, desks and cabinetry. The modified scope reduced the construction estimate to approximately $290,000. Another option did exist at $194,000, but was too constrained to justify.

The low bid is Met-Con at $442,000 for construction. The overall project cost is $479,800.

Options for Commission Consideration

Staff has prepared three options for Commission consideration. Each is summarized below, with cost implications and key tradeoffs.

Option 1: Award to the Low Bidder and Authorize Additional Budget – Recommended by Staff

Estimated total project cost: $480,000 - $442,000 (construction), $37,800 (engineering)

Additional authorization required: Total authorization: $500,000 - $250,000 above the current not-to-exceed authorization.

Under this option, the project moves forward as designed and bid. The full intended scope – customer service reconfiguration, staircase railings, and enhanced access control – is delivered. Construction begins on the previously communicated schedule, with completion targeted for the end of October 2026.

Option 2: Reject All Bids, Re-scope, and Re-bid

Estimated total project cost: $375,000 – actual costs are unknown until re-design and re-bid are complete.

Schedule impact: approximately [2-3] months added to the project timeline; construction may need to be delayed to 2027.

Additional authorization required: Total authorization: $375,000 - $125,000 above the current not-to-exceed authorization.

Under this option, staff and Leo A Daly would further reduce the scope to the previously identified option which resulted in poor functionality for the Customer Experience department. Additional engineering fees would also be required for any redesign work.

Goals would be achieved except for one member of the Customer Experience team not moving to the area.

Should the project need to be delayed into 2027, construction cost escalation may also need to be considered.

Option 3: Reject bids and Cancel the Lobby Redesign Project

Estimated total project cost: $37,800 in engineering fees.

Considerations

Regardless of which option the Commission selects, staff offers the following observations for the Commission's consideration:

- **Project purpose remains valid.** The drivers behind this project – improved security through enhanced access control, fall-protection improvements at the grand staircase, and a customer service area configured for current operations – have not changed. These needs will not become less pressing over time.
- **Architectural investment is in place.** The Commission has already authorized $37,800 in architectural fees and the design is complete. A decision to reject all bids and substantially re-scope would require additional design fees and would not fully recover the existing investment.
- **Construction costs are unlikely to decrease.** Delaying the project does not provide a clear path to lower costs. Recent regional bidding has consistently exceeded pre-design estimates, and material and labor costs have continued to rise.
- **Customer service operations are affected today.** The current lobby configuration creates daily friction for customer-facing staff and the public. Deferring improvements means continuing to operate in that environment for an extended additional period.

Staff Recommendation

Staff is recommending Option 1, which maintains the core objectives of the project and within an acceptable timeline to maintain adequate customer service during the work. Staff is prepared to discuss each option in detail at the meeting and to answer questions about scope, cost, schedule, and operational impact.

If the Commission wishes to proceed with Option 1, formal action to award the contract and to amend the project authorization would be appropriate at this meeting to preserve the construction schedule. If the Commission wishes to proceed with Option 2, staff will return at the July meeting with a revised scope and schedule.

MEMORANDUM

Date: 5/21/26

To: Owatonna Public Utilities Commission

From: Christian Fenstermacher, Director Engineering & Field Operations

Re: Tree Trimming Bid Results

Summary

After reducing the scope of the base lump sum project, the request for proposals were readvertised. Bids were opened on May 14th at 1:30pm. The lowest responsible bid is Carr's Tree Service at $288,782 for the base and $162,093 for the optional circuits.

Staff is recommending approval to award the 2026 Tree Trimming contract to Carr's Tree Service.

Bid Results

Below is the summary of the bids.

Contractor	Base Bid	Option	Total Bid Amount
Carr's Tree Service	$288,782.00	$162,093.00	**$450,875.00**
Asplundh	$326,376.00	$233,957.00	**$560,333.00**
New Age Tree Service	$376,702.41	$271,312.26	**$648,014.67**
Tree Story	$382,885.00	$299,270.00	**$682,155.00**

Impact to Budget

The budgeted amount for 2026 is $400,000, of which $175,000 has been spent with the month to month contract extension. With the Carr's bid, there will be an impact to budget. We are estimating the expense budget for tree trimming will be $200,000 over budget.

The base contract for 2026 covers 3 circuits and 21.4 line miles. An option exists to add up to 3 additional circuits covering 19 line miles. I will be presenting how this work will impact the trimming plan for the next several years and how we will evaluate whether to add additional circuits for this year.

Recommendation

Staff recommends awarding the bid to Carr's Tree Service.

MEMORANDUM

TO:	Owatonna Public Utilities Commission
FROM:	Damian Baum, Director of Technology and Metering
DATE:	May 19, 2026
RE:	AI Acceptable Use Policy (#381.00): Refinements Based on Staff Review

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Background

The AI Acceptable Use Policy presented at last month's Commission meeting was prepared as part of a broader AI governance modernization effort that also produced a revised Acceptable Use Policy and a new AI Policy Implementation Guide. Following that meeting, staff conducted a final implementation review to ensure the policy would operate clearly in day-to-day work.

That review surfaced four areas where the policy as drafted could create unnecessary confusion or friction for staff. The concerns were not about the substance of what the policy governs, but about how staff would experience it in practice. The revisions described below address those areas. They clarify operational application without altering the policy's risk posture or what it actually controls.

This memo summarizes the changes so the Commission can vote on the policy as refined, with full visibility into what was added during the final review window.

Summary of Refinements

Four refinements were made. Each is described below with the staff concern it addresses and confirmation that it does not weaken the policy's governance posture.

1. Section III.A: Affirmative protection for approved use.

Staff concern: Staff asked whether asking for permission before using AI for a particular task would itself flag them as a problem, or whether approval could later be revoked retroactively.

Change: Added a paragraph stating that staff who obtain appropriate approval are operating within policy and are not subject to disciplinary action for that use; and that seeking guidance is encouraged and will not, on its own, be treated as a violation.

No weakening: This change does not expand what staff may do. It clarifies that the existing approval pathways function as intended, so that staff using them are protected, not at risk.

2. Section IX: Strengthened good-faith reporting protections.

Staff concern: The previous language said self-reported good-faith mistakes “may result in training rather than discipline.” Staff read this as discipline being the default, with training as a discretionary exception, which discouraged self-reporting.

Change: Revised to state that self-reported good-faith mistakes will ordinarily be addressed through training and coaching, with disciplinary consequences reserved for repeated violations, intentional concealment, significant harm, or other aggravating factors.

No weakening: This aligns the written language with how OPU intends to handle good-faith mistakes in practice, and matches the violation severity guidance already in the Implementation

Guide. Serious violations remain subject to the full AUP enforcement framework, including termination where warranted.

3. Section IV: OPU's Authorized Environment framework.

Staff concern: Staff identified that the policy as drafted would prohibit routine, low-risk operational tasks. For example, using the Approved AI Tool's Excel integration to help format a customer usage report a staff member is already authorized to work with. This kind of work doesn't change who can see the data or where it goes, but the previous text treated it the same as analytical or external uses.

Change: Added a new opening subsection to Section IV recognizing that the Approved AI Tool operates within OPU's authorized environment by virtue of its governing agreement's data protections (data not used for AI training, OPU data ownership, security and confidentiality obligations). Within that environment, routine operational work by authorized staff is permitted without additional approval. Approval requirements explicitly remain for: outputs leaving OPU, analytical or decision-supporting use of customer data, access to data beyond what the staff member is otherwise authorized to handle, and any use of Restricted data (SCADA configurations, cybersecurity information, credentials).

No weakening: This change clarifies the practical scope of an existing protection rather than removing protection. The data protection commitments in the Approved AI Tool's governing agreement are what made it eligible for approval in the first place. The four conditions where approval remains required preserve every protection that matters: anything externally shared, anything decision-supporting, anything outside authorized access, and anything touching critical infrastructure.

4. Section V: Alignment of approval pathways.

Staff concern: The approval pathways in Section V described only manager approval and did not visibly include the Director of Technology approval pathway that the Section IV table already established for Analytics and IT staff. A staff member reading Section V alone would get an incomplete picture.

Change: Restructured Section V to reference the Section IV framework, expand standard use to include operational use of Confidential data within the authorized environment, and present manager approval and Director of Technology approval as distinct pathways scoped to the four conditions.

No weakening: This change is editorial. It makes two parts of the policy say the same thing and introduces no new authority or scope.

Implementation Guide Updates

The AI Policy Implementation Guide has been updated correspondingly to ensure staff training and day-to-day reference materials reflect the refined policy. Specifically: the Data Classification Reference table was revised, a new Operational Use of Confidential Data subsection was added with worked examples, a new Data Minimization in Practice section was added with concrete applications, the Self-Reporting Benefits language was strengthened to match the policy, and the training checklist was updated.

Implementation Guide updates do not require Commission action; the guide is updated under existing Director of Technology authority. The current draft is available for Commission review on request.

Recommendation

Staff recommends the Commission adopt all three policies as presented in this packet: the AI Acceptable Use Policy as refined per the summary above, the revised Acceptable Use Policy (#380.00), and the revised Customer Information Privacy Policy (#901.00). The three policies were developed as a coordinated set and are most effective when adopted together. The AI Acceptable Use Policy refinements address real operational concerns identified during the final implementation review, do not alter what the policy governs, and produce a more usable framework for staff. The AUP and Customer Information Privacy Policy revisions were presented previously and remain as presented.

Each month between draft completion and adoption extends the period during which staff operate without the policy framework in place. The protections these policies establish (vendor disclosure requirements, prohibited uses, approval pathways, the good-faith reporting framework, and the modernized customer information protections) take effect on the adoption date and trigger the staff training cycle. Adoption at this meeting allows training to begin promptly and the framework to be in operational effect.

Recommended motion: “To adopt the AI Acceptable Use Policy (#381.00) as refined in the attached document, the revised Acceptable Use Policy (#380.00) as previously presented, and the revised Customer Information Privacy Policy (#901.00) as previously presented.”

Attachments: AI Acceptable Use Policy (#381.00), final adoption draft, with refinements highlighted for reference; Acceptable Use Policy (#380.00) as previously presented; Customer Information Privacy Policy (#901.00) as previously presented. Available on request: AI Policy Implementation Guide, corresponding updates draft.

POLICY

CUSTOMER INFORMATION PRIVACY POLICY

POLICY STATEMENT

At Owatonna Public Utilities (OPU), customer privacy is extremely important to us. This policy describes what personal information OPU collects from customers, how we use and protect it, when we may share it, and how customers can contact us with questions or concerns. This policy applies to all OPU services, including electric, water, and natural gas.

OPU is a government entity subject to the Minnesota Government Data Practices Act (Minnesota Statutes, Chapter 13). This policy is intended to be read consistent with that framework.

1. INFORMATION WE COLLECT

OPU collects customer information only to the extent necessary to provide and administer utility services. We may collect the following categories of information:

- **Account and Contact Information** — name, service address, mailing address, telephone number, and email address.
- **Billing and Payment Information** — payment history, billing preferences, and information necessary to process payments. OPU does not retain full payment card numbers or bank account numbers beyond what is necessary to complete a transaction.
- **Service and Usage Data** — consumption data for electric, water, and natural gas services collected through meters, including interval and historical usage data collected through Advanced Metering Infrastructure (AMI).
- **Account Interaction Data** — records of customer service contacts, service requests, outage reports, and communications with OPU staff.
- **Online and Digital Data** — when customers use the OPU website, online customer portal, or mobile application, we may automatically collect information such as IP address, browser type, operating system, pages visited, and session duration. We may also use cookies or similar technologies to support the functionality of our digital services.

OPU does not collect personal information unless a customer voluntarily provides it or it is generated through the delivery of utility services.

2. HOW WE USE CUSTOMER INFORMATION

OPU uses customer information to support utility programs, processes, and functions necessary to provide electric, water, and natural gas services. OPU also uses customer information to meet legal, regulatory, and audit obligations.

OPU does not sell customer information to third parties.

3. SHARING OF CUSTOMER INFORMATION

OPU treats customer information as confidential and does not share it with third parties except in the following circumstances:

- **Service Providers** — OPU may engage third-party vendors and contractors to perform functions on its behalf in support of utility programs, processes, and functions. When OPU shares information with a service provider, we do so only to the extent necessary for the provider to perform the contracted function, and we require that such use of data is consistent with OPU's obligations and serves a legitimate utility purpose.
- **Legal and Regulatory Requirements** — OPU may disclose customer information when required to do so by applicable law, court order, or a regulatory authority.
- **Safety and Emergency Situations** — OPU may share customer information when necessary to protect the health or safety of a customer or the public.
- **Aggregated or De-identified Data** — OPU may share or report data that has been aggregated or de-identified in a manner that does not permit identification of individual customers, for purposes such as energy efficiency planning, regulatory reporting, or community analysis.

OPU does not share customer information for marketing or commercial purposes unrelated to OPU services without prior customer consent.

4. ADVANCED METERING INFRASTRUCTURE (AMI) AND USAGE DATA

OPU operates Advanced Metering Infrastructure (AMI) for its electric, water, and natural gas services. AMI systems collect interval usage data, replacing the less detailed snapshot provided by legacy monthly meter reads. OPU uses this data to support utility programs, processes, and functions.

OPU treats AMI data with particular care, collecting only the data necessary for legitimate utility operations and does not share individual customer usage data with third parties except as described in Section 3 above.

5. ONLINE SERVICES, COOKIES, AND DIGITAL DATA

When customers interact with the OPU website, online customer portal, or mobile application, OPU may collect technical and usage data as described in Section 1. This information is used to ensure the security and functionality of our digital services and to improve the customer experience.

OPU may use session and analytics technologies to support the functionality of its digital services. Customers may manage these settings through their browser or device preferences, though doing so may affect certain features.

OPU does not share customer digital data with advertising networks or use it for commercial advertising purposes.

6. DATA SECURITY

OPU maintains reasonable and appropriate administrative, technical, and physical safeguards to protect customer information from unauthorized access, use, disclosure, alteration, or destruction. These measures are reviewed and updated as needed to reflect current practices and applicable requirements.

Access to customer information is limited to OPU employees and authorized contractors who require it to perform their job responsibilities.

7. CUSTOMER RIGHTS REGARDING PERSONAL DATA

Customers seeking to access data OPU maintains about them, or wishing to submit a data practices request, should refer to OPU's Data Practices Act Policy for Members of the Public or contact our Data Practices Compliance Officer using the contact information in Section 9.

8. RETENTION OF CUSTOMER INFORMATION

OPU retains customer information for as long as necessary to fulfill the purposes for which it was collected, to comply with applicable legal and regulatory requirements, and to support OPU's operational needs. Retention schedules are maintained consistent with applicable Minnesota records retention requirements.

9. CONTACT INFORMATION

Data Practices Compliance Officer
Damian Baum, Director of Technology and Metering
Owatonna Public Utilities
208 S. Walnut Ave., P.O. Box 800
Owatonna, MN 55060
Phone: (507) 451-2480
Email: datarequests@owatonnautilities.com

Adopted this 26th day of May 2026 by the Owatonna Public Utilities Commission,

_______________________________________ , President
Gregory J. Vetter

____
Sharon E. McLane
Vice President

____
David Olson
Interim General Manager

____
Jay S. Johnson
Commissioner

____
Douglas A. Zirngible
Commissioner

Effective: May 26, 2026
Revised: July 1, 2018
May 26, 2026

____
Krista J. Louden
Commissioner

OWATONNA PUBLIC UTILITIES

CUSTOMER INFORMATION PRIVACY POLICY — REDLINE

Policy #901.00 | Comparing: Effective July 1, 2018 → Revised Draft (Effective [Date])
Prepared for OPU Commission review

Inserted text = new language in revised draft ~~Deleted text~~ = language removed from 2018 version

The 2018 policy was a single-page, narrative-format document without section headings. The revised draft restructures that content into a formal policy format with numbered sections. This redline traces each substantive change. Where 2018 content is retained but reorganized into a new structure, it is shown as deleted from its original location and inserted in its new location with any edits marked inline.

Policy Header / Title Block

~~Policy #901.00 | Effective 07-01-18~~
Policy #901.00 | Effective Date: [DATE] | Supersedes: Policy #901.00, effective July 1, 2018

~~[No formal title in 2018 document body — title appeared as "Customer Information Privacy" centered above policy statement]~~
Title: Customer Information Privacy Policy

Added formal "Supersedes" line to create a clear amendment chain. Policy is now structured with a title, effective date block, and numbered sections.

Policy Statement

Opening sentence retained: At Owatonna Public Utilities (OPU), customer privacy is extremely important to us.

~~Owatonna Public Utilities does not collect personal information about customers such as name, telephone number, and e-mail address, unless a customer voluntarily submits this information to us by e-mail or other means. Owatonna Public Utilities treats all personal information obtained as confidential and does not sell such information to third parties, except upon the customer's prior written consent or as otherwise may be authorized or required by law.~~

~~If a customer sends us an e-mail, asks for information, or provides personal information in any other way, Owatonna Public Utilities may maintain the information provided. Customer information will be shared among Owatonna Public Utilities support services as necessary to respond to requests. Owatonna Public Utilities uses personal information for billing, collecting payments, contacting customers, resolving problems, providing or improving utility services, marketing purposes, enhancing the Website, and meeting legal concerns or obligations.~~

~~Owatonna Public Utilities uses other companies to perform certain business-related functions in connection with the website and other services. Examples include mailing services, maintaining databases, and consumption comparison reports for customers. When we engage with another company to perform a function of this nature, we provide such company with personal information they need to perform that function, provided we first determine that such company's use of the data directly advances the general welfare, health, or safety of the public.~~

~~When a customer visits our website, Owatonna Public Utilities automatically collects non-identifying information such as type of browser, IP address, computer operating system, and the domain name of website the customer used to link to us. Owatonna Public Utilities may store information on a customer's hard drive as a~~

~~"cookie", or similar type of file, which we may use internally to help us enhance the efficiency and usefulness of the website. If a customer objects to this, they may consult the browser's documentation for information on erasing or blocking "cookies".~~

~~Owatonna Public Utilities makes use of sound security measures to protect personal information submitted by customers to us once it is received.~~

~~Customers having questions pertaining to the Owatonna Public Utilities Privacy Policy may contact our office through one of our many contact methods.~~

> **Note on Policy Statement changes:** The 2018 policy was a single undivided narrative. The revised draft retains the core substance of that narrative but redistributes it across purpose-built numbered sections (Sections 1–9). The deletions above represent content that has been reorganized and refined rather than eliminated — see the corresponding new sections below. Two specific substantive changes from the 2018 narrative are noted: (1) the "marketing purposes" use of customer information has been removed; and (2) the third-party disclosure standard has been updated from "advances the general welfare, health, or safety of the public" to a utility-purpose standard. Both changes are flagged in the relevant sections below.

This policy describes what personal information OPU collects from customers, how we use and protect it, when we may share it, and how customers can contact us with questions or concerns. This policy applies to all OPU services, including electric, water, and natural gas.

OPU is a government entity subject to the Minnesota Government Data Practices Act (Minnesota Statutes, Chapter 13). This policy is intended to be read consistent with that framework.

> **New in Policy Statement:** Added scope statement (electric, water, natural gas services) and MGDPA reference. The MGDPA governs OPU's data practices obligations as a government entity; this language acknowledges that framework without duplicating it.

Section 1 — Information We Collect *[New formal section; substance derived from 2018 narrative]*

> **Account and Contact Information** — name, service address, mailing address, telephone number, and email address.
>
> **Billing and Payment Information** — payment history, billing preferences, and information necessary to process payments. OPU does not retain full payment card numbers or bank account numbers beyond what is necessary to complete a transaction.
>
> **Service and Usage Data** — consumption data for electric, water, and natural gas services collected through meters, including interval and historical usage data collected through Advanced Metering Infrastructure (AMI).
>
> **Account Interaction Data** — records of customer service contacts, service requests, outage reports, and communications with OPU staff.
>
> **Online and Digital Data** — when customers use the OPU website, online customer portal, or mobile application, we may automatically collect information such as IP address, browser type, operating system, pages visited, and session duration. We may also use cookies or similar technologies to support the functionality of our digital services.
>
> OPU does not collect personal information unless a customer voluntarily provides it or it is generated through the delivery of utility services.

> **Changes from 2018:** The 2018 policy listed only name, telephone number, and email as collected data, and separately described website/cookie data. The revised draft expands to enumerate all categories OPU actually collects, including AMI/smart meter interval data, billing data, and account interaction records. The digital/cookie language is updated to reflect current practices (portal, mobile app) beyond just the website. The voluntary-only

collection statement is retained and clarified to acknowledge data generated through service delivery (e.g., meter reads).

Section 2 — How We Use Customer Information *[Replaces use-of-information language in 2018 narrative]*

~~Owatonna Public Utilities uses personal information for billing, collecting payments, contacting customers, resolving problems, providing or improving utility services, **marketing purposes**, enhancing the Website, and meeting legal concerns or obligations.~~

OPU uses customer information to support utility programs, processes, and functions necessary to provide electric, water, and natural gas services. OPU also uses customer information to meet legal, regulatory, and audit obligations.

OPU does not sell customer information to third parties.

> **Key changes:**
> 1. **"Marketing purposes" removed** from the list of permitted uses. The 2018 policy listed marketing as a use of customer data. The revised draft omits this, consistent with OPU's actual practices and the commitment in Section 3 that OPU does not share data for commercial/marketing purposes without consent.
> 2. Replaced enumerated use list with broader categorical language ("utility programs, processes, and functions") that is more durable and less likely to require amendment as specific uses evolve.
> 3. Added explicit "does not sell" statement (carried forward from 2018 implicit stance, now stated affirmatively).
> 4. "Enhancing the Website" removed as a standalone use — subsumed under the broader utility functions language and addressed more specifically in Section 5 (Online Services).

Section 3 — Sharing of Customer Information *[Replaces third-party sharing language in 2018 narrative]*

~~Owatonna Public Utilities uses other companies to perform certain business-related functions in connection with the website and other services. Examples include mailing services, maintaining databases, and consumption comparison reports for customers. When we engage with another company to perform a function of this nature, we provide such company with personal information they need to perform that function, provided we first determine that such company's use of the data directly advances **the general welfare, health, or safety of the public**.~~

> **Service Providers** — OPU may engage third-party vendors and contractors to perform functions on its behalf in support of utility programs, processes, and functions. When OPU shares information with a service provider, we do so only to the extent necessary for the provider to perform the contracted function, and we require that such use of data is consistent with OPU's obligations and serves a legitimate utility purpose.
>
> **Legal and Regulatory Requirements** — OPU may disclose customer information when required to do so by applicable law, court order, or a regulatory authority.
>
> **Safety and Emergency Situations** — OPU may share customer information when necessary to protect the health or safety of a customer or the public.
>
> **Aggregated or De-identified Data** — OPU may share or report data that has been aggregated or de-identified in a manner that does not permit identification of individual customers, for purposes such as energy efficiency planning, regulatory reporting, or community analysis.
>
> OPU does not share customer information for marketing or commercial purposes unrelated to OPU services without prior customer consent.

Key changes:
1. **Third-party disclosure standard updated:** The 2018 standard ("directly advances the general welfare, health, or safety of the public") has been replaced with a utility-purpose standard ("consistent with OPU's obligations and serves a legitimate utility purpose"). The 2018 language was broader and potentially ambiguous — the revised standard is more appropriate for routine utility service provider relationships.
2. Added explicit disclosure categories: legal/regulatory requirements and safety/emergency situations (implied in 2018, now explicit).
3. Added aggregated/de-identified data category, which reflects common utility reporting practices not previously addressed.
4. Added explicit prohibition on sharing for marketing purposes without consent.

Section 4 — Advanced Metering Infrastructure (AMI) and Usage Data *[Entirely new section — no counterpart in 2018 policy]*

> OPU operates Advanced Metering Infrastructure (AMI) for its electric, water, and natural gas services. AMI systems collect interval usage data, replacing the less detailed snapshot provided by legacy monthly meter reads. OPU uses this data to support utility programs, processes, and functions.
>
> OPU treats AMI data with particular care, collecting only the data necessary for legitimate utility operations and does not share individual customer usage data with third parties except as described in Section 3 above.

New section rationale: The 2018 policy predated OPU's AMI deployment and contained no reference to smart meter interval data. AMI data is more granular than traditional monthly reads and can reveal household behavior patterns. This section acknowledges AMI data collection and affirms that it is handled with the same protections as other customer data.

Section 5 — Online Services, Cookies, and Digital Data *[Updates 2018 website/cookie paragraph]*

~~When a customer visits our website, Owatonna Public Utilities automatically collects non-identifying information such as type of browser, IP address, computer operating system, and the domain name of website the customer used to link to us. Owatonna Public Utilities may store information on a customer's hard drive as a "cookie", or similar type of file, which we may use internally to help us enhance the efficiency and usefulness of the website. If a customer objects to this, they may consult the browser's documentation for information on erasing or blocking "cookies".~~

> When customers interact with the OPU website, online customer portal, or mobile application, OPU may collect technical and usage data as described in Section 1. This information is used to ensure the security and functionality of our digital services and to improve the customer experience.
>
> OPU may use session and analytics technologies to support the functionality of its digital services. Customers may manage these settings through their browser or device preferences, though doing so may affect certain features.
>
> OPU does not share customer digital data with advertising networks or use it for commercial advertising purposes.

Key changes:
1. Expanded from "website" only to "website, online customer portal, or mobile application" — reflecting OPU's current digital footprint.
2. Updated cookie/browser language: the 2018 instruction to "consult the browser's documentation" has been replaced with a more current statement about browser or device preference management.

3. Added explicit statement that OPU does not share digital data with advertising networks.
4. Removed "non-identifying" characterization of collected data (IP addresses and similar data are not always non-identifying under current standards).

Section 6 — Data Security *[Updates 2018 security paragraph]*

~~Owatonna Public Utilities makes use of sound security measures to protect personal information submitted by customers to us once it is received.~~

> OPU maintains reasonable and appropriate administrative, technical, and physical safeguards to protect customer information from unauthorized access, use, disclosure, alteration, or destruction. These measures are reviewed and updated as needed to reflect current practices and applicable requirements.
>
> Access to customer information is limited to OPU employees and authorized contractors who require it to perform their job responsibilities.

Key changes: "Sound security measures" replaced with the standard administrative/technical/physical safeguard framework commonly used in privacy policies and aligned with applicable legal standards. Added access limitation statement. Added ongoing review commitment.

Section 7 — Customer Rights Regarding Personal Data *[Entirely new section — no counterpart in 2018 policy]*

> Customers seeking to access data OPU maintains about them, or wishing to submit a data practices request, should refer to OPU's Data Practices Act Policy for Members of the Public or contact our Data Practices Compliance Officer using the contact information in Section 10.

New section rationale: The 2018 policy did not address customer rights or data access procedures. As a government entity, OPU's customer data access rights are primarily governed by the MGDPA. This section directs customers to the appropriate channel without duplicating MGDPA requirements.

Section 8 — Retention of Customer Information *[Entirely new section — no counterpart in 2018 policy]*

> OPU retains customer information for as long as necessary to fulfill the purposes for which it was collected, to comply with applicable legal and regulatory requirements, and to support OPU's operational needs. Retention schedules are maintained consistent with applicable Minnesota records retention requirements.

New section rationale: The 2018 policy contained no retention statement. This section aligns with standard privacy policy practice and acknowledges OPU's records retention obligations under Minnesota law.

Section 9 (formerly unnumbered) — Contact Information

~~Customers having questions pertaining to the Owatonna Public Utilities Privacy Policy may contact our office through one of our many contact methods.~~

Customers with questions or concerns about this policy or OPU's handling of their personal information may contact:

> **Data Practices Compliance Officer**
> Damian Baum, Director of Technology and Metering
> Owatonna Public Utilities
> 208 S. Walnut Ave., P.O. Box 800
> Owatonna, MN 55060
> Phone: (507) 451-2480
> Email: datarequests@owatonnautilities.com

> **Key changes:** The 2018 policy directed customers to "one of our many contact methods" with no specific contact provided. The revised draft provides the specific Data Practices Compliance Officer (name, title, address, phone, email). This reflects both the MGDPA requirement to identify the responsible authority and OPU's current organizational structure.

Adoption / Signature Block

~~Adopted this 26th day of June, 2018 by the Owatonna Public Utilities Commission, [signatures of Kent D. Rossi (President), Matt Kottke (Vice President), Mark J. Fritsch (General Manager), Kim J. Cosens (Commissioner), Dale E. Simon (Commissioner), Randall J. Doyal (Commissioner)]~~

Adopted by the Owatonna Public Utilities Commission on [DATE].

[Signature block for: President, Vice President, General Manager, Commissioner (×3)]

Effective: [DATE] | Revised: [DATE]

> Adoption block updated to reflect current Commission membership (names not pre-populated in draft). "Revised" line added to support future amendment tracking.

Summary of All Changes

Area	2018 Version	Revised Draft
Format / Structure	Single narrative page, no section headings	Nine numbered sections with descriptive headings; formal title/supersedes block
Information Collected	Name, phone, email (voluntary only); website/cookie data	Full enumeration: account/contact, billing/payment, service/usage (incl. AMI), account interaction, online/digital data
Permitted Uses	Billing, payments, contacting, resolving problems, improving services, *marketing*, website, legal	Utility programs, processes, and functions; legal/regulatory/audit — *marketing removed*
Third-Party Sharing Standard	"Directly advances the general welfare, health, or safety of the public"	"Consistent with OPU's obligations and serves a legitimate utility purpose"

Area	2018 Version	Revised Draft
AMI / Smart Meter Data	Not addressed (policy predates AMI)	New Section 4 acknowledges AMI data collection and affirms same protections
Digital / Cookie Language	Website only; "non-identifying" characterization; browser documentation reference	Website, portal, mobile app; updated browser/device preference language; no ad-network sharing
Data Security	"Sound security measures"	Administrative, technical, and physical safeguards; access limitation; ongoing review
Customer Rights	Not addressed	New Section 7 directs to MGDPA policy and Data Practices Compliance Officer
Data Retention	Not addressed	New Section 8: retention per purpose, legal/regulatory requirements, MN records retention
Contact Information	"Contact our office through one of our many contact methods"	Named Data Practices Compliance Officer with full contact details
MGDPA Reference	Not referenced	Acknowledged in Policy Statement; referenced in Sections 4, 7, 8

POLICY

ACCEPTABLE USE POLICY

1. OVERVIEW

Owatonna Public Utilities (OPU) embraces a culture of openness, trust, and integrity. This Acceptable Use Policy (AUP) aims to guide employees, contractors, and other users in the responsible use of OPU's data, networks, equipment, systems, Internet/Cloud services, and websites (collectively, "Systems") by our employees, contractors, and other users of the Services (collectively, "Users"). OPU is committed to protecting OPU's employees, partners, and the company from illegal or damaging actions by individuals, either knowingly or unknowingly.

OPU Systems, including but not limited to local and cloud hosted systems and services, network resources, and workstations, are the property of OPU. These Systems are to be used for business purposes in serving the interests of the company, and of our clients and customers.

Each User is personally responsible for understanding and adhering to these guidelines in the conduct of their activities.

2. PURPOSE

This policy outlines the acceptable use of OPU Systems to protect both the Systems and Users from potential risks such as cybersecurity attacks, compromise of Systems, and legal issues.

3. SCOPE

This policy applies to all Users interacting with OPU Systems, including personnel affiliated with third parties, and covers all Systems owned or leased by OPU.

4. <u>POLICY</u>

4.1 General Use and Ownership

4.1.1 OPU proprietary information stored on electronic and computing devices whether owned or leased by OPU, the employee, or a third party, remains the sole property of OPU.

4.1.2 Users have a responsibility to promptly report the theft, loss, unauthorized access, or unauthorized disclosure of OPU Systems. This includes but is not limited to the loss of a technology device, proprietary or sensitive data, or compromised credentials.

4.1.3 Users may access, use, or share OPU proprietary or sensitive information only to the extent it is authorized and necessary to fulfill their assigned job duties. In such cases, proprietary or sensitive information may only be shared with outside entities, including but not limited to 3rd parties, contractors, and external services, where an appropriate agreement is in place. For standard third-party services, a non-disclosure agreement is required at minimum. For AI tools and services, the governing agreement must include appropriate data protection provisions — including data ownership, prohibition on training models with OPU data, security standards, and breach notification — consistent with the requirements of the OPU AI Acceptable Use Policy. The Director of Technology is responsible for verifying these provisions are in place before any AI tool is approved for OPU use. Use of AI tools for OPU work is governed by the AI Acceptable Use Policy. Additionally, vendors providing services to OPU must proactively disclose any use of AI in the delivery of those services, including AI embedded in software platforms, automated decision-making features, analytics tools, and third-party integrations. This disclosure requirement applies at contract initiation and whenever a vendor materially changes how AI is used in their service. The Director of Technology is responsible for ensuring this requirement is reflected in vendor contracts and procurement processes.

4.1.4 OPU Systems are designed and intended for the sole purpose of conducting OPU business. Personal use may be allowed in limited amounts, subject to the following:

Users are responsible for exercising good judgment regarding the reasonableness of personal use. Personal use must occur primarily during break periods, lunch, or before and after work hours, and must not impact work productivity, deadlines, or system performance. Personal use of OPU Systems may be limited or prohibited based on the needs of conducting OPU business.

Users have no expectation of privacy when using OPU Systems, including for personal purposes. All activity on OPU Systems may be monitored, accessed, and reviewed by OPU IT staff and management. Additionally, as a municipal utility, OPU is subject to the Minnesota Government Data Practices Act (MGDPA). Activity on OPU Systems — including personal use — may be subject to public records requests, potentially making personal communications or activity publicly accessible. Users should carefully consider this exposure before using OPU Systems for personal matters, and are encouraged to use personal devices and accounts for sensitive personal topics.

The following personal uses are never acceptable on OPU Systems, regardless of timing:

- Illegal activities or content
- Content that violates OPU's harassment, discrimination, or workplace policies
- Operating a personal business or side venture
- Political campaigning or advocacy
- Any activity that could embarrass OPU or damage its public reputation

For personal use of AI tools specifically, additional standards and limitations apply as established in the OPU AI Acceptable Use Policy.

4.1.5 OPU reserves the right to monitor all Systems and User activity for security and AUP compliance purposes.

4.2 Security

4.2.1 System level and User level account security must comply with the secure access procedure governing secure User access and authentication to OPU systems and device protected lock screen settings. Providing access to another individual, either deliberately or through failure to secure its access, is prohibited.

4.2.2 Users are required to keep devices containing or having the ability to access proprietary or sensitive data appropriately secured (e.g., not leaving these items unattended in a public place or in open view inside a vehicle) and to limit access to only authorized Users.

4.2.3 Users may not install unauthorized software on OPU Systems, nor may they access or use unauthorized cloud-based services, web-based tools, browser extensions, or AI tools on OPU Systems or for OPU work. This includes free consumer versions of services where an enterprise equivalent exists or has been approved. Approval of software, cloud services, web-based tools, and access to OPU Systems will be conducted by the OPU Director of Technology or the OPU IT Supervisor.

4.2.4 Users must use extreme caution when accessing electronic communications from any source, as malicious actors increasingly use sophisticated methods — including AI-generated content, impersonation of trusted individuals, and social engineering — to compromise OPU Systems or obtain sensitive information. This applies regardless of the apparent sender. When in doubt about the legitimacy of any communication, Users should verify through a separate, known-good channel before clicking links, opening attachments, or acting on requests involving credentials, financial transactions, or sensitive data. Suspicious communications should be reported to the IT Department immediately.

4.3 Unacceptable Use

OPU emphasizes that Users are strictly prohibited from engaging in any activity that is illegal under local, state, federal, or international law while utilizing OPU Systems.

The lists below are by no means exhaustive but attempt to provide a framework for activities which fall into the category of unacceptable use. Users may be exempted from these restrictions during the course of their legitimate job responsibilities (e.g., IT staff activities needed to support, monitor, and secure OPU Systems).

4.3.1 System and Network Activities

The following activities are strictly prohibited, with no exceptions:

1. Violations of the rights of any person or company protected by copyright, trade secret, patent or other intellectual property, or similar laws or regulations, including, but not limited to, the installation or distribution of "pirated" or other software products that are not appropriately licensed for use by OPU.
2. Introduction of malicious code or applications into OPU Systems.
3. Effecting security breaches or disruptions of OPU Systems. Security breaches include, but are not limited to, accessing data of which the employee is not an intended recipient or logging into a server or account that the employee is not expressly authorized to access. For purposes of this section, "disruption" includes, but is not limited to, network monitoring or scanning, pinged floods, packet spoofing, denial of service, use of code or scripting to interfere with sessions or communications, and forged routing information for malicious purposes.
4. Accessing Systems or accounts for any purpose other than conducting OPU business is prohibited, except where personal use is explicitly permitted under Section 4.1.4 of this policy. Personal use must comply with all conditions and restrictions established in that section.
5. Revealing or sharing User account credentials with others or allowing use of a User account by other people or use of another User's account. This includes family and other household members when work is being done at home.
6. Using OPU Systems to actively engage in procuring or transmitting material that is in violation of sexual harassment policies or hostile workplace laws.
7. Using OPU Systems to make fraudulent offers of products, items, or services.
8. Circumventing user authentication or security of any host, network, or account.
9. Unauthorized removing, altering, or changing of OPU data, logs, or system configurations.
10. Sharing sensitive organization data, including customer identifiable data, with 3rd parties without an appropriate agreement in place. The required agreement standard varies by service type and is defined in Section 4.1.3 of this policy.

4.3.2 Communication Activities

When using OPU Systems, Users must realize they represent the company. There may be instances where a User states or represents a personal position or opinion while using OPU Systems. In such instances, the User must clearly indicate that “the opinions expressed are my own and not necessarily those of OPU.”

To minimize risk and complication concerning User communication using OPU Systems, the following activities are strictly prohibited, with no exceptions:

1. The use of OPU Systems to conduct personal or non-OPU business. This includes but is not limited to email use to support a personal business, personal correspondence unrelated to OPU business, and unsolicited propagation of personal views and agendas via OPU Systems.
2. Any form of harassment via OPU Systems, whether through language, frequency, or size of messages.
3. Manipulation of communication systems. This includes but is not limited to unauthorized use, or forging, of email header information.

4.3.3 Social Media

When using social media, Users must be cognizant of their representation of OPU. Users must be clear on social media what actions are personal and what actions are linked to OPU. In instances where there is the potential for confusion or ambiguity, Users must clearly indicate that “the opinions expressed are my own and not necessarily those of OPU.”

1. Personal use of social media using OPU Systems by Users is also subject to the terms and restrictions set forth in this policy. Limited and occasional use of OPU systems to engage in social media is acceptable, provided that it meets the conditions in Section 4.1.4 and does not otherwise violate OPU’s policy. Usage of social media from OPU’s systems is also subject to monitoring.
2. Use of social media by Users may not violate OPU’s Sexual Harassment and Workplace Violence policies.
3. OPU’s intellectual property, including but not limited to trademarks and logos, may not be used in connection with any social media activity without written approval.

4.4 Artificial Intelligence Tools

OPU’s use of artificial intelligence tools and services is governed by the OPU AI Acceptable Use Policy, which should be read in conjunction with this AUP. All staff using AI tools for OPU work must comply with that policy in addition to the requirements of this AUP.

The use of personal AI accounts, free consumer AI tools, or any AI service not approved by the Director of Technology for OPU work is prohibited, regardless of intent or perceived convenience. This includes browser-based AI assistants and AI features embedded in non-approved applications. Approved AI tools must be accessed using OPU organizational credentials, IT-provided methods, and any authentication controls required by IT.

Staff who are uncertain whether a specific AI tool or use case is permitted should consult the OPU AI Acceptable Use Policy or contact the IT Department before proceeding.

5. POLICY COMPLIANCE

5.1 Compliance Measurement

Compliance will be verified by OPU through various methods, including but not limited to system monitoring, business tool reports, internal and external audits.

5.2 Exceptions

Any exception to this policy must be approved by the OPU Director of Technology in advance. Where OPU has adopted supplemental policies governing specific technologies, systems, or use cases, those policies may establish their own tiered exception and approval processes. Such processes, when defined in an OPU-adopted policy, constitute valid exception mechanisms under this AUP and supersede the requirement for Director of Technology approval for matters within the scope of that supplemental policy.

5.3 Non-Compliance

Non-compliance may result in disciplinary action, up to and including termination for an OPU employee, or loss of access to OPU Systems for a contractor or outside entity. Use of OPU Systems for defamatory, illegal, or fraudulent purposes is also subject to civil liability and criminal prosecution. Where OPU has adopted supplemental policies governing specific technologies or use cases, those policies may define their own violation severity classifications and corresponding consequences. Such frameworks operate within and are consistent with this AUP's enforcement authority, and should be read together with this section when determining appropriate disciplinary response.

Related Documents: OPU AI Acceptable Use Policy · Data Security and Privacy Policy

Adopted this 26th day of May 2026 by the Owatonna Public Utilities Commission,

______________________________ , President
Gregory J. Vetter

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Sharon E. McLane
Vice President

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David Olson
Interim General Manager

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Jay S. Johnson
Commissioner

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Douglas A. Zirngible
Commissioner

____
Krista J. Louden
Commissioner

Effective: May 26, 2026
Revised: February 1, 2003
December 1, 2015
September 1, 2019
May 26, 2026

ACCEPTABLE USE POLICY — REDLINE

Policy 380.00 | Comparing: v4 (Effective February 1, 2024) → v5 (Revised [Date])
Prepared for OPU Commission review

Inserted text = new language added in v5 ~~Deleted text~~ = language removed from v4

This redline reflects all substantive changes between the adopted v4 AUP (February 1, 2024) and the proposed v5 revision. Sections with no substantive changes are noted but not reproduced in full.

Policy Header

Owatonna Public Utilities | Policy 380.00 | Effective: February 1, 2024 | Revised: [Date]

1. Overview

No substantive changes. Text is unchanged from v4.

2. Purpose

No substantive changes. Text is unchanged from v4.

3. Scope

No substantive changes. Text is unchanged from v4.

4. Policy

4.1 General Use and Ownership

4.1.1 *Unchanged.*

4.1.2 *Unchanged.*

4.1.3 Users may access, use, or share OPU proprietary or sensitive information only to the extent it is authorized and necessary to fulfill their assigned job duties. In such cases, proprietary or sensitive information may only be shared with outside entities, including but not limited to 3rd parties, contractors, ~~ChatGPT, or other online services where a data or non-disclosure agreement is in place.~~ and external services, where an appropriate agreement is in place. For standard third-party services, a non-disclosure agreement is required at minimum. For AI tools and services, the governing agreement must include appropriate data protection provisions — including data ownership, prohibition on training models with OPU data, security standards, and breach notification — consistent with the requirements of the OPU AI Acceptable Use Policy. The Director of Technology is responsible for verifying these provisions are in place before any AI tool is approved for OPU use. Use of AI tools for OPU work is governed by the AI Acceptable Use Policy. Additionally, vendors providing services to OPU must proactively disclose any use of AI in the delivery of those services, including AI embedded in software platforms, automated decision-making features, analytics tools, and third-party integrations. This disclosure requirement applies at contract initiation and whenever a vendor materially changes how AI is used in their service. The Director of Technology is responsible for ensuring this requirement is reflected in vendor contracts and procurement processes.

> **Summary of 4.1.3 changes:** Removed specific mention of "ChatGPT" (replaced with vendor-neutral language). Added tiered agreement standard distinguishing standard third-party tools (NDA minimum) from AI tools (must include data protection provisions). Added new vendor AI disclosure obligation requiring vendors to disclose AI use in their services, with a Director of Technology compliance role.

4.1.4 OPU Systems are designed and intended for the sole purpose of conducting OPU business. Personal use may be allowed in limited amounts~~, subject to the following:~~ subject to the following:

Users are responsible for exercising good judgment regarding the reasonableness of personal use. ~~Individual OPU departments are responsible for creating User guidelines concerning personal use of OPU Systems. In the absence of such guidelines, Users should consult their supervisor, manager, or the OPU IT Department.~~ Personal use must occur primarily during break periods, lunch, or before and after work hours, and must not impact work productivity, deadlines, or system performance. Personal use of OPU Systems may be limited or prohibited based on the needs of conducting OPU business.

Users have no expectation of privacy when using OPU Systems, including for personal purposes. All activity on OPU Systems may be monitored, accessed, and reviewed by OPU IT staff and management. Additionally, as a municipal utility, OPU is subject to the Minnesota Government Data Practices Act (MGDPA). Activity on OPU Systems — including personal use — may be subject to public records requests, potentially making personal communications or activity publicly accessible. Users should carefully consider this exposure before using OPU Systems for personal matters, and are encouraged to use personal devices and accounts for sensitive personal topics.

The following personal uses are never acceptable on OPU Systems, regardless of timing:

- Illegal activities or content
- Content that violates OPU's harassment, discrimination, or workplace policies
- Operating a personal business or side venture
- Political campaigning or advocacy
- Any activity that could embarrass OPU or damage its public reputation

For personal use of AI tools specifically, additional standards and limitations apply as established in the OPU AI Acceptable Use Policy.

> **Summary of 4.1.4 changes:** Replaced department-level guideline model with a unified, organization-wide personal use standard. Added explicit timing requirement (breaks, lunch, before/after hours). Added no-expectation-of-privacy statement and MGDPA/public records warning for personal use. Added never-acceptable uses list. Added cross-reference to AI Acceptable Use Policy for AI-specific personal use standards.

4.1.5 *Unchanged.*

4.2 Security

4.2.1 *Unchanged.*

4.2.2 *Unchanged.*

4.2.3 Users may not install unauthorized software on OPU Systems~~. Approval of software, devices, and access to OPU Systems will be conducted by the OPU Director of Technology or the OPU IT Supervisor.~~ , nor may they access or use unauthorized cloud-based services, web-based tools, browser extensions, or AI tools on OPU Systems or for OPU work. This includes free consumer versions of services where an enterprise equivalent exists or has been approved. Approval of software, cloud services, web-based tools, and access to OPU Systems will be conducted by the OPU Director of Technology or the OPU IT Supervisor.

> **Summary of 4.2.3 changes:** Expanded from software-only prohibition to cover cloud-based services, web tools, browser extensions, and AI tools. Added explicit prohibition on free consumer versions where an enterprise equivalent exists.

4.2.4 Users must use extreme caution when accessing electronic communications ~~from unknown senders containing links, attachments, or other methods, which may contain malware or attempt to phish sensitive information from the User.~~ from any source, as malicious actors increasingly use sophisticated methods — including AI-generated content, impersonation of trusted individuals, and social engineering — to compromise OPU Systems or obtain sensitive information. This applies regardless of the apparent sender. When in doubt about the legitimacy of any communication, Users should verify through a separate, known-good channel before clicking links, opening attachments, or acting on requests involving credentials, financial transactions, or sensitive data. Suspicious communications should be reported to the IT Department immediately.

> **Summary of 4.2.4 changes:** Modernized phishing warning. Removed the "unknown senders" qualifier (modern threats often impersonate trusted contacts). Added AI-generated content and social engineering as named threat vectors. Added verification guidance and reporting requirement.

4.3 Unacceptable Use

Introductory paragraph: Unchanged.

4.3.1 System and Network Activities

Items 1–9: *Unchanged (text is substantively identical; minor formatting normalization only).*

Item 4 (accessing Systems for non-OPU purposes): ~~Accessing Systems or accounts for any purpose other than conducting OPU business, even if the User has authorized access, is prohibited.~~ Accessing Systems or accounts for any purpose other than conducting OPU business is prohibited, except where personal use is explicitly permitted under Section 4.1.4 of this policy. Personal use must comply with all conditions and restrictions established in that section.

> **Summary of Item 4 change:** Reconciled the absolute prohibition with the personal use framework in 4.1.4, which permits limited personal use under specific conditions. The revised language preserves the prohibition but carves out the expressly permitted personal use.

Item 10 (sharing sensitive data without agreement): ~~Sharing sensitive organization data, including customer identifiable data, with 3rd parties without a signed non-disclosure agreement.~~ Sharing sensitive organization data, including customer identifiable data, with 3rd parties without an appropriate agreement in place. The required agreement standard varies by service type and is defined in Section 4.1.3 of this policy.

> **Summary of Item 10 change:** Updated to reflect the tiered agreement standard introduced in 4.1.3. "Signed non-disclosure agreement" replaced with "appropriate agreement" with a cross-reference to 4.1.3, which now requires higher-level data protection provisions for AI tools.

4.3.2 Communication Activities

Unchanged.

4.3.3 Social Media

Unchanged in substance. Minor structural reordering: the introductory paragraph ("When using social media…") was moved to precede the numbered items for improved readability. No content was added or removed.

4.4 Artificial Intelligence Tools *[New section — entirely new in v5]*

OPU's use of artificial intelligence tools and services is governed by the OPU AI Acceptable Use Policy, which should be read in conjunction with this AUP. All staff using AI tools for OPU work must comply with that policy in addition to the requirements of this AUP.

The use of personal AI accounts, free consumer AI tools, or any AI service not approved by the Director of Technology for OPU work is prohibited, regardless of intent or perceived convenience. This includes browser-based AI assistants and AI features embedded in non-approved applications. Approved AI tools must be accessed using OPU organizational credentials, IT-provided methods, and any authentication controls required by IT.

Staff who are uncertain whether a specific AI tool or use case is permitted should consult the OPU AI Acceptable Use Policy or contact the IT Department before proceeding.

> **Summary of Section 4.4:** Entirely new section. Establishes AUP-level prohibition on unapproved AI tools (personal accounts, consumer free tools, browser AI assistants, AI embedded in non-approved apps). Cross-references the AI Acceptable Use Policy as the governing document for AI-specific requirements. Sets credential and authentication requirements for approved AI tools.

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5. Policy Compliance

5.1 Compliance Measurement *Unchanged.*

5.2 Exceptions

~~Any exception to the policy must be approved by the OPU Director of Technology in advance.~~

Any exception to this policy must be approved by the OPU Director of Technology in advance. Where OPU has adopted supplemental policies governing specific technologies, systems, or use cases, those policies may establish their own tiered exception and approval processes. Such processes, when defined in an OPU-adopted policy, constitute valid exception mechanisms under this AUP and supersede the requirement for Director of Technology approval for matters within the scope of that supplemental policy.

> **Summary of 5.2 change:** Expanded to accommodate the AI Acceptable Use Policy's tiered approval framework (low/medium/high risk tiers). Supplemental policies may define their own exception processes for matters within their scope without requiring a separate Director of Technology approval for each instance.

5.3 Non-Compliance

~~Non-compliance may result in disciplinary action, up to and including termination for an OPU employee, or loss of access to OPU Systems for a contractor or outside entity. Use of OPU System for defamatory, illegal, or fraudulent purposes is also subject to civil liability and criminal prosecution.~~

Non-compliance may result in disciplinary action, up to and including termination for an OPU employee, or loss of access to OPU Systems for a contractor or outside entity. Use of OPU Systems for defamatory, illegal, or fraudulent purposes is also subject to civil liability and criminal prosecution. Where OPU has adopted supplemental policies governing specific technologies or use cases, those policies may define their own violation severity classifications and corresponding consequences. Such frameworks operate within and are consistent with this AUP's enforcement authority, and should be read together with this section when determining appropriate disciplinary response.

> **Summary of 5.3 change:** Preserved all original enforcement language. Added accommodation for the AI Acceptable Use Policy's violation severity table (minor/moderate/serious/severe tiers), which operates within the AUP's enforcement authority rather than replacing it.

Revision History

Version	Effective Date	Description	Approved By
1.0	February 1, 2003	Initial policy	OPU Commission
2.0	December 1, 2015	Revised	OPU Commission
3.0	September 1, 2019	Revised	OPU Commission
4.0	February 1, 2024	Revised	OPU Commission
5.0	[Date]	AI policy alignment; modernized security provisions; added vendor AI disclosure requirement to Section 4.1.3	OPU Commission

POLICY

ARTIFICIAL INTELLIGENCE ACCEPTABLE USE POLICY

I. PURPOSE AND SCOPE

This policy establishes requirements for the acceptable and responsible use of Artificial Intelligence (AI) tools and systems at Owatonna Public Utilities (OPU). The policy aims to:

- Enable staff to leverage AI technology safely and effectively
- Protect customer data, critical infrastructure information, and confidential utility data
- Ensure compliance with applicable laws and regulations
- Establish clear governance and accountability for AI use

This policy applies to all OPU employees, contractors, temporary staff, and vendors, all use of external AI tools and services for OPU work, all AI systems deployed by OPU, and all OPU data, regardless of format or location.

This policy supplements and must be read in conjunction with the OPU Acceptable Use Policy (AUP). The AUP establishes baseline conduct requirements that apply to all OPU Systems, including AI tools. This policy governs AI-specific requirements beyond that baseline.

II. GOVERNANCE STRUCTURE

Executive Sponsor/General Manager

- Overall accountability for AI policy and compliance
- Approval of high-risk AI system deployments
- Board reporting on AI use and incidents

Director of Technology

- Primary authority for AI tool approval and policy interpretation
- Oversight of AI tool procurement and vendor relationships
- Technical security and compliance oversight
- Policy review and updates

OPU Data Committee

- Review of medium and high-risk AI system proposals
- Policy recommendations and best practice development
- Cross-departmental coordination on AI initiatives

Department Managers

- Ensure staff compliance with policy
- Approve higher-risk uses within their departments
- Support staff training and responsible AI adoption
- Monitor and report AI-related issues

All Staff

- Comply with all policy requirements
- Complete training
- Use AI tools responsibly and within approved parameters
- Report policy violations or concerns

III. APPROVED TOOLS AND ACCEPTABLE USE

A. Approved AI Tool

OPU maintains an approved enterprise AI tool for general staff use (the "Approved AI Tool"). The currently approved tool is identified in the AI Policy Implementation Guide. The Director of Technology is responsible for tool selection and maintaining that designation.

All work-related AI use must be conducted through OPU's Approved AI Tool unless approved otherwise by the Director of Technology. Use of unauthorized AI tools, including free consumer AI tools, personal AI accounts, and browser-based AI assistants, is prohibited for OPU work as established in AUP Section 4.4.

Staff who obtain the appropriate approval for a particular use before proceeding are operating within policy. Approved use, conducted within the scope of the approval granted, is not subject to disciplinary action. Staff are encouraged to consult their manager, the Director of Technology, or the IT Department whenever they are uncertain whether a particular use is permitted; seeking guidance is consistent with this policy and will not, on its own, be treated as a violation.

B. Account Type Requirements

<u>OPU Enterprise Account: Approved AI Tool - Required</u>

Staff must access the Approved AI Tool using OPU organizational credentials, OPU's designated enterprise portal/access method, and any authentication controls required by IT. Staff must verify proper enterprise account access before using the Approved AI Tool for any OPU work. Verification procedures are detailed in the Implementation Guide.

Personal AI Accounts
The use of personal AI accounts for OPU work is prohibited as established in AUP Section 4.4. This includes free versions of AI tools, personally paid subscriptions, and any unauthorized AI tool accessed without OPU enterprise credentials.

Personal Use of the Approved AI Tool
Limited, reasonable personal use of the Approved AI Tool is permitted in accordance with AUP Section 4.1.4, which governs personal use of all OPU Systems including AI tools. Additional AI-specific guidance on personal use is provided in the Implementation Guide.

C. Other AI Tools
Staff may not use AI tools other than the Approved AI Tool for work purposes without prior written approval from the Director of Technology. Request procedures and the required request form are provided in Appendix B of the Implementation Guide.

D. Shadow AI
"Shadow AI" refers to the use of AI tools outside of OPU's approved and governed channels — including free consumer tools, personal subscriptions, browser-based AI assistants, and AI features embedded in non-approved applications. Shadow AI is prohibited for OPU work as established in AUP Sections 4.2.3 and 4.4. Staff who are aware of shadow AI use — by themselves or others — are expected to report it. Reporting procedures are detailed in the Incident Reporting section of the Implementation Guide.

E. Permitted Uses
Staff may use the Approved AI Tool for work-related purposes consistent with their job responsibilities, subject to the data classification restrictions in Section IV.

F. Prohibited Uses
Prohibited data inputs (in any approved AI tool):

- Customer PII, account numbers, addresses, or usage data
- Critical infrastructure data or system configurations
- Cybersecurity information (passwords, vulnerabilities, security configurations)
- Confidential employee information (SSNs, health data, performance records)
- Pending legal matters or attorney-client privileged information
- Sensitive financial data (payment card data, bank account numbers, financial statements)

These data input restrictions apply in addition to the data sharing and agreement requirements established in AUP Section 4.1.3. Full data classification standards and permitted use by classification are defined in Section IV of this policy.

Prohibited decision-making (without documented human review):

- Safety-critical operational decisions
- Critical operational decisions
- Customer billing or credit determinations
- Employee hiring, discipline, or performance evaluations
- Vendor selection or contract awards

All other prohibited uses — including illegal activity, harassment, circumventing security controls, and fraudulent purposes — are governed by AUP Sections 4.3.1, 4.3.2, and 4.4, and apply equally to use of AI tools.

The prohibitions on data inputs above apply absent the approvals and conditions established in Section IV. Use of Confidential or Restricted data with appropriate approval — or operational use of Confidential data by authorized staff within OPU's authorized environment as defined in Section IV — is governed by that section and is not a violation of this subsection.

IV. DATA CLASSIFICATION AND AI USE

OPU's Authorized Environment
Data sensitivity reflects the risk of unauthorized disclosure or use, not the existence of access by authorized staff. Customer information — including usage data — is Confidential outside OPU's authorized environment or when used inconsistently with its utility purpose. Access by authorized staff within that environment, in the course of assigned duties, is not disclosure and does not trigger disclosure-based controls.

The Approved AI Tool operates within OPU's authorized environment by virtue of the data protections in its governing agreement, as required by AUP Section 4.1.3 and Section VI.B. Any additional AI tool approved under this policy must meet equivalent standards to qualify.

Within that environment, authorized staff may use the Approved AI Tool for routine operational work — formatting, calculating, summarizing for their own use, or otherwise processing data they are already authorized to handle — without the approvals otherwise required for Confidential data.

Approvals below remain required for: (a) outputs leaving the authorized environment, including customer-facing content, regulatory filings, and other externally shared materials; (b) analytical, interpretive, or decision-supporting use of Confidential data; (c) Confidential data the staff member is not otherwise authorized to access; and (d) any use of Restricted data.

Data minimization applies in all cases: staff should use only the data necessary for the specific work being performed, and no more.

Classification Levels

Classification	Description
Public	Information available to or intended for the public
Internal	Operational data without customer or security sensitivity
Confidential	Sensitive information requiring protection, including customer PII, employee records, financial data, and vendor contracts
Restricted	Highly sensitive operational or security data, including critical infrastructure details, cybersecurity information, and credentials

For detailed classification examples and a quick decision guide, see Implementation Guide Section V.

Permitted AI Use by Classification

Classification	General Staff	Analytics / IT Staff
Public	Permitted	Permitted
Internal	Permitted with data minimization	Permitted with data minimization
Confidential	Prohibited unless anonymized with manager approval*	Permitted with Director of Technology approval**
Restricted	Prohibited	Permitted with Director of Technology approval**

** For uses described in subsections (a) through (d) of OPU's Authorized Environment subsection above, confidential data may be used only after proper anonymization/de-identification and with manager approval.*

***Confidential and Restricted data is permitted in the Approved AI Tool and OPU-deployed AI systems by Analytics and IT Staff with the approval of the Director of Technology.*

Staff must classify data before use and apply data minimization principles at all times. Anonymization procedures are detailed in the Implementation Guide.

The approval requirements in the table above apply to uses described in subsections (a) through (d) of OPU's Authorized Environment subsection earlier in this section. Operational use of Confidential data by authorized staff within OPU's authorized environment is permitted as described in that subsection and does not require additional approval beyond what is established there.

V. RISK ASSESSMENT AND APPROVALS

Staff Use of Approved AI Tool

- The approval pathways below apply within the framework established in Section IV. Routine operational use of Confidential data by authorized staff within OPU's authorized environment, as described in that section, does not require additional approval beyond what is established there.
  - **Standard use** (Public/Internal data, or operational use of Confidential data within OPU's authorized environment as described in Section IV): No additional approval required
  - **Manager approval required** for general staff use of anonymized Confidential data for the purposes described in Section IV subsections (a) through (d), or for sensitive Internal data
  - **Director of Technology approval required** for Analytics and IT staff use of Confidential or Restricted data for the purposes described in Section IV subsections (a) through (d)
  - **Uncertain classification or pathway:** Consult manager, the Director of Technology, or IT before proceeding

OPU-Deployed AI Systems

- AI systems deployed by OPU require approval based on risk level. Approval tiers, required approvers, and typical applications for each tier are defined in the Implementation Guide. All deployments require a documented risk assessment using the template provided in Appendix A of the Implementation Guide. This tiered approval framework constitutes the exception and approval process for AI-related matters under AUP Section 5.2.

VI. SECURITY REQUIREMENTS

Baseline security requirements for all OPU Systems — including device security, credential management, unauthorized access, and monitoring — are governed by the OPU Acceptable Use Policy and apply fully to AI tool use. The following AI-specific security requirements apply beyond that baseline.

A. Approved AI Tool Security Requirements
   - Staff must access the Approved AI Tool only through IT-provided approved methods using OPU organizational credentials and any authentication controls required by IT. IT provisions and manages all accounts with regular access reviews. Detailed security procedures are specified in the Implementation Guide.

B. Alternative Approved AI Tools
   - Any AI tools approved by the Director of Technology must meet minimum security requirements including enterprise licensing with appropriate data protection provisions consistent with AUP Section 4.1.3, authentication controls equivalent to those required by OPU IT, audit logging, administrative controls for OPU IT, and security standards equivalent to or exceeding those required of the Approved AI Tool.

C. OPU-Deployed AI Systems
   - OPU-deployed AI systems must meet all standard IT security requirements plus AI-specific requirements. Detailed requirements are specified in the Implementation Guide.

VII. ACCOUNTABILITY AND QUALITY CONTROL

- Staff are accountable for all work product, including AI-assisted work, consistent with their responsibilities under the OPU Acceptable Use Policy
- Critical decisions require documented human review and approval
- AI outputs must be verified for accuracy before use and cross-referenced with authoritative sources; guidance on managing AI output accuracy, including hallucination risk, is provided in the Implementation Guide
- AI-generated code must be tested before deployment
- AI-drafted external communications must be reviewed and approved by a human before sending
- Significant AI assistance in creating work product must be appropriately attributed

- OPU maintains a current inventory of approved AI tools and logs high-risk AI-assisted decisions

VIII. ETHICAL PRINCIPLES

- AI is used to augment staff capabilities, not replace human judgment in consequential decisions
- AI systems affecting customers or operations must be tested for accuracy and monitored on an ongoing basis
- As a municipal utility, OPU manages AI adoption conservatively, prioritizing public trust and transparency

IX. COMPLIANCE AND ENFORCEMENT

Monitoring

- OPU monitors usage, conducts compliance audits, and tracks AI-related incidents and exceptions. This monitoring is conducted under the authority established in AUP Section 4.1.5.

Reporting Violations

- Staff must immediately report suspected violations. Self-reported good-faith mistakes are treated more leniently and may result in training rather than discipline. Reporting channels: direct supervisor, IT Help Desk for technical violations, Director of Technology for significant concerns, or HR for violations involving harassment or discrimination. Detailed reporting procedures are in the Implementation Guide.

  Self-reported good-faith mistakes will ordinarily be addressed through training and coaching rather than disciplinary action. Disciplinary consequences are reserved for situations involving repeated violations, intentional concealment, significant harm, or other aggravating factors. Staff are encouraged to come forward promptly when a mistake occurs; doing so supports OPU's ability to remediate quickly and improve policies and procedures, and is recognized as a constructive response consistent with the expectations of this policy.

Violation Consequences

- The OPU Acceptable Use Policy establishes OPU's baseline enforcement framework under AUP Section 5.3, including disciplinary action up to termination. AI-specific violation severity guidance, operating within that framework, is provided in the Implementation Guide.

X. VENDOR MANAGEMENT

A. Vendor AI Disclosure
OPU requires vendors to disclose any use of AI in the delivery of services under contract. This obligation is established in AUP Section 4.1.3 and applies to all OPU vendor relationships. Staff who become aware of undisclosed vendor AI use should report it to the Director of Technology.

B. Approved AI Tool Vendor Oversight
   IT maintains current contracts and governing agreements with all approved AI vendors. As established in AUP Section 4.1.3, governing agreements for AI tools must include appropriate data protection provisions including data ownership, prohibition on training models with OPU data, security standards, retention and deletion terms, breach notification, and audit rights. IT conducts regular vendor performance reviews and monitors for vendor security incidents.
C. Procurement of Additional AI Tools
   If OPU approves additional AI tools, procurement must ensure the governing agreement meets the data protection standards established in AUP Section 4.1.3, including liability provisions and audit rights. Procurement due diligence requirements are detailed in the Implementation Guide.
D. Ongoing Vendor Oversight
   OPU conducts regular vendor performance reviews and security monitoring for all approved AI vendors. Oversight procedures and cadences are detailed in the Implementation Guide.

Related Documents: OPU Acceptable Use Policy · AI Policy Implementation Guide

Adopted this 26th day of May 2026 by the Owatonna Public Utilities Commission,

_______________________________________ , President
Gregory J. Vetter

____
Sharon E. McLane, Vice President

____
David Olson
Interim General Manager

____
Jay S. Johnson
Commissioner

____
Douglas A. Zirngible
Commissioner

Effective: May 26, 2026

____
Krista J. Louden
Commissioner

POLICY

ARTIFICIAL INTELLIGENCE ACCEPTABLE USE POLICY

1. PURPOSE AND SCOPE

This policy establishes requirements for the acceptable and responsible use of Artificial Intelligence (AI) tools and systems at Owatonna Public Utilities (OPU). The policy aims to:

- Enable staff to leverage AI technology safely and effectively
- Protect customer data, critical infrastructure information, and confidential utility data
- Ensure compliance with applicable laws and regulations
- Establish clear governance and accountability for AI use

This policy applies to all OPU employees, contractors, temporary staff, and vendors, all use of external AI tools and services for OPU work, all AI systems deployed by OPU, and all OPU data, regardless of format or location.

This policy supplements and must be read in conjunction with the OPU Acceptable Use Policy (AUP). The AUP establishes baseline conduct requirements that apply to all OPU Systems, including AI tools. This policy governs AI-specific requirements beyond that baseline.

2. GOVERNANCE STRUCTURE

Executive Sponsor/General Manager - Overall accountability for AI policy and compliance - Approval of high-risk AI system deployments - Board reporting on AI use and incidents

Director of Technology - Primary authority for AI tool approval and policy interpretation - Oversight of AI tool procurement and vendor relationships - Technical security and compliance oversight - Policy review and updates

OPU Data Committee - Review of medium and high-risk AI system proposals - Policy recommendations and best practice development - Cross-departmental coordination on AI initiatives

Department Managers - Ensure staff compliance with policy - Approve higher-risk uses within their departments - Support staff training and responsible AI adoption - Monitor and report AI-related issues

All Staff - Comply with all policy requirements - Complete training - Use AI tools responsibly and within approved parameters - Report policy violations or concerns

3. APPROVED TOOLS AND ACCEPTABLE USE

A. Approved AI Tool

OPU maintains an approved enterprise AI tool for general staff use (the "Approved AI Tool"). The currently approved tool is identified in the AI Policy Implementation Guide. The Director of Technology is responsible for tool selection and maintaining that designation.

All work-related AI use must be conducted through OPU's Approved AI Tool unless approved otherwise by the Director of Technology. Use of unauthorized AI tools, including free consumer AI tools, personal AI accounts, and browser-based AI assistants, is prohibited for OPU work as established in AUP Section 4.4.

Staff who obtain the appropriate approval for a particular use before proceeding are operating within policy. Approved use, conducted within the scope of the approval granted, is not subject to disciplinary action. Staff are encouraged to consult their manager, the Director of Technology, or the IT Department whenever they are uncertain whether a particular use is permitted; seeking guidance is consistent with this policy and will not, on its own, be treated as a violation.

B. Account Type Requirements

OPU Enterprise Account: Approved AI Tool - Required

Staff must access the Approved AI Tool using OPU organizational credentials, OPU's designated enterprise portal/access method, and any authentication controls required by IT. Staff must verify proper enterprise account access before using the Approved AI Tool for any OPU work. Verification procedures are detailed in the Implementation Guide.

Personal AI Accounts

The use of personal AI accounts for OPU work is prohibited as established in AUP Section 4.4. This includes free versions of AI tools, personally paid subscriptions, and any unauthorized AI tool accessed without OPU enterprise credentials.

Personal Use of the Approved AI Tool

Limited, reasonable personal use of the Approved AI Tool is permitted in accordance with AUP Section 4.1.4, which governs personal use of all OPU Systems including AI tools. Additional AI-specific guidance on personal use is provided in the Implementation Guide.

C. Other AI Tools
Staff may not use AI tools other than the Approved AI Tool for work purposes without prior written approval from the Director of Technology. Request procedures and the required request form are provided in Appendix B of the Implementation Guide.

D. Shadow AI
"Shadow AI" refers to the use of AI tools outside of OPU's approved and governed channels — including free consumer tools, personal subscriptions, browser-based AI assistants, and AI features embedded in non-approved applications. Shadow AI is prohibited for OPU work as established in AUP Sections 4.2.3 and 4.4. Staff who are aware of shadow AI use — by themselves or others — are expected to report it. Reporting procedures are detailed in the Incident Reporting section of the Implementation Guide.

E. Permitted Uses
Staff may use the Approved AI Tool for work-related purposes consistent with their job responsibilities, subject to the data classification restrictions in Section IV.

F. Prohibited Uses
Prohibited data inputs (in any approved AI tool): - Customer PII, account numbers, addresses, or usage data - Critical infrastructure data or system configurations - Cybersecurity information (passwords, vulnerabilities, security configurations) - Confidential employee information (SSNs, health data, performance records) - Pending legal matters or attorney-client privileged information - Sensitive financial data (payment card data, bank account numbers, financial statements)
These data input restrictions apply in addition to the data sharing and agreement requirements established in AUP Section 4.1.3. Full data classification standards and permitted use by classification are defined in Section IV of this policy.

Prohibited decision-making (without documented human review): - Safety-critical operational decisions - Critical operational decisions - Customer billing or credit determinations - Employee hiring, discipline, or performance evaluations - Vendor selection or contract awards

All other prohibited uses — including illegal activity, harassment, circumventing security controls, and fraudulent purposes — are governed by AUP Sections 4.3.1, 4.3.2, and 4.4, and apply equally to use of AI tools.

The prohibitions on data inputs above apply absent the approvals and conditions established in Section IV. Use of Confidential or Restricted data with appropriate approval — or operational use of Confidential data by authorized staff within OPU's authorized environment as defined in Section IV — is governed by that section and is not a violation of this subsection.

4. DATA CLASSIFICATION AND AI USE

OPU's Authorized Environment

Data sensitivity reflects the risk of unauthorized disclosure or use, not the existence of access by authorized staff. Customer information — including usage data — is Confidential outside OPU's authorized environment or when used inconsistently with its utility purpose. Access by authorized staff within that environment, in the course of assigned duties, is not disclosure and does not trigger disclosure-based controls.

The Approved AI Tool operates within OPU's authorized environment by virtue of the data protections in its governing agreement, as required by AUP Section 4.1.3 and Section VI.B. Any additional AI tool approved under this policy must meet equivalent standards to qualify.

Within that environment, authorized staff may use the Approved AI Tool for routine operational work — formatting, calculating, summarizing for their own use, or otherwise processing data they are already authorized to handle — without the approvals otherwise required for Confidential data.

Approvals below remain required for: (a) outputs leaving the authorized environment, including customer-facing content, regulatory filings, and other externally shared materials; (b) analytical, interpretive, or decision-supporting use of Confidential data; (c) Confidential data the staff member is not otherwise authorized to access; and (d) any use of Restricted data.

Data minimization applies in all cases: staff should use only the data necessary for the specific work being performed, and no more.

Classification Levels

Classification	Description
Public	Information available to or intended for the public
Internal	Operational data without customer or security sensitivity
Confidential	Sensitive information requiring protection, including customer PII, employee records, financial data, and vendor contracts
Restricted	Highly sensitive operational or security data, including critical infrastructure details, cybersecurity information, and credentials

For detailed classification examples and a quick decision guide, see Implementation Guide Section V.

Permitted AI Use by Classification

Classification	General Staff	Analytics / IT Staff
Public	Permitted	Permitted
Internal	Permitted with data minimization	Permitted with data minimization

Confidential	Prohibited unless anonymized with manager approval*	Permitted with Director of Technology approval**
Restricted	Prohibited	Permitted with Director of Technology approval**

* *For uses described in subsections (a) through (d) of OPU's Authorized Environment subsection above,* c~~C~~onfidential data may be used only after proper anonymization/de-identification and with manager approval.

**Confidential and Restricted data is permitted in the Approved AI Tool and OPU-deployed AI systems by Analytics and IT Staff with the approval of the Director of Technology.

Staff must classify data before use and apply data minimization principles at all times. Anonymization procedures are detailed in the Implementation Guide.

The approval requirements in the table above apply to uses described in subsections (a) through (d) of OPU's Authorized Environment subsection earlier in this section. Operational use of Confidential data by authorized staff within OPU's authorized environment is permitted as described in that subsection and does not require additional approval beyond what is established there.

5. RISK ASSESSMENT AND APPROVALS

The approval pathways below apply within the framework established in Section IV. Routine operational use of Confidential data by authorized staff within OPU's authorized environment, as described in that section, does not require additional approval beyond what is established there.

Staff Use of Approved AI Tool

- Standard use (Public/Internal data~~)~~ , or operational use of Confidential data within OPU's authorized environment as described in Section IV)::: No additional approval required
- **Manager approval required** for general staff use of anonymized Confidential data for the purposes described in Section IV subsections (a) through (d), or for sensitive Internal data
- **Director of Technology approval required** for Analytics and IT staff use of Confidential or Restricted data for the purposes described in Section IV subsections (a) through (d)
- ~~Higher-risk use (anonymized Confidential data or sensitive Internal data): Manager approval required~~
- Uncertain classification: Consult manager or IT before proceeding

OPU-Deployed AI Systems

AI systems deployed by OPU require approval based on risk level. Approval tiers, required approvers, and typical applications for each tier are defined in the Implementation Guide. All deployments require a documented risk assessment using the template provided in Appendix A of the Implementation Guide. This tiered approval framework constitutes the exception and approval process for AI-related matters under AUP Section 5.2.

6. SECURITY REQUIREMENTS

Baseline security requirements for all OPU Systems — including device security, credential management, unauthorized access, and monitoring — are governed by the OPU Acceptable Use Policy and apply fully to AI tool use. The following AI-specific security requirements apply beyond that baseline.

A. Approved AI Tool Security Requirements
Staff must access the Approved AI Tool only through IT-provided approved methods using OPU organizational credentials and any authentication controls required by IT. IT provisions and manages all accounts with regular access reviews. Detailed security procedures are specified in the Implementation Guide.

B. Alternative Approved AI Tools
Any AI tools approved by the Director of Technology must meet minimum security requirements including enterprise licensing with appropriate data protection provisions consistent with AUP Section 4.1.3, authentication controls equivalent to those required by OPU IT, audit logging, administrative controls for OPU IT, and security standards equivalent to or exceeding those required of the Approved AI Tool.

C. OPU-Deployed AI Systems
OPU-deployed AI systems must meet all standard IT security requirements plus AI-specific requirements. Detailed requirements are specified in the Implementation Guide.

7. ACCOUNTABILITY AND QUALITY CONTROL

- Staff are accountable for all work product, including AI-assisted work, consistent with their responsibilities under the OPU Acceptable Use Policy
- Critical decisions require documented human review and approval
- AI outputs must be verified for accuracy before use and cross-referenced with authoritative sources; guidance on managing AI output accuracy, including hallucination risk, is provided in the Implementation Guide

- AI-generated code must be tested before deployment
- AI-drafted external communications must be reviewed and approved by a human before sending
- Significant AI assistance in creating work product must be appropriately attributed
- OPU maintains a current inventory of approved AI tools and logs high-risk AI-assisted decisions

8. ETHICAL PRINCIPLES

- AI is used to augment staff capabilities, not replace human judgment in consequential decisions
- AI systems affecting customers or operations must be tested for accuracy and monitored on an ongoing basis
- As a municipal utility, OPU manages AI adoption conservatively, prioritizing public trust and transparency

9. COMPLIANCE AND ENFORCEMENT

Monitoring
OPU monitors usage, conducts compliance audits, and tracks AI-related incidents and exceptions. This monitoring is conducted under the authority established in AUP Section 4.1.5.

Reporting Violations
Staff must immediately report suspected violations. Self-reported good-faith mistakes are treated more leniently and may result in training rather than discipline. Reporting channels: direct supervisor, IT Help Desk for technical violations, Director of Technology for significant concerns, or HR for violations involving harassment or discrimination. Detailed reporting procedures are in the Implementation Guide.

Self-reported good-faith mistakes will ordinarily be addressed through training and coaching rather than disciplinary action. Disciplinary consequences are reserved for situations involving repeated violations, intentional concealment, significant harm, or other aggravating factors. Staff are encouraged to come forward promptly when a mistake occurs; doing so supports OPU's ability to remediate quickly and improve policies and procedures, and is recognized as a constructive response consistent with the expectations of this policy.

Violation Consequences
The OPU Acceptable Use Policy establishes OPU's baseline enforcement framework under AUP Section 5.3, including disciplinary action up to termination. AI-specific violation severity guidance, operating within that framework, is provided in the Implementation Guide.

10. VENDOR MANAGEMENT

A. Vendor AI Disclosure
OPU requires vendors to disclose any use of AI in the delivery of services under contract. This obligation is established in AUP Section 4.1.3 and applies to all OPU vendor relationships. Staff who become aware of undisclosed vendor AI use should report it to the Director of Technology.

B. Approved AI Tool Vendor Oversight
IT maintains current contracts and governing agreements with all approved AI vendors. As established in AUP Section 4.1.3, governing agreements for AI tools must include appropriate data protection provisions including data ownership, prohibition on training models with OPU data, security standards, retention and deletion terms, breach notification, and audit rights. IT conducts regular vendor performance reviews and monitors for vendor security incidents.

C. Procurement of Additional AI Tools
If OPU approves additional AI tools, procurement must ensure the governing agreement meets the data protection standards established in AUP Section 4.1.3, including liability provisions and audit rights. Procurement due diligence requirements are detailed in the Implementation Guide.

D. Ongoing Vendor Oversight
OPU conducts regular vendor performance reviews and security monitoring for all approved AI vendors. Oversight procedures and cadences are detailed in the Implementation Guide.

Related Documents: OPU Acceptable Use Policy · AI Policy Implementation Guide

Adopted this 28th day of April 2026 by the Owatonna Public Utilities Commission,

____ , President
Kent D. Rossi

____
Gregory J. Vetter
Vice President

____
David Olson
Interim General Manager

____
Jay S. Johnson
Commissioner

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Douglas A. Zirngible
Commissioner

Effective: April 28, 2026

____
Sharon E. McLane
Commissioner

Effective: 05-26-2026

AI POLICY IMPLEMENTATION GUIDE

OWATONNA PUBLIC UTILITIES

This Implementation Guide supports the AI Acceptable Use Policy (Policy #381.00) and the OPU Acceptable Use Policy (Policy #380.00) and should be read in conjunction with both policies. In case of conflict, those policies take precedence.

I. PURPOSE

This guide provides operational procedures, templates, and reference materials supporting the AI Acceptable Use Policy. In all cases, the AI Acceptable Use Policy and the OPU Acceptable Use Policy take precedence over this guide.

II. CURRENTLY APPROVED AI TOOL

OPU's currently approved enterprise AI tool is Claude Teams, provided by Anthropic.

The AI Acceptable Use Policy refers to the approved tool generically as the "Approved AI Tool" rather than by name. This is intentional: the AI Acceptable Use Policy requires Commission approval to amend, and tying a specific vendor name to policy language would require Commission action to change tools — even for a routine operational decision within the Director of Technology's authority. By naming the tool here instead, OPU can update the approved tool without a policy amendment, so long as the new tool meets the selection criteria established in the policy.

Claude Teams was selected based on its strong data protection and privacy commitments, contractual prohibition on using OPU data for model training, enterprise-grade security controls, and cost-effectiveness for municipal operations. These protections are built into the Claude Teams subscription agreement and do not require a separately negotiated data processing agreement.

If OPU's approved tool changes, the Director of Technology will update this section and the account verification checklist below. Staff should verify they are using the currently listed tool before conducting any OPU work with AI assistance.

III. OWATONNA PUBLIC UTILITIES APPROACH TO AI

- Why OPU Uses AI
  - OPU's adoption of AI tools is guided by a straightforward principle: AI should help our staff do their jobs better, not replace the human judgment that our customers and community depend on. As a municipal utility, we have an obligation to manage new technologies responsibly, transparently, and in a way that maintains the public trust placed in us.
- AI as a Tool, Not a Decision-Maker
  - AI is used at OPU to augment staff capabilities — handling routine tasks, surfacing information faster, and supporting better-informed decisions. Consequential decisions affecting customers, operations, safety, or staff remain the responsibility of OPU employees. AI can inform those decisions; it does not make them. This is reflected in the human-in-the-loop requirements throughout the AI Acceptable Use Policy.
- Accuracy and Reliability
  - OPU expects AI tools used in our operations to be accurate and reliable for their intended purpose. AI systems affecting customers or operations are tested before deployment and monitored on an ongoing basis. Staff are expected to verify AI outputs before acting on them. Guidance on managing AI output accuracy, including hallucination risk, is provided in Section IX of this guide.
- Workforce Development:
  - OPU is committed to building staff AI literacy and supporting employees as AI tools evolve. Training is provided to help staff use AI tools effectively and responsibly. OPU views AI adoption as an opportunity to enhance how our staff deliver customer-focused utility services, and is committed to managing that transition in a way that supports rather than undermines our workforce.
- Conservative, Trust-First Adoption
  - As a public entity, OPU adopts AI conservatively. We pursue the benefits AI can offer while managing risks carefully and maintaining the transparency our community expects. When in doubt, we err on the side of protecting customer data, operational safety, and public trust.
- Managing Shadow AI
  - OPU recognizes that shadow AI typically arises not from malicious intent but from productivity pressure and slow approval processes. To reduce the conditions that create it, OPU commits to maintaining a reasonable and accessible approval process for alternative tools. Staff who become aware of shadow AI use — by themselves or others — are expected to report it as outlined in the Incident Reporting section of this guide. Managers are expected to watch for and address shadow AI proactively as part of their oversight responsibilities.

IV. CLAUDE TEAMS ACCOUNT VERIFICATION

Before using Claude Teams for any OPU work, verify the following:

- ☐ Logged in with @owatonnautilities.com email
- ☐ "Owatonna Public Utilities" organization name is visible in the interface
- ☐ Accessed through the IT-provided link or portal (not a personal bookmark)
- ☐ Multi-factor authentication (MFA) was required at login
- ☐ Data use is consistent with Section VI (Data Classification Reference) of this guide

If any item cannot be confirmed, stop — do not enter any OPU data. Log out completely and contact the IT Help Desk for proper access setup.

V. PERSONAL USE OF CLAUDE TEAMS

Personal use of Claude Teams is permitted in accordance with AUP Section 4.1.4, which establishes OPU's organization-wide personal use standards applicable to all OPU Systems. Those standards — including the no-expectation-of-privacy requirement, MGDPA public records exposure, timing and productivity requirements, and the never-acceptable uses list — apply equally to personal use of Claude Teams and should be reviewed before using Claude Teams for personal matters.

The following guidance is specific to personal use of Claude Teams and supplements the AUP standards.

- Appropriate Personal Uses of Claude Teams
    - The following are generally acceptable personal uses of Claude Teams during breaks or outside work hours:
        - Learning new skills or hobbies
        - General information lookup (recipes, weather, historical facts)
        - Educational assistance (homework help, certification study)
        - Creative writing or personal brainstorming
        - Travel planning and research
        - General personal productivity
- Protecting Yourself
    - Before using Claude Teams for personal matters, ask: *"Would I be comfortable if this conversation became public or my supervisor saw it?"* For sensitive personal topics, use your own AI accounts on personal devices.

VI. DATA CLASSIFICATION REFERENCE

This reference applies the framework established in AI Acceptable Use Policy Section IV. Operational use of Confidential data by authorized staff within OPU's authorized environment — routine work such as formatting, calculating, or summarizing data the staff member is already authorized to handle — is permitted without additional approval. Approval pathways apply when use crosses into the four conditions identified in Policy Section IV: outputs leaving the authorized environment, analytical or decision-supporting use, access beyond authorization, or any use of Restricted data. See the Operational Use of Confidential Data subsection below for examples.

Quick Decision Guide

If the data contains…	Classification	Claude Teams Permitted?
Already-public information	Public	Yes
General procedures, non-sensitive communications	Internal	Yes, with data minimization
Customer names, accounts, addresses, usage data	Confidential	Operational use by authorized staff: Yes (within OPU's authorized environment). For the four conditions in Policy Section IV: General staff — anonymize and obtain manager approval. Analytics/IT — Director of Technology approval.
Employee personnel or health records	Confidential	Operational use by authorized staff: Yes (within OPU's authorized environment). For the four conditions in Policy Section IV: General staff — anonymize and obtain manager approval. Analytics/IT — Director of Technology approval.
Vendor contracts, strategic plans, financial accounts	Confidential	Operational use by authorized staff: Yes (within OPU's authorized environment). For the four conditions in Policy Section IV: General staff — anonymize and obtain manager approval. Analytics/IT — Director of Technology approval.
SCADA configs, network architecture, credentials	Restricted	General staff: No. Analytics/IT with Director of Technology approval: Yes. Credentials, passwords, and encryption keys remain prohibited inputs regardless of approval.
Cybersecurity vulnerabilities, CIP data	Restricted	General staff: No. Analytics/IT with Director of Technology approval: Yes.

When in doubt, ask your manager before proceeding. For uncertain situations involving the authorized environment framework, the Director of Technology or IT can also help clarify.

Operational Use of Confidential Data — What This Means in Practice

- Policy Section IV recognizes that authorized staff handling Confidential data in the course of their assigned duties are not creating new disclosure risk when they use the Approved AI Tool to help with that work. This subsection illustrates the distinction between operational use (permitted without additional approval) and the four conditions where approval still applies.
- Examples of operational use within OPU's authorized environment (no additional approval required):
    - A billing clerk uses the Approved AI Tool inside Excel to help format or pivot a customer usage report they already produced through normal billing systems.
    - An operations staff member asks the Approved AI Tool to help summarize a vendor contract they are reviewing for their own understanding.
    - An engineer uses the Approved AI Tool to help calculate or organize service area data they already have access to as part of their duties.
    - A staff member asks the Approved AI Tool to help draft notes from a meeting they attended that involved Confidential information.
- Examples of use that DOES require approval (one or more of the four Policy Section IV conditions applies):
    - Outputs leaving the authorized environment: Using AI to help draft a customer notice, regulatory filing, vendor communication, or any content that will be shared outside OPU — even if the underlying data was operationally accessed.
    - Analytical or interpretive use: Asking the AI to identify patterns in customer behavior, recommend customers for outreach, support decisions about customer accounts, or interpret data to draw conclusions.
    - Access beyond authorization: Using Confidential data the staff member would not normally handle as part of their assigned duties — for example, a marketing staff member working with billing data, or an operations staff member working with personnel records.
    - Restricted data: Any use of SCADA configurations, network architecture, cybersecurity information, or critical infrastructure data requires Director of Technology approval; credentials, passwords, and encryption keys remain prohibited inputs regardless of approval.

When in doubt about whether a use is operational or falls into one of the four conditions, ask your manager, the IT Department, or the Director of Technology before proceeding. As established in Policy Section III.A, seeking guidance is consistent with policy and will not, on its own, be treated as a violation.

Classification Examples:

- Public: Published annual reports, public website content, news releases, published rate schedules, general service area information
- Internal: General operational procedures, non-sensitive internal communications, standard forms and templates, publicly available technical specifications, industry best practices documentation
- Confidential: Customer names, addresses, phone numbers, account numbers, usage data; employee personnel files or performance reviews; vendor contracts and pricing; strategic plans not yet public; financial account information
- Restricted: SCADA system configurations; cybersecurity vulnerability information; network architecture details; passwords, encryption keys, access credentials; critical infrastructure protection (CIP) data; trade secrets and proprietary methods; incident response procedures with security details

VII. DATA MINIMIZATION IN PRACTICE

AI Acceptable Use Policy Section IV defines data minimization as using only the data necessary for the specific work being performed, and no more. This principle applies in all cases, including operational use within OPU's authorized environment. The following examples illustrate what data minimization looks like in practice.

Apply Data Minimization By…

- Using an excerpt or relevant section rather than a full document when the full document isn't needed (a single contract clause, not the entire contract)
- Including only the columns or fields relevant to the question (one or two columns from a report, not the entire spreadsheet)
- Using a representative sample rather than the entire dataset when looking for patterns or testing an approach
- Asking about one customer or account at a time when working with customer data, rather than feeding in a broader population
- Removing fields that aren't needed for the task before invoking the AI — even when those fields are part of data you're authorized to access
- Summarizing or pre-filtering long inputs (e.g., a meeting transcript section relevant to the question, not the full transcript)

Data Minimization vs. Anonymization
Data minimization and anonymization are different practices that often work together. Data minimization reduces the volume of data used to what is necessary; the data may still be identifiable. Anonymization removes identifiers so the data is no longer about specific individuals. Operational use within the authorized environment requires data minimization but does not require anonymization. The four Policy Section IV conditions that require approval also

require anonymization for general staff (with manager approval), unless Director of Technology approval is granted for Analytics or IT staff to use non-anonymized data.

VIII. DATA ANONYMIZATION

Anonymization is required when Confidential data will be used for one of the four conditions identified in Policy Section IV (outputs leaving the authorized environment, analytical or decision-supporting use, access beyond authorization, or use of Restricted data) and the use is by general staff with manager approval. For operational use of Confidential data within OPU's authorized environment, data minimization applies but anonymization is not required. When anonymization is required, apply the following steps before inputting any data.

Step 1: Remove Direct Identifiers
- Names (customer, employee, vendor)
- Account numbers
- Street and email addresses
- Phone numbers
- Social Security Numbers
- Any unique identifiers

Step 2: Remove Indirect Identifiers
- Dates of birth → use age ranges (e.g., "50–60 years old")
- Specific locations → use general regions (e.g., "northeast service area")
- Unique combinations of characteristics that could enable re-identification
- Categories with fewer than 5 individuals

Step 3: Aggregate or Generalize
- Use ranges instead of specific values (e.g., "$100–150" not "$127.43")
- Combine small categories into larger ones
- Use percentages instead of counts where appropriate

Step 4: Use Synthetic or Composite Examples
- Create synthetic data that represents patterns without using actual records
- Use composite examples combining features from multiple cases
- Generate hypothetical scenarios based on general patterns rather than specific individuals

Step 5: Document and Get Approval
- Record what identifiers were removed and the method used
- Note any limitations or re-identification risks

- Obtain manager approval (general staff) or Director of Technology approval (Analytics/IT staff) before proceeding

Anonymization Examples

❌ Wrong	✅ Right
"Customer John Smith at 123 Main St, account #12345, used 850 kWh in January"	"A residential customer in the downtown area used approximately 850 kWh in a winter month"
"Employee Sarah Johnson's review shows she missed 3 deadlines"	"A staff member in operations received feedback about deadline management"

Analytics and IT Staff Using Non-Anonymized Data

- When Director of Technology approval is granted to use Confidential or Restricted data without anonymization, the following safeguards are required:
  - Document the business justification and approval received
  - Use only the minimum data necessary for the specific purpose
  - Implement strict access controls and enable comprehensive audit logging
  - Establish data retention and deletion procedures
  - Use secure methods for data transfer and storage
- Even with approval, the following remain prohibited:
  - Sharing data outside approved systems or personnel
  - Using data for purposes beyond the approved scope
  - Retaining data longer than necessary
  - Bypassing security controls or audit logging
  - Using personal AI accounts for approved work

IX. SECURITY PROCEDURES

Baseline security requirements for all OPU Systems are governed by the OPU Acceptable Use Policy. The following procedures are specific to the Approved AI Tool and any additionally approved AI tools, and supplement the AUP baseline.

Account Management

- IT provisions all Approved AI Tool accounts
- Access reviews are conducted quarterly by IT and department managers
- Accounts are immediately deprovisioned upon separation or role change
- Accounts inactive for 90 days are automatically disabled
- Contractors and temporary staff receive time-limited access
- Manager approval is required for account reactivation

Device and Network

- The Approved AI Tool may be accessed from OPU-managed devices
- Personal device access requires prior IT approval and device compliance verification (updated OS, antivirus, encryption)
- Avoid use on public or unsecured Wi-Fi when working with any sensitive data; if outside the OPU network on an unsecured connection, use VPN.

Data Handling in the Approved AI Tool

- Never paste passwords, API keys, or credentials into the Approved AI Tool
- Avoid pasting entire databases or large datasets — apply data minimization (see Section VII)
- Do not export conversations containing confidential data to unsecured locations
- Do not store Approved AI Tool outputs containing confidential data in personal cloud storage
- Do not use browser extensions or third-party tools that intercept Approved AI Tool communications

X. UNDERSTANDING AI HALLUCINATION RISK

Generative AI tools, including OPU's Approved AI Tool, can produce outputs that are plausible-sounding but factually incorrect, fabricated, or misleading. This is known as "hallucination" and is an inherent characteristic of how large language models work — not a bug or malfunction, but a known limitation staff must account for.

Why It Matters for OPU

- In a utility environment, errors in AI-generated content can have real consequences — incorrect regulatory information, flawed technical procedures, inaccurate customer-facing content, or miscited policy language. The risk is higher when:
    - The topic is technical, legal, regulatory, or highly specific
    - The AI is asked to recall precise figures, dates, names, or citations
    - Outputs are used without cross-referencing authoritative sources
    - Staff assume confident-sounding responses are accurate
- How to Manage Hallucination Risk
    - Always verify before you reply. AI output should be treated as a starting point, not a final answer — particularly for anything that will be acted upon, shared externally, or used in a decision.
    - Cross-reference authoritative sources. For regulatory requirements, technical specifications, legal language, or customer-affecting content, verify AI outputs against official sources (industry rules, vendor documentation, applicable statutes).

- Be skeptical of specifics. AI is more reliable for general reasoning and drafting than for precise facts, statistics, citations, or highly specialized technical content. The more specific the claim, the more it warrants verification.
- Don't correct AI with more AI. If an output seems wrong, verify it through a reliable source — not by asking the AI to confirm or revise its own answer.
- Calibrate to stakes. A hallucination in a brainstorming draft is low risk. A hallucination in a customer notice, regulatory filing, or operational procedure is high risk and requires careful review.

XI. OPU-DEPLOYED AI SYSTEMS: APPROVAL TIERS

AI systems deployed by OPU require approval based on risk level. The following table identifies the required approval authority and typical applications for each tier. This tiered approval framework constitutes the exception and approval process for AI-related matters under AUP Section 5.2.

Risk Level	Approval Required	Typical Applications
Low	Department Head	Internal productivity tools, non-customer-facing analytics
Medium	Data Committee + Director of Technology	Customer-facing informational tools, operational support systems
High	Executive (General Manager)	Systems affecting billing, safety-critical operations, systems using Confidential customer data

XII. TRAINING COMPLETION CHECKLIST

OPU will provide training covering: policy requirements, Claude Teams account verification, data classification, authorized environment framework, prohibited uses, and violation reporting. IT staff and managers receive additional role-specific training.

All Staff (Annual)
Policy Fundamentals:

- ☐ Completed data classification training
- ☐ Reviewed prohibited uses and examples
- ☐ Know how to verify Approved AI Tool enterprise account (see Section IV of this guide)
- ☐ Know how to report violations or concerns

Practical Skills:

- ☐ Can classify common data types
- ☐ Understand OPU's authorized environment framework: when operational use is permitted without approval and when approval applies
- ☐ Understand the difference between manager approval (general staff, anonymized) and Director of Technology approval (Analytics/IT)
- ☐ Understand anonymization basics
- ☐ Understand data minimization in practice (see Section VII)
- ☐ Can identify prohibited uses

Acknowledgment:

- ☐ I understand the requirements and my responsibilities under both the AI Acceptable Use Policy and the OPU Acceptable Use Policy
- ☐ I will not use personal AI accounts or unauthorized AI tools for OPU work
- ☐ I will only use the approved enterprise account for the Approved AI Tool

Training Date: ______________________________

Staff Signature: ______________________________

Supervisor Signature: ______________________________

Additional — IT Staff

- Technical security requirements for AI tools
- Account provisioning and deprovisioning procedures
- Audit logging and monitoring
- Vendor security assessment criteria consistent with AUP Section 4.1.3
- Incident response for AI-related security issues

Additional — Managers

- Approval processes for higher-risk uses under both the AI Acceptable Use Policy and AUP Section 5.2
- Evaluating whether a proposed use falls within OPU's authorized environment or one of the four Policy Section IV conditions requiring approval
- Risk assessment procedures
- Team oversight and monitoring responsibilities, including awareness of shadow AI

- How to evaluate data classification questions
- Violation reporting and investigation procedures under both the AI Acceptable Use Policy and AUP Section 5.3

XIII. INCIDENT REPORTING PROCEDURES

When to Report

Immediately:
- Confidential or Restricted data entered into an unauthorized AI tool
- Discovery of a data breach or unauthorized access
- Malicious use of AI tools
- Safety-critical decision made solely by AI without human review
- Suspected fraud or intentional policy circumvention
- Discovery of shadow AI use or unauthorized AI tool use as defined in AUP Sections 4.2.3 and 4.4

Within 24 Hours:
- Use of unapproved AI tools for work
- Recurring minor violations of either the AI Acceptable Use Policy or the OPU Acceptable Use Policy
- Accidental input of sensitive data (self-reported)
- Technical security issues with AI tools

How to Report
- Step 1: Stop the Activity.
    - Immediately cease using the unauthorized tool or data. Do not delete evidence or logs. Document what occurred.
- Step 2: Choose the Right Channel.
    - Self-reported accidental violations → Direct supervisor
    - Technical or security issues → IT Help Desk: support@owatonnautilities.com
    - Significant violations → Director of Technology
    - Harassment or discrimination → HR Department
- Step 3: Provide Details.
    - What happened (specific tool, data, action taken)
    - When it occurred
    - What data was involved
    - Whether it is self-reported or observed
    - What steps you have already taken
- Step 4: Cooperate with Investigation.
    - Respond to follow-up questions, provide access to accounts or logs as requested, and complete any required remedial training.

Self-Reporting Benefits

- Self-reported good-faith mistakes will ordinarily be addressed through training and coaching rather than disciplinary action, as established in AI Policy Section IX and AUP Section 5.3. Disciplinary consequences are reserved for situations involving repeated violations, intentional concealment, significant harm, or other aggravating factors. Prompt self-reporting demonstrates good faith, enables faster remediation, and helps OPU improve policies and procedures. Staff are encouraged to come forward promptly when a mistake occurs.

AI-Specific Violation Severity Guidance

- The following AI-specific severity guidance applies within the AUP's baseline enforcement framework and constitutes the violation classification system referenced in AUP Section 5.3. Factors considered in all cases include intent, self-reporting, actual harm, cooperation, and training history.

Severity	Examples	Potential Consequences
Minor	Unintentional personal account use; prompt self-report	Counseling, additional training
Moderate	Repeated minor violations; unapproved tool use	Written warning, temporary AI access suspension
Serious	Intentional circumvention; unreported Confidential data input	Suspension, permanent AI access revocation
Severe	Malicious use; significant data breach; fraud	Immediate suspension pending investigation; potential termination

XIV. QUICK REFERENCE

Before You Use AI — 5-Second Account and Use Check

Condensed from the full verification checklist in Section IV of this guide and the Data Classification Reference in Section VI.

- ☐ Logged in with @owatonnautilities.com email?
- ☐ "Owatonna Public Utilities" organization name visible?
- ☐ Accessed through the IT-provided link or portal?
- ☐ MFA was required at login?
- ☐ Is your use one of the following: (a) Public or Internal data; (b) operational use of Confidential data you're authorized to handle, within OPU's authorized environment; or (c) a use you've obtained the required approval for (manager approval for general

staff with anonymized Confidential data, or Director of Technology approval for Analytics/IT)?

All yes → Proceed. Any no → Stop and consult the AI Acceptable Use Policy, the OPU Acceptable Use Policy, or your manager.

If You Make a Mistake

- Stop immediately
- Tell your supervisor right away
- Do not attempt to cover it up
- Cooperate to fix the problem

Self-reported good-faith mistakes will ordinarily result in training and coaching rather than discipline. See AI Policy Section IX and AUP Section 5.3.

Contact Information

Need	Contact
General questions about AI tools	Your department manager
General questions about AUP or OPU Systems	Your department manager
Technical issues / IT Help Desk	support@owatonnautilities.com
AI policy interpretation	Director of Technology
AUP interpretation	Director of Technology
Alternative AI tool requests	Director of Technology (written request required — see Appendix B of this guide)
Security concerns	IT Supervisor or Director of Technology
Training and HR matters	HR Department
Violation reporting	Supervisor → IT Help Desk → Director of Technology → HR
Shadow AI or unauthorized tool reporting	IT Help Desk or Director of Technology

APPENDIX A — AI SYSTEM DEPLOYMENT RISK ASSESSMENT

Use this template when proposing deployment of an AI system at OPU.

- System Information
  - System name and purpose:
  - Vendor/provider:
  - Proposed implementation date:
  - Department(s) affected:
  - Project sponsor:
- Data Assessment
  - Data types the system will access: ☐ Public ☐ Internal ☐ Confidential ☐ Restricted
  - Will it process customer PII? ☐ Yes ☐ No
  - Will it access critical infrastructure data? ☐ Yes ☐ No
  - Data protection measures in place:
- Operational Impact
  - Is this customer-facing? ☐ Yes ☐ No
  - Does it affect billing or service delivery? ☐ Yes ☐ No
  - Is it safety-critical? ☐ Yes ☐ No
  - What decisions will it make or support?
- Risk Evaluation
  - Accuracy requirements: ☐ High ☐ Medium ☐ Low
  - Impact if system fails: ☐ Severe ☐ Moderate ☐ Minor
  - Can decisions be reviewed by humans? ☐ Yes ☐ No
  - Transparency requirements: ☐ High ☐ Medium ☐ Low
  - Bias evaluation completed? ☐ Yes ☐ No ☐ N/A
  - Vendor security certifications verified? ☐ Yes ☐ No
  - Public records implications considered? ☐ Yes ☐ No
  - Alternative solutions evaluated? ☐ Yes ☐ No

Deactivation Criteria

- Under what conditions should this system be suspended or deactivated?
- Who has authority to deactivate the system if performance degrades?
- What is the fallback process if the system is taken offline?
- How will performance be monitored on an ongoing basis, and at what threshold will review be triggered?

Preliminary Risk Rating

- ☐ Low Risk — Department head approval
- ☐ Medium Risk — OPU Data Committee + Director of Technology approval
- ☐ High Risk — Executive (General Manager) approval required

Submit completed assessment to the Director of Technology.

XV. VENDOR PROCUREMENT AND OVERSIGHT

Procurement Due Diligence

- When evaluating any additional AI tool for approval, the Director of Technology must conduct due diligence including the following:
    - Verification of vendor security certifications
    - References from public sector or utility clients
    - Financial stability assessment
    - Review of data handling and privacy policies
    - Confirmation that liability provisions and audit rights are addressed in the governing agreement

Ongoing Vendor Oversight

- IT conducts the following oversight activities for all approved AI vendors:
    - Annual vendor performance reviews
    - Quarterly security and compliance check-ins
    - Review of vendor audit reports
    - Monitoring of vendor security incidents
    - Maintenance of incident response coordination procedures

APPENDIX B — ALTERNATIVE AI TOOL REQUEST FORM

Use this form to request approval for an AI tool other than the Approved AI Tool.

- Requestor Information
    - Name and Department:
    - Date of Request:
    - Manager Name:
- Tool Information
    - AI tool/service requested:
    - Vendor/provider:
    - Licensing type: ☐ Free ☐ Personal Paid ☐ Enterprise
    - Website/access URL:

- Business Justification
  - Describe the business need:
  - Why is the Approved AI Tool insufficient for this purpose?
  - What specific capabilities are required?
  - How long will this tool be needed?
- Data Usage
  - What types of OPU data will be used? ☐ Public ☐ Internal ☐ Confidential ☐ Restricted
  - Describe the specific data:
  - Will any customer PII be involved? ☐ Yes ☐ No
  - Will any confidential data be involved? ☐ Yes ☐ No
- Security Information
  - Does the tool offer enterprise licensing? ☐ Yes ☐ No ☐ Unknown
  - Does it support MFA? ☐ Yes ☐ No ☐ Unknown
  - Does the governing agreement include appropriate data protection provisions consistent with AUP Section 4.1.3? ☐ Yes ☐ No ☐ Unknown
  - Does it commit not to train on OPU data? ☐ Yes ☐ No ☐ Unknown
- Cost Information
  - Estimated cost: $_______ per ☐ Month ☐ Year ☐ One-time
  - Budget source:

Submit completed form to the Director of Technology for review.

This Implementation Guide supports the AI Acceptable Use Policy and the OPU Acceptable Use Policy and should be read in conjunction with both policies. In case of conflict, those policies take precedence.

AI POLICY IMPLEMENTATION GUIDE

Owatonna Public Utilities

~~Version 6.0 (DRAFT) | Effective: [Date]~~

~~**REVIEW DRAFT — v6.0:** Highlighted passages reflect updates aligning this Implementation Guide with the v5.0 AI Acceptable Use Policy, including the authorized environment framework, the working definition of data minimization, the strengthened good-faith reporting protections, and the Director of Technology approval pathway for Analytics and IT staff. Key updates: Data Classification Reference table revised; new Operational Use of Confidential Data subsection; Data Anonymization intro revised; new Data Minimization in Practice subsection; Self-Reporting Benefits language strengthened to match policy; Quick Reference data check revised; training checklist updated.~~

This Implementation Guide supports the AI Acceptable Use Policy (Policy #381.00) and the OPU Acceptable Use Policy (Policy #380.00) and should be read in conjunction with both policies. In case of conflict, those policies take precedence.

I. PURPOSE

This guide provides operational procedures, templates, and reference materials supporting the AI Acceptable Use Policy. In all cases, the AI Acceptable Use Policy and the OPU Acceptable Use Policy take precedence over this guide.

II. CURRENTLY APPROVED AI TOOL

OPU's currently approved enterprise AI tool is **Claude Teams, provided by Anthropic.**

The AI Acceptable Use Policy refers to the approved tool generically as the "Approved AI Tool" rather than by name. This is intentional: the AI Acceptable Use Policy requires Commission approval to amend, and tying a specific vendor name to policy language would require Commission action to change tools — even for a routine operational decision within the Director of Technology's authority. By naming the tool here instead, OPU can update the approved tool without a policy amendment, so long as the new tool meets the selection criteria established in the policy.

Claude Teams was selected based on its strong data protection and privacy commitments, contractual prohibition on using OPU data for model training, enterprise-grade security controls, and cost-effectiveness for municipal operations. These protections are built into the Claude Teams subscription agreement and do not require a separately negotiated data processing agreement.

If OPU's approved tool changes, the Director of Technology will update this section and the account verification checklist below. Staff should verify they are using the currently listed tool before conducting any OPU work with AI assistance.

III. OWATONNA PUBLIC UTILITIES APPROACH TO AI

Why OPU Uses AI

OPU's adoption of AI tools is guided by a straightforward principle: AI should help our staff do their jobs better, not replace the human judgment that our customers and community depend on. As a municipal utility, we have an obligation to manage new technologies responsibly, transparently, and in a way that maintains the public trust placed in us.

AI as a Tool, Not a Decision-Maker

AI is used at OPU to augment staff capabilities — handling routine tasks, surfacing information faster, and supporting better-informed decisions. Consequential decisions affecting customers, operations, safety, or staff remain the responsibility of OPU employees. AI can inform those decisions; it does not make them. This is reflected in the human-in-the-loop requirements throughout the AI Acceptable Use Policy.

Accuracy and Reliability

OPU expects AI tools used in our operations to be accurate and reliable for their intended purpose. AI systems affecting customers or operations are tested before deployment and monitored on an ongoing basis. Staff are expected to verify AI outputs before acting on them. Guidance on managing AI output accuracy, including hallucination risk, is provided in Section IX of this guide.

Workforce Development

OPU is committed to building staff AI literacy and supporting employees as AI tools evolve. Training is provided to help staff use AI tools effectively and responsibly. OPU views AI adoption as an opportunity to enhance how our staff deliver customer-focused utility services, and is committed to managing that transition in a way that supports rather than undermines our workforce.

Conservative, Trust-First Adoption

As a public entity, OPU adopts AI conservatively. We pursue the benefits AI can offer while managing risks carefully and maintaining the transparency our community expects. When in doubt, we err on the side of protecting customer data, operational safety, and public trust.

Managing Shadow AI

OPU recognizes that shadow AI typically arises not from malicious intent but from productivity pressure and slow approval processes. To reduce the conditions that create it, OPU commits to maintaining a reasonable and accessible approval process for alternative tools. Staff who become aware of shadow AI use — by themselves or others — are expected to report it as outlined in the Incident Reporting section of this guide. Managers are expected to watch for and address shadow AI proactively as part of their oversight responsibilities.

IV. CLAUDE TEAMS ACCOUNT VERIFICATION

Before using Claude Teams for any OPU work, verify the following:

☐ Logged in with @owatonnautilities.com email

☐ "Owatonna Public Utilities" organization name is visible in the interface

☐ Accessed through the IT-provided link or portal (not a personal bookmark)

☐ Multi-factor authentication (MFA) was required at login

☐ Data use is consistent with Section VI (Data Classification Reference) of this guide

If any item cannot be confirmed, stop — do not enter any OPU data. Log out completely and contact the IT Help Desk for proper access setup.

V. PERSONAL USE OF CLAUDE TEAMS

Personal use of Claude Teams is permitted in accordance with AUP Section 4.1.4, which establishes OPU's organization-wide personal use standards applicable to all OPU Systems. Those standards — including the no-expectation-of-privacy requirement, MGDPA public records exposure, timing and productivity requirements, and the never-acceptable uses list — apply equally to personal use of Claude Teams and should be reviewed before using Claude Teams for personal matters.

The following guidance is specific to personal use of Claude Teams and supplements the AUP standards.

Appropriate Personal Uses of Claude Teams

The following are generally acceptable personal uses of Claude Teams during breaks or outside work hours:

- Learning new skills or hobbies
- General information lookup (recipes, weather, historical facts)
- Educational assistance (homework help, certification study)
- Creative writing or personal brainstorming
- Travel planning and research
- General personal productivity

Protecting Yourself

Before using Claude Teams for personal matters, ask: *"Would I be comfortable if this conversation became public or my supervisor saw it?"* For sensitive personal topics, use your own AI accounts on personal devices.

VI. DATA CLASSIFICATION REFERENCE

This reference applies the framework established in AI Acceptable Use Policy Section IV. Operational use of Confidential data by authorized staff within OPU's authorized environment — routine work such as formatting, calculating, or summarizing data the staff member is already authorized to handle — is permitted without additional approval. Approval pathways apply when use crosses into the four conditions identified in Policy Section IV: outputs leaving the authorized environment, analytical or decision-supporting use, access beyond authorization, or any use of Restricted data. See the Operational Use of Confidential Data subsection below for examples.

Quick Decision Guide

If the data contains…	Classification	Claude Teams Permitted?
Already-public information	Public	Yes
General procedures, non-sensitive communications	Internal	Yes, with data minimization
Customer names, accounts, addresses, usage data	Confidential	Operational use by authorized staff: Yes (within OPU's authorized environment). For the four conditions in Policy Section IV: General staff — anonymize and obtain manager approval. Analytics/IT — Director of Technology approval.
Employee personnel or health records	Confidential	Operational use by authorized staff: Yes (within OPU's authorized environment). For the four conditions in Policy Section IV: General staff — anonymize and obtain manager approval. Analytics/IT — Director of Technology approval.
Vendor contracts, strategic plans, financial accounts	Confidential	Operational use by authorized staff: Yes (within OPU's authorized environment). For the four conditions in Policy Section IV: General staff — anonymize and obtain manager approval. Analytics/IT — Director of Technology approval.
SCADA configs, network architecture, credentials	Restricted	General staff: No. Analytics/IT with Director of Technology approval: Yes. Credentials, passwords, and encryption keys remain prohibited inputs regardless of approval.
Cybersecurity vulnerabilities, CIP data	Restricted	General staff: No. Analytics/IT with Director of Technology approval: Yes.

When in doubt, ask your manager before proceeding. For uncertain situations involving the authorized environment framework, the Director of Technology or IT can also help clarify.

Operational Use of Confidential Data — What This Means in Practice

Policy Section IV recognizes that authorized staff handling Confidential data in the course of their assigned duties are not creating new disclosure risk when they use the Approved AI Tool to help with that work. This subsection illustrates the distinction between operational use (permitted without additional approval) and the four conditions where approval still applies.

Examples of operational use within OPU's authorized environment (no additional approval required):

- A billing clerk uses the Approved AI Tool inside Excel to help format or pivot a customer usage report they already produced through normal billing systems.
- An operations staff member asks the Approved AI Tool to help summarize a vendor contract they are reviewing for their own understanding.
- An engineer uses the Approved AI Tool to help calculate or organize service area data they already have access to as part of their duties.
- A staff member asks the Approved AI Tool to help draft notes from a meeting they attended that involved Confidential information.

Examples of use that DOES require approval (one or more of the four Policy Section IV conditions applies):

- (a) Outputs leaving the authorized environment: Using AI to help draft a customer notice, regulatory filing, vendor communication, or any content that will be shared outside OPU — even if the underlying data was operationally accessed.
- (b) Analytical or interpretive use: Asking the AI to identify patterns in customer behavior, recommend customers for outreach, support decisions about customer accounts, or interpret data to draw conclusions.
- (c) Access beyond authorization: Using Confidential data the staff member would not normally handle as part of their assigned duties — for example, a marketing staff member working with billing data, or an operations staff member working with personnel records.
- (d) Restricted data: Any use of SCADA configurations, network architecture, cybersecurity information, or critical infrastructure data requires Director of Technology approval; credentials, passwords, and encryption keys remain prohibited inputs regardless of approval.

When in doubt about whether a use is operational or falls into one of the four conditions, ask your manager, the IT Department, or the Director of Technology before proceeding. As established in Policy Section III.A, seeking guidance is consistent with policy and will not, on its own, be treated as a violation.

Classification Examples

Public: Published annual reports, public website content, news releases, published rate schedules, general service area information

Internal: General operational procedures, non-sensitive internal communications, standard forms and templates, publicly available technical specifications, industry best practices documentation

Confidential: Customer names, addresses, phone numbers, account numbers, usage data; employee personnel files or performance reviews; vendor contracts and pricing; strategic plans not yet public; financial account information

Restricted: SCADA system configurations; cybersecurity vulnerability information; network architecture details; passwords, encryption keys, access credentials; critical infrastructure protection (CIP) data; trade secrets and proprietary methods; incident response procedures with security details

VII. DATA MINIMIZATION IN PRACTICE

AI Acceptable Use Policy Section IV defines data minimization as using only the data necessary for the specific work being performed, and no more. This principle applies in all cases, including operational use within OPU's authorized environment. The following examples illustrate what data minimization looks like in practice.

Apply Data Minimization By…

- Using an excerpt or relevant section rather than a full document when the full document isn't needed (a single contract clause, not the entire contract)
- Including only the columns or fields relevant to the question (one or two columns from a report, not the entire spreadsheet)
- Using a representative sample rather than the entire dataset when looking for patterns or testing an approach
- Asking about one customer or account at a time when working with customer data, rather than feeding in a broader population
- Removing fields that aren't needed for the task before invoking the AI — even when those fields are part of data you're authorized to access
- Summarizing or pre-filtering long inputs (e.g., a meeting transcript section relevant to the question, not the full transcript)

Data Minimization vs. Anonymization

Data minimization and anonymization are different practices that often work together. Data minimization reduces the volume of data used to what is necessary; the data may still be identifiable. Anonymization removes identifiers so the data is no longer about specific individuals. Operational use within the authorized environment requires data minimization but does not require anonymization. The four Policy Section IV conditions that require approval also require anonymization for general staff (with manager approval), unless Director of Technology approval is granted for Analytics or IT staff to use non-anonymized data.

VIII. DATA ANONYMIZATION

Anonymization is required when Confidential data will be used for one of the four conditions identified in Policy Section IV (outputs leaving the authorized environment, analytical or decision-supporting use, access beyond authorization, or use of Restricted data) and the use is by general staff with manager approval. For operational use of Confidential data within OPU's authorized environment, data minimization applies but anonymization is not required. When anonymization is required, apply the following steps before inputting any data.

Step 1: Remove Direct Identifiers

- Names (customer, employee, vendor)
- Account numbers
- Street and email addresses
- Phone numbers
- Social Security Numbers
- Any unique identifiers

Step 2: Remove Indirect Identifiers

- Dates of birth → use age ranges (e.g., "50–60 years old")
- Specific locations → use general regions (e.g., "northeast service area")
- Unique combinations of characteristics that could enable re-identification
- Categories with fewer than 5 individuals

Step 3: Aggregate or Generalize

- Use ranges instead of specific values (e.g., "$100–150" not "$127.43")
- Combine small categories into larger ones
- Use percentages instead of counts where appropriate

Step 4: Use Synthetic or Composite Examples

- Create synthetic data that represents patterns without using actual records
- Use composite examples combining features from multiple cases
- Generate hypothetical scenarios based on general patterns rather than specific individuals

Step 5: Document and Get Approval

- Record what identifiers were removed and the method used
- Note any limitations or re-identification risks
- Obtain manager approval (general staff) or Director of Technology approval (Analytics/IT staff) before proceeding

Anonymization Examples

❌ Wrong	✅ Right
"Customer John Smith at 123 Main St, account #12345, used 850 kWh in January"	"A residential customer in the downtown area used approximately 850 kWh in a winter month"
"Employee Sarah Johnson's review shows she missed 3 deadlines"	"A staff member in operations received feedback about deadline management"

Analytics and IT Staff Using Non-Anonymized Data

When Director of Technology approval is granted to use Confidential or Restricted data without anonymization, the following safeguards are required:

- Document the business justification and approval received
- Use only the minimum data necessary for the specific purpose
- Implement strict access controls and enable comprehensive audit logging
- Establish data retention and deletion procedures
- Use secure methods for data transfer and storage

Even with approval, the following remain prohibited:

- Sharing data outside approved systems or personnel
- Using data for purposes beyond the approved scope
- Retaining data longer than necessary
- Bypassing security controls or audit logging
- Using personal AI accounts for approved work

IX. SECURITY PROCEDURES

Baseline security requirements for all OPU Systems are governed by the OPU Acceptable Use Policy. The following procedures are specific to the Approved AI Tool and any additionally approved AI tools, and supplement the AUP baseline.

Account Management

- IT provisions all Approved AI Tool accounts
- Access reviews are conducted quarterly by IT and department managers
- Accounts are immediately deprovisioned upon separation or role change
- Accounts inactive for 90 days are automatically disabled
- Contractors and temporary staff receive time-limited access
- Manager approval is required for account reactivation

Device and Network

- The Approved AI Tool may be accessed from OPU-managed devices

- Personal device access requires prior IT approval and device compliance verification (updated OS, antivirus, encryption)
- Avoid use on public or unsecured Wi-Fi when working with any sensitive data; if outside the OPU network on an unsecured connection, use VPN.

Data Handling in the Approved AI Tool

- Never paste passwords, API keys, or credentials into the Approved AI Tool
- Avoid pasting entire databases or large datasets — apply data minimization (see Section VII)
- Do not export conversations containing confidential data to unsecured locations
- Do not store Approved AI Tool outputs containing confidential data in personal cloud storage
- Do not use browser extensions or third-party tools that intercept Approved AI Tool communications

X. UNDERSTANDING AI HALLUCINATION RISK

Generative AI tools, including OPU's Approved AI Tool, can produce outputs that are plausible-sounding but factually incorrect, fabricated, or misleading. This is known as "hallucination" and is an inherent characteristic of how large language models work — not a bug or malfunction, but a known limitation staff must account for.

Why It Matters for OPU

In a utility environment, errors in AI-generated content can have real consequences — incorrect regulatory information, flawed technical procedures, inaccurate customer-facing content, or miscited policy language. The risk is higher when:

- The topic is technical, legal, regulatory, or highly specific
- The AI is asked to recall precise figures, dates, names, or citations
- Outputs are used without cross-referencing authoritative sources
- Staff assume confident-sounding responses are accurate

How to Manage Hallucination Risk

- **Always verify before you rely.** AI output should be treated as a starting point, not a final answer — particularly for anything that will be acted upon, shared externally, or used in a decision.
- **Cross-reference authoritative sources.** For regulatory requirements, technical specifications, legal language, or customer-affecting content, verify AI outputs against official sources (industry rules, vendor documentation, applicable statutes).
- **Be skeptical of specifics.** AI is more reliable for general reasoning and drafting than for precise facts, statistics, citations, or highly specialized technical content. The more specific the claim, the more it warrants verification.

- **Don't correct AI with more AI.** If an output seems wrong, verify it through a reliable source — not by asking the AI to confirm or revise its own answer.
- **Calibrate to stakes.** A hallucination in a brainstorming draft is low risk. A hallucination in a customer notice, regulatory filing, or operational procedure is high risk and requires careful review.

XI. OPU-DEPLOYED AI SYSTEMS: APPROVAL TIERS

AI systems deployed by OPU require approval based on risk level. The following table identifies the required approval authority and typical applications for each tier. This tiered approval framework constitutes the exception and approval process for AI-related matters under AUP Section 5.2.

Risk Level	Approval Required	Typical Applications
Low	Department Head	Internal productivity tools, non-customer-facing analytics
Medium	Data Committee + Director of Technology	Customer-facing informational tools, operational support systems
High	Executive (General Manager)	Systems affecting billing, safety-critical operations, systems using Confidential customer data

XII. TRAINING COMPLETION CHECKLIST

OPU will provide training covering: policy requirements, Claude Teams account verification, data classification, authorized environment framework, prohibited uses, and violation reporting. IT staff and managers receive additional role-specific training.

All Staff (Annual)

Policy Fundamentals:

- ☐ Completed data classification training
- ☐ Reviewed prohibited uses and examples
- ☐ Know how to verify Approved AI Tool enterprise account (see Section IV of this guide)
- ☐ Know how to report violations or concerns

Practical Skills:

- ☐ Can classify common data types
- ☐ Understand OPU's authorized environment framework: when operational use is permitted without approval and when approval applies

- ☐ Understand the difference between manager approval (general staff, anonymized) and Director of Technology approval (Analytics/IT)
- ☐ Understand anonymization basics
- ☐ Understand data minimization in practice (see Section VII)
- ☐ Can identify prohibited uses

Acknowledgment:

- ☐ I understand the requirements and my responsibilities under both the AI Acceptable Use Policy and the OPU Acceptable Use Policy
- ☐ I will not use personal AI accounts or unauthorized AI tools for OPU work
- ☐ I will only use the approved enterprise account for the Approved AI Tool

Training Date:

____

Staff Signature:

____

Supervisor Signature:

____

Additional — IT Staff

- Technical security requirements for AI tools
- Account provisioning and deprovisioning procedures
- Audit logging and monitoring
- Vendor security assessment criteria consistent with AUP Section 4.1.3
- Incident response for AI-related security issues

Additional — Managers

- Approval processes for higher-risk uses under both the AI Acceptable Use Policy and AUP Section 5.2
- Evaluating whether a proposed use falls within OPU's authorized environment or one of the four Policy Section IV conditions requiring approval
- Risk assessment procedures
- Team oversight and monitoring responsibilities, including awareness of shadow AI
- How to evaluate data classification questions
- Violation reporting and investigation procedures under both the AI Acceptable Use Policy and AUP Section 5.3

XIII. INCIDENT REPORTING PROCEDURES

When to Report

Immediately:

- Confidential or Restricted data entered into an unauthorized AI tool
- Discovery of a data breach or unauthorized access
- Malicious use of AI tools
- Safety-critical decision made solely by AI without human review
- Suspected fraud or intentional policy circumvention
- Discovery of shadow AI use or unauthorized AI tool use as defined in AUP Sections 4.2.3 and 4.4

Within 24 Hours:

- Use of unapproved AI tools for work
- Recurring minor violations of either the AI Acceptable Use Policy or the OPU Acceptable Use Policy
- Accidental input of sensitive data (self-reported)
- Technical security issues with AI tools

How to Report

Step 1: Stop the Activity. Immediately cease using the unauthorized tool or data. Do not delete evidence or logs. Document what occurred.

Step 2: Choose the Right Channel.

- Self-reported accidental violations → Direct supervisor
- Technical or security issues → IT Help Desk: support@owatonnautilities.com
- Significant violations → Director of Technology
- Harassment or discrimination → HR Department

Step 3: Provide Details.

- What happened (specific tool, data, action taken)
- When it occurred
- What data was involved
- Whether it is self-reported or observed
- What steps you have already taken

Step 4: Cooperate with Investigation. Respond to follow-up questions, provide access to accounts or logs as requested, and complete any required remedial training.

Self-Reporting Benefits

Self-reported good-faith mistakes will ordinarily be addressed through training and coaching rather than disciplinary action, as established in AI Policy Section IX and AUP Section 5.3. Disciplinary consequences are reserved for situations involving repeated violations, intentional concealment, significant harm, or other aggravating factors. Prompt self-reporting demonstrates good faith, enables faster remediation, and helps OPU improve policies and procedures. Staff are encouraged to come forward promptly when a mistake occurs.

AI-Specific Violation Severity Guidance

The following AI-specific severity guidance applies within the AUP's baseline enforcement framework and constitutes the violation classification system referenced in AUP Section 5.3. Factors considered in all cases include intent, self-reporting, actual harm, cooperation, and training history.

Severity	Examples	Potential Consequences
Minor	Unintentional personal account use; prompt self-report	Counseling, additional training
Moderate	Repeated minor violations; unapproved tool use	Written warning, temporary AI access suspension
Serious	Intentional circumvention; unreported Confidential data input	Suspension, permanent AI access revocation
Severe	Malicious use; significant data breach; fraud	Immediate suspension pending investigation; potential termination

XIV. QUICK REFERENCE

Before You Use AI — 5-Second Account and Use Check

Condensed from the full verification checklist in Section IV of this guide and the Data Classification Reference in Section VI.

- ☐ ~~☐~~ Logged in with @owatonnautilities.com email?
- ☐ ~~☐~~ "Owatonna Public Utilities" organization name visible?
- ☐ ~~☐~~ Accessed through the IT-provided link or portal?
- ☐ ~~☐~~ MFA was required at login?
- ☐ ~~☐~~ Is your use one of the following: (a) Public or Internal data; (b) operational use of Confidential data you're authorized to handle, within OPU's authorized environment; or (c) a use you've obtained the required approval for (manager approval for general staff with anonymized Confidential data, or Director of Technology approval for Analytics/IT)?

All yes → Proceed. Any no → Stop and consult the AI Acceptable Use Policy, the OPU Acceptable Use Policy, or your manager.

If You Make a Mistake

- Stop immediately
- Tell your supervisor right away
- Do not attempt to cover it up
- Cooperate to fix the problem

Self-reported good-faith mistakes will ordinarily result in training and coaching rather than discipline. See AI Policy Section IX and AUP Section 5.3.

Contact Information

Need	Contact
General questions about AI tools	Your department manager
General questions about AUP or OPU Systems	Your department manager
Technical issues / IT Help Desk	support@owatonnautilities.com
AI policy interpretation	Director of Technology
AUP interpretation	Director of Technology
Alternative AI tool requests	Director of Technology (written request required — see Appendix B of this guide)
Security concerns	IT Supervisor or Director of Technology
Training and HR matters	HR Department
Violation reporting	Supervisor → IT Help Desk → Director of Technology → HR
Shadow AI or unauthorized tool reporting	IT Help Desk or Director of Technology

APPENDIX A — AI SYSTEM DEPLOYMENT RISK ASSESSMENT

Use this template when proposing deployment of an AI system at OPU.

System Information

- System name and purpose:
- Vendor/provider:
- Proposed implementation date:
- Department(s) affected:

- Project sponsor:

Data Assessment

- Data types the system will access: ☐ Public ☐ Internal ☐ Confidential ☐ Restricted
- Will it process customer PII? ☐ Yes ☐ No
- Will it access critical infrastructure data? ☐ Yes ☐ No
- Data protection measures in place:

Operational Impact

- Is this customer-facing? ☐ Yes ☐ No
- Does it affect billing or service delivery? ☐ Yes ☐ No
- Is it safety-critical? ☐ Yes ☐ No
- What decisions will it make or support?

Risk Evaluation

- Accuracy requirements: ☐ High ☐ Medium ☐ Low
- Impact if system fails: ☐ Severe ☐ Moderate ☐ Minor
- Can decisions be reviewed by humans? ☐ Yes ☐ No
- Transparency requirements: ☐ High ☐ Medium ☐ Low
- Bias evaluation completed? ☐ Yes ☐ No ☐ N/A
- Vendor security certifications verified? ☐ Yes ☐ No
- Public records implications considered? ☐ Yes ☐ No
- Alternative solutions evaluated? ☐ Yes ☐ No

Deactivation Criteria

- Under what conditions should this system be suspended or deactivated?
- Who has authority to deactivate the system if performance degrades?
- What is the fallback process if the system is taken offline?
- How will performance be monitored on an ongoing basis, and at what threshold will review be triggered?

Preliminary Risk Rating

- ☐ Low Risk — Department head approval
- ☐ Medium Risk — OPU Data Committee + Director of Technology approval
- ☐ High Risk — Executive (General Manager) approval required

Submit completed assessment to the Director of Technology.

XV. VENDOR PROCUREMENT AND OVERSIGHT

Procurement Due Diligence

When evaluating any additional AI tool for approval, the Director of Technology must conduct due diligence including the following:

- Verification of vendor security certifications
- References from public sector or utility clients
- Financial stability assessment
- Review of data handling and privacy policies
- Confirmation that liability provisions and audit rights are addressed in the governing agreement

Ongoing Vendor Oversight

IT conducts the following oversight activities for all approved AI vendors:

- Annual vendor performance reviews
- Quarterly security and compliance check-ins
- Review of vendor audit reports
- Monitoring of vendor security incidents
- Maintenance of incident response coordination procedures

APPENDIX B — ALTERNATIVE AI TOOL REQUEST FORM

Use this form to request approval for an AI tool other than the Approved AI Tool.

Requestor Information

- Name and Department:
- Date of Request:
- Manager Name:

Tool Information

- AI tool/service requested:
- Vendor/provider:
- Licensing type: ☐ Free ☐ Personal Paid ☐ Enterprise
- Website/access URL:

Business Justification

- Describe the business need:
- Why is the Approved AI Tool insufficient for this purpose?
- What specific capabilities are required?

- How long will this tool be needed?

Data Usage

- What types of OPU data will be used? ☐ Public ☐ Internal ☐ Confidential ☐ Restricted
- Describe the specific data:
- Will any customer PII be involved? ☐ Yes ☐ No
- Will any confidential data be involved? ☐ Yes ☐ No

Security Information

- Does the tool offer enterprise licensing? ☐ Yes ☐ No ☐ Unknown
- Does it support MFA? ☐ Yes ☐ No ☐ Unknown
- Does the governing agreement include appropriate data protection provisions consistent with AUP Section 4.1.3? ☐ Yes ☐ No ☐ Unknown
- Does it commit not to train on OPU data? ☐ Yes ☐ No ☐ Unknown

Cost Information

- Estimated cost: $_______ per ☐ Month ☐ Year ☐ One-time
- Budget source:

Submit completed form to the Director of Technology for review.

REVISION HISTORY

Version	Date	Changes	Approved By
1.0	[Date]	Initial implementation guide	Director of Technology
2.0	[Date]	Revised to align with streamlined Policy v2; added hallucination risk guidance, deactivation criteria in deployment template, shadow AI reporting in incident procedures, and Quick Reference alignment	Director of Technology
3.0	[Date]	Aligned with revised AUP and AI Acceptable Use Policy v2; added OPU's Approach to AI section; renumbered all sections; condensed personal use section to remove redundancy with AUP Section 4.1.4; updated security procedures to defer baseline security to AUP; updated training checklist to reference both policies; updated cross-references throughout; updated vendor agreement language to reflect governing agreement standard; removed Data Security and Privacy Policy references	Director of Technology
4.0	[Date]	Added Currently Approved AI Tool section naming Claude Teams and explaining why tool identification resides in the Implementation Guide rather than policy; updated generic procedural references from "Claude Teams" to "Approved AI Tool" throughout; retained Claude Teams by name in account verification, personal use, and data classification sections where operational specificity is required	Director of Technology
5.0	[Date]	Added OPU's Approach to AI narrative and Managing Shadow AI subsection; moved OPU-Deployed AI Systems approval tiers table from policy; moved violation severity table and factors to Incident Reporting section; added Vendor Procurement and Oversight section with due diligence checklist and oversight cadences; moved forms to Appendix A and Appendix B; corrected Contact Information heading; fixed section cross-references; removed Session Security subsection; fixed Workforce Development paragraph break artifact	Director of Technology
6.0 (DRAFT)	[Date]	Aligned with AI Acceptable Use Policy v5.0. Revised Data Classification Reference (Section VI) to reflect the authorized environment framework, with the three Confidential data rows now distinguishing operational use from the four conditions requiring approval; added new Operational Use of Confidential Data subsection with worked examples; added new Section VII (Data Minimization in Practice) with concrete application examples and clarification of how data minimization differs from anonymization; revised Section VIII (Data Anonymization) introductory paragraph to qualify when anonymization is required; strengthened Self-Reporting Benefits language to match policy phrasing ("will ordinarily be addressed through training" rather than "may result in	Director of Technology

Version	Date	Changes	Approved By
		training"); revised Quick Reference 5-Second Check to reflect the authorized environment framework; updated training checklist to include authorized environment understanding, Director of Technology approval pathway, and data minimization; renumbered sections; added credentials-remain-prohibited clarification to Restricted data row	

This Implementation Guide supports the AI Acceptable Use Policy and the OPU Acceptable Use Policy and should be read in conjunction with both policies. In case of conflict, those policies take precedence.

MEMORANDUM

Date:	5/19/26
To:	OWATONNA PUBLIC UTILITIES COMMISSION
From:	Anne Kraft
Re:	Proposed Revisions to Policy 800.20 — Partners in Energy Solutions Finance Program

Background

The Partnering in Energy Solutions (PIES) Financing and Energy Conservation Program (Policy 800.20) was originally adopted on November 1, 2010. The program provides 0% interest financing to OPU commercial and industrial customers for qualifying energy efficiency projects, with a $250,000 revolving loan fund and a maximum loan amount of $25,000 per customer. Projects must be completed by a designated Energy Solutions Partner (ESP).

Staff has reviewed the existing policy and is recommending several revisions intended to (1) increase participation by OPU business customers, (2) clarify program terminology, (3) remove outdated language that does not apply to consumer-owned utilities, and (4) add language to address the handling of the customer deposit.

Purpose of the Proposed Revisions

The primary goal of these revisions is to make the program more approachable and appealing to OPU business customers. By requiring the initial customer contribution of a "deposit" vs. an "administrative fee" and defining how the customer deposit is handled, barriers to program participation are removed.

Summary

The following changes are reflected in the attached redline and the clean replacement policy dated May 26, 2026:

1. Customer-Facing Terminology — "administration fee" changed to "deposit"

All references to the customer payment to begin a project (currently $300 for projects under $5,000 and $500 for projects over $5,000) have been changed from "administration fee" to "deposit."

- **Why:** A deposit is more appealing to businesses than a non-refundable fee. The new language pairs with a refund/credit provision (see Item 2) so the customer understands the money is returned to them or applied to their loan rather than retained by OPU.

2. New Deposit Handling Language Added to Project Controls

The Project Controls section now specifies:

- If a customer does not qualify, the deposit will be returned without interest (paying interest is not required per MN Statute 325E.02).
- If a customer qualifies, the deposit will be credited to the customer’s account prior to the last loan payment.
- If a customer defaults, the deposit is forfeited (unchanged from prior policy).
- **Why:** This change provides clear, written assurance to applicants about how their money is handled at each possible outcome. It removes a barrier to participation for businesses that may have been hesitant to commit funds without that clarity.

3. Removal of LEED / Energy Star / Green Globes Mandate Language

The paragraph stating that the program fulfills “OPU’s state mandated requirement to include in its conservation plan a program that facilitates the professional engineering verification required to qualify a building as Energy Star-labeled, LEED certified, or Green Globes-certified” has been removed.

- **Why:** This requirement does not apply to consumer-owned utilities. Removing the language eliminates an inaccurate statement of obligation while preserving the program’s ability to fund engineering verification (up to $50,000 of the revolving loan fund remains reserved for that purpose).

4. Corrected Terminology — “Energy Service Provider” to “Energy Solutions Partner” (ESP)

References to “Energy Service Provider” have been corrected to “Energy Solutions Partner,” matching the actual term which is used elsewhere in the policy and in program marketing materials.

- **Why:** Consistent terminology reduces confusion for staff and the Commission.

5. Title Revision

The previous policy title used the word “Partners” while within the document and in OPU marketing materials, the word “Partnering” is used. Also, the term “Conservation Improvement Program (CIP)” is the prior name of the MN Department of Commerce energy conservation program now called the “Energy Conservation & Optimization Program”. The revised policy updates the policy title to currently preferred language. The new policy title: Partnering in Energy Solutions Financing and Energy Conservation Program.

- **Why:** The updated title aligns with how the program is currently marketed.

6. Minor Editorial Updates

- Softened “OPU has the ability to charge” to “OPU may charge” regarding unpaid amounts charged to required energy conservation spending.
- Hyphenation corrected: “one to two year period” to “one-to-two-year period.”
- Effective date updated to June 1, 2026; revision history added (February 1, 2003; December 1, 2015; September 1, 2019; May 26, 2026).
- Signature block refreshed to reflect current Commission members.

What Is Not Changing

The substantive financial terms of the program remain unchanged:

- $250,000 revolving loan fund (up to $50,000 reserved for engineering verification).
- Maximum loan amount per customer: $25,000.
- 0% interest rate; one-to-two-year repayment period.
- $300 deposit for projects under $5,000; $500 deposit for projects $5,000 and above.
- Eligibility: commercial and industrial customers in business at least two years with continuous operation, subject to credit check.
- Qualifying project types: lighting, HVAC, food service equipment, motors, compressed air, and other pre-approved projects.

Recommendation

Staff recommends that the Commission approve the proposed revisions to Policy 800.20 and adopt the revised policy effective June 1, 2026.

POLICY

PARTNERING IN ENERGY SOLUTIONS FINANCING AND ENERGY CONSERVATION PROGRAM

POLICY STATEMENT

The Owatonna Public Utilities will establish a financing program for commercial and industrial customers to finance energy efficiency projects that reduce energy consumption. The financing program is a component of the Partnering In Energy Solutions (PIES), a program that uses relationships with local trade allies to promote and facilitate the implementation of energy efficiency projects by OPU customers.

OPU will approve and authorize $250,000 for a revolving loan fund. Up to $50,000 of the fund may be reserved for and used for financing the engineering verification to qualify a customer's building as Energy Star-labeled, LEED certified, or Green Globes-certified.

ELIGIBILITY

OPU Commercial and Industrial Customers who have been in business at least 2 years with continuous operation and agree to a credit check.

POLICY

To help support and encourage investment in conservation, PIES offers OPU commercial and industrial customers loan assistance for their energy improvement projects that reduce electric, natural gas and water consumption.

- Customers may choose to pay for their project over a one-to-two-year period.
- Maximum loan amount financed per customer is $25,000.
- Monthly payments are based on the financing period (≤ 2 years) at 0% interest.
- Customers are required to pay a $300 deposit for less than $5,000 and $500 deposit for loans greater than $5,000.
- Qualified projects less than $5,000, payment terms are limited to 12 months.
- Qualified projects greater than $5,000, payment terms are limited to 24 months.
- Payment is added to and collected as part of the utility bill.

- Financing for energy efficiency projects is only available for projects that are completed by an Energy Solutions Partner (ESP).
- Types of projects include: lighting, HVAC equipment, food service equipment, motors, compressed air projects and other pre-approved projects by OPU staff

PROJECT CONTROLS

OPU must approve all qualifying projects prior to beginning. The deposit must be paid by customer to begin process. If customer doesn't qualify, deposit will be returned without interest per MN Statute 325E-02. If customer qualifies, deposit will be credited to account prior to last loan payment. If customer defaults, 1) the loan will be turned over to a collection agency; 2) OPU may charge or underwrite any amount not paid to required energy conservation spending; and 3) the deposit will be forfeited. Customer is required to pay any additional amount above the financed amount to the ESP. OPU will track all transactions.

EFFECTIVE DATE: June 1, 2026

Adopted this 26th day of May 2026 by the Owatonna Public Utilities Commission,

__________________________________ , President
Gregory J. Vetter

Sharon E. McLane
Vice President

David Olson
Interim General Manager

Jay S. Johnson
Commissioner

Douglas A. Zirngible
Commissioner

Krista J. Louden
Commissioner

Effective: May 26, 2026
Revised: February 1, 2003
December 1, 2015
September 1, 2019
May 26, 2026

POLICY

~~PARTNERS IN ENERGY SOLUTIONS FINANCE PROGRAM~~

~~CONSERVATION IMPROVEMENT PROGRAM (CIP)~~

PARTNERING IN ENERGY SOLUTIONS FINANCING AND ENERGY CONSERVATION PROGRAM

POLICY STATEMENT

The Owatonna Public Utilities will establish a financing program for commercial and industrial customers to finance energy efficiency projects that reduce energy consumption. The financing program is a component of the Partnering In Energy Solutions (PIES), a program that uses relationships with local trade allies to promote and facilitate the implementation of energy efficiency projects by OPU customers.

~~The financing program will also fulfill OPU's state mandated requirement to include in its conservation plan a program that facilitates the professional engineering verification required to qualify a building as Energy Star-labeled, Leadership in Energy and Environmental Design (LEED) certified, or Green Globes-certified.~~

Commented [AK1]: This is not mandated for Consumer-Owned Utilities

OPU will approve and authorize $250,000 for a revolving loan fund. Up to $50,000 of the fund may be reserved for and used for financing the engineering verification to qualify a customer's building as Energy Star-labeled, LEED certified, or Green Globes-certified.

ELIGIBILITY

OPU Commercial and Industrial Customers who have been in business at least 2 years with continuous operation and agree to a credit check.

POLICY

To help support and encourage investment in conservation, PIES offers OPU commercial and industrial customers loan assistance for their energy improvement projects that reduce electric, natural gas and water consumption.

- Customers may choose to pay for their project over a ~~one to two year~~one-to-two-year period.
- Maximum loan amount financed per customer is $25,000.
- Monthly payments are based on the financing period (≤2 years) at 0% interest.
- Customers are required to pay a $300 ~~administration fee~~deposit for less than $5,000 and $500 ~~administration fee~~deposit for loans greater than $5,000.
- Qualified projects less than $5,000, payment terms are limited to 12 months.
- Qualified projects greater than $5,000, payment terms are limited to 24 months.
- Payment is added to and collected as part of the utility bill.
- Financing for energy efficiency projects is only available for projects that are completed by an Energy Solutions Partner (ESP).
- Types of projects include: lighting, HVAC equipment, food service equipment, motors, compressed air projects and other pre-approved projects by OPU staff

PROJECT CONTROLS

OPU must approve all qualifying projects prior to beginning. The ~~administration fee~~deposit must be paid by customer to begin process. If a customer defaults, 1) the loan will be turned over to a collection agency; 2) OPU ~~has the ability to~~may charge or underwrite any amount not paid to ~~CIP~~ required energy conservation spending and 3) the deposit will be forfeited. Customer is required to pay any additional amount above the financed amount to the Energy ~~Service Provider~~Solutions Partner (ESP). OPU will track all transactions.

EFFECTIVE DATE-November 1, 2010

Adopted this 26th day of May ~~2010~~ 2026 by the Owatonna Public Utilities Commission,

____________________________, President.
Greg Vetter

____
David Olson
Interim General Manager

____
Sharon McLane
Vice President

____
Doug Zirngible
Commissioner

____
Jay Johnson
Commissioner

____
Krista Louden
Commissioner

OWATONNA PUBLIC UTILITIES

MEMORANDUM

Date: 5/26/2026

To: OWATONNA PUBLIC UTILITIES COMMISSION

From: Tim Linders

Re: 2025 CY Rate Study

Summary:

Twice a year Owatonna Public Utilities publishes a comparative rate study by calculating actual average usage by month for an OPU customer in residential, commercial, and industrial customer classes. Once the average OPU customer usage is calculated, the usage is applied to the rates of OPU and the other participating utilities to calculate how much a customer with that usage profile would have paid at each utility based on each utility's different rate structures that were in place during those months. Once completed, the study shows how much this “average” OPU customer would have paid in total based on the rate structures of each utility. This gives OPU and the other participating utilities an idea of how their rates compare to other utilities. The stated goal for OPU is to be in the lowest 50% for total cost of all participating utilities for each rate and customer class.

Customer Impact

This data is used by the commission and OPU staff, to help assess how our rates compare to other utilities. This data provides assurance that OPU rates are competitive and that the citizens of Owatonna are paying fair rates when compared to customers of other utilities. In addition, this data is used for annual planning to assist in rate setting by understanding the rates and rate structures being used by other utilities to determine what changes may be needed.

Recommendation

For 2025 for electric and water, this rate study shows that OPU was in the lower 50% of all utilities for all 3 classes of customers with all OPU rankings either staying the same or improving compared to the last study.

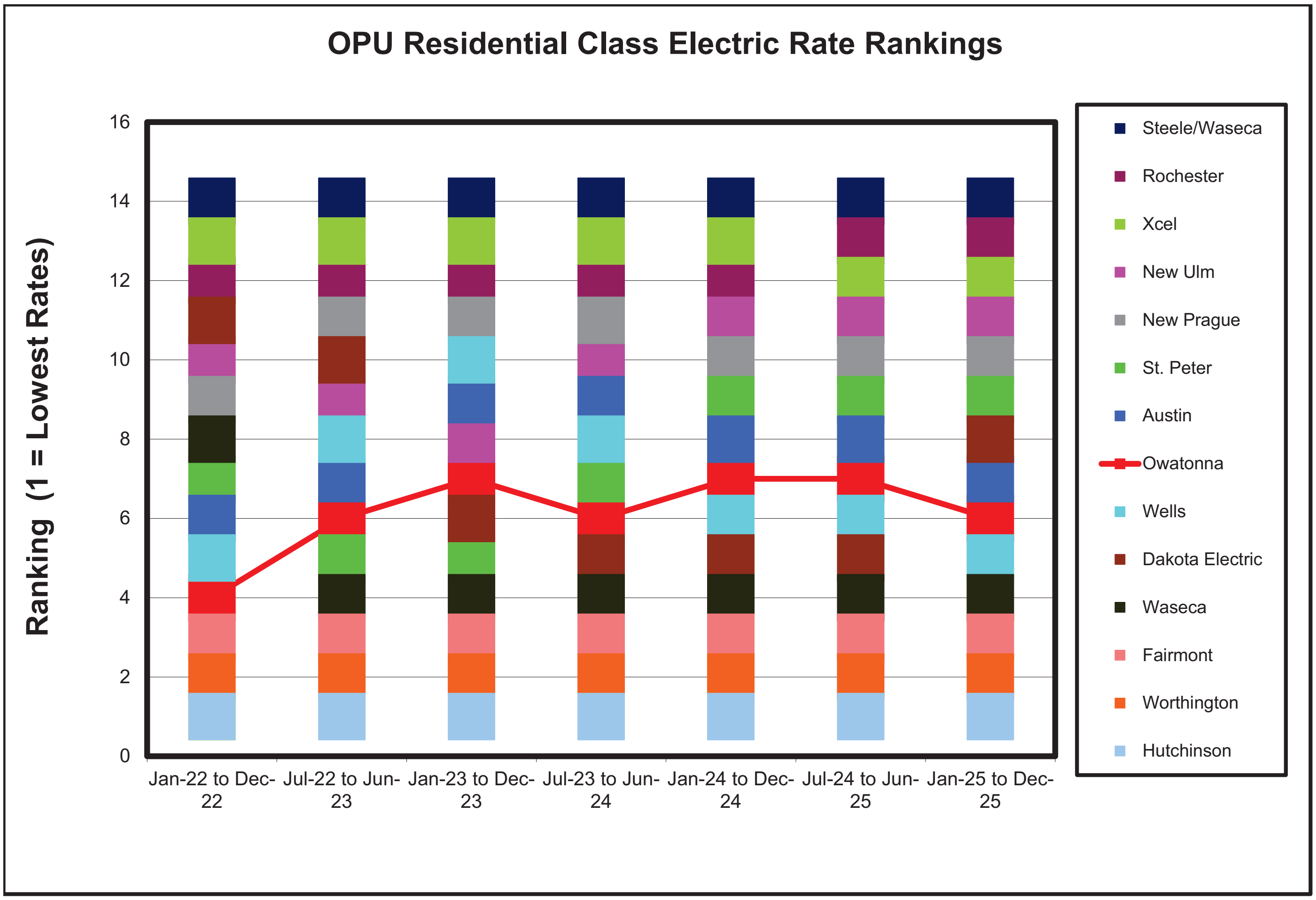
In Gas, the OPU ranking remained unchanged for residential and commercial customer classes from the previous study. Industrial gas was the only class that OPU did not stay the same or improve, dropping 1 spot in the rankings. The next rate study this summer will include the new 2026 rates and will help inform rate planning for 2027 budget.

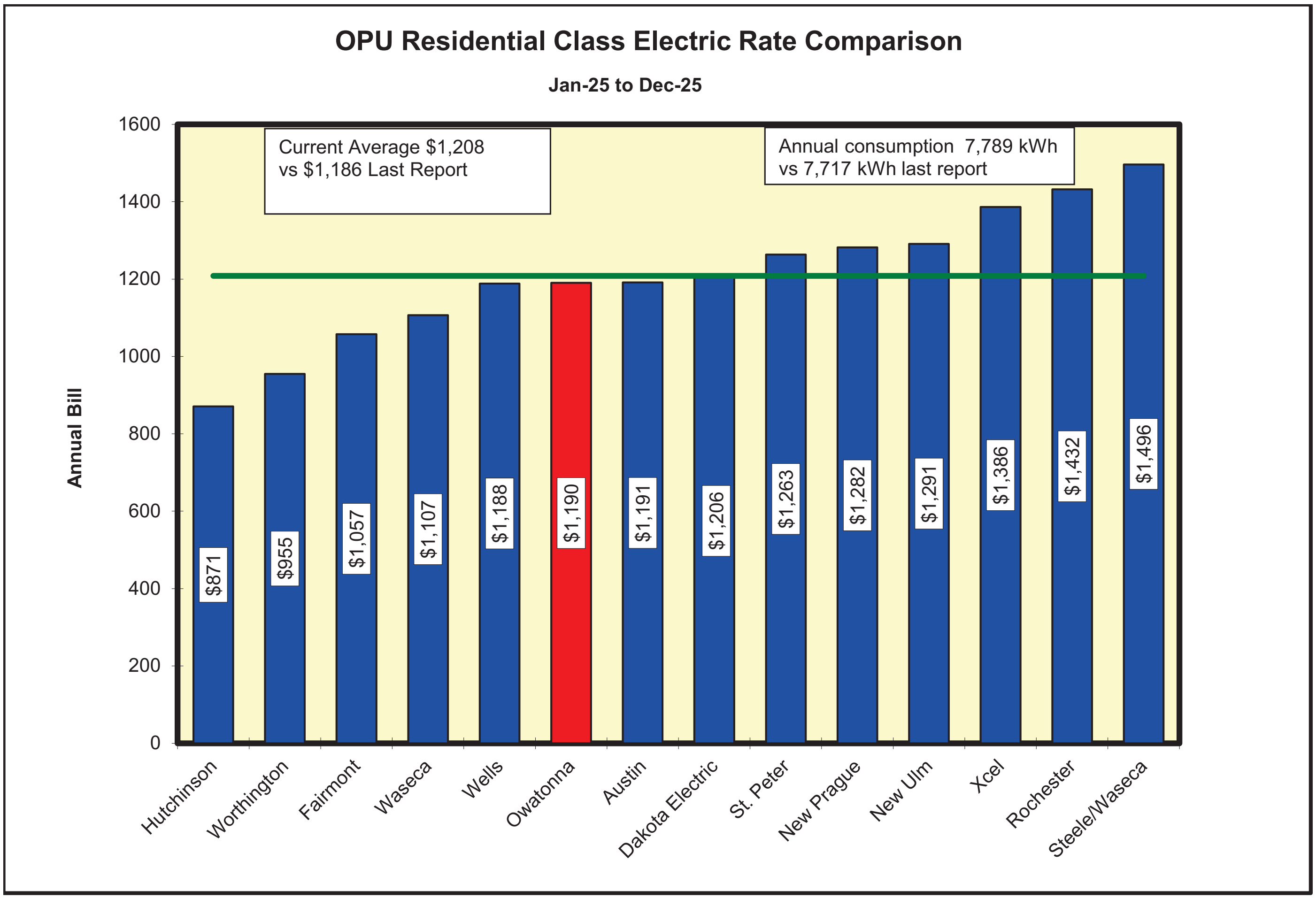
OWATONNA
PUBLIC UTILITIES

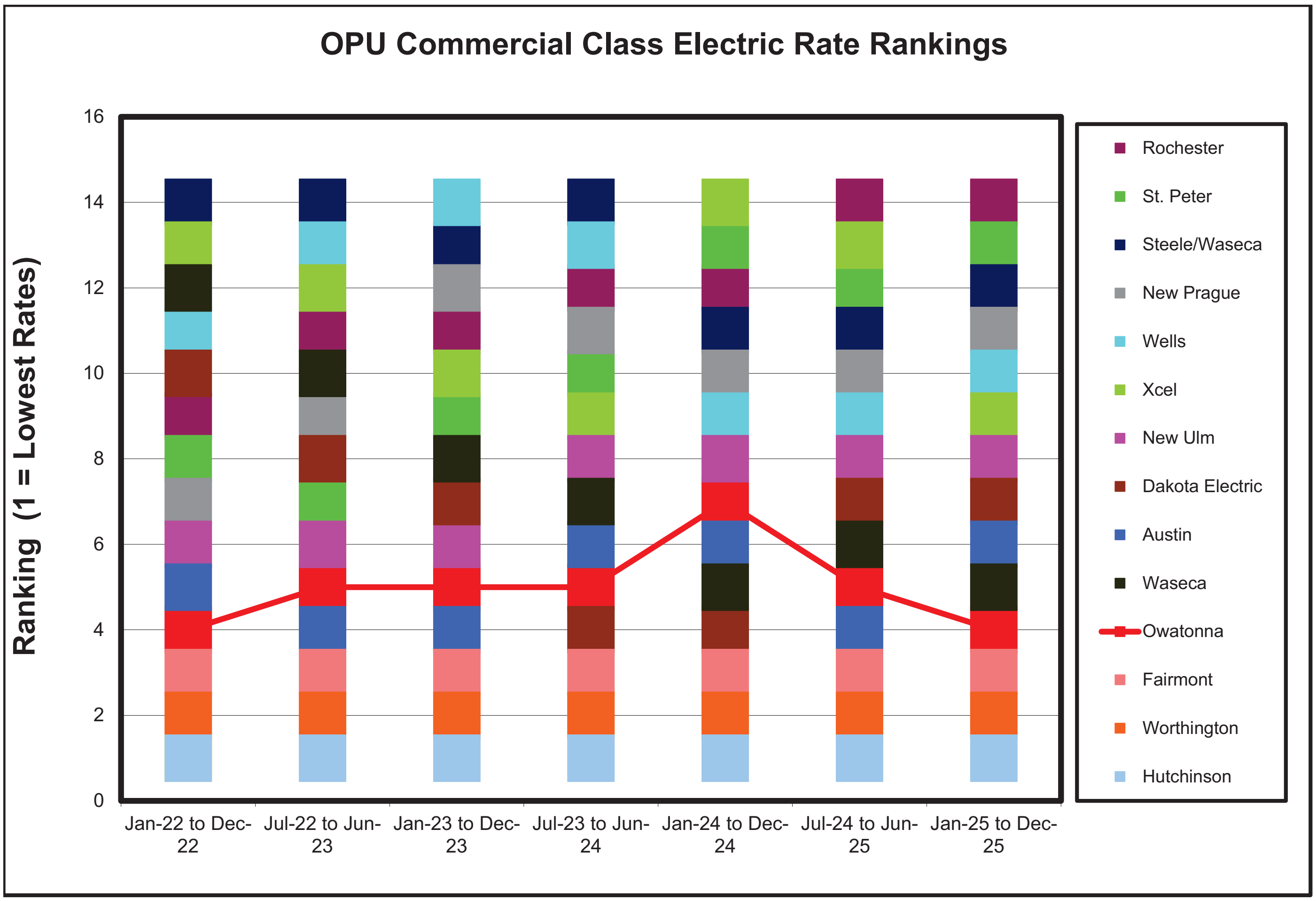
Rate Comparison Study

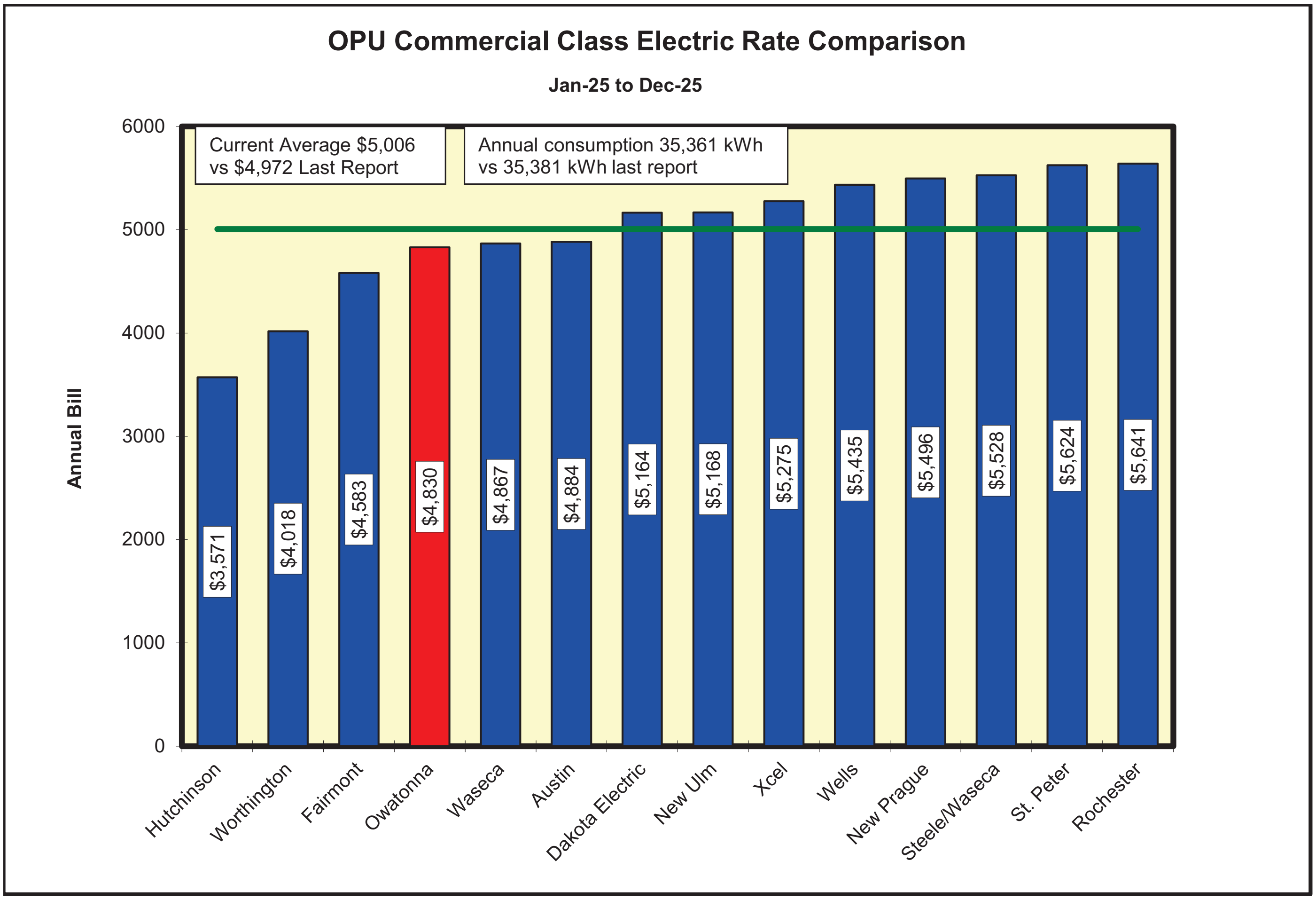
Jan. 2025 though Dec. 2025

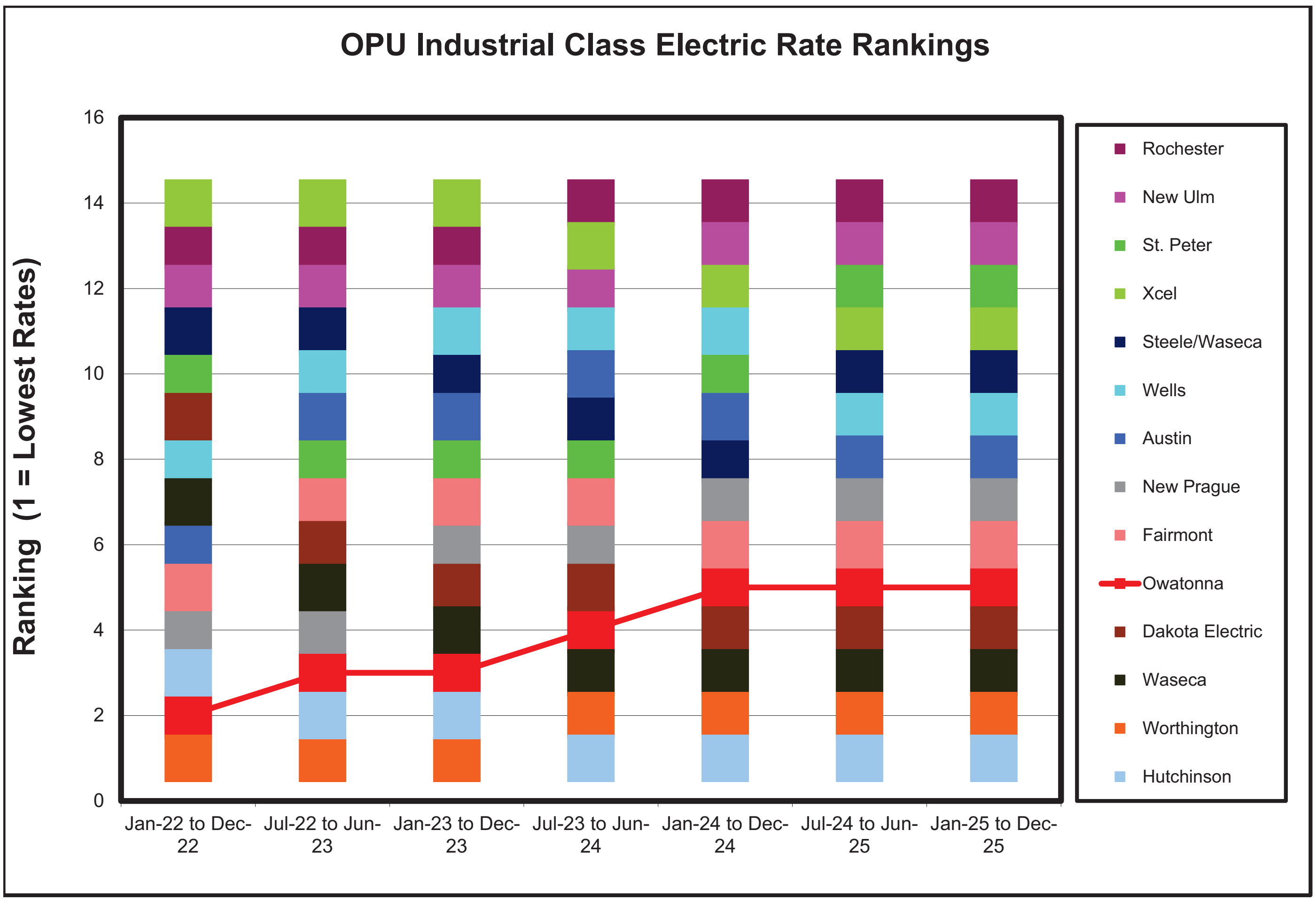
Completed by Tim Linders

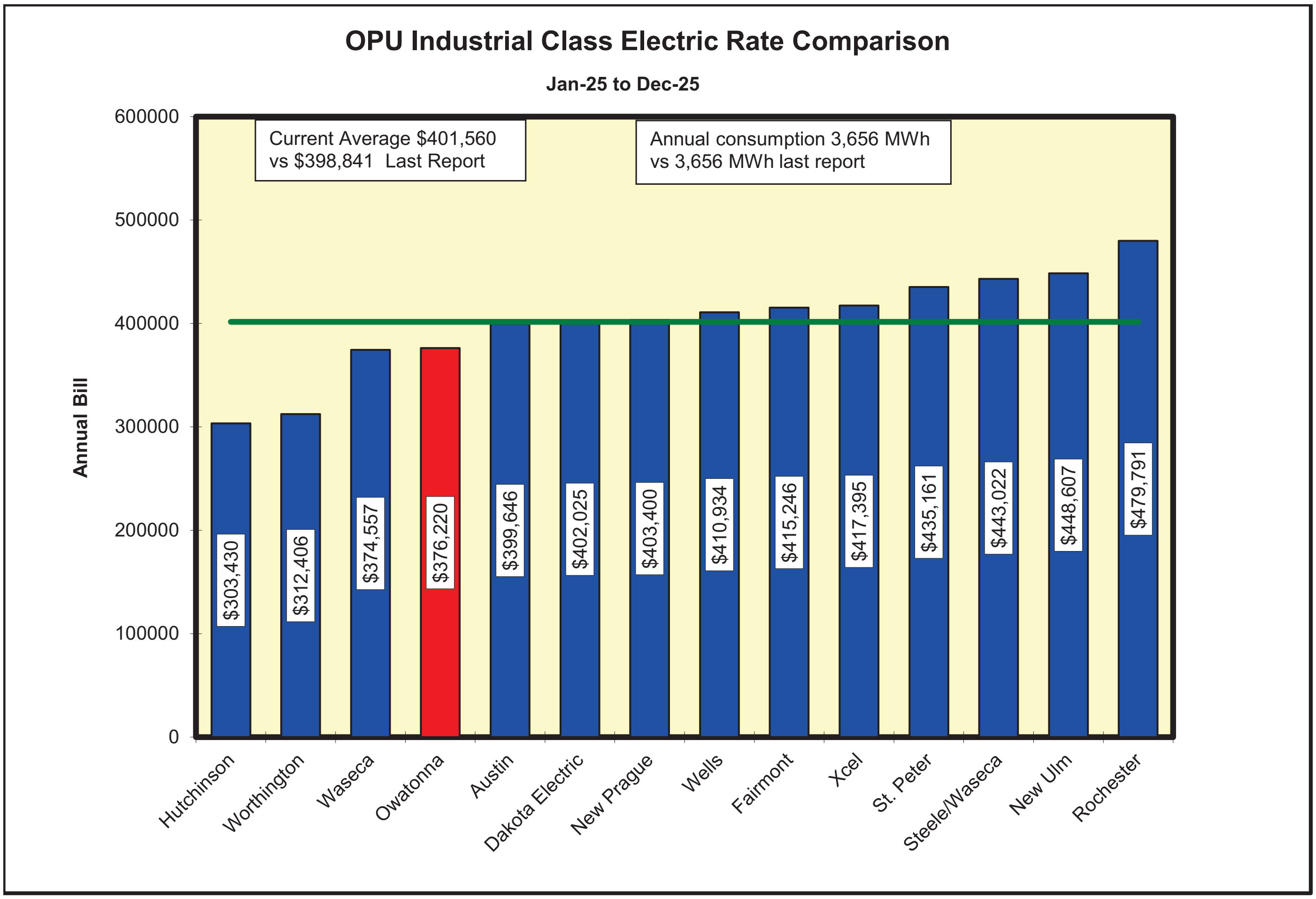

OPU Residential Class Electric Rate Rankings
Ranking (1 = Lowest Rates)
16
14
12
10
8
6
4
2
0
Jan-22 to Dec-22
Jul-22 to Jun-23
Jan-23 to Dec-23
Jul-23 to Jun-24
Jan-24 to Dec-24
Jul-24 to Jun-25
Jan-25 to Dec-25
Steele/Waseca
Rochester
Xcel
New Ulm
New Prague
St. Peter
Austin
Owatonna
Wells
Dakota Electric
Waseca
Fairmont
Worthington
Hutchinson

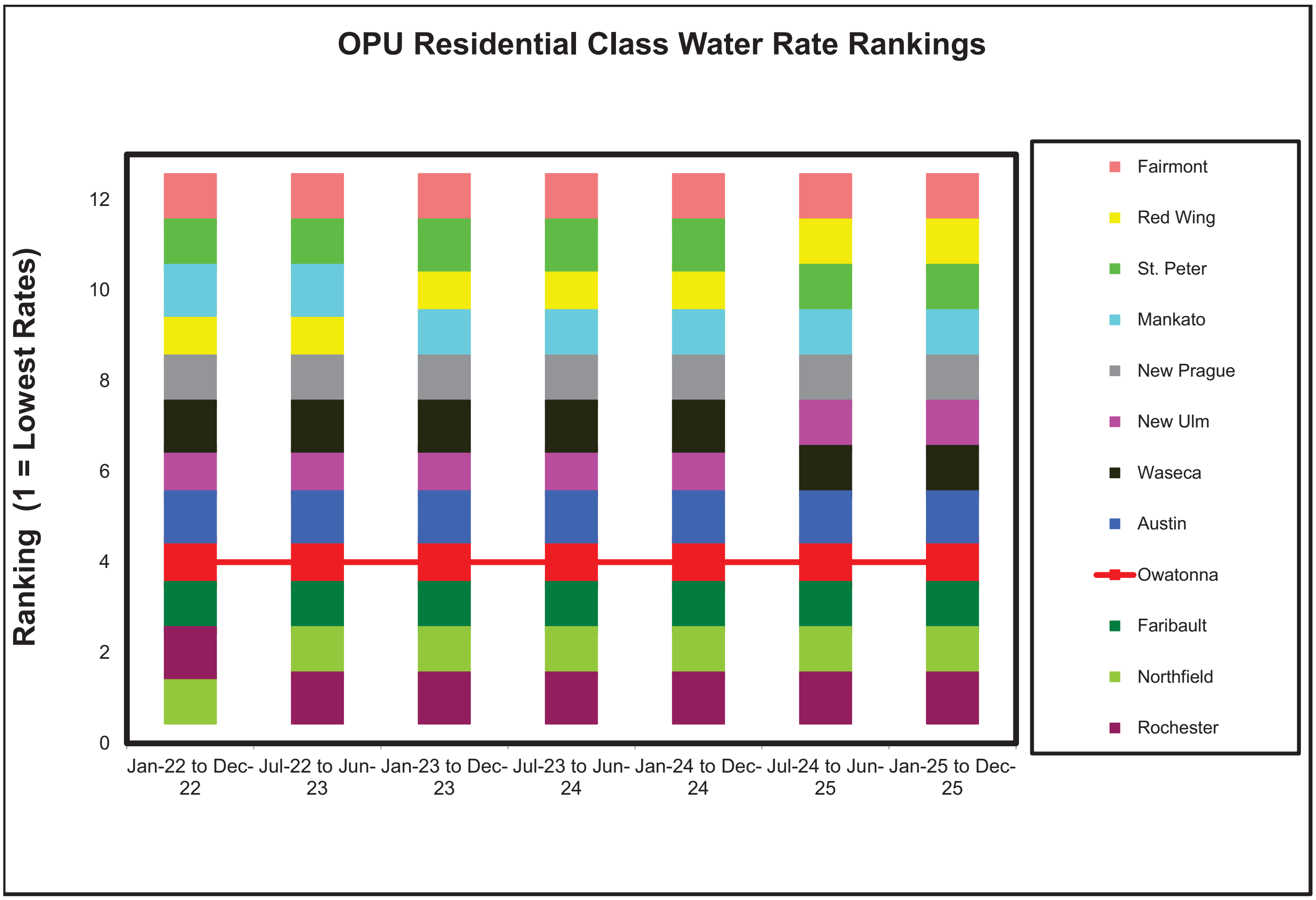

OPU Residential Class Electric Rate Comparison
Jan-25 to Dec-25
Current Average $1,208
vs $1,186 Last Report
Annual consumption 7,789 kWh
vs 7,717 kWh last report
Annual Bill
1600
1400
1200
1000
800
600
400
200
0
$871
$955
$1,057
$1,107
$1,188
$1,190
$1,191
$1,206
$1,263
$1,282
$1,291
$1,386
$1,432
$1,496
Hutchinson
Worthington
Fairmont
Waseca
Wells
Owatonna
Austin
Dakota Electric
St. Peter
New Prague
New Ulm
Xcel
Rochester
Steele/Waseca

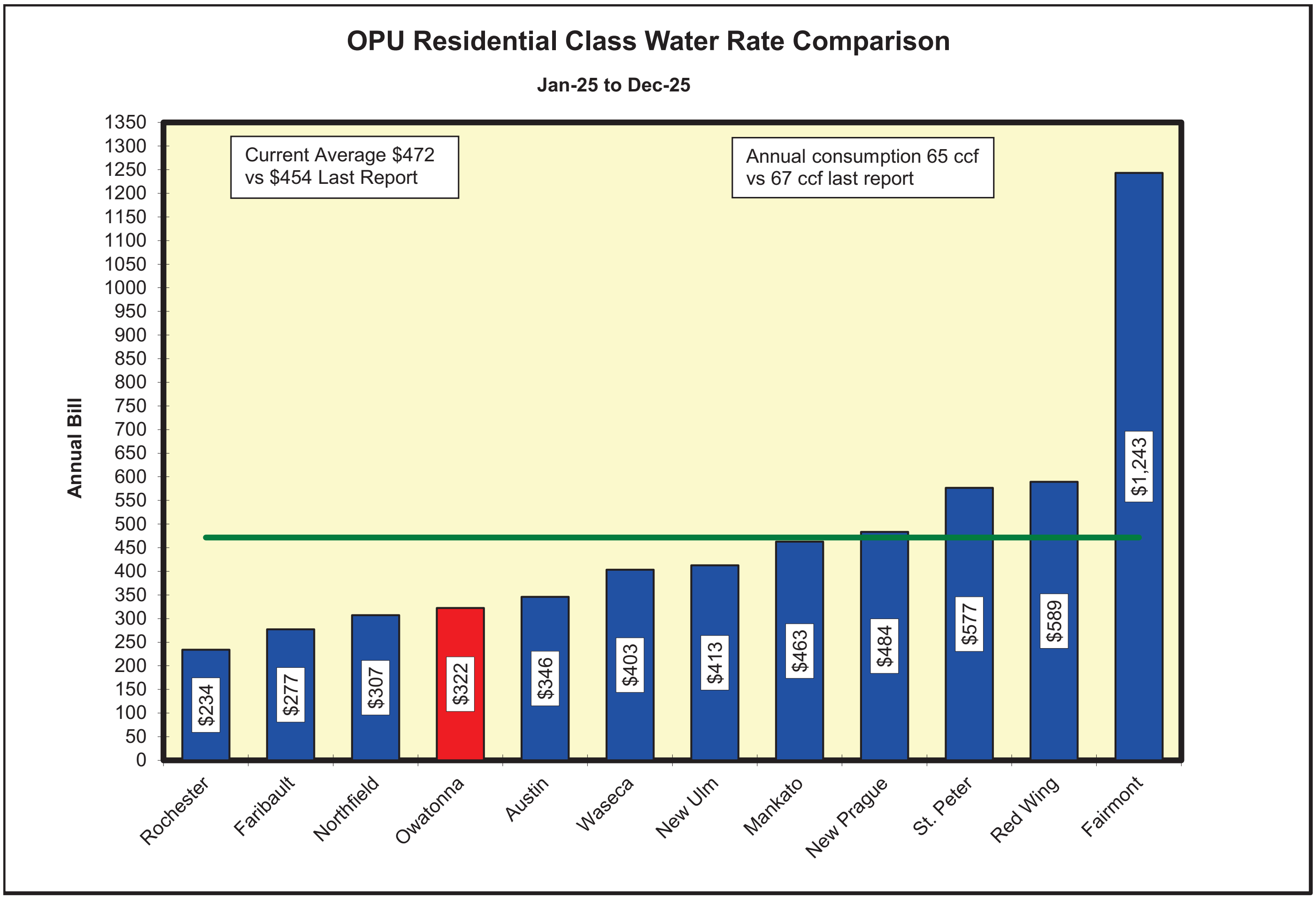

OPU Commercial Class Electric Rate Rankings
Ranking (1 = Lowest Rates)
0
2
4
6
8
10
12
14
16
Jan-22 to Dec-22
Jul-22 to Jun-23
Jan-23 to Dec-23
Jul-23 to Jun-24
Jan-24 to Dec-24
Jul-24 to Jun-25
Jan-25 to Dec-25
Rochester
St. Peter
Steele/Waseca
New Prague
Wells
Xcel
New Ulm
Dakota Electric
Austin
Waseca
Owatonna
Fairmont
Worthington
Hutchinson


OPU Commercial Class Electric Rate Comparison
Jan-25 to Dec-25
Current Average $5,006
vs $4,972 Last Report
Annual consumption 35,361 kWh
vs 35,381 kWh last report
Annual Bill
6000
5000
4000
3000
2000
1000
0
$3,571
$4,018
$4,583
$4,830
$4,867
$4,884
$5,164
$5,168
$5,275
$5,435
$5,496
$5,528
$5,624
$5,641
Hutchinson
Worthington
Fairmont
Owatonna
Waseca
Austin
Dakota Electric
New Ulm
Xcel
Wells
New Prague
Steele/Waseca
St. Peter
Rochester

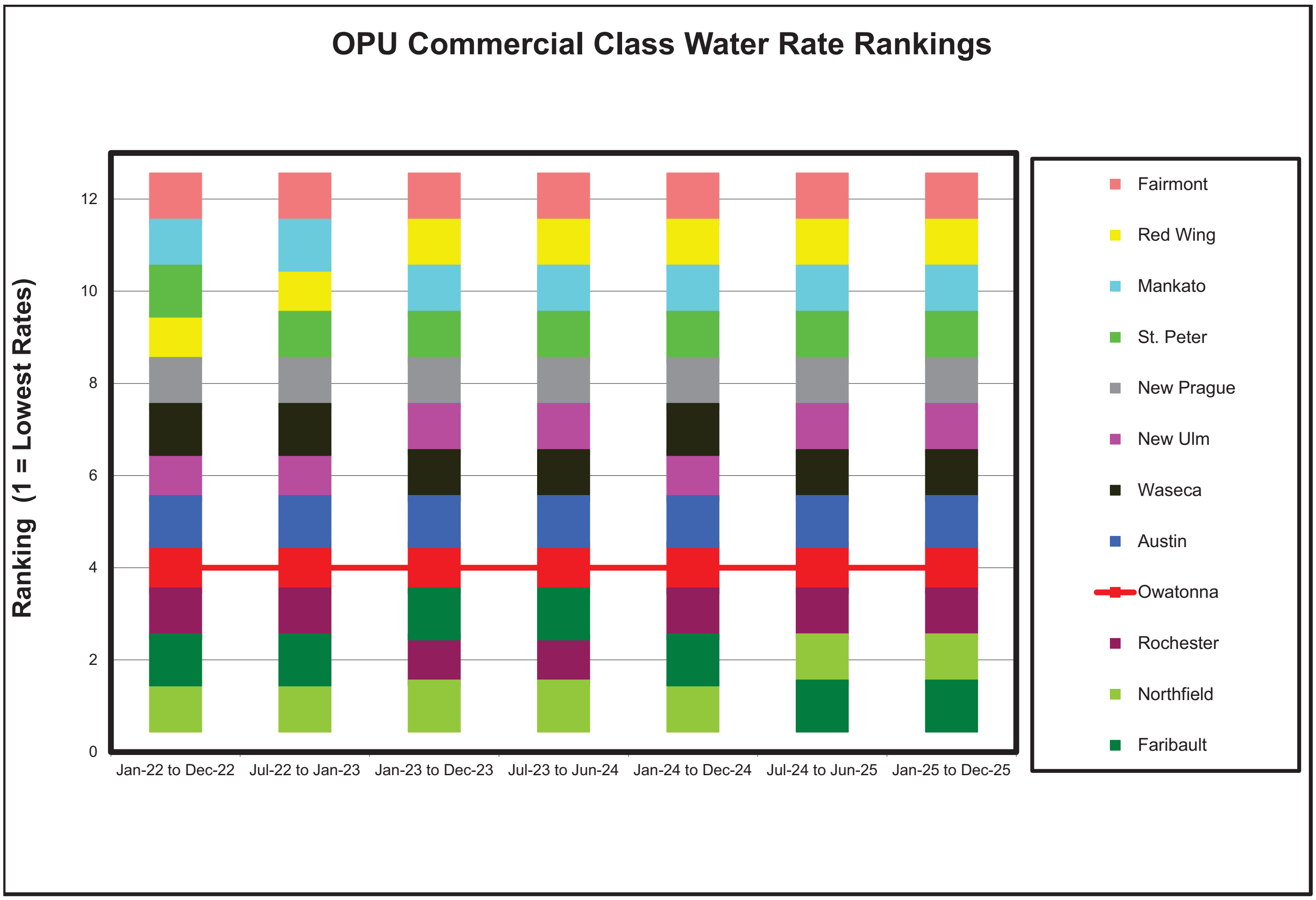

OPU Industrial Class Electric Rate Rankings
Ranking (1 = Lowest Rates)
0
2
4
6
8
10
12
14
16
Jan-22 to Dec-22
Jul-22 to Jun-23
Jan-23 to Dec-23
Jul-23 to Jun-24
Jan-24 to Dec-24
Jul-24 to Jun-25
Jan-25 to Dec-25
Rochester
New Ulm
St. Peter
Xcel
Steele/Waseca
Wells
Austin
New Prague
Fairmont
Owatonna
Dakota Electric
Waseca
Worthington
Hutchinson

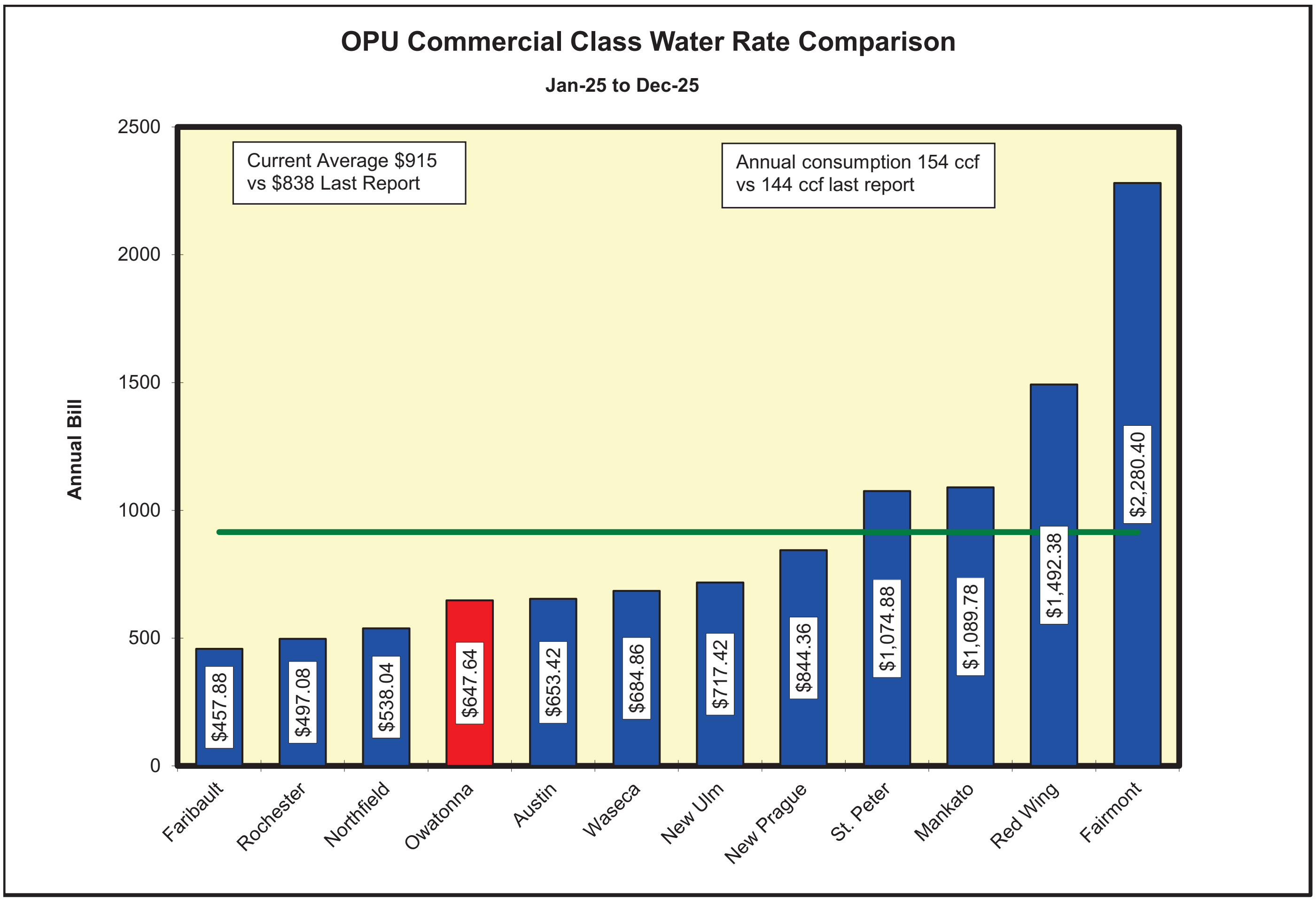

OPU Industrial Class Electric Rate Comparison
Jan-25 to Dec-25
Current Average $401,560
vs $398,841 Last Report
Annual consumption 3,656 MWh
vs 3,656 MWh last report
Annual Bill
600000
500000
400000
300000
200000
100000
0
$303,430
$312,406
$374,557
$376,220
$399,646
$402,025
$403,400
$410,934
$415,246
$417,395
$435,161
$443,022
$448,607
$479,791
Hutchinson
Worthington
Waseca
Owatonna
Austin
Dakota Electric
New Prague
Wells
Fairmont
Xcel
St. Peter
Steele/Waseca
New Ulm
Rochester


OPU Residential Class Water Rate Rankings
Ranking (1 = Lowest Rates)
0
2
4
6
8
10
12
Jan-22 to Dec-22
Jul-22 to Jun-23
Jan-23 to Dec-23
Jul-23 to Jun-24
Jan-24 to Dec-24
Jul-24 to Jun-25
Jan-25 to Dec-25
Fairmont
Red Wing
St. Peter
Mankato
New Prague
New Ulm
Waseca
Austin
Owatonna
Faribault
Northfield
Rochester

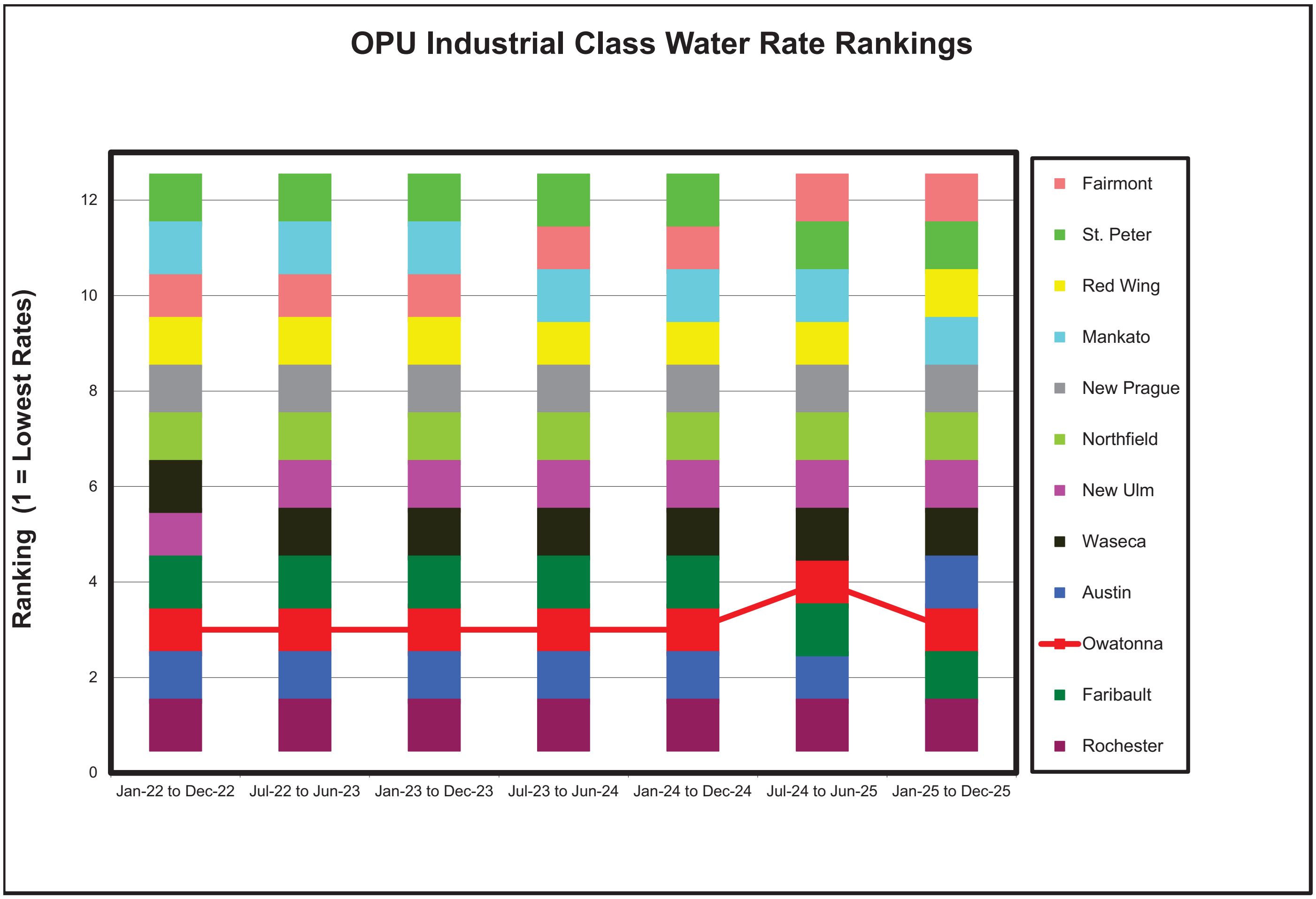


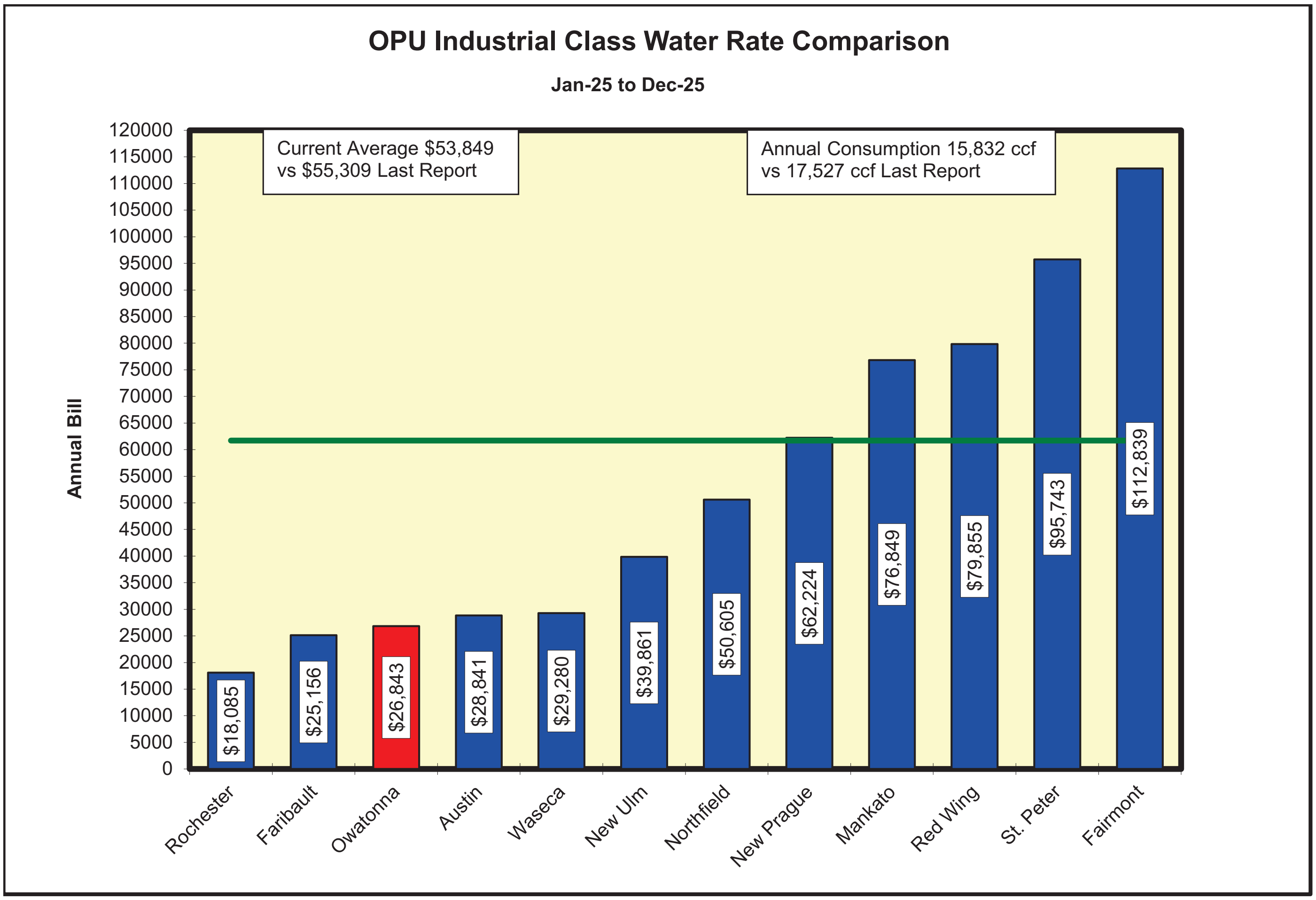
OPU Residential Class Water Rate Comparison
Jan-25 to Dec-25
Current Average $472
vs $454 Last Report
Annual consumption 65 ccf
vs 67 ccf last report
Annual Bill
1350
1300
1250
1200
1150
1100
1050
1000
950
900
850
800
750
700
650
600
550
500
450
400
350
300
250
200
150
100
50
0
$234
$277
$307
$322
$346
$403
$413
$463
$484
$577
$589
$1,243
Rochester
Faribault
Northfield
Owatonna
Austin
Waseca
New Ulm
Mankato
New Prague
St. Peter
Red Wing
Fairmont

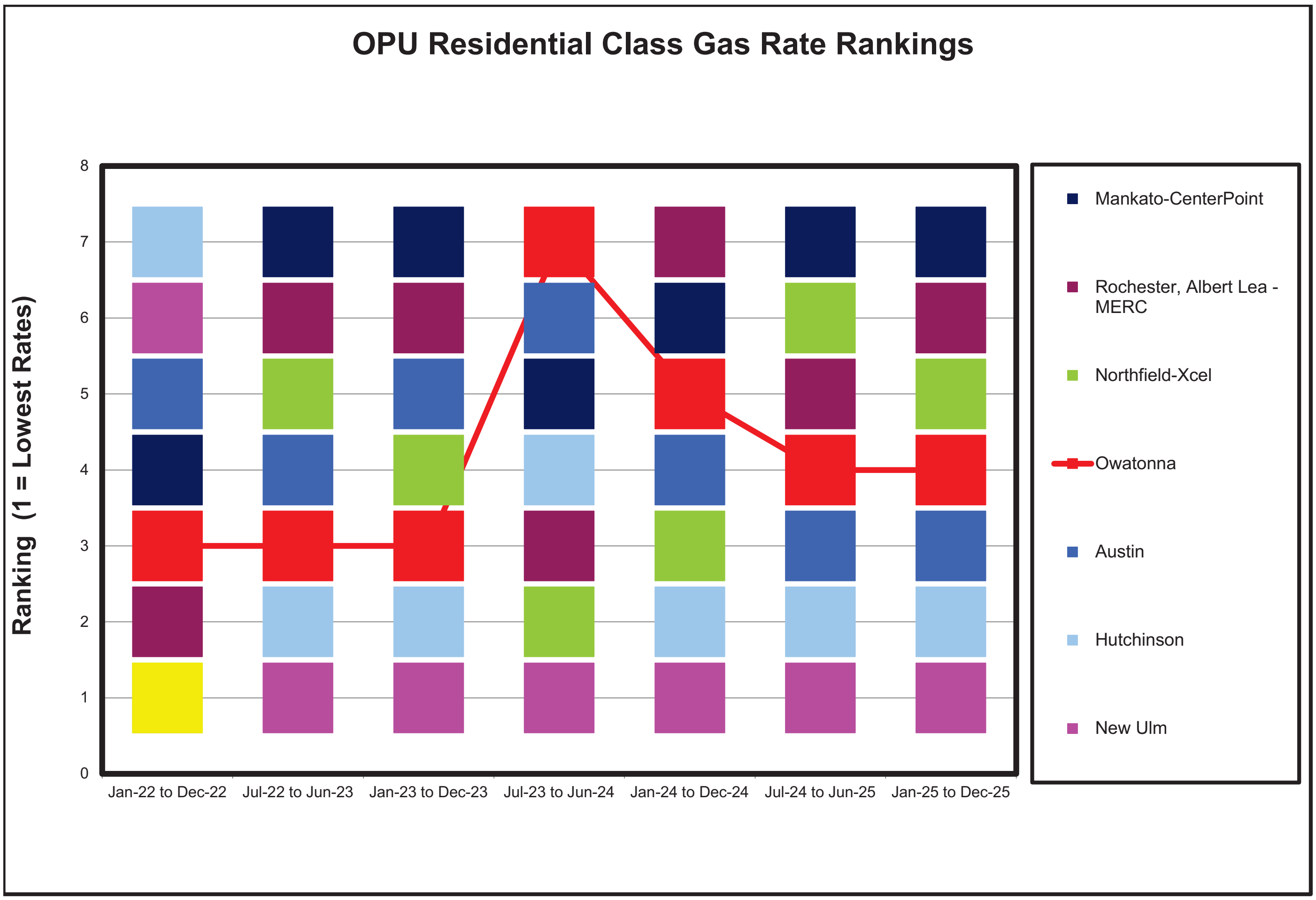

OPU Commercial Class Water Rate Rankings
Ranking (1 = Lowest Rates)
0
2
4
6
8
10
12
Jan-22 to Dec-22
Jul-22 to Jan-23
Jan-23 to Dec-23
Jul-23 to Jun-24
Jan-24 to Dec-24
Jul-24 to Jun-25
Jan-25 to Dec-25
Fairmont
Red Wing
Mankato
St. Peter
New Prague
New Ulm
Waseca
Austin
Owatonna
Rochester
Northfield
Faribault

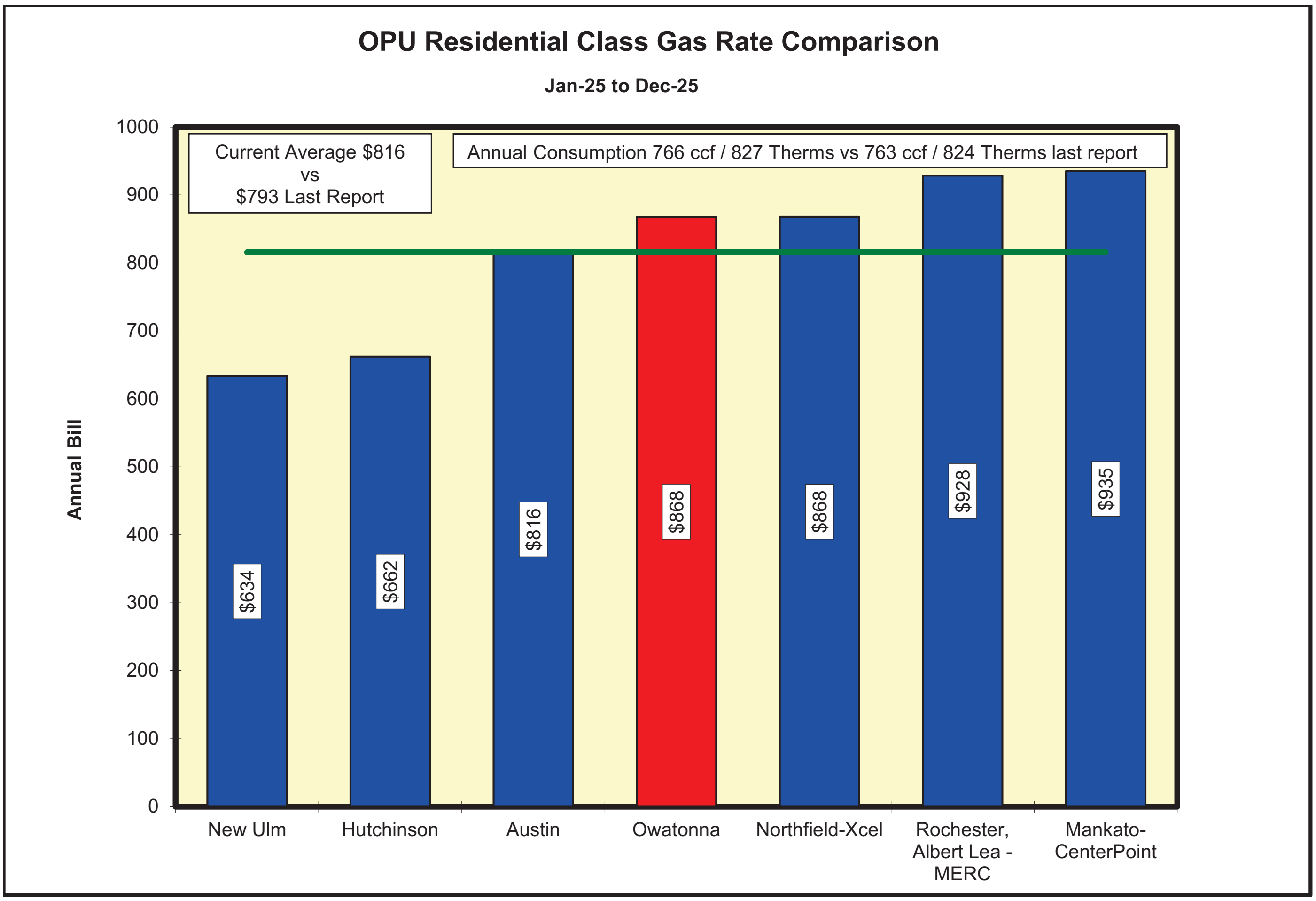


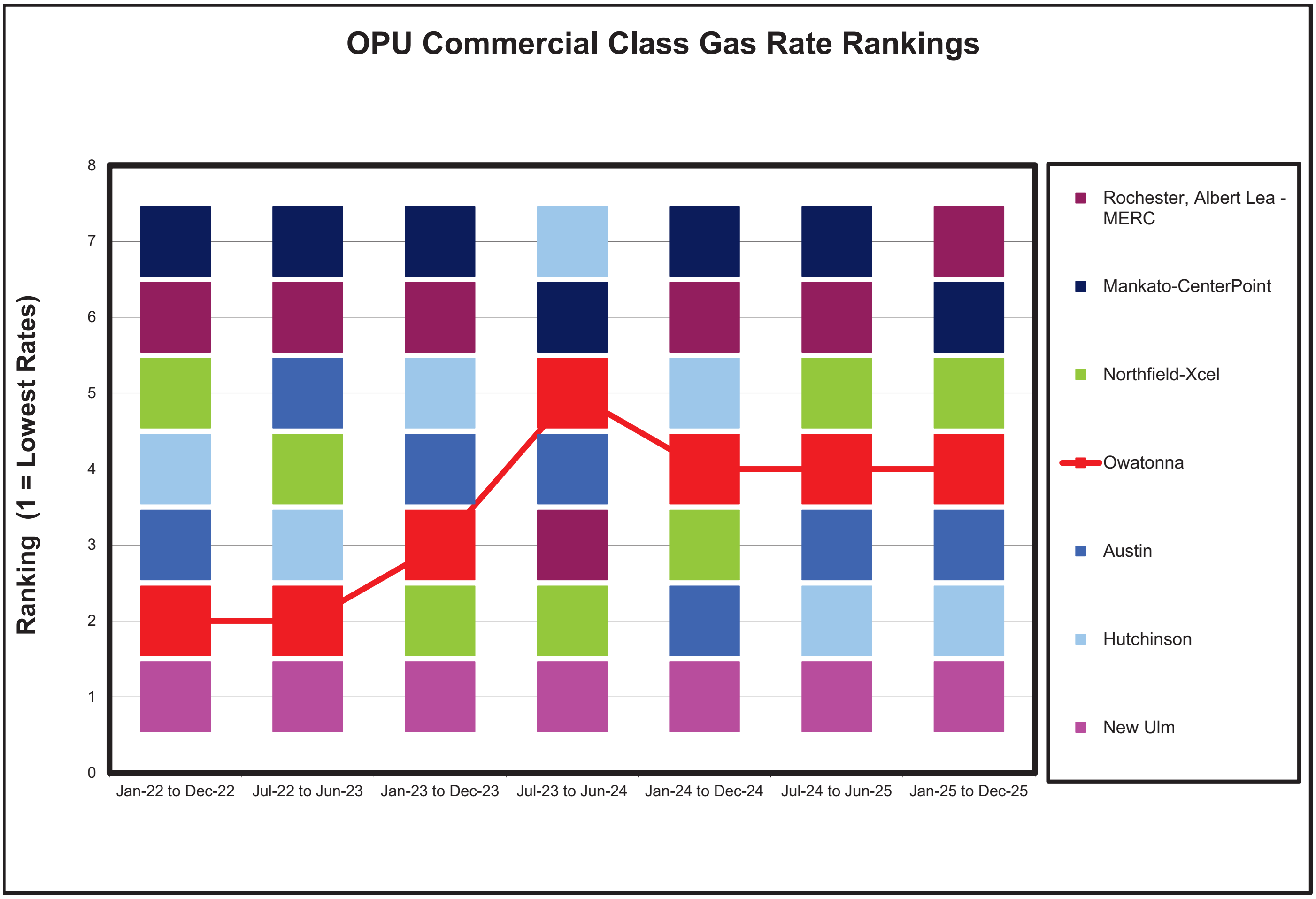
OPU Commercial Class Water Rate Comparison
Jan-25 to Dec-25
Current Average $915
vs $838 Last Report
Annual consumption 154 ccf
vs 144 ccf last report
Annual Bill
2500
2000
1500
1000
500
0
$457.88
$497.08
$538.04
$647.64
$653.42
$684.86
$717.42
$844.36
$1,074.88
$1,089.78
$1,492.38
$2,280.40
Faribault
Rochester
Northfield
Owatonna
Austin
Waseca
New Ulm
New Prague
St. Peter
Mankato
Red Wing
Fairmont

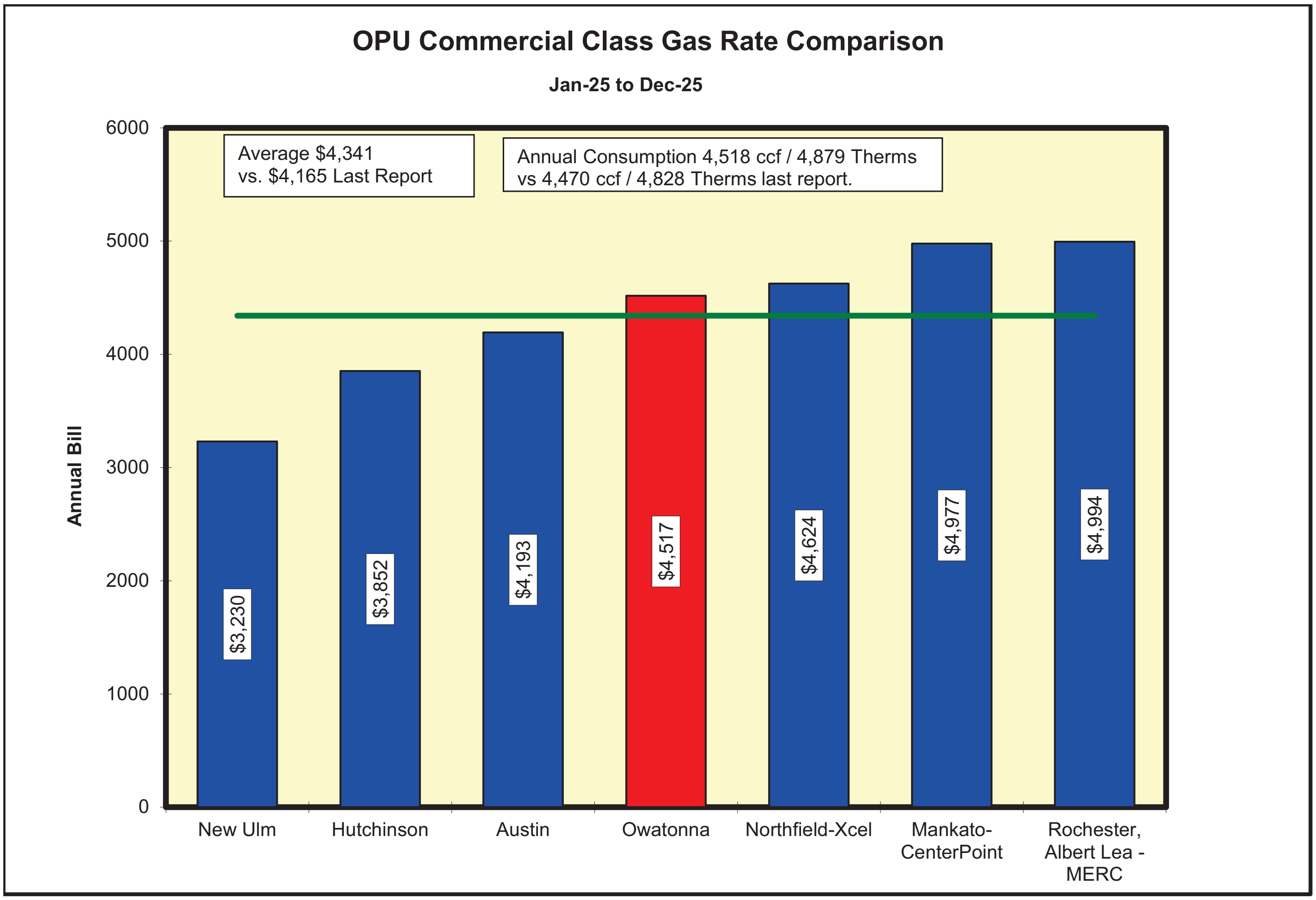

OPU Industrial Class Water Rate Rankings
Ranking (1 = Lowest Rates)
0
2
4
6
8
10
12
Jan-22 to Dec-22
Jul-22 to Jun-23
Jan-23 to Dec-23
Jul-23 to Jun-24
Jan-24 to Dec-24
Jul-24 to Jun-25
Jan-25 to Dec-25
Fairmont
St. Peter
Red Wing
Mankato
New Prague
Northfield
New Ulm
Waseca
Austin
Owatonna
Faribault
Rochester

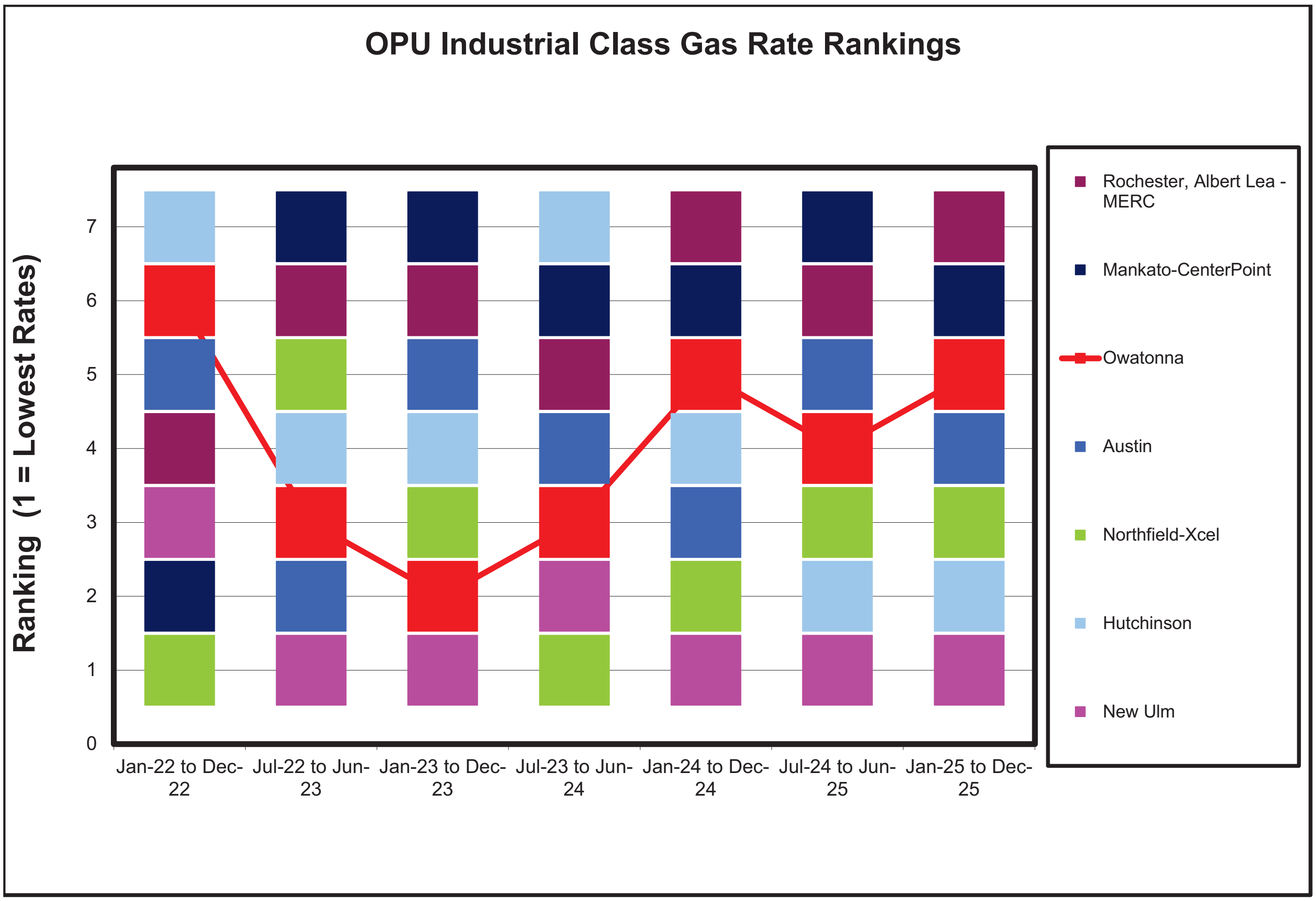

OPU Industrial Class Water Rate Comparison
Jan-25 to Dec-25
Annual Bill
Current Average $53,849
vs $55,309 Last Report
Annual Consumption 15,832 ccf
vs 17,527 ccf Last Report
120000
115000
110000
105000
100000
95000
90000
85000
80000
75000
70000
65000
60000
55000
50000
45000
40000
35000
30000
25000
20000
15000
10000
5000
0
$18,085
$25,156
$26,843
$28,841
$29,280
$39,861
$50,605
$62,224
$76,849
$79,855
$95,743
$112,839
Rochester
Faribault
Owatonna
Austin
Waseca
New Ulm
Northfield
New Prague
Mankato
Red Wing
St. Peter
Fairmont

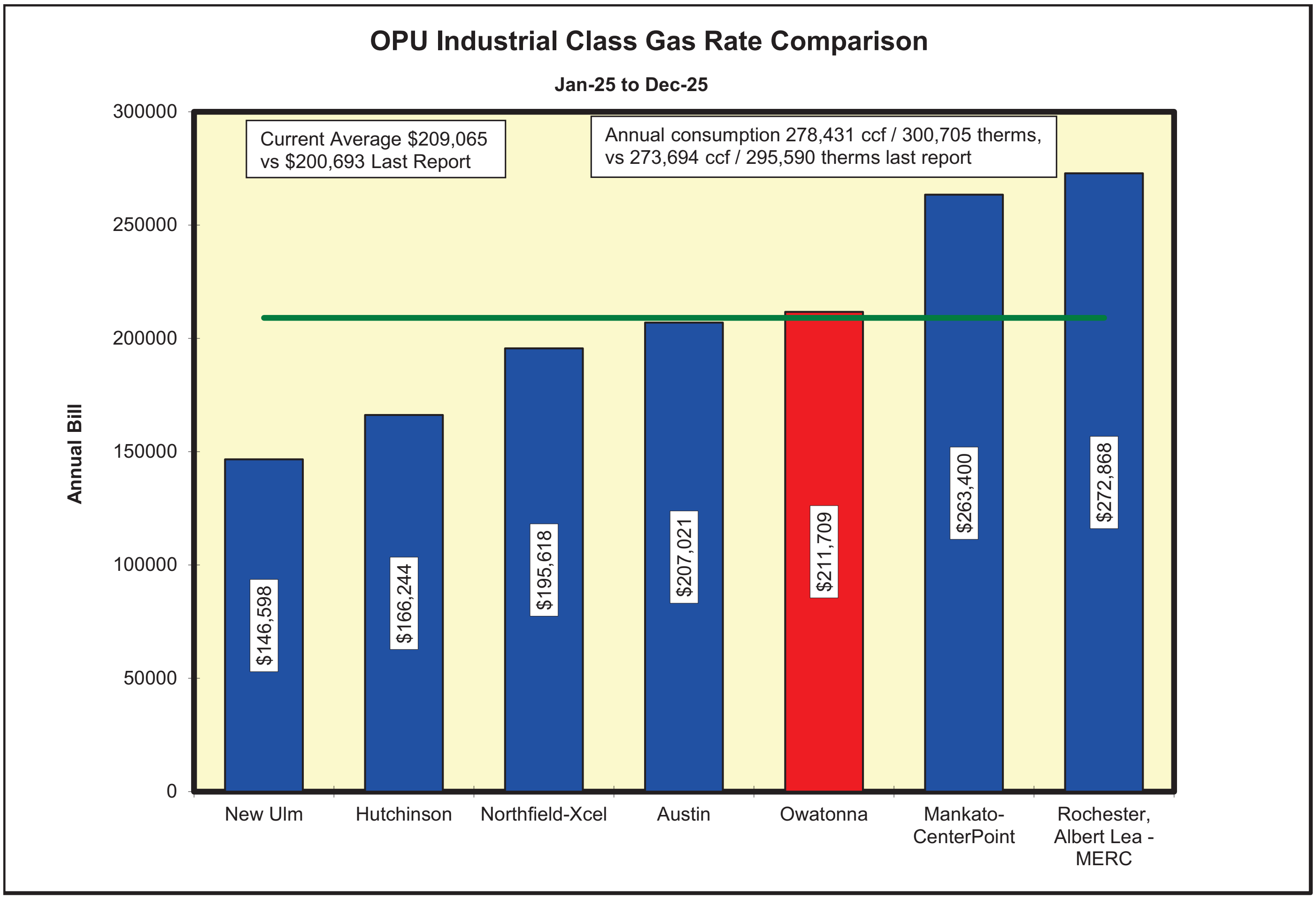

OPU Residential Class Gas Rate Rankings
Ranking (1 = Lowest Rates)
0
1
2
3
4
5
6
7
8
Jan-22 to Dec-22
Jul-22 to Jun-23
Jan-23 to Dec-23
Jul-23 to Jun-24
Jan-24 to Dec-24
Jul-24 to Jun-25
Jan-25 to Dec-25
Mankato-CenterPoint
Rochester, Albert Lea - MERC
Northfield-Xcel
Owatonna
Austin
Hutchinson
New Ulm


OPU Residential Class Gas Rate Comparison
Jan-25 to Dec-25
Annual Bill
1000
900
800
700
600
500
400
300
200
100
0
Current Average $816
vs
$793 Last Report
Annual Consumption 766 ccf / 827 Therms vs 763 ccf / 824 Therms last report
$634
$662
$816
$868
$868
$928
$935
New Ulm
Hutchinson
Austin
Owatonna
Northfield-Xcel
Rochester, Albert Lea - MERC
Mankato-CenterPoint

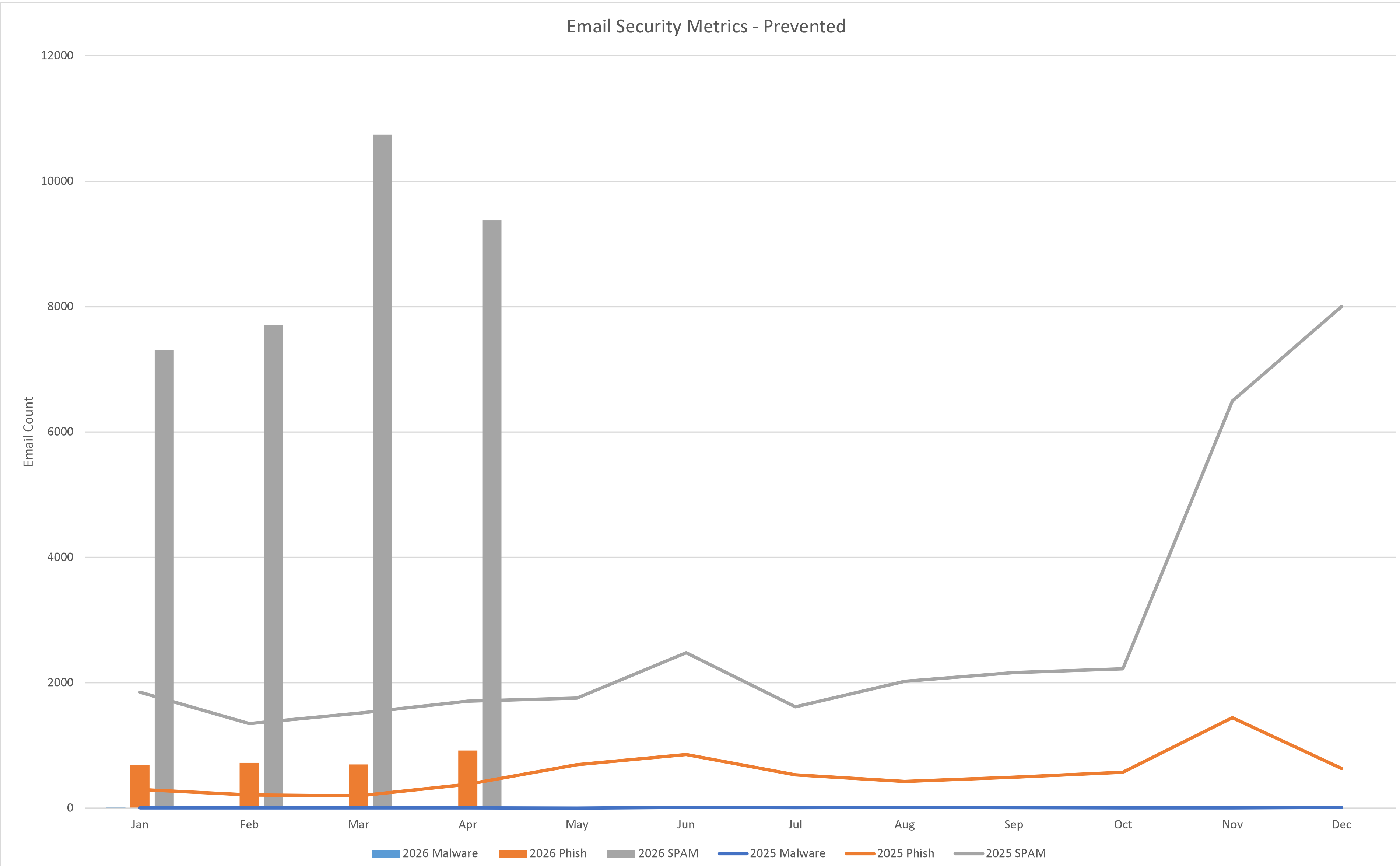

OPU Commercial Class Gas Rate Rankings
Ranking (1 = Lowest Rates)
0
1
2
3
4
5
6
7
8
Jan-22 to Dec-22
Jul-22 to Jun-23
Jan-23 to Dec-23
Jul-23 to Jun-24
Jan-24 to Dec-24
Jul-24 to Jun-25
Jan-25 to Dec-25
Rochester, Albert Lea - MERC
Mankato-CenterPoint
Northfield-Xcel
Owatonna
Austin
Hutchinson
New Ulm

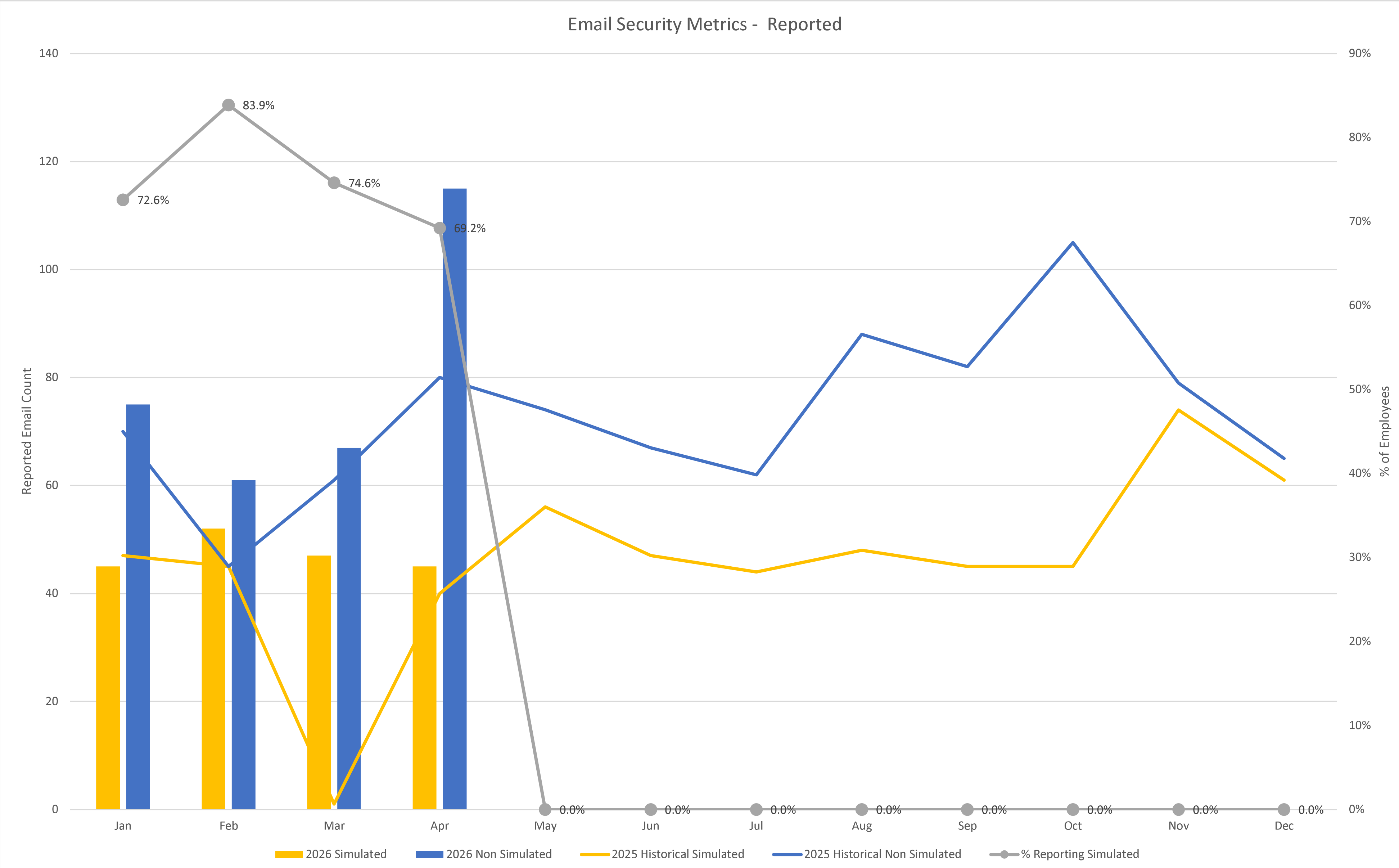

OPU Commercial Class Gas Rate Comparison
Jan-25 to Dec-25
Average $4,341
vs. $4,165 Last Report
Annual Consumption 4,518 ccf / 4,879 Therms
vs 4,470 ccf / 4,828 Therms last report.
Annual Bill
6000
5000
4000
3000
2000
1000
0
$3,230
$3,852
$4,193
$4,517
$4,624
$4,977
$4,994
New Ulm
Hutchinson
Austin
Owatonna
Northfield-Xcel
Mankato-CenterPoint
Rochester, Albert Lea - MERC

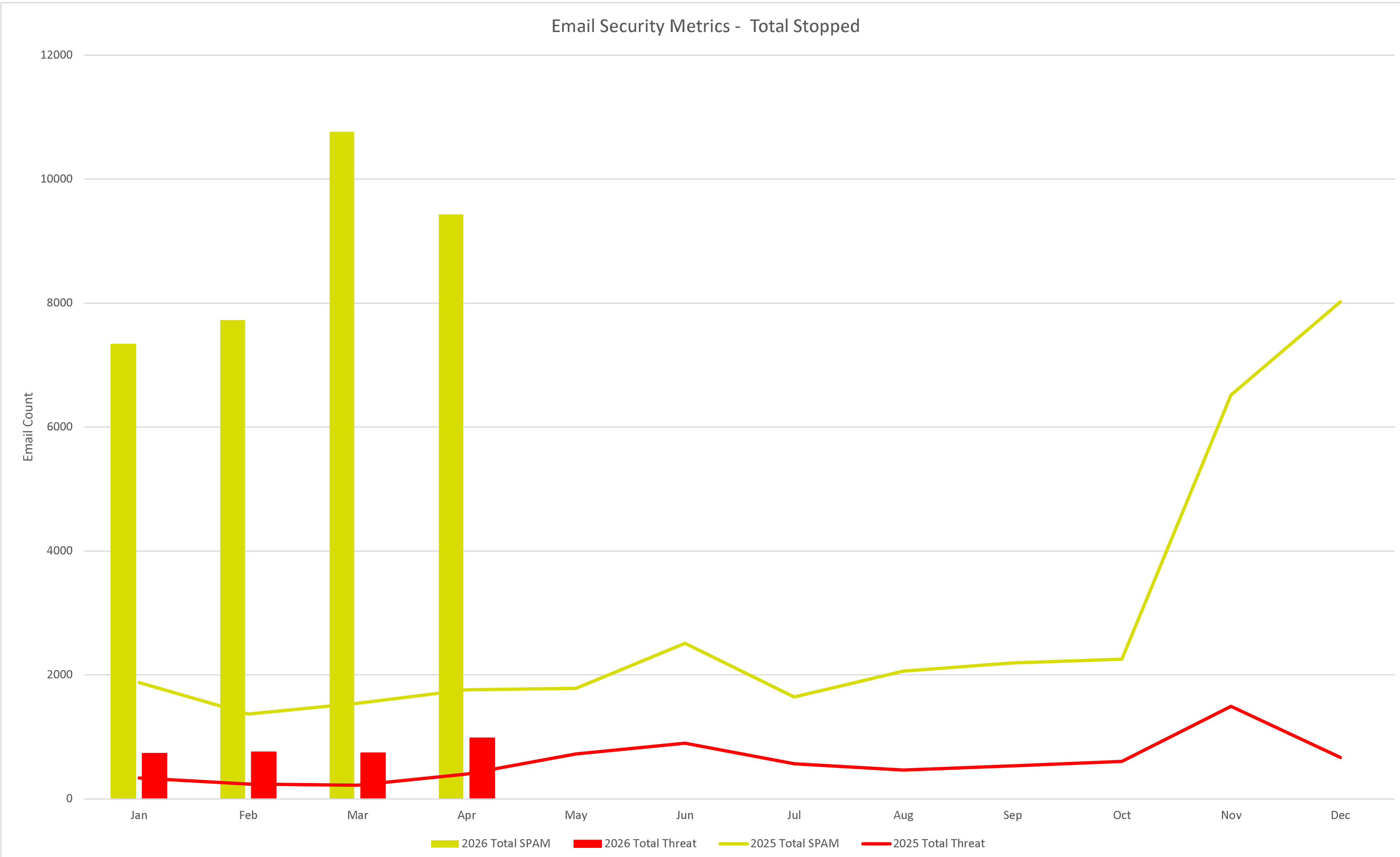

OPU Industrial Class Gas Rate Rankings
Ranking (1 = Lowest Rates)
0
1
2
3
4
5
6
7
Jan-22 to Dec-22
Jul-22 to Jun-23
Jan-23 to Dec-23
Jul-23 to Jun-24
Jan-24 to Dec-24
Jul-24 to Jun-25
Jan-25 to Dec-25
Rochester, Albert Lea - MERC
Mankato-CenterPoint
Owatonna
Austin
Northfield-Xcel
Hutchinson
New Ulm



OPU Industrial Class Gas Rate Comparison
Jan-25 to Dec-25
Current Average $209,065
vs $200,693 Last Report
Annual consumption 278,431 ccf / 300,705 therms,
vs 273,694 ccf / 295,590 therms last report
Annual Bill
300000
250000
200000
150000
100000
50000
0
$146,598
$166,244
$195,618
$207,021
$211,709
$263,400
$272,868
New Ulm
Hutchinson
Northfield-Xcel
Austin
Owatonna
Mankato-CenterPoint
Rochester, Albert Lea - MERC


Email Security Metrics - Prevented
Email Count
12000
10000
8000
6000
4000
2000
0
Jan
Feb
Mar
Apr
May
Jun
Jul
Aug
Sep
Oct
Nov
Dec
2026 Malware
2026 Phish
2026 SPAM
2025 Malware
2025 Phish
2025 SPAM

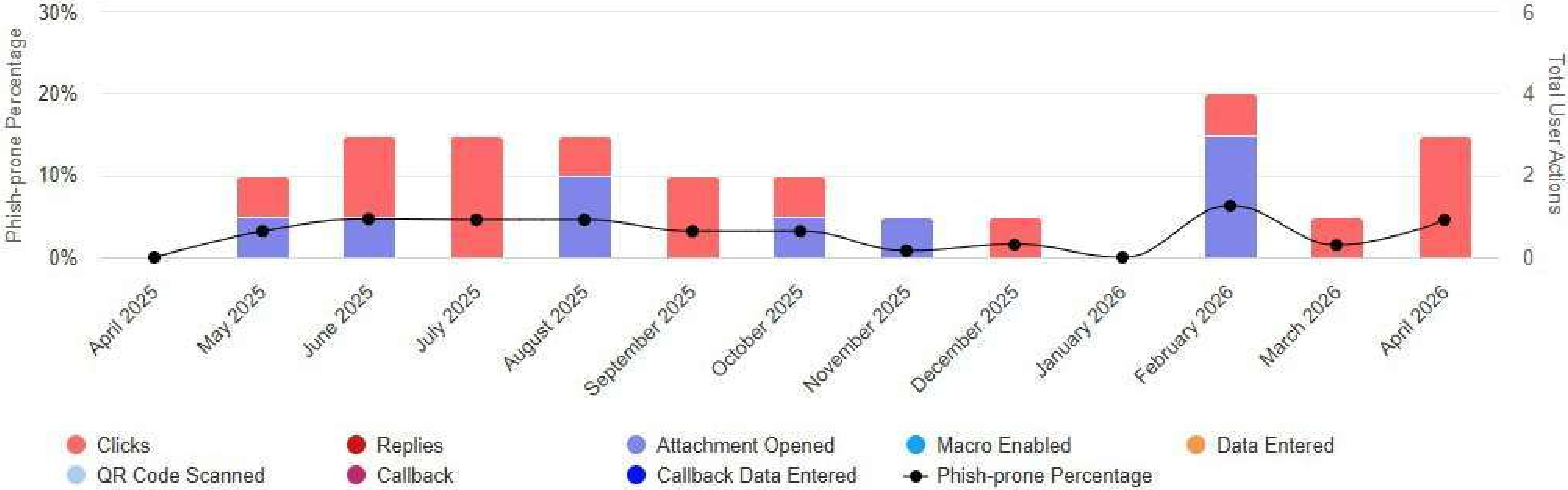

Email Security Metrics - Reported
140
120
100
80
60
40
20
0
90%
80%
70%
60%
50%
40%
30%
20%
10%
0%
Reported Email Count
% of Employees
72.6%
83.9%
74.6%
69.2%
0.0%
Jan
Feb
Mar
Apr
May
Jun
Jul
Aug
Sep
Oct
Nov
Dec
2026 Simulated
2026 Non Simulated
2025 Historical Simulated
2025 Historical Non Simulated
% Reporting Simulated

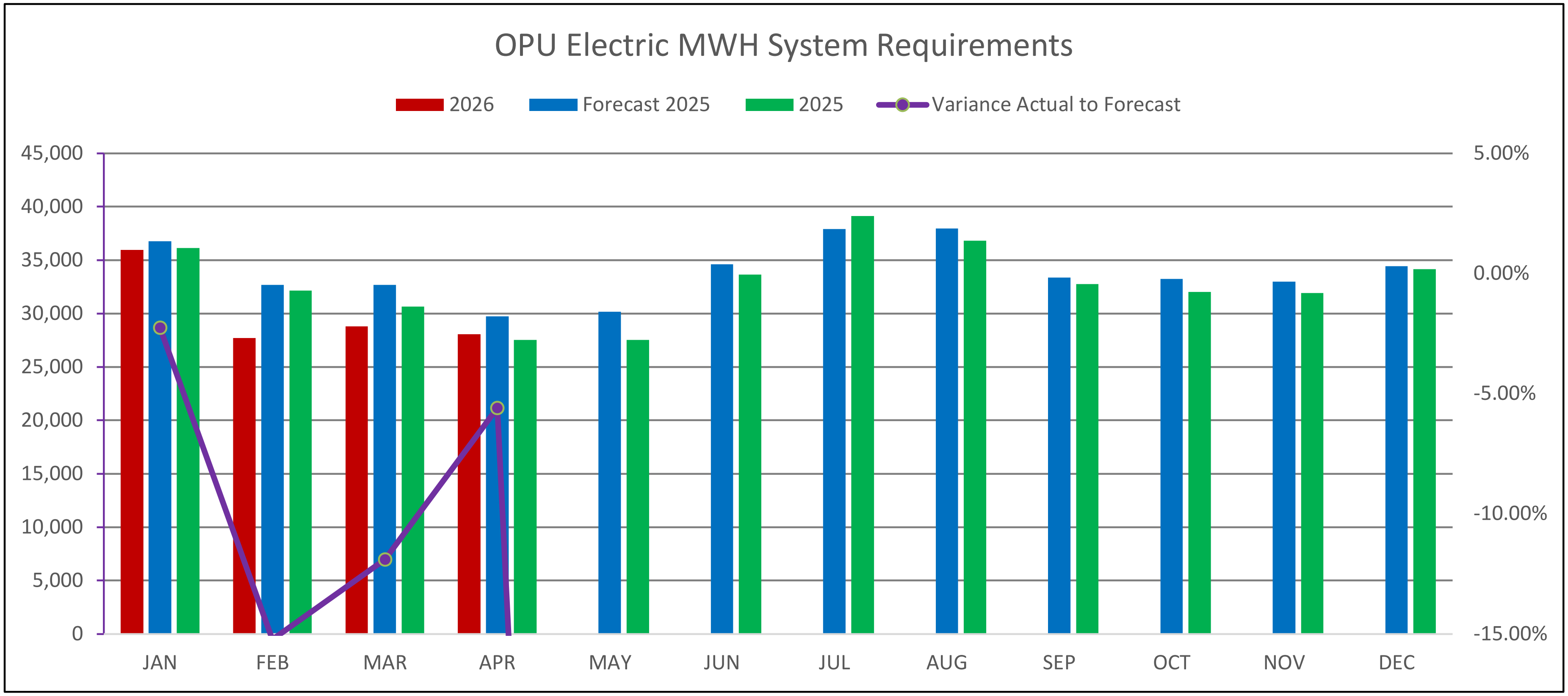


Email Security Metrics - Total Stopped
Email Count
12000
10000
8000
6000
4000
2000
0
Jan
Feb
Mar
Apr
May
Jun
Jul
Aug
Sep
Oct
Nov
Dec
2026 Total SPAM
2026 Total Threat
2025 Total SPAM
2025 Total Threat

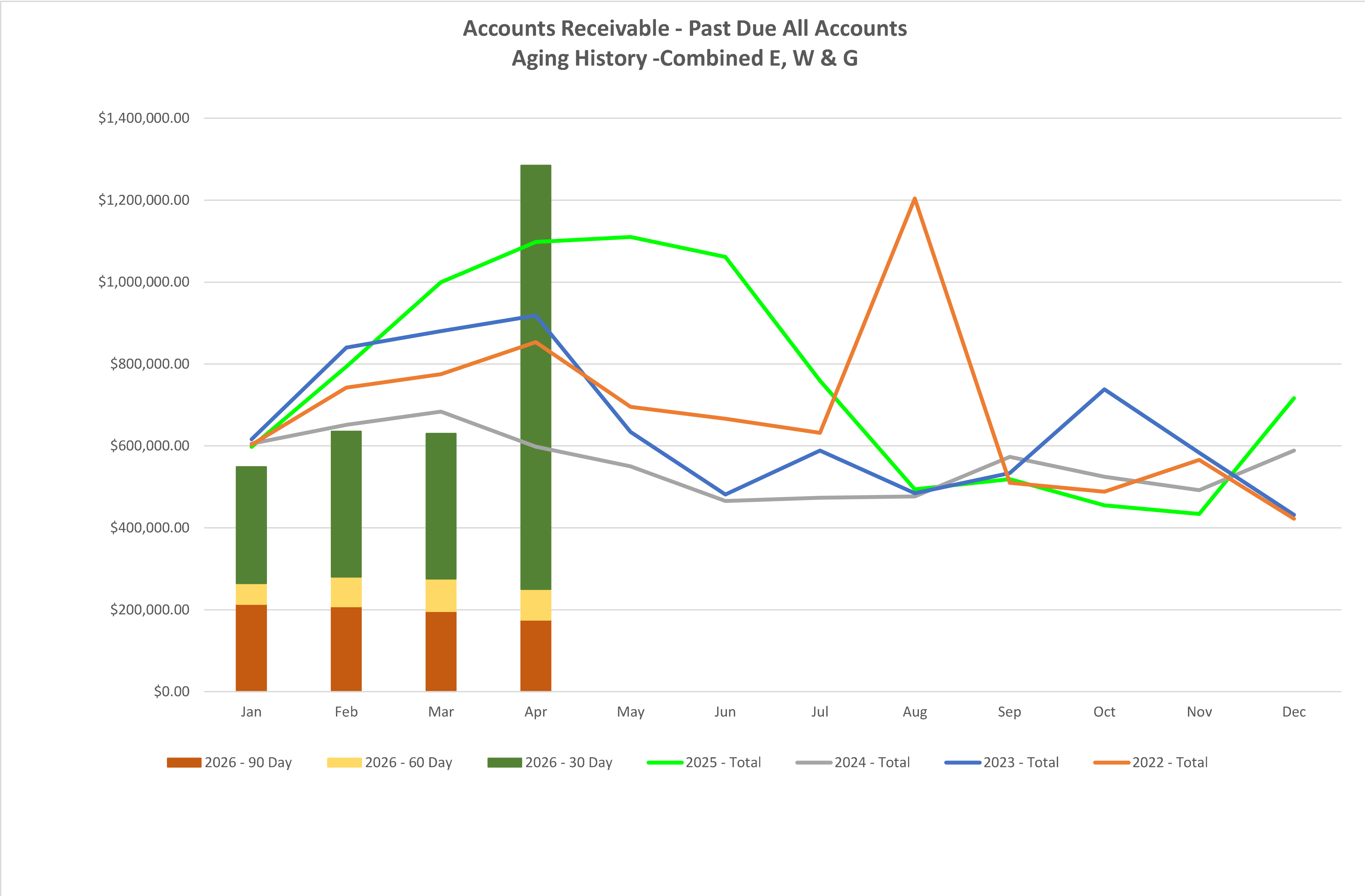
Failure Types

This report displays the number of failure types by campaign for selected users.

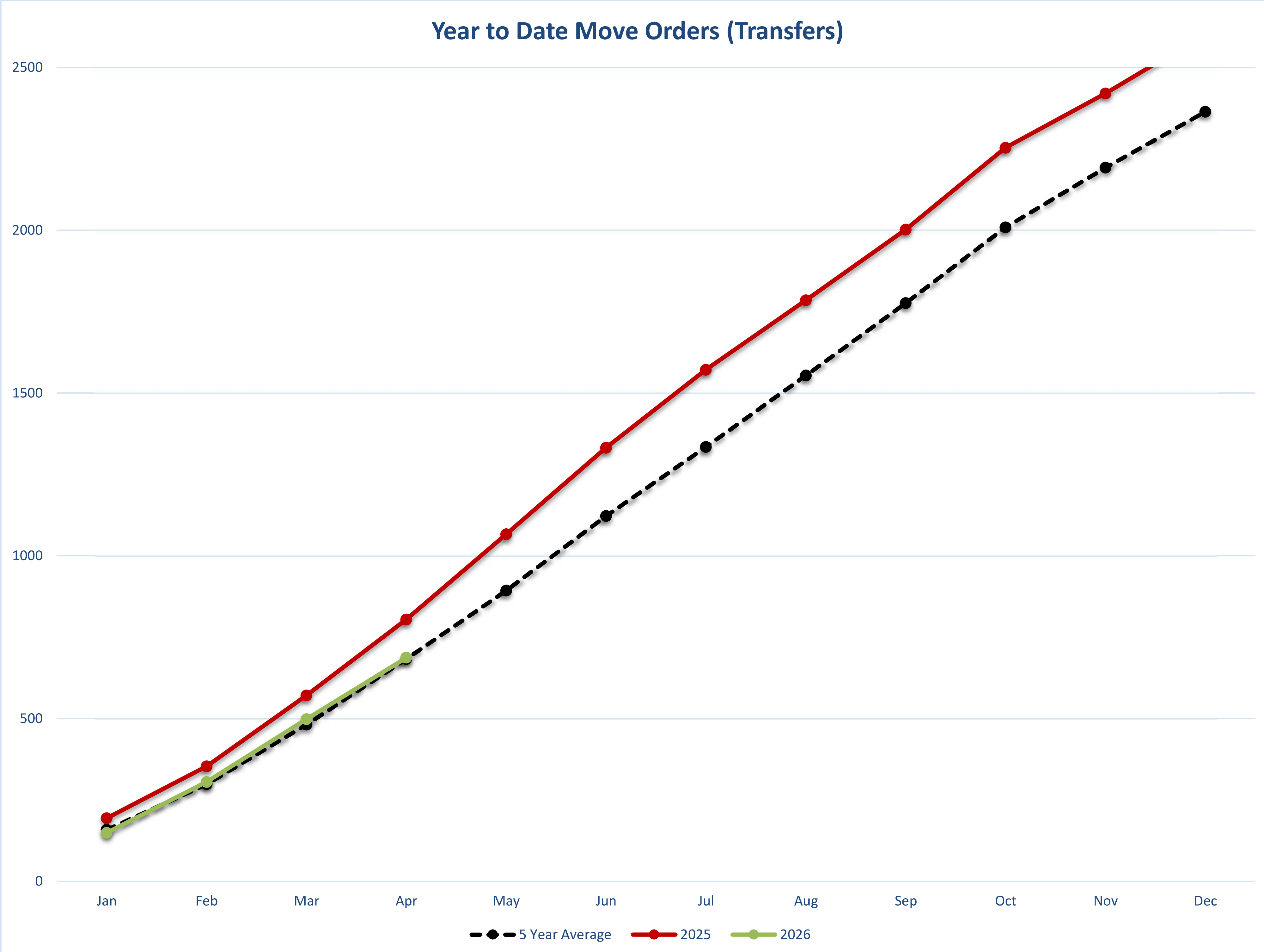




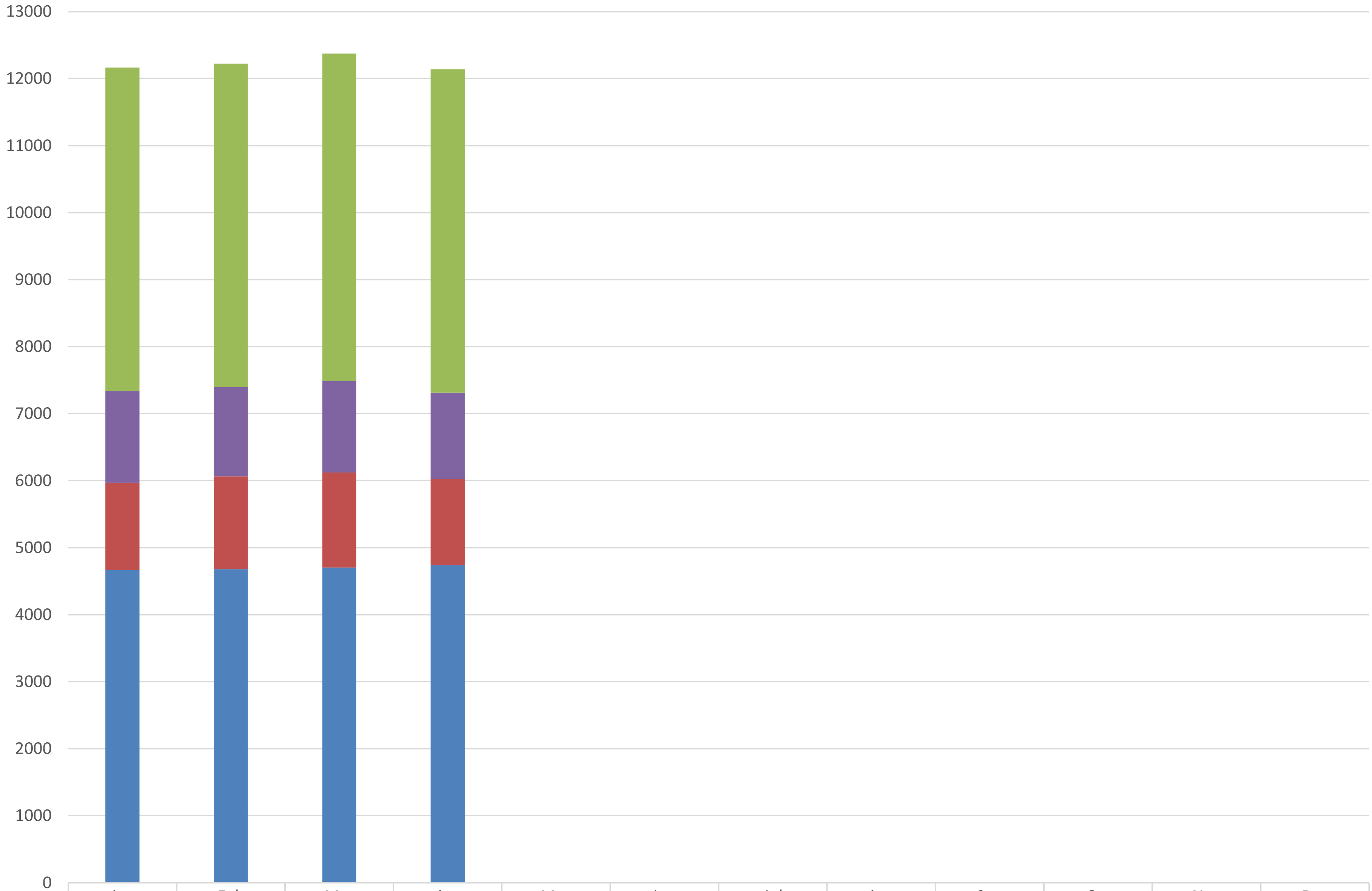
OPU Electric MWH System Requirements
2026
Forecast 2025
2025
Variance Actual to Forecast
45,000
40,000
35,000
30,000
25,000
20,000
15,000
10,000
5,000
0
5.00%
0.00%
-5.00%
-10.00%
-15.00%
JAN
FEB
MAR
APR
MAY
JUN
JUL
AUG
SEP
OCT
NOV
DEC



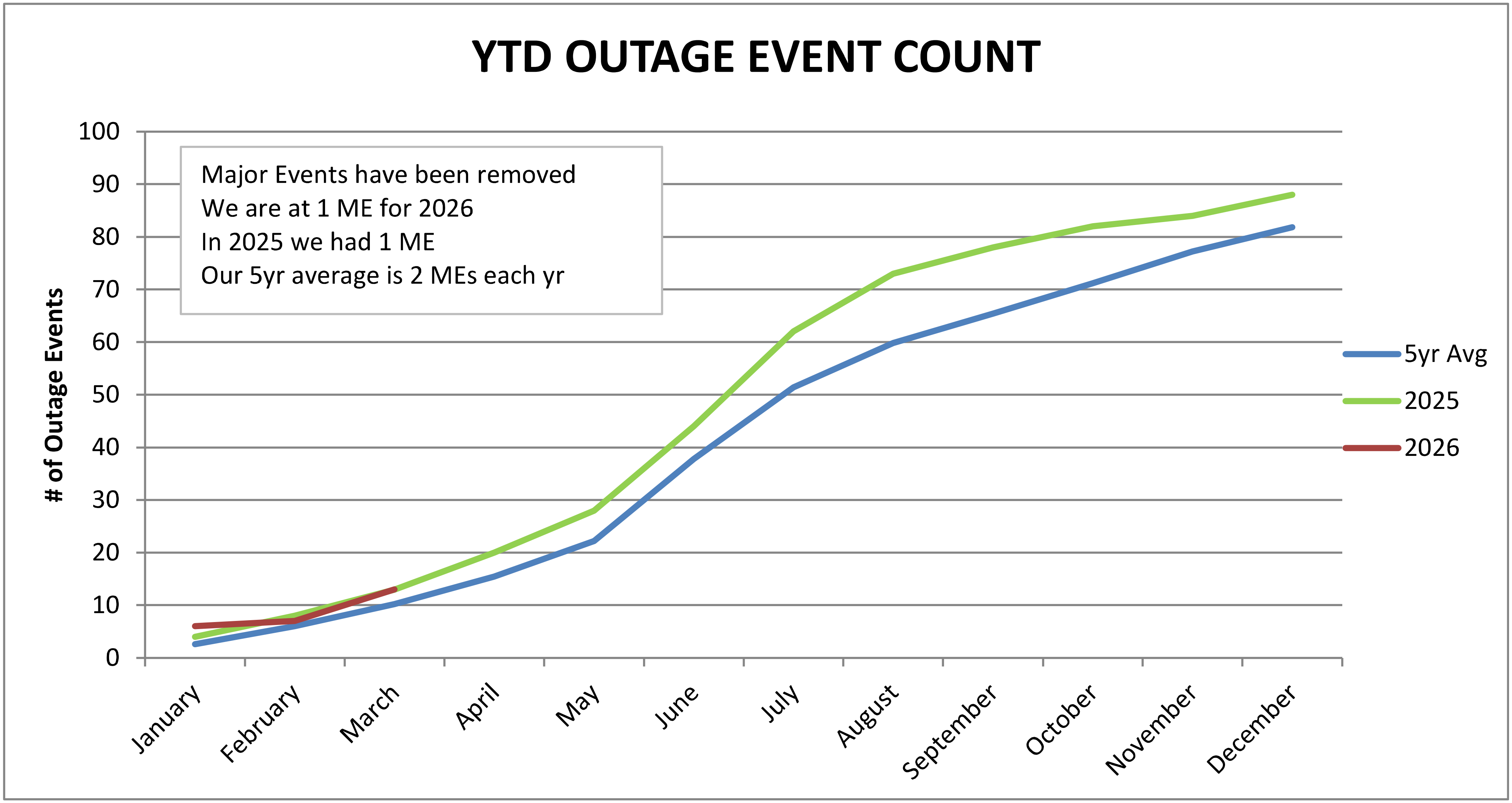
Accounts Receivable - Past Due All Accounts
Aging History -Combined E, W & G
$1,400,000.00
$1,200,000.00
$1,000,000.00
$800,000.00
$600,000.00
$400,000.00
$200,000.00
$0.00
Jan
Feb
Mar
Apr
May
Jun
Jul
Aug
Sep
Oct
Nov
Dec
2026 - 90 Day
2026 - 60 Day
2026 - 30 Day
2025 - Total
2024 - Total
2023 - Total
2022 - Total

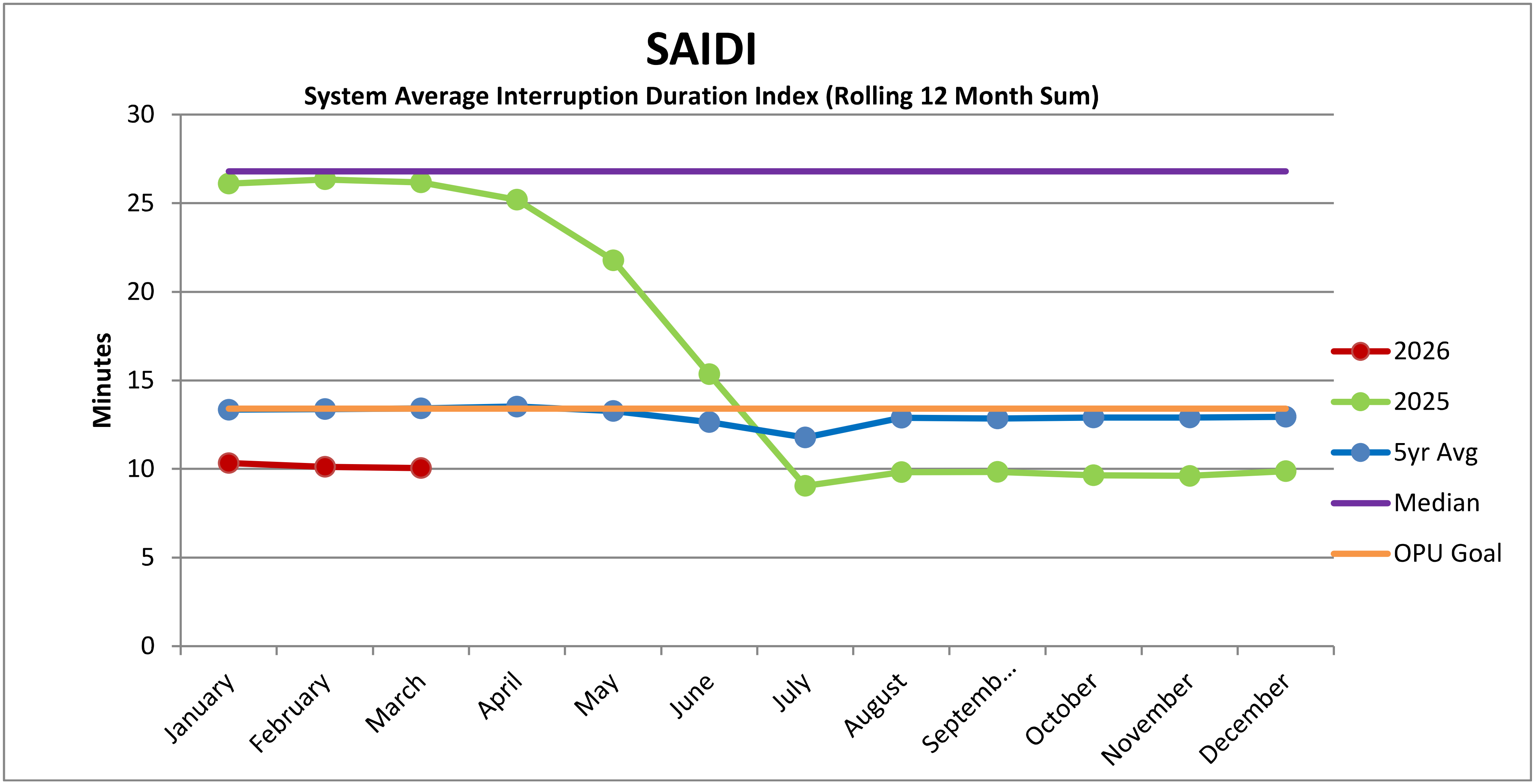

Year to Date Move Orders (Transfers)
2500
2000
1500
1000
500
0
Jan
Feb
Mar
Apr
May
Jun
Jul
Aug
Sep
Oct
Nov
Dec
5 Year Average
2025
2026

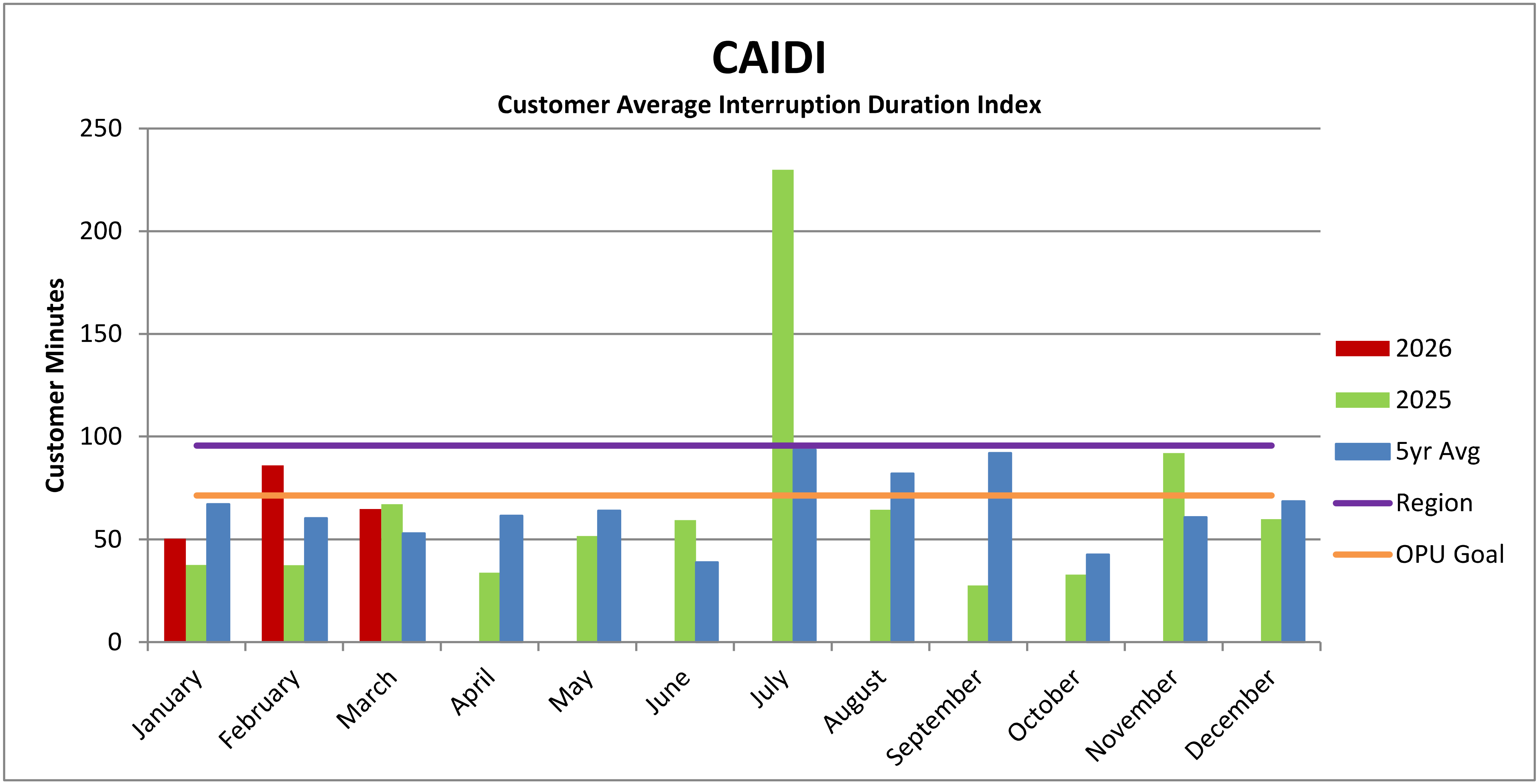
2025 Customer Bill Payments
by Payment Method



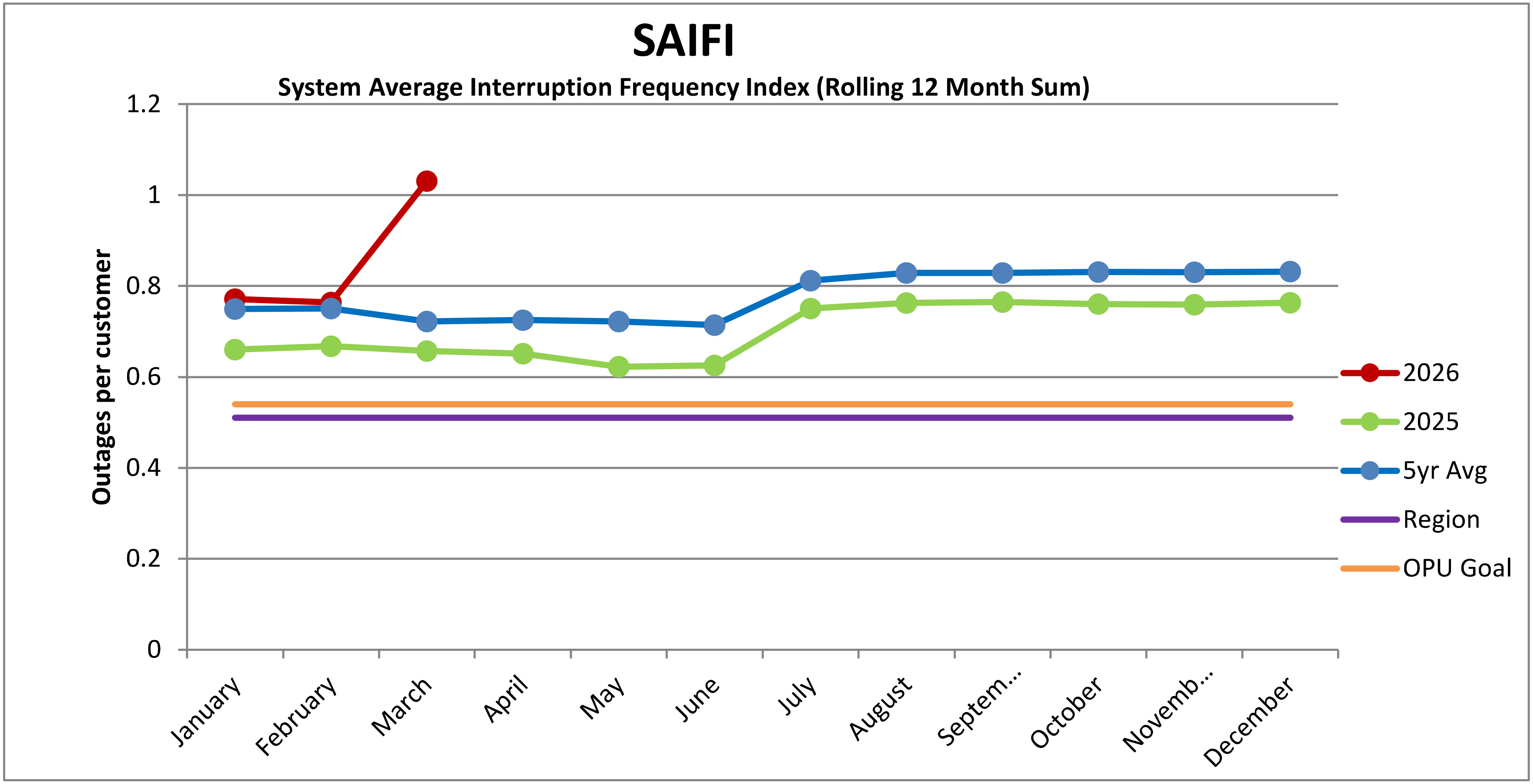
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Virtual One-Time	4830	4828	4889	4829	0	0	0	0	0	0	0	0
Mail Check	1365	1331	1364	1286	0	0	0	0	0	0	0	0
Visit Lobby	1308	1383	1417	1291	0	0	0	0	0	0	0	0
Recurring Autopay	4662	4679	4704	4734	0	0	0	0	0	0	0	0

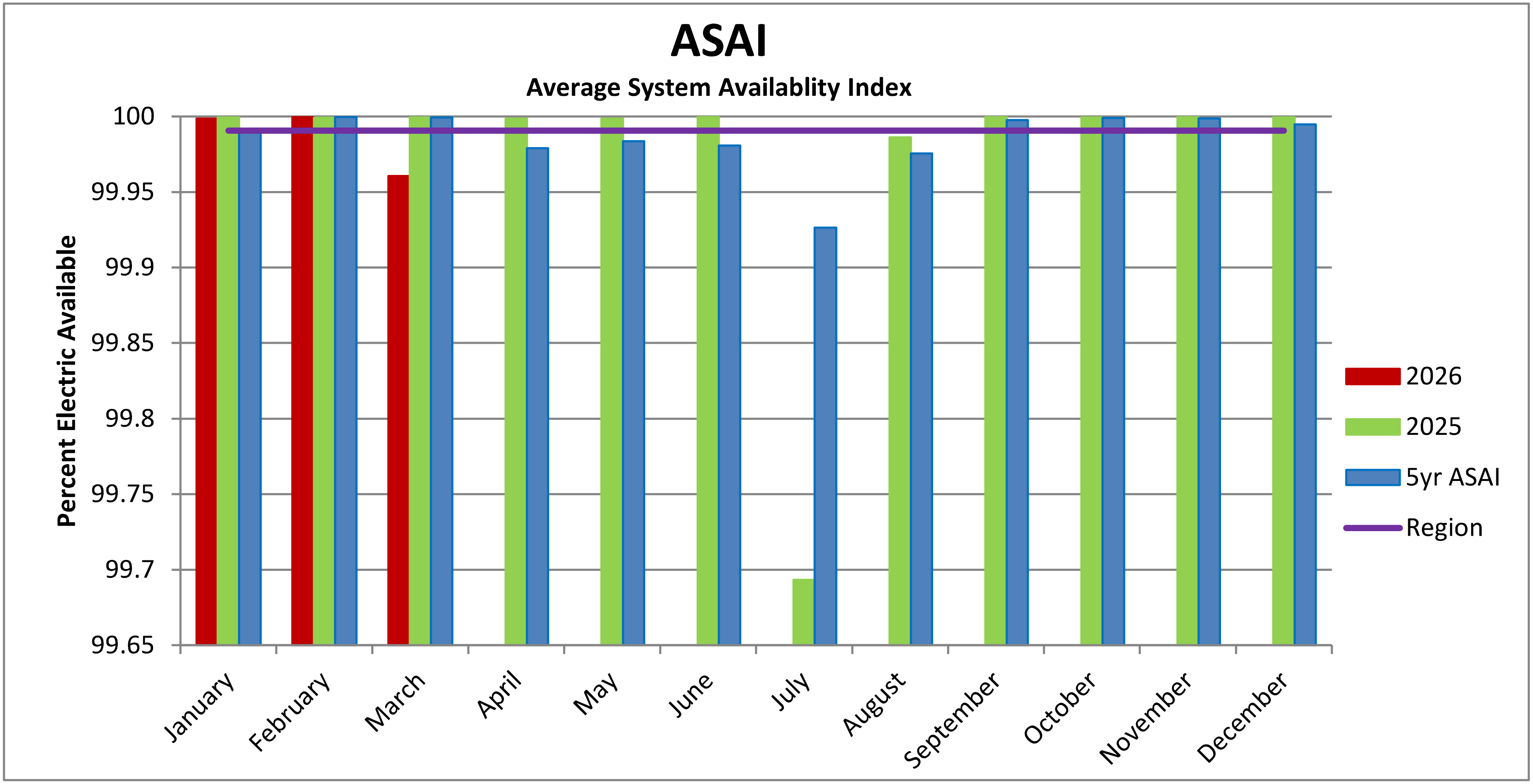

YTD OUTAGE EVENT COUNT
Major Events have been removed
We are at 1 ME for 2026
In 2025 we had 1 ME
Our 5yr average is 2 MEs each yr
# of Outage Events
0
10
20
30
40
50
60
70
80
90
100
January
February
March
April
May
June
July
August
September
October
November
December
5yr Avg
2025
2026

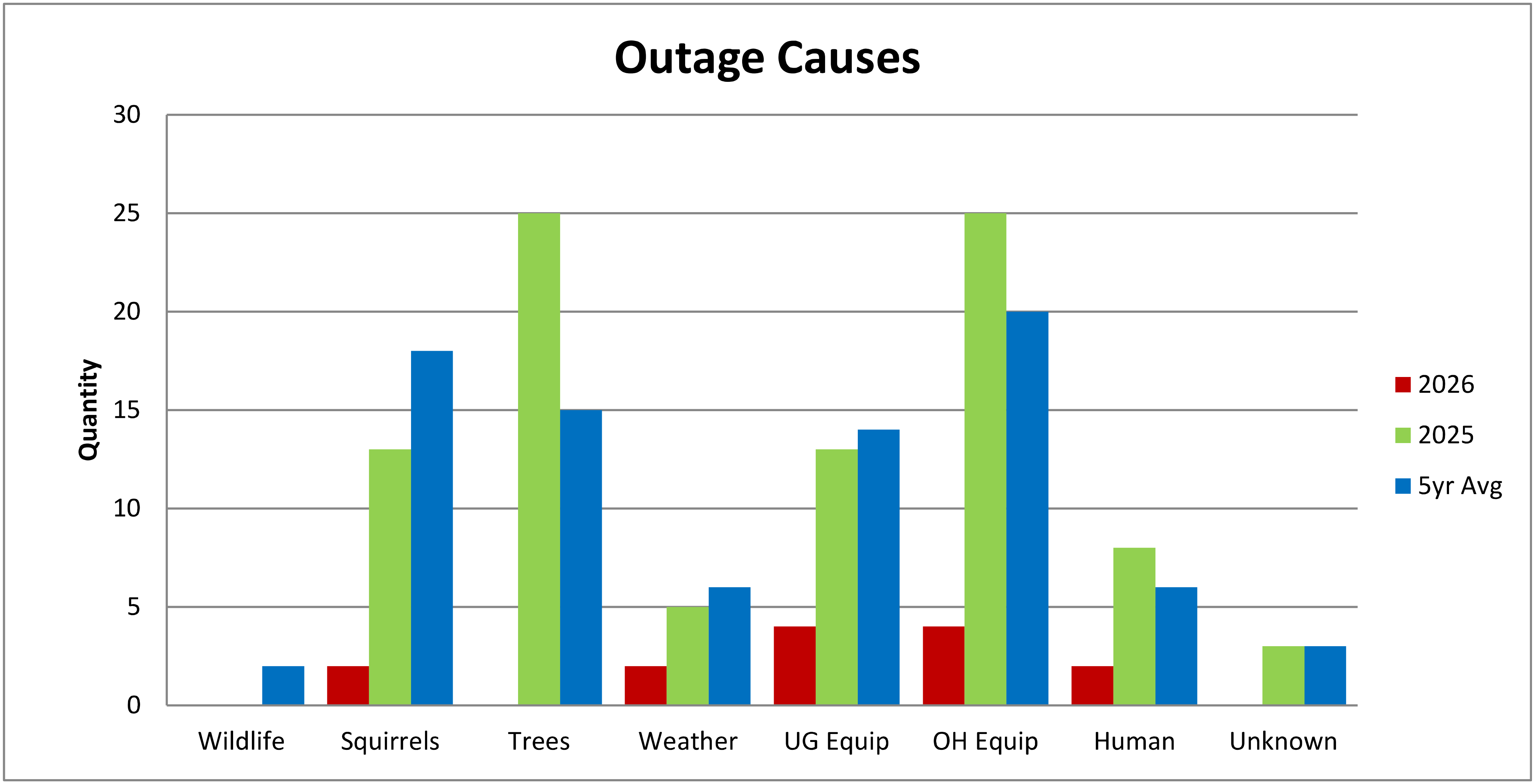

SAIDI
System Average Interruption Duration Index (Rolling 12 Month Sum)
Minutes
30
25
20
15
10
5
0
January
February
March
April
May
June
July
August
Septemb...
October
November
December
2026
2025
5yr Avg
Median
OPU Goal

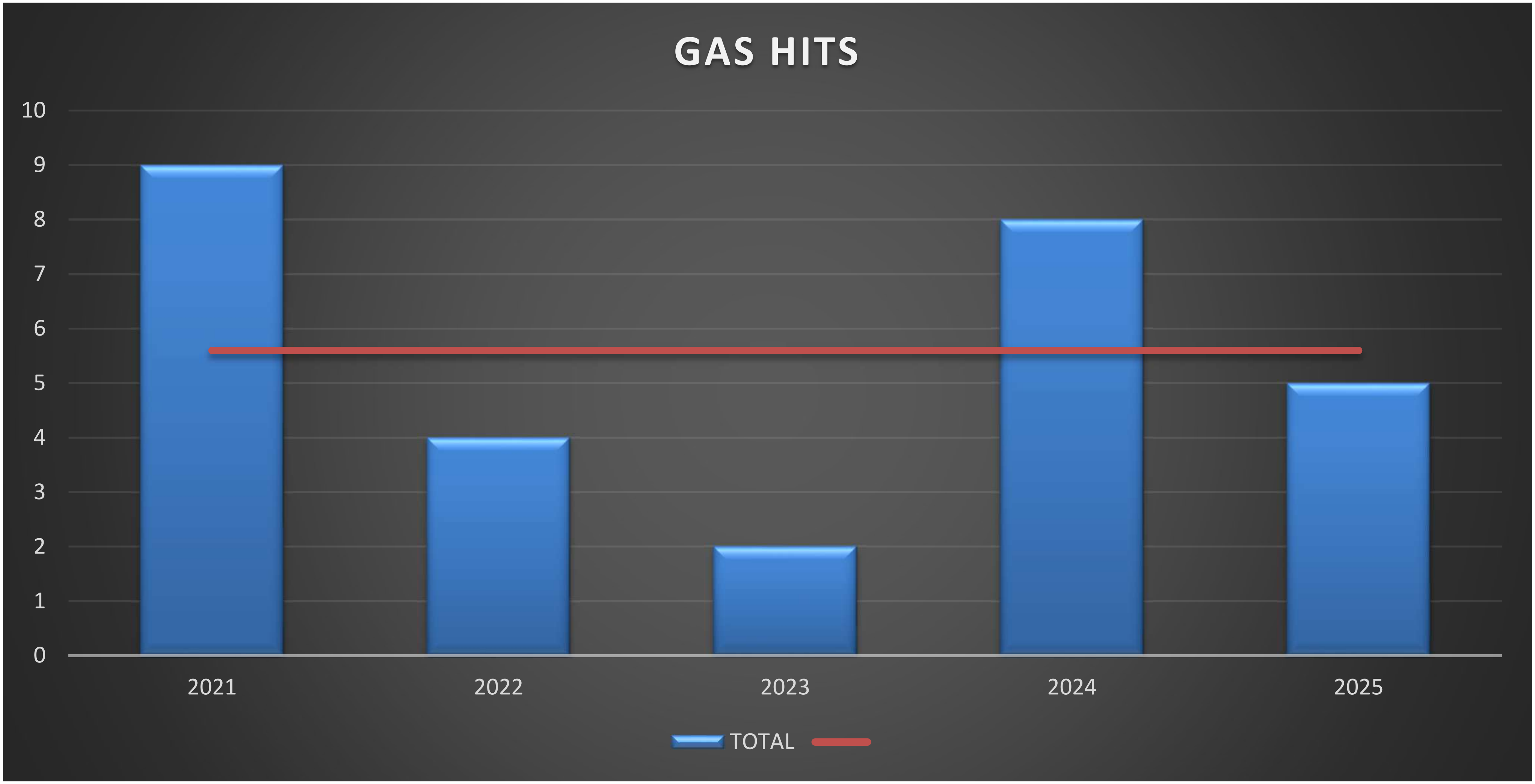


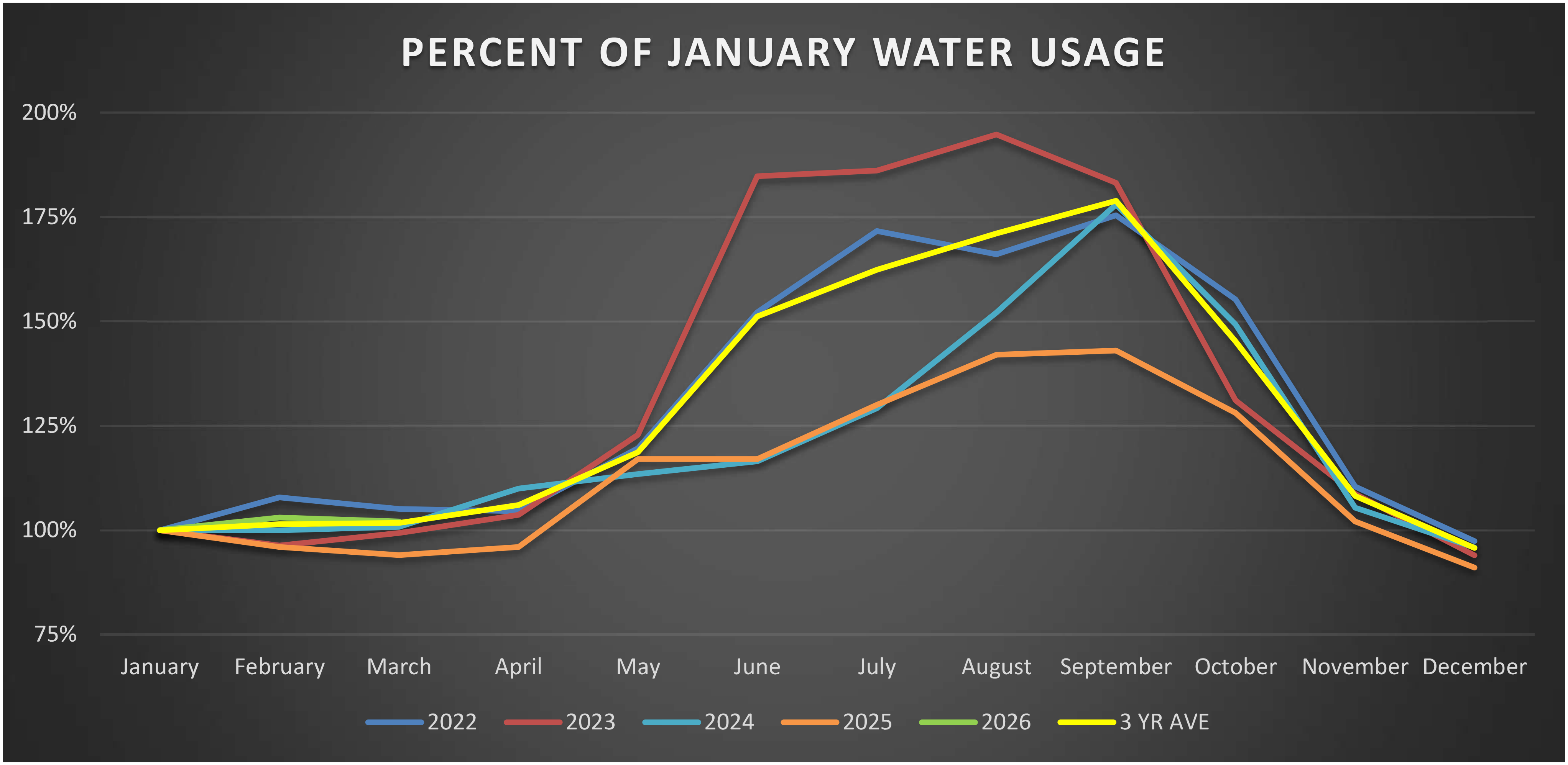
CAIDI
Customer Average Interruption Duration Index
Customer Minutes
250
200
150
100
50
0
January
February
March
April
May
June
July
August
September
October
November
December
2026
2025
5yr Avg
Region
OPU Goal

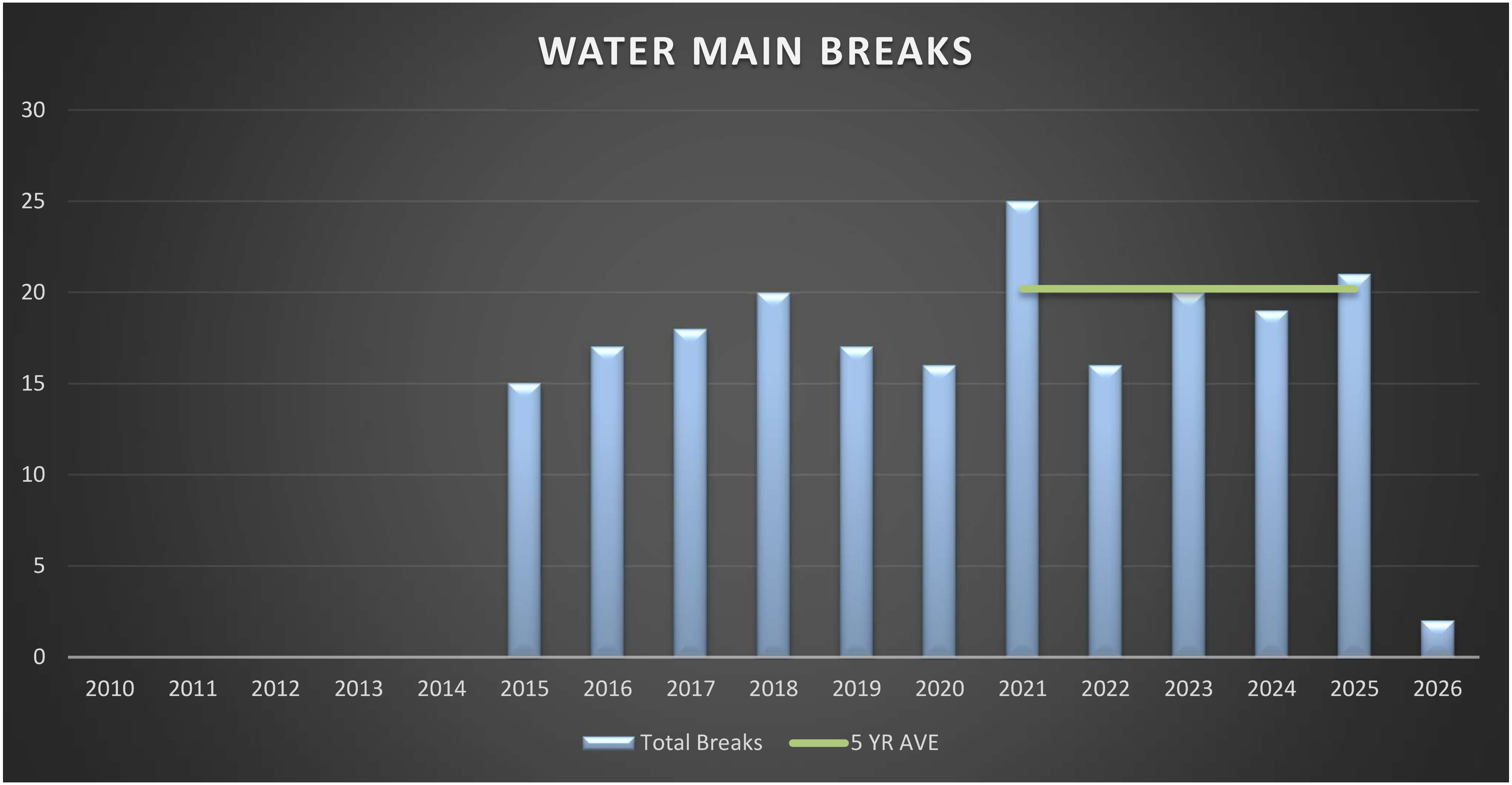

SAIFI
System Average Interruption Frequency Index (Rolling 12 Month Sum)
Outages per customer
1.2
1
0.8
0.6
0.4
0.2
0
January
February
March
April
May
June
July
August
Septem...
October
Novemb...
December
2026
2025
5yr Avg
Region
OPU Goal


ASAI
Average System Availablity Index
Percent Electric Available
100
99.95
99.9
99.85
99.8
99.75
99.7
99.65
January
February
March
April
May
June
July
August
September
October
November
December
2026
2025
5yr ASAI
Region

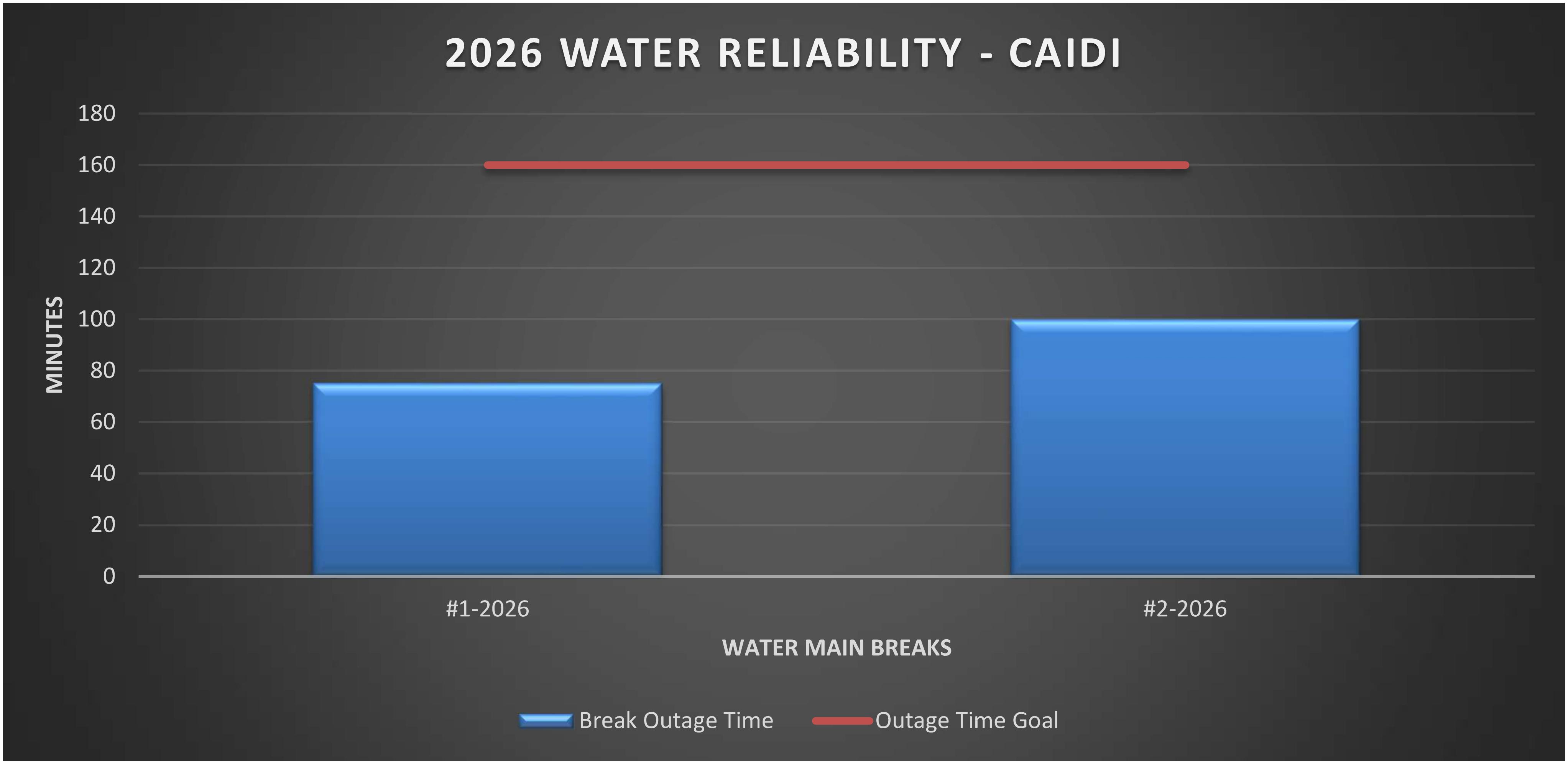

Outage Causes
Quantity
30
25
20
15
10
5
0
Wildlife
Squirrels
Trees
Weather
UG Equip
OH Equip
Human
Unknown
2026
2025
5yr Avg

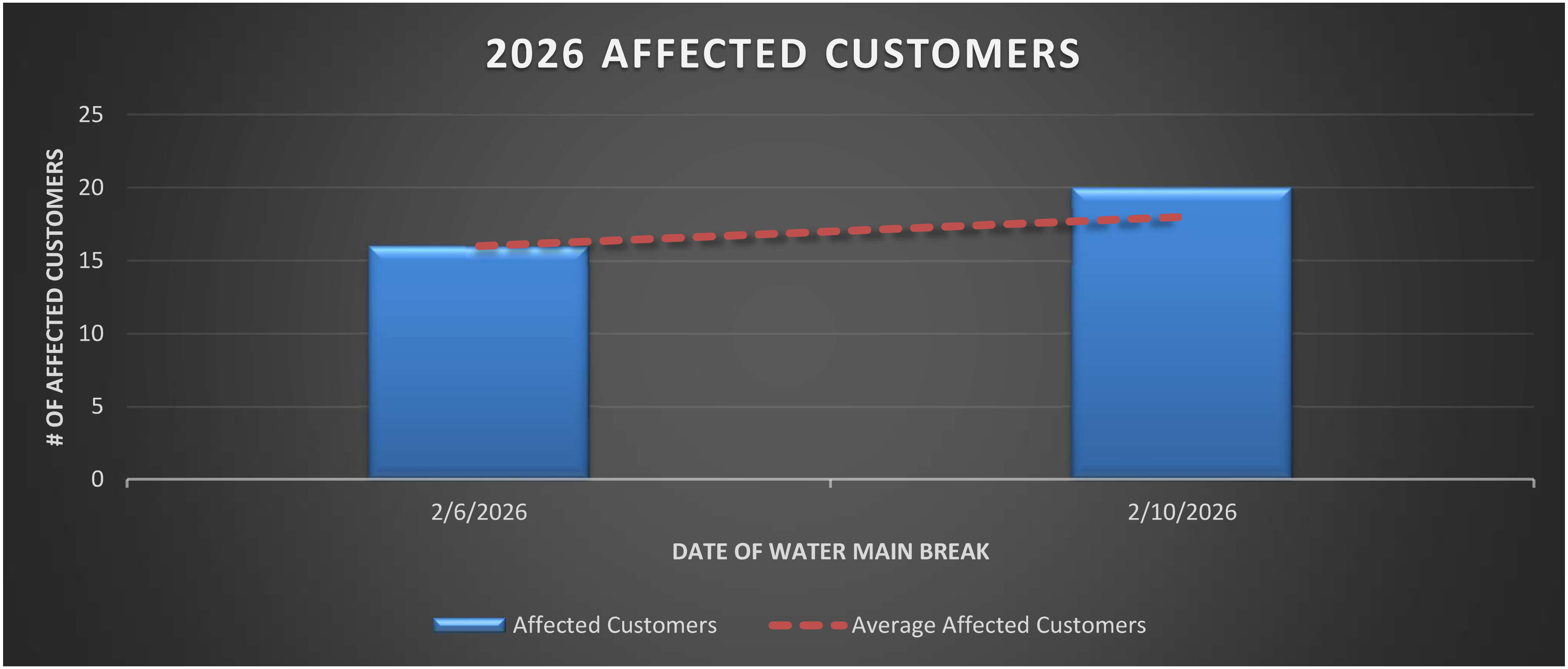

GAS HITS
10
9
8
7
6
5
4
3
2
1
0
2021
2022
2023
2024
2025
TOTAL

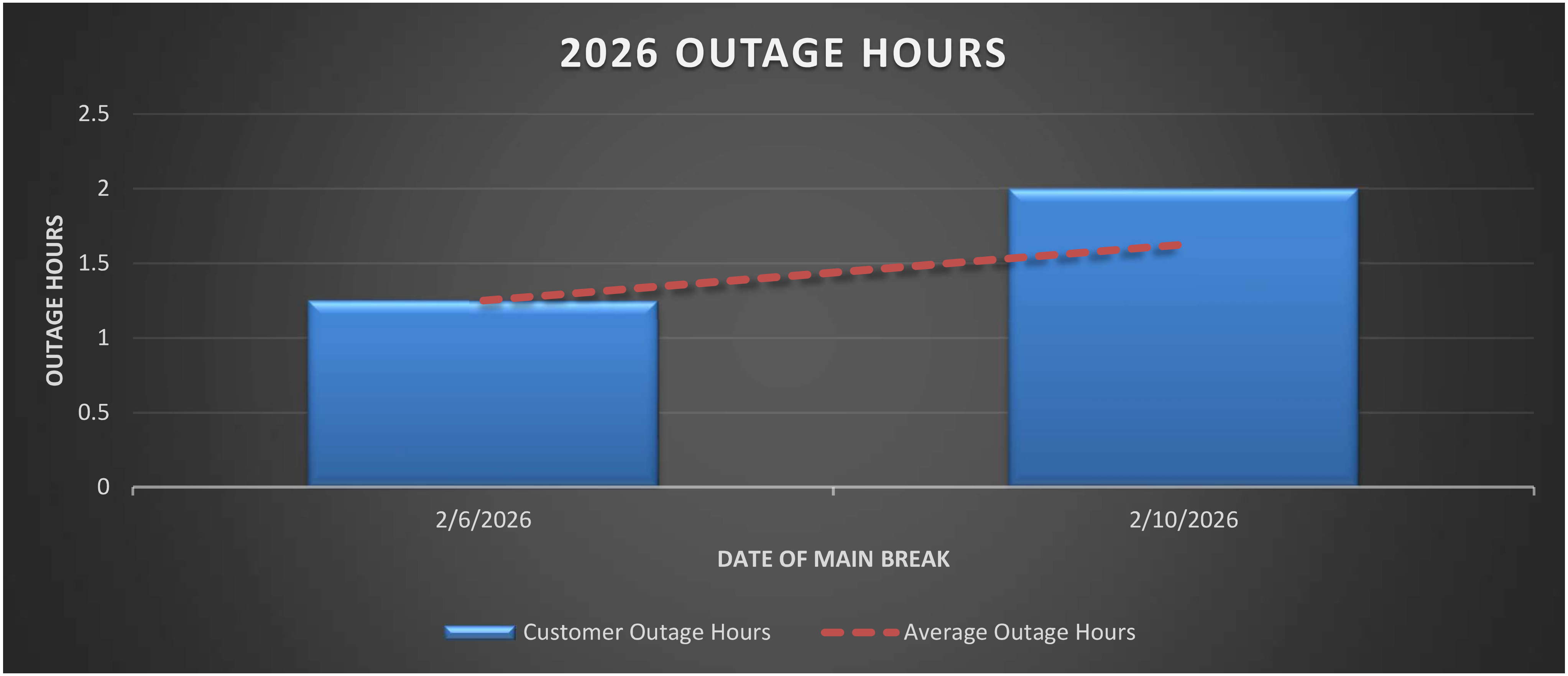

PERCENT OF JANUARY WATER USAGE
200%
175%
150%
125%
100%
75%
January
February
March
April
May
June
July
August
September
October
November
December
2022
2023
2024
2025
2026
3 YR AVE



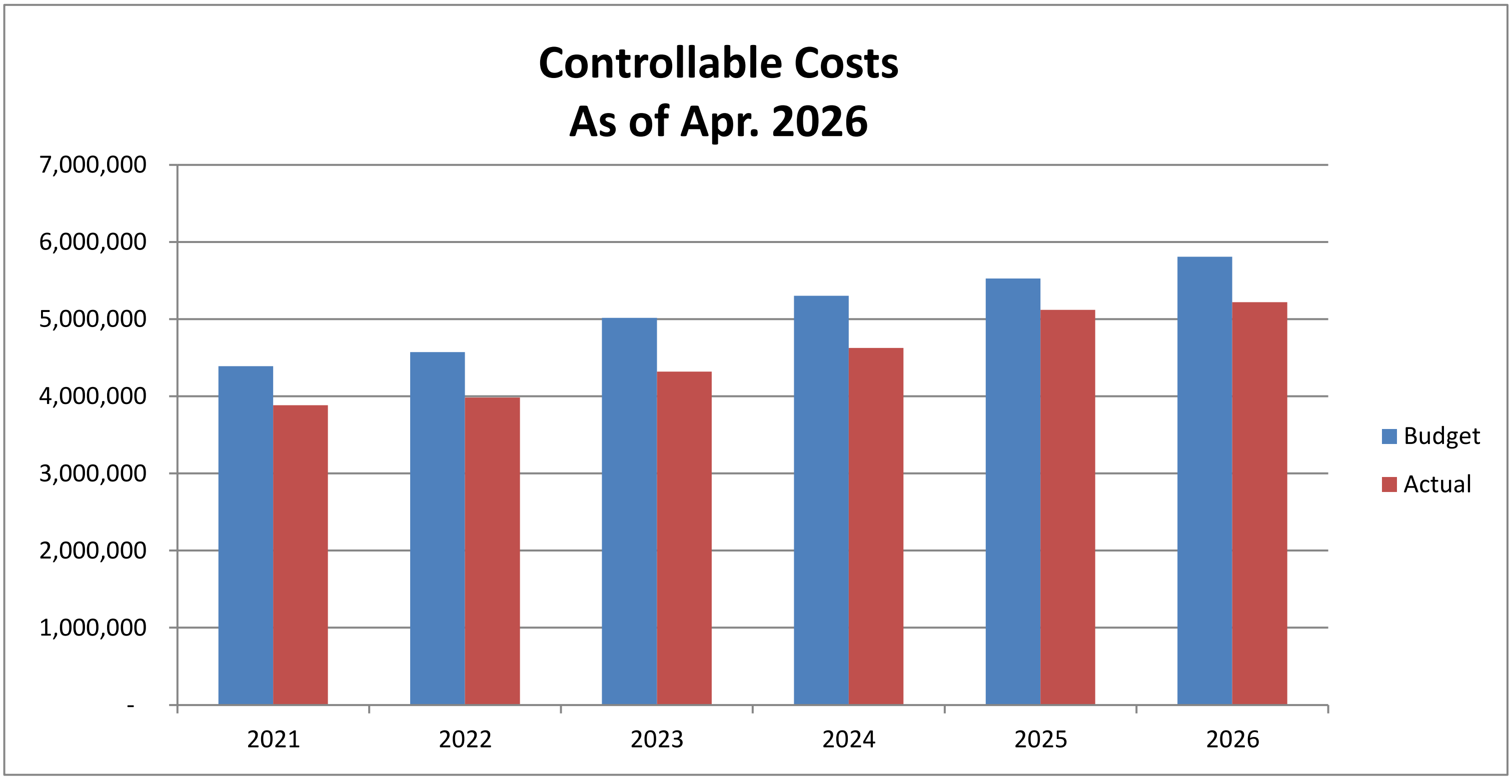
WATER MAIN BREAKS
30
25
20
15
10
5
0
2010
2011
2012
2013
2014
2015
2016
2017
2018
2019
2020
2021
2022
2023
2024
2025
2026
Total Breaks
5 YR AVE


2026 WATER RELIABILITY - CAIDI
MINUTES
180
160
140
120
100
80
60
40
20
0
#1-2026
#2-2026
WATER MAIN BREAKS
Break Outage Time
Outage Time Goal


2026 AFFECTED CUSTOMERS
25
20
15
10
5
0
OF AFFECTED CUSTOMERS
2/6/2026
2/10/2026
DATE OF WATER MAIN BREAK
Affected Customers
Average Affected Customers


2026 OUTAGE HOURS
2.5
2
1.5
1
0.5
0
OUTAGE HOURS
2/6/2026
2/10/2026
DATE OF MAIN BREAK
Customer Outage Hours
Average Outage Hours

Owatonna Public Utilities
Financial Metrics



SOUTHERN MINNESOTA MUNICIPAL POWER AGENCY
Minutes of the Board of Directors' Meeting
April 8, 2026

President Moulton called the meeting to order at 9:00 a.m. at the Wells Community Center in Wells, Minnesota.

Mr. Anderson, Wells Public Utilities Manager, welcomed the members and guests to Wells and introduced Ms. Ann Schuster, Wells Public Utilities Commissioner.

Mr. Geschwind provided a medical update on Mr. Warehime. He also introduced Mr. Sam Mack, SMMPA IT. Mr. Hoffman, Mr. Jay Lutz, Austin, and Owatonna Mayor Jessop were meeting with the House Tax Committee today to hear the introductions of the Austin Energy Station and Steele Energy Station Property Tax Exemption Bill.

President Moulton welcomed Mr. Butcher to the SMMPA Board.

Mr. Butcher expressed his appreciation for the opportunity to serve on the SMMPA Board.

Board Members Present:

President Peter T. Moulton, Saint Peter; Secretary James R. Bakken, Preston; Thomas J. Dankert, Austin; Keith R. Butcher, Princeton; and Timothy M. McCollough, Rochester.

Board Members Absent:

Vice President Roger E. Warehime, Owatonna; and Treasurer Bruce A. Reimers, New Prague.

Others Present:

David P. Geschwind, Executive Director & CEO; Alex Bumgardner, Austin; Jerry Mausbach, Blooming Prairie; Christian Fenstermacher, Owatonna; Jason Halvorson, Redwood Falls; Todd Prafke, Saint Peter; Chris Rolli, Spring Valley; Craig Anderson, Ann Schuster, Wells; Dan La Haye, Baker Tilly; Chad Rasmussen, Travis Zipf, DGR Engineering; Beth Fondell, Naomi Goll, Sam Mack, and Jeremy Sutton of the Agency staff.

Others Present Via Conference Call:

Julie Zarling, Fairmont; Shane Steele, Grand Marais; Mike Geers, Litchfield; and Joe Kohlgraf, Mora.

#1 Agenda Approval:

Mr. Bakken moved to approve the agenda, seconded by Mr. McCollough, passed upon a unanimous vote of the board members present.

#2 Consent Agenda:

Mr. Dankert moved to approve the consent agenda, seconded by Mr. Moulton, passed upon a unanimous vote of the board members present.

APPROVED the March 11, 2026 board meeting minutes.

APPROVED the Weighted Votes. (Attachment A.)

#3 Financial Audit-Fondell/Baker Tilly:

The Agency's financial statements along with the Independent Auditors' Report and required communication related to the conduct of the audit were distributed electronically prior to the meeting.

Ms. Fondell introduced Mr. Dan La Haye, Baker Tilly Director, to report on the 2025 audit results.

Baker Tilly met with SMMPA Finance & Audit Committee members, Mr. Butcher (Princeton) and Mr. Rolli (Spring Valley), along with the SMMPA team members on April 8, 2026, prior to the board meeting, to review the audit results.

Mr. La Haye presented an overview of SMMPA's audited financial statements for the year ended December 31, 2025. Baker Tilly stated that the audit went well, and they are providing an unmodified (clean) audit opinion.

Mr. La Haye appreciated the opportunity to work with SMMPA and thanked Ms. Fondell, Ms. Julie Beth and her team for their efforts.

Ms. Fondell thanked Mr. La Haye and Baker Tilly for a very well-run audit and thanked Ms. Julie Beth for coordinating the audit and to her team for helping the audit run smoothly.

Mr. Rolli reported that the SMMPA Finance & Audit Committee met prior to today's board meeting and recommended acceptance to the board of directors.

Mr. McCollough moved to accept the audit as presented by Baker Tilly for the year ended December 31, 2025, seconded by Mr. Bakken, passed upon a unanimous vote of the board members present.

#4 FES & OES Annual Performance Review-Sutton:

Mr. Sutton reported on the 2025 performance review of Fairmont Energy Station (FES) and Owatonna Energy Station (OES).

Information on actual hours of operation, capacity factor, energy production, availability, and forced outage rates were reviewed.

The FES and OES MISO market financial performance will be presented quarterly in the future.

Discussion.

Summary

- Both plants had operational impacts due to leaking cylinder heads.
- Staff did their best to limit the MISO capacity credit impacts from forced outages.
- Both plants ran for energy, reliability, and ancillary services.
- Combined positive operating margins of over $.5 million.
- Continue to refine strategy to ensure units are available for reliability and adequately compensated to cover O&M.

#5 RES Compliance Outlook-Sutton:

Mr. Sutton reported on the Renewable Energy Standard (RES) Compliance.

Each year the Agency is required to retire Renewable Energy Certificates (RECs) to meet the requirements of Minnesota's RES as outlined in Minn. Stat. §216B.1691. The types of resources that meet the renewable requirements were described. A history of how the Agency has met the RES requirements was provided.

Mr. Sutton reviewed the process by which RECs can be banked for future use and outlined how the Agency plans to meet the renewable and carbon-free requirements, assuming new wind and solar resources are added.

Discussion.

Summary

- Current renewable resource portfolio would meet 25% RES requirement through life of Stoneray agreement.
- With addition of new wind and solar in the Integrated Resource Plan, portfolio would meet new RES and carbon-free requirements through 2038.
- SMMPA will continue to evaluate the number of excess RECs available for sale to member customers.
- Continue to work with utilities and policymakers on carbon-free standards implementation.
- Assess timing of new renewable additions.
- Assess mix of solar, wind, and REC purchases.

#6 Steele Energy Station Project Authorization-Sutton/DGR Engineering:

Mr. Geschwind reported that the board will be asked to authorize the Steele Energy Station (SES) project and financing up to $84 million, and if approved, the member representatives will be asked to approve the resolution authorizing the SES project financing.

Mr. Sutton reported on the Steele Energy Station project and introduced Mr. Chad Rasmussen and Mr. Travis Zipf, DGR Engineering.

Mr. Rasmussen, DGR Engineering, provided an overview of the SES project. The project will include three 15 MW turbines (45 MW nominal) with dual-fuel capacity (natural gas or diesel).

Construction is anticipated to begin in spring 2027. The turbine delivery is planned for later in 2027, and the transformer is scheduled for delivery in July 2028. The air permit process has taken longer than anticipated and must be completed prior to breaking ground. The current project estimate is $73 million.

Mr. Zipf, DGR Engineering, reported on the permitting strategy. The MPCA permitting process began approximately 16 months ago. The modeling protocol triggered the need for an applicability determination regarding the Owatonna Public Utilities Turbine #7. The outcome was successful, with the results noting that it should be permitted separately from OES and SES. Another MPCA-related delay occurred during the environmental assessment with successful results noting that SES is not considered a large energy or electric power generating plant. The MPCA permit application will be submitted May 2026 and anticipate the permit issuance in January 2027.

Mr. Sutton reported that the Solar Turbines Procurement Contract has a Notice to Proceed (NTP) provision. The NTP is due 12 months from execution of the procurement contract (mid-April). Upon providing NTP, the initial payment is $3,768,575 and 90 days later an additional $11,305,725 is due. If the NTP deadline is extended by three months, the cost would be an additional $508,000.

Discussion.

<u>Action Item</u>
Seeking board and member representatives approval of the resolutions provided in the meeting materials authorizing the SES project and financing.

<u>Resolutions Authorizing the Project</u>
The proposed resolution would authorize the construction of the SES project.

<u>Resolutions Authorizing Financing</u>
The proposed financing resolution would authorize the issuance of debt for the SES project in an amount not to exceed $84 million.

Mr. Bakken moved to approve the resolutions authorizing the Steele Energy Station project and financing up to $84 million, seconded by Mr. McCollough, passed upon a unanimous vote of the board members present. (Attachment B.)

<u>Temporary Recess to Member Representatives Meeting:</u>

At 10:36 a.m., the board meeting recessed to the member representatives meeting, and following establishment of a quorum by the member representatives and completion of that agenda, the board meeting reconvened.

<u>Board of Directors:</u>

After a short break, the board reconvened at 10:56 a.m.

#7 Economic Development Credit Program Cap-Geschwind:

Mr. Geschwind reported on the continued discussion on the Economic Development Credit Program Cap.

The Agency has been evaluating the potential advantages of expanding its membership by adding new members. Capacity markets have undergone significant changes accompanied by increases in the cost of new generation. The economics of serving new electric loads that require additional Agency resources are not as favorable as they were when the Economic Development Credit program was created.

Due to the potential for very large load additions, from data center or cryptocurrency miners, the board discussed at the November SMMPA Board Retreat setting a maximum load size that would be eligible for economic development credits.

Discussion.

Mr. Dankert moved to approve a 2 MW cap effective today or as soon as possible on a qualifying retail customer's load eligible for economic development credits, seconded by Mr. Butcher, passed upon a unanimous vote of the board members present.

#8 Large Customer Market Rate-Geschwind:

Mr. Geschwind reported on the large customer market rate.

Potential high-density electric loads such as data centers impact load growth and capacity needs. Occasionally, these loads inquire about being served by SMMPA members, and it would be helpful to have an applicable wholesale rate developed that could apply to this type of load.

Discussion.

SMMPA will develop a large customer market rate for future board review and consideration.

Government Affairs/Member Services Report:

Members were directed to the board book for the government affairs/member services report.

Financial Report February 2026-Fondell:

Ms. Fondell summarized Agency financial results through February as provided in the board book materials.

Financial Reserves Policy Update

Chris Lover with PFM will share results of the financial reserves study at the June 2026 board meeting with board action to approve the revised Financial Reserves Policy at the July 2026 board meeting.

Cost of Service Study

In May 2026, SMMPA staff will meet with Dave Berg Consulting to launch the Cost of Service Study, which will include evaluating rate projections for 2030.

SMMPA Finance & Audit Committee

The SMMPA Finance & Audit Committee is comprised of the Board Vice-President, Board Treasurer, and up to two member representatives. Since Mr. Butcher was elected to the SMMPA Board of Directors last month, he will be stepping down from the committee. Mr. Butcher was thanked for serving on the SMMPA Finance & Audit Committee. Ms. Fondell will email member representatives to invite volunteers to fill the vacancy.

Operations Report-Sutton:

Mr. Sutton reported:

Winter Storm Fern Update

The January 2026 Winter Storm Fern prompted review of the Agency's emergency operating plan. A meeting was held at Sherco on April 2, 2026 with plant operators and SMMPA staff to debrief on lessons learned from the event.

Sherco 3 Tour

Sherco 3 tours were offered April 6-17, 2026 for members including commissioners and council members during the Sherco 3 planned outage.

Sherco 3 Planned Outage

The Sherco 3 planned outage is currently underway and hedge purchases have been made based on recommendations from The Energy Authority (TEA). The Agency and TEA will continue to evaluate the market for additional hedge purchase opportunities throughout the outage.

President's Report:

Mr. Moulton reported:

- SMMPA Staff Recognition: SMMPA staff members recognized were Jeremy Sutton and DGR Engineering for their work on the Steele Energy Station Project, and Beth Fondell and staff for the audit process.

Executive Director & CEO's Report:

Mr. Geschwind reported:

- TAPS Spring Conference: The Transmission Access Policy Study Group (TAPS) meets twice a year. TAPS engages in federal legislation and policy proceedings related to wholesale transmission access issues and the North American Electric Reliability Corporation (NERC) issues.

- New Ulm Public Utilities: New Ulm is interested in possible Agency membership and has issued an RFP. Proposals are due June 5, 2026. New Ulm anticipates wholesale electric power supply beginning on January 1, 2030. SMMPA would need to model the addition of New Ulm to the Agency to determine anticipated financial impacts. This topic will be brought back next month for additional discussion.

- SMMPA Member Orientation: SMMPA Member Orientation will be held April 22, 2026. Those interested from the member communities should contact SMMPA.

Member Forum:

None.

Other Business:

There was no other business.

Adjourn:

A motion to adjourn the meeting was made by Mr. Dankert, seconded by Mr. Butcher, passed upon a unanimous vote of the board members present.

The meeting was adjourned at 11:56 a.m.

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Secretary