

Minutes of Proceedings
Of the
Algona Municipal Utilities' Board of Trustees

A meeting of the Board of Trustees of the Algona Municipal Utilities was held electronically as allowed by Iowa Code Section 21.8 with access to the public provided by telephone conference call, on March 25, 2021 at 12:00 PM. Physical attendance by the public was impractical due to the Covid-19 Public Health Emergency.

Board members present in person: Julie Murphy, Chairperson; Trustees – Dave Golwitzer, Karen Schaaf and Jay Geving.

Absent: Don Heupel

Others present by telephone: Brad Hicks, Algona Publishing

Others present: John Bilsten, General Manager and Sandra Batt, Secretary and Chief Financial Officer.

Chairperson Murphy called the meeting to order at 12:00 PM.

Determine Power Cost Adjustment for March 2021 Electric Bill and Discuss Revenue Sharing Plan - General Manager, John Bilsten provided the following information to the Board; In mid-February 2021, AMU saw an unprecedented set of events that affected the reliability of the power grid throughout the central United States. AMU, along with the other members of our electric joint action agency, North Iowa Municipal Electric Cooperative (NIMECA), were notified on February 15, 2021 that the Southwest Power Pool (SPP) had declared an Energy Emergency Alert Level 3. SPP issued the alert because electric generation in the SPP region was not sufficient to meet the demand for electricity caused by record low temperatures through the country, including regions typically not impacted by winter weather. At the time SPP announced the Level 3 Alert, it called for all generation to operate, including the local generation resources owned by AMU and all other members of NIMECA. The local generation of AMU along with other generation owned by NIMECA members helped stabilize the grid. This was the first time in SPP's 85-year history that it declared Levels 2 or 3 emergency for its region, and it was also the first time SPP had to implement rolling blackouts to prevent widespread power outages. Thanks to our local generation ability, the Utility was not forced to implement rolling blackouts.

During a six-day period, AMU local generation produced nearly 1 million kilowatt-hours. That is over 12% of the typical monthly needs for Algona. In all of 2020, AMU local generation produced approximately 118,000 kilowatt hours of electricity. The generation portfolio of AMU and the other NIMECA members, including coal, diesel, natural gas, and wind provided an important hedge against extremely high market power costs. As a result, of these events, AMU's power supply cost for February 2021 resulted in net revenue. To our knowledge, monthly power supply cost that resulted in net revenue has never happened in our history.

The AMU Board discussed options for the additional revenue. A motion was made by Trustee Golwitzer seconded by Trustee Schaaf to provide an immediate credit of 3.25 cents per kilowatt hour to all electric customers in the March 2021 billing, contingent on receiving the funds before billing is finalized and to reserve the remainder of the power supply revenue including anticipated revenue from AMU's share of energy production at the Whelan 2 power plant. Motion Carried.

The revenue reserved is for any changes in billing from SPP, as adjustments can occur up to 12 months from the date of billing. Staff in conjunction with engineering, rate and financial consultants will develop a long-range plan exploring the best options to provide long term financial stability, reduction in debt and AMU's ability to fund future long range capital improvements plans for our electric transmission and distribution system, local electric generation, and fiber distribution system.

General Manager Bilsten reported that this is the largest credit provided to AMU consumer owners in recent history.

The next Board of Trustees meeting is scheduled for March 31, 2021 at 11:00 A.M.

Upon motion and vote, the meeting adjourned at 12:22 P.M.

/s/ Julie Murphy
Julie Murphy, Chairperson

Attest:

/s/ Sandra M. Batt
Sandra M. Batt, Secretary