

**ELK RIVER MUNICIPAL UTILITIES
REGULAR MEETING OF THE UTILITIES COMMISSION
HELD AT THE UTILITIES CONFERENCE ROOM**

May 12, 2026

Members Present: Chair John Dietz, Vice Chair Mary Stewart, Commissioners Jill Larson-Vito, Matt Westgaard, and Nick Zerwas

ERMU Staff Present: Mark Hanson, General Manager
Sara Youngs, Administrations Director
Melissa Karpinski, Finance Manager
Tony Mauren, Governance & Communications Manager
Tom Geiser, Operations Director
Chris Sumstad, Electric Superintendent
Mike Tietz, Technical Services Superintendent
Dave Ninow, Water Superintendent
Jenny Foss, Communications & Administrative Coordinator
Alex Skoog, Electric Distribution System Engineer

Others Present: Jared Shepherd, Attorney; Owen Bassett, ERMU Scholarship Winner; Breanna Allen, ERMU Scholarship Winner

1.0 GOVERNANCE

1.1 Call Meeting to Order

The regular meeting of the Utilities Commission was called to order at 3:30 p.m. by Chair Dietz.

1.2 Pledge of Allegiance

The Pledge of Allegiance was recited.

1.3 Consider the Agenda

Moved by Commissioner Westgaard and seconded by Commissioner Larson-Vito to approve the May 12, 2026, agenda. Motion carried 5-0.

1.4 2026 ERMU Scholarship

Mr. Mauren invited the 2026 ERMU Scholarship winners to introduce themselves to the Commission.

Breanna Allen informed the Commission that she plans to attend Anoka-Ramsey Technical College in the fall for an associate degree before transferring to St. Cloud State University to

pursue a bachelor's degree in electrical engineering. She thanked the Commission and a round of applause followed for Ms. Allen.

Owen Bassett informed the Commission that he plans to attend Dakota County Technical College for the electrical lineworker program. He thanked the Commission and a round of applause followed for Mr. Bassett.

1.5 **Recognition of Employee Longevity – Russell Stuhr, 12 Years**

Mr. Sumstad presented ERMU's Field Crew Foreperson Russell Stuhr to be recognized for his 12 years of service. He commended Mr. Stuhr for his leadership with the bore crew and all that he does behind the scenes, especially in the realm of regulatory and compliance work for the Utility.

Mr. Stuhr thanked the Commission and staff for their recognition. There was a round of applause.

1.6 **New Employee Verbal Introduction – Alex Skoog**

Mr. Tietz introduced Alex Skoog, ERMU's new electrical distribution system engineer.

Mr. Skoog shared his background, noting he is a Minnesota native, a graduate of St. Cloud State University with a degree in electrical engineering, and will be a fully licensed professional engineer in June 2026. He expressed his commitment to community, honesty, and hard work.

There was a round of applause.

2.0 **CONSENT AGENDA (Approved By One Motion)**

Moved by Commissioner Zerwas and seconded by Commissioner Stewart to approve the Consent Agenda as follows:

2.1 Check Register – April 2026

2.2 Regular Meeting Minutes – April 14, 2026

2.3 2026 First Quarter Utilities Performance Metrics Scorecard Statistics

2.4 2026 First Quarter Delinquent Items

Motion carried 5-0.

3.0 **OPEN FORUM**

No one appeared for open forum.

4.0 POLICY & COMPLIANCE

4.1 Commission Compensation

Mr. Mauren brought forth the formalized commission compensation documentation for discussion.

Commissioner Stewart requested the new policy be included in long range agenda planning for budgeting purposes and review at least every three years. Mr. Hanson confirmed that Mr. Mauren has done so.

Chair Dietz requested clarification on whether additional approval from the City Council was required. Legal counsel confirmed that further City Council approval was not necessary.

Mr. Mauren informed the Commission that the new rate would take effect in May.

Moved by Commissioner Westgaard and seconded by Commissioner Zerwas to adopt Resolution No. 26-6 - Utilities Commission Bylaws Amendment; Resolution No. 26-7 - Commission Compensation; and ERMU Policy – G.2j – Commission Compensation. Motion carried 5-0.

5.0 BUSINESS ACTION

5.1 Financial Report – March 2026

Ms. Karpinski presented the March 2026 financial report noting that overall the utility has a combined net position of \$1.1 million with a 9.1% margin. Electric is performing well with a net position of \$1.5 million and a 13.5% margin which is favorable to budget. Water shows a loss of \$450,000 which is slightly unfavorable to budget but expected for the time of year being reported on.

Ms. Karpinski noted there was an investment loss which resulted in recording investments at fair market value. She also stated the aging report is healthy, with 87% of receivables current and only 3% in the 90+ day category.

Prior to the commission meeting, Chair Dietz inquired about the large amount submitted to Revenue Recapture and Collections from the first quarter delinquent items in the consent agenda. Ms. Karpinski explained that a significant portion was related to an unpaid water connection.

Commissioner Westgaard asked why the electric maintenance budget exceeded year-to-date actual spending. Ms. Karpinski clarified that the maintenance budget is spread evenly across twelve months, while most maintenance work occurs during the summer months.

Chair Dietz asked why electric operating expenses were \$300,000 lower than the same time last year. Ms. Karpinski stated that a lower Energy Adjustment Clause and no Power Cost Adjustment in February and March contributed to the decrease. Mr. Hanson added that the decrease is also partly related to decisions made following the Cost of Service study presented by Dave Berg.

Moved by Commissioner Stewart and seconded by Commissioner Larson-Vito to receive the March 2026 Financial Report. Motion carried 5-0.

5.2 Market-Based Electric Service Agreement for 19178 Industrial Boulevard NW

Mr. Hanson reviewed his memo and the Market-Based Electric Service Agreement for the proposed 33MW data center. He confirmed that ERMU and Minnesota Municipal Power Agency (MMPA) can support this load. Staff is still waiting for the final results from the Great River Energy system impact study, paid for by the developer, to confirm transmission grid capacity.

Mr. Hanson informed the Commission that the developer must obtain a Conditional Use Permit (CUP) from the City of Elk River which will include public hearings before the Planning Commission and City Council, providing transparency for the public.

Mr. Hanson explained that MMPA will need to develop a monthly rate that reflects daily market fluctuations since ERMU's existing distribution system can support the load, so it does not fit the transmission transform rate category.

Mr. Hanson highlighted that a glycol-based, closed-loop cooling system is required as noted in the service agreement. Staff plans to require this in the tariff as well so it will be cited in both locations.

Mr. Hanson specifically directed commissioners to page 92 in the packet (page 11 of the agreement). It provides a table of the cost they are expecting and a timeline for which the developer is expected to provide money upfront so that ERMU will not be left with any stranded costs.

Mr. Hanson noted the tariff and service agreement require 100% backup generation that is also registered with Midcontinent Independent System Operator (MISO) which will significantly reduce the risk for both ERMU and MMPA.

Chair Dietz revisited the need for transparency and asked for Mr. Hanson to attend the planning commission and council meetings. Mr. Hanson confirmed that he will be in attendance.

Moved by Commissioner Larson-Vito and seconded by Commissioner Westgaard approve the Market-Based Electric Service Agreement for 19178 Industrial Boulevard NW pending final legal review, with provision of authorization to the general manager and ERMU’s attorney to approve any subsequent changes that are not material. Motion carried 5-0.

5.3 2026 Annual Business Plan Amendment

Ms. Karpinski reviewed the proposed amendment to the 2026 budget, which would advance the West Bank 2 Transformer Replacement project scheduled for 2034 and move it to 2027.

Commissioner Larson-Vito asked if the request is a premature, since it is tied to the data center project, which has not yet received a CUP.

Mr. Hanson explained that the request is dependent on the data center project; however, staff is trying to capture opportunities of scale through both the physical work and the potential cost savings of ordering two transformers instead of one, should the project move forward. He noted that if the data center project is not approved, any necessary budget adjustments can be addressed through the normal budget cycle next year and beyond.

Moved by Commissioner Zerwas and seconded by Commissioner Stewart adopt Resolution No. 26-8 - Amending ERMU 2026 Budget. Motion carried 5-0.

6.0 BUSINESS DISCUSSION

6.1 Staff Updates

Ms. Youngs noted that staff are bringing back three candidates for another round of interviews for the open IT position.

Mr. Mauren informed the commissioners that they will receive an email with a Microsoft Forms link to complete the annual commission evaluation.

Chair Dietz asked Mr. Tietz about the status of the remaining Advanced Metering Infrastructure meters. Mr. Tietz noted that staff are still waiting on a shipment of commercial meters to finalize the project.

Commissioner Stewart asked whether there is a mutual aid program that reimburses utilities for water use, referring to the large amount of water ERMU provided to Livonia Township to assist with a recent fire. Mr. Ninow said he would have to look into whether such an agreement exists.

Chair Dietz asked if the plastic fire hydrant covers can be reused and how their locations are determined. Mr. Ninow explained that some covers can be reused, but most cannot because they become damaged. He stated that the covers are placed in high-traffic areas where there is a greater chance of exposure to salt.

6.2 **City Council Update**

Chair Dietz provided a City Council Update.

6.3 **Future Planning**

Chair Dietz announced the following:

- a. Regular Commission Meeting – June 9, 2026
- b. 2026 Governance Agenda

6.4 **Other Business**

There was no other business.

7.0 **CLOSED SESSION**

Moved by Commissioner Larson-Vito and seconded by Commissioner Stewart to close the regular commission meeting pursuant to Minn. Stat. § 13D.05, subd. 3(a) for the performance evaluation of Mark Hanson, ERMU General Manager, at 4:19 p.m. Motion carried 5-0.

The Commission evaluated the performance of General Manager Mark Hanson which is to be summarized in the June regular commission meeting packet.

Moved by Commissioner Zerwas and seconded by Commissioner Westgaard to close the closed meeting, and re-open the regular meeting of the Elk River Municipal Utilities Commission at 5:26 p.m. Motion carried 5-0.

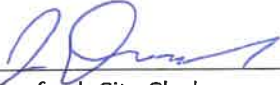
8.0 **ADJOURN REGULAR MEETING**

Moved by Commissioner Stewart and seconded by Commissioner Westgaard to adjourn the regular meeting of the Elk River Municipal Utilities Commission at 5:26 p.m. Motion carried 5-0.

Minutes prepared by Jenny Foss.



John J. Dietz, ERMU Commission Chair



Justin Dunford, City Clerk