

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

August 11, 2026

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

Members Remote: Commissioner Jill Larson-Vito

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, Electrical Distribution System Engineer

Others Present: Jared Shepherd, Attorney

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

Commissioner Jill Larson-Vito attended the meeting remotely. To ensure an accurate record, all votes were conducted in a roll call.

There were no recommended changes to the agenda.

Moved by Commissioner Westgaard and seconded by Commissioner Zerwas to approve the August 11, 2026, agenda. Motion carried 5-0 in a roll call vote.

2.0 CONSENT AGENDA (Approved By One Motion)

Chair Dietz raised a question regarding the level of detail captured in meeting minutes and the retention of meeting recordings. Mr. Mauren explained that minutes are intended to capture key discussions and items not already included in the meeting packets. Individual commissioner comments are generally not transcribed verbatim. Mr. Mauren noted that currently staff retains the recordings for three years, while official minutes are kept permanently.

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

2.1 Check Register – July 2026

2.2 Regular Meeting Minutes – July 14, 2026

2.3 2026 Second Quarter Utilities Performance Metrics Score Card Statistics

2.4 2026 Second Quarter Delinquent Items

2.5 Commission Policy Update – G.4h – Financial Planning and Budgeting

Motion carried 5-0 in a roll call vote.

3.0 OPEN FORUM

No one appeared for open forum.

4.0 POLICY & COMPLIANCE

4.1 Commission Policy Review – G.4i – Financial Condition and Transactions

Mr. Mauren presented the next policy in the Commission's routine review. Commissioners found the policy fitting. No changes were recommended; no formal action was required.

4.2 Annual Strategic Plan Review

Mr. Hanson presented the review of the 2026-2028 Strategic Plan. He explained that of the 13 initiatives from the 2025-2027 plan, six had been completed, six would be completed by the end of the year, and one (Volt/VAR Control) would carry over to the 2026-2028 plan, which consists of 15 initiatives.

Mr. Hanson went on to explain that the 2026-2028 plan had items which were effectively topics entering a second phase from the last plan. Staff was shifting their focus from creating a preparedness plan to putting that plan into practice through tabletop exercises. Also, the water department was moving from a feasibility study to active engagement with a property owner on the potential siting of a water treatment plant and well.

Mr. Hanson explained that a previous review of Outage Management System needs indicated a preference to remain aligned with National Information Solutions Cooperative's (NISC) system as they are a current solution provider. With new engineering capacity made possible through the hiring of Mr. Skoog, staff will compare in-house capabilities against the services provided by NISC.

In response to a question about how staff prioritizes initiatives, Mr. Hanson explained that management has an annual strategic planning session and subsequently reviews dashboard progress in biweekly meetings. Each initiative has a designated lead or champion. Priorities are adjusted as needed based on operational demands, and all initiative progress is tracked in meeting notes.

The Commission provided consensus on high level strategic themes and dashboard initiatives.

5.0 BUSINESS ACTION

5.1 Financial Report – June 2026

Ms. Karpinski presented the financial statements for June 2026. The combined year-to-date net margin position is \$216,000 (0.9%), a decrease from the prior month. The billing lag was noted, as June revenue largely reflects energy used in May when the weather is cooler than it had been recently.

Electric year-to-date is a net margin position of \$752,000 (3.36%). June was the first month this year that electric revenue came in below budget, driven by lower-than-expected sales and higher purchased power costs, as well as an unfavorable investment dividend. Ms. Karpinski noted that July performance was strong and is expected to improve the overall position. Through June, electric sales were unfavorable to budget by \$1.1 million; by the time of this meeting, strong July results had narrowed that gap to approximately \$113,000.

Water year-to-date is at -\$536,000 (-35% margin), an improvement from the prior month. For the first time this year, both budgeted and actual water results were above zero, reflecting seasonal usage increases.

A notable decrease was observed in interest and dividend income compared to the prior year (\$21,000 in 2026 versus \$234,000 in 2025). Ms. Karpinski explained this is due to a required accounting practice under Government Accounting Standards Board (GASB) rules, which mandates recording changes in the fair market value of investments. While the underlying investments and earned interest remain stable, the recorded value must reflect current market conditions, which were less favorable than the prior year.

The aging of receivables remains strong, with only approximately 3% in the 90-day past-due category. Staff recognized the collections team for their effective work in this area. Overall expenses increased approximately 1% from last year; kilowatt-hours purchased increased approximately 3%.

Energy Adjustment Clause charges were approximately 14% lower than the prior year.

Chair Dietz asked about apparent offsets between Operating, Miscellaneous, and Distribution expense accounts. Ms. Karpinski noted this relates to how certain items were recorded between accounts.

There was further discussion about the decreased investment dividend. Staff explained this reflects the change in fair market value and the intent of the GASB requirement is to provide an accurate, transparent reporting on investment values.

Moved by Commissioner Westgaard and seconded by Commissioner Stewart to receive the June 2026 Financial Report. Motion carried 5-0 in a roll call vote.

5.2 **2027 Annual Business Plan: Travel and Training; Dues, Subscriptions - Fees Budget**

Ms. Karpinski presented this portion of the budget with final approval of the complete budget to take place later in the year.

For the Travel and Training budget there is a proposed 3% increase over 2026. Key additions are funding for two apprentices to attend the lineworker rodeo, enrollment in a leadership program, and additional IT training.

For Dues, Subscriptions - Fees an initial 12% increase was presented in the packet; however, this figure is expected to decrease significantly following the discovery of a billing discrepancy with the Minnesota Municipal Utilities Association (MMUA). Prior to the meeting staff noticed MMUA was still billing the Utilities at the joint rate that applied when the City was also a client.

The Commission reached consensus to reduce the number of attendees of the Legislative Rally in Washington, D.C. to maximize value. The group discussed sending one staff member and one commissioner. Commissioner Zerwas was identified as a valuable attendee given his elected and professional experience. There was discussion about other commissioners who may have the interest and ability to attend in the future, in particular Commissioner Larson-Vito who has not yet had the opportunity. Staff and commissioners will review schedules to plan for the event in 2027.

5.3 **IT Capital Projects**

Per policy G.4i - Financial Condition and Transactions, the Commission was provided notice from staff that an individual project expenditure would exceed 10% of its budgeted amount. Whereas ERMU had budgeted \$33,000 for its portion of a server upgrade in collaboration with the City, market conditions pushed costs for ERMU to \$213,860.

Ms. Youngs also explained that the training room will be upgraded to a Microsoft Teams Room which is approximately \$2,000 higher than the original budgeted amount of \$8,000.

Funds for these items are to come from budgeted 2026 capital projects that will not be completed.

Staff added that unused 2026 funds will also be used to do a needed update on furniture in the conference room.

5.4 **Data Center Update and Lessons Learned**

Mr. Hanson presented a summary of outcomes from the recent data center topic, with the intent to ensure ERMU is prepared for the end of the moratorium, and to share opportunities for improvement identified through the process. Key takeaways were the importance of engaging with Great River Energy (GRE), independent consultants on system analysis, legal staff, and the public. Mr. Hanson noted a standing annual meeting with GRE was planned to begin in August or September 2026.

In response to Chair Dietz's question, Mr. Hanson explained that the proposed 23 MW data center was specific to the property identified by the developer and does not mean that a data center of the same size could be accommodated elsewhere in ERMU's service territory. He noted that the ability to serve a data center depends on several factors, including substation and feeder configuration.

Regarding partnership with GRE for transmission access, Mr. Hanson explained that capacity is allocated on a first-come, first-served basis. Although ERMU is not a GRE member, it is treated as a customer and is not subordinated to member utilities. He went on to clarify that the service agreement, letter of intent, and ordinance all stipulated that approval of the project was contingent upon GRE's ability to deliver the power.

Staff stated they would continue to remain informed on data center issues in the industry, using that knowledge to develop energy service agreements, tariffs, and fees that protect ERMU and its customers.

There was discussion about the City's method for approving data centers should they ever intend to site them in the future.

There was discussion about formal action on data centers taken by other nearby municipalities.

This topic will be addressed during a planned joint meeting with the Elk River Planning Commission and City Council in 2027.

5.5 Midwest Municipal Transmission Group Update

Ms. Youngs provided an update on the Midwest Municipal Transmission Group, an organization ERMU participates in that gives municipalities a voice in transmission markets. She shared that the board determined that the organization has fulfilled its original purpose and voted to dissolve.

Upon dissolution, ERMU anticipates receiving a refund of approximately \$75,000 to \$80,000, based on its historical dues payments. It was also clarified that this will not change ERMU's investment in transmission systems, which is still monitored regularly and managed by Central Minnesota Power Agency/Services.

Chair Dietz was asked to sign the form attached to the memo to process the refund.

6.0 BUSINESS DISCUSSION

6.1 Staff Updates

Mr. Hanson notified the Commission that he would be out of the office on August 13 and August 14 and will attend the MMUA Annual Conference the following week.

Ms. Youngs elaborated on her staff update bullet regarding a letter received from the Minnesota Attorney General, involving a customer who was disputing a charge. Ms. Youngs has submitted a detailed response to the Attorney General's office including all relevant policies and documentation. ERMU is awaiting a response.

Mr. Tietz provided an update on the Advanced Metering Infrastructure project. A shipment of 24 model 2S meters has been received and will be installed during the next week. The project is nearing completion; an estimated 300 model 3S meters remain to be installed.

6.2 City Council Update

Chair Dietz provided a City Council Update.

6.4 Future Planning

Chair Dietz announced the following:

- a. Quorum – MMUA Summer Conference, August 17-19, 2026 – St. Cloud, MN
- b. Regular Commission Meeting – September 8, 2026
- c. 2026 Governance Agenda

6.5 Other Business

There was no other business.

7.0 ADJOURN REGULAR MEETING

Moved by Commissioner Westgaard and seconded by Commissioner Stewart to adjourn the regular meeting of the Elk River Municipal Utilities Commission at 4:57 p.m. Motion carried 5-0 in a roll call vote.

Minutes prepared by Tony Mauren.



John J. Dietz, ERMU Commission Chair



Justin Dunford, City Clerk