Elk River Municipal Utilities

REGULAR MEETING OF THE UTILITIES COMMISSION
December 9, 2025, 3:30 P.M.
Utilities Conference Room

AGENDA

1.0 GOVERNANCE
1.1 Call Meeting to Order
1.2 Pledge of Allegiance
1.3 Consider the Agenda

2.0 CONSENT (Routine items. No discussion. Approved by one motion.)
2.1 Check Register – November 2025
2.2 Regular Meeting Minutes – November 12, 2025
2.3 Designate 2026 Official Depository and Delegate Authority for Electronic Funds Transfer
2.4 Designate 2026 Official Newspaper
2.5 2026 Utilities Commission Meeting Schedule

3.0 OPEN FORUM (Non-agenda items for discussion. No action. Presenters must adhere to a time limit of 3 minutes.)

4.0 POLICY & COMPLIANCE (Policy review, policy development, and compliance monitoring.)
4.1 Commission Policy Review – G.4e3 – Water Services
4.2 2026 Governance Agenda
4.3 2026 Performance Metrics and Incentive Compensation Policy

5.0 BUSINESS ACTION (Current business action requests and performance monitoring reports.)
5.1 Electric and Water cost of Service and Rate Design
5.2 Financial Report – October 2025
5.3 Management Policy – A.10 - Financial Reserve
5.4 Wage and Benefit Committee - Proposed 2026 Adjustments

6.0 BUSINESS DISCUSSION (Future business planning, general updates, and informational reports.)
6.1 Staff Updates
6.2 City Council Update
6.3 Future Planning (Announce the next regular meeting, special meeting, or planned quorum.)
a. Special Meeting – December 18, 2025, 3:30 p.m., Utilities Conference Room
b. Regular Commission Meeting – January 13, 2026
c. 2025 Governance Agenda
6.4 Other Business (Items added during agenda approval.)

7.0 ADJOURN REGULAR MEETING

CHECK REGISTER

November 2025

APPROVED BY:

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John Dietz

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Jill Larson-Vito

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Mary Stewart

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Matt Westgaard

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Nick Zerwas

Payroll/Labor
Check Register Totals

11/07/2025 To 11/07/2025

Pays		Job	Amount	Hours
Gross Pay				
2	Reg Hours		188,622.52	3,458.00
20	Reg Salary		0.00	0.00
3	Overtime		3,462.19	46.75
4	Double Time		0.00	0.00
5	On-Call/Stand-by		3,039.78	56.00
24	FLSA		100.52	0.00
25	Rest Time		0.00	0.00
10	Bonus Pay		0.00	0.00
18	Commissioner Reimb - Electric		600.00	0.00
104	Commission Stipend		60.00	0.00
105	Perf. Metr. Distr.		0.00	0.00
VAC	Vacation Pay		8,203.61	134.36
SICK	Sick Pay		3,480.22	69.06
HOL	Holiday Pay		0.00	0.00
78	Retro Earnings		0.00	0.00
5-2	On-Call/Stand-by/OT		990.56	10.25
18A	Commissioner Reimb. - Water		150.00	0.00
104A	Commission Stipend - Water		15.00	0.00
VAC	Vacation Pay - Manager		0.00	0.00
PTOY	Personal Day - Year		264.42	6.00
UNPD	Time Off without Pay		0.00	0.00
3C	Overtime-Comp Time		165.26	2.50
4C	Double Time-Comp Time		0.00	0.00
CM3C	Overtime-Comp Time Adjusted		-165.26	-2.50
CM4C	Double Time-Comp Time Adjusted		0.00	0.00
COMP	Comp Time Taken		74.10	1.39
106	Longevity Pay		0.00	0.00
MIL	Military Pay - Calendar Year		0.00	0.00
10W	Bonus Pay		0.00	0.00
ESST	Earned Safe & Sick Time		313.94	8.62
	Gross Pay Total:		209,376.86	3,790.43
	Total Pays:		209,376.86	3,790.43

Payroll/Labor
Check Register Totals

11/21/2025 To 11/21/2025

Pays		Job	Amount	Hours
Gross Pay				
2	Reg Hours		152,422.30	2,759.75
20	Reg Salary		0.00	0.00
3	Overtime		1,967.70	29.75
4	Double Time		0.00	0.00
5	On-Call/Stand-by		3,239.04	56.00
24	FLSA		24.55	0.00
25	Rest Time		0.00	0.00
10	Bonus Pay		0.00	0.00
105	Perf. Metr. Distr.		0.00	0.00
VAC	Vacation Pay		20,504.85	369.75
SICK	Sick Pay		1,242.13	30.75
HOL	Holiday Pay		19,873.89	360.00
78	Retro Earnings		0.00	0.00
5-2	On-Call/Stand-by/OT		222.21	2.25
VAC	Vacation Pay - Manager		0.00	0.00
PTOY	Personal Day - Year		309.36	8.00
UNPD	Time Off without Pay		0.00	0.00
3C	Overtime-Comp Time		356.81	4.00
4C	Double Time-Comp Time		263.36	2.00
CM3C	Overtime-Comp Time Adjusted		-356.81	-4.00
CM4C	Double Time-Comp Time Adjusted		-263.36	-2.00
COMP	Comp Time Taken		4,419.38	72.50
106	Longevity Pay		0.00	0.00
MIL	Military Pay - Calendar Year		0.00	0.00
10W	Bonus Pay		0.00	0.00
ESST	Earned Safe & Sick Time		141.31	3.88
	Gross Pay Total:		204,366.72	3,692.63
	Total Pays:		204,366.72	3,692.63

Accounts Payable
Check Register

11/01/2025 To 11/30/2025

Bank Account: 1 - GENERAL FUND

Check / Tran	Date	Pmt Type	Vendor	Vendor Name	Reference	Amount
2385	11/4/25	WIRE	5655	FISERV	CC FEES - OCT 2025	2,565.16
					CC FEES - OCT 2025	641.29
					CC FEES - OCT 2025	592.47
					CC FEES - OCT 2025	148.12
					CC FEES - OCT 2025	5,009.57
					CC FEES - OCT 2025	1,252.39
					CC FEES - OCT 2025	111.53
					CC FEES - OCT 2025	27.88
					CC FEES - OCT 2025	803.50
					CC FEES - OCT 2025	200.88
					CC FEES - OCT 2025	1,765.30
					CC FEES - OCT 2025	441.33
					Total for Check/Tran - 2385:	13,559.42
					Total for Bank Account - 1 : (1)	13,559.42

Accounts Payable
Check Register

11/01/2025 To 11/30/2025

Bank Account: 5 - GENERAL FUND WITHDRAWALS

Check / Tran	Date	Pmt Type	Vendor	Vendor Name	Reference	Amount
4995	11/3/25	WIRE	824	HOME DEPOT CREDIT SERVICES	HOME DEPOT	69.90
4999	11/6/25	WIRE	166	ONLINE UTILITY EXCHANGE (ELECTR	UTILITY EXCHANGE REPORT - OCT 2025	345.84
					UTILITY EXCHANGE REPORT - OCT 2025	86.46
					Total for Check/Tran - 4999:	432.30
5000	11/10/25	WIRE	738	HEALTHEQUITY, INC	ADMINISTRATIVE FEE INVOICE - NOV 2025	129.00
					ADMINISTRATIVE FEE INVOICE - NOV 2025	25.50
					Total for Check/Tran - 5000:	154.50
5001	11/12/25	WIRE	152	IRS - USA TAX PMT (ELECTRONIC)	PAYROLL TAXES - FEDERAL & FICA	18,703.97
					PAYROLL TAXES - FEDERAL & FICA	24,037.69
					PAYROLL TAXES - FEDERAL & FICA	3,628.78
					PAYROLL TAXES - FEDERAL & FICA	5,102.47
					Total for Check/Tran - 5001:	51,472.91
5002	11/12/25	WIRE	153	PERA (ELECTRONIC)	PERA EMPLOYEE CONTRIBUTION	10,953.66
					PERA CONTRIBUTIONS	12,638.86
					PERA EMPLOYEE CONTRIBUTION	2,380.54
					PERA CONTRIBUTIONS	2,746.79
					Total for Check/Tran - 5002:	28,719.85
5003	11/12/25	WIRE	160	VOYA INSTITUTIONAL TRUST COMPAN	HCSP EMPLOYEE CONTRIBUTIONS	2,501.01
					HCSP EMPLOYEE CONTRIBUTIONS	446.43
					Total for Check/Tran - 5003:	2,947.44
5004	11/12/25	WIRE	161	VOYA INSTITUTIONAL TRUST COMPAN	MNDCP EE MANAGER CONTRIBUTIONS	356.46
					MNDCP EMPLOYEE CONTRIBUTIONS	5,646.84
					MNDCP EMPLOYER CONTRIBUTION	1,263.59
					MNDCP EMPLOYER MGR CONTRIBUTION	599.52
					MNDCP EE ROTH CONTRIBUTIONS	1,824.96
					MNDCP EE ROTH MGR CONTRIBUTIONS	243.06
					MNDCP EE MANAGER CONTRIBUTIONS	50.08
					MNDCP EMPLOYEE CONTRIBUTIONS	816.43

11/01/2025 To 11/30/2025

Bank Account: 5 - GENERAL FUND WITHDRAWALS

Check / Tran	Date	Pmt Type	Vendor	Vendor Name	Reference	Amount
					MNDCP EMPLOYER CONTRIBUTION	172.62
					MNDCP EMPLOYER MGR CONTRIBUTION	82.76
					MNDCP EE ROTH CONTRIBUTIONS	392.98
					MNDCP EE ROTH MGR CONTRIBUTIONS	32.68
					Total for Check/Tran - 5004:	11,481.98
5005	11/12/25	WIRE	285	JOHN HANCOCK	W&A EMPLOYER CONTRIBUTION	80.00
					W&A MANAGER CONTRIBUTION	418.00
					WENZEL EMPLOYEE CONTRIBUTIONS	1,019.38
					WENZEL MANAGER CONTRIBUTIONS	127.25
					DEF COMP ROTH CONTRIBUTIONS W&A	796.22
					WENZEL EE ROTH MGR CONTRIBUTIONS	290.75
					W&A EMPLOYER CONTRIBUTION	120.00
					W&A MANAGER CONTRIBUTION	64.12
					WENZEL EMPLOYEE CONTRIBUTIONS	183.97
					WENZEL MANAGER CONTRIBUTIONS	31.81
					DEF COMP ROTH CONTRIBUTIONS W&A	148.78
					WENZEL EE ROTH MGR CONTRIBUTIONS	32.31
					Total for Check/Tran - 5005:	3,312.59
5008	11/13/25	WIRE	154	MINNESOTA REVENUE (ELECTRONIC)	PAYROLL TAXES - STATE	7,909.35
					PAYROLL TAXES - STATE	1,600.77
					Total for Check/Tran - 5008:	9,510.12
5009	11/13/25	WIRE	738	HEALTHEQUITY, INC	FSA CLAIM REIMBURSEMENTS - 164	153.85
					FSA CLAIM REIMBURSEMENTS - 164	38.46
					Total for Check/Tran - 5009:	192.31
5010	11/12/25	WIRE	738	HEALTHEQUITY, INC	HSA EMPLOYEE CONTRIBUTION	2,662.96
					HSA EMPLOYEE CONTRIBUTION	462.88
					Total for Check/Tran - 5010:	3,125.84
5011	11/13/25	WIRE	549	CHARTER COMMUNICATIONS	OFFICE TELEPHONE	197.38
					OFFICE TELEPHONE	49.35

Accounts Payable
Check Register

11/01/2025 To 11/30/2025

Bank Account: 5 - GENERAL FUND WITHDRAWALS

Check / Tran	Date	Pmt Type	Vendor	Vendor Name	Reference		Amount
						Total for Check/Tran - 5011:	246.73
5012	11/12/25	WIRE	598	MINNESOTA CHILD SUPPORT PAYMEN	CHILD SUPPORT		589.75
5015	11/24/25	WIRE	153	PERA (ELECTRONIC)	PERA EMPLOYEE CONTRIBUTION		10,914.88
					PERA CONTRIBUTIONS		12,594.15
					PERA EMPLOYEE CONTRIBUTION		2,359.73
					PERA CONTRIBUTIONS		2,722.76
						Total for Check/Tran - 5015:	28,591.52
5016	11/24/25	WIRE	160	VOYA INSTITUTIONAL TRUST COMPAN	HCSP EMPLOYEE CONTRIBUTIONS		2,496.16
					HCSP EMPLOYEE CONTRIBUTIONS		441.42
						Total for Check/Tran - 5016:	2,937.58
5017	11/24/25	WIRE	161	VOYA INSTITUTIONAL TRUST COMPAN	MNDCP EE MANAGER CONTRIBUTIONS		356.46
					MNDCP EMPLOYEE CONTRIBUTIONS		5,450.80
					MNDCP EMPLOYER CONTRIBUTION		1,029.83
					MNDCP EMPLOYER MGR CONTRIBUTION		599.54
					MNDCP EE ROTH CONTRIBUTIONS		1,827.69
					MNDCP EE ROTH MGR CONTRIBUTIONS		243.08
					MNDCP EE MANAGER CONTRIBUTIONS		50.08
					MNDCP EMPLOYEE CONTRIBUTIONS		812.47
					MNDCP EMPLOYER CONTRIBUTION		106.38
					MNDCP EMPLOYER MGR CONTRIBUTION		82.74
					MNDCP EE ROTH CONTRIBUTIONS		390.25
					MNDCP EE ROTH MGR CONTRIBUTIONS		32.66
						Total for Check/Tran - 5017:	10,981.98
5018	11/24/25	WIRE	285	JOHN HANCOCK	W&A EMPLOYER CONTRIBUTION		80.00
					W&A MANAGER CONTRIBUTION		418.00
					WENZEL EMPLOYEE CONTRIBUTIONS		1,005.46
					WENZEL MANAGER CONTRIBUTIONS		127.25
					DEF COMP ROTH CONTRIBUTIONS W&A		795.02
					WENZEL EE ROTH MGR CONTRIBUTIONS		290.75

11/01/2025 To 11/30/2025

Bank Account: 5 - GENERAL FUND WITHDRAWALS

Check / Tran	Date	Pmt Type	Vendor	Vendor Name	Reference	Amount
					W&A EMPLOYER CONTRIBUTION	120.00
					W&A MANAGER CONTRIBUTION	64.12
					WENZEL EMPLOYEE CONTRIBUTIONS	183.97
					WENZEL MANAGER CONTRIBUTIONS	31.81
					DEF COMP ROTH CONTRIBUTIONS W&A	149.98
					WENZEL EE ROTH MGR CONTRIBUTIONS	32.31
					Total for Check/Tran - 5018:	3,298.67
5019	11/24/25	WIRE	598	MINNESOTA CHILD SUPPORT PAYMEN	CHILD SUPPORT	589.75
5020	11/24/25	WIRE	738	HEALTHEQUITY, INC	HSA EMPLOYEE CONTRIBUTION	2,665.85
					HSA EMPLOYEE CONTRIBUTION	459.99
					Total for Check/Tran - 5020:	3,125.84
5021	11/21/25	WIRE	174	MINNESOTA REVENUE SALES TX (ELE	SALES AND USE TAX	298,666.64
					SALES AND USE TAX	0.19
					SALES AND USE TAX	12,057.17
					Total for Check/Tran - 5021:	310,724.00
5023	11/26/25	WIRE	152	IRS - USA TAX PMT (ELECTRONIC)	PAYROLL TAXES - FEDERAL & FICA	18,320.51
					PAYROLL TAXES - FEDERAL & FICA	23,399.12
					PAYROLL TAXES - FEDERAL & FICA	3,615.72
					PAYROLL TAXES - FEDERAL & FICA	5,051.82
					Total for Check/Tran - 5023:	50,387.17
5024	11/28/25	WIRE	154	MINNESOTA REVENUE (ELECTRONIC)	PAYROLL TAXES - STATE	7,717.95
					PAYROLL TAXES - STATE	1,588.68
					Total for Check/Tran - 5024:	9,306.63
5025	11/28/25	WIRE	738	HEALTHEQUITY, INC	FSA CLAIM REIMBURSEMENTS - 147	707.20
					FSA CLAIM REIMBURSEMENTS - 147	176.80
					Total for Check/Tran - 5025:	884.00
5026	11/25/25	WIRE	738	HEALTHEQUITY, INC	FSA CLAIM REIMBURSEMENTS - 164	153.85
					FSA CLAIM REIMBURSEMENTS - 164	38.46

Accounts Payable
Check Register

11/01/2025 To 11/30/2025

Bank Account: 5 - GENERAL FUND WITHDRAWALS

Check / Tran	Date	Pmt Type	Vendor	Vendor Name	Reference		Amount
						Total for Check/Tran - 5026:	192.31
5027	11/17/25	WIRE	9654	CARDMEMBER SERVICE	FIRST NATIONAL BANK VISA		8,660.11
					FIRST NATIONAL BANK VISA		3,663.23
						Total for Check/Tran - 5027:	12,323.34
22741	11/6/25	DD	11	CITY OF ELK RIVER	FRANCHISE FEE CREDIT - SEPT 2025		-725.00
					2025 3rd QTR METERED		2,175.00
					2025 3rd QTR FRANCHISE FEE		250,698.35
					2025 3rd QTR WRITE-OFFS		-154.21
						Total for Check/Tran - 22741:	251,994.14
22742	11/6/25	DD	663	CDW GOVERNMENT	Fiber		1,892.14
22743	11/6/25	DD	11	CITY OF ELK RIVER	SIGNS		-0.17
					SIGNS		2.37
					SIGNS - LABOR		97.50
					PARTS & LABOR FOR UNIT #31		-1.28
					PARTS & LABOR FOR UNIT #31		82.51
					PARTS & LABOR FOR UNIT #19		-11.54
					PARTS & LABOR FOR UNIT #19		418.19
					PARTS & LABOR FOR UNIT #23		-4.94
					PARTS & LABOR FOR UNIT #23		230.22
					PARTS & LABOR FOR UNIT #32		-1.12
					PARTS & LABOR FOR UNIT #32		77.09
					PARTS & LABOR FOR UNIT #32		-0.05
					PARTS & LABOR FOR UNIT #32		4.05
					PARTS & LABOR FOR UNIT #30		-1.30
					PARTS & LABOR FOR UNIT #30		115.38
					PARTS & LABOR FOR UNIT #3		-9.41
					PARTS & LABOR FOR UNIT #3		193.86
					SIGNS - EAST SUBSTATION		-2.40
					SIGNS - EAST SUBSTATION		32.93

Accounts Payable
Check Register

11/01/2025 To 11/30/2025

Bank Account: 5 - GENERAL FUND WITHDRAWALS

Check / Tran	Date	Pmt Type	Vendor	Vendor Name	Reference	Amount
					SIGNS - EAST SUBSTATION LABOR	65.00
					SIGNS	-1.65
					SIGNS - SANDWICH BOARDS	22.41
					SIGNS - SANDWICH BOARDS LABOR	56.89
					SIGNS	-0.22
					SIGNS - CONE DECALS	3.18
					SIGNS - CONE DECALS LABOR	8.11
					CONTINUE DISCLOSURE REPORT - 2025	1,320.00
					CONTINUE DISCLOSURE REPORT - 2025	440.00
					FUEL USAGE - SEPT 2025	2,022.71
					FUEL USAGE - SEPT 2025	1,055.79
					MS-ISAC MEMBERSHIP	398.00
					MS-ISAC MEMBERSHIP	99.50
					Total for Check/Tran - 22743:	6,711.61
22744	11/6/25	DD	23	ELK RIVER MUNICIPAL UTILITIES	CYCLE 2 - ACCT 41038 - SEPT 2025	113.11
					CYCLE 2 - ACCT 41038 - SEPT 2025	5.95
					CYCLE 2 - INV GRP 436 - SEPT 2025	3,736.69
					CYCLE 2 - INV GRP 413 - SEPT 2025	100.00
					CYCLE 2 - INV GRP 413 - SEPT 2025	670.41
					Total for Check/Tran - 22744:	4,626.16
22745	11/6/25	DD	664	FRONTIER ENERGY, INC	PROFESSIONAL SERVICES - SEPT 2025	10,000.00
					CIP PROFESSIONAL SERVICES	7,926.91
					Total for Check/Tran - 22745:	17,926.91
22746	11/6/25	DD	846	HACH COMPANY	SAMPLING SUPPLIES	1,497.09
22747	11/6/25	DD	809	HAWKINS, INC.	Water Chemicals	1,533.65
					CHLORINE CYLINDER RENTAL	110.00
					Total for Check/Tran - 22747:	1,643.65
22748	11/6/25	DD	5686	HYDROCORP	BACKFLOW DEVICE INSPECTION - OCT 2025	1,229.33

Accounts Payable
Check Register

11/01/2025 To 11/30/2025

Bank Account: 5 - GENERAL FUND WITHDRAWALS

Check / Tran	Date	Pmt Type	Vendor	Vendor Name	Reference		Amount
22749	11/6/25	DD	39	MMUA	DRUG SCREENING - 202		40.00
					DRUG SCREENING - 202		10.00
						Total for Check/Tran - 22749:	50.00
22750	11/6/25	DD	130	RESCO	Transformer		19,445.00
					Discount		-9.72
						Total for Check/Tran - 22750:	19,435.28
22751	11/6/25	DD	610	WRIGHT HENNEPIN COOPERATIVE ELE	SECURITY - 1435 & 1705 MAIN ST		54.55
					SECURITY - 1435 & 1705 MAIN ST		7.79
						Total for Check/Tran - 22751:	62.34
22752	11/6/25	DD	509	MEGAN ZACHMAN	CAREER EXPLORATION		384.65
					CAREER EXPLORATION		96.16
						Total for Check/Tran - 22752:	480.81
22753	11/12/25	DD	583	NORTHWESTERN POWER EQUIP CO IN	Repair		727.00
					Repair		-727.00
						Total for Check/Tran - 22753:	0.00
22754	11/12/25	DD	728	ARCHER PLUMBING LLC	WATER METER REPAIRS		300.00
					WATER METER INSTALL		124.07
					WATER METER INSTALL		-9.07
						Total for Check/Tran - 22754:	415.00
22755	11/12/25	DD	5013	CARR'S TREE SERVICE, INC	TREE TRIMMING - 10/4/25		6,124.09
					TREE TRIMMING - 10/11/25		753.27
						Total for Check/Tran - 22755:	6,877.36
22756	11/12/25	DD	11	CITY OF ELK RIVER	TRASH BILLED - OCT 2025		167,964.93
22757	11/12/25	DD	23	ELK RIVER MUNICIPAL UTILITIES	CYCLE 3 - INV GRP 414 - SEPT 2025		125.00
					CYCLE 3 - INV GRP 414 - SEPT 2025		813.56
					CYCLE 3 - INV GRP 395 - SEPT 2025		13,683.10
						Total for Check/Tran - 22757:	14,621.66

Accounts Payable
Check Register

11/01/2025 To 11/30/2025

Bank Account: 5 - GENERAL FUND WITHDRAWALS

Check / Tran	Date	Pmt Type	Vendor	Vendor Name	Reference		Amount
22758	11/12/25	DD	626	JENNY FOSS	Mileage		51.52
					Schools and Meetings		93.76
					Mileage		12.88
					Schools and Meetings		23.44
						Total for Check/Tran - 22758:	181.60
22759	11/12/25	DD	6836	INNOVATIVE OFFICE SOLUTIONS LLC	2026 CALENDARS		311.41
					2026 CALENDARS		72.54
						Total for Check/Tran - 22759:	383.95
22760	11/12/25	DD	330	METRO SALES, INC	COPIER MTC CONTRACT - 9/21 to 10/20/25		198.56
					COPIER MTC CONTRACT - 9/21 to 10/20/25		49.64
						Total for Check/Tran - 22760:	248.20
22761	11/12/25	DD	1001	MINNESOTA MUNICIPAL POWER AGEN	PURCHASED POWER - OCT 2025		1,774,917.92
					PURCHASED POWER - OCT 2025		611,256.85
						Total for Check/Tran - 22761:	2,386,174.77
22762	11/12/25	DD	39	MMUA	TRANSFORMER PRE-WORKSHOP - 169 171		300.00
					TRANSFORMER SCHOOL - 169 171 12.25		1,520.00
					T&O CONF - 9 32 152 159 186 187 12.2025		2,544.00
						Total for Check/Tran - 22762:	4,364.00
22763	11/12/25	DD	3376	JEFF MURRAY	2025 REACH TRAVEL EXP - 59		199.91
					2025 REACH TRAVEL EXP - 59		85.68
						Total for Check/Tran - 22763:	285.59
22764	11/12/25	DD	573	NCPERS MINNESOTA	EXTRA LIFE INSURANCE - DEC 2025		284.80
					EXTRA LIFE INSURANCE - DEC 2025		35.20
						Total for Check/Tran - 22764:	320.00
22765	11/12/25	DD	9300	NISC	2025 MIC - 139 147 159 172 181 184		5,724.05
					2025 MIC - 139 147 159 172 181 184		1,206.95
						Total for Check/Tran - 22765:	6,931.00
22766	11/12/25	DD	812	STELLA-JONES CORPORATION	Rodeo Poles		6,048.42

11/01/2025 To 11/30/2025

Bank Account: 5 - GENERAL FUND WITHDRAWALS

Check / Tran	Date	Pmt Type	Vendor	Vendor Name	Reference	Amount
22813	11/21/25	DD	1	AMERICAN PUBLIC POWER ASSOCIATI	2026 MEMBERSHIP DUES	18,704.54
					2026 DEED MEMBERSHIP	3,927.95
					Total for Check/Tran - 22813:	22,632.49
22814	11/21/25	DD	6	BEAUDRY OIL COMPANY	DIESEL	2,631.93
22815	11/21/25	DD	9	BORDER STATES ELECTRIC SUPPLY	Mtce of URD Primary	403.80
					Guy Adapter	181.80
					East Sub	11,386.31
					COVER & MOUNTING BRACKET	184.00
					Mtce of URD Primary	517.48
					East Sub	79.55
					East Sub	321.15
					SPLICE	1,184.10
					PADDLE	511.01
					Tool	91.75
					Mtce of URD Primary	627.68
					East Sub	593.05
					Mtce of URD Primary	721.46
					Conduit	89.38
					COLD SHRINK SPLICE	629.66
					Mtce of URD Primary	988.31
					Mtce of URD Primary	1,392.87
					Total for Check/Tran - 22815:	19,903.36
22816	11/21/25	DD	8843	CAMPBELL KNUTSON	LEGAL SERVICES - OCT 2025	932.40
					LEGAL SERVICES - OCT 2025	233.10
					Total for Check/Tran - 22816:	1,165.50
22817	11/21/25	DD	11	CITY OF ELK RIVER	REVENUE TRANSFER - OCT 2025	162,213.41
					SEWER BILLED - OCT 2025	252,450.37
					STORMWATER BILLED - OCT 2025	57,195.86
					Total for Check/Tran - 22817:	471,859.64

Accounts Payable
Check Register

11/01/2025 To 11/30/2025

Bank Account: 5 - GENERAL FUND WITHDRAWALS

Check / Tran	Date	Pmt Type	Vendor	Vendor Name	Reference	Amount
22818	11/21/25	DD	7448	CRC	CUSTOMER SERVICE AFTER HOURS	2,758.22
					CUSTOMER SERVICE AFTER HOURS	689.56
					Total for Check/Tran - 22818:	3,447.78
22819	11/21/25	DD	3667	ELFERING & ASSOCIATES	PROFESSIONAL SERVICES - CTY 44 OCT 2025	8,100.00
					PROFESSIONAL SERVICES - OCT 2025	450.00
					PROFESSIONAL SERVICES - OCT 2025	525.00
					PROFESSIONAL SERVICES - OCT 2025	1,200.00
					PROFESSIONAL SERVICES - OCT 2025	750.00
					Total for Check/Tran - 22819:	11,025.00
22820	11/21/25	DD	23	ELK RIVER MUNICIPAL UTILITIES	CYCLE 4 - INV GRP 396 - OCT 2025	268.88
					CYCLE 4 - INV GRP 415 - OCT 2025	175.00
					CYCLE 4 - INV GRP 415 - OCT 2025	1,604.68
					Total for Check/Tran - 22820:	2,048.56
22821	11/21/25	DD	671	FASTENAL COMPANY	NYLON WASHERS	16.00
22822	11/21/25	DD	91	GOPHER STATE ONE-CALL	LOCATES FOR - OCT 2025	550.19
					LOCATES FOR - OCT 2025	28.96
					Total for Check/Tran - 22822:	579.15
22823	11/21/25	DD	8083	JT SERVICES OF MINNESOTA	BULBS	161.82
					Mtce of Street Lighting	158.58
					Pole Wrap	1,289.46
					Total for Check/Tran - 22823:	1,609.86
22824	11/21/25	DD	8889	KORTERRA, INC.	LOCATE MANAGEMENT - 10/25 to 10/26	2,997.25
					LOCATE MANAGEMENT - 10/25 to 10/26	157.75
					Total for Check/Tran - 22824:	3,155.00
22825	11/21/25	DD	9300	NISC	PRINT SERVICES - OCT 2025	6,716.59
					PRINT SERVICES - OCT 2025	1,679.14
					MISC INVOICE - OCT 2025	750.45
					MISC INVOICE - OCT 2025	187.61

Accounts Payable
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11/01/2025 To 11/30/2025

Bank Account: 5 - GENERAL FUND WITHDRAWALS

Check / Tran	Date	Pmt Type	Vendor	Vendor Name	Reference	Amount
					AGREEMENTS INVOICE - OCT 2025	53.93
					AGREEMENTS INVOICE - OCT 2025	787.57
					AGREEMENTS INVOICE - OCT 2025	11,461.35
					AGREEMENTS INVOICE - OCT 2025	260.00
					AGREEMENTS INVOICE - OCT 2025	337.53
					AGREEMENTS INVOICE - OCT 2025	2,576.89
					AGREEMENTS INVOICE - OCT 2025	65.00
					Total for Check/Tran - 22825:	24,876.06
22826	11/21/25	DD	8897	RALPHIE'S MINNOCO	RALPHIE'S MINNOCO	82.09
22827	11/21/25	DD	135	WATER LABORATORIES INC	WATER TESTING - OCT 2025	360.00
22828	11/26/25	DD	728	ARCHER PLUMBING LLC	WATER METER INSTALL	1,445.53
					WATER METER INSTALL	-105.53
					Total for Check/Tran - 22828:	1,340.00
22829	11/26/25	DD	4344	CENTRAL MUNICIPAL POWER AGENCY	2ND CIRCUIT	137,459.25
22830	11/26/25	DD	23	ELK RIVER MUNICIPAL UTILITIES	CYCLE 1 - INV GRP 421 - OCT 2025	5,966.80
					CYCLE 1 - ACCT 183 - OCT 2025	772.11
					CYCLE 1 - INV GRP 101 - OCT 2025	2,716.53
					CYCLE 1 - INV GRP 101 - OCT 2025	44.52
					CYCLE 1 - INV GRP 101 - OCT 2025	664.06
					CYCLE 1 - INV GRP 101 - OCT 2025	424.32
					CYCLE 1 - INV GRP 101 - OCT 2025	166.02
					CYCLE 1 - INV GRP 325 - OCT 2025	325.00
					CYCLE 1 - INV GRP 325 - OCT 2025	16,497.98
					CYCLE 4 - ACCT 51086 - OCT 2025	79.93
					Total for Check/Tran - 22830:	27,657.27
22831	11/26/25	DD	671	FASTENAL COMPANY	MISC PARTS & SUPPLIES	25.44
22832	11/26/25	DD	809	HAWKINS, INC.	Water Chemicals	2,705.02

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Bank Account: 5 - GENERAL FUND WITHDRAWALS

Check / Tran	Date	Pmt Type	Vendor	Vendor Name	Reference	Amount
22833	11/26/25	DD	5686	HYDROCORP	BACKFLOW DEVICE INSPECTION - NOV 2025	1,229.33
22834	11/26/25	DD	39	MMUA	UTILITY RESILIENCE WORKSHOP - 172	320.00
					UTILITY RESILIENCE WORKSHOP - 172	80.00
					Total for Check/Tran - 22834:	400.00
22835	11/26/25	DD	130	RESCO	Transfomer	17,125.00
					Discount	-8.56
					Total for Check/Tran - 22835:	17,116.44
90042	11/6/25	CHK	398	ALTEC INDUSTRIES, INC	PARTS & LABOR FOR UNIT #4	1,777.73
90043	11/6/25	CHK	4531	AT & T MOBILITY	CELL PHONES & iPAD BILLING	29.18
					CELL PHONES & iPAD BILLING	2,527.42
					CELL PHONES & iPAD BILLING	12.50
					CELL PHONES & iPAD BILLING	643.32
					Total for Check/Tran - 90043:	3,212.42
90044	11/6/25	CHK	815	B & R EXCAVATING LLC	Fiber Work	2,483.90
					Fiber Work	7,173.10
					Fiber Work	3,279.38
					Fiber Work	9,234.02
					Fiber	23,135.20
					Total for Check/Tran - 90044:	45,305.60
90045	11/6/25	CHK	5224	BLUE CROSS BLUE SHIELD OF MINNES	VISION INSURANCE - DEC 2025	290.19
					VISION INSURANCE - DEC 2025	84.33
					Total for Check/Tran - 90045:	374.52
90046	11/6/25	CHK	9997	RYAN BOTTEN	INACTIVE REFUND	114.91
90048	11/6/25	CHK	28	CINTAS	MATS & TOWELS	529.75
					MATS & TOWELS	75.67
					Total for Check/Tran - 90048:	605.42
90049	11/6/25	CHK	54	CORE & MAIN LP	Water Meter AMI	6,929.52

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Bank Account: 5 - GENERAL FUND WITHDRAWALS

Check / Tran	Date	Pmt Type	Vendor	Vendor Name	Reference	Amount
					WATER METER	-505.87
					Total for Check/Tran - 90049:	6,423.65
90050	11/6/25	CHK	9997	MICHAEL CROHN	INACTIVE REFUND	21.69
90051	11/6/25	CHK	656	DGR ENGINEERING	ARC FLASH ASSESSMENT - SEPT 2025	3,132.50
					EAST SUBSTATION - SEPT 2025	9,592.00
					ELEC SYSTEM COORDINATION STUDY - SEPT 25	1,500.00
					Total for Check/Tran - 90051:	14,224.50
90052	11/6/25	CHK	9997	SVETLANA GUNDERSON	INACTIVE REFUND	60.92
90053	11/6/25	CHK	9997	BRIAN HARVALA	INACTIVE REFUND	23.56
90054	11/6/25	CHK	33	ITRON INC	SOFTWARE MTC - 11/25 to 10/31/26	8,027.88
					SOFTWARE MTC - 11/25 to 10/31/26	2,006.98
					Total for Check/Tran - 90054:	10,034.86
90055	11/6/25	CHK	9997	ROBERT KETCHAM	INACTIVE REFUND	81.81
90056	11/6/25	CHK	736	KLM ENGINEERING, INC.	Tower	3,500.00
90057	11/6/25	CHK	9997	LEWIS CUSTOM HOMES, INC	Credit Balance Refund	202.56
90058	11/6/25	CHK	8605	MARCO TECHNOLOGIES, LLC	ACE PROGRAM - 9/29 to 10/28/25	1,404.54
					ACE PROGRAM - 9/29 to 10/28/25	351.14
					Camera	4,461.49
					Camera	688.32
					Total for Check/Tran - 90058:	6,905.49
90059	11/6/25	CHK	9997	LIANE MCCULLOUGH	INACTIVE REFUND	193.41
90060	11/6/25	CHK	145	MENARDS	MISC PARTS & SUPPLIES	37.72
					MISC PARTS & SUPPLIES	41.97
					Total for Check/Tran - 90060:	79.69
90061	11/6/25	CHK	9997	MASON MILLER	INACTIVE REFUND	103.33

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Bank Account: 5 - GENERAL FUND WITHDRAWALS

Check / Tran	Date	Pmt Type	Vendor	Vendor Name	Reference	Amount
90062	11/6/25	CHK	8454	MINNESOTA DEPT OF LABOR & INDUS	PRESSURE VESSEL - WELL #4	25.00
					PRESSURE VESSEL - WELL #6	25.00
					PRESSURE VESSEL - WELL #7	25.00
					Total for Check/Tran - 90062:	75.00
90063	11/6/25	CHK	716	MOTION AUTOMATION INTELLIGENCE	Switch for Fiber	301.41
					Switch for Fiber	187.93
					Total for Check/Tran - 90063:	489.34
90064	11/6/25	CHK	9997	EDWIN NYAKUNDI	INACTIVE REFUND	62.18
90065	11/6/25	CHK	9997	DAVID OLSON	INACTIVE REFUND	68.05
90066	11/6/25	CHK	9997	HANNAH PHIPPS	INACTIVE REFUND	31.34
90067	11/6/25	CHK	811	PRIME ADVERTISING & DESIGN, INC.	MONTHLY HOSTING OF WEBSITE	60.00
					MONTHLY HOSTING OF WEBSITE	60.00
					MONTHLY HOSTING OF WEBSITE	30.00
					Marketing	1,500.00
					Total for Check/Tran - 90067:	1,650.00
90068	11/6/25	CHK	9997	RAFFS RENTALS LLC	INACTIVE REFUND	197.37
90069	11/6/25	CHK	9997	NATHEN SANNY	INACTIVE REFUND	77.96
90070	11/6/25	CHK	9997	ADAM SCHNELL	INACTIVE REFUND	185.91
90071	11/6/25	CHK	9997	ERIC SLOCUM	INACTIVE REFUND	742.11
90072	11/6/25	CHK	8141	SPEEDCUTTERS OUTDOOR MAINTENA	SHRUB PRUNING	259.59
					SHRUB PRUNING	37.08
					Total for Check/Tran - 90072:	296.67
90073	11/6/25	CHK	6107	STUART C. IRBY CO.	GLOVES & TESTING	-43.50
					GLOVES & TESTING	1,627.72
					Total for Check/Tran - 90073:	1,584.22

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Bank Account: 5 - GENERAL FUND WITHDRAWALS

Check / Tran	Date	Pmt Type	Vendor	Vendor Name	Reference	Amount
90074	11/6/25	CHK	3360	THE UPS STORE 5093	SHIPPING - LOCATOR CABLE REPAIR	15.10
90075	11/6/25	CHK	543	USABLUEBOOK	RETRACTABLE INJ QUILL	636.63
90076	11/6/25	CHK	9997	JONATHAN VOLLAN	INACTIVE REFUND	229.30
90077	11/6/25	CHK	9997	NATHANIEL WONG	INACTIVE REFUND	50.98
90078	11/12/25	CHK	522	ALTERNATIVE TECHNOLOGIES, INC	OIL SAMPLES	1,815.00
90079	11/12/25	CHK	2512	AMARIL UNIFORM COMPANY	Employee Clothing - 157	144.10
					Employee Clothing - 196	126.00
					Total for Check/Tran - 90079:	270.10
90080	11/12/25	CHK	2920	BATTERIES PLUS BULBS	LITHIUM BATTERY	88.35
90081	11/12/25	CHK	9997	CAROL BURLET	INACTIVE REFUND	144.96
90082	11/12/25	CHK	9997	CAPSTONE HOMES	Credit Balance Refund	136.26
90083	11/12/25	CHK	9997	CAPSTONE HOMES	Credit Balance Refund	150.43
90084	11/12/25	CHK	9997	CAPSTONE HOMES	Credit Balance Refund	80.97
90085	11/12/25	CHK	9997	CAPSTONE HOMES	Credit Balance Refund	95.73
90086	11/12/25	CHK	9997	CAPSTONE HOMES	Credit Balance Refund	138.67
90087	11/12/25	CHK	3982	CENTERPOINT ENERGY	NATURAL GAS & IRON REMOVAL	370.45
					NATURAL GAS & IRON REMOVAL	81.94
					Total for Check/Tran - 90087:	452.39
90088	11/12/25	CHK	54	CORE & MAIN LP	Meter Wire	927.03
					REMOTE WIRE	-67.68
					Electric Meters	2,696.88
					ELEC METER	-196.88
					Total for Check/Tran - 90088:	3,359.35
90089	11/12/25	CHK	5249	DRIVER & VEHICLE SERVICES	SALES TAX & TITLE FEE - UNIT #9	24,625.90

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Bank Account: 5 - GENERAL FUND WITHDRAWALS

Check / Tran	Date	Pmt Type	Vendor	Vendor Name	Reference	Amount
90090	11/12/25	CHK	2789	E.H. RENNER & SONS, INC	MOTOR BALANCING - WELL #3	784.00
90091	11/12/25	CHK	5489	EPIC FENCE CO	Fencing	6,500.00
90092	11/12/25	CHK	8709	FAIRVIEW HEALTH SERVICES	Drug Screening - 9 167	90.00
90093	11/12/25	CHK	631	HEALTHPARTNERS	DENTAL EE INSURANCE - DEC 2025	841.50
					DENTAL ER INSURANCE - DEC 2025	2,278.77
					MEDICAL EE INSURANCE - DEC 2025	11,118.25
					MEDICAL ER INSURANCE - DEC 2025	57,721.51
					MEDICAL COBRA INSURANCE - DEC 2025	1,320.06
					DENTAL EE INSURANCE - DEC 2025	140.04
					DENTAL ER INSURANCE - DEC 2025	665.82
					MEDICAL EE INSURANCE - DEC 2025	2,752.75
					MEDICAL ER INSURANCE - DEC 2025	15,425.66
					Total for Check/Tran - 90093:	92,264.36
90094	11/12/25	CHK	9997	HP MINNESOTA I, LLC	Credit Balance Refund	222.90
90095	11/12/25	CHK	9997	HPA US1 LLC	Credit Balance Refund	123.50
90096	11/12/25	CHK	8605	MARCO TECHNOLOGIES, LLC	Camera	2,055.90
					5 yr license/support meraki switch	112.29
					Total for Check/Tran - 90096:	2,168.19
90097	11/12/25	CHK	145	MENARDS	FSB HEATER - 186	34.51
					FSB HEATER - 186	8.63
					FILTER	56.61
					FILTER	8.09
					WD-40	52.95
					REBATE	-2.00
					REBATE	-29.28
					REBATE	-17.76
					Total for Check/Tran - 90097:	111.75

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Bank Account: 5 - GENERAL FUND WITHDRAWALS

Check / Tran	Date	Pmt Type	Vendor	Vendor Name	Reference	Amount
90098	11/12/25	CHK	119	MINNESOTA COMPUTER SYSTEMS INC	COPIER MTC CONTRACT - 10/12 to 11/11/25	111.58
					COPIER MTC CONTRACT - 10/12 to 11/11/25	27.90
					Total for Check/Tran - 90098:	139.48
90099	11/12/25	CHK	4135	MINNESOTA DEPT OF LABOR & INDUS	BACKFLOW PREVENTION TESTER RENEW - 174	38.00
90100	11/12/25	CHK	8454	MINNESOTA DEPT OF LABOR & INDUS	PRESSURE VESSEL - ENGINES	125.00
90102	11/12/25	CHK	3769	O'REILLY AUTOMOTIVE STORES, INC	PARTS FOR UNIT #56	142.90
90103	11/12/25	CHK	574	REPUBLIC SERVICES, INC	TRASH & RECYCLING SERVICE - OCT 2025	139.82
					TRASH & RECYCLING SERVICE - OCT 2025	1,942.37
					TRASH & RECYCLING SERVICE - OCT 2025	59.91
					TRASH & RECYCLING SERVICE - OCT 2025	277.48
					TRASH & RECYCLING SERVICE - OCT 2025	407.12
					TRASH & RECYCLING SERVICE - OCT 2025	72.87
					TRASH & RECYCLING SERVICE - OCT 2025	10.41
					Total for Check/Tran - 90103:	2,909.98
90104	11/12/25	CHK	159	SHORT ELLIOTT HENDRICKSON INC	FEASIBILITY STUDY	8,559.87
90105	11/12/25	CHK	674	STAR ENERGY SERVICES LLC	ENGINEERING SERVICES - OCT 2025	562.50
90106	11/12/25	CHK	528	US SITEWORK, INC	Foundation	189,767.25
90107	11/12/25	CHK	375	VIKING ELECTRIC	DEMOLITION DRIVER	135.83
90108	11/12/25	CHK	55	WESCO RECEIVABLES CORP.	CABINET	6,018.30
					BASEMENT & INSERT FEED THRU	2,009.32
					Total for Check/Tran - 90108:	8,027.62
90109	11/21/25	CHK	398	ALTEC INDUSTRIES, INC	Digger Truck	355,104.01
90110	11/21/25	CHK	662	BENEFIT EXTRAS, INC	COBRA ADMINISTRATION - OCT 2025	15.00
90111	11/21/25	CHK	9266	BRAUN INTERTEC CORPORATION	East Sub	2,039.95
90112	11/21/25	CHK	7003	BURNDY LLC	PARTS FOR CRIMPING TOOLS	205.21

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Bank Account: 5 - GENERAL FUND WITHDRAWALS

Check / Tran	Date	Pmt Type	Vendor	Vendor Name	Reference	Amount
90113	11/21/25	CHK	9997	KRISTEE BYSTROM	INACTIVE REFUND	93.37
90114	11/21/25	CHK	3982	CENTERPOINT ENERGY	NATURAL GAS & IRON REMOVAL	568.81
					NATURAL GAS & IRON REMOVAL	165.07
					Total for Check/Tran - 90114:	733.88
90115	11/21/25	CHK	9997	GARY COCCHIARELLA	INACTIVE REFUND	200.00
90116	11/21/25	CHK	9997	DANE ALLEN HOMES	INACTIVE REFUND	114.97
90117	11/21/25	CHK	223	DAVE BERG CONSULTING, LLC	RATE STUDY - ELECTRIC & WATER	15,200.00
					RATE STUDY - ELECTRIC & WATER	3,800.00
					Total for Check/Tran - 90117:	19,000.00
90118	11/21/25	CHK	9997	ELK RIVER CROSSING LLC	Credit Balance Refund	258.28
90119	11/21/25	CHK	9997	ELK RIVER CROSSING LLC	Credit Balance Refund	258.28
90120	11/21/25	CHK	122	ELK RIVER WINLECTRIC	WIRE	11,086.08
					NORTH SUB SECURITY CAMERA PARTS	23.71
					NORTH SUB SECURITY CAMERA PARTS	-1.73
					END BELL	13.89
					MISC PARTS & SUPPLIES	-9.97
					MISC PARTS & SUPPLIES	136.73
					90 DEG PVC ELL	398.24
					Total for Check/Tran - 90120:	11,646.95
90121	11/21/25	CHK	9997	RICHARD ENRICO	INACTIVE REFUND	26.50
90122	11/21/25	CHK	9997	DIANE ERICKSON	INACTIVE REFUND	202.65
90123	11/21/25	CHK	807	GENERATOR POWER SYSTEMS	REPLACE VOLTAGE REGULATOR	-120.10
					Generator	2,365.10
					Total for Check/Tran - 90123:	2,245.00
90124	11/21/25	CHK	730	GREATAMERICA FINANCIAL SERVICES	LEASE FOR COPIER AT PLANT	105.01
					LEASE FOR COPIER AT PLANT	26.26

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Check / Tran	Date	Pmt Type	Vendor	Vendor Name	Reference		Amount
						Total for Check/Tran - 90124:	131.27
90125	11/21/25	CHK	9997	ZACHARIAH HAUGEN	INACTIVE REFUND		85.56
90126	11/21/25	CHK	9997	HAVEN HOMES LLC	INACTIVE REFUND		181.12
90127	11/21/25	CHK	824	HOME DEPOT CREDIT SERVICES	HOME DEPOT		511.07
					HOME DEPOT		278.32
						Total for Check/Tran - 90127:	789.39
90128	11/21/25	CHK	9997	HPA BORROWER 2016 LLC	INACTIVE REFUND		206.72
90129	11/21/25	CHK	9997	HPA BORROWER 2016-2 LLC	INACTIVE REFUND		195.99
90130	11/21/25	CHK	48	LEAGUE OF MN CITIES INS TRUST	LIABILITY INSURANCE INSTALLMENT		18,100.35
					LIABILITY INSURANCE INSTALLMENT		6,991.65
						Total for Check/Tran - 90130:	25,092.00
90131	11/21/25	CHK	9997	KAYLA LINDENFELSER	INACTIVE REFUND		117.03
90132	11/21/25	CHK	8605	MARCO TECHNOLOGIES, LLC	PRINTER MTC CONTRACT - 11/1 to 12/1/25		196.66
					PRINTER MTC CONTRACT - 11/1 to 12/1/25		49.16
						Total for Check/Tran - 90132:	245.82
90133	11/21/25	CHK	9999	MAX STEININGER INC	Hydrant Rental Deposit Refund		569.97
90134	11/21/25	CHK	145	MENARDS	PARTS - UNIT 4,5,8,11,21		219.04
					HOSE ADAPTOR		4.70
					MISC PARTS & SUPPLIES		10.76
					MISC PARTS & SUPPLIES		60.35
					MISC PARTS & SUPPLIES		119.47
					CABLE TIES FOR HYDRANT BAGS		21.52
						Total for Check/Tran - 90134:	435.84
90135	11/21/25	CHK	9997	MIDFIRST BANK	INACTIVE REFUND		319.86
90136	11/21/25	CHK	9997	REBECCA MILLESS	INACTIVE REFUND		16.83

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Bank Account: 5 - GENERAL FUND WITHDRAWALS

Check / Tran	Date	Pmt Type	Vendor	Vendor Name	Reference	Amount
90137	11/21/25	CHK	147	MINNESOTA POLLUTION CONTROL AG	1 DAY WW TREATMENT CONF - 174	220.00
90138	11/21/25	CHK	9997	DAN MISFELDT	INACTIVE REFUND	137.04
90139	11/21/25	CHK	9997	REANNA MOLSTAD	INACTIVE REFUND	23.43
90140	11/21/25	CHK	716	MOTION AUTOMATION INTELLIGENCE	Switch for Fiber	3,016.63
90141	11/21/25	CHK	3769	O'REILLY AUTOMOTIVE STORES, INC	PARTS FOR UNIT #61	11.86
90142	11/21/25	CHK	9997	MIKE ROELL	INACTIVE REFUND	147.81
90143	11/21/25	CHK	848	SHERBURNE COUNTY PUBLIC WORKS	UTILITY PERMIT	100.00
90144	11/21/25	CHK	804	ST CLOUD REFRIGERATION INC	CORAYVAC HEATER REPAIR	281.75
					CORAYVAC HEATER REPAIR	40.25
					MINI SPLIT REPAIR	-12.57
					MINI SPLIT REPAIR	1,877.71
					MINI SPLIT REPAIR	-1.79
					MINI SPLIT REPAIR	268.24
					Total for Check/Tran - 90144:	2,453.59
90145	11/21/25	CHK	6107	STUART C. IRBY CO.	ARRESTER BRACKET	300.00
					GLOVES & TESTING - 196	-5.58
					GLOVES & TESTING - 196	93.45
					100 AMP FUSE	2,003.50
					Total for Check/Tran - 90145:	2,391.37
90146	11/21/25	CHK	331	TRANSUNION	SKIP TRACING - OCT 2025	80.00
					SKIP TRACING - OCT 2025	20.00
					SKIP TRACING - SEPT 2025	60.00
					SKIP TRACING - SEPT 2025	15.00
					Total for Check/Tran - 90146:	175.00
90147	11/21/25	CHK	9997	KATIE VAN HORN	INACTIVE REFUND	119.70
90148	11/21/25	CHK	783	VICTORY CLEANING SERVICES	MONTHLY CLEANING FOR THE PLANT-OCT 2025	3,114.90

11/01/2025 To 11/30/2025

Bank Account: 5 - GENERAL FUND WITHDRAWALS

Check / Tran	Date	Pmt Type	Vendor	Vendor Name	Reference	Amount
					MONTHLY CLEANING FOR THE PLANT-OCT 2025	444.98
					Total for Check/Tran - 90148:	3,559.88
90149	11/21/25	CHK	375	VIKING ELECTRIC	DEMOLITION DRIVER	27.07
					ALL WEATHER CEMENT	355.45
					WALL SWITCH	132.56
					Total for Check/Tran - 90149:	515.08
90150	11/21/25	CHK	55	WESCO RECEIVABLES CORP.	Mtce of OH Primary	486.50
					METER SOCKETS	2,469.90
					Total for Check/Tran - 90150:	2,956.40
90151	11/26/25	CHK	5207	A&B WELDING & CONSTRUCTION, INC	Crane	1,715.00
90152	11/26/25	CHK	766	ACE HARDWARE	DRILL BITS - UNIT #5	86.95
90153	11/26/25	CHK	398	ALTEC INDUSTRIES, INC	GASKET - UNIT #8	26.49
90154	11/26/25	CHK	9997	NICOLE CONNOR	Credit Balance Refund	86.56
90155	11/26/25	CHK	54	CORE & MAIN LP	METER COUPLING	749.00
					Connector	847.65
					Touch Screen Meter	1,909.85
					Total for Check/Tran - 90155:	3,506.50
90156	11/26/25	CHK	9997	EVERGREEN TOWNHOMES, LLC	Credit Balance Refund	162.69
90157	11/26/25	CHK	9997	DIANE KRUEGER	Credit Balance Refund	42.62
90158	11/26/25	CHK	9997	LENNAR HOMES	Credit Balance Refund	224.03
90159	11/26/25	CHK	9997	LENNAR HOMES	Credit Balance Refund	37.52
90160	11/26/25	CHK	9997	LENNAR HOMES	Credit Balance Refund	199.17
90161	11/26/25	CHK	145	MENARDS	BOLTS	5.28
					MISC PARTS & SUPPLIES - UNIT #13	81.21
					COLD GALVANIZING SPRAY	10.66

Accounts Payable
Check Register

11/01/2025 To 11/30/2025

Bank Account: 5 - GENERAL FUND WITHDRAWALS

Check / Tran	Date	Pmt Type	Vendor	Vendor Name	Reference		Amount
						Total for Check/Tran - 90161:	97.15
90162	11/26/25	CHK	9997	MARIA NORTON	Credit Balance Refund		23.25
90163	11/26/25	CHK	9997	JACOB PARKER	Credit Balance Refund		11.74
90164	11/26/25	CHK	699	QUALITY POWER SOLUTIONS	Emergency Lighting		700.00
					Emergency Lighting		100.00
						Total for Check/Tran - 90164:	800.00
90165	11/26/25	CHK	3218	RDO EQUIPMENT CO.	PARTS & LABOR FOR UNIT #50		-126.12
					PARTS & LABOR FOR UNIT #50		3,268.82
					PARTS & LABOR FOR UNIT #50		-1,000.00
						Total for Check/Tran - 90165:	2,142.70
90166	11/26/25	CHK	848	SHERBURNE COUNTY PUBLIC WORKS	UTILITY PERMIT		100.00
90167	11/26/25	CHK	770	THERMO BOND BUILDINGS, LLC	East Substation		112,275.00
					East Substation		685.00
						Total for Check/Tran - 90167:	112,960.00
90168	11/26/25	CHK	543	USABLUEBOOK	CHLORINE ANALYZERS		796.14
90169	11/26/25	CHK	9997	AMANDA WHEELAN	Credit Balance Refund		81.12
90170	11/26/25	CHK	5451	WRUCK SEWER AND PORTABLE RENT	PORTA-POTTY - 10/24 to 11/20/25		112.73
						Total for Bank Account - 5 : (201)	5,204,531.19
						Grand Total : (202)	5,218,090.61

Accounts Payable
Check Register

PARAMETERS ENTERED:

Check Date:	11/01/2025 To 11/30/2025
Bank:	All
Vendor:	All
Check:	
Journal:	All
Format:	All GL References/Amounts
Extended Reference:	No
Sort By:	Check/Transaction
Voids:	None
Payment Type:	All
Group By Payment Type:	No
Minimum Amount:	0.00
Authorization Listing:	No
Credit Card Charges:	No

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

November 12, 2025

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 Tom Geiser, Operations Director Chris Sumstad, Electric Superintendent Megan Zachman, Human Resources Generalist Jenny Foss, Communications & Administrative Coordinator
Others Present:	Jared Shepherd, Attorney; Cal Portner, City Administrator; Dave Berg, Dave Berg Consulting, LLC

1.00 GOVERNANCE

1.01 Call Meeting to Order

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

1.02 Pledge of Allegiance

The Pledge of Allegiance was recited.

1.03 Consider the Agenda

Ms. Youngs updated the Commission on item 2.05 – 2025 Assessments, noting that the total should be revised from $32,397.42 to $34,257.42. She clarified that the City received the correct information, and the assessment notices sent to customers were accurate.

Moved by Commissioner Zerwas and seconded by Commissioner Westgaard to approve the November 12, 2025, agenda. Motion carried 5-0.

2.00 CONSENT AGENDA (Approved By One Motion)

Moved by Commissioner Larson-Vito and seconded by Commissioner Stewart to approve the Consent Agenda, including the update made to item 2.05 – 2025 Assessments, as follows:

2.01 Check Register – October 2025
2.02 Regular Meeting Minutes – October 14, 2025
2.03 2025 Third Quarter Utilities Performance Metrics Scorecard Statistics
2.04 2025 Third Quarter Delinquent Items
2.05 2025 Assessments
2.06 2026 Wire Bid
2.07 Summary of Information Security Committee Closed Session

Motion carried 5-0.

3.00 OPEN FORUM

No one appeared for open forum.

4.00 POLICY & COMPLIANCE

4.01 Commission Policy Review – G.4e2 – Electric Services

Ms. Youngs presented Commission Policy Review G.4e2 – Electric Services for review noting that there were no recommended changes to this policy.

Commissioners did not have any comments, questions, or changes.

5.00 BUSINESS ACTION

5.01 Financial Report – September 2025

Ms. Karpinski presented the September financials, showing the combined electric and water revenues exceeding expenses by $2.7 million year to date, resulting in a 6.64% profit margin.

Ms. Karpinski noted that as of September 30, total receivables were approximately $2.97 million, with 89% of accounts current, and commended the customer service team for their efforts.

Department highlights included:

- Electric Department: Kilowatt-hour (kWh) sales are 6% higher than the previous year. Purchase power costs are 1% unfavorable to budget due to higher usage.
- Water Department: Year-to-date water usage is up over 9% compared to the prior year, and revenue is up 10%.

Moved by Commissioner Stewart and seconded by Commissioner Westgaard to receive the September 2025 Financial Report. Motion carried 5-0.

5.02 **<u>Electric and Water Cost of Service and Rate Design Study</u>**

Mr. Hanson introduced Dave Berg and distributed a handout to the Commission outlining the preliminary findings from Mr. Berg's rate study analysis. His review replaced the Governance agenda item, *Annual Business Plan – Review Proposed 2026 Rates and Other Revenue*.

Mr. Berg provided the Commission with a comprehensive overview of the electric and water rate structures ahead of the final reports.

Highlights from the electric utility analysis included:
- Projections assumed no rate changes but a full pass-through of the Minnesota Municipal Power Agency's (MMPA) wholesale energy adjustment clause (EAC) as a power cost adjustment (PCA) to customers.
- The current rate structure was found to be logical and well aligned with MMPA wholesale costs.
- A key discussion point was the need to increase reserve funds.
- The final report will include a four-year rate plan that incorporates anticipated wholesale rate increases from MMPA.

Mr. Hanson clarified for the Commission that staff is proposing a 50% pass-through of the EAC to reduce the PCA and to modify the published rate as needed for the remaining 50% of the EAC.

Highlights from the water utility analysis include:
- The water utility is in a strong financial position; however, discussions regarding reserve funds may impact rates.
- The preliminary analysis did not include growth in water.
- The existing tiered rate structure for residential customers was affirmed as effective for encouraging conservation and reflecting the high fixed costs of infrastructure.

A final recommendation for both electric and water rates will be presented to the Commission in December.

5.03 **<u>Payment in Lieu of Taxes to City of Elk River</u>**

Mr. Hanson provided a detailed review of his memo outlining the adjustments made to the Payment in Lieu of Taxes to the City of Elk River (PILOT) policy following feedback from the October commission meeting.

He distributed a revised, redlined PILOT policy to the Commission, which incorporated Commissioner Stewart's request for additional clarifying language related to a catastrophic event.

Mr. Hanson also clarified that the $8,000 in labor charges had been counted twice in his memo; therefore, the $272,000 in electric charges should be $264,000.

There was discussion to ensure that management will work with city staff to determine which services are practical to bill for, ensuring administrative costs do not outweigh the revenue.

Mr. Berg clarified that the approved PILOT rate changes have been incorporated into the 2026 budget projections.

Moved by Commissioner Larson-Vito and seconded by Commissioner Zerwas to approve the amended Commission Policy G.2a1 Payment in Lieu of Taxes and Other Donations to the City of Elk River. Motion carried 5-0.

5.04 **Financial Reserves & Investment Committee Update - Verbal**

Commissioner Westgaard provided an update from the Financial Reserves & Investment Committee meeting held just prior to the November commission meeting.

Investment Portfolio (as of September 2025):
The total portfolio value is approximately $11.6 million, consisting of just over $5 million in cash and nearly $6.6 million in fixed investments. Committee members noted a recent drop in market rates, which will continue to be monitored.

Reserve Balances (as of end of year audited cash balances):
Electric:
- $9.9 million in unrestricted designated reserves
- $1.7 million in restricted debt services
- $3 million in unrestricted for capital projects

Water:
- $1.4 million in unrestricted designated reserves
- No restricted reserves for debt service
- $8.5 million in unrestricted for capital projects

5.05 **Management Policy – A.10 – Financial Reserves**

Mr. Hanson presented recommended updates to Management Policy A.10 – Financial Reserves, based on discussions at the October 27, 2025, Financial Reserves & Investments Committee meeting. After comparing ERMU's financial reserve policy with those of similar municipal utilities, the Committee had recommended several updates.

He requested commission feedback on the proposed changes outlined in his memo, noting that commission approval is not required because A.10 is a management policy; however, the updates will influence future rate setting.

Commissioner Zerwas noted that ERMU's reserves are well below those of its peer utilities and expressed appreciation for the increased transparency the changes provide. He recommended adopting a multi-year approach to increasing reserve balances.

Chair Dietz asked a clarifying question regarding the different layers of the current financial reserves policy, prompting further discussion.

Commissioner Westgaard agreed with Commissioner Zerwas on a multi-year approach, suggesting a timeline of no more than five years.

Commissioners supported the new structure for its transparency and agreed that reaching higher reserve targets should occur gradually over multiple years, with a formal review in four years.

Mr. Hanson will present redlined policy revisions in December, and Mr. Berg will incorporate the commission's feedback into his final rate study.

5.06 **Commission Policy – 5.A – Margins Policy**

Mr. Hanson noted that the updates to the Management Policy - A.10 - Financial Reserves policy will also require revisions to Commission Policy – 5.A – Margins Policy. He explained that staff is recommending the use of a cap, or maximum margin, as outlined in the memo, rather than the range used in the current policy.

Moved by Commissioner Stewart and seconded by Commissioner Larson-Vito to approve Commission Policy G.5a – Margins revisions. Motion carried 5-0.

5.07 **2026 Utilities Fee Schedule**

Ms. Youngs presented the proposed 2026 Utilities Fee Schedule for approval.

Commissioner Larson-Vito asked for clarification on why certain fees show larger increases than others.

Mr. Hanson explained that while the fee schedule is updated annually, some fees require a significant in-depth review to calculate the costs and therefore are not updated as frequently. He noted that staff recognizes the need for more regular updates and staff is working to address this.

Commissioner Stewart asked for clarification on which rate applies when a project begins in one year but concludes in the next.

Ms. Youngs explained that the applicable rate depends on when payment is made. Payments made in 2025 would follow the 2025 rates, while payments made in the new year would follow the 2026 rates.

Moved by Commissioner Westgaard and seconded by Commissioner Stewart to approve the 2026 Utilities Fee Schedule for Adoption into Ordinance by the City Council. Motion carried 5-0.

5.08 **Health Insurance Update**

Mr. Hanson presented the Health Insurance Update noting that staff is recommending changing from the current carrier to Medica while maintaining the company's 85% contribution to the insurance premium and the 85% contribution to health savings accounts.

Moved by Commissioner Zerwas and seconded by Commissioner Westgaard to approve the 2026 ERMU health insurance plan with Medica as well as 85% premium and health savings account contribution amounts from the employer. Motion carried 5-0.

5.09 **Wage & Benefits Committee Proposed 2026 Adjustments**

Mr. Hanson provided an update from the October 27 Wage & Benefits Committee meeting, as reflected in the proposed 2026 adjustments outlined in his memo.

Staff requested commission approval of a wage adjustment range of 3.34% to 3.41%. If the metro average falls outside this range after the remaining utility reports, staff will return to the Commission with a revised recommendation.

With only six of the seven metro utilities reporting, the Commission was not ready to approve the cost-of-living wage adjustment and asked to revisit the item in December.

Mr. Hanson noted that he will add this to the December agenda and, in the meantime, will use the midpoint of the range for budgeting purposes.

5.10 **Advanced Metering Infrastructure Update**

Mr. Hanson provided an AMI update and shared that 100% of active residential water meters have been installed. He commended the water, customer service, and communications departments for their outstanding efforts.

He also noted that residential repairs associated with the project stayed within budget, with only one commercial instance requiring commission approval for project-related repair costs.

Ms. Youngs provided an update on the remaining electric meters awaiting replacement due to meter shortages, noting that it will take approximately six months to complete replacements once the meters are received.

5.11 **Verizon Water Tower Lease Agreements**

Mr. Hanson informed the Commission of an offer from Verizon to either buy out the current lease agreements for a lump-sum payment or renegotiate the lease terms to reduce both the annual rent and the annual escalator. The lump-sum offer is contingent on granting a perpetual easement on the property.

Staff presented Verizon's offers, as outlined in the memo, to maintain transparency with the Commission and customers, but recommended against accepting them.

The Commission agreed to follow staff's recommendation.

6.0 BUSINESS DISCUSSION

6.1 **Staff Updates**

There were no additional updates.

6.2 **City Council Update**

Chair Dietz presented a City Council update.

6.3 **Future Planning**

Chair Dietz announced the following:

a. Regular Commission Meeting – December 9, 2025
b. 2025 Governance Agenda

6.4 **Other Business**

There was no other business.

7.0 ADJOURN REGULAR MEETING

Moved by Commissioner Westgaard and seconded by Commissioner Larson-Vito to adjourn the regular meeting of the Elk River Municipal Utilities Commission 5:35 p.m. Motion carried 5-0.

Minutes prepared by Jenny Foss.

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John J. Dietz, ERMU Commission Chair

____
Jolene Richter, Deputy Clerk

Elk River Municipal Utilities

UTILITIES COMMISSION MEETING

TO: ERMU Commission	FROM: Tony Mauren – Governance & Communications Manager
MEETING DATE: December 9, 2025	**AGENDA ITEM NUMBER:** 2.3
SUBJECT: Designate 2026 Official Depository and Delegate Authority for Electronic Funds Transfers	
ACTION REQUESTED: Adopt Resolution No. 25-9 Designating Official Depository of ERMU Funds and Delegating Authority for Electronic Funds Transfers	

BACKGROUND/DISCUSSION:
Minnesota Statutes Section 118A.02 sets forth the procedures for the deposit of public funds and it is necessary for the Utilities Commission to annually designate a bank (or banks) as the official depository for utility funds and delegate authority to make electronic funds transfers.

Staff recommends designating First Bank of Elk River as the Utilities' official depository for the funds of ERMU for 2026, and authorizing the finance manager to designate additional depositories for the purpose of investing funds per our brokers' recommendation and our investment policy guidelines. Staff also recommends delegating authority to the finance manager for electronic funds transfers.

FINANCIAL IMPACT:
N/A

ATTACHMENT:
- Resolution No. 25-9 Designating Official Depository of ERMU Funds and Delegating Authority for Electronic Funds Transfers

RESOLUTION NO. 25-9

BOARD OF COMMISSIONERS
ELK RIVER MUNICIPAL UTILITIES

A RESOLUTION OF THE BOARD OF COMMISSIONERS OF ELK RIVER MUNICIPAL UTILITIES DESIGNATING DEPOSITORY OF ELK RIVER MUNICIPAL UTILITIES FUNDS AND DELEGATING AUTHORITY FOR ELECTRONIC FUNDS TRANSFERS

WHEREAS, Minnesota Statutes Section 118A.02 sets forth the procedures for the deposit of public funds and;

WHEREAS, it is necessary for the Utilities Commission or the utilities finance manager to annually designate a bank (or banks) as the official depository for utility funds and manage collateral pledged to such funds; and

WHEREAS, the Utilities Commission shall annually delegate the authority to make electronic funds transfers to the utilities finance manager.

NOW, THEREFORE, BE IT RESOLVED that the Board of Commissioners of Elk River Municipal Utilities designates First Bank of Elk River as the utilities' official depository for the funds of Elk River Municipal Utilities for 2026.

BE IT FURTHER RESOLVED the utilities finance manager may designate additional depositories for the purpose of investing funds per our brokers' recommendation and our investment policy guidelines and be delegated authority for electronic funds transfers.

This Resolution Passed and Adopted this 9th day of December 2025.

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John Dietz, Chair

____
Mark Hanson, General Manager

Elk River Municipal Utilities

UTILITIES COMMISSION MEETING

TO: ERMU Commission	FROM: Tony Mauren – Governance & Communications Manager
MEETING DATE: December 9, 2025	**AGENDA ITEM NUMBER:** 2.4
SUBJECT: Designate 2026 Official Newspaper	
ACTION REQUESTED: Designate Elk River Star News as the official newspaper for 2026.	

BACKGROUND/DISCUSSION:
Minnesota Statutes Section 331A.04 requires the utility to annually designate a qualified newspaper for the publication of legal notices. The newspaper must meet specific rules and must be chosen based on their location.

The Elk River Star News meets those qualifications and is in the city so it must be chosen as the utilities' official newspaper.

In January 2024, ERMU initiated the process to establish its website as an alternative dissemination method for bids, requests for proposals, request for information, etc. per state statute 331A.03, subd. 3(a)-(b). After a six-month transition period, ERMU has officially satisfied the requirements to also establish the website as an acceptable publishing platform should that be more advantageous to the Utilities than posting notices in the newspaper.

Elk River Municipal Utilities

UTILITIES COMMISSION MEETING

TO: ERMU Commission	**FROM:** Tony Mauren – Governance & Communications Manager
MEETING DATE: December 9, 2025	**AGENDA ITEM NUMBER:** 2.5
SUBJECT: 2026 Utilities Commission Meeting Schedule	
ACTION REQUESTED: Approve the 2026 Utilities Commission Meeting Schedule	

BACKGROUND/DISCUSSION:
Per state law, a schedule of the regular meetings of the Utilities Commission must be kept on file with the city clerk's office and posted on the City's bulletin board.

As there are no conflicts with holiday closures or conferences in 2026, all regular commission meetings are scheduled for the second Tuesday of each month at 3:30 p.m. and will be held in the ERMU Offices Conference Room, 13069 Orono Parkway, Elk River, MN 55330.

ATTACHMENTS:

- 2026 Utilities Commission Meeting Schedule

2026

Utilities Commission Meeting Schedule

January

S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

April

S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		

July

S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

October

S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

February

S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28

May

S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

August

S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

November

S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					

March

S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

June

S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				

September

S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30			

December

S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

NOTE: ALL DATES ARE SUBJECT TO CHANGE

Commission meetings are held the second Tuesday of each month and begin at 3:30 p.m.
Commission meetings are held at the ERMU Office, 13069 Orono Parkway, Elk River, MN, unless otherwise posted.

Holidays

Jan 1 - New Year's Day
Jan 19 - Martin Luther King Jr. Day
Feb 16 - Presidents' Day
May 25 - Memorial Day
June 19 - Juneteenth
July 3 - Independence Day (Saturday)
Sept 7 - Labor Day
Nov 11 - Veterans Day
Nov 26 - Thanksgiving
Nov 27 - Day after Thanksgiving
Dec 24 - Christmas Eve
Dec 25 - Christmas Day

Elk River Municipal Utilities

UTILITIES COMMISSION MEETING

TO: ERMU Commission	**FROM:** Tony Mauren – Governance & Communications Manager
MEETING DATE: December 9, 2025	**AGENDA ITEM NUMBER:** 4.1
SUBJECT: Commission Policy Review – G.4e3 – Water Services	
ACTION REQUESTED: None	

BACKGROUND/DISCUSSION:
This month commissioners are reviewing policy G.4e3 – Water Services to make comments, ask questions, or recommend updates.

With policy G.4e3, the Commission sets forth its expectations for the General Manager concerning the provision of water services with practical safeguarding of persons, buildings and their contents from hazards arising from the use of water service.

Staff is recommending one update to section 1.d, intending to broaden the language of the policy and direct the public to the City of Elk River's Engineering Design Standards.

ATTACHMENTS:
- ERMU Policy – G.4e3 – Water Services

Elk River Municipal Utilities

COMMISSION POLICY

Section: Governance	Category: Delegation to Management Policies
Policy Reference: **G.4e3**	Policy Title: **Water Services**

PURPOSE:

With this policy, the Commission sets forth its expectations for the General Manager concerning the provision of water services with practical safeguarding of persons, buildings and their contents from hazards arising from the use of water service.

POLICY:

Consistent with the ***Core Customer Services Policy***, the ERMU Commission expects the General Manager to ensure that customers receive safe, reliable, cost effective and quality long term water utility service that directly support ERMU's core purpose and mission as stated in the ***Organizational Core Purpose Policy*** and ***Mission Statement Policy***.

The ERMU Commission expects the General Manager to establish processes, procedures, and management policy which clearly define the terms for providing water service.

Consistent with this general statement, the General Manager shall:

1. Establish policy and procedures for the provision of water services which are compliant with applicable rules, regulations, standards, code, and law including but not limited to the following:
   a. ERMU shall operate in compliance with drinking water quality standards established by the Environmental Protection Agency (EPA) that are authorized through the Safe Drinking Water Act (SDWA). Additionally, ERMU shall operate in compliance with these drinking water quality standards consistent with their interpretation and enforcement by the Minnesota Department of Health (MDH).
   b. ERMU shall design and maintain the water production and distribution system consistent with American Water Works Association (AWWA) standards.
   c. All connected water services shall be required to comply with the Minnesota Building Code and the Minnesota Plumbing Code as adopted into ordinance by the council.

   d. ERMU shall require all new development construction to meet City of Elk River Engineering Design Standards. ~~design to have looped water mains; consistent with city ordinance, side lot easements shall be required as needed.~~

2. Establish metering policy and procedures which address, but are not limited to the following:
   a. Customers shall be allowed one service entrance and one meter to measure water usage, unless otherwise approved by the General Manager.
   b. All equipment and materials required for metering shall be owned and maintained by ERMU. The customer shall be subject to all metering equipment costs as identified in the Commission adopted ***Fee Schedule***.
   c. The customer shall own and be responsible for the entire water service line. The service line shall include the piping extending from the water main in the street, including the corporation cock, to the meter within the building. The service line shall meet ERMU standards.

3. Establish policy regarding the redistribution of water consistent with the following:
   a. All water sold by ERMU is to be used by the customer for the purposes designated or implied in the ***Rate Schedule*** applicable to their installation. Water so sold may not be resold or redistributed to other metered users unless specifically approved by the General Manager.

4. Establish policy and procedures for customer disputes:
   a. Consistent with the ***Dispute Resolution Committee Charter Policy***, provide an option for a customer appeal process through the Dispute Resolution Committee for customer issues where resolution requires action not authorized or delegated to management.

POLICY HISTORY:

Adopted May 12, 2020

Elk River Municipal Utilities

UTILITIES COMMISSION MEETING

TO: ERMU Commission	**FROM:** Tony Mauren – Governance & Communications Manager
MEETING DATE: December 9, 2025	**AGENDA ITEM NUMBER:** 4.2
SUBJECT: 2026 Governance Agenda	
ACTION REQUESTED: Adopt the 2026 Governance Agenda	

BACKGROUND/DISCUSSION:
In May 2017, the Commission adopted a comprehensive manual of governance policies based on the Carver Model of governance. Included in those policies is Governance Policy G.2c Agenda Planning which establishes expectations for a proactive governance process using a forward-looking agenda of recurring governance functions. The intention of this agenda is to create transparency for the occurrence of the most critical responsibilities of the Commission. Attached for discussion and commission approval is a proposed 2026 Governance Agenda.

This schedule has one recommended update for 2026, moving Review and Update Strategic Plan from August to October, bringing that item closer to the end of the year when it is beneficial to review strategic initiatives, without overloading November and December.

ATTACHMENTS:
- 2026 ERMU Governance Agenda

Tuesday, January 13: • Annual Review of Committee Charters	Tuesday, February 10: • Review Strategic Plan and 2025 Annual Business Plan Results
Tuesday, March 10: • Oath of Office • Election of Officers • Annual Commissioner Orientation and Review Governance Responsibilities and Role	Tuesday, April 14: • Audit of 2025 Financial Report • Financial Reserves Allocations • Review 2025 Performance Metrics
Tuesday, May 12: • Annual General Manager Performance Evaluation and Goal Setting	Tuesday, June 6: • Annual Commission Performance Evaluation
Tuesday, July 14:	Tuesday, August 11: • Annual Business Plan – Review Proposed 2027 Travel, Training, Dues, Subscriptions, and Fees Budget
Tuesday, September 8: • Annual Business Plan – Review Proposed 2027 Capital Projects Budget	Tuesday, October 13: • Annual Business Plan – Review Proposed 2027 Expenses Budget • Review and Update Strategic Plan [Moved from August]
Wednesday, November 10: • Annual Business Plan - Review Proposed 2027 Rates and Other Revenue • Adopt 2027 Fee Schedule • 2027 Stakeholder Communication Plan	Tuesday, December 8: • Adopt 2027 Official Depository and Delegate Authority for Electronic Funds Transfers • Designate Official 2027 Newspaper • Approve 2027 Regular Meeting Schedule • Adopt 2027 Governance Agenda • Adopt 2027 Annual Business Plan

Elk River Municipal Utilities

UTILITIES COMMISSION MEETING

TO: ERMU Commission	**FROM:** Mark Hanson – General Manager
MEETING DATE: December 9, 2025	**AGENDA ITEM NUMBER:** 4.3
SUBJECT: 2026 Performance Metrics and Incentive Compensation Policy	
ACTION REQUESTED: Approve the Performance Metrics and Incentive Compensation Policy and Scorecard for 2026	

BACKGROUND:
The Commission adopted the Utilities Performance Metrics and Incentive Compensation (UPMIC) Policy in December 2012 with multiple subsequent revisions. This is a company-wide performance-based program designed to incentivize employee commitment towards the company's success.

DISCUSSION:
Per policy, the metrics for measurement of the designated year need to be determined before the start of the designated year. This allows for timely communication of any changes before performance measurement begins. No recommended policy changes are proposed for 2026.

The proposed UPMIC scorecard for the 2026 measurement year is attached for approval.

FINANCIAL IMPACT:
There is no additional financial impact for the 2026 budget year. The potential 2.0% distribution is budgeted for and accrued throughout the year for audit purposes. Any necessary adjustments are made at year end. The actual distribution will be awarded after the 2025 audit is approved in 2026.

ATTACHMENTS:
- ERMU Policy – G.4g1 – Performance Metrics and Incentive Compensation Policy
- ERMU Policy – G.4g1a – 2026 Performance Metrics & Incentive Compensation Scorecard

Elk River Municipal Utilities

COMMISSION POLICY

Section: Governance	Category: Delegation to Management Policies
Policy Reference: **G.4g1**	Policy Title: **Performance Metrics and Incentive Compensation**

1.0 PURPOSE AND SUMMARY

The successful performance of the ERMU is measured in terms of the Utilities' ability to meet our strategic goals and mission. By improving our efficiency and level of performance in meeting our strategic goals and mission we can improve the delivery of value to our customers.

To create incentives for employees to take personal responsibility for accomplishment of the Utilities' strategic goals and mission, the Utilities has established a Utilities Performance Metrics-based Incentive Compensation system ("UPMIC"). Through UPMIC the employees of ERMU will have an opportunity, as a group, to earn annual incentive compensation for each qualifying employee by contributing individually to the overall success of ERMU on a daily basis.

Under UPMIC, either all qualifying employees will earn an incentive compensation distribution in a given year, or none will. And not only will incentive compensation under UPMIC in that sense be an all or nothing proposition each year, but there will be an equal percentage share basis for all on which the incentive compensation will be paid out if earned. This appropriately reflects the reality that we all succeed, or fall short, together as a team.

To administer the UPMIC and measure objectively the level of performance that must be achieved for qualifying employees to earn incentive compensation, the attached UMPIC Performance Metrics Policy Scorecard ("Scorecard") has been created. The Scorecard will be subject to revision annually based on the performance metrics adopted by the Commission annually for the coming year ("Performance Metrics"). By tracking and measuring the Performance Metrics and creating incentive for employees to achieve the goals the Metrics embody, the Utilities believes it will be better able to focus efforts and resources on becoming more efficient and successful in meeting our strategic goals and mission and delivering improved value to our customers.

2.0 UTILITIES PERFORMANCE METRICS SCORECARD

As reflected on the Scorecard, the Performance Metrics are divided into the following five categories: Safety, Reliability and Quality of Utility Services; Workforce Development; Financial Goals; Communications/Customer Service; and Strategic Plan. These categories are used to characterize the overall strategic goals and mission of ERMU.

Under the Performance Metrics, these five main categories are then divided into various weighted factors, or sub-categories. These sub-categories, their percentage weight, and the goal or target for each, shall be established by the Utilities Commission annually. The Performance Metrics as adopted are reflected in the attached Scorecard. As discussed above, the Performance Metrics and thus the Scorecard are subject to modification and adoption by the Commission annually, which will normally occur during the Utilities' budgeting process.

3.0 UTILITIES PERFORMANCE INCENTIVE COMPENSATION DISTRIBUTION CRITERIA

Under the UPMIC a Performance-Based Compensation Incentive, if earned, will be distributed to Qualifying Employees annually. The total amount available to be earned by Utilities employees as a Performance Based Compensation Incentive each year will be an amount up to 2% of the Utilities' total gross wages paid to Qualifying Employees during the Measurement Period.

The measuring period used to calculate how much, if any, of the Performance-Based Compensation Incentive the Utilities employees have earned will be the calendar year (the "Measurement Period"). After the Measurement Period is complete and the Commission has received its audit in the spring of the year following the Measurement Period, the Performance Metrics will be applied to determine whether the Performance-Based Compensation Incentive has been earned for the Measurement Period. In doing so, the performance of the Utilities in each sub-category will be reviewed. If the sub-category performance meets or exceeds the established goal, the sub-category will be scored with the designated percentage that will contribute to a total Performance Metrics Multiplier to be used as a factor in calculating the distribution earned, if any, as shown in the Scorecard ("Multiplier"). The Multiplier has a maximum factoring effect of 100%. The Multiplier is used to determine how much, if any, of the amount established by the Commission for the UPMIC Performance-Based Compensation Incentive has been earned in the Measurement Period. (For example, if the Multiplier equals 100%, the distribution would equal 2%. If the Multiplier equals 75%, the distribution would equal 1.5%.) In other words, the amount established by the Commission may be earned on an annual basis by the group of Qualifying Employees (as defined below in Section 4.0) in whole, in part, or not at all.

After the Multiplier is calculated on the Scorecard, the Performance Based Compensation Incentive earned, if any, will be distributed to Qualifying Employees. The total amount to be distributed as the Performance Based Compensation Incentive will be the product of: a) the Multiplier; and b) 2% of the Utilities' total gross wages paid to Qualifying Employees during the Measurement Period.

The percentage of the Performance Based Compensation Incentive awarded to each Qualifying Employee will be based on the gross wages of each Qualifying Employee during the Measurement Period. To each Qualifying Employee, the distribution would be allocated in a lump sum equal to the product of: a) the Multiplier; and b) 2% of that employee's gross wages paid during the Measurement Period. For example, if a Qualifying Employee's gross wages earned during the Measurement Period were equal to $50,000 and the Multiplier was equal to 100%, the total distribution to that employee would be equal to: $50,000 x 2% x 100% = $1000.

If the Utilities' margins are negative due to sudden and unforeseen material changes to the industry or customer base, the Commission reserves the right to withhold distribution of the Performance Based Compensation Incentive in any given year.

4.0 EMPLOYEE QUALIFICATIONS AND DISTRIBUTION OF THE INCENTIVE COMPENSATION

An employee of the Utilities will be eligible for participation in the Performance Metrics Incentive Compensation distribution if the employee meets the following eligibility requirements and is therefore a "Qualifying Employee" for purposes of this policy.

a. The employee is in good standing with the Utilities. An employee would not be eligible while on disciplinary probation or a performance improvement action plan.

b. The employee was a Full Time or Part Time employee during the Measurement Period. Seasonal, and Temporary employees are not eligible.

The UPMIC Performance Based Compensation Incentive distribution will be made to Qualifying Employees within thirty days of the date on which the Commission formally receives its annual auditor's report in an open meeting.

POLICY HISTORY:

Adopted	December 12, 2012
Revised	January 14, 2020
Revised	December 13, 2022, effective January 1, 2023
Revised	December 12, 2023, effective January 1, 2024
Revised	December 10, 2024, effective January 1, 2025
Revised	May 13, 2025

Elk River Municipal Utilities

G.4g1a - Performance Metrics and Incentive Compensation Policy Scorecard - 2025

Category	Percent	Sub-Category	Sub-Percent	Goal	Score	Awarded Multiplier Percent
Safety, Reliability and Quality of Utility Services	40	Water Quality Standards	5	Meet Requirements		
		Lead and Copper quality	5	90th percentile		
		Bacteria Detection	5	0 positive samples		
		CAIDI	5	<120 Min		
		SAIDI	5	<60 Min		
		SAIFI	5	<0.4		
		Line Loss	5	<5%		
		Water Loss	5	<12%		
Workforce Development	20	Employee Turnover	10	< 7.5%		
		Participation in Recommended and Mandatory Trainings	10	95%		
Financial Goals	20	Margins/Net Profit	15	> Budget		
		Inventory Accuracy	5	≥98%		
Communications/ Customer Service	10	Clean Energy Choice Program Participation	5	+30 net		
		Conservation Improvement Program	5	≥95%		
Strategic Plan	10	Dashboard Progress (Average)	10	≥50%		
				Total Multiplier:		

Adopted December 12, 2012
Revised October 11, 2016
Revised December 17, 2019
Revised December 14, 2021
Revised December 13, 2022
Revised December 12, 2023
Revised December 10, 2024

Elk River Municipal Utilities

UTILITIES COMMISSION MEETING

TO: ERMU Commission	FROM: Mark Hanson - General Manager
MEETING DATE: December 9, 2025	**AGENDA ITEM NUMBER:** 5.1
SUBJECT: Electric and Water Cost of Service and Rate Design Study	
ACTION REQUESTED: None	

BACKGROUND:
ERMU staff have been working with Dave Berg Consulting, LLC to complete electric and water Cost of Service and Rate Design studies. The purpose of this work is to evaluate potential updates to ERMU's electric and water retail rates, as well as applicable utility fees. Staff evaluated changes in operating conditions, including but not limited to monthly fixed costs, additional service fees, potential changes to the financial reserve policy, and new data from the Advance Metering Infrastructure project related to electric and water usage.

DISCUSSION:
At the November 2025 meeting, the Commission instructed Mr. Berg to return in December with electric and water rate projections that account for higher reserve balances, increased Payment in Lieu of Tax payments to the City, and an expected 3% increase in purchased power costs. Mr. Berg will also review the findings and recommendations of the final cost of service reports for electric and water.

Staff request feedback on Mr. Berg's presentation in order to prepare the 2026 Annual Business Plan for final approval at the special meeting occurring at 3:30 p.m. on December 18 in the Utilities office.

ATTACHMENTS:
- Elk River Draft Final Electric Report
- Elk River Draft Final Water Report

Elk River Municipal Utilities

ELECTRIC COST OF SERVICE AND RATE DESIGN STUDY

Draft Final Report

December 9, 2025

DBC
DAVE BERG CONSULTING, LLC

REPORT OUTLINE

Cover Letter

Section 1 - Introduction

Section 2 – Projected Operating Results – Existing Rates

Section 3 – Cost of Service

Section 4 – Proposed Rates

December 9, 2025

Elk River Municipal Utilities Commission
13069 Orono Parkway
PO Box 430
Elk River, MN 55330

Subject: Electric Rate Study

Commission Members:

Dave Berg Consulting, LLC has undertaken a study of the retail rates Elk River Municipal Utilities (ERMU) charges its customers for electric service. This report summarizes the analyses undertaken and the resulting recommendations for changes to the existing rates.

Average annual increases of 2% in electric rates for the period 2026-2029 are recommended. Additionally, a new approach to calculation of the retail Purchased Cost Adjustment (PCA) has been made. These adjustments are necessary to make progress in meeting ERMU's new reserve level goals. Specific rate adjustments for each year are provided for each rate class.

Thank you for the opportunity to be of service to ERMU through the conduct of this study. I wish to express my appreciation for the valuable assistance I received from ERMU staff relative to the execution of this study.

Sincerely,

Dave Berg Consulting, LLC

David A. Berg, PE
Principal

Section 1

Introduction

The City of Elk River, MN owns a municipal utility providing service to approximately 13,700 retail electric customers. The electric utility is operated by Elk River Municipal Utilities (ERMU) and is under the direction of the Elk River Municipal Utilities Commission. This report has been prepared by Dave Berg Consulting, LLC to examine the rates and charges for electric service in Elk River. The study includes an examination of the allocated cost of service based on actual 2024 utility operations (Test Year). It also includes projected operating results for 2025-2029 (Study Period). As a result of the analyses undertaken and reported on herein, electric rate recommendations have been developed for consideration by ERMU.

Section 2
Projected Operating Results
Existing Rates

The rates charged for electric service by ERMU, combined with other operating and non-operating revenues, must be sufficient to meet the cost of providing services to ERMU's retail customers. This is necessary in order to ensure the long-term financial health of ERMU. The cost of providing electric service consists of normal operating expenses such as production and purchased power, transmission and distribution functions, customer and administrative functions, system depreciation expenses, capital improvements, payments on outstanding debt and contributions to the City of Elk River and other non-operating expenses.

An analysis of the operating results for ERMU during the 2025-2029 Study Period has been performed assuming the current retail rates and charges remain in effect for the electric utility through the Study Period. This analysis has been done to determine the overall need, if any, for additional revenue through rates to meet projected revenue requirements. The analyses and assumptions utilized in these projections are explained below.

Estimated Revenues – Existing Rates

Retail Sales

ERMU sells retail power and energy to residential, commercial and industrial customers. ERMU has recently been experiencing growth in total retail sales to its electric customers, primarily associated with the acquisition of additional electric service territory. During the Study Period, ERMU does not anticipate acquiring any additional new service territory areas. Based on a conservative assumption regarding sales growth, limited growth in residential sales during the Study Period (1% per year) beyond the 2025 actual sales has been included in this analysis. No growth in non-residential sales has been assumed.

Exhibit 2-A is a summarized listing of ERMU's historical and projected electric operating results at existing rates. The existing ERMU retail rates went into effect Jan. 1, 2025. The historical and projected revenues from retail sales of power and energy to different groups of customers are included as Charges for Services at the beginning of the exhibit under Operating Revenues.

Other Operating Revenues

ERMU also receives revenue from other normal operating procedures. These revenues are shown in Exhibit 2-A below the charges for services. Utility Revenues combined with Other Operating Revenues results in ERMU's Total Operating Revenues.

Revenue Requirements

Generation and Purchased Power

ERMU currently meets its wholesale power requirements through purchases from the Minnesota Municipal Power Agency (MMPA). Projections of wholesale power expenses are based on anticipated MMPA rate increases during the Study Period.

ERMU's actual retail sales and wholesale requirements for the 2024 Test Year are shown in Table 2-1.

Table 2-1
Retail Sales
And Wholesale Requirements

Item	2024
Metered Retail Sales	320,012,952 kWh
Distribution Losses	2.7 %
Wholesale Energy	328,891,814 kWh
Wholesale Peak	70,907 kW

Power Cost Adjustment (PCA)

ERMU includes a Power Cost Adjustment (PCA) on its retail bills to customers. In the current projections under existing rates, the assumed PCA is based on the Energy Adjustment Clause (EAC) that MMPA includes as part of its wholesale bill to ERMU. The wholesale PCA changes every month. The average assumed MMPA EAC and assumed ERMU PCA for each year are shown in Table 2-2 below. As currently assumed, ERMU will increase its retail PCA to match the wholesale EAC by 2027. Further discussion and recommendations regarding the retail PCA are included in Section 4 of this report.

Table 2-2
Assumed Wholesale EAC and Retail PCA
($/kWh)

Item	2025	2026	2027	2028	2029
Wholesale EAC	0.02365	0.02263	0.02263	0.02263	0.02263
Retail PCA	0.01640	0.01927	0.02263	0.02263	0.02263

Other Operating Expenses

ERMU incurs other operating expenses associated with local electric system operations. Transmission and distribution operating and maintenance expenses are related to the substations, overhead and underground lines and customer facilities located in ERMU. Operating expenses also include production related expenses for the landfill gas generation project and the local peaking power plant. ERMU also has customer account expenses related to serving retail electric customers. Administrative and general expenses are required for utility management, employee benefits, training and other administrative costs. Non-wholesale power related expenses are based on 2024 values, the 2025 and 2026 budgets and are generally estimated to increase by 3% per year after 2026.

Depreciation

ERMU has annual depreciation costs based on its system investments. Depreciation during the Study Period is based on budgeted ERMU amounts and future capital improvements. Depreciation is a funded non-cash expense that generates monies available for annual capital improvements and reserves.

Non-operating Revenue (Expenses)

ERMU's non-operating revenue is primarily associated with investment income and miscellaneous revenues. Non-operating expenses are related to interest expense for existing debt.

City Transfer

ERMU makes an annual operational transfer to the City's general fund. The transfer is assumed to be 5% of electric retail sales revenue for sales in Elk River only.

Capital Improvements

ERMU makes annual normal capital investments in its electric system. Annual electric capital improvements for the Study Period, as budgeted by ERMU, are shown in Table 2-3 below.

Table 2-3
Capital Improvements

Capital Item	2025	2026	2027	2028	2029
Electric Capital	$7,455,754	$8,047,103	$4,628,954	$4,542,896	$4,381,166

Debt Service

ERMU currently has outstanding electric debt pursuant to bonds issued in 2016, 2018 and 2021. No additional bond issues assumed for the electric utility through the Study Period.

Interfund Borrowing

It is assumed that the water utility will make a $1.4 million loan to the electric department in 2026 which will be repaid in 2028.

Projected Operating Results – Existing Rates

Based on the assumptions outlined above, the resulting projected operating results assuming continued application of the existing retail rates are summarized in Table 2-4 for the electric utility. A summary presentation of the operating results is shown in Exhibit 2-A. The results below are provided as an indication of revenue needs in the future.

Table 2-4
Projected Operating Results
Existing Rates

Year	2025	2026	2027	2028	2029
Operating Revenues		$47,893,140	$49,217,147	$49,432,238	$49,649,040
Less Operating Expenses		(44,210,400)	(45,215,511)	(46,121,914)	(47,047,707)
Plus Non -Operating Revenues (Expenses)		468,457	489,744	496,394	536,394
Plus Fees and Transfers		(1,756,111)	(1,815,029)	(1,824,601)	(1,834,249)
Change in Net Position[1]	$3,800,000	2,395,085	2,676,350	1,982,117	1,303,478
Net Position as Percent of Revenues		5.0%	5.4%	4.0%	2.6%

(1) 2025 EOY change in net position estimated by ERMU staff based on 2025 YTD actual results

Cash Reserves

A summary of the impact of the projected operating results on ERMU's cash reserves for the Study Period is shown at the end of Exhibit 2-A and in Table 2-5 below.

As shown below, under existing retail rates and estimated revenue requirements over the Study Period, the cash reserves for the electric utility are projected to decrease from approximately $13.8 million at the end of 2025 to approximately $10.5 million by the end of 2029. ERMU has a newly revised reserve policy that sets a minimum target for reserves equal to 2 months operating expenses plus $3.5 million catastrophic reserve plus a capital reserve equal to average annual capital expenses plus the next year's principal and interest expense. Based on this revised policy, the reserves decrease from 75% of reserve goal to 56% of reserve goal by the end of the Study Period.

Table 2-5
Projected Cash Reserves
Existing Rates

Year	2025	2026	2027	2028	2029
Beginning Balance		$13,800,000	$11,573,843	$12,030,728	$10,722,575
Plus Change in Net Position		2,395,085	2,676,350	1,982,117	1,303,478
Plus Depreciation		3,533,136	3,801,373	3,955,671	4,107,101
Plus Interfund Borrowing		1,400,000	-	(1,400,000)	-
Less Capital Improvements		(8,047,103)	(4,628,954)	(4,542,896)	(4,381,166)
Less Loss of Revenue Pmts		(472,275)	(316,884)	(198,046)	(100,816)
Less Debt Principal		(1,035,000)	(1,075,000)	(1,105,000)	(1,140,000)
Ending Balance[(1)]	$13,800,000	$11,573,843	$12,030,728	$10,722,575	$10,511,172
Reserve Goal	$18,392,897	$18,432,831	$18,623,699	$18,769,766	$18,924,065
Reserves as % of Goal	75%	63%	65%	57%	56%

(1) 2025 EOY reserve balance estimated by ERMU staff based on 2025 YTD actual results

Elk River Municipal Utilities
Electric Operating Results at Existing Rates

	Historical					Projected				
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
OPERATING REVENUES										
Charges for services	$ 36,573,483	$ 39,473,717	$ 42,355,712	$ 43,986,269	$ 42,557,925	46,622,070	$ 47,328,340	$ 48,652,347	$ 48,867,438	$ 49,084,240
LFG project	1,141,482	1,019,097	935,004	-	-	-	-	-	-	-
Generation credit	4,800	4,800	4,800	4,800	4,800	4,800	4,800	4,800	4,800	4,800
Connection maintenance	160,186	263,330	243,088	151,296	317,234	150,000	255,000	255,000	255,000	255,000
Customer penalties	42,556	-	284,452	308,374	295,143	285,000	305,000	305,000	305,000	305,000
Total Operating Revenues	$ 37,922,507	$ 40,760,944	$ 43,823,056	$ 44,450,739	$ 43,175,102	$ 47,061,870	$ 47,893,140	$ 49,217,147	$ 49,432,238	$ 49,649,040
OPERATING EXPENSES										
Purchased Power	$ 24,240,440	$ 28,169,146	$ 31,544,604	$ 31,232,788	$ 28,590,698	$ 31,019,478	$ 31,596,071	$ 32,060,510	$ 32,532,005	$ 33,017,341
Production	963,858	1,002,631	793,299	315,057	266,783	341,000	321,993	331,653	341,602	351,850
Transmission and Distribution	1,494,841	1,583,165	2,015,665	2,224,113	2,437,569	2,742,000	2,605,000	2,683,150	2,763,645	2,846,554
Services to City	229,086	224,814	231,861	253,564	229,359	265,000	-	-	-	-
Depreciation	2,896,839	2,957,685	3,062,751	3,177,120	3,317,829	3,339,552	3,533,136	3,801,373	3,955,671	4,107,101
Customer accounts	346,090	337,760	391,238	433,553	430,396	470,000	435,000	448,050	461,492	475,336
General and administrative	3,787,850	3,350,641	4,372,187	4,421,557	4,718,264	5,906,049	5,719,200	5,890,776	6,067,499	6,249,524
Total Operating Expenses	$ 33,959,004	$ 37,625,842	$ 42,411,605	$ 42,057,752	$ 39,990,898	$ 44,083,079	$ 44,210,400	$ 45,215,511	$ 46,121,914	$ 47,047,707
OPERATING INCOME	$ 3,963,503	$ 3,135,102	$ 1,411,451	$ 2,392,987	$ 3,184,204	$ 2,978,791	$ 3,682,739	$ 4,001,636	$ 3,310,324	$ 2,601,333
NON-OPERATING REVENUE (EXPENSE)										
Interest income	$ 134,468	$ 52,514	$ (159,502)	$ 158,310	$ 338,157	$ 350,000	350,000	350,000	350,000	350,000
Miscellaneous revenue	547,009	635,764	906,323	928,553	925,800	712,500	793,000	793,000	793,000	793,000
Interest expense and other	(606,313)	(836,474)	(851,199)	(811,210)	(773,748)	(735,069)	(699,543)	(678,256)	(671,606)	(631,606)
Gain (Loss) on sale of capital assets	23,263	(45,214)	41,938	59,556	(16,154)	25,000	25,000	25,000	25,000	25,000
Total Non-Operating Revenues (Expenses)	$ 98,427	$ (193,410)	$ (62,440)	$ 335,209	$ 474,055	$ 352,431	$ 468,457	$ 489,744	$ 496,394	$ 536,394
Income before Contributions and Transfers	$ 4,061,930	$ 2,941,692	$ 1,349,011	$ 2,728,196	$ 3,658,259	$ 3,331,222	$ 4,151,196	$ 4,491,379	$ 3,806,718	$ 3,137,727
Contributions from Customers	$ 174,557	$ 385,316	$ 298,935	$ 489,452	$ 690,934	$ 225,000	$ 350,000	350,000	350,000	350,000
Transfers to Other City Funds	(1,340,218)	(1,407,734)	(1,531,633)	(1,620,378)	(1,527,629)	$ (1,908,429)	$ (2,106,111)	$ (2,165,029)	$ (2,174,601)	$ (2,184,249)
Special Item	-	-	-	-	-					
CHANGE IN NET POSITION	$ 2,896,269	$ 1,919,274	$ 116,313	$ 1,597,270	$ 2,821,564	$ 1,647,793	$ 2,395,085	$ 2,676,350	$ 1,982,117	$ 1,303,478
As Percent of Revenues	7.6%	4.7%	0.3%	3.6%	6.5%	3.5%	5.0%	5.4%	4.0%	2.6%
CASH RESERVES										
Beginning of Year						$ 13,014,941	$ 13,800,000	$ 11,573,843	$ 12,030,728	$ 10,722,575
Plus Change in Net Position						1,647,793	2,395,085	2,676,350	1,982,117	1,303,478
Plus Depreciation						3,339,552	3,533,136	3,801,373	3,955,671	4,107,101
Plus Interfund Borrowing						-	1,400,000	-	(1,400,000)	-
Less Capital Improvements						(7,455,754)	(8,047,103)	(4,628,954)	(4,542,896)	(4,381,166)
Less Loss of Revenue Payments						(935,000)	(472,275)	(316,884)	(198,046)	(100,816)
Less Debt Principal						(990,000)	(1,035,000)	(1,075,000)	(1,105,000)	(1,140,000)
End of Year(1)					$ 13,014,941	$ 13,800,000	$ 11,573,843	$ 12,030,728	$ 10,722,575	$ 10,511,172
Existing Reserve goal						$ 18,392,897	$ 18,432,831	$ 18,623,699	$ 18,769,766	$ 18,924,065
Percent of goal						75%	63%	65%	57%	56%

(1) 2025 EOY reserve balance estimated by ERMU staff based on 2025 YTD actual results.

Section 3
Cost-of-Service

A cost-of-service analysis was performed to determine the allocated cost to serve each of ERMU's customer groups within the electric utility. Customer classes exist, in part, because the cost to serve various kinds of customers varies. The cost-of-service analysis has been performed on a 2024 'Test Year' based on actual 2024 financials, operations and sales. The results of the cost-of-service study give an indication of the degree of revenue recovery warranted for each class of customers. A comparison of the allocated cost to serve a group of customers and the actual revenues received from those customers is taken into consideration during rate design.

Functionalization of Costs

ERMU's Test Year electric revenue requirements have been divided into four functional categories. These categories are described below.

Power Supply – the power supply function is related to the cost of ERMU purchases of wholesale power through MMPA and costs related to local generating units.

Distribution – the distribution expenses are related to the ERMU system for delivering power and energy to ERMU customers. They include substation and distribution system costs. It also includes the fixed costs associated with the service facilities utilized to deliver electric power and energy directly to customers.

Customer – these include items such as meter reading, billing, collections and dealing with customers by customer service representatives.

Revenue – revenue related costs include certain non-operating revenues and utility margin.

Table 3-1 below summarizes the functional electric costs for the 2024 Test Year. The detailed cost functions are shown in Exhibit 3-A.

Table 3-1
Functional Electric Costs
2024 Test Year

Component	Revenue Requirement
Power Supply	$29,098,388
Distribution	8,879,618
Customer	1,720,514
Revenue	2,449,632
Total	$42,148,152

Classification of Costs

Within each function, the revenue requirements have been divided into distinct cost classifications. These cost classifications are described below.

Demand Related – demand related costs are fixed costs that do not vary with hourly consumption. Demand related costs are required to meet the overall demand of the system as expressed in kW.

Energy Related – energy related costs vary based on hourly consumption in kWh.

Customer Related – costs related to serving, metering and billing of individual customers.

Revenue Related – revenue related costs vary by the amount of revenue received by the utility.

Exhibits 3-B through 3-D show the detailed classification of revenue requirements within the power supply, distribution and customer functions.

Allocation of Costs

Based on an analysis of customer class service characteristics, the classified costs summarized above were allocated to the major ERMU customer classes. Allocation of costs was performed on a fully-distributed, embedded cost allocation basis. Specific allocation factors were utilized in each of the cost classification categories as described below. Exhibit 3-E contains a summary of the development of the various allocation factors.

Demand Allocations

Customer class demands on a system can be reflected in various ways. Two primary demand allocation types were utilized in this analysis. Coincident peaks ('CP') represent a class' share of the overall system peak. A 12 CP method, reflecting each class' estimated contribution to each month's system peak, was employed for allocating the power supply demand portion of the wholesale purchased power and production expenses. Non-coincident peaks reflect a class maximum demand regardless of when it occurs. The non-coincident peak is an indication of the amount of fixed local system required to serve individual groups of customers. A 1 NCP method, an estimate of each class' maximum annual demand on the system, was utilized for allocating local system demand related costs.

Energy Allocations

Each class' share of energy requirements was used to allocate energy related costs. The predominant energy related costs are the energy portions of the purchased power and local generation expenses.

Customer Allocations

Two separate customer allocators were utilized. The customer facilities allocator was used to allocate costs associated with the physical facilities required to serve individual customers such as service transformers, service drops and meters. The customer service allocator is for allocation of costs associated with customer service – meter reading, billing, collections and customer inquiries. For both the customer facilities and customer service allocators, a weighted customer allocation factor is developed. Weighting factors are developed to represent the difference in service configurations between customer classifications. For instance, a larger customer facility is required for a single large power customer than for a single residential customer, or a single large power customer requires more customer service than a single residential customer.

Revenue Allocations

Revenue related costs were allocated based on each class' share of total demand, energy, customer facility, customer service and direct costs.

Cost of Service Results

Based on the classifications and allocations described above, the estimated cost to serve each major class of customers for the 2024 Test Year was determined. Exhibit 3-F presents this analysis in detail. Table 3-2 below summarizes the total allocated electric costs for each class compared to the total electric revenues received from the class during 2024.

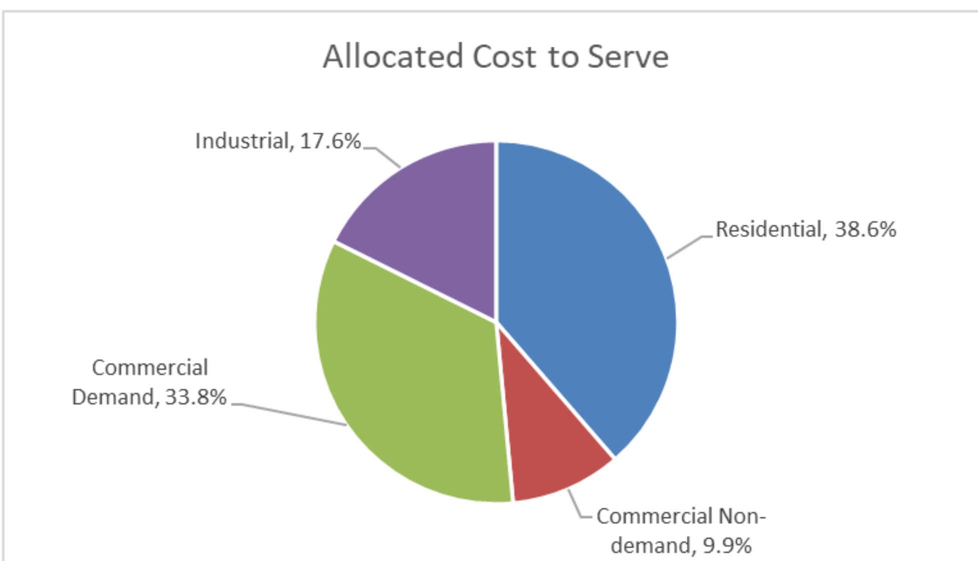
Table 3-2
Electric Cost of Service Results
Comparison of Cost and Revenues
2024 Test Year

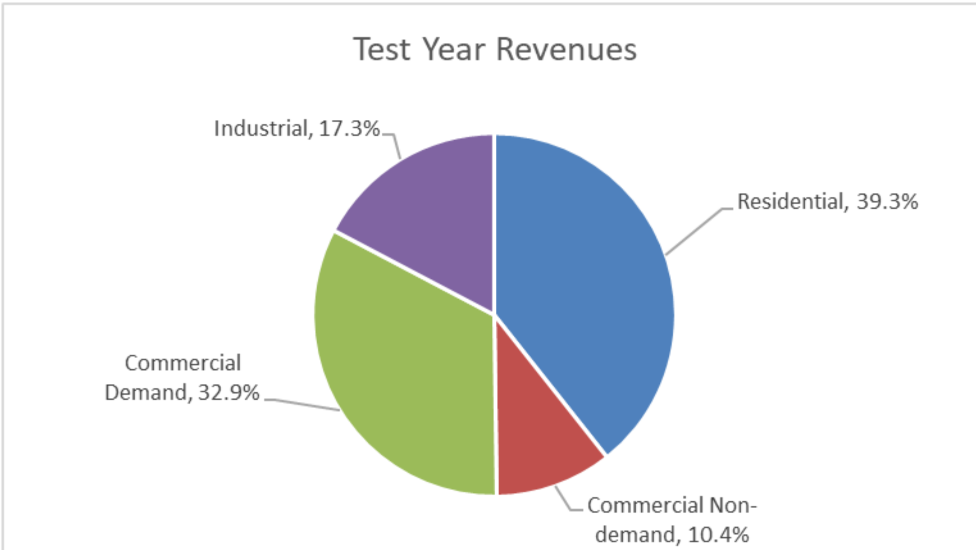
Customer Classification	Allocated Cost to Serve	Revenues
Residential	$16,283,647	$16,583,227
Commercial Non-demand	4,166,924	4,401,535
Demand	14,258,918	13,875,362
Industrial	7,438,663	7,288,029
Total	$42,148,152	$42,148,152

The revenue requirements and revenues as allocated to each class and summarized above are shown on a total dollars basis. Table 3-3 below makes the comparison based on percentages of total cost to serve and total revenues. The charts following Table 3-3 show a graphical comparison between allocated cost to serve and revenues as a percentage of the totals. The percentage increase/(decrease) in each class' revenue shown in Table 3-3 is the adjustment necessary to produce revenues from each class in accordance with the allocated cost to serve. The percentage adjustments do not represent the recommended change in each class' rates. The cost-of-service results are one item for consideration in rate design. It is important to note also that the adjustments shown in the table below would not change the total revenue received by the utility and are not indicative of overall revenue needs of the utility going forward. Recommendations regarding rate design are included in Section 4 of this report.

Table 3-3
Electric Cost of Service Results
Comparison of % Cost and Revenues
2024 Test Year

Customer Classification	Allocated Cost to Serve	Revenues	Increase/ (Decrease)
Residential	38.6%	39.3%	-1.8%
Commercial Non-demand	9.9%	10.4%	-5.3%
Demand	33.8%	32.9%	2.8%
Industrial	17.6%	17.3%	2.1%
Total	100.0%	100.0%	0.0%





As indicated above, ERMU's existing class revenues do not exactly match the allocated cost to serve each class. Cost based rates are one of several goals in establishing rates. The relationship between allocated costs and revenues for each class should be considered, in addition to other rate related goals, in developing recommended rates.

Elk River Municipal Utilities
Functionalization of 2024 Test Year Revenue Requirements

REVENUE REQUIREMENT	2024 Test Year	Power Supply	Distribution	Customer	Revenue	Classification Basis
OPERATING EXPENSES						
Purchased Power	$ 28,590,698	$ 28,590,698	$ -	$ -	$ -	100% power supply
Production						
OPERATING SUPERVISION	137,835	137,835	-	-	-	100% power supply
DIESEL OIL FUEL	159	159	-	-	-	100% power supply
NATURAL GAS	21,926	21,926	-	-	-	100% power supply
ELECTRIC & WATER CONSUMPTION	58,033	58,033	-	-	-	100% power supply
OTHER EXP/PLANT SUPPLIES-ETC	9,756	9,756	-	-	-	100% power supply
MISC OTHER PWR GENERATION EXP	640	640	-	-	-	100% power supply
MAINTENANCE OF STRUCTURE/PLANT	13,914	13,914	-	-	-	100% power supply
MTCE OF ENGINES/GENERATORS-PL	4,177	4,177	-	-	-	100% power supply
MTCE OF PLANT/LAND IMPROVEMENT	20,339	20,339	-	-	-	100% power supply
Total Production	$ 266,779	$ 266,779	$ -	$ -	$ -	
Transmission	$ 48,622	$ 48,622	$ -	$ -	$ -	100% power supply
Distribution						
REMOVE EXISTING SERV & METERS	352	-	352	-	-	100% distribution
SCADA EXPENSES	51,049	-	51,049	-	-	100% distribution
TRANSFORMER EX/OVERHD & UNDERG	17,031	-	17,031	-	-	100% distribution
MTCE OF SIGNAL SYSTEMS	2,223	-	2,223	-	-	100% distribution
METER EXP - REMOVE & RESET	466	-	466	-	-	100% distribution
TEMP SERVICE-INSTALL & REMOVE	650	-	650	-	-	100% distribution
MISC DISTRIBUTION EXPENSE	353,049	-	353,049	-	-	100% distribution
INTERCONNECTION CARRYING CHARGE	2,416	-	2,416	-	-	100% distribution
MTCE OF STRUCTURES	90,596	-	90,596	-	-	100% distribution
MTCE OF SUBSTATIONS	26,504	-	26,504	-	-	100% distribution
MTCE OF SUBSTATION EQUIPMENT	88,541	-	88,541	-	-	100% distribution
MTCE OF OVERHD LINES/TREE TRIM	245,908	-	245,908	-	-	100% distribution
MTCE OF OVERHD LINES/STANDBY	43,616	-	43,616	-	-	100% distribution
MTCE OF OVERHEAD	174,965	-	174,965	-	-	100% distribution
MTCE OF UNDERGROUND/DISTRIB	284,922	-	284,922	-	-	100% distribution
LOCATE ELECTRIC LINES	100,233	-	100,233	-	-	100% distribution
LOCATE FIBER LINES	3,182	-	3,182	-	-	100% distribution
MTCE OF LINE TRANSFORMERS	65,534	-	65,534	-	-	100% distribution
MTCE OF STREET LIGHTING	83,909	-	83,909	-	-	100% distribution
MTCE OF SECURITY LIGHTING	24,067	-	24,067	-	-	100% distribution
MTCE OF METERS	57,807	-	57,807	-	-	100% distribution
VOLTAGE COMPLAINTS	6,937	-	6,937	-	-	100% distribution
SALARIES/TRANS & DISTRIBUTION	31,044	-	31,044	-	-	100% distribution
ELECTRIC MAPPING	134,998	-	134,998	-	-	100% distribution
MTCE OF OVERHEAD SERVICE/2NDRY	21,933	-	21,933	-	-	100% distribution
MTCE OF UNDERGROUND ELEC SERV	58,324	-	58,324	-	-	100% distribution
LOCATE UNDERGROUND SECONDARY	-	-	-	-	-	100% distribution
TRANSPORTATION EXPENSE	303,891	-	303,891	-	-	100% distribution
Total Distribution	$ 2,274,147	$ -	$ 2,274,147	$ -	$ -	
Utilities & Labor Donated						
UTILITIES & LABOR DONATED TO CITY	229,359	-	-	-	229,359	100% revenue
Total Utilities & Labor Donated	229,359	-	-	-	229,359	
Depreciation & Amortization						
DEPRECIATION	2,649,693	1,385	2,648,308	-	-	plant in service
AMORTIZATION	668,135	349	667,786	-	-	plant in service
Total Depreciation & Amortization	$ 3,317,828	$ 1,734	$ 3,316,094	$ -	$ -	
Other Operating Expenses						
EV CHARGING EXPENSE	2,661	-	-	2,661	-	100% customer
LOSS ON DISPOSITION OF PROPERTY	-	-	-	-	-	NA
OTHER DONATIONS	-	-	-	-	-	NA
MUTUAL AID	54,540	-	54,540	-	-	100% distribution
INTEREST PD ON METER DEPOSIT	57,582	-	-	57,582	-	100% customer
RENTAL PROPERTY EXPENSE	-	-	-	-	-	NA
PENSION EXPENSE	(196,662)	-	(196,662)	-	-	100% distribution
Total Other Operating Expenses	$ (81,879)	$ -	$ (142,122)	$ 60,243	$ -	
Customer Accounts						
METER READING EXPENSE	47,697	-	-	47,697	-	100% customer
COLLECTING EXP DISC/RECONNECT	11,844	-	-	11,844	-	100% customer
MISC CUSTOMER ACCTS EXP-COMP	355,651	-	-	355,651	-	100% customer

Elk River Municipal Utilities
Functionalization of 2024 Test Year Revenue Requirements

REVENUE REQUIREMENT	2024 Test Year	Power Supply	Distribution	Customer	Revenue	Classification Basis
CUST BLGS NOT PD/SENT FOR COLL	15,202	-	-	15,202	-	100% customer
Total Customer Accounts	$ 430,394	$ -	$ -	$ 430,394	$ -	
General & Administrative						
SALARIES/OFFICE & COMMISSION	885,000	39,753	682,932	133,564	28,751	non PP operating expenses
TEMPORARY STAFFING	-	-	-	-	-	NA
OFFICE SUPPLIES & EXPENSE	95,725	4,300	73,869	14,447	3,110	non PP operating expenses
LT & WATER CONSUMPTION/OFFICE	24,245	1,089	18,709	3,659	788	non PP operating expenses
BANK CHARGES	2,845	128	2,195	429	92	non PP operating expenses
LEGAL FEES	35,361	1,588	27,287	5,337	1,149	non PP operating expenses
AUDITING FEES	18,880	848	14,569	2,849	613	non PP operating expenses
INSURANCE	183,582	8,246	141,665	27,706	5,964	non PP operating expenses
UTILITY SHARE DEF COMP	111,229	4,996	85,833	16,787	3,613	non PP operating expenses
UTIL SH OF MEDICAL/DENTAL	829,167	37,245	639,847	125,138	26,937	non PP operating expenses
UTILITY SHARE OF PERA	308,017	13,836	237,689	46,486	10,006	non PP operating expenses
UTILITY SHARE OF FICA	300,170	13,483	231,633	45,302	9,751	non PP operating expenses
EMPLOYEES SICK PAY	496,745	22,313	383,325	74,969	16,138	non PP operating expenses
EMP HOLIDAY PAY	179,076	8,044	138,188	27,026	5,818	non PP operating expenses
EMPLOYEE VACATION & PTO	331,860	14,907	256,088	50,084	10,781	non PP operating expenses
UPMIC DISTRIBUTION	112,540	5,055	86,844	16,985	3,656	non PP operating expenses
LONGEVITY PAY	6,963	313	5,373	1,051	226	non PP operating expenses
CONSULTING FEES	40,307	1,811	31,104	6,083	1,309	non PP operating expenses
TELEPHONE	30,987	1,392	23,912	4,677	1,007	non PP operating expenses
ADVERTISING	14,071	632	10,858	2,124	457	non PP operating expenses
DUES & SUBSCRIPTIONS - FEES	123,647	5,554	95,415	18,661	4,017	non PP operating expenses
TRAVEL EXPENSE	-	-	-	-	-	NA
SCHOOLS & MEETINGS	199,541	8,963	153,981	30,115	6,482	non PP operating expenses
MTCE OF GENERAL PLANT & OFFICE	10,072	452	7,772	1,520	327	non PP operating expenses
Total General & Administrative	$ 4,340,030	$ 194,950	$ 3,349,089	$ 654,998	$ 140,992	
General Expense						
CIP REBATES - RESIDENTIAL	92,938	-	-	92,938	-	100% customer
CIP REBATES - COMMERCIAL	111,001	-	-	111,001	-	100% customer
CIP - ADMINISTRATION	180,070	-	-	180,070	-	100% customer
CIP - MARKETING	44,739	-	-	44,739	-	100% customer
CIP - LABOR	98,214	-	-	98,214	-	100% customer
CIP REBATES - LOW INCOME	3,762	-	-	3,762	-	100% customer
CIP - LOW INCOME LABOR	9,264	-	-	9,264	-	100% customer
ENVIRONMENTAL COMPLIANCE	31,460	-	-	31,460	-	100% customer
MISC GENERAL EXPENSE	3,431	-	-	3,431	-	100% customer
Total General Expense	$ 574,879	$ -	$ -	$ 574,879	$ -	
TOTAL OPERATING EXPENSES	$ 39,990,857	$ 29,102,783	$ 8,797,208	$ 1,720,514	$ 370,351	
OTHER OPERATING REVENUES						
LFG PROJECT	-	-	-	-	-	NA
DISPERSED GENERATION CREDIT	4,800	4,800	-	-	-	100% power supply
CONNECTION MAINTENANCE	317,234	-	-	-	317,234	100% revenue
CUSTOMER PENALTIES	295,143	-	-	-	295,143	100% revenue
SECURITY LIGHTS	260,837	-	-	-	260,837	100% revenue
CONTRIBUTIONS FROM CUSTOMERS	690,934	-	690,934	-	-	100% distribution
TOTAL OTHER OPERATING REVENUES	$ 1,568,948	$ 4,800	$ 690,934	$ -	$ 873,214	
NON-OPERATING INCOME (EXPENSES)						
Interest income	338,157	-	-	-	338,157	100% revenue
Miscellaneous revenue	925,800	-	-	-	925,800	100% revenue
Interest expense and other	(773,748)	(404)	(773,344)	-	-	plant in service
Gain (Loss) on sale of capital assets	(16,154)	-	-	-	(16,154)	100% revenue
TOTAL NON-OPERATING INCOME (EXPENSES)	$ 474,055	$ (404)	$ (773,344)	$ -	$ 1,247,803	
TRANSFER TO CITY	$ 1,527,629	$ -	$ -	$ -	$ 1,527,629	100% revenue
MARGIN	$ 2,672,669	$ -	$ -	$ -	$ 2,672,669	100% revenue
TOTAL REVENUE REQUIREMENT	$ 42,148,152	$ 29,098,388	$ 8,879,618	$ 1,720,514	$ 2,449,632	
	100%	69%	21%	4%	6%	

Elk River Municipal Utilities
2024 Test Year Power Supply Classification

	2024 Test Year	Demand	Energy	Classification Basis
REVENUE REQUIREMENT				
OPERATING EXPENSES				
Purchased Power	$ 28,590,698	$ 7,343,889	$ 21,246,809	per power supply
Production				
OPERATING SUPERVISION	137,835	137,835	-	100% demand
DIESEL OIL FUEL	159	-	159	100% energy
NATURAL GAS	21,926	-	21,926	100% energy
ELECTRIC & WATER CONSUMPTION	58,033	-	58,033	100% energy
OTHER EXP/PLANT SUPPLIES-ETC	9,756	9,756	-	100% demand
MISC OTHER PWR GENERATION EXP	640	640	-	100% demand
MAINTENANCE OF STRUCTURE/PLANT	13,914	13,914	-	100% demand
MTCE OF ENGINES/GENERATORS-PL	4,177	4,177	-	100% demand
MTCE OF PLANT/LAND IMPROVEMENT	20,339	20,339	-	100% demand
Total Production	$ 266,779	$ 186,661	$ 80,118	
Transmission	$ 48,622	$ 48,622	$ -	100% demand
Distribution				
REMOVE EXISTING SERV & METERS	-	-	-	NA
SCADA EXPENSES	-	-	-	NA
TRANSFORMER EX/OVERHD & UNDERG	-	-	-	NA
MTCE OF SIGNAL SYSTEMS	-	-	-	NA
METER EXP - REMOVE & RESET	-	-	-	NA
TEMP SERVICE-INSTALL & REMOVE	-	-	-	NA
MISC DISTRIBUTION EXPENSE	-	-	-	NA
INTERCONNECTION CARRYING CHARGE	-	-	-	NA
MTCE OF STRUCTURES	-	-	-	NA
MTCE OF SUBSTATIONS	-	-	-	NA
MTCE OF SUBSTATION EQUIPMENT	-	-	-	NA
MTCE OF OVERHD LINES/TREE TRIM	-	-	-	NA
MTCE OF OVERHD LINES/STANDBY	-	-	-	NA
MTCE OF OVERHEAD	-	-	-	NA
MTCE OF UNDERGROUND/DISTRIB	-	-	-	NA
LOCATE ELECTRIC LINES	-	-	-	NA
LOCATE FIBER LINES	-	-	-	NA
MTCE OF LINE TRANSFORMERS	-	-	-	NA
MTCE OF STREET LIGHTING	-	-	-	NA
MTCE OF SECURITY LIGHTING	-	-	-	NA
MTCE OF METERS	-	-	-	NA
VOLTAGE COMPLAINTS	-	-	-	NA
SALARIES/TRANS & DISTRIBUTION	-	-	-	NA
ELECTRIC MAPPING	-	-	-	NA
MTCE OF OVERHEAD SERVICE/2NDRY	-	-	-	NA
MTCE OF UNDERGROUND ELEC SERV	-	-	-	NA
LOCATE UNDERGROUND SECONDARY	-	-	-	NA
TRANSPORTATION EXPENSE	-	-	-	NA
Total Distribution	$ -	$ -	$ -	
Utilities & Labor Donated				
UTILITIES & LABOR DONATED TO CITY	-	-	-	NA
Total Utilities & Labor Donated	-	-	-	
Depreciation & Amortization				
DEPRECIATION	1,385	1,385	-	100% demand
AMORTIZATION	349	349	-	100% demand
Total Depreciation & Amortization	$ 1,734	$ 1,734	$ -	
Other Operating Expenses				
EV CHARGING EXPENSE	-	-	-	NA
LOSS ON DISPOSITION OF PROPERTY	-	-	-	NA
OTHER DONATIONS	-	-	-	NA
MUTUAL AID	-	-	-	NA
INTEREST PD ON METER DEPOSIT	-	-	-	NA
RENTAL PROPERTY EXPENSE	-	-	-	NA
PENSION EXPENSE	-	-	-	NA
Total Other Operating Expenses	$ -	$ -	$ -	
Customer Accounts				
METER READING EXPENSE	-	-	-	NA

Elk River Municipal Utilities
2024 Test Year Power Supply Classification

REVENUE REQUIREMENT	2024 Test Year	Demand	Energy	Classification Basis
COLLECTING EXP DISC/RECONNECT	-	-	-	NA
MISC CUSTOMER ACCTS EXP-COMP	-	-	-	NA
CUST BLGS NOT PD/SENT FOR COLL	-	-	-	NA
Total Customer Accounts	$ -	$ -	$ -	
General & Administrative				
SALARIES/OFFICE & COMMISSION	39,753	10,420	29,333	total revenue requirement
TEMPORARY STAFFING	-	-	-	NA
OFFICE SUPPLIES & EXPENSE	4,300	1,127	3,173	total revenue requirement
LT & WATER CONSUMPTION/OFFICE	1,089	285	804	total revenue requirement
BANK CHARGES	128	33	94	total revenue requirement
LEGAL FEES	1,588	416	1,172	total revenue requirement
AUDITING FEES	848	222	626	total revenue requirement
INSURANCE	8,246	2,162	6,085	total revenue requirement
UTILITY SHARE DEF COMP	4,996	1,310	3,687	total revenue requirement
UTIL SH OF MEDICAL/DENTAL	37,245	9,763	27,483	total revenue requirement
UTILITY SHARE OF PERA	13,836	3,627	10,209	total revenue requirement
UTILITY SHARE OF FICA	13,483	3,534	9,949	total revenue requirement
EMPLOYEES SICK PAY	22,313	5,849	16,465	total revenue requirement
EMP HOLIDAY PAY	8,044	2,108	5,935	total revenue requirement
EMPLOYEE VACATION & PTO	14,907	3,907	10,999	total revenue requirement
UPMIC DISTRIBUTION	5,055	1,325	3,730	total revenue requirement
LONGEVITY PAY	313	82	231	total revenue requirement
CONSULTING FEES	1,811	475	1,336	total revenue requirement
TELEPHONE	1,392	365	1,027	total revenue requirement
ADVERTISING	632	166	466	total revenue requirement
DUES & SUBSCRIPTIONS - FEES	5,554	1,456	4,098	total revenue requirement
TRAVEL EXPENSE	-	-	-	NA
SCHOOLS & MEETINGS	8,963	2,349	6,614	total revenue requirement
MTCE OF GENERAL PLANT & OFFICE	452	119	334	total revenue requirement
Total General & Administrative	$ 194,950	$ 51,101	$ 143,850	
General Expense				
CIP REBATES - RESIDENTIAL	-	-	-	NA
CIP REBATES - COMMERCIAL	-	-	-	NA
CIP - ADMINISTRATION	-	-	-	NA
CIP - MARKETING	-	-	-	NA
CIP - LABOR	-	-	-	NA
CIP REBATES - LOW INCOME	-	-	-	NA
CIP - LOW INCOME LABOR	-	-	-	NA
ENVIRONMENTAL COMPLIANCE	-	-	-	NA
MISC GENERAL EXPENSE	-	-	-	NA
Total General Expense	$ -	$ -	$ -	
TOTAL OPERATING EXPENSES	$ 29,102,783	$ 7,632,007	$ 21,470,777	
OTHER OPERATING REVENUES				
LFG PROJECT	-	-	-	NA
DISPERSED GENERATION CREDIT	4,800	4,800	-	100% demand
CONNECTION MAINTENANCE	-	-	-	NA
CUSTOMER PENALTIES	-	-	-	NA
SECURITY LIGHTS	-	-	-	NA
CONTRIBUTIONS FROM CUSTOMERS	-	-	-	NA
TOTAL OTHER OPERATING REVENUES	$ 4,800	$ 4,800	$ -	
NON-OPERATING INCOME (EXPENSES)				
Interest income	-	-	-	NA
Miscellaneous revenue	-	-	-	NA
Interest expense and other	(404)	(106)	(298)	total revenue requirement
Gain (Loss) on sale of capital assets	-	-	-	NA
TOTAL NON-OPERATING INCOME (EXPENSES)	$ (404)	$ (106)	$ (298)	
TRANSFER TO CITY	$ -	$ -	$ -	NA
MARGIN	$ -	$ -	$ -	NA
TOTAL REVENUE REQUIREMENT	$ 29,098,388	$ 7,627,313	$ 21,471,075	

Elk River Municipal Utilities
2024 Test Year Distribution Classification

REVENUE REQUIREMENT	2024 Test Year	Demand	Customer Facilities	Classification Basis
OPERATING EXPENSES				
Purchased Power	$ -	$ -	$ -	NA
Production				
OPERATING SUPERVISION	-	-	-	NA
DIESEL OIL FUEL	-	-	-	NA
NATURAL GAS	-	-	-	NA
ELECTRIC & WATER CONSUMPTION	-	-	-	NA
OTHER EXP/PLANT SUPPLIES-ETC	-	-	-	NA
MISC OTHER PWR GENERATION EXP	-	-	-	NA
MAINTENANCE OF STRUCTURE/PLANT	-	-	-	NA
MTCE OF ENGINES/GENERATORS-PL	-	-	-	NA
MTCE OF PLANT/LAND IMPROVEMENT	-	-	-	NA
Total Production	$ -	$ -	$ -	
Transmission	$ -	$ -	$ -	NA
Distribution				
REMOVE EXISTING SERV & METERS	352	-	352	100% Cust facilities
SCADA EXPENSES	51,049	36,784	14,265	Dist/Cust split
TRANSFORMER EX/OVERHD & UNDERG	17,031	-	17,031	100% Cust facilities
MTCE OF SIGNAL SYSTEMS	2,223	-	2,223	100% Cust facilities
METER EXP - REMOVE & RESET	466	-	466	100% Cust facilities
TEMP SERVICE-INSTALL & REMOVE	650	-	650	100% Cust facilities
MISC DISTRIBUTION EXPENSE	353,049	254,392	98,657	Dist/Cust split
INTERCONNECTION CARRYING CHARGE	2,416	2,416	-	100% Dist demand
MTCE OF STRUCTURES	90,596	90,596	-	100% Dist demand
MTCE OF SUBSTATIONS	26,504	26,504	-	100% Dist demand
MTCE OF SUBSTATION EQUIPMENT	88,541	88,541	-	100% Dist demand
MTCE OF OVERHD LINES/TREE TRIM	245,908	177,191	68,717	Dist/Cust split
MTCE OF OVERHD LINES/STANDBY	43,616	31,428	12,188	Dist/Cust split
MTCE OF OVERHEAD	174,965	126,072	48,893	Dist/Cust split
MTCE OF UNDERGROUND/DISTRIB	284,922	205,303	79,619	Dist/Cust split
LOCATE ELECTRIC LINES	100,233	-	100,233	100% Cust facilities
LOCATE FIBER LINES	3,182	-	3,182	100% Cust facilities
MTCE OF LINE TRANSFORMERS	65,534	-	65,534	100% Cust facilities
MTCE OF STREET LIGHTING	83,909	-	83,909	100% Cust facilities
MTCE OF SECURITY LIGHTING	24,067	-	24,067	100% Cust facilities
MTCE OF METERS	57,807	-	57,807	100% Cust facilities
VOLTAGE COMPLAINTS	6,937	-	6,937	100% Cust facilities
SALARIES/TRANS & DISTRIBUTION	31,044	22,369	8,675	Dist/Cust split
ELECTRIC MAPPING	134,998	97,274	37,724	Dist/Cust split
MTCE OF OVERHEAD SERVICE/2NDRY	21,933	-	21,933	100% Cust facilities
MTCE OF UNDERGROUND ELEC SERV	58,324	-	58,324	100% Cust facilities
LOCATE UNDERGROUND SECONDARY	-	-	-	NA
TRANSPORTATION EXPENSE	303,891	303,891	-	100% Dist demand
Total Distribution	$ 2,274,147	$ 1,462,761	$ 811,386	
Utilities & Labor Donated				
UTILITIES & LABOR DONATED TO CITY	-	-	-	NA
Total Utilities & Labor Donated	-	-	-	
Depreciation & Amortization				
DEPRECIATION	2,648,308	1,908,259	740,049	Dist/Cust split
AMORTIZATION	667,786	481,178	186,607	Dist/Cust split
Total Depreciation & Amortization	$ 3,316,094	$ 2,389,438	$ 926,656	
Other Operating Expenses				
EV CHARGING EXPENSE	-	-	-	NA
LOSS ON DISPOSITION OF PROPERTY	-	-	-	NA
OTHER DONATIONS	-	-	-	NA
MUTUAL AID	54,540	54,540	-	100% Dist demand
INTEREST PD ON METER DEPOSIT	-	-	-	NA
RENTAL PROPERTY EXPENSE	-	-	-	NA
PENSION EXPENSE	(196,662)	(141,706)	(54,956)	Dist/Cust split
Total Other Operating Expenses	$ (142,122)	$ (87,166)	$ (54,956)	
Customer Accounts				

Elk River Municipal Utilities
2024 Test Year Distribution Classification

REVENUE REQUIREMENT	2024 Test Year	Demand	Customer Facilities	Classification Basis
METER READING EXPENSE	-	-	-	NA
COLLECTING EXP DISC/RECONNECT	-	-	-	NA
MISC CUSTOMER ACCTS EXP-COMP	-	-	-	NA
CUST BLGS NOT PD/SENT FOR COLL	-	-	-	NA
Total Customer Accounts	$ -	$ -	$ -	
General & Administrative				
SALARIES/OFFICE & COMMISSION	682,932	448,412	234,520	total revenue requirement
TEMPORARY STAFFING	-	-	-	NA
OFFICE SUPPLIES & EXPENSE	73,869	48,502	25,367	total revenue requirement
LT & WATER CONSUMPTION/OFFICE	18,709	12,284	6,425	total revenue requirement
BANK CHARGES	2,195	1,442	754	total revenue requirement
LEGAL FEES	27,287	17,917	9,370	total revenue requirement
AUDITING FEES	14,569	9,566	5,003	total revenue requirement
INSURANCE	141,665	93,017	48,648	total revenue requirement
UTILITY SHARE DEF COMP	85,833	56,358	29,475	total revenue requirement
UTIL SH OF MEDICAL/DENTAL	639,847	420,122	219,724	total revenue requirement
UTILITY SHARE OF PERA	237,689	156,066	81,623	total revenue requirement
UTILITY SHARE OF FICA	231,633	152,090	79,543	total revenue requirement
EMPLOYEES SICK PAY	383,325	251,691	131,634	total revenue requirement
EMP HOLIDAY PAY	138,188	90,734	47,454	total revenue requirement
EMPLOYEE VACATION & PTO	256,088	168,147	87,941	total revenue requirement
UPMIC DISTRIBUTION	86,844	57,022	29,822	total revenue requirement
LONGEVITY PAY	5,373	3,528	1,845	total revenue requirement
CONSULTING FEES	31,104	20,423	10,681	total revenue requirement
TELEPHONE	23,912	15,700	8,211	total revenue requirement
ADVERTISING	10,858	7,129	3,729	total revenue requirement
DUES & SUBSCRIPTIONS - FEES	95,415	62,649	32,766	total revenue requirement
TRAVEL EXPENSE	-	-	-	NA
SCHOOLS & MEETINGS	153,981	101,103	52,877	total revenue requirement
MTCE OF GENERAL PLANT & OFFICE	7,772	5,103	2,669	total revenue requirement
Total General & Administrative	$ 3,349,089	$ 2,199,007	$ 1,150,082	
General Expense				
CIP REBATES - RESIDENTIAL	-	-	-	NA
CIP REBATES - COMMERCIAL	-	-	-	NA
CIP - ADMINISTRATION	-	-	-	NA
CIP - MARKETING	-	-	-	NA
CIP - LABOR	-	-	-	NA
CIP REBATES - LOW INCOME	-	-	-	NA
CIP - LOW INCOME LABOR	-	-	-	NA
ENVIRONMENTAL COMPLIANCE	-	-	-	NA
MISC GENERAL EXPENSE	-	-	-	NA
Total General Expense	$ -	$ -	$ -	
TOTAL OPERATING EXPENSES	$ 8,797,208	$ 5,964,039	$ 2,833,169	
OTHER OPERATING REVENUES				
LFG PROJECT	-	-	-	NA
DISPERSED GENERATION CREDIT	-	-	-	NA
CONNECTION MAINTENANCE	-	-	-	NA
CUSTOMER PENALTIES	-	-	-	NA
SECURITY LIGHTS	-	-	-	NA
CONTRIBUTIONS FROM CUSTOMERS	690,934	690,934	-	100% Dist demand
TOTAL OTHER OPERATING REVENUES	$ 690,934	$ 690,934	$ -	
NON-OPERATING INCOME (EXPENSES)				
Interest income	-	-	-	NA
Miscellaneous revenue	-	-	-	NA
Interest expense and other	(773,344)	(557,239)	(216,105)	Dist/Cust split
Gain (Loss) on sale of capital assets	-	-	-	NA
TOTAL NON-OPERATING INCOME (EXPENSES)	$ (773,344)	$ (557,239)	$ (216,105)	
TRANSFER TO CITY	$ -	$ -	$ -	NA
MARGIN	$ -	$ -	$ -	NA
TOTAL REVENUE REQUIREMENT	$ 8,879,618	$ 5,830,344	$ 3,049,274	

Elk River Municipal Utilities
2024 Test Year Customer Classification

REVENUE REQUIREMENT	2024 Test Year	Customer	Classification Basis
OPERATING EXPENSES			
Purchased Power	$ -	$ -	NA
Production			
OPERATING SUPERVISION	-	-	NA
DIESEL OIL FUEL	-	-	NA
NATURAL GAS	-	-	NA
ELECTRIC & WATER CONSUMPTION	-	-	NA
OTHER EXP/PLANT SUPPLIES-ETC	-	-	NA
MISC OTHER PWR GENERATION EXP	-	-	NA
MAINTENANCE OF STRUCTURE/PLANT	-	-	NA
MTCE OF ENGINES/GENERATORS-PL	-	-	NA
MTCE OF PLANT/LAND IMPROVEMENT	-	-	NA
Total Production	$ -	$ -	
Transmission	$ -	$ -	NA
Distribution			
REMOVE EXISTING SERV & METERS	-	-	NA
SCADA EXPENSES	-	-	NA
TRANSFORMER EX/OVERHD & UNDERG	-	-	NA
MTCE OF SIGNAL SYSTEMS	-	-	NA
METER EXP - REMOVE & RESET	-	-	NA
TEMP SERVICE-INSTALL & REMOVE	-	-	NA
MISC DISTRIBUTION EXPENSE	-	-	NA
INTERCONNECTION CARRYING CHARGE	-	-	NA
MTCE OF STRUCTURES	-	-	NA
MTCE OF SUBSTATIONS	-	-	NA
MTCE OF SUBSTATION EQUIPMENT	-	-	NA
MTCE OF OVERHD LINES/TREE TRIM	-	-	NA
MTCE OF OVERHD LINES/STANDBY	-	-	NA
MTCE OF OVERHEAD	-	-	NA
MTCE OF UNDERGROUND/DISTRIB	-	-	NA
LOCATE ELECTRIC LINES	-	-	NA
LOCATE FIBER LINES	-	-	NA
MTCE OF LINE TRANSFORMERS	-	-	NA
MTCE OF STREET LIGHTING	-	-	NA
MTCE OF SECURITY LIGHTING	-	-	NA
MTCE OF METERS	-	-	NA
VOLTAGE COMPLAINTS	-	-	NA
SALARIES/TRANS & DISTRIBUTION	-	-	NA
ELECTRIC MAPPING	-	-	NA
MTCE OF OVERHEAD SERVICE/2NDRY	-	-	NA
MTCE OF UNDERGROUND ELEC SERV	-	-	NA
LOCATE UNDERGROUND SECONDARY	-	-	NA
TRANSPORTATION EXPENSE	-	-	NA
Total Distribution	$ -	$ -	
Utilities & Labor Donated			
UTILITIES & LABOR DONATED TO CITY	-	-	NA
Total Utilities & Labor Donated	-	-	
Depreciation & Amortization			
DEPRECIATION	-	-	NA
AMORTIZATION	-	-	NA
Total Depreciation & Amortization	$ -	$ -	
Other Operating Expenses			
EV CHARGING EXPENSE	2,661	2,661	100% Customer
LOSS ON DISPOSITION OF PROPERTY	-	-	NA
OTHER DONATIONS	-	-	NA
MUTUAL AID	-	-	NA
INTEREST PD ON METER DEPOSIT	57,582	57,582	100% Customer
RENTAL PROPERTY EXPENSE	-	-	NA
PENSION EXPENSE	-	-	NA
Total Other Operating Expenses	$ 60,243	$ 60,243	
Customer Accounts	-		

Elk River Municipal Utilities
2024 Test Year Customer Classification

REVENUE REQUIREMENT	2024 Test Year	Customer	Classification Basis
METER READING EXPENSE	47,697	47,697	100% Customer
COLLECTING EXP DISC/RECONNECT	11,844	11,844	100% Customer
MISC CUSTOMER ACCTS EXP-COMP	355,651	355,651	100% Customer
CUST BLGS NOT PD/SENT FOR COLL	15,202	15,202	100% Customer
Total Customer Accounts	$ 430,394	$ 430,394	
General & Administrative			
SALARIES/OFFICE & COMMISSION	133,564	133,564	100% Customer
TEMPORARY STAFFING	-	-	NA
OFFICE SUPPLIES & EXPENSE	14,447	14,447	100% Customer
LT & WATER CONSUMPTION/OFFICE	3,659	3,659	100% Customer
BANK CHARGES	429	429	100% Customer
LEGAL FEES	5,337	5,337	100% Customer
AUDITING FEES	2,849	2,849	100% Customer
INSURANCE	27,706	27,706	100% Customer
UTILITY SHARE DEF COMP	16,787	16,787	100% Customer
UTIL SH OF MEDICAL/DENTAL	125,138	125,138	100% Customer
UTILITY SHARE OF PERA	46,486	46,486	100% Customer
UTILITY SHARE OF FICA	45,302	45,302	100% Customer
EMPLOYEES SICK PAY	74,969	74,969	100% Customer
EMP HOLIDAY PAY	27,026	27,026	100% Customer
EMPLOYEE VACATION & PTO	50,084	50,084	100% Customer
UPMIC DISTRIBUTION	16,985	16,985	100% Customer
LONGEVITY PAY	1,051	1,051	100% Customer
CONSULTING FEES	6,083	6,083	100% Customer
TELEPHONE	4,677	4,677	100% Customer
ADVERTISING	2,124	2,124	100% Customer
DUES & SUBSCRIPTIONS - FEES	18,661	18,661	100% Customer
TRAVEL EXPENSE	-	-	NA
SCHOOLS & MEETINGS	30,115	30,115	100% Customer
MTCE OF GENERAL PLANT & OFFICE	1,520	1,520	100% Customer
Total General & Administrative	$ 654,998	$ 654,998	
General Expense			
CIP REBATES - RESIDENTIAL	92,938	92,938	100% Customer
CIP REBATES - COMMERCIAL	111,001	111,001	100% Customer
CIP - ADMINISTRATION	180,070	180,070	100% Customer
CIP - MARKETING	44,739	44,739	100% Customer
CIP - LABOR	98,214	98,214	100% Customer
CIP REBATES - LOW INCOME	3,762	3,762	100% Customer
CIP - LOW INCOME LABOR	9,264	9,264	100% Customer
ENVIRONMENTAL COMPLIANCE	31,460	31,460	100% Customer
MISC GENERAL EXPENSE	3,431	3,431	100% Customer
Total General Expense	$ 574,879	$ 574,879	
TOTAL OPERATING EXPENSES	$ 1,720,514	$ 1,720,514	
OTHER OPERATING REVENUES			
LFG PROJECT	-	-	NA
DISPERSED GENERATION CREDIT	-	-	NA
CONNECTION MAINTENANCE	-	-	NA
CUSTOMER PENALTIES	-	-	NA
SECURITY LIGHTS	-	-	NA
CONTRIBUTIONS FROM CUSTOMERS	-	-	NA
TOTAL OTHER OPERATING REVENUES	$ -	$ -	
NON-OPERATING INCOME (EXPENSES)			
Interest income	-	-	NA
Miscellaneous revenue	-	-	NA
Interest expense and other	-	-	NA
Gain (Loss) on sale of capital assets	-	-	NA
TOTAL NON-OPERATING INCOME (EXPENSES)	$ -	$ -	
TRANSFER TO CITY	$ -	$ -	NA
MARGIN	$ -	$ -	NA
TOTAL REVENUE REQUIREMENT	$ 1,720,514	$ 1,720,514	

Elk River Municipal Utilities
2024 Test Year Allocation Factors

	Total	Residential	Commercial Non-demand	Commercial Demand	Industrial
Demand Allocation Factors					
12 Coincident Peak (kW)	620,577	227,688	62,420	227,471	102,998
12 CP	100.0%	36.7%	10.1%	36.7%	16.6%
1 Coincident Peak (kW)	70,882	32,483	6,457	22,861	9,080
1 CP	100.0%	45.8%	9.1%	32.3%	12.8%
1 Non-coincident Peak (kW)	85,306	36,913	8,940	28,878	10,575
1 NCP	100.0%	43.3%	10.5%	33.9%	12.4%
Sum of Max Demands (kW)	1,170,110	574,671	146,492	331,325	117,621
SMD	100.0%	49.1%	12.5%	28.3%	10.1%
Energy Allocation Factors					
Retail Energy Req. (kWh)	320,012,952	105,768,831	29,858,418	113,698,503	70,687,200
RE	100.0%	33.1%	9.3%	35.5%	22.1%
Customers					
Number of Customers	13,365	11,690	1,450	223	2
C	100.0%	87.5%	10.8%	1.7%	0.0%
Customer Facilities Allocation Factor					
Weighted Number of Cust	22,555	11,690	2,175	6,690	2,000
CF	100.0%	51.8%	9.6%	29.7%	8.9%
Customer Service Allocation Factor					
Weighted Number of Cust	15,020	11,690	2,175	1,115	40
CS	100.0%	77.8%	14.5%	7.4%	0.3%
Revenue Allocator					
Sum Other Rev Reqs	$ 39,698,520	$ 15,337,248	$ 3,924,744	$ 13,430,196	$ 7,006,331
R	100.0%	38.6%	9.9%	33.8%	17.6%

Elk River Municipal Utilities
2024 Test Year Allocation of Revenue Requirements

	Total	Residential	Commercial Non-demand	Commercial Demand	Industrial	Allocation Factor
Power Supply						
Demand	7,627,313	2,798,434	767,187	2,795,776	1,265,917	12 CP
Energy	21,471,075	7,096,496	2,003,332	7,628,532	4,742,715	RE
Total Power Supply	$ 29,098,388	$ 9,894,929	$ 2,770,519	$ 10,424,308	$ 6,008,632	
Distribution						
Demand	5,830,344	2,522,847	611,038	1,973,727	722,732	1 NCP
Customer Facilities	3,049,274	1,580,404	294,044	904,440	270,386	CF
Total Distribution	$ 8,879,618	$ 4,103,250	$ 905,082	$ 2,878,167	$ 993,118	
Customer						
Customer Service	1,720,514	1,339,069	249,142	127,721	4,582	CS
Total Customer Service	$ 1,720,514	$ 1,339,069	$ 249,142	$ 127,721	$ 4,582	
Revenue Component						
Operating Expenses	$ 370,351	143,083	36,614	125,292	65,363	R
Other Operating Income	(873,214)	(337,360)	(86,329)	(295,412)	(154,112)	R
Non-Operating Income	(1,247,803)	(482,080)	(123,362)	(422,138)	(220,223)	R
Transfer to City	1,527,629	590,189	151,027	516,804	269,609	R
Margin	2,672,669	1,032,567	264,230	904,176	471,695	R
Total Revenue	$ 2,449,632	$ 946,399	$ 242,180	$ 828,722	$ 432,332	
Total Revenue Requirements	$ 42,148,152	$ 16,283,647	$ 4,166,924	$ 14,258,918	$ 7,438,663	
Total Revenues	$ 42,148,152	$ 16,583,227	$ 4,401,535	$ 13,875,362	$ 7,288,029	
Percent Revenue Requirements	100.0%	38.6%	9.9%	33.8%	17.6%	
Percent Revenues	100.0%	39.3%	10.4%	32.9%	17.3%	
Percent Change	0.0%	-1.8%	-5.3%	2.8%	2.1%	
Revenue Req/kWh	0.132	0.154	0.140	0.125	0.105	
Revenue/kWh	0.132	0.157	0.147	0.122	0.103	

Section 4
Proposed Rates

Changes to rates are generally based on the overall need for revenues and results of the cost-of-service analyses. The projected operating results at existing rates as presented in Section 2 of this report outlines the overall revenue needs of the electric utility. Section 3 summarizes the cost-of-service results. These factors have been considered in developing the proposed rates summarized in this section of the report.

Proposed Rates

Revenue Needs

In Section 2, it shows that ERMU's projected cash reserves at current rates decline from $13.8 million to $10.5 million over the Study Period. The analysis shows ERMU's reserve levels staying below the new reserve policy level through the Study Period. In order to strengthen ERMU's financial position, it is recommended that a series of rate increases be implemented in the years 2026-2029. The combination of the rate levels recommended combined with the new PCA approach described below result in average overall increases of 2% per year.

Rate Design Adjustments

Specific rate recommendations for each class to become effective each year from 2026-2029 are shown in Exhibit 4-A. Also shown on Exhibit 4-A are the rates currently in effect for 2025.

Power Cost Adjustment (PCA) Formula

ERMU utilizes its Power Cost Adjustment (PCA) to adjust retail power bills to reflect certain aspects of the wholesale power costs from MMPA. Historically, the PCA has been tied to the wholesale Energy Adjustment Clause (EAC) included on MMPA's wholesale power bill. Linking the retail PCA and the wholesale EAC only adjusts retail bills for a portion of changes in the wholesale bill. Other wholesale changes, such as wholesale rate changes need to be addressed through published retail rate changes. It is recommended that ERMU move to a retail PCA that adjusts retail bills for all components of the wholesale bill. Shown below is a proposed formula for monthly calculation of a new PCA to include on ERMU retail bills.

Proposed formula:

$$\text{PCA} = \left(\frac{WPC}{WE\ x\ 0.9711} - 0.07896\right)$$

Where:

- PCA is the power cost adjustment per kWh.
- WPC is the wholesale power cost in dollars.
- WE is the wholesale energy in kWh.
- 0.9711 is a loss adjustment
- 0.07896 is the new base dollars per kWh.

An example calculation for estimated costs in 2026 is as follows:

$$\text{PCA} = \left(\frac{\$31{,}596{,}071}{340{,}372{,}265x\ 0.9711} - 0.07896\right) = \$.01663/\text{kWh}$$

The calculation shown above is shown on an annual basis, but the calculation would actually be done monthly to calculate the appropriate PCA based on monthly wholesale power costs. Based on billing cycles, the PCA charge would lag the monthly wholesale bill by two months.

It is important to recognize that the proposed rates in this report are designed to work with this PCA approach. If a different PCA approach is adopted, the rate recommendations would need to change to match the altered PCA. The PCA formula base amount, the projected wholesale power costs per retail kWh and the resulting projected PCA charges for the Study Period are shown in Table 4-1.

Table 4-1
PCA Projections
($/kWh)

Year	Projected Wholesale $ per Retail kWh	Less PCA Formula Base	Resulting Retail PCA
2026	0.09559	0.07896	0.01663
2027	.09667	0.07896	0.01771
2028	.09777	0.07896	0.01881
2029	.09889	0.07896	0.01993

Projected Operating Results – Proposed Rates

Based on the assumptions outlined above, the resulting projected operating results with the proposed rates are summarized in Table 4-2. Exhibit 4-B contains a more detailed presentation of these results.

Table 4-2
Projected Operating Results
Proposed Rates

Year	2025	2026	2027	2028	2029
Operating Revenues		$48,369,482	$49,833,918	$50,961,806	$51,824,827
Less Operating Expenses		(44,210,400)	(45,215,511)	(46,121,914)	(47,047,707)
Plus Non -Operating Revenues (Expenses)		468,457	489,744	496,394	536,394
Plus Fees and Transfers		(1,777,308)	(1,842,476)	(1,892,667)	(1,931,071)
Change in Net Position(1)	$3,800,000	2,850,230	3,265,675	3,443,620	3,382,442
Net Position as Percent of Revenues		5.9%	6.6%	6.8%	6.5%

(1) 2025 EOY change in net position estimated by ERMU staff based on 2025 YTD actual results

Cash Reserves – Proposed Rates

A summary of the impact of the projected operating results on ERMU's cash reserves assuming the proposed rate adjustments is shown at the end of Exhibit 4-B and in Table 4-3 below. Assuming the recommended rate adjustments going forward, the projected cash balance at the end of the Study Period increases by approximately $4.6 million as compared to the projections at existing rates as contained in Section 2 of this report. The total reserves reach a level of 80% of the ERMU reserve goal.

Table 4-3
Projected Cash Reserves
Proposed Rates

Year	2025	2026	2027	2028	2029
Beginning Balance		$13,800,000	$12,028,988	$13,075,198	$13,228,547
Plus Change in Net Position		2,850,230	3,265,675	3,443,620	3,382,442
Plus Depreciation		3,533,136	3,801,373	3,955,671	4,107,101
Plus Interfund Borrowing		1,400,000	-	(1,400,000)	-
Less Capital Improvements		(8,047,103)	(4,628,954)	(4,542,896)	(4,381,166)
Less Loss of Revenue Pmts		(472,275)	(316,884)	(198,046)	(100,816)
Less Debt Principal		(1,035,000)	(1,075,000)	(1,105,000)	(1,140,000)
Ending Balance(1)	$13,800,000	$12,028,988	$13,075,198	$13,228,547	$15,096,108
Reserve Goal	$18,392,897	$18,432,831	$18,623,699	$18,769,766	$18,924,065
Reserves as % of Goal	75%	65%	70%	70%	80%

(1) 2025 EOY reserve balance estimated by ERMU staff based on 2025 YTD actual results

Competitive Analysis

ERMU is interested in how its rates compare to neighboring utilities. Table 4-4 below shows monthly electric bills for various typical customers in the residential and commercial classes. Bills are shown based on existing ERMU rates, proposed ERMU rates in 2026 and the rates for Buffalo, Shakopee, Wright Hennepin Cooperative and Xcel Energy. Buffalo and Shakopee's rates are based on their new 2026 rates. An important consideration in this table is what may happen to Wright Hennepin and Xcel rates in the future. There is no information available regarding Wright Hennepin rate plans. The Xcel Energy charges include Xcel's 7.14% interim rate increase but the final determination on Xcel's last rate case has not been determined by the MPUC yet.

Table 4-4
Monthly Bill Comparisons

Customer Type and Usage	ERMU Present	2026 ERMU Proposed	Wright Hennepin Coop	City of Buffalo	City of Shakopee	Xcel Energy
Residential 300 kWh	$59.42	$61.10	$61.83	$62.46	$56.45	$59.02
Residential 700 kWh	118.66	121.89	117.73	122.42	117.52	125.41
Residential 1200 kWh	192.70	197.89	187.60	197.36	193.84	208.41
Commercial 1000 kWh	167.18	171.89	159.65	174.78	161.39	162.32
Commercial 2000 kWh	302.35	310.79	299.40	327.06	308.56	312.42
Commercial 5000 kWh	707.88	727.47	718.65	783.91	750.09	762.72

Solar Grid Access Charge

Minnesota State Statute 216B.64 Subdivision 3 provides that relative to net metering and distributed generation: *"A cooperative electric association or municipal utility may charge an additional fee to recover the fixed costs not already paid for by the customer through the customer's existing billing arrangement. Any additional charge by the utility must be reasonable and appropriate for that class of customer based on the most recent cost of service study".*

This additional charge is often referred to as a Solar Grid Access Charge for the solar array customer. Based on the size of the solar generation installation, a separate distribution access fee is charged to a customer. This charge is levied on a $/kW basis to reflect the fixed expense of the distribution system. The charge is generally assessed on the total generation size less the average demand of a typical residential customer. For ERMU, the average residential customer is estimated to have an average monthly peak demand of 4 kW. As an example, a solar customer with a 10-kW system, they would be charged for 6 kW (10 kW generator capacity less the 4 kW average customer demand). This option is self-regulating from a size of generator perspective. Larger solar installations pay more for utilizing the benefits of the fixed distribution system. Customers still receive retail credit for energy generated. This option also does not require any additional metering requirements. Customers are billed a fixed amount every month based on the installed capacity. The calculation of this charge for BMU based on this cost-of-service study is shown below. The values in this analysis are taken from Exhibits 3-E and 3-F in this report.

Allocated Residential Distribution and Customer costs - $5,442,319
($4,103,250 plus $1,339,069) (Exhibit 3-F)

Allocated Residential Revenue cost - $729,199 (Exhibit 3-F)

Residential Revenue adjustment - $729,199/$5,442,319 = 13.4%

Allocated Residential Distribution Demand cost - $2,522,847 (Exhibit 3-F)

Adjusted Resid. Distribution Demand cost - $2,522,847 x 1.134 = $2,860,908

Residential Sum of Maximum Demands – 574,671 kW (Exhibit 3-E)

Residential Distribution Demand Cost/kW - $2,860,908/574,671 = $4.98/kW

The revenue adjustment shown in the calculation above is calculated to adjust local operating costs to account for revenue-allocated cost items. This adjustment is utilized to adjust the allocated distribution system demand cost. The adjusted distribution demand cost is divided by the total estimated sum of maximum demands for the Residential class. The rate calculated above is $4.98/kW based on 2024 costs. This rate has been rounded up to $5.20/kW to adjust for future costs beginning in 2026. This represents a decrease from the current $5.55/kW charge in effect for ERMU.

Elk River Municipal Utilities
Existing and Proposed Electric Rates

Class	Current Rate	2026	2027	2028	2029
Residential ER012/ERA13					
Customer (per month)	$ 15.00	$ 15.50	$ 16.00	$ 16.50	$ 17.00
Summer Energy (per kWh)	$ 0.13734	$ 0.14106	$ 0.14456	$ 0.14467	$ 0.14505
Non-summer Energy (per kWh)	$ 0.12548	$ 0.12911	$ 0.13251	$ 0.13262	$ 0.13277
Off Peak Storage ERSW1					
Energy (per kWH)	$ 0.05010	$ 0.05343	$ 0.05500	$ 0.05617	$ 0.05647
Off Peak Dual Fuel Space Heating ERDF1					
Energy (per kWh)	$ 0.06510	$ 0.06858	$ 0.07055	$ 0.07164	$ 0.07170
Ground Heat Pump EGSH					
Energy (per kWh)	$ 0.09830	$ 0.10212	$ 0.10576	$ 0.10587	$ 0.10605
Dual Fuel/ETS ERDSW					
Energy (per kWh)	$ 0.05810	$ 0.06151	$ 0.06297	$ 0.06442	$ 0.06448
Cycled AC/RAC24					
Energy (per kWh)	$ 0.04630	$ 0.04960	$ 0.05155	$ 0.05190	$ 0.05225
Electric Vehicle Charging EEVOF/EEVON					
Summer On -Peak (per kWh)	$ 0.13733	$ 0.14106	$ 0.14456	$ 0.14472	$ 0.14505
Non-summer On-Peak (per kWh)	$ 0.12548	$ 0.12911	$ 0.13251	$ 0.13256	$ 0.13277
Off -Peak (per kWh)	$ 0.06510	$ 0.06858	$ 0.07055	$ 0.07164	$ 0.07170
Commercial Non-Demand ECN16/ECNAE					
Customer (per month)	$ 32.00	$ 33.00	$ 34.00	$ 36.00	$ 38.00
Summer Energy (per kWh)	$ 0.13304	$ 0.13673	$ 0.13826	$ 0.13979	$ 0.14002
Non-summer Energy (per kWh)	$ 0.11141	$ 0.11494	$ 0.11636	$ 0.11777	$ 0.11801
Commercial Non-Demand Heat Pump ECGSH					
Customer (per month)	$ 30.50	$ 31.50	$ 32.50	$ 34.50	$ 36.50
Energy (per kWh)	$ 0.09830	$ 0.10212	$ 0.10576	$ 0.10587	$ 0.10603
Commercial Demand ECD15/EDG38					
Customer (per month)	$ 77.00	$ 80.00	$ 83.00	$ 86.00	$ 89.00
Energy (per kWh)	$ 0.07035	$ 0.07353	$ 0.07476	$ 0.07599	$ 0.07650
Summer Demand (per kW)	$ 16.75	$ 17.00	$ 17.25	$ 17.50	$ 17.75
Non-summer Demand (per kW)	$ 11.75	$ 12.00	$ 12.25	$ 12.50	$ 12.75
Commercial Demand On/Off Peak ECOP1/ECOP2					
Customer (per month)	$ 77.00	$ 80.00	$ 83.00	$ 86.00	$ 89.00
Energy (per kWh)	$ 0.07350	$ 0.07643	$ 0.07744	$ 0.07845	$ 0.07900
Summer Demand (per kW)	$ 16.75	$ 17.00	$ 17.25	$ 17.50	$ 17.70
Non-summer Demand (per kW)	$ 11.75	$ 12.00	$ 12.25	$ 12.50	$ 12.70
Off-peak Demand (per kW)	$ 6.30	$ 6.50	$ 6.70	$ 6.90	$ 7.00
Large Industrial (Target/United Health)					
Customer (per month)	$ 115.00	$ 125.00	$ 135.00	$ 145.00	$ 155.00
Energy (per kWh)	$ 0.06962	$ 0.07293	$ 0.07429	$ 0.07565	$ 0.07632
Summer Demand (per kW)	$ 16.25	$ 16.50	$ 16.75	$ 17.00	$ 17.20
Non-summer Demand (per kW)	$ 11.25	$ 11.50	$ 11.75	$ 12.00	$ 12.20
PCA Formula Base Amount/kWh	n/a	$ 0.07896	$ 0.07896	$ 0.07896	$ 0.07896
Estimated PCA/kWh	$ 0.01640	$ 0.01663	$ 0.01771	$ 0.01881	$ 0.01993

Elk River Municipal Utilities
Electric Operating Results at Proposed Rates

	Historical					Projected				
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
OPERATING REVENUES										
Charges for services	$ 36,573,483	$ 39,473,717	$ 42,355,712	$ 43,986,269	$ 42,557,925	46,622,070	$ 47,804,682	$ 49,269,118	$ 50,397,006	$ 51,260,027
LFG project	1,141,482	1,019,097	935,004	-	-	-	-	-	-	-
Generation credit	4,800	4,800	4,800	4,800	4,800	4,800	4,800	4,800	4,800	4,800
Connection maintenance	160,186	263,330	243,088	151,296	317,234	150,000	255,000	255,000	255,000	255,000
Customer penalties	42,556	-	284,452	308,374	295,143	285,000	305,000	305,000	305,000	305,000
Total Operating Revenues	$ 37,922,507	$ 40,760,944	$ 43,823,056	$ 44,450,739	$ 43,175,102	$ 47,061,870	$ 48,369,482	$ 49,833,918	$ 50,961,806	$ 51,824,827
OPERATING EXPENSES										
Purchased Power	$ 24,240,440	$ 28,169,146	$ 31,544,604	$ 31,232,788	$ 28,590,698	$ 31,019,478	$ 31,596,071	$ 32,060,510	$ 32,532,005	$ 33,017,341
Production	963,858	1,002,631	793,299	315,057	266,783	341,000	321,993	331,653	341,602	351,850
Transmission and Distribution	1,494,841	1,583,165	2,015,665	2,224,113	2,437,569	2,742,000	2,605,000	2,683,150	2,763,645	2,846,554
Services to City	229,086	224,814	231,861	253,564	229,359	265,000	-	-	-	-
Depreciation	2,896,839	2,957,685	3,062,751	3,177,120	3,317,829	3,339,552	3,533,136	3,801,373	3,955,671	4,107,101
Customer accounts	346,090	337,760	391,238	433,553	430,396	470,000	435,000	448,050	461,492	475,336
General and administrative	3,787,850	3,350,641	4,372,187	4,421,557	4,718,264	5,906,049	5,719,200	5,890,776	6,067,499	6,249,524
Total Operating Expenses	$ 33,959,004	$ 37,625,842	$ 42,411,605	$ 42,057,752	$ 39,990,898	$ 44,083,079	$ 44,210,400	$ 45,215,511	$ 46,121,914	$ 47,047,707
OPERATING INCOME	$ 3,963,503	$ 3,135,102	$ 1,411,451	$ 2,392,987	$ 3,184,204	$ 2,978,791	$ 4,159,082	$ 4,618,407	$ 4,839,893	$ 4,777,120
NON-OPERATING REVENUE (EXPENSE)										
Interest income	$ 134,468	$ 52,514	$ (159,502)	$ 158,310	$ 338,157	$ 350,000	350,000	350,000	350,000	350,000
Miscellaneous revenue	547,009	635,764	906,323	928,553	925,800	712,500	793,000	793,000	793,000	793,000
Interest expense and other	(606,313)	(836,474)	(851,199)	(811,210)	(773,748)	(735,069)	(699,543)	(678,256)	(671,606)	(631,606)
Gain (Loss) on sale of capital assets	23,263	(45,214)	41,938	59,556	(16,154)	25,000	25,000	25,000	25,000	25,000
Total Non-Operating Revenues (Expenses)	$ 98,427	$ (193,410)	$ (62,440)	$ 335,209	$ 474,055	$ 352,431	$ 468,457	$ 489,744	$ 496,394	$ 536,394
Income before Contributions and Transfers	$ 4,061,930	$ 2,941,692	$ 1,349,011	$ 2,728,196	$ 3,658,259	$ 3,331,222	$ 4,627,539	$ 5,108,151	$ 5,336,286	$ 5,313,513
Contributions from Customers	$ 174,557	$ 385,316	$ 298,935	$ 489,452	$ 690,934	$ 225,000	$ 350,000	350,000	350,000	350,000
Transfers to Other City Funds	(1,340,218)	(1,407,734)	(1,531,633)	(1,620,378)	(1,527,629)	$ (1,908,429)	$ (2,127,308)	$ (2,192,476)	$ (2,242,667)	$ (2,281,071)
Special Item	-	-	-	-	-					
CHANGE IN NET POSITION	$ 2,896,269	$ 1,919,274	$ 116,313	$ 1,597,270	$ 2,821,564	$ 1,647,793	$ 2,850,230	$ 3,265,675	$ 3,443,620	$ 3,382,442
As Percent of Revenues	7.6%	4.7%	0.3%	3.6%	6.5%	3.5%	5.9%	6.6%	6.8%	6.5%
CASH RESERVES										
Beginning of Year						$ 13,014,941	$ 13,800,000	$ 12,028,988	$ 13,075,198	$ 13,228,547
Plus Change in Net Position						1,647,793	2,850,230	3,265,675	3,443,620	3,382,442
Plus Depreciation						3,339,552	3,533,136	3,801,373	3,955,671	4,107,101
Plus Interfund Borrowing						-	1,400,000	-	(1,400,000)	-
Less Capital Improvements						(7,455,754)	(8,047,103)	(4,628,954)	(4,542,896)	(4,381,166)
Less Loss of Revenue Payments						(935,000)	(472,275)	(316,884)	(198,046)	(100,816)
Less Debt Principal						(990,000)	(1,035,000)	(1,075,000)	(1,105,000)	(1,140,000)
End of Year(1)					$ 13,014,941	$ 13,800,000	$ 12,028,988	$ 13,075,198	$ 13,228,547	$ 15,096,108
Existing Reserve goal						$ 18,392,897	$ 18,432,831	$ 18,623,699	$ 18,769,766	$ 18,924,065
Percent of goal						75%	65%	70%	70%	80%

(1) 2025 EOY reserve balance estimated by ERMU staff based on 2025 YTD actual results.

Elk River Municipal Utilities

WATER COST OF SERVICE AND RATE DESIGN STUDY

Draft Final Report

December 9, 2025

DBC

DAVE BERG CONSULTING, LLC

REPORT OUTLINE

Cover Letter

Section 1 - Introduction

Section 2 – Projected Operating Results – Existing Rates

Section 3 – Cost of Service

Section 4 – Proposed Rates

DAVE BERG CONSULTING, LLC

December 9, 2025

Elk River Municipal Utilities Commission
13069 Orono Parkway
PO Box 430
Elk River, MN 55330

Subject: Water Rate Study

Commission Members:

Dave Berg Consulting, LLC has undertaken a study of the retail rates Elk River Municipal Utilities (ERMU) charges its customers for water service. This report summarizes the analyses undertaken and the resulting recommendations for changes to the existing rates.

Annual overall rate increases of 4% per year for 2026-2029 are recommended. These increases are recommended to enhance the level of cash reserves for the water utility.

Thank you for the opportunity to be of service to ERMU through the conduct of this study. I wish to express my appreciation for the valuable assistance I received from ERMU staff relative to the execution of this study.

Sincerely,

Dave Berg Consulting, LLC

David A. Berg, PE
Principal

Section 1
Introduction

The City of Elk River, MN owns a municipal utility providing service to approximately 5,700 retail water customers. The water utility is operated by Elk River Municipal Utilities (ERMU) and is under the direction of the Elk River Municipal Utilities Commission. This report has been prepared by Dave Berg Consulting, LLC to examine the rates and charges for water service in Elk River. The study includes an examination of the allocated cost of service based on actual 2024 utility operations (Test Year). It also includes projected operating results for 2025-2029 (Study Period). As a result of the analyses undertaken and reported on herein, water rate recommendations have been developed for implementation by ERMU.

Section 2
Projected Operating Results
Existing Rates

The rates charged for water service by ERMU, combined with other operating and non-operating revenues, must be sufficient to meet the cost of providing services to ERMU's retail water customers. This is necessary to ensure the long-term financial health of the ERMU water utility. The cost of providing utility service consists of normal operating expenses such as production, pumping, distribution, customer and A&G functions, system depreciation expenses, capital improvements and other non-operating expenses.

An analysis of the operating results for the ERMU water utility during the 2020-2024 Study Period has been performed assuming the current retail rates and charges remain in effect through the Study Period. This analysis has been done to determine the overall need, if any, for additional revenue through rates to meet projected revenue requirements. The analyses and assumptions utilized in these projections are explained below.

Estimated Revenues – Existing Rates

Operating Revenues

ERMU sells water to residential, commercial and industrial customers. Total sales to ERMU retail customers for the Study Period are based on ERMU's actual 2024, YTD 2025 water sales and discussions with ERMU staff. For this analysis, sales are estimated to remain flat during the Study Period.

Exhibit 2-A is a summarized listing of ERMU's historical and projected water operating results at existing rates. The historical and projected revenues from retail sales of water

are included as Charges for Services under Operating Revenues. The existing rates utilized in this analysis are those implemented January 1, 2025 by ERMU.

Other Operating Revenues

ERMU also receives other miscellaneous operating revenue from other normal operating procedures. These other operating revenues include net revenues from connection maintenance and penalties. Charges for services combined with other operating revenues results in ERMU's Total Operating Revenues.

Revenue Requirements

Operating Expenses

Operating expenses for the water utility are shown in Exhibit 2-A. A more detailed listing of operating expenses is included in Exhibit 3-A following section 3 of this report. The operating expenses are associated with production, pumping, distribution, customer-related, administrative and general expenses. Projected operating expenses have been based on ERMU projections and are assumed to increase an average of 3% per year.

Depreciation

ERMU has annual depreciation costs associated with water system investments. Depreciation during the Study Period is based on budgeted ERMU amounts and future capital improvements. Depreciation is a funded non-cash expense that generates monies available for annual capital improvements, debt principal payments and reserves.

Non-operating Income (Expenses)

ERMU's non-operating income and expenses are primarily associated with investment income, interest payments on outstanding debt and miscellaneous revenue. ERMU also has income from developer and connection fees.

Capital Improvements

ERMU makes annual normal capital investments in its water system. Annual water capital improvements for the Study Period, as budgeted by ERMU, are shown in Table 2-1 below.

Table 2-1
Capital Improvements- Water Utility

Fiscal Year	2025	2026	2027	2028	2029
Water capital	$1,442,789	$3,399,500	$1,435,330	$9,938,650	$1,062,650

Debt Service

ERMU currently has outstanding water debt pursuant to a 2021 water general obligation bond issue. This bond issue matures in 2041. It is assumed the water utilities will issue an additional $8.3 million bond issue in 2028 to provide $8 million for ongoing capital improvements.

Interfund Borrowing

It is assumed that the water utility will make a $1.4 million loan to the electric department in 2026 which will be repaid in 2028.

Transfer to City

It is assumed that ERMU will begin making an annual transfer to the City of Elk River in 2026 based on 2% of operating revenue for the water utility.

Projected Operating Results – Existing Rates

Based on the assumptions outlined above, the resulting projected operating results assuming continued application of the existing retail rates are summarized below in Table

2-2. A summary presentation of the historical and projected operating results is also shown in Exhibit 2-A.

Table 2-2
Projected Operating Results-Water
Existing Rates

Fiscal Year	2025	2026	2027	2028	2029
Operating Revenues		$3,153,746	$3,153,746	$3,153,746	$3,153,746
Less Operating Expenses		(4,127,970)	(4,322,616)	(4,454,230)	(4,871,800)
Plus Non -Operating Revenue		574,568	567,013	412,725	239,366
Plus Fees and Transfers		304,925	438,925	438,925	438,925
Change in Net Position(1)	$500,000	$(94,732)	$(162,932)	$(448,833)	$(1,039,762)
Net Position as Percent of Revenues		-3.0%	-5.2%	-14.2%	-33.0%

(1) 2025 EOY change in net position estimated by ERMU staff based on 2025 YTD actual results

Cash Reserves

A summary of the impact of the projected operating results on ERMU's cash reserves for the Study Period is shown at the end of Exhibit 2-A and in Table 2-3 below. The 2025 end of year reserve balance is as estimated by ERMU staff based on 2025 YTD results.

As shown below, under existing retail rates and estimated revenue requirements over the Study Period, the unrestricted cash reserves for the water utility are projected to decrease from $10.5 million to $6.8 million by the end of the Study Period. ERMU has a newly revised reserve policy that sets a minimum target for reserves equal to 2 months operating expenses plus $8 million catastrophic reserve plus a capital reserve equal to average annual capital expenses plus the next year's principal and interest expense. Based on this revised policy, the reserves decrease from 86% of the goal amount to 52% of the goal by the end of the Study Period.

Table 2-3
Projected Cash Reserves-Water
Existing Rates

Fiscal Year	2025	2026	2027	2028	2029
Beginning Balance		$10,500,000	$6,950,768	$6,810,823	$7,324,501
Plus Change in Net Position		(94,732)	(162,932)	(448,833)	(1,039,762)
Plus Depreciation		1,415,000	1,528,317	1,576,161	1,907,449
Interfund Borrowing		(1,400,000)		1,400,000	
Plus Debt Proceeds		-	-	8,000,000	-
Less Debt Principal		(70,000)	(70,000)	(75,000)	(75,000)
Less New Debt Principal		-	-	-	(279,400)
Less Capital Improvements		(3,399,500)	(1,435,330)	(9,938,650)	(1,062,650)
Ending Balance(1)	$10,500,000	$6,950,768	$6,810,823	$7,324,501	$6,775,137
Reserve Goal	$12,216,671	$12,247,579	$12,448,620	$12,913,356	$12,984,951
Reserves as % of ERMU Goal	86%	57%	55%	57%	52%

(2) 2025 EOY reserve balance estimated by ERMU staff based on 2025 YTD actual results

Elk River Municipal Utilities
Water Operating Results at Existing Rates

	Historical					Projected				
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
OPERATING REVENUES										
Charges for services	$ 2,613,812	$ 3,049,140	$ 2,887,276	$ 3,305,148	$ 2,803,602	$ 3,053,746	$ 3,053,746	$ 3,053,746	$ 3,053,746	$ 3,053,746
Connection maintenance	56,931	71,520	75,365	55,733	72,409	63,500	65,000	65,000	65,000	65,000
Customer penalties	3,801	-	26,194	23,118	31,102	28,000	35,000	35,000	35,000	35,000
Total Operating Revenues	$ 2,674,544	$ 3,120,660	$ 2,988,835	$ 3,383,999	$ 2,907,113	$ 3,145,246	$ 3,153,746	$ 3,153,746	$ 3,153,746	$ 3,153,746
OPERATING EXPENSES										
Production	$ 502,748	$ 674,815	$ 681,079	$ 667,881	$ 780,844	$ 807,150	$ 793,000	$ 816,790	$ 841,294	$ 866,533
Distribution	251,259	412,534	307,192	321,566	462,083	520,410	498,125	513,069	528,461	544,315
Services to City	463	1,259	540	-	-	2,000	2,000	2,000	2,000	2,000
Depreciation	1,133,179	1,139,802	1,117,357	1,174,752	1,223,033	1,325,866	1,415,000	1,528,317	1,576,161	1,907,449
Customer accounts	66,509	72,213	81,285	88,640	96,615	105,250	104,250	107,378	110,599	113,917
General and administrative	719,527	844,475	980,528	943,138	1,006,969	1,211,950	1,315,595	1,355,063	1,395,715	1,437,587
Total Operating Expenses	$ 2,673,685	$ 3,145,098	$ 3,167,981	$ 3,195,977	$ 3,569,544	$ 3,972,626	$ 4,127,970	$ 4,322,616	$ 4,454,230	$ 4,871,800
OPERATING INCOME	$ 859	$ (24,438)	$ (179,146)	$ 188,022	$ (662,431)	$ (827,380)	$ (974,224)	$ (1,168,870)	$ (1,300,483)	$ (1,718,054)
NON-OPERATING REVENUE (EXPENSE)										
Interest income	$ 33,454	$ 24,677	$ (30,592)	$ 57,360	$ 104,286	$ 151,000	$ 126,000	$ 123,463	$ 132,775	$ 122,816
Miscellaneous revenue	262,311	292,330	424,994	418,451	429,016	418,100	473,350	473,350	473,350	473,350
Interest expense and other	(23,516)	(65,296)	(40,948)	(36,444)	(33,949)	(31,466)	(28,782)	(33,800)	(31,000)	(28,000)
New debt interest						-	-	-	(166,400)	(332,800)
Gain (Loss) on sale of capital assets	3,507	(662)	(9,150)	2,940	(5,090)	8,000	4,000	4,000	4,000	4,000
Total Non-Operating Revenues (Expenses)	$ 275,756	$ 251,049	$ 344,304	$ 442,307	$ 494,263	$ 545,634	$ 574,568	$ 567,013	$ 412,725	$ 239,366
Income before Contributions and Transfers	$ 276,615	$ 226,611	$ 165,158	$ 630,329	$ (168,168)	$ (281,746)	$ (399,657)	$ (601,857)	$ (887,759)	$ (1,478,688)
Connection Fees	$ 595,482	$ 548,948	$ 1,547,930	$ 253,341	$ 477,998	$ 255,000	$ 366,000	$ 500,000	$ 500,000	$ 500,000
Contributions from Developers	477,194	552,920	940,306	-	-					
Contributions from Customers	-	-	-	-	21,910	-	-	-	-	-
Transfers from/(to) Other City Funds	-	195,245	-	1,348,943	-	-	(61,075)	(61,075)	(61,075)	(61,075)
Grants	-	3,288	-	-	-	-	-	-	-	-
CHANGE IN NET POSITION	$ 1,349,291	$ 1,527,012	$ 2,653,394	$ 2,232,613	$ 331,740	$ (26,746)	$ (94,732)	$ (162,932)	$ (448,833)	$ (1,039,762)
As Percent of Revenues	50.4%	48.9%	88.8%	66.0%	11.4%	-0.9%	-3.0%	-5.2%	-14.2%	-33.0%
UNRESTRICTED CASH RESERVES										
Beginning of Year							$ 10,500,000	$ 6,950,768	$ 6,810,823	$ 7,324,501
Plus Change in Net Position							(94,732)	(162,932)	(448,833)	(1,039,762)
Plus Depreciation							1,415,000	1,528,317	1,576,161	1,907,449
Interfund Borrowing							(1,400,000)		1,400,000	
Plus Debt Proceeds							-	-	8,000,000	-
Less Debt Principal							(70,000)	(70,000)	(75,000)	(75,000)
Less New Debt Principal							-	-	-	(279,400)
Less Capital Improvements							(3,399,500)	(1,435,330)	(9,938,650)	(1,062,650)
End of Year(1)					$ 9,961,189	$ 10,500,000	$ 6,950,768	$ 6,810,823	$ 7,324,501	$ 6,775,137
Reserve goal						$ 12,719,919	$ 12,750,828	$ 12,951,869	$ 13,416,604	$ 13,488,199
Percent of goal						83%	55%	53%	55%	50%

(1) 2025 EOY reserve balance estimated by ERMU staff based on 2025 YTD actual results.

Section 3
Cost-of-Service

A cost-of-service analysis was performed to determine the allocated cost to serve ERMU's customer classes within the water utility. Customer classes exist, in part, because the cost to serve different kinds of customers varies. The cost-of-service analysis has been performed on a 2024 Test Year' based on actual 2024 financials, operations and sales. The results of the cost-of-service study give an indication of the degree of revenue recovery warranted for each class of customers. A comparison of the allocated cost to serve a class of customers and the actual revenues received from that class is taken into consideration during rate design.

Functionalization of Costs

ERMU's Test Year water revenue requirements have been divided into four functional categories. These categories are described below.

Plant – costs associated with ERMU's source of supply and pumping.

Distribution – distribution expenses are related to the ERMU system for delivering water to ERMU customers over the local pipeline system.

Customer – these costs are fixed costs associated with the service facilities utilized to deliver water directly to customers. They also include items such as meter reading, billing, collections and dealing with customers by customer service representatives.

Revenue – revenue related costs include certain non-operating revenues and utility margin.

Table 3-1 below summarizes the functional water costs for the 2024 Test Year. The detailed cost functions are shown in Exhibit 3-A.

Table 3-1
Functional Water Costs
2024 Test Year

Component	Revenue Requirement
Plant	$1,374,402
Distribution	1,594,954
Customer	139,845
Revenue	(298,198)
Total	$2,811,004

Classification of Costs

ERMU's Test Year revenue requirements have been divided into distinct cost classifications. The water cost classifications are described below.

Demand Related – demand related costs are costs required to meet the overall maximum demand on the system. Demand related costs are predominately associated with facility fixed costs.

Commodity Related – commodity costs tend to vary with the annual quantity of water produced.

Customer Related – costs related to serving, metering and billing of individual customers.

Revenue Related – revenue related costs vary by the amount of revenue received by the utility or are associated with other operating and non-operating revenues.

Exhibits 3-B through 3-D show the detailed classification of revenue requirements within the plant, distribution and customer functions.

Allocation of Costs

Based on an analysis of customer class service characteristics, the classified costs summarized above were allocated to the major ERMU customer classes. Allocation of costs was performed on a fully-distributed, embedded cost allocation basis. Specific allocation factors were utilized in each of the cost classification categories as described below. Exhibit 3-E contains a summary of the development of the various allocation factors.

Demand Allocations

Customer class demands are based on each class' estimated contribution to the utility's system peak day usage.

Commodity Allocations

Each class' share of test year commodity requirements was used to allocate commodity related costs.

Customer Facilities Allocations

The customer facilities allocator was used to allocate costs associated with the physical facilities required to serve individual customers. For the customer facility allocators, a weighted customer allocation factor is developed. Weighting factors are developed to represent the difference in service configurations between customer classifications. For instance, a larger customer facility is required for a single industrial demand customer than for a single residential customer.

Customer Service Allocations

The customer service allocator is for allocation of costs associated with customer service – meter reading, billing, collections and customer inquiries. As with the customer facilities allocators, weighted customer service allocators are developed to represent the different levels of customer service required by different size customers.

Revenue Allocations

Revenue related costs were allocated based on each class' share of total demand, commodity, customer facility and customer service costs.

Cost of Service Results

Based on the classifications and allocations described above, the estimated cost to serve each major class of customers for the 2019 Test Year was determined. Exhibit 3-F presents this analysis in detail. Table 3-2 below summarizes the total allocated costs for each class compared to the total adjusted revenues received from the class during 2019.

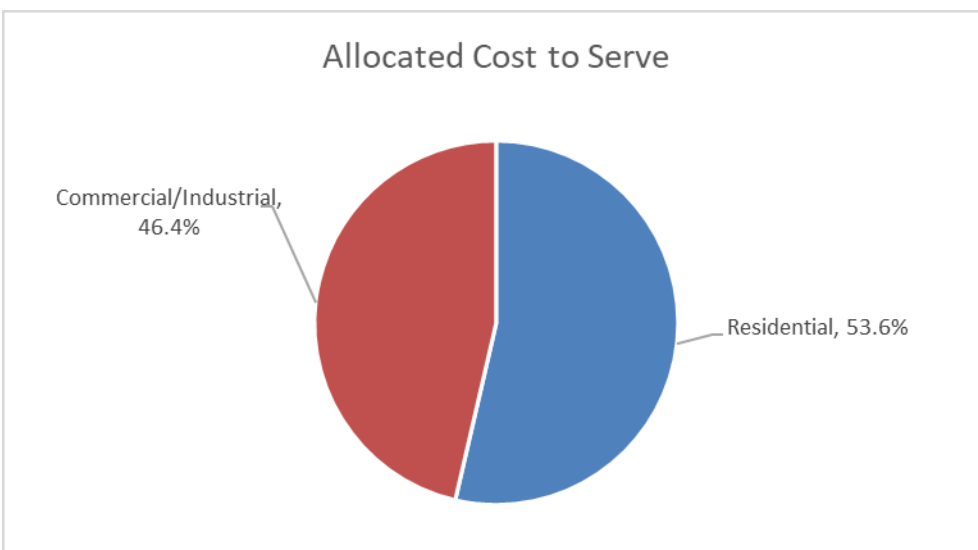
Table 3-2
Water Cost of Service Results
Comparison of Cost and Revenues
2024 Test Year

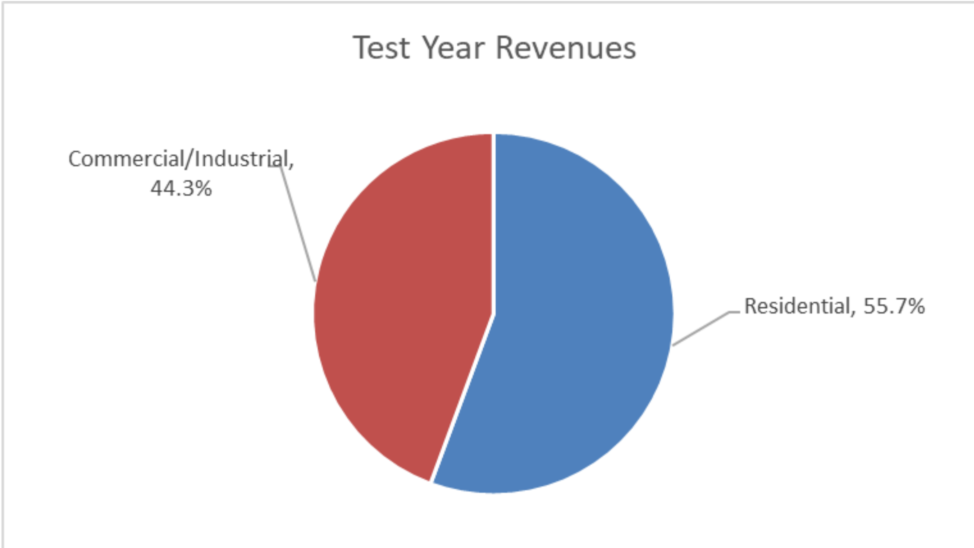
Customer Classification	Allocated Cost to Serve	Revenues
Residential	$1,507,470	$1,564,571
Commercial/Industrial	$1,303,534	$1,246,433
Total	$2,811,004	$2,811,004

The revenue requirements and revenues as allocated to each class and summarized above are shown on a total dollar basis. Table 3-3 below makes the comparison based on percentages of total cost to serve and total revenues. The charts following Table 3-3 show a graphical comparison between allocated cost to serve and revenues as a percentage of the totals. The percentage increase/(decrease) in each class' revenue shown below is the adjustment necessary to produce revenues from each class in accordance with the allocated cost to serve. The percentage adjustments do not represent the recommended change in each class' rates. The cost-of-service results are one item for consideration in rate design. It is important to note also that the adjustments shown in the table below would not change the total revenue received by the utility and are not indicative of overall revenue needs of the utility going forward. Recommendations regarding rate design are included in Section 4 of this report.

Table 3-3
Water Cost of Service Results
Comparison of % Cost and Revenues
2024 Test Year

Customer Classification	Allocated Cost to Serve	Revenues	Increase/ (Decrease)
Residential	53.6%	55.7%	-3.6%
Commercial/Industrial	46.4%	44.3%	4.6%
Total	100.0%	100.0%	0.0%





As indicated above, ERMU's existing class revenues do not exactly match the allocated cost to serve each class. Cost based rates are one of several goals in establishing rates. The relationship between allocated costs and revenues for each class should be considered, in addition to other rate related goals, in developing recommended rates.

Elk River Municipal Utilities
Functionalization of 2024 Test Year Water Revenue Requirements

REVENUE REQUIREMENT	2024 TEST YEAR	Plant	Distribution	Customer	Revenue	Functionalization Basis
OPERATING EXPENSES						
PRODUCTION EXPENSE						
Maintenance of Structures	118,774	118,774	-	-	-	100% plant
TOTAL PRODUCTION EXPENSE	118,774	118,774	-	-	-	
PUMPING EXPENSE						
Supervision	69,969	69,969	-	-	-	100% plant
Electric & Gas Utilities	256,685	256,685	-	-	-	100% plant
Sampling	21,964	21,964	-	-	-	100% plant
Chemical Feed	38,920	38,920	-	-	-	100% plant
Maintenance of Electric Pumping	-	-	-	-	-	NA
Maintenance of Wells	260,692	260,692	-	-	-	100% plant
SCADA - Pumping	13,837	13,837	-	-	-	100% plant
TOTAL PUMPING EXPENSE	662,067	662,067	-	-	-	
DISTRIBUTION EXPENSE						
Maintenance of Water Mains	161,765	-	161,765	-	-	100% distribution
Locate Water Lines	13,728	-	13,728	-	-	100% distribution
Locate Water Main	-	-	-	-	-	NA
Water Meter Service	100,494	-	100,494	-	-	100% distribution
Backflow Device Inspection	19,532	-	19,532	-	-	100% distribution
Maintenance of Customers Service	33,583	-	33,583	-	-	100% distribution
Water Mapping	25,858	-	25,858	-	-	100% distribution
Maintenance of Water Hydrants - PU	22,736	-	22,736	-	-	100% distribution
Maintenance of Water Hydrants - PR	4,990	-	4,990	-	-	100% distribution
Water Clothing/PPE	9,528	-	9,528	-	-	100% distribution
Wages/Water	7,617	-	7,617	-	-	100% distribution
Transportation Expense	18,310	-	18,310	-	-	100% distribution
General Expense/Water Permit	26,255	-	26,255	-	-	100% distribution
TOTAL DISTRIBUTION EXPENSE	444,396	-	444,396	-	-	
DEPRECIATION & AMORTIZATION						
Depreciation	1,223,033	208,365	1,014,668	-	-	fixed assets
TOTAL DEPRECIATION	1,223,033	208,365	1,014,668	-	-	
OTHER OPERATING EXPENSE						
Dam Maintenance Expense	444	444	-	-	-	100% plant
Pension Expense	(13,068)	(13,068)	-	-	-	100% plant
OPEB Expense	-	-	-	-	-	NA
Interest Paid on Meter Deposit	967	-	-	967	-	100% customer
Rental Property Expense	-	-	-	-	-	total operating expenses
TOTAL OTHER OPERATING EXPENSE	(11,657)	(12,624)	-	967	-	
CONSUMER ACCOUNTS EXPENSE						
Meter Reading Expense	5,549	-	-	5,549	-	100% customer
Miscellaneous Customer Accounts Expense	91,045	-	-	91,045	-	100% customer
Cust Billings Not Paid	19	-	-	19	-	100% customer
TOTAL CONSUMER ACCOUNTS EXPENSE	96,613	-	-	96,613	-	
ADMINISTRATIVE EXPENSE						
Salaries Office & Commission	258,534	99,580	148,778	10,175	-	total operating expenses
Temporary Staffing	-	-	-	-	-	total operating expenses
Office Supplies & Expense	23,419	9,020	13,477	922	-	total operating expenses
Electric & Water Consumption	6,061	2,335	3,488	239	-	total operating expenses
Bank Charges	726	280	418	29	-	total operating expenses
Legal Fees	5,708	2,199	3,285	225	-	total operating expenses
Auditing Fees	5,266	2,028	3,030	207	-	total operating expenses
Insurance	40,122	15,454	23,089	1,579	-	total operating expenses
Deferred Comp	18,628	7,175	10,720	733	-	total operating expenses

Elk River Municipal Utilities
Functionalization of 2024 Test Year Water Revenue Requirements

REVENUE REQUIREMENT	2024 TEST YEAR		Plant	Distribution	Customer	Revenue	Functionalization Basis
Medical/Dental	202,666		78,062	116,628	7,976	-	total operating expenses
PERA	59,326		22,851	34,140	2,335	-	total operating expenses
FICA	58,185		22,411	33,484	2,290	-	total operating expenses
Sick Pay	69,538		26,784	40,017	2,737	-	total operating expenses
Holiday Pay	34,537		13,303	19,875	1,359	-	total operating expenses
Vacation & PTO	59,901		23,072	34,471	2,358	-	total operating expenses
UPMIC Distribution	23,571		9,079	13,564	928	-	total operating expenses
Miscellaneous - Wellhead	-		-	-	-	-	NA
Longevity Pay	836		322	481	33	-	total operating expenses
Consulting Fees	16,316		6,284	9,389	642	-	total operating expenses
Telephone	7,024		2,705	4,042	276	-	total operating expenses
Advertising	3,632		1,399	2,090	143	-	total operating expenses
Dues & Subscriptions	78,200		30,121	45,002	3,078	-	total operating expenses
Travel Expense	-		-	-	-	-	NA
Schools & Meetings	42,421		16,339	24,412	1,670	-	total operating expenses
Maintenance of General Plant & Office	2,518		970	1,449	99	-	total operating expenses
TOTAL ADMINISTRATIVE EXPENSE	1,017,135		391,774	585,330	40,031	-	
GENERAL EXPENSE							
CIP Rebates - Residential	1,090		-	-	1,090	-	100% customer
CIP Rebates - Commercial	-		-	-	-	-	NA
CIP - Administration	-		-	-	-	-	NA
CIP - Marketing	1,117		-	-	1,117	-	100% customer
CIP - Labor	-		-	-	-	-	100% customer
Environmental Compliance	683		263	393	27	-	total operating expenses
Misc General Expense	-		-	-	-	-	total operating expenses
TOTAL GENERAL EXPENSE	2,890		263	393	2,234	-	
TOTAL OPERATING EXPENSE	3,553,251	-	1,368,619	2,044,787	139,845	-	
NON-OPERATING REVENUES (EXPENSES)							
Interest income	104,286		-	-	-	104,286	100% revenue
Miscellaneous revenue	429,016		-	-	-	429,016	100% revenue
Interest expense and other	(33,949)		(5,784)	(28,165)	-	-	fixed assets
Gain (Loss) on sale of capital assets	(5,090)		-	-	-	(5,090)	100% revenue
TOTAL NON-OPERATING REV (EXP)	494,263		(5,784)	(28,165)	-	528,212	
OTHER OPERATING REVENUE							
Connection maintenance	72,409		-	-	-	72,409	100% revenue
Customer penalties	31,102		-	-	-	31,102	100% revenue
TOTAL OTHER OPERATING REVENUE	103,511		-	-	-	103,511	
Developer and Connection Fees	477,998		-	477,998	-	-	100% distribution
MARGIN	333,525		-	-	-	333,525	100% revenue
TOTAL REVENUE REQUIREMENT	2,811,004		1,374,402	1,594,954	139,845	(298,198)	

Elk River Municipal Utilities
2024 Test Year Water Plant Classification

REVENUE REQUIREMENT	FY 2024 TEST YEAR	Demand	Commodity	Classification Basis
OPERATING EXPENSES				
PRODUCTION EXPENSE				
Maintenance of Structures	118,774	118,774	-	100% demand
TOTAL PRODUCTION EXPENSE	118,774	118,774	-	
PUMPING EXPENSE				
Supervision	69,969	44,400	25,569	operating expenses
Electric & Gas Utilities	256,685	-	256,685	100% commodity
Sampling	21,964	-	21,964	100% commodity
Chemical Feed	38,920	-	38,920	100% commodity
Maintenance of Electric Pumping	-	-	-	NA
Maintenance of Wells	260,692	260,692	-	100% demand
SCADA - Pumping	13,837	-	13,837	100% commodity
TOTAL PUMPING EXPENSE	662,067	305,092	356,975	
DISTRIBUTION EXPENSE				
Maintenance of Water Mains	-	-	-	NA
Locate Water Lines	-	-	-	NA
Locate Water Main	-	-	-	NA
Water Meter Service	-	-	-	NA
Backflow Device Inspection	-	-	-	NA
Maintenance of Customers Service	-	-	-	NA
Water Mapping	-	-	-	NA
Maintenance of Water Hydrants - PU	-	-	-	NA
Maintenance of Water Hydrants - PR	-	-	-	NA
Water Clothing/PPE	-	-	-	NA
Wages/Water	-	-	-	NA
Transportation Expense	-	-	-	NA
General Expense/Water Permit	-	-	-	NA
TOTAL DISTRIBUTION EXPENSE	-	-	-	
DEPRECIATION & AMORTIZATION				
Depreciation	208,365	208,365	-	100% demand
TOTAL DEPRECIATION	208,365	208,365	-	
OTHER OPERATING EXPENSE				
Dam Maintenance Expense	444	444	-	100% demand
Pension Expense	(13,068)	(13,068)	-	100% demand
OPEB Expense	-	-	-	NA
Interest Paid on Meter Deposit	-	-	-	NA
Rental Property Expense	-	-	-	100% demand
TOTAL OTHER OPERATING EXPENSE	(12,624)	(12,624)	-	
CONSUMER ACCOUNTS EXPENSE				
Meter Reading Expense	-	-	-	NA
Miscellaneous Customer Accounts Expense	-	-	-	NA
Cust Billings Not Paid	-	-	-	NA
TOTAL CONSUMER ACCOUNTS EXPENSE	-	-	-	
ADMINISTRATIVE EXPENSE				
Salaries Office & Commission	99,580	63,190	36,390	operating expenses
Temporary Staffing	-	-	-	NA
Office Supplies & Expense	9,020	5,724	3,296	operating expenses

Elk River Municipal Utilities
2024 Test Year Water Plant Classification

REVENUE REQUIREMENT	FY 2024 TEST YEAR	Demand	Commodity	Classification Basis
LT & Water Consumption	2,335	1,481	853	operating expenses
Bank Charges	280	177	102	operating expenses
Legal Fees	2,199	1,395	803	operating expenses
Auditing Fees	2,028	1,287	741	operating expenses
Insurance	15,454	9,806	5,647	operating expenses
Deferred Comp	7,175	4,553	2,622	operating expenses
Medical/Dental	78,062	49,535	28,527	operating expenses
PERA	22,851	14,500	8,351	operating expenses
FICA	22,411	14,221	8,190	operating expenses
Sick Pay	26,784	16,996	9,788	operating expenses
Holiday Pay	13,303	8,441	4,861	operating expenses
Vacation & PTO	23,072	14,641	8,431	operating expenses
UPMIC Distribution	9,079	5,761	3,318	operating expenses
Miscellaneous - Wellhead	-	-	-	NA
Longevity Pay	322	204	118	operating expenses
Consulting Fees	6,284	3,988	2,297	operating expenses
Telephone	2,705	1,717	989	operating expenses
Advertising	1,399	888	511	operating expenses
Dues & Subscriptions	30,121	19,113	11,007	operating expenses
Travel Expense	-	-	-	NA
Schools & Meetings	16,339	10,368	5,971	operating expenses
Maintenance of General Plant & Office	970	615	354	operating expenses
TOTAL ADMINISTRATIVE EXPENSE	391,774	248,605	143,169	
GENERAL EXPENSE				
CIP Rebates - Residential	-	-	-	NA
CIP Rebates - Commercial	-	-	-	NA
CIP - Administration	-	-	-	NA
CIP - Marketing	-	-	-	NA
CIP - Labor	-	-	-	NA
Environmental Compliance	263	263	-	100% demand
Misc General Expense	-	-	-	100% demand
TOTAL GENERAL EXPENSE	263	263	-	
TOTAL OPERATING EXPENSE	1,368,619	868,475	500,144	
NON-OPERATING REVENUES (EXPENSES)				
Interest income	-	-	-	NA
Miscellaneous revenue	-	-	-	NA
Interest expense and other	(5,784)	(5,784)	-	100% demand
Gain (Loss) on sale of capital assets	-	-	-	NA
TOTAL NON-OPERATING REV (EXP)	(5,784)	(5,784)	-	
OTHER OPERATING REVENUE				
Connection maintenance	-	-	-	NA
Customer penalties	-	-	-	NA
TOTAL OTHER OPERATING REVENUE	-	-	-	
Developer and Connection Fees	-	-	-	NA
MARGIN	-	-	-	NA
TOTAL REVENUE REQUIREMENT	1,374,402	874,259	500,144	

Elk River Municipal Utilities
2024 Test Year Water Distribution Classification

REVENUE REQUIREMENT	FY 2024 TEST YEAR	Distribution Demand	Customer Facilities	Classification Basis
OPERATING EXPENSES				
PRODUCTION EXPENSE				
Maintenance of Structures	-	-	-	NA
TOTAL PRODUCTION EXPENSE	-	-	-	
PUMPING EXPENSE				
Supervision	-	-	-	NA
Electric & Gas Utilities	-	-	-	NA
Sampling	-	-	-	NA
Chemical Feed	-	-	-	NA
Maintenance of Electric Pumping	-	-	-	NA
Maintenance of Wells	-	-	-	NA
SCADA - Pumping	-	-	-	NA
TOTAL PUMPING EXPENSE	-	-	-	
DISTRIBUTION EXPENSE				
Maintenance of Water Mains	161,765	161,765	-	100% Dist demand
Locate Water Lines	13,728	13,728	-	100% Dist demand
Locate Water Main	-	-	-	NA
Water Meter Service	100,494	-	100,494	100% Cust facilities
Backflow Device Inspection	19,532	-	19,532	100% Cust facilities
Maintenance of Customers Service	33,583	-	33,583	100% Cust facilities
Water Mapping	25,858	-	25,858	100% Cust facilities
Maintenance of Water Hydrants - PU	22,736	-	22,736	100% Cust facilities
Maintenance of Water Hydrants - PR	4,990	-	4,990	100% Cust facilities
Water Clothing/PPE	9,528	5,396	4,132	Operating Expense
Wages/Water	7,617	4,314	3,303	Operating Expense
Transportation Expense	18,310	10,369	7,941	Operating Expense
General Expense/Water Permit	26,255	14,868	11,387	Operating Expense
TOTAL DISTRIBUTION EXPENSE	444,396	210,440	233,956	
DEPRECIATION & AMORTIZATION				
Depreciation	1,014,668	615,835	398,833	plant
TOTAL DEPRECIATION	1,014,668	615,835	398,833	
OTHER OPERATING EXPENSE				
Dam Maintenance Expense	-	-	-	NA
Pension Expense	-	-	-	NA
OPEB Expense	-	-	-	NA
Interest Paid on Meter Deposit	-	-	-	NA
Rental Property Expense	-	-	-	Operating Expense
TOTAL OTHER OPERATING EXPENSE	-	-	-	
CONSUMER ACCOUNTS EXPENSE				
Meter Reading Expense	-	-	-	NA
Miscellaneous Customer Accounts Expense	-	-	-	NA
Cust Billings Not Paid	-	-	-	NA
TOTAL CONSUMER ACCOUNTS EXPENSE	-	-	-	
ADMINISTRATIVE EXPENSE				
Salaries Office & Commission	148,778	84,254	64,525	Operating Expense
Temporary Staffing	-	-	-	NA
Office Supplies & Expense	13,477	7,632	5,845	Operating Expense
LT & Water Consumption	3,488	1,975	1,513	Operating Expense

Elk River Municipal Utilities
2024 Test Year Water Distribution Classification

REVENUE REQUIREMENT	FY 2024 TEST YEAR	Distribution Demand	Customer Facilities	Classification Basis
Bank Charges	418	237	181	Operating Expense
Legal Fees	3,285	1,860	1,425	Operating Expense
Auditing Fees	3,030	1,716	1,314	Operating Expense
Insurance	23,089	13,075	10,014	Operating Expense
Deferred Comp	10,720	6,071	4,649	Operating Expense
Medical/Dental	116,628	66,047	50,581	Operating Expense
PERA	34,140	19,334	14,806	Operating Expense
FICA	33,484	18,962	14,522	Operating Expense
Sick Pay	40,017	22,662	17,355	Operating Expense
Holiday Pay	19,875	11,255	8,620	Operating Expense
Vacation & PTO	34,471	19,521	14,950	Operating Expense
UPMIC Distribution	13,564	7,682	5,883	Operating Expense
Miscellaneous - Wellhead	-	-	-	NA
Longevity Pay	481	272	209	Operating Expense
Consulting Fees	9,389	5,317	4,072	Operating Expense
Telephone	4,042	2,289	1,753	Operating Expense
Advertising	2,090	1,184	906	Operating Expense
Dues & Subscriptions	45,002	25,485	19,517	Operating Expense
Travel Expense	-	-	-	NA
Schools & Meetings	24,412	13,825	10,587	Operating Expense
Maintenance of General Plant & Office	1,449	821	628	Operating Expense
TOTAL ADMINISTRATIVE EXPENSE	585,330	331,475	253,855	
GENERAL EXPENSE				
CIP Rebates - Residential	-	-	-	NA
CIP Rebates - Commercial	-	-	-	NA
CIP - Administration	-	-	-	NA
CIP - Marketing	-	-	-	NA
CIP - Labor	-	-	-	NA
Environmental Compliance	393	223	170	Operating Expense
Misc General Expense	-	-	-	Operating Expense
TOTAL GENERAL EXPENSE	393	223	170	
TOTAL OPERATING EXPENSE	2,044,787	1,157,972	886,815	
NON-OPERATING REVENUES (EXPENSES)				
Interest income	-	-	-	NA
Miscellaneous revenue	-	-	-	NA
Interest expense and other	(28,165)	(17,094)	(11,071)	plant
Gain (Loss) on sale of capital assets	-	-	-	NA
TOTAL NON-OPERATING REV (EXP)	(28,165)	(17,094)	(11,071)	
OTHER OPERATING REVENUE				
Connection maintenance	-	-	-	NA
Customer penalties	-	-	-	NA
TOTAL OTHER OPERATING REVENUE	-	-	-	
Developer and Connection Fees	477,998	290,112	187,886	plant
MARGIN	-	-	-	NA
TOTAL REVENUE REQUIREMENT	1,594,954	884,954	710,000	

Elk River Municipal Utilities
2024 Test Year Water Customer Classification

REVENUE REQUIREMENT	FY 2024 TEST YEAR	Customer	Classification Basis
OPERATING EXPENSES			
PRODUCTION EXPENSE			
Maintenance of Structures	-	-	NA
TOTAL PRODUCTION EXPENSE	-		
PUMPING EXPENSE			
Supervision	-	-	NA
Electric & Gas Utilities	-	-	NA
Sampling	-	-	NA
Chemical Feed	-	-	NA
Maintenance of Electric Pumping	-	-	NA
Maintenance of Wells	-	-	NA
SCADA - Pumping	-	-	NA
TOTAL PUMPING EXPENSE	-	-	
DISTRIBUTION EXPENSE			
Maintenance of Water Mains	-	-	NA
Locate Water Lines	-	-	NA
Locate Water Main	-	-	NA
Water Meter Service	-	-	NA
Backflow Device Inspection	-	-	NA
Maintenance of Customers Service	-	-	NA
Water Mapping	-	-	NA
Maintenance of Water Hydrants - PU	-	-	NA
Maintenance of Water Hydrants - PR	-	-	NA
Water Clothing/PPE	-	-	NA
Wages/Water	-	-	NA
Transportation Expense	-	-	NA
General Expense/Water Permit	-	-	NA
TOTAL DISTRIBUTION EXPENSE	-	-	
DEPRECIATION & AMORTIZATION			
Depreciation	-	-	NA
TOTAL DEPRECIATION	-	-	
OTHER OPERATING EXPENSE			
Dam Maintenance Expense	-	-	NA
Pension Expense	-	-	NA
OPEB Expense	-	-	NA
Interest Paid on Meter Deposit	967	967	100% Customer
Rental Property Expense	-	-	NA
TOTAL OTHER OPERATING EXPENSE	967	967	
CONSUMER ACCOUNTS EXPENSE			
Meter Reading Expense	5,549	5,549	100% Customer
Miscellaneous Customer Accounts Expense	91,045	91,045	100% Customer
Cust Billings Not Paid	19	19	100% Customer
TOTAL CONSUMER ACCOUNTS EXPENSE	96,613	96,613	
ADMINISTRATIVE EXPENSE			
Salaries Office & Commission	10,175	10,175	100% Customer
Temporary Staffing	-	-	NA
Office Supplies & Expense	922	922	100% Customer
LT & Water Consumption	239	239	100% Customer

Elk River Municipal Utilities
2024 Test Year Water Customer Classification

REVENUE REQUIREMENT	FY 2024 TEST YEAR	Customer	Classification Basis
Bank Charges	29	29	100% Customer
Legal Fees	225	225	100% Customer
Auditing Fees	207	207	100% Customer
Insurance	1,579	1,579	100% Customer
Deferred Comp	733	733	100% Customer
Medical/Dental	7,976	7,976	100% Customer
PERA	2,335	2,335	100% Customer
FICA	2,290	2,290	100% Customer
Sick Pay	2,737	2,737	100% Customer
Holiday Pay	1,359	1,359	100% Customer
Vacation & PTO	2,358	2,358	100% Customer
UPMIC Distribution	928	928	100% Customer
Miscellaneous - Wellhead	-	-	NA
Longevity Pay	33	33	100% Customer
Consulting Fees	642	642	100% Customer
Telephone	276	276	100% Customer
Advertising	143	143	100% Customer
Dues & Subscriptions	3,078	3,078	100% Customer
Travel Expense	-	-	NA
Schools & Meetings	1,670	1,670	100% Customer
Maintenance of General Plant & Office	99	99	100% Customer
TOTAL ADMINISTRATIVE EXPENSE	40,031	40,031	
GENERAL EXPENSE			
CIP Rebates - Residential	1,090	1,090	100% Customer
CIP Rebates - Commercial	-	-	NA
CIP - Administration	-	-	NA
CIP - Marketing	1,117	1,117	100% Customer
CIP - Labor	-	-	NA
Environmental Compliance	27	27	100% Customer
Misc General Expense	-	-	NA
TOTAL GENERAL EXPENSE	2,234	2,234	
TOTAL OPERATING EXPENSE	139,845	139,845	
NON-OPERATING REVENUES (EXPENSES)			
Interest income	-	-	NA
Miscellaneous revenue	-	-	NA
Interest expense and other	-	-	NA
Gain (Loss) on sale of capital assets	-	-	NA
TOTAL NON-OPERATING REV (EXP)	-	-	
OTHER OPERATING REVENUE			
Connection maintenance	-	-	NA
Customer penalties	-	-	NA
TOTAL OTHER OPERATING REVENUE	-	-	
Developer and Connection Fees	-	-	NA
MARGIN	-	-	NA
TOTAL REVENUE REQUIREMENT	139,845	139,845	

Elk River Municipal Utilities
2024 Test Year Allocation Factors

	Total	Residential	Commercial/ Industrial
Demand Allocation Factors			
Peak Day - 1000 gallons	4,107	2,121	1,986
Peak Day	100.0%	51.6%	48.4%
Commodity Allocation Factors			
Commodity Sales - 1000 gallons	766,124	376,299	389,825
Commodity	100.0%	49.1%	50.9%
Customers			
Number of Customers	5,705	5,087	618
C	100.0%	89.2%	10.8%
Customer Facilities Allocation Factor			
Customer Facilities Weight		1	6
Weighted Number of Cust	8,795	5,087	3,708
CF	100.0%	57.8%	42.2%
Customer Service Allocation Factor			
Customer Service Weight		1	3
Weighted Number of Cust	6,941	5,087	1,854
CS	100.0%	73.3%	26.7%
Revenue Allocator			
Sum Other Rev Reqs	$ 3,109,202	$ 1,667,386	$ 1,441,816
R	100.0%	53.6%	46.4%

Elk River Municipal Utilities
2024 Test Year Allocation of Revenue Requirements

		Total		Residential		Commercial/ Industrial	Allocation Factor
Plant							
Demand		874,259		451,526		422,732	Peak Day
Commodity		500,144		245,657		254,487	Commodity
Total Plant	$	1,374,402	$	697,183	$	677,219	
Distribution							
Distribution Demand		884,954		457,050		427,904	Peak Day
Customer Facilities		710,000		410,662		299,338	CF
Total Distribution	$	1,594,954	$	867,712	$	727,242	
Customer							
Customer Service		139,845		102,491		37,354	CS
Total Customer Service	$	139,845	$	102,491	$	37,354	
Revenue Component							
Other Revenue		(631,723)		(338,777)		(292,946)	R
Margin		333,525		178,861		154,664	R
Total Revenue	$	(298,198)	$	(159,916)	$	(138,282)	
Total Revenue Requirements	$	2,811,004	$	1,507,470	$	1,303,534	
Total Revenues	$	2,811,004	$	1,564,571	$	1,246,433	
Percent Revenue Requirements		100.0%		53.6%		46.4%	
Percent Revenues		100.0%		55.7%		44.3%	
Percent Change		0.0%		-3.6%		4.6%	
Revenue Req/1000 gallons		3.669		4.006		3.344	
Revenue/1000 gallons		3.669		4.158		3.197	

Section 4
Proposed Rates

Changes to rates are generally based on the overall need for revenues and results of the cost-of-service analyses. The projected operating results at existing rates as presented in Section 2 of this report outline the overall revenue needs of the water utility. Section 3 summarizes the cost-of-service results for the water utility. These factors have been considered in developing the proposed rates summarized in this section of the report.

Proposed Rates

Revenue Needs

In Section 2, it shows that ERMU's projected annual change in water net position, assuming continuation of the existing retail rates drops from 86% of the reserve goal to 52% of the reserve goal by 2029. ERMU's projected cash reserves decline from $10.5 million to $6.8 million by the end of the Study Period. This is a decrease in reserves of 35%.

Recommended Rates

Exhibit 4-A shows the existing and recommended rates for water for each year from 2026-2029.

Based on discussions with ERMU management, a goal was set to increase overall reserve levels by $1.3 million dollars at the end of the Study Period as compared to the projections at current rates. To meet this goal, annual rate increases of 4% each year are recommended through 2029.

Projected Operating Results – Proposed Rates

Based on the proposed rates outlined above, the resulting projected operating results are summarized below in Table 4-1. A summary presentation of the operating results is shown in Exhibit 4-B.

Table 4-1
Projected Operating Results-Water
Proposed Rates

Year	2025	2026	2027	2028	2029
Operating Revenues	$3,145,246	$3,276,063	$3,399,836	$3,532,811	$3,668,850
Less Operating Expenses	(3,972,626)	(4,127,970)	(4,322,616)	(4,454,230)	(4,871,800)
Plus Non-Operating Income	545,634	574,568	571,433	423,804	259,977
Plus Fees and Transfers	255,000	302,479	434,003	431,344	428,623
Change in Net Position	$(26,746)	$25,139	$82,656	$(66,271)	$(514,350)
Net Position as Percent of Revenues	-0.9%	0.8%	2.4%	-1.9%	-14.0%

Cash Reserves

A summary of the impact of the projected operating results at proposed rates on ERMU's cash reserves is shown at the end of Exhibit 4-B and in Tables 4-2 below.

As mentioned above, a goal of increasing overall reserve levels by $1.3 million through rate adjustments was set in discussions with ERMU management. The 2029 end of year unrestricted reserve level shown below is $8.0 million. This represents an increase of $1.3 million over the $6.8 million projection under existing rates as shown in Section 2 of this report.

Table 4-2
Projected Cash Reserves-Water
Proposed Rates

Year	2025	2026	2027	2028	2029
Beginning Balance		$10,500,000	$7,070,639	$7,176,282	$8,072,522
Plus Change in Net Position		25,139	82,656	(66,271)	(514,350)
Plus Depreciation		1,415,000	1,528,317	1,576,161	1,907,449
Interfund Borrowing		(1,400,000)		1,400,000	
Plus Debt Proceeds		-	-	8,000,000	-
Less Debt Principal		(70,000)	(70,000)	(75,000)	(75,000)
Less New Debt Principal		-	-	-	(279,400)
Less Capital Improvements		(3,399,500)	(1,435,330)	(9,938,650)	(1,062,650)
Ending Balance(1)	$10,500,000	$7,070,639	$7,176,282	$8,072,522	$8,048,571
Reserve Goal	$12,216,671	$12,750,828	$12,951,869	$13,416,604	$13,488,199
Reserves as % of ERMU Goal	86%	55%	55%	60%	60%

(1) 2025 EOY reserve balance estimated by ERMU staff based on 2025 YTD actual results

Competitive Analysis

ERMU is interested in how its rates compare to neighboring utilities. Table 4-3 below shows monthly water bills for a typical customer in the residential class with 4,000; 10,000; and 16,000 gallons of consumption. Bills are shown based on existing ERMU rates, proposed ERMU rates in 2026 and 2027 and the proposed 2026 rates for Buffalo and Shakopee.

Table 4-3
Monthly Water Bill Comparisons
Residential Monthly Usage

Utility	4,000 Gallons	10,000 Gallons	16,000 Gallons
ERMU current	$18.39	$32.23	$54.63
ERMU prop 2026	$19.12	$33.51	$56.83
ERMU prop 2027	$19.87	$34.81	$59.05
Buffalo 2026	$44.25	$92.45	$158.45
Shakopee 2026	$20.54	$43.12	$73.37

Elk River Municipal Utilities
Existing and Proposed Water Rates

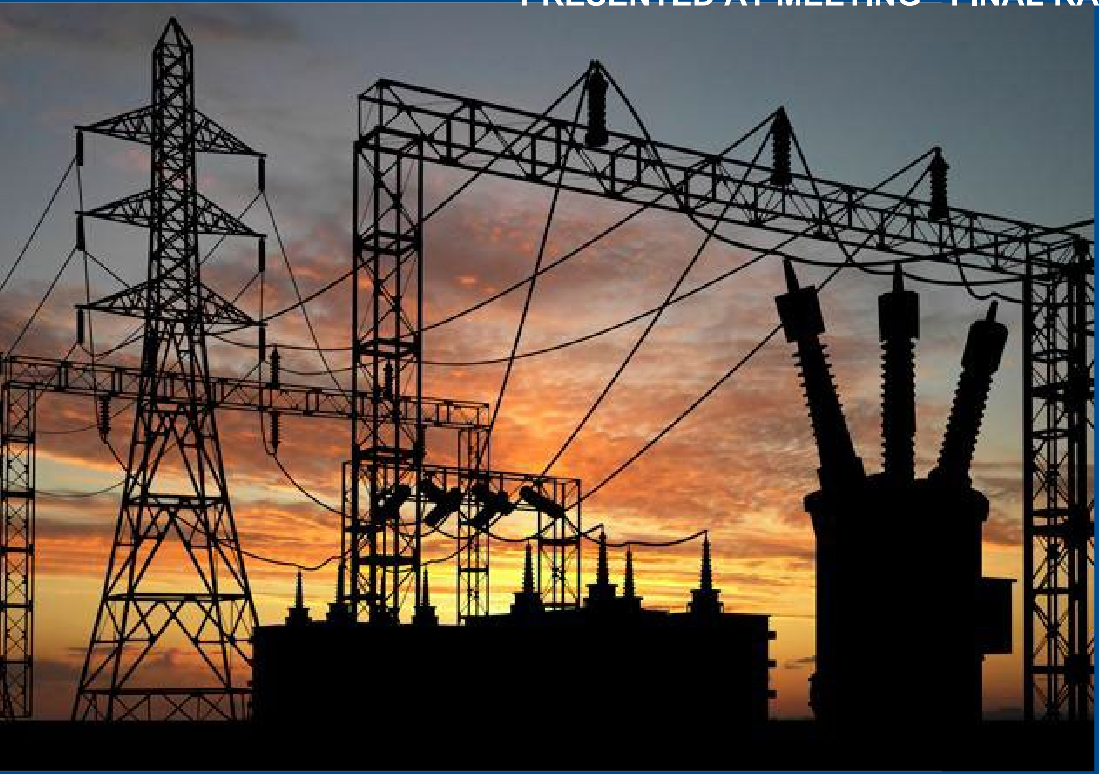
Class	Current Rate	2026 Proposed Rate	2027 Proposed Rate	2028 Proposed Rate	2029 Proposed Rate
Residential					
Customer (per month)	$ 10.23	$ 10.64	$ 11.07	$ 11.51	$ 11.97
Usage					
Tier 1 ($/1000 gallons) 0-9000 gallons	$ 2.04	$ 2.12	$ 2.20	$ 2.29	$ 2.38
Tier 2 ($/1000 gallons) 9000-15,000 gallons	$ 3.64	$ 3.79	$ 3.94	$ 4.10	$ 4.26
Tier 3 ($/1000 gallons) over 15,000 gallons	$ 4.20	$ 4.37	$ 4.54	$ 4.72	$ 4.91
Commercial					
Customer (per month)					
3/4 inch	$ 12.27	$ 12.76	$ 13.27	$ 13.80	$ 14.35
1 inch	$ 13.65	$ 14.20	$ 14.77	$ 15.36	$ 15.97
1 1/4 inch	$ 15.02	$ 15.62	$ 16.24	$ 16.89	$ 17.57
1 1/2 inch	$ 16.38	$ 17.04	$ 17.72	$ 18.43	$ 19.17
2 inch	$ 21.83	$ 22.70	$ 23.61	$ 24.55	$ 25.53
3 inch	$ 47.75	$ 49.66	$ 51.65	$ 53.72	$ 55.87
4 inch	$ 65.48	$ 68.10	$ 70.82	$ 73.65	$ 76.60
6 inch	$ 95.49	$ 99.31	$ 103.28	$ 107.41	$ 111.71
8 inch	$ 129.60	$ 134.78	$ 140.17	$ 145.78	$ 151.61
Irrigation	$ 21.83	$ 22.70	$ 23.61	$ 24.55	$ 25.53
Usage					
Tier 1 ($/1000 gallons)	$ 2.04	$ 2.12	$ 2.20	$ 2.29	$ 2.38
Tier 2 ($/1000 gallons)	$ 3.64	$ 3.79	$ 3.94	$ 4.10	$ 4.26
Tier 3 ($/1000 gallons)	$ 4.20	$ 4.37	$ 4.54	$ 4.72	$ 4.91
Tiers adjust based on winter usage					

Elk River Municipal Utilities
Water Operating Results at Proposed Rates

	Historical					Projected				
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
OPERATING REVENUES										
Charges for services	$ 2,613,812	$ 3,049,140	$ 2,887,276	$ 3,305,148	$ 2,803,602	$ 3,053,746	$ 3,176,063	$ 3,299,836	$ 3,432,811	$ 3,568,850
Connection maintenance	56,931	71,520	75,365	55,733	72,409	63,500	65,000	65,000	65,000	65,000
Customer penalties	3,801	-	26,194	23,118	31,102	28,000	35,000	35,000	35,000	35,000
Total Operating Revenues	$ 2,674,544	$ 3,120,660	$ 2,988,835	$ 3,383,999	$ 2,907,113	$ 3,145,246	$ 3,276,063	$ 3,399,836	$ 3,532,811	$ 3,668,850
OPERATING EXPENSES										
Production	$ 502,748	$ 674,815	$ 681,079	$ 667,881	$ 780,844	$ 807,150	$ 793,000	$ 816,790	$ 841,294	$ 866,533
Distribution	251,259	412,534	307,192	321,566	462,083	520,410	498,125	513,069	528,461	544,315
Services to City	463	1,259	540	-	-	2,000	2,000	2,000	2,000	2,000
Depreciation	1,133,179	1,139,802	1,117,357	1,174,752	1,223,033	1,325,866	1,415,000	1,528,317	1,576,161	1,907,449
Customer accounts	66,509	72,213	81,285	88,640	96,615	105,250	104,250	107,378	110,599	113,917
General and administrative	719,527	844,475	980,528	943,138	1,006,969	1,211,950	1,315,595	1,355,063	1,395,715	1,437,587
Total Operating Expenses	$ 2,673,685	$ 3,145,098	$ 3,167,981	$ 3,195,977	$ 3,569,544	$ 3,972,626	$ 4,127,970	$ 4,322,616	$ 4,454,230	$ 4,871,800
OPERATING INCOME	$ 859	$ (24,438)	$ (179,146)	$ 188,022	$ (662,431)	$ (827,380)	$ (851,907)	$ (922,780)	$ (921,419)	$ (1,202,950)
NON-OPERATING REVENUE (EXPENSE)										
Interest income	$ 33,454	$ 24,677	$ (30,592)	$ 57,360	$ 104,286	$ 151,000	$ 126,000	$ 127,883	$ 143,854	$ 143,427
Miscellaneous revenue	262,311	292,330	424,994	418,451	429,016	418,100	473,350	473,350	473,350	473,350
Interest expense and other	(23,516)	(65,296)	(40,948)	(36,444)	(33,949)	(31,466)	(28,782)	(33,800)	(31,000)	(28,000)
New debt interest						-	-	-	(166,400)	(332,800)
Gain (Loss) on sale of capital assets	3,507	(662)	(9,150)	2,940	(5,090)	8,000	4,000	4,000	4,000	4,000
Total Non-Operating Revenues (Expenses)	$ 275,756	$ 251,049	$ 344,304	$ 442,307	$ 494,263	$ 545,634	$ 574,568	$ 571,433	$ 423,804	$ 259,977
Income before Contributions and Transfers	$ 276,615	$ 226,611	$ 165,158	$ 630,329	$ (168,168)	$ (281,746)	$ (277,340)	$ (351,347)	$ (497,615)	$ (942,973)
Connection Fees	$ 595,482	$ 548,948	$ 1,547,930	$ 253,341	$ 477,998	$ 255,000	$ 366,000	$ 500,000	$ 500,000	$ 500,000
Contributions from Developers	477,194	552,920	940,306	-	-					
Contributions from Customers	-	-	-	-	21,910	-	-	-	-	-
Transfers from/(to) Other City Funds	-	195,245	-	1,348,943	-	-	(63,521)	(65,997)	(68,656)	(71,377)
Grants	-	3,288	-	-	-	-	-	-	-	-
CHANGE IN NET POSITION	$ 1,349,291	$ 1,527,012	$ 2,653,394	$ 2,232,613	$ 331,740	$ (26,746)	$ 25,139	$ 82,656	$ (66,271)	$ (514,350)
As Percent of Revenues	50.4%	48.9%	88.8%	66.0%	11.4%	-0.9%	0.8%	2.4%	-1.9%	-14.0%
UNRESTRICTED CASH RESERVES										
Beginning of Year							$ 10,500,000	$ 7,070,639	$ 7,176,282	$ 8,072,522
Plus Change in Net Position							25,139	82,656	(66,271)	(514,350)
Plus Depreciation							1,415,000	1,528,317	1,576,161	1,907,449
Interfund Borrowing							(1,400,000)		1,400,000	
Plus Debt Proceeds							-	-	8,000,000	-
Less Debt Principal							(70,000)	(70,000)	(75,000)	(75,000)
Less New Debt Principal							-	-	-	(279,400)
Less Capital Improvements							(3,399,500)	(1,435,330)	(9,938,650)	(1,062,650)
End of Year[1]					$ 9,961,189	$ 10,500,000	$ 7,070,639	$ 7,176,282	$ 8,072,522	$ 8,048,571
Reserve goal						$ 12,719,919	$ 12,750,828	$ 12,951,869	$ 13,416,604	$ 13,488,199
Percent of goal						83%	55%	55%	60%	60%

(1) 2025 EOY reserve balance estimated by ERMU staff based on 2025 YTD actual results.

PRESENTED AT MEETING - FINAL RATE PRESENTATION





Electric and Water Rates Final Report Presentation

Elk River Utilities Commission meeting

David A. Berg, PE
Principal – Dave Berg Consulting
December 9, 2025

Electric Rates

Capital Improvements

Table 2-3
Capital Improvements

Capital Item	2025	2026	2027	2028	2029
Electric Capital	$7,455,754	$8,047,103	$4,628,954	$4,542,896	$4,381,166

Projected Operating Results at Existing Rates

Table 2-4
Projected Operating Results
Existing Rates

Year	2025	2026	2027	2028	2029
Operating Revenues		$47,893,140	$49,217,147	$49,432,238	$49,649,040
Less Operating Expenses		(44,210,400)	(45,215,511)	(46,121,914)	(47,047,707)
Plus Non -Operating Revenues (Expenses)		468,457	489,744	496,394	536,394
Plus Fees and Transfers		(1,756,111)	(1,815,029)	(1,824,601)	(1,834,249)
Change in Net Position(1)	$3,800,000	2,395,085	2,676,350	1,982,117	1,303,478
Net Position as Percent of Revenues		5.0%	5.4%	4.0%	2.6%

(1) 2025 EOY change in net position estimated by ERMU staff based on 2025 YTD actual results

Projected Cash Reserves at Existing Rates

Table 2-5
Projected Cash Reserves
Existing Rates

Year	2025	2026	2027	2028	2029
Beginning Balance		$13,800,000	$11,573,843	$12,030,728	$10,722,575
Plus Change in Net Position		2,395,085	2,676,350	1,982,117	1,303,478
Plus Depreciation		3,533,136	3,801,373	3,955,671	4,107,101
Plus Interfund Borrowing		1,400,000	-	(1,400,000)	-
Less Capital Improvements		(8,047,103)	(4,628,954)	(4,542,896)	(4,381,166)
Less Loss of Revenue Pmts		(472,275)	(316,884)	(198,046)	(100,816)
Less Debt Principal		(1,035,000)	(1,075,000)	(1,105,000)	(1,140,000)
Ending Balance[(1)]	$13,800,000	$11,573,843	$12,030,728	$10,722,575	$10,511,172
Reserve Goal	$18,392,897	$18,432,831	$18,623,699	$18,769,766	$18,924,065
Reserves as % of Goal	75%	63%	65%	57%	56%

(1) 2025 EOY reserve balance estimated by ERMU staff based on 2025 YTD actual results

Cost of Service

Table 3-3
Electric Cost of Service Results
Comparison of % Cost and Revenues
2024 Test Year

Customer Classification	Allocated Cost to Serve	Revenues	Increase/ (Decrease)
Residential	38.6%	39.3%	-1.8%
Commercial Non-demand	9.9%	10.4%	-5.3%
Demand	33.8%	32.9%	2.8%
Industrial	17.6%	17.3%	2.1%
Total	100.0%	100.0%	0.0%

Electric Rate Recommendations

- Annual rate increases average 2% each year 2026-2029
- New PCA calculation
- Solar grid access charge revision

Electric PCA

- Current formula based on MMPA wholesale EAC
- Revised formula based on total monthly wholesale power costs

Table 4-1
PCA Projections
($/kWh)

Year	Projected Wholesale $ per Retail kWh	Less PCA Formula Base	Resulting Retail PCA
2026	0.09559	0.07896	0.01663
2027	0.09667	0.07896	0.01771
2028	0.09777	0.07896	0.01881
2029	0.09889	0.07896	0.01993

Proposed Electric Rates

Class		Current Rate	Proposed 2026	Proposed 2027	Proposed 2028	Proposed 2029
Residential ER012/ERA13						
	Customer (per month)	$ 15.00	$ 15.50	$ 16.00	$ 16.50	$ 17.00
	Summer Energy (per kWh)	$ 0.13734	$ 0.14106	$ 0.14456	$ 0.14467	$ 0.14505
	Non-summer Energy (per kWh)	$ 0.12548	$ 0.12911	$ 0.13251	$ 0.13262	$ 0.13277
Off Peak Storage ERSW1						
	Energy (per kWH)	$ 0.05010	$ 0.05343	$ 0.05500	$ 0.05617	$ 0.05647
Off Peak Dual Fuel Space Heating ERDF1						
	Energy (per kWh)	$ 0.06510	$ 0.06858	$ 0.07055	$ 0.07164	$ 0.07170
Ground Heat Pump EGSH						
	Energy (per kWh)	$ 0.09830	$ 0.10212	$ 0.10576	$ 0.10587	$ 0.10605
Dual Fuel/ETS ERDSW						
	Energy (per kWh)	$ 0.05810	$ 0.06151	$ 0.06297	$ 0.06442	$ 0.06448
Cycled AC/RAC24						
	Energy (per kWh)	$ 0.04630	$ 0.04960	$ 0.05155	$ 0.05190	$ 0.05225
Electric Vehicle Charging EEVOF/EEVON						
	Summer On -Peak (per kWh)	$ 0.13733	$ 0.14106	$ 0.14456	$ 0.14472	$ 0.14505
	Non-summer On-Peak (per kWh)	$ 0.12548	$ 0.12911	$ 0.13251	$ 0.13256	$ 0.13277
	Off -Peak (per kWh)	$ 0.06510	$ 0.06858	$ 0.07055	$ 0.07164	$ 0.07170

Proposed Electric Rates

Class		Current Rate	Proposed 2026	Proposed 2027	Proposed 2028	Proposed 2029
Commercial Non-Demand ECN16/ECNAE						
	Customer (per month)	$ 32.00	$ 33.00	$ 34.00	$ 36.00	$ 38.00
	Summer Energy (per kWh)	$ 0.13304	$ 0.13673	$ 0.13826	$ 0.13979	$ 0.14002
	Non-summer Energy (per kWh)	$ 0.11141	$ 0.11494	$ 0.11636	$ 0.11777	$ 0.11801
Commercial Non-Demand Heat Pump ECGSH						
	Customer (per month)	$ 30.50	$ 31.50	$ 32.50	$ 34.50	$ 36.50
	Energy (per kWh)	$ 0.09830	$ 0.10212	$ 0.10576	$ 0.10587	$ 0.10603
Commercial Demand ECD15/EDG38						
	Customer (per month)	$ 77.00	$ 80.00	$ 83.00	$ 86.00	$ 89.00
	Energy (per kWh)	$ 0.07035	$ 0.07353	$ 0.07476	$ 0.07599	$ 0.07650
	Summer Demand (per kW)	$ 16.75	$ 17.00	$ 17.25	$ 17.50	$ 17.75
	Non-summer Demand (per kW)	$ 11.75	$ 12.00	$ 12.25	$ 12.50	$ 12.75
Commercial Demand On/Off Peak ECOP1/ECOP2						
	Customer (per month)	$ 77.00	$ 80.00	$ 83.00	$ 86.00	$ 89.00
	Energy (per kWh)	$ 0.07350	$ 0.07643	$ 0.07744	$ 0.07845	$ 0.07900
	Summer Demand (per kW)	$ 16.75	$ 17.00	$ 17.25	$ 17.50	$ 17.70
	Non-summer Demand (per kW)	$ 11.75	$ 12.00	$ 12.25	$ 12.50	$ 12.70
	Off-peak Demand (per kW)	$ 6.30	$ 6.50	$ 6.70	$ 6.90	$ 7.00
Large Industrial (Target/United Health)						
	Customer (per month)	$ 115.00	$ 125.00	$ 135.00	$ 145.00	$ 155.00
	Energy (per kWh)	$ 0.06962	$ 0.07293	$ 0.07429	$ 0.07565	$ 0.07632
	Summer Demand (per kW)	$ 16.25	$ 16.50	$ 16.75	$ 17.00	$ 17.20
	Non-summer Demand (per kW)	$ 11.25	$ 11.50	$ 11.75	$ 12.00	$ 12.20
PCA Formula Base Amount/kWh		n/a	$ 0.07896	$ 0.07896	$ 0.07896	$ 0.07896
Estimated PCA/kWh		$ 0.01640	$ 0.01663	$ 0.01771	$ 0.01881	$ 0.01993

Projected Operating Results at Proposed Rates

Table 4-2
Projected Operating Results
Proposed Rates

Year	2025	2026	2027	2028	2029
Operating Revenues		$48,369,482	$49,833,918	$50,961,806	$51,824,827
Less Operating Expenses		(44,210,400)	(45,215,511)	(46,121,914)	(47,047,707)
Plus Non -Operating Revenues (Expenses)		468,457	489,744	496,394	536,394
Plus Fees and Transfers		(1,777,308)	(1,842,476)	(1,892,667)	(1,931,071)
Change in Net Position(1)	$3,800,000	2,850,230	3,265,675	3,443,620	3,382,442
Net Position as Percent of Revenues		5.9%	6.6%	6.8%	6.5%

(1) 2025 EOY change in net position estimated by ERMU staff based on 2025 YTD actual results

Projected Cash Reserves at Proposed Rates

Table 4-3
Projected Cash Reserves
Proposed Rates

Year	2025	2026	2027	2028	2029
Beginning Balance		$13,800,000	$12,028,988	$13,075,198	$13,228,547
Plus Change in Net Position		2,850,230	3,265,675	3,443,620	3,382,442
Plus Depreciation		3,533,136	3,801,373	3,955,671	4,107,101
Plus Interfund Borrowing		1,400,000	-	(1,400,000)	-
Less Capital Improvements		(8,047,103)	(4,628,954)	(4,542,896)	(4,381,166)
Less Loss of Revenue Pmts		(472,275)	(316,884)	(198,046)	(100,816)
Less Debt Principal		(1,035,000)	(1,075,000)	(1,105,000)	(1,140,000)
Ending Balance(1)	$13,800,000	$12,028,988	$13,075,198	$13,228,547	$15,096,108
Reserve Goal	$18,392,897	$18,432,831	$18,623,699	$18,769,766	$18,924,065
Reserves as % of Goal	75%	65%	70%	70%	80%

(1) 2025 EOY reserve balance estimated by ERMU staff based on 2025 YTD actual results

Electric Rate Competitiveness

Table 4-4
Monthly Bill Comparisons

Customer Type and Usage	ERMU Present	2026 ERMU Proposed	Wright Hennepin Coop	City of Buffalo	City of Shakopee	Xcel Energy
Residential 300 kWh	$59.42	$61.10	$61.83	$62.46	$56.45	$59.02
Residential 700 kWh	118.66	121.89	117.73	122.42	117.52	125.41
Residential 1200 kWh	192.70	197.89	187.60	197.36	193.84	208.41
Commercial 1000 kWh	167.18	171.89	159.65	174.78	161.39	162.32
Commercial 2000 kWh	302.35	310.79	299.40	327.06	308.56	312.42
Commercial 5000 kWh	707.88	727.47	718.65	783.91	750.09	762.72

Solar Grid Access Charge

- MN Statutes allow charging customers an additional monthly fee based on size of solar array.
- Charge represents allocated distribution for residential customers.
- Existing rate does not charge the fee for demand up to average customer demand (4 kW).
- Cost based charge = $5.20/kW/month
- Decrease from current charge of $5.55/kW/month
- Example calculation:
  - Customer with 10 kW solar array
  - Monthly charge = (10 kW array size minus 4 kW avg customer) times $5.20/kW = $31.20 per month

Water Rates

Capital Improvements

Table 2-1
Capital Improvements- Water Utility

Fiscal Year	2025	2026	2027	2028	2029
Water capital	$1,442,789	$3,399,500	$1,435,330	$9,938,650	$1,062,650

Projected Operating Results at Existing Rates

Table 2-2
Projected Operating Results-Water
Existing Rates

Fiscal Year	2025	2026	2027	2028	2029
Operating Revenues		$3,153,746	$3,153,746	$3,153,746	$3,153,746
Less Operating Expenses		(4,127,970)	(4,322,616)	(4,454,230)	(4,871,800)
Plus Non -Operating Revenue		574,568	567,013	412,725	239,366
Plus Fees and Transfers		304,925	438,925	438,925	438,925
Change in Net Position[1]	$500,000	$(94,732)	$(162,932)	$(448,833)	$(1,039,762)
Net Position as Percent of Revenues		-3.0%	-5.2%	-14.2%	-33.0%

(1) 2025 EOY change in net position estimated by ERMU staff based on 2025 YTD actual results

Projected Cash Reserves at Existing Rates

Table 2-3
Projected Cash Reserves-Water
Existing Rates

Fiscal Year	2025	2026	2027	2028	2029
Beginning Balance		$10,500,000	$6,950,768	$6,810,823	$7,324,501
Plus Change in Net Position		(94,732)	(162,932)	(448,833)	(1,039,762)
Plus Depreciation		1,415,000	1,528,317	1,576,161	1,907,449
Interfund Borrowing		(1,400,000)		1,400,000	
Plus Debt Proceeds		-	-	8,000,000	-
Less Debt Principal		(70,000)	(70,000)	(75,000)	(75,000)
Less New Debt Principal		-	-	-	(279,400)
Less Capital Improvements		(3,399,500)	(1,435,330)	(9,938,650)	(1,062,650)
Ending Balance[1]	$10,500,000	$6,950,768	$6,810,823	$7,324,501	$6,775,137
Reserve Goal	$12,216,671	$12,247,579	$12,448,620	$12,913,356	$12,984,951
Reserves as % of ERMU Goal	86%	57%	55%	57%	52%

(2) 2025 EOY reserve balance estimated by ERMU staff based on 2025 YTD actual results

Cost of Service

Table 3-3
Water Cost of Service Results
Comparison of % Cost and Revenues
2024 Test Year

Customer Classification	Allocated Cost to Serve	Revenues	Increase/ (Decrease)
Residential	53.6%	55.7%	-3.6%
Commercial/Industrial	46.4%	44.3%	4.6%
Total	100.0%	100.0%	0.0%

Water Rate Recommendations

- Overall increases of 4% per year

Proposed Water Rates

			2026	2027	2028	2029
		Current	Proposed	Proposed	Proposed	Proposed
Class		Rate	Rate	Rate	Rate	Rate
Residential						
	Customer (per month)	$ 10.23	$ 10.64	$ 11.07	$ 11.51	$ 11.97
	Usage					
	Tier 1 ($/1000 gallons) 0-9000 gallons	$ 2.04	$ 2.12	$ 2.20	$ 2.29	$ 2.38
	Tier 2 ($/1000 gallons) 9000-15,000 gallons	$ 3.64	$ 3.79	$ 3.94	$ 4.10	$ 4.26
	Tier 3 ($/1000 gallons) over 15,000 gallons	$ 4.20	$ 4.37	$ 4.54	$ 4.72	$ 4.91
Commercial						
	Customer (per month)					
	3/4 inch	$ 12.27	$ 12.76	$ 13.27	$ 13.80	$ 14.35
	1 inch	$ 13.65	$ 14.20	$ 14.77	$ 15.36	$ 15.97
	1 1/4 inch	$ 15.02	$ 15.62	$ 16.24	$ 16.89	$ 17.57
	1 1/2 inch	$ 16.38	$ 17.04	$ 17.72	$ 18.43	$ 19.17
	2 inch	$ 21.83	$ 22.70	$ 23.61	$ 24.55	$ 25.53
	3 inch	$ 47.75	$ 49.66	$ 51.65	$ 53.72	$ 55.87
	4 inch	$ 65.48	$ 68.10	$ 70.82	$ 73.65	$ 76.60
	6 inch	$ 95.49	$ 99.31	$ 103.28	$ 107.41	$ 111.71
	8 inch	$ 129.60	$ 134.78	$ 140.17	$ 145.78	$ 151.61
	Irrigation	$ 21.83	$ 22.70	$ 23.61	$ 24.55	$ 25.53
	Usage					
	Tier 1 ($/1000 gallons)	$ 2.04	$ 2.12	$ 2.20	$ 2.29	$ 2.38
	Tier 2 ($/1000 gallons)	$ 3.64	$ 3.79	$ 3.94	$ 4.10	$ 4.26
	Tier 3 ($/1000 gallons)	$ 4.20	$ 4.37	$ 4.54	$ 4.72	$ 4.91
	Tiers adjust based on winter usage					

Projected Operating Results at Proposed Rates

Table 4-1
Projected Operating Results-Water
Proposed Rates

Year	2025	2026	2027	2028	2029
Operating Revenues	$3,145,246	$3,276,063	$3,399,836	$3,532,811	$3,668,850
Less Operating Expenses	(3,972,626)	(4,127,970)	(4,322,616)	(4,454,230)	(4,871,800)
Plus Non-Operating Income	545,634	574,568	571,433	423,804	259,977
Plus Fees and Transfers	255,000	302,479	434,003	431,344	428,623
Change in Net Position	$(26,746)	$25,139	$82,656	$(66,271)	$(514,350)
Net Position as Percent of Revenues	-0.9%	0.8%	2.4%	-1.9%	-14.0%

Water Financial Results

Table 4-2
Projected Cash Reserves-Water
Proposed Rates

Year	2025	2026	2027	2028	2029
Beginning Balance		$10,500,000	$7,070,639	$7,176,282	$8,072,522
Plus Change in Net Position		25,139	82,656	(66,271)	(514,350)
Plus Depreciation		1,415,000	1,528,317	1,576,161	1,907,449
Interfund Borrowing		(1,400,000)		1,400,000	
Plus Debt Proceeds		-	-	8,000,000	-
Less Debt Principal		(70,000)	(70,000)	(75,000)	(75,000)
Less New Debt Principal		-	-	-	(279,400)
Less Capital Improvements		(3,399,500)	(1,435,330)	(9,938,650)	(1,062,650)
Ending Balance[(1)]	$10,500,000	$7,070,639	$7,176,282	$8,072,522	$8,048,571
Reserve Goal	$12,216,671	$12,750,828	$12,951,869	$13,416,604	$13,488,199
Reserves as % of ERMU Goal	86%	55%	55%	60%	60%

(1) 2025 EOY reserve balance estimated by ERMU staff based on 2025 YTD actual results

Water Rate Competitiveness

Table 4-3
Monthly Water Bill Comparisons
Residential Monthly Usage

Utility	4,000 Gallons	10,000 Gallons	16,000 Gallons
ERMU current	$18.39	$32.23	$54.63
ERMU prop 2026	$19.12	$33.51	$56.83
ERMU prop 2027	$19.87	$34.81	$59.05
Buffalo 2026	$44.25	$92.45	$158.45
Shakopee 2026	$20.54	$43.12	$73.37

Questions/Discussion

Elk River Municipal Utilities

UTILITIES COMMISSION MEETING

TO: ERMU Commission	FROM: Melissa Karpinski – Finance Manager
MEETING DATE: December 9, 2025	**AGENDA ITEM NUMBER:** 5.2
SUBJECT: Financial Report – October 2025	
ACTION REQUESTED: Receive the October 2025 Financial Report	

DISCUSSION:
Please note that these are the preliminary *unaudited* financial statements.

Electric
October year to date (YTD) electric kWh sales are up 6% from the prior year. For further breakdown:

- Residential usage is up 8%
- Small Commercial usage is up 3%
- Large Commercial usage is up 5%

For October 2025, the Electric Department overall is ahead of prior YTD and favorable to budget YTD. Additional variance analysis can be found on the Summary Electric Statement of Revenues, Expenses and Changes in Net Position attachment.

Water
October YTD gallons of water sold are up 9% from the prior year. For further breakdown:

- Residential use is up 9%
- Commercial use is up 8%

For October 2025, the Water Department overall is ahead of prior YTD and favorable to budget YTD. Additional variance analysis can be found on the Summary Water Statement of Revenues, Expenses and Changes in Net Position attachment.

ATTACHMENTS:

- Balance Sheet
- Electric Balance Sheet
- Water Balance Sheet
- Summary Electric Statement of Revenues, Expenses and Changes in Net Position
- Summary Water Statement of Revenues, Expenses and Changes in Net Position
- Graphs Prior Year and YTD 2025

- Detailed Electric Statement of Revenues, Expenses and Changes in Net Position
- Detailed Water Statement of Revenues, Expenses and Changes in Net Position
- Financial Presentation

ELK RIVER MUNICIPAL UTILITIES
ELK RIVER, MINNESOTA
COMBINED BALANCE SHEET
FOR PERIOD ENDING OCTOBER 2025

	ELECTRIC	WATER
ASSETS		
CURRENT ASSETS		
CASH	4,089,175	6,619,158
ACCOUNTS RECEIVABLE	3,808,610	5,268,177
INVENTORIES	2,164,260	49,448
PREPAID ITEMS	260,216	61,170
CONSTRUCTION IN PROGRESS	2,481,735	354,966
TOTAL CURRENT ASSETS	12,803,996	12,352,919
RESTRICTED ASSETS		
BOND RESERVE FUND	1,779,016	0
EMERGENCY RESERVE FUND	7,687,418	4,300,295
UNRESTRICTED RESERVE FUND	0	0
TOTAL RESTRICTED ASSETS	9,466,434	4,300,295
FIXED ASSETS		
PRODUCTION	795,920	17,217,448
LFG PROJECT	0	0
TRANSMISSION	2,305,024	0
DISTRIBUTION	55,919,591	30,869,561
GENERAL	25,985,736	1,632,203
FIXED ASSETS (COST)	85,006,271	49,719,212
LESS ACCUMULATED DEPRECIATION	(39,030,918)	(25,064,437)
TOTAL FIXED ASSETS, NET	45,975,352	24,654,775
INTANGIBLE ASSETS		
POWER AGENCY MEMBERSHIP BUY-IN	21,546,212	0
LOSS OF REVENUE INTANGIBLE	7,169,412	0
LESS ACCUMULATED AMORTIZATION	(4,731,474)	0
TOTAL INTANGIBLE ASSETS, NET	23,984,150	0
OTHER ASSETS AND DEFERRED OUTFLOWS	322,181	61,420
TOTAL ASSETS	92,552,113	41,369,409
LIABILITIES AND FUND EQUITY		
CURRENT LIABILITIES		
ACCOUNTS PAYABLE	5,271,246	331,683
SALARIES AND BENEFITS PAYABLE	1,232,389	187,901
DUE TO CITY	991,563	3,539
DUE TO OTHER FUNDS	0	0
NOTES PAYABLE-CURRENT PORTION	0	0
BONDS PAYABLE-CURRENT PORTION	0	0
UNEARNED REVENUE	3,220	523,565
TOTAL CURRENT LIABILITIES	7,498,418	1,046,688
LONG TERM LIABILITIES		
OPEB LIABILITY	0	0
LFG PROJECT	0	0
DUE TO COUNTY	0	0
DUE TO CITY	0	0
BONDS PAYABLE, LESS CURRENT PORTION	27,160,514	1,484,752
PENSION LIABILITIES	1,708,036	328,984
TOTAL LONG TERM LIABILITIES	28,868,550	1,813,736
TOTAL LIABILITIES	36,366,969	2,860,424
DEFERRED INFLOWS OF RESOURCES	1,206,975	4,689,086
FUND EQUITY		
CAPITAL ACCOUNT CONST COST	1,779,016	0
CONTRIBUTED CAPITAL	0	0
RETAINED EARNINGS	49,623,773	33,451,758
NET INCOME (LOSS) (THROUGH PREVIOUS MONTH)	3,575,381	368,141
TOTAL FUND EQUITY	54,978,169	33,819,899
TOTAL LIABILITIES & FUND EQUITY	92,552,113	41,369,409

ELK RIVER MUNICIPAL UTILITIES
ELK RIVER, MINNESOTA
ELECTRIC BALANCE SHEET

	October 31, 2025	September 30, 2025	Current Month Change from Prior Month
ASSETS			
CURRENT ASSETS			
CASH	4,089,175	4,808,882	(719,707)
ACCOUNTS RECEIVABLE	3,808,610	2,793,498	1,015,112
INVENTORIES	2,164,260	2,294,289	(130,029)
PREPAID ITEMS	260,216	244,419	15,797
CONSTRUCTION IN PROGRESS	2,481,735	2,052,982	428,753
TOTAL CURRENT ASSETS	12,803,996	12,194,070	609,926
RESTRICTED ASSETS			
BOND RESERVE FUND	1,779,016	1,779,016	0
EMERGENCY RESERVE FUND	7,687,418	7,656,601	30,817
TOTAL RESTRICTED ASSETS	9,466,434	9,435,617	30,817
FIXED ASSETS			
PRODUCTION	795,920	795,920	0
TRANSMISSION	2,305,024	2,305,024	0
DISTRIBUTION	55,919,591	55,672,322	247,270
GENERAL	25,985,736	25,630,632	355,104
FIXED ASSETS (COST)	85,006,271	84,403,897	602,374
LESS ACCUMULATED DEPRECIATION	(39,030,918)	(38,794,731)	(236,187)
TOTAL FIXED ASSETS, NET	45,975,352	45,609,166	366,187
INTANGIBLE ASSETS			
POWER AGENCY MEMBERSHIP BUY-IN	21,546,212	21,546,212	0
LOSS OF REVENUE INTANGIBLE	7,169,412	7,169,412	0
LESS ACCUMULATED AMORTIZATION	(4,731,474)	(4,675,796)	(55,678)
TOTAL INTANGIBLE ASSETS, NET	23,984,150	24,039,828	(55,678)
OTHER ASSETS AND DEFERRED OUTFLOWS	322,181	322,181	0
TOTAL ASSETS	92,552,113	91,600,862	951,251
LIABILITIES AND FUND EQUITY			
CURRENT LIABILITIES			
ACCOUNTS PAYABLE	5,271,246	5,596,446	(325,200)
SALARIES AND BENEFITS PAYABLE	1,232,389	1,161,041	71,348
DUE TO CITY	991,563	910,978	80,585
UNEARNED REVENUE	3,220	4,830	(1,610)
TOTAL CURRENT LIABILITIES	7,498,418	7,673,296	(174,878)
LONG TERM LIABILITIES			
BONDS PAYABLE, LESS CURRENT PORTION	27,160,514	27,165,503	(4,989)
PENSION LIABILITIES	1,708,036	1,708,036	0
TOTAL LONG TERM LIABILITIES	28,868,550	28,873,539	(4,989)
TOTAL LIABILITIES	36,366,969	36,546,835	(179,866)
DEFERRED INFLOWS OF RESOURCES	1,206,975	1,206,975	0
FUND EQUITY			
CAPITAL ACCOUNT CONST COST	1,779,016	1,779,016	0
RETAINED EARNINGS	49,623,773	49,623,773	0
NET INCOME (LOSS) (THROUGH PREVIOUS MONTH)	3,575,381	2,444,264	1,131,117
TOTAL FUND EQUITY	54,978,169	53,847,052	1,131,117
TOTAL LIABILITIES & FUND EQUITY	92,552,113	91,600,862	951,251

ELK RIVER MUNICIPAL UTILITIES
ELK RIVER, MINNESOTA
WATER BALANCE SHEET

	October 31, 2025	September 30, 2025	Current Month Change from Prior Month
ASSETS			
CURRENT ASSETS			
CASH	6,619,158	6,411,869	207,289
ACCOUNTS RECEIVABLE	5,268,177	5,293,924	(25,746)
INVENTORIES	49,448	58,808	(9,360)
PREPAID ITEMS	61,170	66,257	(5,087)
CONSTRUCTION IN PROGRESS	354,966	309,307	45,658
TOTAL CURRENT ASSETS	12,352,919	12,140,164	212,754
RESTRICTED ASSETS			
EMERGENCY RESERVE FUND	4,300,295	4,292,591	7,704
TOTAL RESTRICTED ASSETS	4,300,295	4,292,591	7,704
FIXED ASSETS			
PRODUCTION	17,217,448	17,217,448	0
DISTRIBUTION	30,869,561	30,869,561	0
GENERAL	1,632,203	1,632,203	0
FIXED ASSETS (COST)	49,719,212	49,719,212	0
LESS ACCUMULATED DEPRECIATION	(25,064,437)	(24,949,263)	(115,174)
TOTAL FIXED ASSETS, NET	24,654,775	24,769,949	(115,174)
INTANGIBLE ASSETS			
OTHER ASSETS AND DEFERRED OUTFLOWS	61,420	61,420	0
TOTAL ASSETS	41,369,409	41,264,124	105,284
LIABILITIES AND FUND EQUITY			
CURRENT LIABILITIES			
ACCOUNTS PAYABLE	331,683	403,098	(71,415)
SALARIES AND BENEFITS PAYABLE	187,901	172,776	15,125
DUE TO CITY	3,539	5,489	(1,950)
UNEARNED REVENUE	523,565	490,443	33,122
TOTAL CURRENT LIABILITIES	1,046,688	1,071,806	(25,118)
LONG TERM LIABILITIES			
BONDS PAYABLE, LESS CURRENT PORTION	1,484,752	1,485,306	(554)
PENSION LIABILITIES	328,984	328,984	0
TOTAL LONG TERM LIABILITIES	1,813,736	1,814,290	(554)
TOTAL LIABILITIES	2,860,424	2,886,096	(25,672)
DEFERRED INFLOWS OF RESOURCES	4,689,086	4,689,086	0
FUND EQUITY			
RETAINED EARNINGS	33,451,758	33,451,758	0
NET INCOME (LOSS) (THROUGH PREVIOUS MONTH)	368,141	237,184	130,957
TOTAL FUND EQUITY	33,819,899	33,688,942	130,957
TOTAL LIABILITIES & FUND EQUITY	41,369,409	41,264,124	105,284

ELK RIVER MUNICIPAL UTILITIES
ELK RIVER, MINNESOTA
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR PERIOD ENDING OCTOBER 2025

Electric	2025 OCTOBER	2025 YTD	2025 YTD BUDGET	YTD Budget Variance	2025 YTD Bud Var%	2025 ANNUAL BUDGET	2024 OCTOBER	2024 YTD	YTD VARIANCE	2024 v. 2025 Actual Var%	Variance Item
Revenue											
Operating Revenue											
Elk River	4,036,631	35,238,405	34,809,128	429,276	1	41,085,728	3,470,154	32,390,694	2,847,711	9	
Otsego	434,557	3,697,886	3,466,004	231,882	7	4,073,730	340,820	3,281,514	416,372	13	
Rural Big Lake	20,745	191,010	194,477	(3,468)	(2)	231,863	15,726	173,760	17,249	10	
Dayton	27,450	245,731	239,304	6,427	3	281,987	20,954	216,269	29,462	14	
Public St & Hwy Lighting	23,892	236,882	217,500	19,382	9	261,000	21,720	217,217	19,665	9	
Other Electric Sales	400	4,000	4,000	0	0	4,800	400	4,000	0	0	
Total Operating Revenue	4,543,674	39,613,913	38,930,414	683,500	2	45,939,108	3,869,774	36,283,454	3,330,459	9	
Other Operating Revenue											
Interest/Dividend Income	33,653	382,885	291,667	91,219	31	350,000	(9,476)	267,509	115,376	43	(1)
Customer Penalties	28,938	253,631	237,500	16,131	7	285,000	32,928	241,372	12,259	5	
Connection Fees	12,550	306,671	125,000	181,671	145	150,000	15,650	279,057	27,614	10	(2)
Misc Revenue	72,503	1,332,603	813,750	518,853	64	972,500	57,698	1,372,011	(39,409)	(3)	(3)
Total Other Revenue	147,644	2,275,790	1,467,917	807,873	55	1,757,500	96,800	2,159,949	115,840	5	
Total Revenue	4,691,319	41,889,703	40,398,330	1,491,373	4	47,696,608	3,966,574	38,443,404	3,446,299	9	
Expenses											
Purchased Power	2,386,175	26,371,550	26,206,773	164,777	1	30,599,628	2,192,019	24,768,175	1,603,375	6	
Operating & Mtce Expense	23,092	240,250	273,067	(32,816)	(12)	341,000	22,247	217,302	22,949	11	
Transmission Expense	3,123	30,608	63,333	(32,726)	(52)	76,000	2,574	43,432	(12,824)	(30)	(4)
Distribution Expense	35,224	415,254	434,583	(19,329)	(4)	521,500	26,094	367,836	47,419	13	
Maintenance Expense	145,846	1,544,425	1,763,083	(218,659)	(12)	2,144,500	167,172	1,556,264	(11,839)	(1)	
Depreciation & Amortization	291,865	2,885,722	2,782,960	102,762	4	3,339,552	277,614	2,754,154	131,568	5	
Interest Expense	59,983	615,103	615,103	0	0	735,069	63,258	647,233	(32,129)	(5)	
Other Operating Expense	4,356	81,482	212,833	(131,351)	(62)	482,400	31,470	111,873	(30,390)	(27)	(5)
Customer Accounts Expense	34,014	347,113	391,667	(44,554)	(11)	470,000	40,051	364,519	(17,406)	(5)	
Administrative Expense	326,879	3,660,163	3,966,694	(306,531)	(8)	4,783,849	319,383	3,360,599	299,564	9	
General Expense	67,276	506,230	533,167	(26,937)	(5)	639,800	36,304	495,286	10,943	2	
Total Expenses(before Operating Transfers)	3,377,832	36,697,901	37,243,263	(545,362)	(1)	44,133,298	3,178,187	34,686,672	2,011,229	6	
Operating Transfer											
Operating Transfer/Other Funds	162,213	1,416,975	1,392,365	24,609	2	1,643,429	139,507	1,302,640	114,335	9	
Utilities & Labor Donated	20,156	199,446	220,833	(21,387)	(10)	265,000	20,203	189,690	9,756	5	
Total Operating Transfer	182,369	1,616,421	1,613,198	3,223	0	1,908,429	159,710	1,492,330	124,091	8	
Net Income Profit(Loss)	1,131,117	3,575,381	1,541,869	2,033,512	132	1,654,881	628,677	2,264,402	1,310,979	58	

Item Variance of +/- $25,000 and +/- 15%

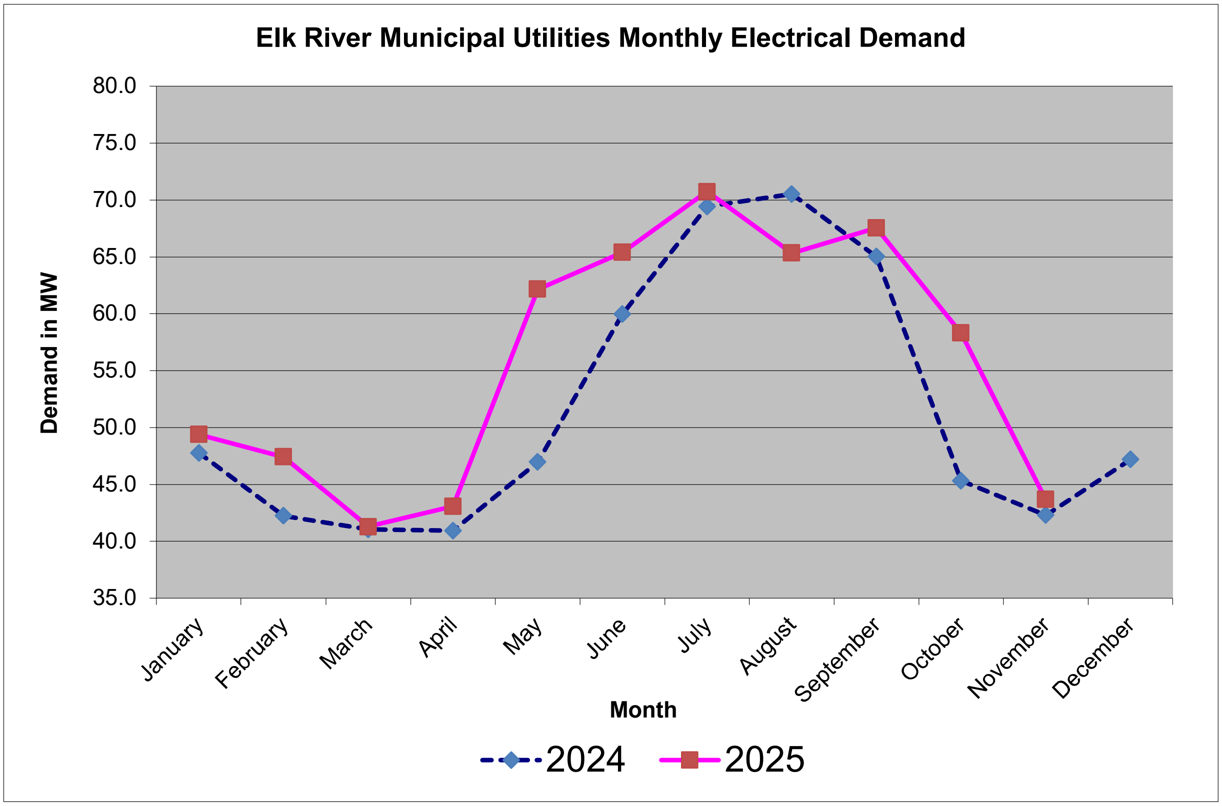
(1) YTD budget variance is due to a conservative budget amount. PYTD variance is mainly due to more funds being invested with UBS and change in Fair Market Value.
(2) YTD budget variance is due to a large agreement in September and June.
(3) YTD budget variance is mainly due to Contributions from Customers having large SOWs for additional service and/or upgrade and transmission investments.
(4) YTD budget variance is due to labor expense for transmission mtce (engineer position not filled yet).
(5) YTD budget variance is due to loss on disposition of property (disposal of assets) due to timing. PTYD variance is due to more mutual aid in 2024.

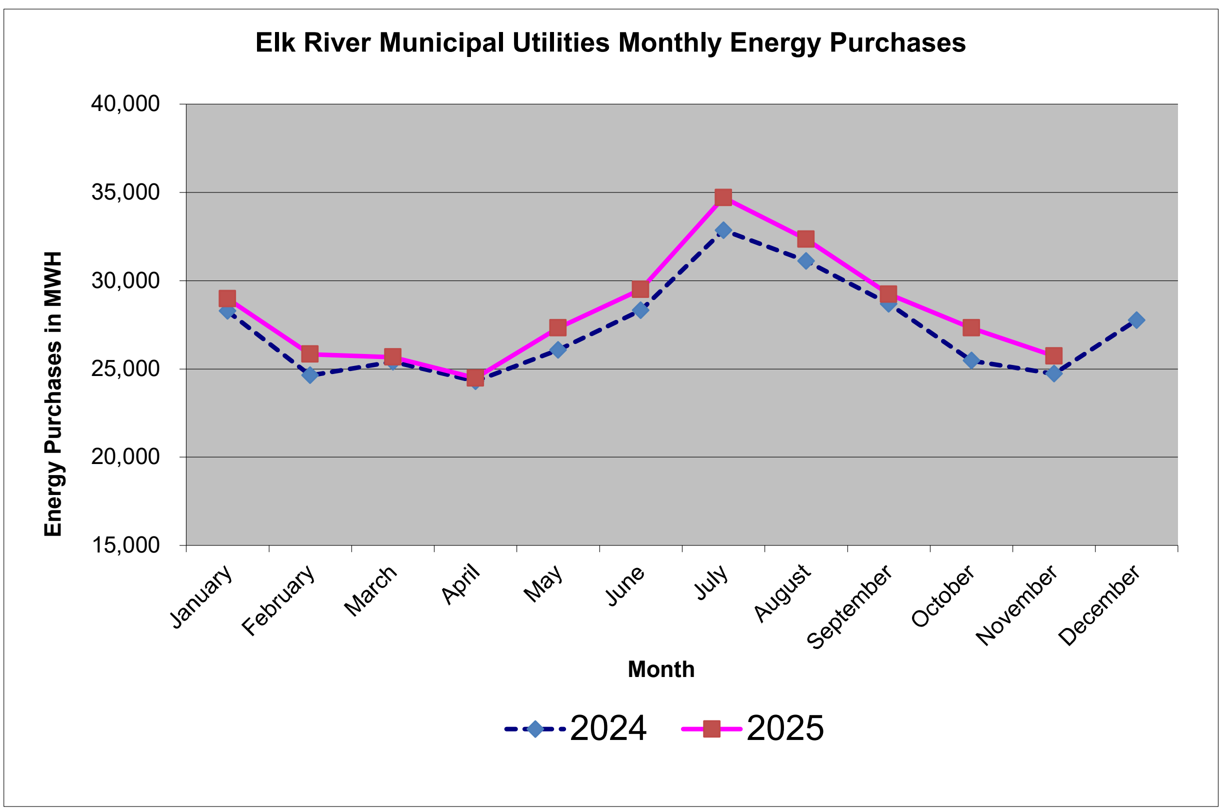
ELK RIVER MUNICIPAL UTILITIES
ELK RIVER, MINNESOTA
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR PERIOD ENDING OCTOBER 2025

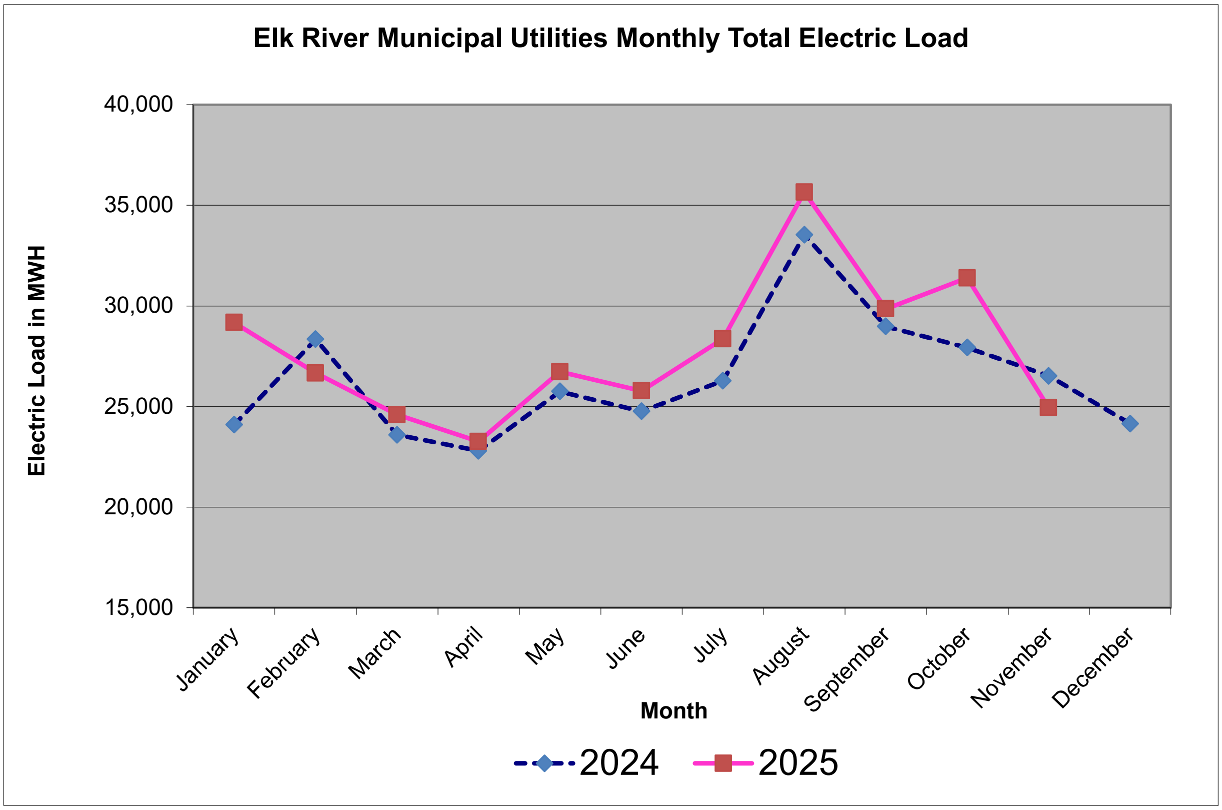
Water	2025 OCTOBER	2025 YTD	2025 YTD BUDGET	YTD Budget Variance	2025 YTD Bud Var%	2025 ANNUAL BUDGET	2024 OCTOBER	2024 YTD	YTD VARIANCE	2024 v. 2025 Actual Var%	Variance Item
Revenue											
Operating Revenue											
Water Sales	367,491	2,660,536	2,800,154	(139,618)	(5)	3,143,314	339,713	2,416,329	244,207	10	
Total Operating Revenue	367,491	2,660,536	2,800,154	(139,618)	(5)	3,143,314	339,713	2,416,329	244,207	10	
Other Operating Revenue											
Interest/Dividend Income	9,755	107,349	125,833	(18,484)	(15)	151,000	(588)	83,991	23,358	28	(1)
Customer Penalties	4,055	29,920	23,333	6,587	28	28,000	5,545	23,774	6,145	26	
Connection Fees	64,119	700,403	265,417	434,986	164	318,500	44,140	449,722	250,680	56	(2)
Misc Revenue	3,191	119,397	21,000	98,397	469	426,100	975	11,369	108,028	950	(3)
Total Other Revenue	81,119	957,068	435,583	521,485	120	923,600	50,072	568,856	388,212	68	
Total Revenue	448,611	3,617,604	3,235,737	381,867	12	4,066,914	389,785	2,985,185	632,419	21	
Expenses											
Production Expense	13,317	107,488	112,500	(5,012)	(4)	135,000	8,981	104,496	2,992	3	
Pumping Expense	52,685	533,184	560,125	(26,941)	(5)	672,150	44,807	499,974	33,211	7	
Distribution Expense	32,437	398,482	388,550	9,932	3	459,660	38,697	308,522	89,960	29	(4)
Depreciation & Amortization	115,174	1,153,729	1,104,888	48,841	4	1,325,866	99,953	1,007,152	146,577	15	
Interest Expense	2,496	26,474	26,474	0	0	31,466	2,712	28,524	(2,050)	(7)	
Other Operating Expense	52	(15,364)	16,625	(31,989)	(192)	60,750	327	1,290	(16,654)	(1,291)	(5)
Customer Accounts Expense	8,733	85,873	87,708	(1,835)	(2)	105,250	9,183	80,895	4,978	6	
Administrative Expense	92,084	956,451	991,596	(35,145)	(4)	1,199,700	78,420	815,020	141,432	17	(6)
General Expense	79	2,500	10,208	(7,708)	(76)	12,250	98	2,553	(53)	(2)	
Total Expenses(before Operating Transfers)	317,057	3,248,817	3,298,675	(49,858)	(2)	4,002,092	283,178	2,848,425	400,392	14	
Operating Transfer											
Utilities & Labor Donated	597	646	1,667	(1,021)	(61)	2,000	0	0	646	0	
Total Operating Transfer	597	646	1,667	(1,021)	(61)	2,000	0	0	646	0	
Net Income Profit(Loss)	130,957	368,141	(64,605)	432,746	670	62,822	106,607	136,760	231,381	169	

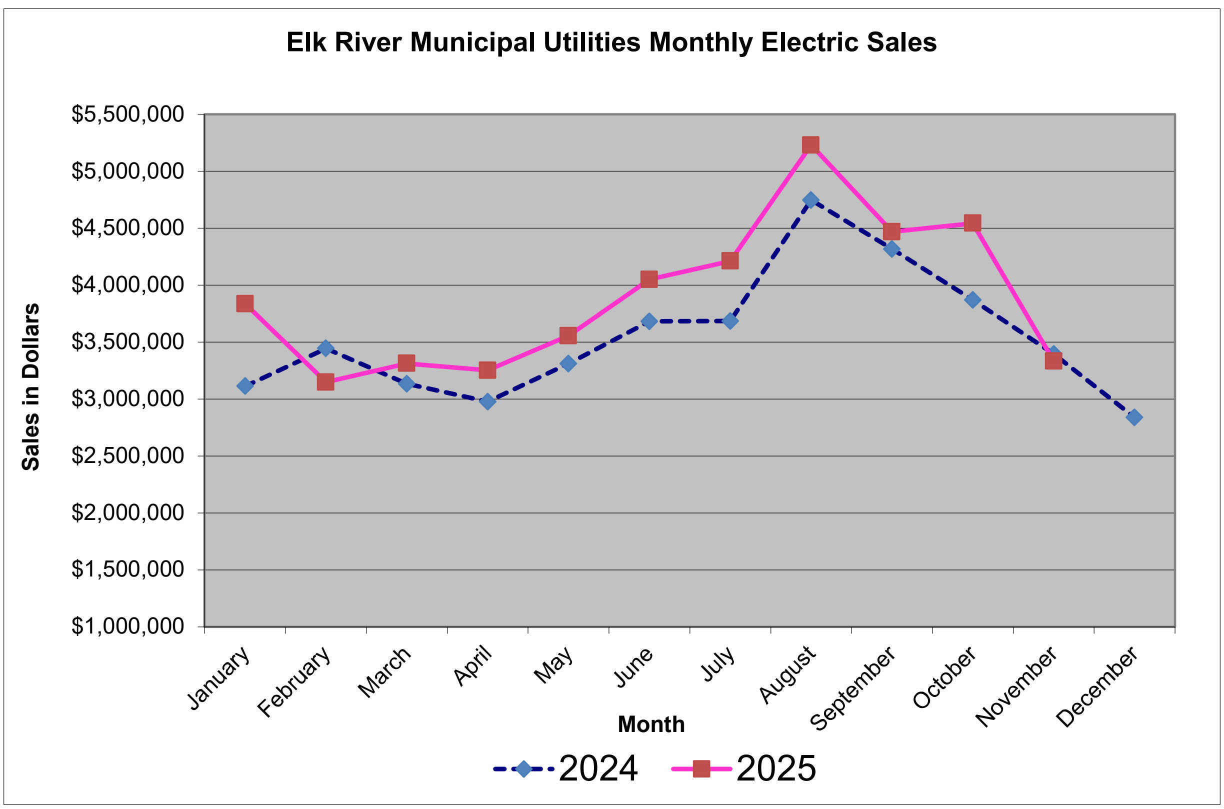
Item Variance of +/- $15,000 and +/- 15%

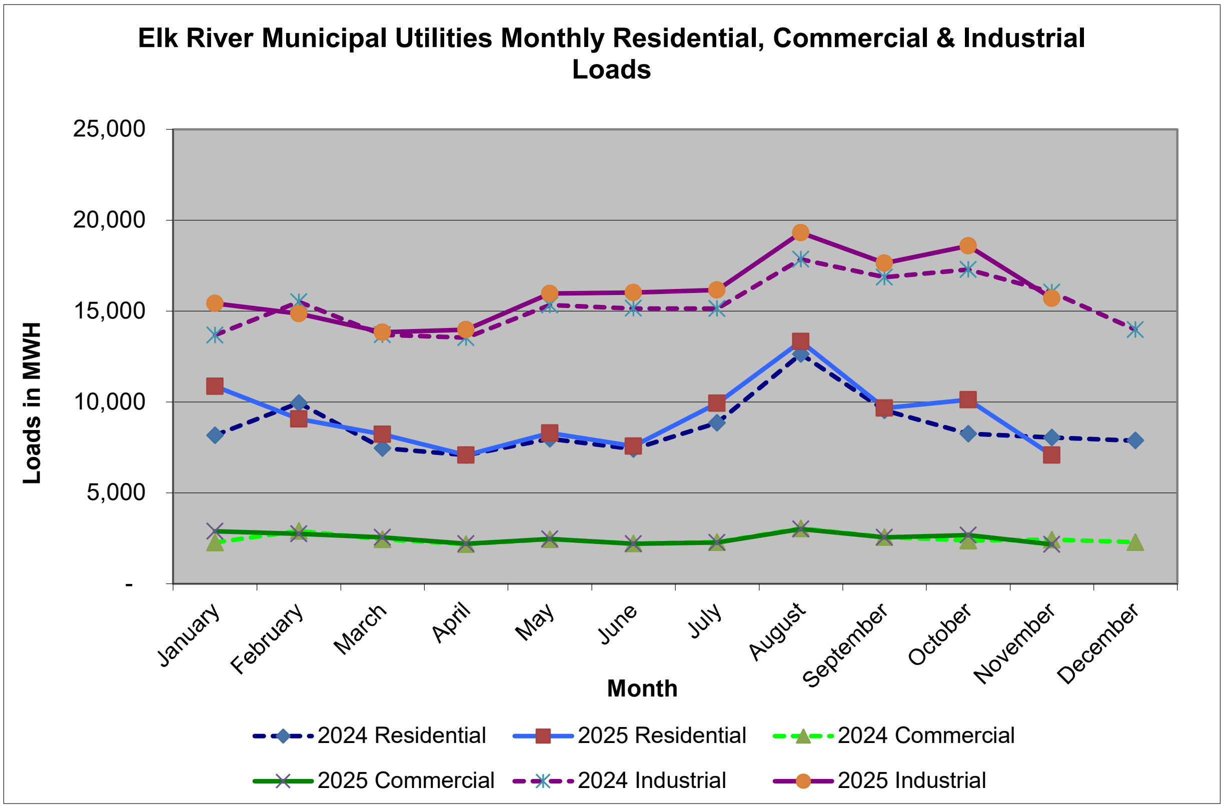
(1) PYTD variance is mainly due to more funds being invested with UBS and change in Fair Market Value.
(2) YTD budget variance is due to connection fees being budgeted conservatively and PYTD variance is due to more WAC fees in 2025.
(3) YTD budget variance and PYTD variance is due to AFFF settlement and Contributions from Developers.
(4) PYTD variance is mainly due to one large watermain repair in 2025 and water locates.
(5) YTD budget variance and PYTD variance is due AMI (timing).
(6) PYTD variance is mainly due to consulting (Cty Rd 44, Power Plant, Scada, Service Line Inventory), Salaries (Comp Study change and COLA), Medical Insurance, Sick Pay (change in accrual), and Legal Fees (AFFF).

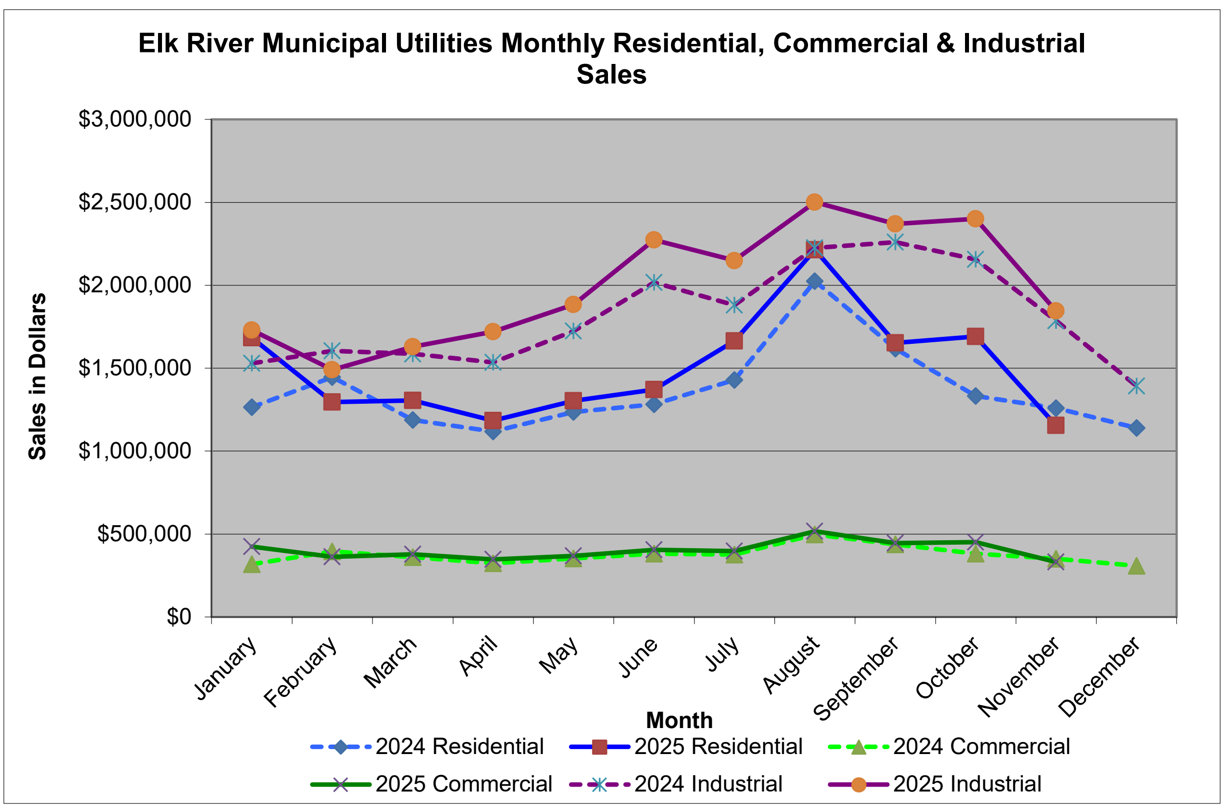

Elk River Municipal Utilities Monthly Electrical Demand
80.0
75.0
70.0
65.0
60.0
55.0
50.0
45.0
40.0
35.0
Demand in MW
January
February
March
April
May
June
July
August
September
October
November
December
Month
2024
2025

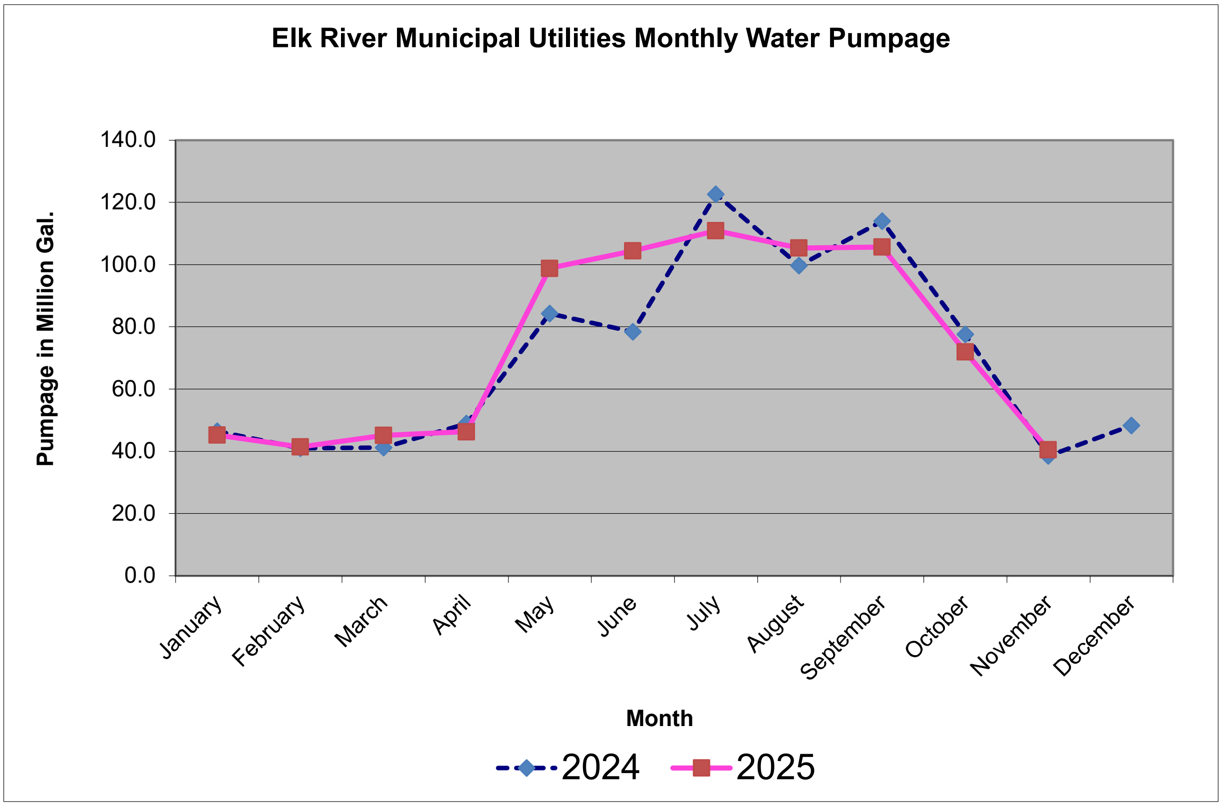

Elk River Municipal Utilities Monthly Energy Purchases
40,000
35,000
30,000
25,000
20,000
15,000
Energy Purchases in MWH
January
February
March
April
May
June
July
August
September
October
November
December
Month
2024
2025


Elk River Municipal Utilities Monthly Total Electric Load
40,000
35,000
30,000
25,000
20,000
15,000
Electric Load in MWH
January
February
March
April
May
June
July
August
September
October
November
December
Month
2024
2025

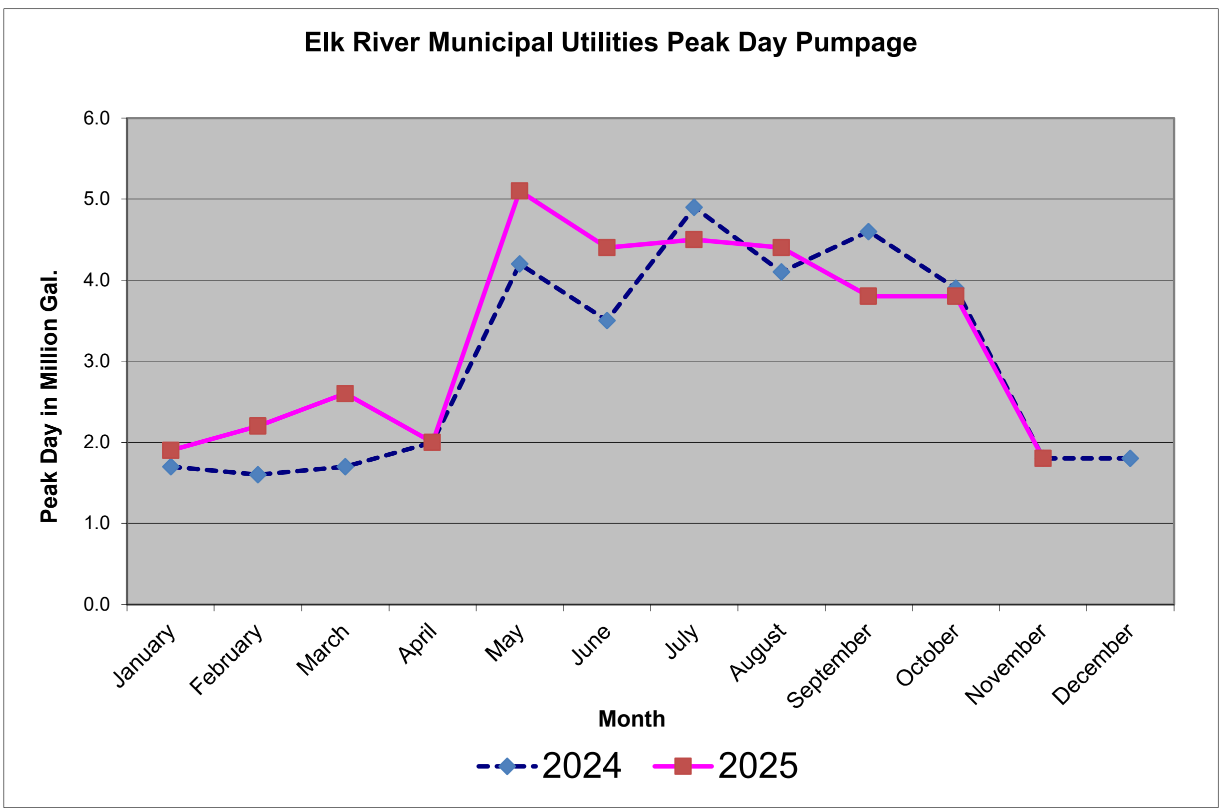

Elk River Municipal Utilities Monthly Electric Sales
$5,500,000
$5,000,000
$4,500,000
$4,000,000
$3,500,000
$3,000,000
$2,500,000
$2,000,000
$1,500,000
$1,000,000
Sales in Dollars
January
February
March
April
May
June
July
August
September
October
November
December
Month
2024
2025


Elk River Municipal Utilities Monthly Residential, Commercial & Industrial Loads
Loads in MWH
25,000
20,000
15,000
10,000
5,000
-
January
February
March
April
May
June
July
August
September
October
November
December
Month
2024 Residential
2025 Residential
2024 Commercial
2025 Commercial
2024 Industrial
2025 Industrial

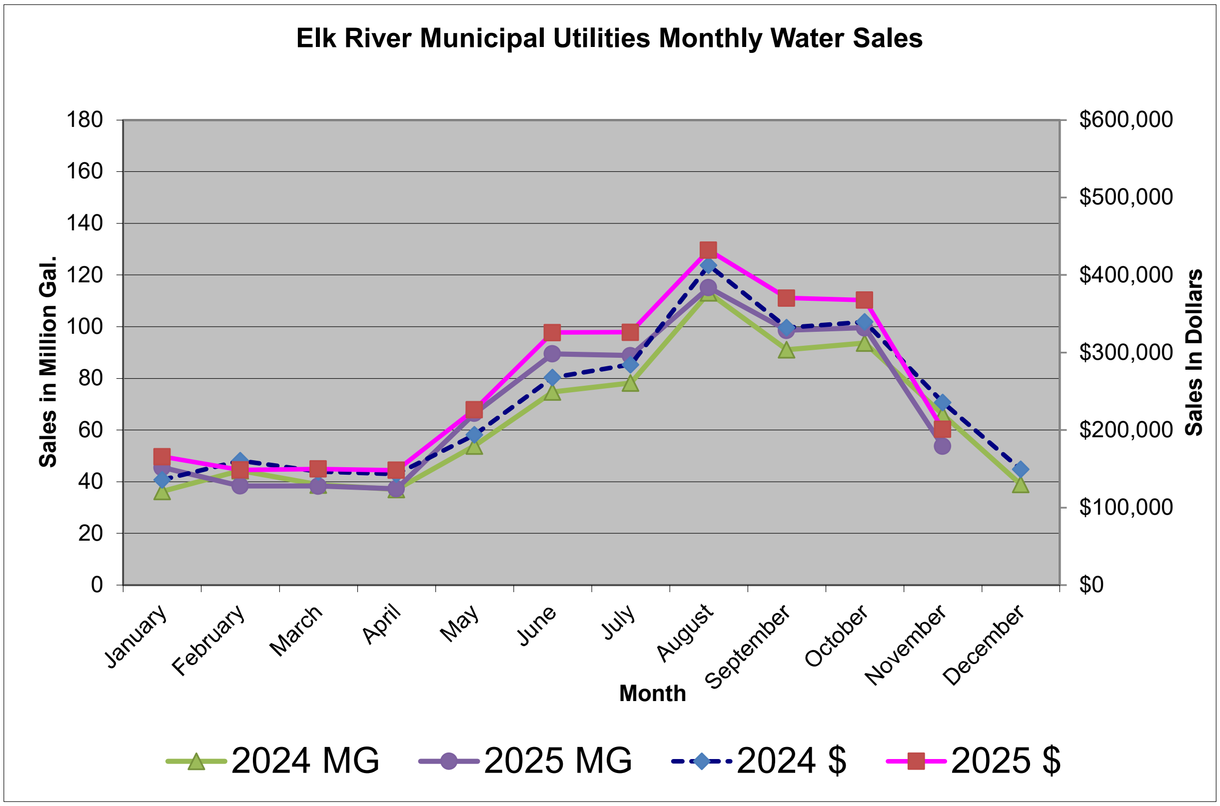

Elk River Municipal Utilities Monthly Residential, Commercial & Industrial Sales
Sales in Dollars
$3,000,000
$2,500,000
$2,000,000
$1,500,000
$1,000,000
$500,000
$0
January
February
March
April
May
June
July
August
September
October
November
December
Month
2024 Residential
2025 Residential
2024 Commercial
2025 Commercial
2024 Industrial
2025 Industrial



Elk River Municipal Utilities Monthly Water Pumpage
Pumpage in Million Gal.
140.0
120.0
100.0
80.0
60.0
40.0
20.0
0.0
January
February
March
April
May
June
July
August
September
October
November
December
Month
2024
2025



Elk River Municipal Utilities Peak Day Pumpage
Peak Day in Million Gal.
6.0
5.0
4.0
3.0
2.0
1.0
0.0
January
February
March
April
May
June
July
August
September
October
November
December
Month
2024
2025


Elk River Municipal Utilities Monthly Water Sales
Sales in Million Gal.
Sales In Dollars
180
160
140
120
100
80
60
40
20
0
$600,000
$500,000
$400,000
$300,000
$200,000
$100,000
$0
January
February
March
April
May
June
July
August
September
October
November
December
Month
2024 MG
2025 MG
2024 $
2025 $

ELK RIVER MUNICIPAL UTILITIES
ELK RIVER, MINNESOTA
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR PERIOD ENDING OCTOBER 2025

Electric	2025 OCTOBER	2025 YTD	2025 YTD BUDGET	2025 ANNUAL BUDGET	2025 YTD Bud Var%	2024 OCTOBER	2024 YTD	YTD VARIANCE	2024 v. 2025 Actual Var%
Revenue									
Operating Revenue									
Elk River									
ELECT SALES - ELK RIVER RESID	1,324,544	12,029,684	11,881,411	14,008,158	1	1,105,444	11,239,814	789,869	7
ELECT SALES - ELK RIVER NON-D	326,533	2,959,237	3,023,020	3,561,584	(2)	293,030	2,869,710	89,527	3
ELECT SALES - ELK RIVER DEMA	1,927,445	15,957,193	15,814,740	18,661,634	1	1,885,356	15,313,643	643,550	4
PCA SALES REVENUE - ELK RIVE	142,563	1,379,047	1,284,776	1,522,421	7	49,258	934,521	444,525	48
PCA SALES REVENUE - ELK RIVE	35,741	355,378	354,556	423,421	0	13,445	255,744	99,633	39
PCA SALES REVENUE - ELK RIVE	279,801	2,557,863	2,450,622	2,908,507	4	123,619	1,777,259	780,603	44
Total For Elk River:	4,036,630	35,238,404	34,809,128	41,085,728	1	3,470,154	32,390,694	2,847,710	9
Otsego									
ELECT SALES - OTSEGO RESIDEN	161,795	1,382,633	1,319,751	1,546,756	5	136,253	1,286,241	96,391	7
ELECT SALES - OTSEGO NON-DEM	56,390	467,784	425,879	499,327	10	49,105	428,680	39,103	9
ELECT SALES - OTSEGO DEMAND	167,557	1,406,637	1,345,176	1,587,577	5	138,765	1,276,446	130,190	10
PCA SALES REVENUE - OTSEGO R	17,331	157,741	144,318	168,103	9	6,084	104,890	52,850	50
PCA SALES REVENUE - OTSEGO N	6,414	59,130	40,668	46,753	45	2,334	38,322	20,807	54
PCA SALES REVENUE - OTSEGO D	25,067	223,958	190,209	225,212	18	8,275	146,932	77,026	52
Total For Otsego:	434,556	3,697,885	3,466,003	4,073,730	7	340,819	3,281,513	416,371	13
Rural Big Lake									
ELECT SALES - BIG LAKE RESIDE	18,375	167,792	169,169	199,359	(1)	14,535	156,580	11,212	7
ELECT SALES - BIG LAKE NON-DE	338	3,526	4,371	4,810	(19)	516	3,867	(340)	(9)
PCA SALES REVENUE - BIG LAKE	2,001	19,316	17,935	21,666	8	651	13,030	6,286	48
PCA SALES REVENUE - BIG LAKE	29	373	3,000	6,026	(88)	21	282	91	33
Total For Rural Big Lake:	20,744	191,009	194,477	231,863	(2)	15,726	173,760	17,249	10
Dayton									
ELECT SALES - DAYTON RESIDEN	20,832	186,073	181,188	212,063	3	16,747	168,094	17,978	11
ELECT SALES - DAYTON NON-DE	3,983	34,763	34,369	40,465	1	3,326	31,992	2,771	9
PCA SALES REVENUE - DAYTON R	2,225	21,006	18,745	23,047	12	741	13,649	7,357	54
PCA SALES REVENUE - DAYTON	408	3,887	5,000	6,410	(22)	138	2,532	1,354	53
Total For Dayton:	27,449	245,731	239,304	281,986	3	20,954	216,269	29,462	14
Public St & Hwy Lighting									
ELECT SALES - SEC LTS	23,892	236,882	217,500	261,000	9	21,720	217,217	19,665	9
Total For Public St & Hwy Lighting:	23,892	236,882	217,500	261,000	9	21,720	217,217	19,665	9
Other Electric Sales									
SUB-STATION CREDIT	400	4,000	4,000	4,800	0	400	4,000	0	0

ELK RIVER MUNICIPAL UTILITIES
ELK RIVER, MINNESOTA
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR PERIOD ENDING OCTOBER 2025

Electric	2025 OCTOBER	2025 YTD	2025 YTD BUDGET	2025 ANNUAL BUDGET	2025 YTD Bud Var%	2024 OCTOBER	2024 YTD	YTD VARIANCE	2024 v. 2025 Actual Var%
Total For Other Electric Sales:	400	4,000	4,000	4,800	0	400	4,000	0	0
Total Operating Revenue	4,543,674	39,613,913	38,930,413	45,939,108	2	3,869,774	36,283,454	3,330,458	9
Other Operating Revenue									
Interest/Dividend Income									
INTEREST & DIVIDEND INCOME	33,652	382,885	291,666	350,000	31	(9,475)	267,508	115,376	43
Total For Interest/Dividend Income:	33,652	382,885	291,666	350,000	31	(9,475)	267,508	115,376	43
Customer Penalties									
CUSTOMER DELINQUENT PENALT	28,938	253,630	237,500	285,000	7	32,927	241,371	12,258	5
Total For Customer Penalties:	28,938	253,630	237,500	285,000	7	32,927	241,371	12,258	5
Connection Fees									
DISCONNECT & RECONNECT CHA	12,550	306,671	125,000	150,000	145	15,650	279,057	27,614	10
Total For Connection Fees:	12,550	306,671	125,000	150,000	145	15,650	279,057	27,614	10
Misc Revenue									
MISC ELEC REVENUE - TEMP CHG	220	2,860	2,083	2,500	37	220	2,390	470	20
STREET LIGHT	0	50,000	7,500	10,000	567	0	23,400	26,600	114
TRANSMISSION INVESTMENTS	57,136	586,710	500,000	600,000	17	41,393	522,815	63,895	12
MISC NON-UTILITY	12,879	115,393	91,666	110,000	26	9,305	141,913	(26,519)	(19)
GAIN ON DISPOSITION OF PROPER	0	22,755	25,000	25,000	(9)	0	8,600	14,155	165
CONTRIBUTIONS FROM CUSTOME	2,267	554,882	187,500	225,000	196	6,778	672,892	(118,009)	(18)
Total For Misc Revenue:	72,503	1,332,602	813,750	972,500	64	57,698	1,372,011	(39,408)	(3)
Total Other Revenue	147,644	2,275,789	1,467,916	1,757,500	55	96,800	2,159,949	115,840	5
Total For Total Other Revenue:	147,644	2,275,789	1,467,916	1,757,500	55	96,800	2,159,949	115,840	5
Total Revenue	4,691,318	41,889,703	40,398,330	47,696,608	4	3,966,574	38,443,403	3,446,299	9
Expenses									
Purchased Power									
PURCHASED POWER	1,774,917	19,836,523	20,066,323	23,315,290	(1)	1,575,277	18,979,483	857,039	5
ENERGY ADJUSTMENT CLAUSE	611,256	6,535,026	6,140,449	7,284,337	6	616,741	5,788,691	746,335	13
Total For Purchased Power:	2,386,174	26,371,550	26,206,772	30,599,628	1	2,192,019	24,768,174	1,603,375	6
Operating & Mtce Expense									
OPERATING SUPERVISION	15,149	135,254	125,000	150,000	8	13,420	116,521	18,732	16
DIESEL OIL FUEL	0	0	0	0	0	0	159	(159)	(100)
NATURAL GAS	568	17,522	21,400	30,000	(18)	661	13,613	3,908	29

ELK RIVER MUNICIPAL UTILITIES
ELK RIVER, MINNESOTA
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR PERIOD ENDING OCTOBER 2025

Electric	2025 OCTOBER	2025 YTD	2025 YTD BUDGET	2025 ANNUAL BUDGET	2025 YTD Bud Var%	2024 OCTOBER	2024 YTD	YTD VARIANCE	2024 v. 2025 Actual Var%
ELECTRIC & WATER CONSUMPTI	3,488	47,615	52,500	65,000	(9)	4,768	46,284	1,331	3
PLANT SUPPLIES & OTHER EXPEN	1,477	8,096	12,500	15,000	(35)	41	7,256	839	12
MISC POWER GENERATION EXPE	125	939	833	1,000	13	123	624	315	51
MAINTENANCE OF STRUCTURE -	1,280	10,486	16,666	20,000	(37)	2,809	12,475	(1,989)	(16)
MTCE OF PLANT ENGINES/GENER	26	755	4,166	5,000	(82)	0	4,061	(3,305)	(81)
MTCE OF PLANT/LAND IMPROVE	974	19,579	40,000	55,000	(51)	421	16,304	3,275	20
Total For Operating & Mtce Expense:	23,092	240,250	273,066	341,000	(12)	22,247	217,301	22,948	11
Transmission Expense									
TRANSMISSION MTCE AND EXPE	3,122	30,607	63,333	76,000	(52)	2,574	43,431	(12,823)	(30)
Total For Transmission Expense:	3,122	30,607	63,333	76,000	(52)	2,574	43,431	(12,823)	(30)
Distribution Expense									
REMOVE EXISTING SERVICE & M	0	936	1,666	2,000	(44)	251	352	583	165
SCADA EXPENSE	4,637	52,069	50,000	60,000	4	2,505	39,356	12,712	32
TRANSFORMER EXPENSE OH & U	1,543	14,241	20,833	25,000	(32)	1,720	14,438	(197)	(1)
MTCE OF SIGNAL SYSTEMS	695	3,971	2,500	3,000	59	611	1,621	2,349	145
METER EXPENSE - REMOVE & RE	0	1,110	1,250	1,500	(11)	0	466	644	138
TEMP SERVICE - INSTALL & REM	0	2,161	8,333	10,000	(74)	0	338	1,822	538
MISC DISTRIBUTION EXPENSE	28,347	340,763	350,000	420,000	(3)	21,005	311,260	29,502	9
Total For Distribution Expense:	35,224	415,254	434,583	521,500	(4)	26,093	367,835	47,418	13
Maintenance Expense									
MTCE OF STRUCTURES	5,832	76,388	76,666	92,000	0	9,838	74,019	2,369	3
MTCE OF SUBSTATIONS	4,867	15,546	37,500	45,000	(59)	4,788	12,894	2,651	21
MTCE OF SUBSTATION EQUIPME	1,815	37,760	125,000	150,000	(70)	1,571	82,497	(44,737)	(54)
MTCE OF OH LINES/TREE TRIM	8,018	167,046	226,000	300,000	(26)	318	214,544	(47,498)	(22)
MTCE OF OH LINES/STANDBY	3,714	37,013	41,666	50,000	(11)	3,324	36,270	743	2
MTCE OF OH PRIMARY	10,938	151,731	158,333	190,000	(4)	15,024	150,792	938	1
MTCE OF URD PRIMARY	30,900	290,005	250,000	300,000	16	52,532	254,631	35,374	14
LOCATE ELECTRIC LINES	13,448	101,554	104,166	125,000	(3)	9,264	86,726	14,827	17
LOCATE FIBER LINES	462	3,785	2,083	2,500	82	585	2,742	1,042	38
MTCE OF LINE TRANSFORMERS	2,451	89,541	62,500	75,000	43	5,724	43,753	45,788	105
MTCE OF STREET LIGHTING	7,140	54,313	57,500	69,000	(6)	2,016	60,767	(6,453)	(11)
MTCE OF SECURITY LIGHTING	416	13,266	20,833	25,000	(36)	2,338	20,280	(7,014)	(35)
MTCE OF METERS	13,081	31,208	66,666	80,000	(53)	3,025	55,084	(23,875)	(43)
VOLTAGE COMPLAINTS	0	2,913	10,000	12,000	(71)	917	5,529	(2,615)	(47)
SALARIES TRANSMISSION & DIST	3,233	29,674	30,000	36,000	(1)	3,091	26,031	3,643	14

ELK RIVER MUNICIPAL UTILITIES
ELK RIVER, MINNESOTA
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR PERIOD ENDING OCTOBER 2025

Electric	2025 OCTOBER	2025 YTD	2025 YTD BUDGET	2025 ANNUAL BUDGET	2025 YTD Bud Var%	2024 OCTOBER	2024 YTD	YTD VARIANCE	2024 v. 2025 Actual Var%
ELECTRIC MAPPING	12,102	125,822	129,166	155,000	(3)	5,492	113,082	12,739	11
FIBER MAPPING	0	0	12,500	15,000	(100)	0	0	0	0
MTCE OF OH SECONDARY	1,392	24,486	19,166	23,000	28	2,918	18,568	5,918	32
MTCE OF URD SECONDARY	6,439	71,882	62,500	75,000	15	4,216	47,650	24,231	51
TRANSPORTATION EXPENSE	19,589	220,482	270,833	325,000	(19)	40,183	250,394	(29,912)	(12)
Total For Maintenance Expense:	145,846	1,544,424	1,763,083	2,144,500	(12)	167,172	1,556,264	(11,839)	(1)
Depreciation & Amortization									
DEPRECIATION	236,186	2,328,942	2,226,179	2,671,415	5	221,935	2,197,374	131,567	6
AMORTIZATION	55,677	556,779	556,780	668,136	0	55,677	556,779	0	0
Total For Depreciation & Amortization:	291,864	2,885,721	2,782,959	3,339,551	4	277,613	2,754,154	131,567	5
Interest Expense									
INTEREST EXPENSE - BONDS	64,971	664,988	664,988	794,932	0	68,246	697,117	(32,129)	(5)
AMORTIZATION OF DEBT DISCOU	(4,988)	(49,885)	(49,885)	(59,863)	0	(4,988)	(49,885)	0	0
Total For Interest Expense:	59,982	615,103	615,103	735,069	0	63,257	647,232	(32,129)	(5)
Other Operating Expense									
EV CHARGING EXPENSE	109	1,487	1,166	1,400	27	318	2,253	(766)	(34)
LOSS ON DISPOSITION OF PROP (C	0	15,758	160,000	160,000	(90)	0	7,992	7,766	97
LOSS ON DISPOSITION OF PROP (N	0	15,437	0	0	0	0	0	15,437	0
OTHER DONATIONS	0	217	1,666	2,000	(87)	0	0	217	0
MUTUAL AID	0	7,012	0	0	0	26,301	53,820	(46,807)	(87)
PENSION EXPENSE	0	0	0	259,000	0	0	0	0	0
INTEREST EXPENSE - METER DEP	4,246	41,569	50,000	60,000	(17)	4,849	47,805	(6,236)	(13)
Total For Other Operating Expense:	4,355	81,482	212,833	482,400	(62)	31,469	111,872	(30,390)	(27)
Customer Accounts Expense									
METER READING EXPENSE	2,257	27,151	29,166	35,000	(7)	4,924	40,158	(13,006)	(32)
DISCONNECT/RECONNECT EXPEN	0	658	8,333	10,000	(92)	100	11,844	(11,185)	(94)
MISC CUSTOMER ACCOUNTS EXP	31,549	311,647	333,333	400,000	(7)	33,502	298,255	13,392	4
BAD DEBT EXPENSE & RECOVER	207	7,654	20,833	25,000	(63)	1,524	14,261	(6,606)	(46)
Total For Customer Accounts Expense:	34,014	347,113	391,666	470,000	(11)	40,051	364,518	(17,405)	(5)
Administrative Expense									
SALARIES OFFICE & COMMISSION	92,716	827,461	904,166	1,085,000	(8)	84,179	750,312	77,148	10
TEMPORARY STAFFING	0	0	3,333	4,000	(100)	0	0	0	0
OFFICE SUPPLIES	12,202	100,416	112,500	135,000	(11)	15,826	82,331	18,084	22
ELECTRIC & WATER CONSUMPTI	1,735	20,875	26,666	32,000	(22)	2,192	23,189	(2,313)	(10)
BANK FEES	216	2,285	2,500	3,000	(9)	250	2,278	6	0

ELK RIVER MUNICIPAL UTILITIES
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Electric	2025 OCTOBER	2025 YTD	2025 YTD BUDGET	2025 ANNUAL BUDGET	2025 YTD Bud Var%	2024 OCTOBER	2024 YTD	YTD VARIANCE	2024 v. 2025 Actual Var%
LEGAL FEES	932	13,621	25,000	30,000	(46)	9,456	29,305	(15,684)	(54)
AUDITING FEES	1,720	17,200	17,200	20,640	0	1,640	15,600	1,600	10
INSURANCE	10,087	131,001	162,500	195,000	(19)	21,533	160,493	(29,491)	(18)
UTILITY SHARE - DEFERRED COM	4,699	103,480	107,083	128,500	(3)	5,009	102,965	515	1
UTILITY SHARE - MEDICAL/DENT	62,539	765,387	804,627	942,322	(5)	48,302	716,113	49,274	7
UTILITY SHARE - PERA	28,534	276,621	267,916	321,500	3	28,534	257,363	19,257	7
UTILITY SHARE - FICA	27,525	272,721	262,916	315,500	4	27,470	251,164	21,556	9
EMPLOYEE SICK PAY	18,556	227,969	170,000	204,000	34	13,717	136,640	91,329	67
EMPLOYEE HOLIDAY PAY	0	110,556	113,225	194,100	(2)	0	103,764	6,791	7
EMPLOYEE VACATION & PTO PA	26,328	309,862	276,272	325,000	12	22,901	283,387	26,474	9
UPMIC DISTRIBUTION	0	59,534	64,500	86,000	(8)	0	75,435	(15,900)	(21)
LONGEVITY PAY	0	9,945	9,945	9,945	0	2,025	4,945	5,000	101
CONSULTING FEES	3,904	78,560	199,166	239,000	(61)	0	40,307	38,253	95
TELEPHONE	2,834	28,298	31,666	38,000	(11)	2,929	25,807	2,490	10
ADVERTISING	875	11,555	16,666	20,000	(31)	775	10,415	1,140	11
DUES & SUBSCRIPTIONS - FEES	11,216	117,527	126,674	152,009	(7)	9,822	102,704	14,823	14
SCHOOLS & MEETINGS	19,388	166,628	253,000	292,333	(34)	21,970	177,622	(10,993)	(6)
MTCE OF GENERAL PLANT & OFFI	865	8,650	9,166	11,000	(6)	845	8,450	200	2
Total For Administrative Expense:	326,878	3,660,162	3,966,694	4,783,849	(8)	319,382	3,360,599	299,563	9
General Expense									
CIP REBATES - RESIDENTIAL	11,640	86,178	75,631	90,758	14	7,574	73,398	12,780	17
CIP REBATES - COMMERCIAL	19,724	99,486	93,333	112,000	7	0	98,271	1,214	1
CIP - ADMINISTRATION	18,669	153,290	152,470	182,965	1	10,177	153,263	27	0
CIP - MARKETING	2,148	41,096	42,695	51,235	(4)	5,840	44,820	(3,723)	(8)
CIP - LABOR	9,733	88,894	111,518	133,822	(20)	9,136	83,428	5,465	7
CIP REBATES - LOW INCOME	1,578	1,578	15,600	18,720	(90)	0	3,468	(1,889)	(54)
CIP - LOW INCOME LABOR	946	8,402	8,333	10,000	1	817	7,797	604	8
ENVIRONMENTAL COMPLIANCE	2,924	27,162	29,166	35,000	(7)	2,044	27,403	(241)	(1)
MISC GENERAL EXPENSE	(90)	139	4,416	5,300	(97)	714	3,434	(3,294)	(96)
Total For General Expense:	67,275	506,229	533,166	639,800	(5)	36,303	495,286	10,943	2
Total Expenses(before Operating Transfers)	3,377,832	36,697,900	37,243,263	44,133,298	(1)	3,178,186	34,686,671	2,011,229	6
Operating Transfer									
Operating Transfer/Other Funds									
TRANSFER TO CITY ELK RIVER R	162,213	1,416,974	1,392,365	1,643,429	2	139,507	1,302,639	114,334	9

ELK RIVER MUNICIPAL UTILITIES
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Electric	2025 OCTOBER	2025 YTD	2025 YTD BUDGET	2025 ANNUAL BUDGET	2025 YTD Bud Var%	2024 OCTOBER	2024 YTD	YTD VARIANCE	2024 v. 2025 Actual Var%
Total For Operating Transfer/Other Funds:	162,213	1,416,974	1,392,365	1,643,429	2	139,507	1,302,639	114,334	9
Utilities & Labor Donated									
UTILITIES & LABOR DONATED TO	20,155	199,446	220,833	265,000	(10)	20,203	189,690	9,756	5
Total For Utilities & Labor Donated:	20,155	199,446	220,833	265,000	(10)	20,203	189,690	9,756	5
Total Operating Transfer									
Total For Total Operating Transfer:	182,369	1,616,421	1,613,198	1,908,429	0	159,710	1,492,330	124,090	8
Net Income Profit(Loss)	1,131,117	3,575,380	1,541,868	1,654,880	132	628,677	2,264,401	1,310,979	58

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Water	2025 OCTOBER	2025 YTD	2025 YTD BUDGET	2025 ANNUAL BUDGET	2025 YTD Bud Var%	2024 OCTOBER	2024 YTD	YTD VARIANCE	2024 v. 2025 Actual Var%
Revenue									
Operating Revenue									
Water Sales									
WATER SALES RESIDENTIAL	182,689	1,470,528	1,570,280	1,768,457	(6)	187,504	1,337,837	132,691	10
WATER SALES COMMERCIAL	134,019	898,441	895,611	1,024,735	0	109,047	825,763	72,677	9
WATER SALES IRRIGATION	50,783	291,565	334,261	350,120	(13)	43,161	252,727	38,837	15
Total For Water Sales:	367,491	2,660,535	2,800,153	3,143,313	(5)	339,713	2,416,329	244,206	10
Total Operating Revenue									
	367,491	2,660,535	2,800,153	3,143,313	(5)	339,713	2,416,329	244,206	10
Total For Total Operating Revenue:	367,491	2,660,535	2,800,153	3,143,313	(5)	339,713	2,416,329	244,206	10
Other Operating Revenue									
Interest/Dividend Income									
INTEREST & DIVIDEND INCOME	9,754	106,782	125,000	150,000	(15)	(588)	83,431	23,350	28
OTHER INTEREST/MISC REVENUE	0	566	833	1,000	(32)	0	558	8	1
Total For Interest/Dividend Income:	9,754	107,348	125,833	151,000	(15)	(588)	83,990	23,358	28
Customer Penalties									
CUSTOMER PENALTIES	4,054	29,919	23,333	28,000	28	5,545	23,774	6,145	26
Total For Customer Penalties:	4,054	29,919	23,333	28,000	28	5,545	23,774	6,145	26
Connection Fees									
WATER/ACCESS/CONNECTION FE	21,600	593,012	212,500	255,000	179	33,477	396,741	196,270	49
CUSTOMER CONNECTION FEES	2,763	53,621	27,083	32,500	98	6,899	32,506	21,115	65
BULK WATER SALES/HYDRANT R	39,755	53,768	25,833	31,000	108	3,763	20,474	33,293	163
Total For Connection Fees:	64,118	700,402	265,416	318,500	164	44,140	449,722	250,680	56
Misc Revenue									
MISC NON-UTILITY	0	340	83	100	311	0	75	264	349
GAIN ON DISPOSITION OF PROPER	0	0	8,000	8,000	(100)	0	0	0	0
MISCELLANEOUS REVENUE	2,216	64,716	416	500	15,419	0	716	63,999	8,926
HYDRANT MAINTENANCE PROGR	975	9,750	12,500	15,000	(22)	975	10,575	(825)	(8)
CONTRIBUTIONS FROM DEVELOP	0	44,590	0	0	0	0	0	44,590	0
WATER TOWER LEASE	0	0	0	327,500	0	0	0	0	0
LEASE INTEREST REVENUE	0	0	0	75,000	0	0	0	0	0
Total For Misc Revenue:	3,191	119,396	21,000	426,100	469	975	11,368	108,028	950
Total Other Revenue									
	81,119	957,067	435,583	923,600	120	50,072	568,855	388,212	68
Total For Total Other Revenue:	81,119	957,067	435,583	923,600	120	50,072	568,855	388,212	68

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Water	2025 OCTOBER	2025 YTD	2025 YTD BUDGET	2025 ANNUAL BUDGET	2025 YTD Bud Var%	2024 OCTOBER	2024 YTD	YTD VARIANCE	2024 v. 2025 Actual Var%
Total Revenue	448,610	3,617,603	3,235,736	4,066,913	12	389,785	2,985,184	632,418	21
Expenses									
Production Expense									
MTCE OF STRUCTURES	13,317	107,487	112,500	135,000	(4)	8,981	104,495	2,992	3
Total For Production Expense:	13,317	107,487	112,500	135,000	(4)	8,981	104,495	2,992	3
Pumping Expense									
SUPERVISION	8,100	67,164	63,333	76,000	6	7,259	60,284	6,879	11
ELECTRIC & GAS UTILITIES	18,223	237,069	258,333	310,000	(8)	19,888	215,904	21,165	10
SAMPLING	2,846	21,292	20,125	24,150	6	945	19,006	2,285	12
CHEMICAL FEED	1,643	38,699	41,666	50,000	(7)	4,398	34,400	4,299	12
MTCE OF WELLS	21,555	161,320	166,666	200,000	(3)	11,951	160,007	1,312	1
SCADA - PUMPING	316	7,637	10,000	12,000	(24)	363	10,369	(2,731)	(26)
Total For Pumping Expense:	52,685	533,184	560,125	672,150	(5)	44,806	499,973	33,210	7
Distribution Expense									
MTCE OF WATER MAINS	19,960	159,546	145,833	175,000	9	16,332	90,284	69,261	77
LOCATE WATER LINES	1,701	23,783	16,666	20,000	43	1,311	12,062	11,721	97
MTCE OF WATER SERVICES	0	0	416	500	(100)	0	0	0	0
WATER METER SERVICE	(217)	66,273	58,333	70,000	14	12,305	61,161	5,112	8
BACKFLOW DEVICE INSPECTION	1,229	18,788	20,300	23,160	(7)	1,261	16,830	1,957	12
MTCE OF CUSTOMERS SERVICE	2,859	28,274	29,166	35,000	(3)	2,882	27,537	737	3
WATER MAPPING	128	21,913	14,166	17,000	55	894	16,133	5,779	36
FIBER MAPPING	0	0	12,500	15,000	(100)	0	0	0	0
MTCE OF WATER HYDRANTS - PU	2,972	16,863	18,333	22,000	(8)	1,099	20,546	(3,682)	(18)
MTCE OF WATER HYDRANTS - PR	1,076	4,200	5,000	6,000	(16)	797	4,990	(789)	(16)
WATER CLOTHING/PPE	376	11,631	12,500	15,000	(7)	0	9,451	2,179	23
WAGES WATER	891	7,653	8,333	10,000	(8)	722	6,519	1,133	17
TRANSPORTATION EXPENSE	1,459	19,171	20,000	24,000	(4)	1,090	16,748	2,423	14
WATER PERMIT	0	20,382	27,000	27,000	(25)	0	26,255	(5,873)	(22)
Total For Distribution Expense:	32,437	398,481	388,550	459,660	3	38,697	308,521	89,959	29
Depreciation & Amortization									
DEPRECIATION	115,173	1,153,729	1,104,888	1,325,865	4	99,952	1,007,152	146,577	15
Total For Depreciation & Amortization:	115,173	1,153,729	1,104,888	1,325,865	4	99,952	1,007,152	146,577	15
Interest Expense									
INTEREST EXPENSE - BONDS	3,050	32,016	32,016	38,117	0	3,266	34,066	(2,050)	(6)

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Water	2025 OCTOBER	2025 YTD	2025 YTD BUDGET	2025 ANNUAL BUDGET	2025 YTD Bud Var%	2024 OCTOBER	2024 YTD	YTD VARIANCE	2024 v. 2025 Actual Var%
AMORTIZATION OF DEBT DISCOU	(554)	(5,542)	(5,542)	(6,651)	0	(554)	(5,542)	0	0
Total For Interest Expense:	2,495	26,474	26,474	31,466	0	2,712	28,524	(2,050)	(7)
Other Operating Expense									
LOSS ON DISPOSITION OF PROP (C	0	0	16,000	16,000	(100)	0	0	0	0
LOSS ON DISPOSITION OF PROP (N	0	(16,271)	0	0	0	0	0	(16,271)	0
DAM MAINTENANCE EXPENSE	0	388	0	0	0	267	444	(55)	(13)
PENSION EXPENSE	0	0	0	44,000	0	0	0	0	0
INTEREST EXPENSE - METER DEP	51	519	625	750	(17)	60	845	(326)	(39)
Total For Other Operating Expense:	51	(15,364)	16,625	60,750	(192)	327	1,290	(16,654)	(1,291)
Customer Accounts Expense									
METER READING EXPENSE	507	5,110	5,833	7,000	(12)	622	4,368	742	17
MISC CUSTOMER ACCOUNTS EXP	8,224	80,762	81,666	98,000	(1)	8,560	76,507	4,254	6
BAD DEBT EXPENSE & RECOVER	0	0	208	250	(100)	0	19	(19)	(100)
Total For Customer Accounts Expense:	8,732	85,873	87,708	105,250	(2)	9,182	80,895	4,977	6
Administrative Expense									
SALARIES OFFICE & COMMISSION	27,099	246,521	240,000	288,000	3	24,329	218,930	27,590	13
TEMPORARY STAFFING	0	0	833	1,000	(100)	0	0	0	0
OFFICE SUPPLIES	2,439	25,950	25,000	30,000	4	5,622	20,430	5,520	27
ELECTRIC & WATER CONSUMPTI	434	5,221	5,833	7,000	(10)	548	5,799	(578)	(10)
BANK FEES	54	582	583	700	0	62	585	(2)	(1)
LEGAL FEES	233	20,510	4,166	5,000	392	829	4,707	15,803	336
AUDITING FEES	430	4,846	5,583	6,700	(13)	410	4,446	399	9
INSURANCE	3,534	34,945	36,666	44,000	(5)	3,485	34,992	(47)	0
UTILITY SHARE - DEFERRED COM	851	17,755	20,083	24,100	(12)	872	17,212	543	3
UTILITY SHARE - MEDICAL/DENT	17,258	196,342	228,708	269,977	(14)	14,156	172,960	23,382	14
UTILITY SHARE - PERA	6,396	57,177	57,083	68,500	0	5,356	49,429	7,748	16
UTILITY SHARE - FICA	5,970	56,351	55,000	66,000	2	5,087	48,658	7,693	16
EMPLOYEE SICK PAY	3,314	40,992	29,166	35,000	41	2,724	25,428	15,563	61
EMPLOYEE HOLIDAY PAY	0	23,154	24,222	41,525	(4)	0	19,096	4,058	21
EMPLOYEE VACATION & PTO PA	4,752	58,946	56,181	66,000	5	4,025	51,519	7,426	14
UPMIC DISTRIBUTION	0	12,941	13,875	18,500	(7)	0	16,027	(3,085)	(19)
WELLHEAD PROTECTION	0	0	1,700	2,000	(100)	0	0	0	0
LONGEVITY PAY	0	2,130	2,130	2,130	0	0	730	1,400	192
CONSULTING FEES	11,521	50,657	47,833	57,400	6	870	11,391	39,266	345
TELEPHONE	719	6,929	6,250	7,500	11	651	5,894	1,035	18

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Water	2025 OCTOBER	2025 YTD	2025 YTD BUDGET	2025 ANNUAL BUDGET	2025 YTD Bud Var%	2024 OCTOBER	2024 YTD	YTD VARIANCE	2024 v. 2025 Actual Var%
ADVERTISING	218	6,904	4,166	5,000	66	193	2,718	4,185	154
DUES & SUBSCRIPTIONS - FEES	1,488	59,403	70,461	89,961	(16)	1,214	61,156	(1,753)	(3)
SCHOOLS & MEETINGS	5,150	26,024	53,775	60,956	(52)	7,767	40,793	(14,769)	(36)
MTCE OF GENERAL PLANT & OFFI	216	2,160	2,291	2,750	(6)	211	2,110	50	2
Total For Administrative Expense:	92,083	956,451	991,595	1,199,699	(4)	78,419	815,019	141,431	17
General Expense									
CIP REBATES - RESIDENTIAL	0	621	4,166	5,000	(85)	25	845	(223)	(27)
CIP REBATES - COMMERCIAL	0	0	416	500	(100)	0	0	0	0
CIP - MARKETING	0	0	1,666	2,000	(100)	0	1,117	(1,117)	(100)
CIP - LABOR	0	0	2,083	2,500	(100)	0	0	0	0
ENVIRONMENTAL COMPLIANCE	78	1,878	1,666	2,000	13	72	590	1,288	218
MISC GENERAL EXPENSE	0	0	208	250	(100)	0	0	0	0
Total For General Expense:	78	2,499	10,208	12,250	(76)	97	2,552	(52)	(2)
Total Expenses(before Operating Transfers)	317,056	3,248,816	3,298,674	4,002,091	(2)	283,178	2,848,425	400,391	14
Operating Transfer									
Utilities & Labor Donated									
WATER & LABOR DONATED TO CI	597	645	1,666	2,000	(61)	0	0	645	0
Total Operating Transfer									
Total For Total Operating Transfer:	597	645	1,666	2,000	(61)	0	0	645	0
Net Income Profit(Loss)	130,956	368,141	(64,604)	62,821	670	106,607	136,759	231,381	169

Elk River Municipal Utilities

October 2025 Financials

Report Highlights

12/9/2025

Elk River Municipal Utilities

YTD Profit & Profit Margin %

Profit & Profit Margins %
January 2025 – October 2025

$3,943,522

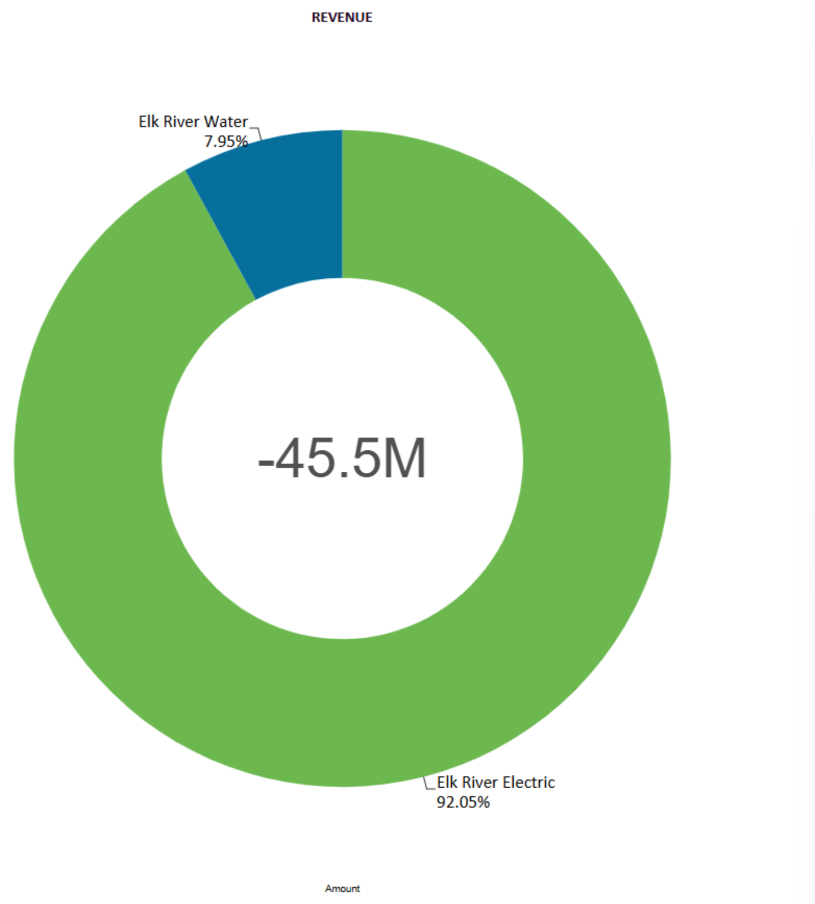
8.67%

Revenue	Expense
$45,507,307	**$41,563,785**

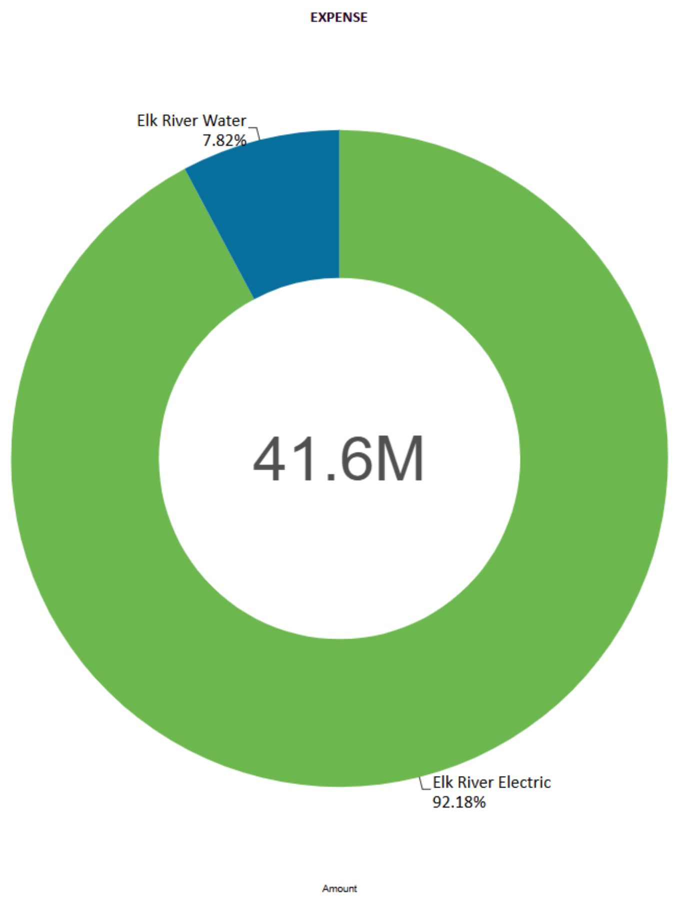
Purpose: To show the overall health of the organization.

- YTD ERMU's revenue is exceeding expenses by $3.9M
- Resulting in a profit margin of 8.7%

Revenue vs Expense (YTD)



REVENUE



EXPENSE

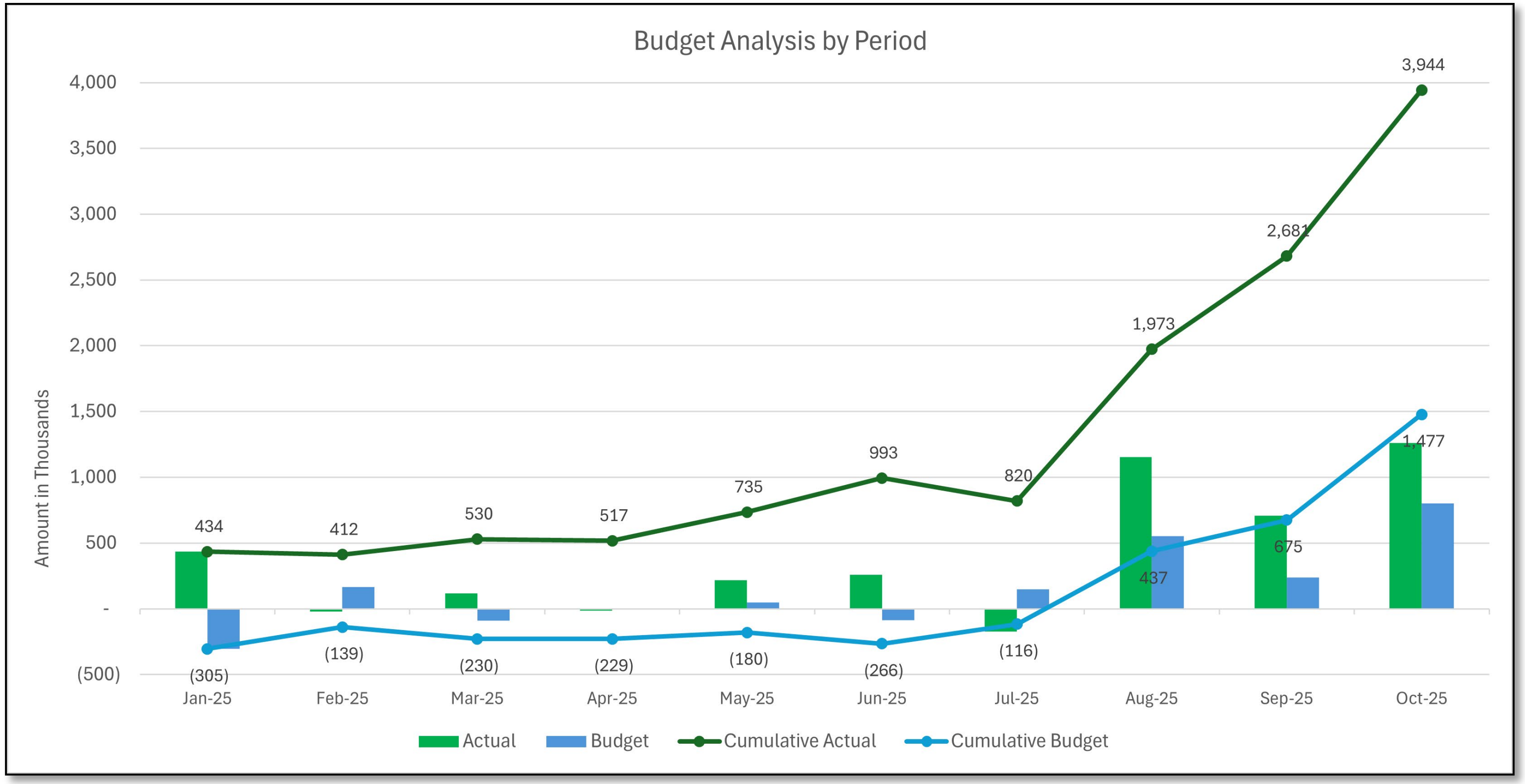
Purpose: To compare revenue vs expense by utility service.

- Green illustrates electric and blue illustrates water.
- Overall, revenue is greater than expense.

PRESENTED AT MEETING - OCTOBER 2025 FINANCIAL PRESENTATION

Elk River Municipal Utilities

YTD Actuals to Budget Comparison

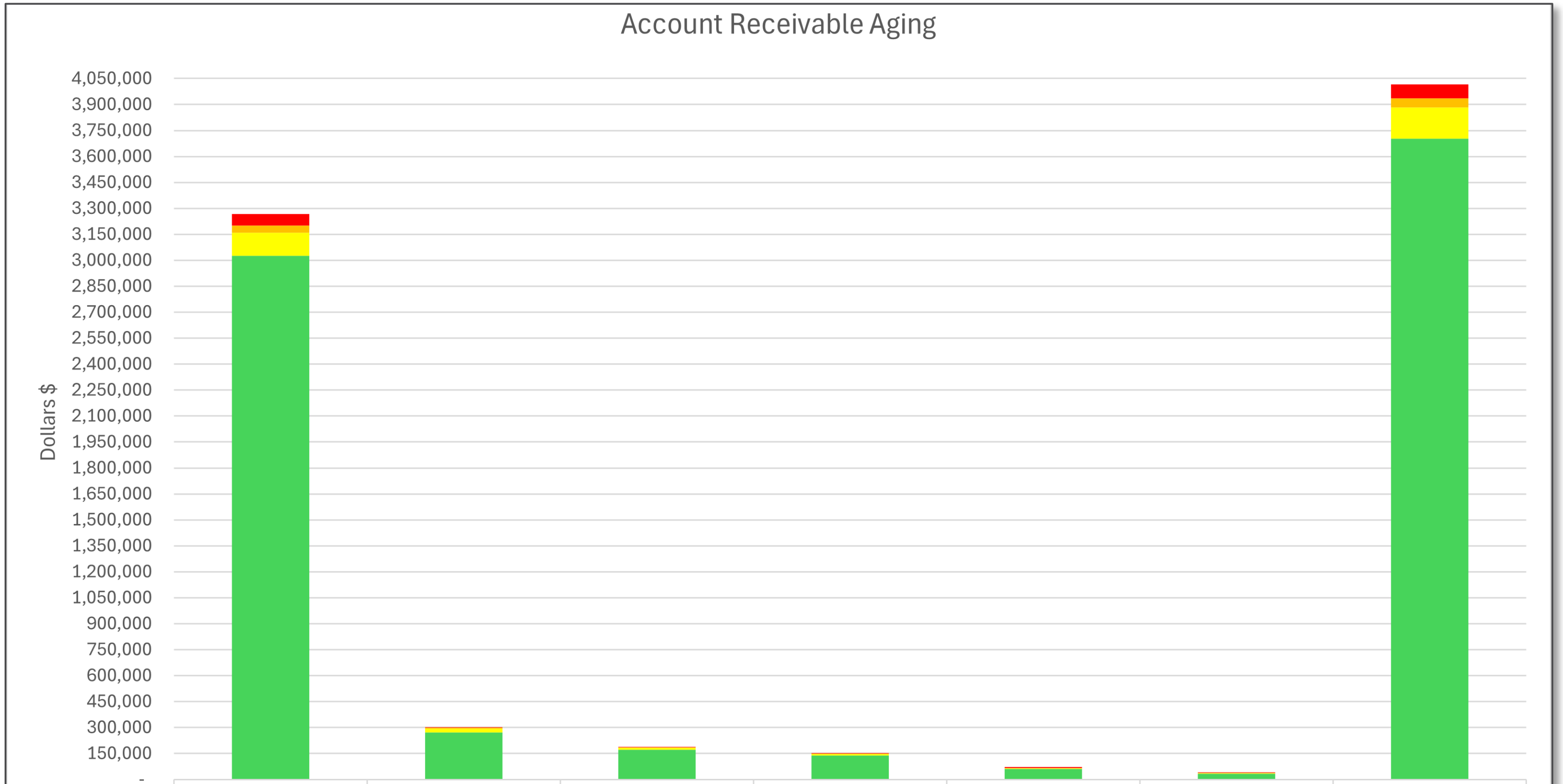


Purpose: To illustrate the combined net position actuals versus budgeted amounts.

- Overall, ERMU is favorable to budget YTD

Elk River Municipal Utilities

Accounts Receivable-Utility Aging 10/31/2025



	Electric	Water	Sewer	Trash	Franchise Fee	Storm Water	Total
90+ days	68,779	1,784	2,184	1,500	5,741	307	80,294
60 days	40,910	5,947	3,384	2,635	1,429	802	55,107
30 days	132,179	19,696	10,562	10,050	4,412	2,552	179,451
Current AR	3,026,798	272,780	171,010	137,906	59,694	34,158	3,702,346

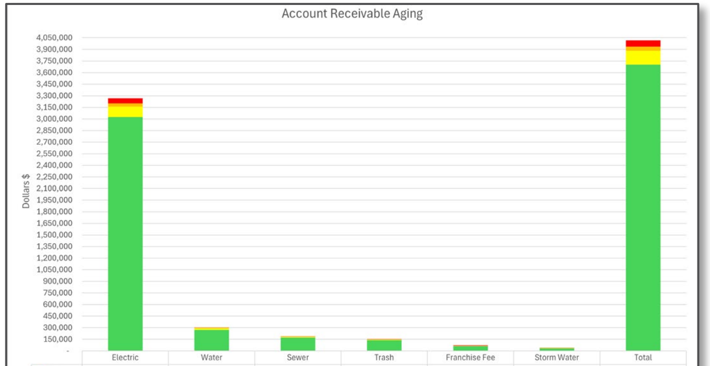
Purpose: an overview of outstanding payments from customers and how long they are past due.

- City services make up $448k of total A/R balances of $4.017M
- Over 90 days is only 2% of total A/R compared to 92% being current

GREEN IS GOOD!

Elk River Municipal Utilities

Accounts Receivable-Utility Aging 10/31/2025



	Electric	Water	Sewer	Trash	Franchise Fee	Storm Water	Total
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30 days	132,179	19,696	10,562	10,050	4,412	2,552	179,451
Current AR	3,026,798	272,780	171,010	137,906	59,694	34,158	3,702,346

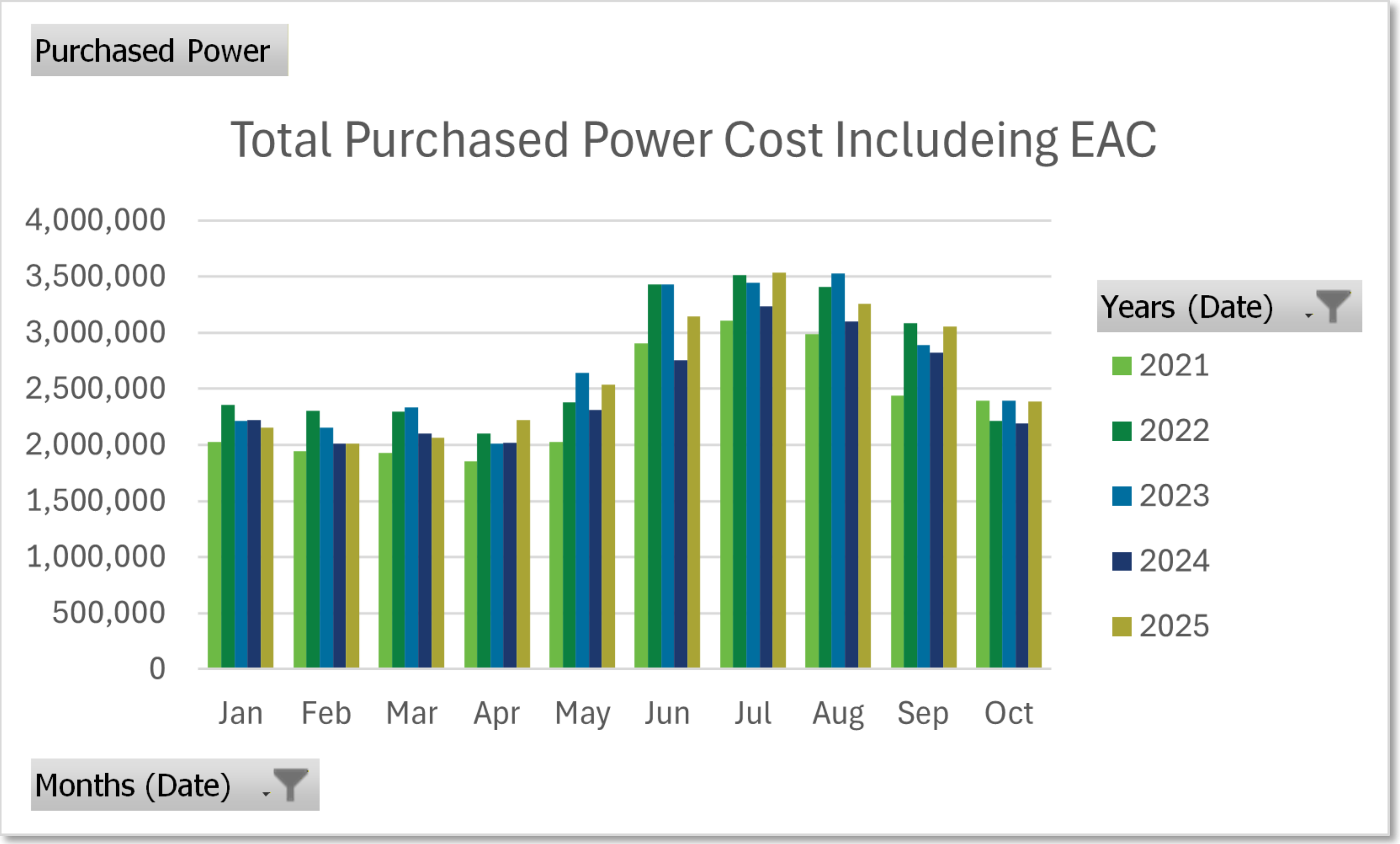
Note: Electric and water accounts receivable can be reviewed separately on the "Combined Balance Sheet" provided in the packet.

ELK RIVER MUNICIPAL UTILITIES
ELK RIVER, MINNESOTA
COMBINED BALANCE SHEET
FOR PERIOD ENDING OCTOBER 2025

	ELECTRIC	WATER
ASSETS		
CURRENT ASSETS		
CASH	4,089,175	6,619,158
ACCOUNTS RECEIVABLE	3,808,610	5,268,177
INVENTORIES	2,164,260	49,448
PREPAID ITEMS	260,216	61,170
CONSTRUCTION IN PROGRESS	2,481,735	354,966
TOTAL CURRENT ASSETS	12,803,996	12,352,919

Elk River Municipal Utilities

Electric Department – Purchased Power

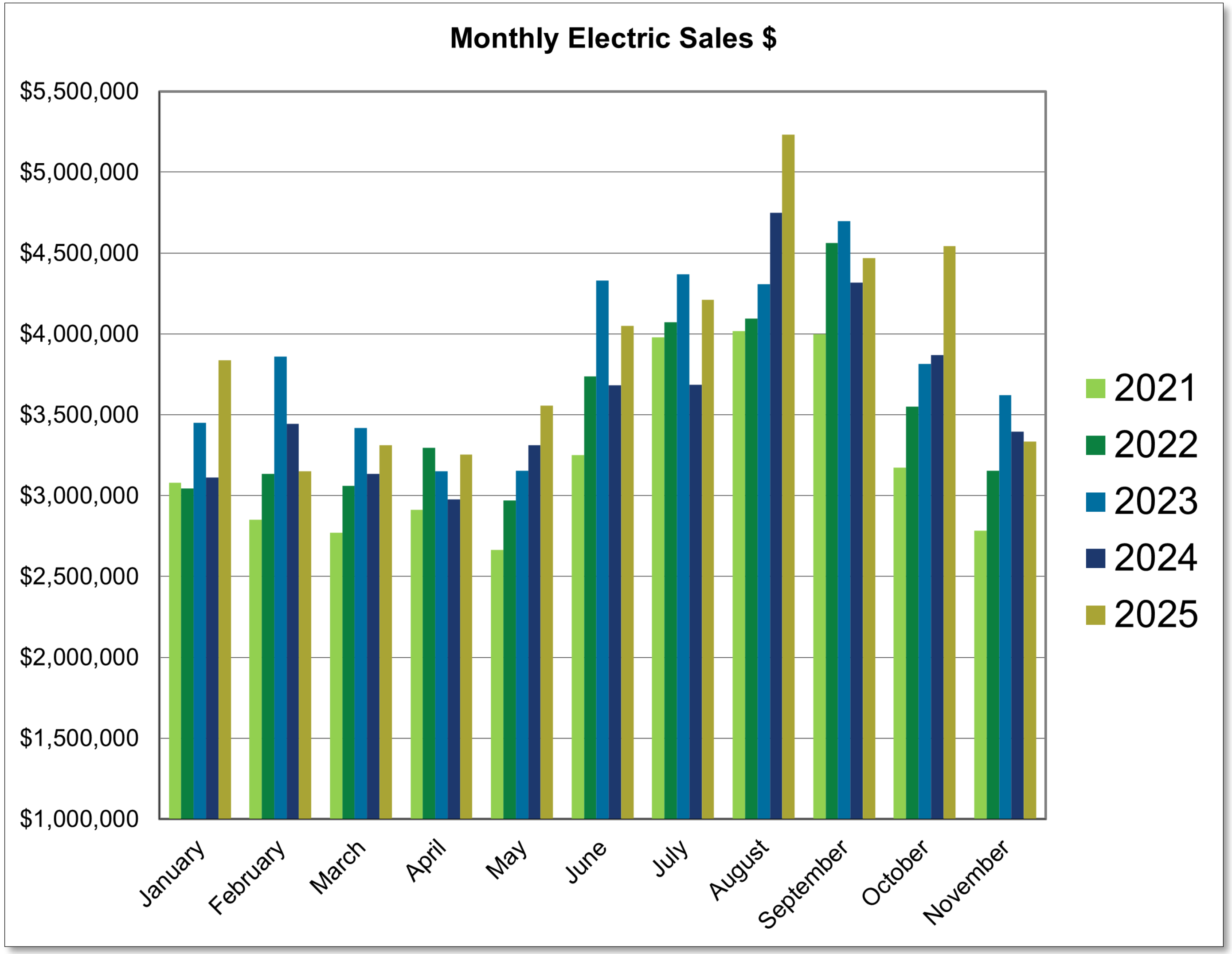


Purpose: To illustrate 5-year comparison in purchased power costs.

- Purchased power 2025 YTD is approximately 69% of total expenses.
- 2025 YTD purchased power is unfavorable to budget 1%.
- 2025 expense is 6% higher than 2024. YTD 2025 is $1.603M more than 2024. 4% higher kWh purchased which also results in higher EAC charges.

Elk River Municipal Utilities

Electric Department – Electric Usage Sales

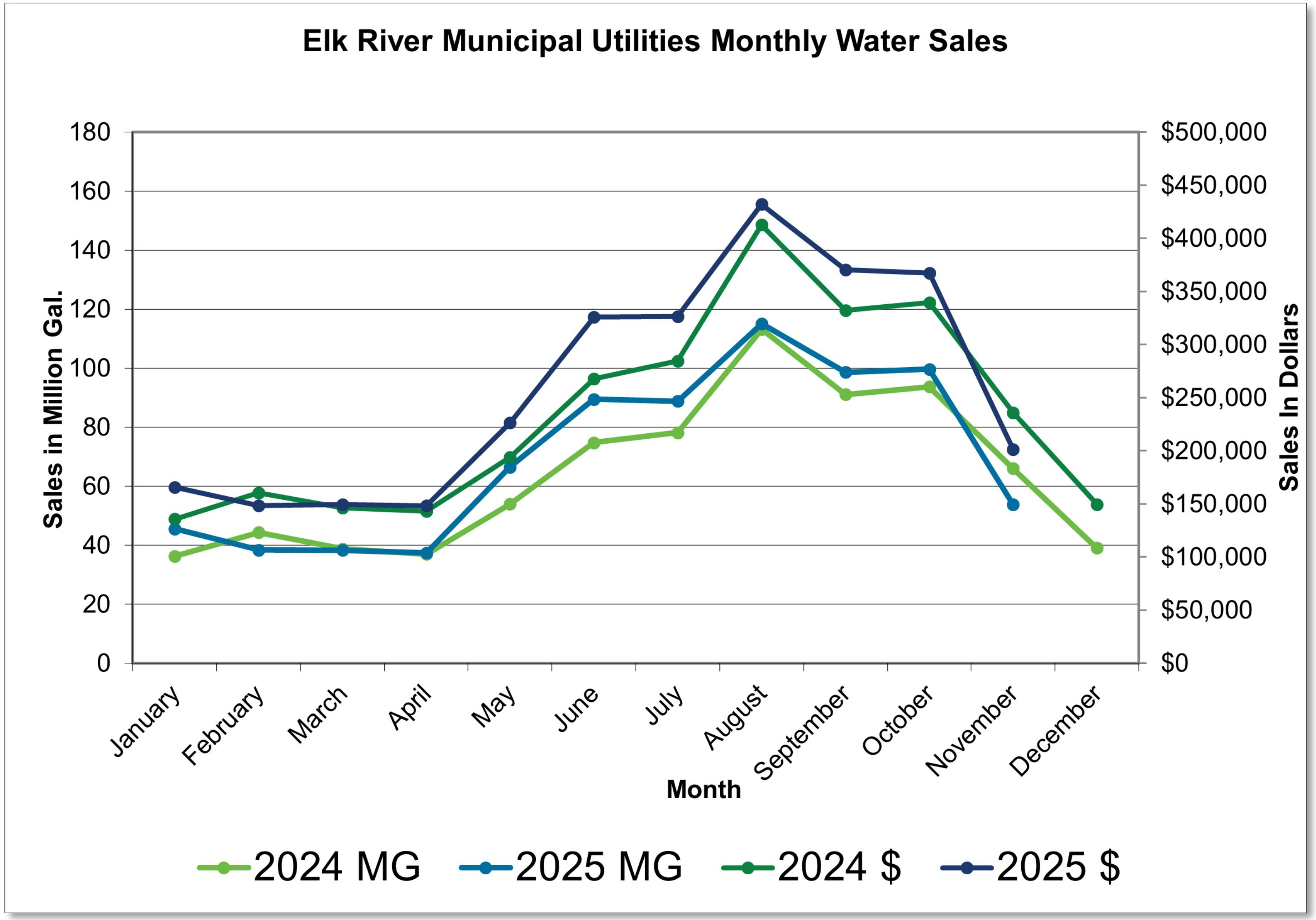


Purpose: To illustrate a 5-year comparison in electric usage sales.

- Usage can vary greatly from year to year with weather being a primary factor.
- Electric kWh usage is 5% higher in 2025 as compared to 2024.
- ***Through November 2025***

Elk River Municipal Utilities

Water Department – Water Usage Sales



Purpose: To illustrate trends and view comparisons in water usage sales.

- Usage can vary greatly from year to year based on a variety of factors such as weather.
- The water sales graph highlights both usage and revenue dollars.

- Water usage is up YTD 6% over prior year.
- Revenue is up YTD 8% over prior year due to increased usage and rates.

- ***Through November 2025***

Elk River Municipal Utilities

Thank You!

Melissa Karpinski, CPA - Finance Manager
mkarpinski@ermumn.com

Elk River Municipal Utilities

UTILITIES COMMISSION MEETING

TO: ERMU Commission	FROM: Mark Hanson - General Manager
MEETING DATE: December 9, 2025	**AGENDA ITEM NUMBER:** 5.3
SUBJECT: Management Policy – A.10 – Financial Reserves	
ACTION REQUESTED: None	

BACKGROUND:
For ERMU there are two utility funds, the Electric Utility and the Water Utility. These funds have separate reserves. Their reserve balances are classified as either restricted for debt service or unrestricted designated reserve.

At the November meeting, the Commission reviewed the attached Management Policy – A.10 – Financial Reserves. The Commission directed staff to revise the policy to include the following reserve layers and target levels:

Restricted Layers:	Target Level:
Debt Service	Specified by bond covenants
Trunk/Capacity (Water Only)	Water Access Charges and Trunk Funds received will be restricted to Trunk/Capacity capital projects

Unrestricted Designated Layers:	Target Level:
Annual Debt Service Reserve	Current year's principal and interest payment due on outstanding debt
Operating Reserve	Two months of budgeted operating expenses, including purchased power for electric
Capital Reserve	Average of the next five-year capital plan
Catastrophic Reserve	Estimated replacement cost of a substation (electric reserves) or water treatment plant (water reserves)

DISCUSSION:
The attached policy includes the requested revisions as outlined above. Staff also included two additional revisions not discussed at the November commission meeting. The first is a statement clarifying that the Financial Reserve policy is intended to serve as a guide. The

second revision is a statement clarifying reserve balances may be used for interfund transfers (loans) in lieu of external borrowing.

The attached redlined policy contains minor verbiage edits and the specific revisions described above. For the sake of clarity, only the additions are shown in red.

Commission action is not required as A.10 - Financial Reserves is a management policy. Staff is providing the policy because of its importance to sound financial management and to maintain transparency with the Commission and our customers.

ATTACHMENTS:

- ERMU Policy - A.10 - Financial Reserves

Elk River Municipal Utilities

MANAGEMENT POLICY

Section: Management	Category: Administration Policies
Policy Reference: **A.10**	Policy Title: **Financial Reserves Policy**

1.0 Purpose and Summary

In order to maintain stable rates and provide reliable services, Elk River Municipal Utilities (ERMU) requires financial buffers in the form of reserves to mitigate changes in costs or operational performance. For ERMU there are two utility funds, the Electric Utility and the Water Utility. These funds shall have separate reserves. Their reserve balances shall be classified as either *Restricted* or *Unrestricted Designated*. This policy, and the target levels and criteria herein, are intended for use as a guide only.

The target levels for these reserves shall be determined by the criteria herein. These target levels and associated criteria will be reviewed annually, modified by Utilities Commission to support the long-term goals of ERMU, and adopted with the annual budget. Unless otherwise specified by bond covenants, these reserve balances shall be invested consistent with ERMU's Management Investment Policy.

2.0 Electric Utility Reserve Classifications

Restricted for Debt Service: This reserve is established to maintain compliance with bond covenants.

The target level for this reserve shall be set at the level specified by bond covenants.

Unrestricted Designated Reserve: This reserve is established to address the short-term financial variability inherent in operating an Electric Utility. Potential sources of this variability include but are not limited to: failure to achieve budgeted levels of net income, reduction in overall customer or system usage, changes in cost of purchased power, general operational exposures, and risks associated with natural disasters.

The target levels for the unrestricted, designated reserve shall be set as follows:

Annual Debt Service Reserve	Current year's principal and interest payment due on outstanding debt
Operating Reserve	Two months of budgeted operating expenses (including purchased power)
Capital Reserve	Average of the next five-year capital plan in the budget
Catastrophic Reserve	Estimated current replacement cost of a substation

3.0 Water Utility Reserve Classifications

Restricted for Debt Service: This reserve is established to maintain compliance with bond covenants.

The target level for this reserve shall be set at the level specified by bond covenants.

Restricted for Trunk/Capacity: This reserve is established to ensure water access charges and trunk funds received are restricted to trunk/capacity related capital projects.

There is no target level for this reserve. Funds accumulate until needed for trunk/capacity expansion projects.

Unrestricted Designated Reserve: This reserve is established to address the short-term financial variability inherent in operating a Water Utility. Potential sources of this variability include but are not limited to: failure to achieve budgeted levels of net income, reduction in overall customer or system usage, general operational exposures, and risks associated with natural disasters.

The target levels for the unrestricted, designated reserve shall be set as follows:

Annual Debt Service Reserve	Current year's principal and interest payment due on outstanding debt
Operating Reserve	Two months of budgeted operating expenses
Capital Reserve	Average of the next five-year capital plan in annual budget
Catastrophic Reserve	Estimated replacement cost of a water treatment plant

4.0 Year-end Reserve Balances

If the year-end reserve balances are above their target levels after the completion of the year-end audit, these balances shall be unrestricted with a defaulting designation as working capital. The Utilities Commission shall then consider optimal uses of these unrestricted reserves through any of the following but not limited to: working capital, designated for power costs (electric fund only), debt reduction, retention for reserve fund growth for future needs, or use for rate stabilization or reduction.

If the year-end reserve balances are below their target levels after the completion of the year-end audit, the Utilities Commission shall consider the balances and plan for their replenishment to target levels in a timely manner.

5.0 Inter-Utility Adjustments

If the year-end reserve balances are sufficient to sustain the transfer, the Utilities Commission may opt to use inter-utility adjustments for loans between electric and water utilities in lieu of external borrowing.

POLICY HISTORY:

Adopted	May 11, 2010
Revised	May 10, 2011
*Moved	November 12, 2019
Revised	July 14, 2020
Revised	December 9, 2025

*As part of the Policy Manual Initiative, authority of this Financial Reserves Policy was delegated to management on November 12, 2019, and the policy was moved to the Management Policy Manual.

Elk River Municipal Utilities

UTILITIES COMMISSION MEETING

TO: ERMU Commission	FROM: Mark Hanson - General Manager
MEETING DATE: December 9, 2025	**AGENDA ITEM NUMBER:** 5.4
SUBJECT: Wage & Benefits Committee - Proposed 2026 Adjustments	
ACTION REQUESTED: Approve the 2026 Wage Adjustment, effective January 1, 2026.	

BACKGROUND:
At the November commission meeting, staff presented the proposed 2026 adjustments. At the time, only six of the seven metro average utilities had confirmed their 2026 wage adjustments, so the commission deferred approval. Based on the information received, the anticipated range was 3.34% to 3.41%.

DISCUSSION:
As of this report, the seventh utility has not confirmed its 2026 adjustment, so the anticipated range remains 3.34% to 3.41%. Although the seventh utility is in active negotiations with its lineworker union, settlement is not expected before January 1, 2026.

Staff recommend proceeding with one of the following two options:

Option 1: Conditional Approval

- 1a) If the final utility settles before January 1, 2026, set the 2026 wage adjustment equal to the final metro average wage adjustment.
- 1b) If the final utility does *not* settle January 1, 2026, approve 3.375%, (the midpoint of the current range) as the 2026 wage adjustment to avoid the administrative expense of processing backpay.

Option 2: Delay Approval

- 2) Wait until the final utility settles, then apply the complete metro adjustment effective January 1, 2026, with backpay.

REQUESTED ACTION:
Staff request the commission approve a 2026 wage adjustment effective January 1, 2026.

Elk River Municipal Utilities

UTILITIES COMMISSION MEETING

TO: ERMU Commission	FROM: Mark Hanson – General Manager
MEETING DATE: December 9, 2025	**AGENDA ITEM NUMBER:** 6.1a
SUBJECT: Staff Update	
ACTION REQUESTED: None	

DISCUSSION:

- Thanks to the outstanding efforts of ERMU's HR generalist and accounts payable/payroll specialist, open enrollment for our 2026 benefits program is complete.
- ERMU's finance manager, administrations director and I continue to meet with our consultant to provide necessary support for the on-going Cost of Service and Rate Design study.
- We received the preliminary results from the ongoing feasibility study for the new water well/treatment plant project. We anticipate the following schedule:
    - 2026: Modify our existing Well 8 so it can be treated/filtered at our existing Water Treatment Plant 7.
    - 2027: Drill the test well for the new Well 10. If successful, the full production well will be drilled and tested for treatment needs.
    - 2028: Design and construct Water Treatment Plant 10 so Well 10 can be pumped, treated, and pushed into the water distribution system.
- The Minnesota Municipal Power Agency Board of Directors met on November 25, 2025, at Chaska City Hall in Chaska, Minnesota, and via videoconference. Commissioner Stewart and I attended. The public summary follows:
    - The Board reviewed the Agency's financial and operating performance for October 2025.
    - Participation in the residential Clean Energy Choice program increased by 58 customers. Customer penetration for the program is 6.8%.
    - The Board discussed the status of renewable projects the Agency is pursuing.

Elk River Municipal Utilities

UTILITIES COMMISSION MEETING

TO: ERMU Commission	FROM: Sara Youngs – Administrations Director
MEETING DATE: December 9, 2025	**AGENDA ITEM NUMBER:** 6.1b
SUBJECT: Staff Update	
ACTION REQUESTED: None	

DISCUSSION:

- The Cold Weather Rule (CWR) is in effect from October 1, 2025, through April 30, 2026. During this time, all electric service disconnections will follow state regulations. We encourage customers experiencing financial hardship to explore energy assistance programs or set up a payment arrangement to avoid service interruptions. Please note that funding for the federal Low-Income Home Energy Assistance Program (LIHEAP) has been backlogged due to the recently ended federal government shutdown.
- ERMU disconnections for November:
  - Cycle 1 – 14 disconnections.
  - Cycle 2 – no disconnections.
  - Cycle 3 – 2 disconnections.
  - Cycle 4 – no disconnections due to the Thanksgiving holiday.
- During the month of November 2025, the customer service team entered 51 payment arrangements with customers. During November 2024 there were 49 payment arrangements.
- Office walk-in traffic for November consisted of 118 customers, averaging 30 per week over the four-week period.
- Currently there are 11 active residential solar photovoltaic projects planned or under construction in the ERMU service territory.
- Our IT team continues to collaborate with vendors on security enhancements. They are also continuing work on OT networks.
- The administrations director has started the year-end training with our software provider, National Information Solutions Cooperative.

Elk River Municipal Utilities

UTILITIES COMMISSION MEETING

TO: ERMU Commission	FROM: Melissa Karpinski – Finance Manager
MEETING DATE: December 9, 2025	**AGENDA ITEM NUMBER:** 6.1c
SUBJECT: Staff Update	
ACTION REQUESTED: None	

DISCUSSION:

- The auditors from Abdo are performing preliminary audit work in December. Typically, preliminary audit work involves inventory observations, accounts payable testing, utility billing testing, and review of the current year's meeting minutes. The 2025 audit field work is scheduled for February 18-20.
- 2025 open enrollment went smoothly for payroll, HR, and employees.
- The final 2026 Annual Business Plan will be presented at a special commission meeting on December 18.

Elk River Municipal Utilities

UTILITIES COMMISSION MEETING

TO: ERMU Commission	**FROM:** Tony Mauren – Governance & Communications Manager
MEETING DATE: December 9, 2025	**AGENDA ITEM NUMBER:** 6.1d
SUBJECT: Staff Update	
ACTION REQUESTED: None	

DISCUSSION:

- In December, all customers will receive the winter edition of The Current newsletter which includes information about the progress of the East substation construction, General Manager Mark Hanson's appointment to the Minnesota Municipal Utilities Associations Board of Directors, tree trimming, and more.
- In addition to the bill insert topics, December social media will cover commercial rebates and energy audits, City of Elk River Holiday Lights Tour, garbage and recycling schedules, and a commission meeting reminder.
- On November 20, ERMU staff welcomed a Rogers High School junior for a Job Shadow Day in the Communications Department. He spent the day learning about communications, and together we created a social media post highlighting his experience at the Utility.
- Communications and customer service staff are working with the administrations director to enhance the SmartHub user experience through improved branding, updated language, and other refinements.
- As part of the Minnesota Department of Health's Lead Service Line Replacement program, on December 1, multiple ERMU departments collaborated to mail notification letters to approximately 900 customers, meeting the December 5 delivery deadline. While there are no identified lead service lines in ERMU's distribution system, customers receiving the notifications either had unknown service line materials or had galvanized metal in their service lines that requires replacement due to the metal's tendency to absorb lead. These letters provide strategies for identifying service line materials, lead exposure mitigation, and information about potential for replacement programs through the public water system. For more information: Lead Service Line Replacement Program Facts , Minnesota Lead Inventory Tracking Tool .
- Staff participated in the Records Retention Task Force meeting on December 3 to finalize recommended updates to the General Records Retention Schedule for Minnesota Cities. The schedule provides data practices support to municipalities by

listing the retention period and privacy classification for records. The last update was in 2021.

ATTACHMENTS:

- Bill Insert – The Current – Winter 2025

Elk River Municipal Utilities

WINTER 2025

THE CURRENT

DISCOVER SAVINGS WITH ERMU

With programs and rebates from ERMU, it's easier than ever to save money, decrease energy usage, and conserve resources. Take a closer look at the many ways residential and commercial customers can save.

RESIDENTIAL

- Appliance and Home Efficiency
- Electric Vehicle Charger
- Heat Pumps
- HVAC Equipment
- Lighting and Lighting Controls

COMMERCIAL

- Lighting
- HVAC
- VFD and ASD Drives
- Other Equipment
- Custom Grants

Click the "Programs & Rebates" tab at ERMUMN.COM to learn more or simply scan the QR code below.

New Substation to Support Growth

The eastern area of Elk River is growing quickly with new residential, commercial, and industrial developments. While the current electrical system meets today's needs, data shows a new substation is essential to prevent overloads and support future demand.

ERMU is building a new substation in the center of this growth to strengthen voltage support, increase capacity, and reduce energy losses while providing more efficient, reliable power for customers. The new substation will also feature modern safety designs, advanced equipment for improved reliability, and lower long-term maintenance costs. Together, these upgrades will ensure Elk River's power system is ready to serve the community for many years to come.

ERMU GM Joins MMUA Board of Directors

Elk River Municipal Utilities General Manager Mark Hanson has been elected to a one-year term on the Minnesota Municipal Utilities Association (MMUA) Board of Directors.

MMUA, a nonprofit founded in 1931, serves 120 hometown utility communities across Minnesota by advocating for their needs, strengthening their operations, and empowering their leaders to ensure reliable, affordable, and sustainable utility services for ratepayers.

"I look forward to supporting MMUA's mission and advocating for municipal utilities across Minnesota," - Mark Hanson, P.E.

Tree Trimming for Safety

Each year, ERMU field staff and contractors trim tree branches to minimize the risk of interference with power lines, reducing outages and ensuring safety. This work is typically scheduled for winter, after leaves have fallen, allowing for better visibility of branch structure and more precise cuts. Additionally, colder temperatures help protect trees from diseases and parasites entering freshly cut limbs. If you see tree trimming crews in your area, be sure to give plenty of space while they perform their work.

Regular maintenance of the electric system, including tree trimming, supports ERMU's commitment to reliable service and prioritizes safety for employees, customers, and the community.

If you see a branch close to a power line, please avoid trimming it yourself. Instead, contact ERMU for a safe, professional assessment and guidance on next steps, including any customer responsibilities.

WINTER 2025
THE CURRENT

RELIABLE PUBLIC POWER PROVIDER

Will Closing Air Vents Actually Save Money?

Heating and cooling costs can take up a lot of space on your energy bills. During winter, you may be looking for quick and easy ways to reduce those costs. One commonly used method is to close air vents in unused rooms, reducing the amount of space that needs heat. It sounds like a good idea, but does it really work? The short answer is no, closing your house vents in unused rooms does not save energy. Read on to learn why and what you can do instead.

Balancing Act

It's a common misconception that closing off vents in some rooms will reduce the amount of space you need to heat or cool, thus lowering your energy costs. In reality, closing vents in unused rooms can actually increase your energy use.

HVAC systems are designed for balance, so that the amount of air returned to the air handling unit is roughly equal to the volume delivered through the supply vents in each room. When vents are closed, air pressure in other rooms increases. The extra pressure pushes air out through any openings in walls or windows which may even waste more energy than operating your system as usual.

The air that escapes from the room must be replaced, increasing the amount of air being drawn and the load on your heating and cooling system. Also, the increased duct pressure results in lower air flow and incresed strain on the blower motor.

Better Ways to Save on Energy

While closing central heating air vents in unused rooms won't save money on energy bills, there are plenty of other smarter, safer strategies to consider:

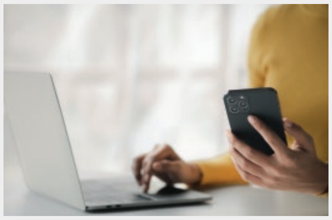
- **Use a programmable thermostat:** Maximize heating and cooling only when you need it.
- **Seal air leaks:** Weather-strip doors and windows to keep conditioned air inside.
- **Add insulation:** A well-insulated attic and walls help regulate temperature.
- **Replace air filters regularly:** Clean filters mean smoother airflow and less strain on your system.
- **Schedule HVAC maintainence:** Annual tune-ups keep your HVAC system running efficiently.
- **Use ceiling fans:** Improve air circulation so your system doesn't have to work as hard.
- **Consider an ENERGY STAR® upgrade.** ENERGY STAR® -certified systems are independently tested to use less energy than standard models while still providing the level of comfort you expect.

Closing vents to save on energy costs might sound like a quick fix, but it is a costly myth. Keep airflow balanced, maintain your system, and utilize better strategies to stay comfortable and save money this winter. Find rebate savings on ENERGY STAR®-certified products and programmable thermostats at ERMUMN.COM.

recycle coach

DOWNLOAD THE RECYCLE COACH APP

Do you find yourself always wondering when your recycling gets collected or what items are recyclable? Get answers by downloading the City of Elk River's Recycle Coach app today. Visit elkrivermn.gov/156/Garbage-and-Recycling or simply scan the QR code.



FOLLOW US ON SOCIAL MEDIA

Stay connected on utility news and information, community events, and important announcements by following ERMU on social media.

- @elkrivermunicipalutilities
- @ermu_mn
- Elk River Municipal Utilities
- @ERMU_MN

Elk River Municipal Utilities

UTILITIES COMMISSION MEETING

TO: ERMU Commission	FROM: Thomas Geiser – Operations Director
Meeting Date: December 9, 2025	**AGENDA ITEM NUMBER:** 6.1e
SUBJECT: Staff Update	
ACTION REQUESTED: None	

DISCUSSION:

- Staff is working through the second round of maps for the new GIS mapping system that we plan to move forward with in the future. Maps 1 through 72 are complete.
- I am still working with the vendor to get our thirty recalled reclosers repaired.
- ERMU has begun copper switchgear replacements. We have replaced two so far.
- Working with Minnesota Municipal Power Agency on solar and gas plant projects.
- Working through Lumen's pole attachment request.
- Working through three different new development plans currently.
- The new double tandem digger truck #15 scheduled for 2026 has been pushed back to first quarter of 2027.

Elk River Municipal Utilities

UTILITIES COMMISSION MEETING

TO: ERMU Commission	FROM: Chris Sumstad – Electric Superintendent
MEETING DATE: December 9, 2025	**AGENDA ITEM NUMBER:** 6.1f
SUBJECT: Staff Update	
ACTION REQUESTED: None	

DISCUSSION:

- Installed 11 new residential services, which involves the connection of a secondary line once the customer requests service.
- Joe Schmidt, Safety Instructor from MMUA, was here November 20 and held safety meetings for all staff on winter driving, cold stress, and impairment.
- The bore crew crossed County Road 33, west of County Road 1, with two and four inch conduits that will feed the new Meadowsweet Bend housing development. This looks to be the end of the scheduled boring work for the season. With the frost setting in this past week. The trencher will be used for most of the installation of wire over the winter.
- We switched some feeders and deenergized a couple of sections of overhead line this past week so Xcel Energy can complete their transmission project work along County Road 33 near the Martin Marietta gravel pit.
- The snow event over Thanksgiving weekend was a likely factor in a vehicle striking a power pole along Highway 169 and another striking a padmount transformer along Meadowvale Road. Both have been replaced.
- Crews terminated the wire at the Villas of Fillmore 3rd edition. This is six lots, three of which already have power to the house.
- With asphalt installed in both Bradford 2nd addition and Meadowsweet Bend just before freeze up, winter wire install looks likely.
- Crews finished up the ground work at East substation the third week of November. A two man line crew worked with the substation tech for approximately three weeks, which provided them the opportunity to learn and apply new skills.
- Crews are close to wrapping up the underground open concentric replacement job along 223rd Avenue NW in Elk River.

Elk River Municipal Utilities

UTILITIES COMMISSION MEETING

TO: ERMU Commission	FROM: Mike Tietz – Technical Services Superintendent
MEETING DATE: December 9, 2025	**AGENDA ITEM NUMBER:** 6.1g
SUBJECT: Staff Update	
ACTION REQUESTED: None	

DISCUSSION:

- In November, the locators processed 324 locate tickets. These consisted of 247 normal tickets, 7 emergency tickets, 43 updated tickets, 7 meetings, 7 planning, 4 boundary surveys, 1 correction, and 8 cancellations. This resulted in a 27.2% decrease in tickets from the previous month and a 1.6% increase from the prior November.
- In November, the electrical technicians completed 38 service order tasks, updated the power bill, addressed customer meter issues and any off-peak concerns.
- The electrical technicians have continued testing of current transformers while waiting for the arrival of our polyphase meters. On December 1, we received 352 of these commercial meters from Sensus. Staff will test, program and verify the programming of these meters as we begin the exchange process of these. The Advanced Metering Infrastructure project still remains at an overall completion rate of 96%.
- The East substation work continued with staff installing all the feeder exit conduits and communication/electrical conduits and ground grid throughout the site. The control building was energized so that heat could be provided over the winter, enabling staff to work on wiring the relay panel and other equipment. Assembly of the steel structures is expected to begin in March. Commissioning of the substation is still expected to be completed by September 1, 2026.
- Our monthly peak was 43.92 MW on November 26, at 12:50pm.

Elk River Municipal Utilities

UTILITIES COMMISSION MEETING

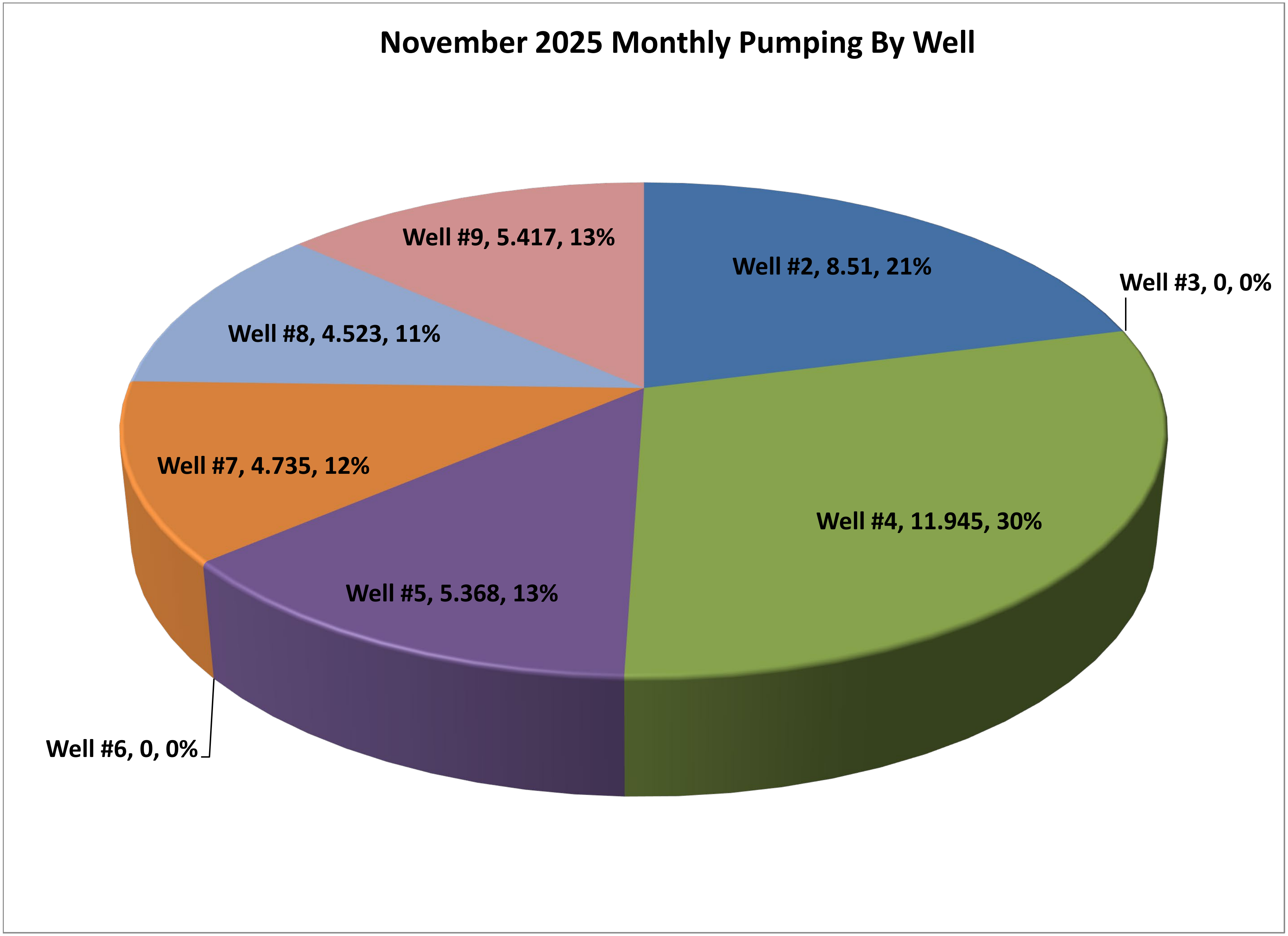
TO: ERMU Commission	FROM: Dave Ninow – Water Superintendent
MEETING DATE: December 9, 2025	**AGENDA ITEM NUMBER:** 6.1h
SUBJECT: Staff Update	
ACTION REQUESTED: None	

DISCUSSION:

- Delivered a water meter, installed a Smart Point radio transceiver module, and took curb stop ties for 11 new water services.
- Completed 20 BACTI/Total Chlorine Residual Samples
  - All confirmed negative for Coliform Bacteria
  - Bacteriological/Disinfectant Residual Monthly Report submitted to the MDH
- Completed 18 routine fluoride samples
  - All samples met MDH standards
  - Submitted MDH Fluoride Report
- Submitted Discharge Monitoring Report (DMR) for the Diesel Generation Plant to the Minnesota Pollution Control Agency.
- The MDH has approved the revision of our service line material inventory of all service connections in the water distribution system. As required, notifications have been sent to owners of water service lines that have been identified as galvanized or material listed as unknown at this time.
- Verizon Wireless' contractor has begun work on upgrades to their telecommunications equipment at Auburn Street Water Tower.
- Work continues switching the water Supervisory Control and Data Acquisition (SCADA) system from radio communication to fiber optic communication utilizing our fiber ring. The controls for Freeport Street Water Tower and well six are in the process of being switched over to fiber communications.
- The water operators have started annual maintenance of the water treatment plants. This process includes inspecting and recharging the iron and manganese removal pressure filters.
- Once again, we have placed protective plastic bags on fire hydrants along high traffic roads to protect them from corrosion from road salt.

ATTACHMENTS:

- November 2025 Pumping by Well



Values Are Displayed in Millions of Gallons (Well #, Gallons Pumped, Percentage of Pumping)

Elk River Municipal Utilities

2025 GOVERNANCE AGENDA

<table>
<tr>
<td>Tuesday, January 14:
• Annual Review of Committee Charters</td>
<td>Tuesday, February 11:
• Review Strategic Plan and 2024 Annual Business Plan Results</td>
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<td>Tuesday, March 11:
• Oath of Office
• Election of Officers
• Annual Commissioner Orientation and Review Governance Responsibilities and Role</td>
<td>Tuesday, April 8:
• Audit of 2024 Financial Report
• Financial Reserves Allocations
• Review 2024 Performance Metrics</td>
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<td>Tuesday, May 13:
• Annual General Manager Performance Evaluation and Goal Setting</td>
<td>Tuesday, June 3:
• Annual Commission Performance Evaluation</td>
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<td>Tuesday, July 8:</td>
<td>Tuesday, August 12:
• Annual Business Plan – Review Proposed 2026 Travel, Training, Dues, Subscriptions, and Fees Budget
• Review and Update Strategic Plan</td>
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<td>Tuesday, September 9:
• Annual Business Plan – Review Proposed 2026 Capital Projects Budget</td>
<td>Tuesday, October 14:
• Annual Business Plan – Review Proposed 2026 Expenses Budget</td>
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<td>Wednesday, November 12:
• Annual Business Plan - Review Proposed 2026 Rates and Other Revenue
• Adopt 2026 Fee Schedule
• 2026 Stakeholder Communication Plan</td>
<td>Tuesday, December 9:
• Adopt 2026 Official Depository and Delegate Authority for Electronic Funds Transfers
• Designate Official 2026 Newspaper
• Approve 2026 Regular Meeting Schedule
• Adopt 2026 Governance Agenda
• Adopt 2026 Annual Business Plan</td>
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