

AGENDA

1.0 GOVERNANCE

- 1.1 Call Meeting to Order
- 1.2 Pledge of Allegiance
- 1.3 Consider the Agenda
- 1.4 Resolution Recognizing 2025 Drinking Water Week
- 1.5 Resolution Recognizing 2025 Lineworker Appreciation Day
- 1.6 Recognition of Employee Longevity – Mike Tietz, 8 years; Chris Sumstad, 24 years
- 1.7 Recognition APPA Certificate of Excellence in Reliability

2.0 CONSENT (Routine items. No discussion. Approved by one motion.)

- 2.1 Check Register – March 2025
- 2.2 Regular Meeting Minutes – March 11, 2025
- 2.3 Resolution Electing Not to Waive Statutory Tort Limits for Liability Insurance
- 2.4 Updated Travel Expense Guidelines

3.0 OPEN FORUM (Non-agenda items for discussion. No action.)

4.0 POLICY & COMPLIANCE (Policy review, policy development, and compliance monitoring.)

- 4.1 2024 Financial Audit
- 4.2 2024 Year End Reserve Balances
- 4.3 Utilities Performance Incentive Compensation Distribution
- 4.4 Commission Policy Review – G.4a – Succession of Leadership
- 4.5 Electric Vehicle Charger Discussion

5.0 BUSINESS ACTION (Current business action requests and performance monitoring reports.)

- 5.1 Financial Report – February 2025
- 5.2 Annual Reliability Report
- 5.3 Water Service Line Ownership
- 5.4 Advanced Metering Infrastructure Update

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. Regular Commission Meeting – May 13, 2025
 - b. 2025 Governance Agenda
- 6.4 Other Business (Items added during agenda approval.)

7.0 ADJOURN REGULAR MEETING

TO: ERMU Commission	FROM: Dave Ninow – Water Superintendent
MEETING DATE: April 8, 2025	AGENDA ITEM NUMBER: 1.4
SUBJECT: Resolution Recognizing 2025 Drinking Water Week	
ACTION REQUESTED: Adopt Resolution 25-2 Recognizing Drinking Water Week, May 4-10, 2025	

BACKGROUND:

Drinking Water Week is an annual celebration organized by the American Water Works Association and its members. It is intended to raise awareness of the critical role that safe, sustainable, and affordable drinking water plays in our daily lives. Drinking Water Week is a chance for everyone to appreciate water as a finite resource that requires dedicated individuals, running well-maintained systems, to make it safe and easily available. This year's celebration will be May 4-10, 2025.

DISCUSSION:

The mission of Elk River Municipal Utilities is to provide our customers with safe, reliable, cost-effective, and quality long-term electric and water utility service. To communicate and educate our customers in the use of utility services, programs, policies, and future plans. These products and services will be provided in an environmentally and financially responsible manner.

Fulfilling that mission means a daily commitment to maintaining the systems that provide safe and reliable water. A domestic water system and other urban services like wastewater and electricity are the foundation of social and economic development. Our water system is an important part of why our community is what it is today.

ATTACHMENT:

- Resolution No. 25-2 – Recognizing Drinking Water Week 2025

RESOLUTION NO. 25-2

BOARD OF COMMISSIONERS
ELK RIVER MUNICIPAL UTILITIES

A RESOLUTION OF THE BOARD OF COMMISSIONERS OF ELK RIVER MUNICIPAL UTILITIES RECOGNIZING DRINKING WATER WEEK, MAY 4-10, 2025

WHEREAS, water is our most valuable natural resource; and

WHEREAS, only tap water delivers public health protection, fire protection, support for our economy and the quality of life we enjoy; and

WHEREAS, any measure of a successful society – low mortality rates, economic growth and diversity, productivity, and public safety – are in some way related to access to safe water; and

WHEREAS, we are all stewards of the water infrastructure upon which future generations depend; and

WHEREAS, each citizen of our community is called upon to help protect our source waters from pollution, to practice water conservation, and to get involved in local water issue; and

WHEREAS, the hard work and dedication towards providing safe and reliable drinking water by our water system professionals is truly appreciated by our community; and

WHEREAS, May 4-10, 2025, is set aside as time to enhance public awareness of the value of water and to encourage the public to continue using water wisely;

NOW, THEREFORE, BE IT RESOLVED THAT THE WEEK OF MAY 4, 2025, BE DESIGNATED AS DRINKING WATER WEEK.

This Resolution Passed and Adopted this 8th day of April 2025.

John J. Dietz, Chair

Mark Hanson, General Manager

TO: ERMU Commission	FROM: Chris Sumstad – Electric Superintendent
MEETING DATE: April 8, 2025	AGENDA ITEM NUMBER: 1.5
SUBJECT: Resolution Recognizing 2025 Lineworker Appreciation Day	
ACTION REQUESTED: Adopt Resolution 25-3 Recognizing Lineworkers and Designating April 18, 2025, as Lineworker Appreciation Day.	

BACKGROUND:

On April 10, 2013, the U.S. Senate recognized a National Linemen Appreciation Day through resolution S Res 95. The resolution acknowledged the contributions of the brave men and women who protect public safety, and designated April 18, 2013, as National Lineman Appreciation Day. This is now an official holiday in the United States and is now commonly referred to as National Lineworker Appreciation Day.

DISCUSSION:

Our community would not be what it is today without electricity and other urban services like water and wastewater. Our community-owned electric utility has played a significant role in the growth and prosperity of the immediate area. At the heart of that growth has been our lineworkers. These are the individuals, like other emergency service professionals, who run towards the storm so that our customers have continued services. Our lineworkers have done such an excellent job “keeping the lights on” that electric services start to feel like a basic human right or entitlement, taking all their hard work for granted. But the truth is, the work that these professionals do is greatly appreciated.

ATTACHMENTS:

- Resolution No. 25-3 – Recognizing Lineworkers and Designating Lineworker Appreciation Day 2025

RESOLUTION NO. 25-3

BOARD OF COMMISSIONERS
ELK RIVER MUNICIPAL UTILITIES

A RESOLUTION OF THE BOARD OF COMMISSIONERS OF ELK RIVER MUNICIPAL UTILITIES RECOGNIZING LINEWORKERS AND DESIGNATING APRIL 18, 2025, AS LINEWORKER APPRECIATION DAY

WHEREAS, the profession of lineworker is steeped in personal, family, and professional tradition;

WHEREAS, lineworkers are often first responders during storms and other catastrophic events, working to make the scene safe for other public safety heroes;

WHEREAS, lineworkers work with thousands of volts of electricity high atop power lines 24 hours a day, 365 days a year, to keep electricity flowing;

WHEREAS, lineworkers must often work under dangerous conditions far from their families to construct and maintain the energy infrastructure of the United States;

WHEREAS, lineworkers put their lives on the line every day with little recognition from the community regarding the danger of their work; and

WHEREAS, the Board of Commissioners of Elk River Municipal Utilities recognizes the efforts of lineworkers in keeping the power on and protecting public safety.

NOW, THEREFORE, BE IT RESOLVED THAT APRIL 18, 2025, BE DESIGNATED LINEWORKER APPRECIATION DAY.

This Resolution Passed and Adopted this 8th day of April, 2025.

John J. Dietz, Chair

Mark Hanson, General Manager

TO: ERMU Commission	FROM: Mark Hanson – General Manager
MEETING DATE: April 8, 2025	AGENDA ITEM NUMBER: 1.6
SUBJECT: Recognition of Employee Longevity – Mike Tietz, 8 years; Chris Sumstad, 24 years	
ACTION REQUESTED: Recognize staff for their service and award the respective Longevity Bonus paycheck	

BACKGROUND:

In September 2021, the Commission approved a Longevity Pay benefit to be paid to qualifying, eligible employees based on their years of service according to the schedule below.

8 years	\$1,550
12 years	\$2,025
16 years	\$2,100
20 years	\$2,125
24 years	\$2,300
28 years	\$3,000
32 years	\$3,000

DISCUSSION:

Mike Tietz has been an employee with ERMU since April 28, 2017, earning an 8-year longevity pay benefit. Chris Sumstad has been an employee with ERMU since April 30, 2001, earning a 24-year longevity pay benefit. We recognize Mike and Chris for their contributions to the success of ERMU.

TO: ERMU Commission	FROM: Mike Tietz – Technical Services Superintendent
MEETING DATE: April 8, 2025	AGENDA ITEM NUMBER: 1.7
SUBJECT: Recognition APPA Certificate of Excellence in Reliability	
ACTION REQUESTED: None	

BACKGROUND/DISCUSSION:

The American Public Power Association (APPA) recently honored 255 public power utilities with a "Certificate of Excellence in Reliability" for reliable performance. These utilities have significantly outperformed the electric industry nationwide averages as gathered by the Energy Information Administration. APPA collected data from public power utilities that subscribe to APPA's eReliability Tracker software to track their reliability data. Of those utilities, 350 were considered to have sound data that was included in the 2024 Annual Benchmarking Report.

The tracker performs calculations for System Average Interruption Duration Index (SAIDI) which measures the average outage time per customer on the system, System Average Interruption Frequency Index (SAIFI) which measures how often a customer on our system could expect to experience an outage, and Customer Average Interruption Duration Index (CAIDI) which measures averaged outage duration of all customers that actually experienced an outage. The report also includes calculations for Momentary Average Interruption Frequency Index (MAIFI) and Average Service Availability Index (ASAI) which helps utilities to compare, collect, categorize, and analyze their outage information.

For 2024, ERMU's SAIDI was only 42.083 minutes (excluding major events), compared to the industry average of 148 minutes (excluding major events). In simple terms, that means that averaged out over our 13,797 electric customers in 2024, each customer could expect to have a total outage time of about 42 minutes; that is 107 minutes shorter than the national average for outages among all utilities within the United States.

I would like to recognize the Elk River Municipal Utilities team for their continuous devotion to providing reliable electric service to all our customers throughout 2024. This national recognition is confirmation of the outstanding reliable service we provide each and every day.

CHECK REGISTER

March 2025

APPROVED BY:

Paul Bell

John Dietz

Mary Stewart

Matt Westgaard

Nick Zerwas

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Payroll/Labor

Check Register Totals

03/11/2025 To 03/11/2025

<u>Pays</u>	<u>Job</u>	<u>Amount</u>	<u>Hours</u>
Gross Pay			
2	Reg Hours	0.00	0.00
3	Overtime	0.00	0.00
VAC	Vacation Pay	0.00	0.00
SICK	Sick Pay	0.00	0.00
HOL	Holiday Pay	0.00	0.00
106	Longevity Pay	1,550.00	0.00
	Gross Pay Total:	1,550.00	0.00
	Total Pays:	1,550.00	0.00

<u>Deductions</u>	<u>Amount</u>	
Employee Taxes		
	<u>Amount</u>	<u>Taxable Amt</u>
FEDM Federal Income Tax - Married	341.00	1,550.00
MNM MN State Income Tax - Married	96.88	1,550.00
SS-E Social Security	96.10	1,550.00
MD-E Medicare	22.47	1,550.00
Employee Tax Total:	556.45	

Employer Taxes		
	<u>Amount</u>	<u>Taxable Amt</u>
SS-R Social Security	96.10	1,550.00
MD-R Medicare	22.47	1,550.00
SUTA State Unemployment Tax	0.00	1,550.00
Employer Tax Total:	118.57	

<u>Taxes By Type</u>	<u>State</u>	<u>Amount</u>	<u>Taxable Amt</u>
FEDERAL INCOME		341.00	1,550.00
SOCIAL SECURITY		192.20	1,550.00
Medicare		44.94	1,550.00
STATE INCOME	MN	96.88	1,550.00
State Unemployment Tax	MN	0.00	1,550.00
Tax Total:		675.02	

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Payroll/Labor Check Register Totals

03/11/2025 To 03/11/2025

Net Pay: 993.55

Total Deposit Amount: 0.00

Total Check Amount: 993.55

Total Employees: 1

Total Direct Deposits: 0

Total Checks: 1

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Payroll/Labor

Check Register Totals

03/14/2025 To 03/14/2025

<u>Pays</u>	<u>Job</u>	<u>Amount</u>	<u>Hours</u>
Gross Pay			
2	Reg Hours	165,044.31	3,134.25
3	Overtime	1,370.86	16.34
4	Double Time	0.00	0.00
5	On-Call/Stand-by	2,844.70	56.00
24	FLSA	64.86	0.00
25	Rest Time	16.92	0.50
10	Bonus Pay	211.19	3.50
18	Commissioner Reimb - Electric	600.00	0.00
104	Commission Stipend	480.00	0.00
VAC	Vacation Pay	17,414.55	302.67
SICK	Sick Pay	6,178.17	118.06
HOL	Holiday Pay	0.00	0.00
78	Retro Earnings	0.00	0.00
5-2	On-Call/Stand-by/OT	626.93	6.75
18A	Commissioner Reimb. - Water	150.00	0.00
104A	Commission Stipend - Water	120.00	0.00
PTOY	Personal Day - Year	1,662.32	32.25
3C	Overtime-Comp Time	1,784.59	21.66
4C	Double Time-Comp Time	0.00	0.00
CM3C	Overtime-Comp Time Adjusted	-1,784.59	-21.66
CM4C	Double Time-Comp Time Adjusted	0.00	0.00
COMP	Comp Time Taken	555.48	12.00
106	Longevity Pay	0.00	0.00
10W	Bonus Pay	0.00	0.00
Gross Pay Total:		<u>197,340.29</u>	<u>3,682.32</u>
Total Pays:		197,340.29	3,682.32

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Payroll/Labor Check Register Totals

03/28/2025 To 03/28/2025

<u>Pays</u>	<u>Job</u>	<u>Amount</u>	<u>Hours</u>
Gross Pay			
2 Reg Hours		157,543.19	3,029.00
3 Overtime		711.47	9.75
4 Double Time		685.56	6.00
5 On-Call/Stand-by		2,897.72	56.00
24 FLSA		43.92	0.00
25 Rest Time		0.00	0.00
10 Bonus Pay		1,930.88	32.00
VAC Vacation Pay		19,787.37	315.25
SICK Sick Pay		5,073.16	98.50
HOL Holiday Pay		0.00	0.00
78 Retro Earnings		0.00	0.00
5-2 On-Call/Stand-by/OT		400.56	5.00
PTOY Personal Day - Year		2,158.25	37.25
3C Overtime-Comp Time		308.14	5.00
4C Double Time-Comp Time		0.00	0.00
CM3C Overtime-Comp Time Adjusted		-308.14	-5.00
CM4C Double Time-Comp Time Adjusted		0.00	0.00
COMP Comp Time Taken		1,849.23	40.00
106 Longevity Pay		0.00	0.00
10W Bonus Pay		0.00	0.00
Gross Pay Total:		<u>193,081.31</u>	<u>3,628.75</u>
Total Pays:		193,081.31	3,628.75

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**Accounts Payable
Check Register**

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Bank Account: 1 - GENERAL FUND

Check / Tran Date	Pmt Type	Vendor	Vendor Name	Reference	Amount
2377 3/4/25	WIRE	5655	FIRST DATA	CC FEES - FEB 2025	49.24
				CC FEES - FEB 2025	12.31
				CC FEES - FEB 2025	2,219.16
				CC FEES - FEB 2025	554.79
				CC FEES - FEB 2025	573.51
				CC FEES - FEB 2025	143.38
				CC FEES - FEB 2025	1,096.68
				CC FEES - FEB 2025	274.17
				CC FEES - FEB 2025	693.60
				CC FEES - FEB 2025	173.40
				CC FEES - FEB 2025	3,366.41
				CC FEES - FEB 2025	841.60
Total for Check/Tran - 2377:					9,998.25
Total for Bank Account - 1 :					(1) 9,998.25

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Accounts Payable Check Register

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Bank Account: 5 - GENERAL FUND WITHDRAWALS

Check / Tran Date	Pmt Type	Vendor	Vendor Name	Reference	Amount
4706 3/3/25	WIRE	285	JOHN HANCOCK	W&A EMPLOYER CONTRIBUTION	1,830.42
				W&A MANAGER CONTRIBUTION	407.49
				WENZEL EMPLOYEE CONTRIBUTIONS	1,483.52
				WENZEL MANAGER CONTRIBUTIONS	282.94
				DEF COMP ROTH CONTRIBUTIONS W&A	1,044.10
				WENZEL EE ROTH MGR CONTRIBUTIONS	124.55
				W&A EMPLOYER CONTRIBUTION	341.41
				W&A MANAGER CONTRIBUTION	62.95
				WENZEL EMPLOYEE CONTRIBUTIONS	129.13
				WENZEL MANAGER CONTRIBUTIONS	31.81
				DEF COMP ROTH CONTRIBUTIONS W&A	212.27
				WENZEL EE ROTH MGR CONTRIBUTIONS	31.14
Total for Check/Tran - 4706:					5,981.73
4707 3/3/25	WIRE	598	MINNESOTA CHILD SUPPORT PAYMEN	CHILD SUPPORT	562.52
4708 3/3/25	WIRE	738	HEALTHEQUITY, INC	HSA EMPLOYEE CONTRIBUTION	2,924.19
				HSA EMPLOYEE CONTRIBUTION	473.18
Total for Check/Tran - 4708:					3,397.37
4710 3/4/25	WIRE	152	IRS - USA TAX PMT (ELECTRONIC)	PAYROLL TAXES - FEDERAL & FICA	17,217.11
				PAYROLL TAXES - FEDERAL & FICA	23,426.56
				PAYROLL TAXES - FEDERAL & FICA	3,162.67
				PAYROLL TAXES - FEDERAL & FICA	4,549.36
Total for Check/Tran - 4710:					48,355.70
4711 3/6/25	WIRE	154	MINNESOTA REVENUE (ELECTRONIC)	PAYROLL TAXES - STATE	7,395.59
				PAYROLL TAXES - STATE	1,422.16
Total for Check/Tran - 4711:					8,817.75
4713 3/10/25	WIRE	738	HEALTHEQUITY, INC	ADMINISTRATIVE FEE INVOICE - MAR 2025	133.00
				ADMINISTRATIVE FEE INVOICE - MAR 2025	25.50
Total for Check/Tran - 4713:					158.50

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Bank Account: 5 - GENERAL FUND WITHDRAWALS

Check / Tran Date	Pmt Type	Vendor	Vendor Name	Reference	Amount
4714 3/11/25	WIRE	738	HEALTH EQUITY, INC	FSA CLAIM REIMBURSEMENTS - 164	153.85
				FSA CLAIM REIMBURSEMENTS - 164	38.46
Total for Check/Tran - 4714:					192.31
4715 3/7/25	WIRE	166	ONLINE UTILITY EXCHANGE (ELECTR	UTILITY EXCHANGE REPORT - FEB 2025	244.32
				UTILITY EXCHANGE REPORT - FEB 2025	61.08
Total for Check/Tran - 4715:					305.40
4718 3/13/25	WIRE	152	IRS - USA TAX PMT (ELECTRONIC)	PAYROLL TAXES - FEDERAL & FICA	323.95
				PAYROLL TAXES - FEDERAL & FICA	225.30
				PAYROLL TAXES - FEDERAL & FICA	17.05
				PAYROLL TAXES - FEDERAL & FICA	11.84
Total for Check/Tran - 4718:					578.14
4719 3/17/25	WIRE	154	MINNESOTA REVENUE (ELECTRONIC)	PAYROLL TAXES - STATE	92.04
				PAYROLL TAXES - STATE	4.84
Total for Check/Tran - 4719:					96.88
4720 3/18/25	WIRE	153	PERA (ELECTRONIC)	PERA EMPLOYEE CONTRIBUTION	10,634.51
				PERA CONTRIBUTIONS	12,270.60
				PERA EMPLOYEE CONTRIBUTION	2,104.84
				PERA CONTRIBUTIONS	2,428.67
Total for Check/Tran - 4720:					27,438.62
4721 3/18/25	WIRE	160	HCSP (ELECTRONIC)	HCSP EMPLOYEE CONTRIBUTIONS	2,356.96
				HCSP EMPLOYEE CONTRIBUTIONS	331.42
Total for Check/Tran - 4721:					2,688.38
4722 3/18/25	WIRE	161	MNDCP (ELECTRONIC)	MNDCP EE MANAGER CONTRIBUTIONS	343.58
				MNDCP EMPLOYEE CONTRIBUTIONS	3,458.07
				MNDCP EMPLOYER CONTRIBUTION	3,583.16
				MNDCP EMPLOYER MGR CONTRIBUTION	576.16
				MNDCP EE ROTH CONTRIBUTIONS	1,055.09
				MNDCP EE ROTH MGR CONTRIBUTIONS	232.58
				MNDCP EE MANAGER CONTRIBUTIONS	48.26

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Bank Account: 5 - GENERAL FUND WITHDRAWALS

Check / Tran Date	Pmt Type	Vendor	Vendor Name	Reference	Amount
				MNDGP EMPLOYEE CONTRIBUTIONS	253.34
				MNDGP EMPLOYER CONTRIBUTION	657.19
				MNDGP EMPLOYER MGR CONTRIBUTION	79.54
				MNDGP EE ROTH CONTRIBUTIONS	403.85
				MNDGP EE ROTH MGR CONTRIBUTIONS	31.28
				Total for Check/Tran - 4722:	10,722.10
4723 3/18/25	WIRE	285	JOHN HANCOCK	W&A EMPLOYER CONTRIBUTION	1,563.05
				W&A MANAGER CONTRIBUTION	407.49
				WENZEL EMPLOYEE CONTRIBUTIONS	1,483.51
				WENZEL MANAGER CONTRIBUTIONS	282.94
				DEF COMP ROTH CONTRIBUTIONS W&A	1,044.10
				WENZEL EE ROTH MGR CONTRIBUTIONS	124.55
				W&A EMPLOYER CONTRIBUTION	341.42
				W&A MANAGER CONTRIBUTION	62.95
				WENZEL EMPLOYEE CONTRIBUTIONS	129.14
				WENZEL MANAGER CONTRIBUTIONS	31.81
				DEF COMP ROTH CONTRIBUTIONS W&A	212.27
				WENZEL EE ROTH MGR CONTRIBUTIONS	31.14
				Total for Check/Tran - 4723:	5,714.37
4724 3/18/25	WIRE	598	MINNESOTA CHILD SUPPORT PAYMEN	CHILD SUPPORT	562.52
4725 3/18/25	WIRE	738	HEALTHQUITY, INC	HSA EMPLOYEE CONTRIBUTION	2,924.92
				HSA EMPLOYEE CONTRIBUTION	472.45
				Total for Check/Tran - 4725:	3,397.37
4726 3/18/25	WIRE	152	IRS - USA TAX PMT (ELECTRONIC)	PAYROLL TAXES - FEDERAL & FICA	17,271.69
				PAYROLL TAXES - FEDERAL & FICA	23,663.76
				PAYROLL TAXES - FEDERAL & FICA	3,313.48
				PAYROLL TAXES - FEDERAL & FICA	4,705.24
				Total for Check/Tran - 4726:	48,954.17
4728 3/20/25	WIRE	154	MINNESOTA REVENUE (ELECTRONIC)	PAYROLL TAXES - STATE	7,441.63

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Accounts Payable Check Register

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Bank Account: 5 - GENERAL FUND WITHDRAWALS

Check / Tran Date	Pmt Type	Vendor	Vendor Name	Reference	Amount
				PAYROLL TAXES - STATE	1,472.75
				Total for Check/Tran - 4728:	8,914.38
4729 3/14/25	WIRE	9654	CARDMEMBER SERVICE	FIRST NATIONAL BANK VISA	5,723.66
				FIRST NATIONAL BANK VISA	11,409.65
				Total for Check/Tran - 4729:	17,133.31
4731 3/25/25	WIRE	738	HEALTHEQUITY, INC	FSA CLAIM REIMBURSEMENTS - 164	153.85
				FSA CLAIM REIMBURSEMENTS - 164	38.46
				Total for Check/Tran - 4731:	192.31
4732 3/21/25	WIRE	174	MINNESOTA REVENUE SALES TX (ELE	SALES AND USE TAX - FEB 2025	203,543.98
				SALES AND USE TAX - FEB 2025	2.21
				SALES AND USE TAX - FEB 2025	8,791.81
				Total for Check/Tran - 4732:	212,338.00
21361 3/6/25	DD	728	ARCHER PLUMBING LLC	WATER METER REPAIRS	1,600.00
				WATER METER REPAIRS - YMCA	839.15
				Total for Check/Tran - 21361:	2,439.15
21362 3/6/25	DD	11	CITY OF ELK RIVER	FRANCHISE FEE CREDIT - JAN 2025	-730.00
				TRASH BILLED - FEB 2025	164,274.58
				Total for Check/Tran - 21362:	163,544.58
21363 3/6/25	DD	404	GARAGE DOOR STORE	GARAGE DOOR REPAIR	-2.06
				GARAGE DOOR REPAIR	457.06
				GARAGE DOOR REPAIR	-0.30
				GARAGE DOOR REPAIR	65.30
				Total for Check/Tran - 21363:	520.00
21364 3/6/25	DD	5686	HYDROCORP	BACKFLOW DEVICE INSPECTION - FEB 2025	1,229.33
21365 3/6/25	DD	358	OLSEN CHAIN & CABLE, INC.	BRIDLE & SLING	-10.48
				BRIDLE & SLING	143.48
				Total for Check/Tran - 21365:	133.00

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Accounts Payable Check Register

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Bank Account: 5 - GENERAL FUND WITHDRAWALS

Check / Tran Date	Pmt Type	Vendor	Vendor Name	Reference	Amount
21416 3/13/25	DD	728	ARCHER PLUMBING LLC	WATER METER REPAIRS	600.00
				WATER METER REPAIRS	600.00
Total for Check/Tran - 21416:					1,200.00
21417 3/13/25	DD	5133	PAUL BELL	APPA LEGIS CONF EXPENSES - 160	133.87
				APPA LEGIS CONF EXPENSES - 160	33.47
Total for Check/Tran - 21417:					167.34
21418 3/13/25	DD	11	CITY OF ELK RIVER	PARTS & LABOR FOR UNIT #30	-10.91
				PARTS & LABOR FOR UNIT #30	312.01
				PARTS & LABOR FOR UNIT #16	-60.64
				PARTS & LABOR FOR UNIT #16	1,025.64
				PARTS & LABOR FOR UNIT #2	-0.91
				PARTS & LABOR FOR UNIT #2	64.38
				PARTS & LABOR FOR UNIT #2	-0.22
				PARTS & LABOR FOR UNIT #2	16.09
				PARTS & LABOR FOR UNIT #71	-3.84
				PARTS & LABOR FOR UNIT #71	832.66
				PARTS & LABOR FOR UNIT #13	-1.48
				PARTS & LABOR FOR UNIT #13	85.39
				PARTS & LABOR FOR UNIT #23	-67.84
				PARTS & LABOR FOR UNIT #23	1,319.28
				FUEL USAGE - JAN 2025	2,570.96
				FUEL USAGE - JAN 2025	685.71
Total for Check/Tran - 21418:					6,766.28
21419 3/13/25	DD	36	CROW RIVER FARM EQUIP CO	MISC PARTS & SUPPLIES - unit #23	39.74
21420 3/13/25	DD	493	ELK RIVER GAS, INC	FUEL FOR CHAINSAW	8.23
21421 3/13/25	DD	23	ELK RIVER MUNICIPAL UTILITIES	CYCLE 3 - INV GRP 414 - JAN 2025	100.00
				CYCLE 3 - INV GRP 414 - JAN 2025	514.62
				CYCLE 3 - INV GRP 395 - JAN 2025	10,075.65
Total for Check/Tran - 21421:					10,690.27

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21422 3/13/25	DD	404	GARAGE DOOR STORE	GARAGE DOOR REPAIR	2,016.88
				GARAGE DOOR REPAIR	288.12
Total for Check/Tran - 21422:					2,305.00
21423 3/13/25	DD	846	HACH COMPANY	SAMPLING SUPPLIES	1,912.86
21424 3/13/25	DD	731	HEARTLAND BUSINESS SYTEMS LLC	SCADA	2,500.00
21425 3/13/25	DD	330	METRO SALES, INC	COPIER MTC CONTRACT - 1/21 to 2/20/25	174.09
				COPIER MTC CONTRACT - 1/21 to 2/20/25	43.53
Total for Check/Tran - 21425:					217.62
21426 3/13/25	DD	1001	MINNESOTA MUNICIPAL POWER AGEN	PURCHASED POWER - FEB 2025	1,601,253.02
				PURCHASED POWER - FEB 2025	413,362.72
Total for Check/Tran - 21426:					2,014,615.74
21427 3/13/25	DD	271	DAVID NINOW	Mileage-Schools and Meetings	100.38
21428 3/13/25	DD	358	OLSEN CHAIN & CABLE, INC.	D-RING EXTENSION & LANYARD	233.36
21429 3/13/25	DD	460	DEREK S PALMER	Schools and Meetings	19.50
				Mileage	66.78
Total for Check/Tran - 21429:					86.28
21430 3/13/25	DD	8897	RALPHIE'S MINNOCO	RALPHIE'S MINNOCO	50.36
21431 3/13/25	DD	603	ROYAL SUPPLY INC	SHOP SUPPLIES	282.20
				SHOP SUPPLIES	70.55
Total for Check/Tran - 21431:					352.75
21432 3/13/25	DD	7940	SCHWEITZER ENGINEERING LABORAT	INTERFACE KIT RETURN	-493.68
				VOLTAGE REGULATOR CONTROL	4,054.20
				VOLTAGE REGULATOR CONTROL	4,054.20
				VOLTAGE REGULATOR CONTROL	4,054.20
Total for Check/Tran - 21432:					11,668.92
21433 3/13/25	DD	135	WATER LABORATORIES INC	WATER SAMPLING - FEB 2025	396.00

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21434 3/13/25	DD	610	WRIGHT HENNEPIN COOPERATIVE ELE	ANNUAL SECURITY	867.06
				ANNUAL SECURITY	4,411.22
Total for Check/Tran - 21434:					5,278.28
21435 3/20/25	DD	724	ALLEGiant UTILITY SERVICES, LLC	WATER METER INSTALL - 2/16 to 2/28/25	9,850.93
				WATER METER INSTALL - 2/16 to 2/28/25	-719.13
				WATER METER INSTALL	-30.00
Total for Check/Tran - 21435:					9,101.80
21436 3/20/25	DD	191	AMERICAN PAYMENT CENTERS	DROP BOX CHARGES - 2025 QTR 2	224.38
				DROP BOX CHARGES - 2025 QTR 2	56.10
Total for Check/Tran - 21436:					280.48
21437 3/20/25	DD	9	BORDER STATES ELECTRIC SUPPLY	MISC PARTS & SUPPLIES	-23.89
				Crimp	327.19
				Ground Clamp	907.71
				Tree Trimming	151.03
				Rodeo	152.65
				LED PHOTO EYE	846.09
				Tree Trimming	453.08
				LED PHOTO CELL	185.73
				Rodeo	230.85
				Mtce of OH Primary	68.00
				BOLT SETS	-108.20
				Mtce of URD Primary	1,482.20
Total for Check/Tran - 21437:					4,672.44
21438 3/20/25	DD	8843	CAMPBELL KNUTSON	LEGAL SERVICES - FEB 2025	1,322.40
				LEGAL SERVICES - FEB 2025	330.60
Total for Check/Tran - 21438:					1,653.00
21439 3/20/25	DD	5013	CARR'S TREE SERVICE, INC	TREE TRIMMING - 2/10/25	7,998.41
				TREE TRIMMING - 2/17/2025	3,870.77
				TREE TRIMMING - 2/24/25	7,729.35

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Total for Check/Tran - 21439:					19,598.53
21440 3/20/25	DD	11	CITY OF ELK RIVER	REVENUE TRANSFER - FEB 2025	113,003.70
				STORMWATER BILLED - FEB 2025	56,729.79
				SEWER BILLED - FEB 2025	246,344.72
Total for Check/Tran - 21440:					416,078.21
21441 3/20/25	DD	7448	CRC	CUSTOMER SERVICE AFTER HOURS	2,610.08
				CUSTOMER SERVICE AFTER HOURS	652.52
Total for Check/Tran - 21441:					3,262.60
21442 3/20/25	DD	23	ELK RIVER MUNICIPAL UTILITIES	CYCLE 4 - INV GRP 415 - FEB 2025	150.00
				CYCLE 4 - INV GRP 415 - FEB 2025	1,454.31
				CYCLE 4 - INV GRP 396 - FEB 2025	313.71
				03132025-ACCT 49998 - FEB 2025	61.66
				03132025-ACCT 49998 - FEB 2025	280.09
Total for Check/Tran - 21442:					2,259.77
21443 3/20/25	DD	664	FRONTIER ENERGY, INC	CIP PROFESSIONAL SERVICES - JAN 2025	10,895.18
21444 3/20/25	DD	91	GOPHER STATE ONE-CALL	LOCATES FOR - FEB 2025	139.79
				LOCATES FOR - FEB 2025	7.36
Total for Check/Tran - 21444:					147.15
21445 3/20/25	DD	809	HAWKINS, INC.	Water Chemicals	375.97
21446 3/20/25	DD	782	LEO A DALY	PROFESSIONAL SERVICES - FEB 2025	18,720.00
				PROFESSIONAL SERVICES - FEB 2025	4,680.00
Total for Check/Tran - 21446:					23,400.00
21447 3/20/25	DD	9300	NISC	PRINT INVOICE - FEB 2028	6,102.17
				PRINT INVOICE - FEB 2028	1,525.54
				MISC INVOICE - FEB 2025	724.22
				MISC INVOICE - FEB 2025	181.06
				AGREEMENTS INVOICE - FEB 2025	53.94
				AGREEMENTS INVOICE - FEB 2025	776.62

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				AGREEMENTS INVOICE - FEB 2025	11,391.94
				AGREEMENTS INVOICE - FEB 2025	260.00
				AGREEMENTS INVOICE - FEB 2025	332.83
				AGREEMENTS INVOICE - FEB 2025	2,554.75
				AGREEMENTS INVOICE - FEB 2025	65.00
				Total for Check/Tran - 21447:	23,968.07
21448 3/20/25	DD	628	VICTORY CLEANING SERVICES, LLC	MONTHLY CLEANING - 1705 MAIN	188.78
				MONTHLY CLEANING - 1705 MAIN	26.97
				MONTHLY CLEANING - 1435 MAIN	2,633.50
				MONTHLY CLEANING - 1435 MAIN	376.21
				Total for Check/Tran - 21448:	3,225.46
21494 3/27/25	DD	2512	AMARIL UNIFORM COMPANY	Employee Clothing	-90.20
				Employee Clothing	-4.75
				EMPLOYEE CLOTHING - 59	90.20
				EMPLOYEE CLOTHING - 59	4.75
				Total for Check/Tran - 21494:	0.00
21495 3/27/25	DD	724	ALLEGiant UTILITY SERVICES, LLC	WATER METER INSTALL - 3/1 to 3/15/25	-83.12
				ELECTRIC METER INSTALL - 2/16 to 2/28/25	8,775.99
				ELECTRIC METER INSTALL - 2/16 to 2/28/25	-640.66
				WATER METER INSTALL - 2/16 to 2/28/25	13,909.62
				WATER METER INSTALL - 2/16 to 2/28/25	-1,015.42
				Total for Check/Tran - 21495:	20,946.41
21496 3/27/25	DD	728	ARCHER PLUMBING LLC	WATER METER REPAIRS	2,000.00
				WATER METER REPAIRS	800.00
				Total for Check/Tran - 21496:	2,800.00
21497 3/27/25	DD	7447	CENTRAL HYDRAULICS, INC.	MISC PARTS & SUPPLIES	-8.99
				MISC PARTS & SUPPLIES	111.42
				Total for Check/Tran - 21497:	102.43

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21498 3/27/25	DD	23	ELK RIVER MUNICIPAL UTILITIES	CYCLE 1 - INV GRP 421 - FEB 2025	5,806.20
				CYCLE 1 - INV GRP 101 - FEB 2025	4,803.08
				CYCLE 1 - INV GRP 101 - FEB 2025	86.38
				CYCLE 1 - INV GRP 101 - FEB 2025	774.57
				CYCLE 1 - INV GRP 101 - FEB 2025	817.11
				CYCLE 1 - INV GRP 101 - FEB 2025	193.64
				CYCLE 1 - INV GRP 325 - FEB 2025	325.00
				CYCLE 1 - INV GRP 325 - FEB 2025	16,511.72
				CYCLE 1 - ACCT 183 - FEB 2025	1,168.05
Total for Check/Tran - 21498:					30,485.75
21499 3/27/25	DD	4984	ANGELA HAUGE	Embroider rodeo shirts	64.73
21500 3/27/25	DD	8083	JT SERVICES OF MINNESOTA	CORRUGATED CONDUIT	15,534.00
				SWITCHGEAR	49,750.00
Total for Check/Tran - 21500:					65,284.00
21501 3/27/25	DD	39	MMUA	2024 DRUG TESTING CONSORTIUM	724.50
				2024 DRUG TESTING CONSORTIUM	115.50
Total for Check/Tran - 21501:					840.00
21502 3/27/25	DD	358	OLSEN CHAIN & CABLE, INC.	REFURBISH ROPE	60.00
21503 3/27/25	DD	603	ROYAL SUPPLY INC	SHOP SUPPLIES	249.41
				SHOP SUPPLIES	62.35
Total for Check/Tran - 21503:					311.76
88960 3/13/25	CHK	9997	18100 CROSSINGS LLLP	Credit Balance Refund	250.86
88961 3/13/25	CHK	328	1ST AYD CORPORATION	FLOOR SCRUBBER PADS	77.69
88962 3/13/25	CHK	766	ACE HARDWARE	SHOP SUPPLIES	-0.15
				SHOP SUPPLIES	2.24
				MISC PARTS & SUPPLIES	13.98
Total for Check/Tran - 88962:					16.07

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88963 3/13/25	CHK	218	AIRGAS USA LLC	OXYGEN & ACETYLENE	265.47
88964 3/13/25	CHK	4531	AT & T MOBILITY	CELL PHONES & iPad BILLING	105.59
				CELL PHONES & iPad BILLING	2,508.03
				CELL PHONES & iPad BILLING	45.25
				CELL PHONES & iPad BILLING	555.49
Total for Check/Tran - 88964:					3,214.36
88965 3/13/25	CHK	9997	ZABRACCA BALDWIN	INACTIVE REFUND	45.30
88966 3/13/25	CHK	5224	BLUE CROSS BLUE SHIELD OF MINNES	VISION INSURANCE - APRIL 2025	277.20
				VISION INSURANCE - APRIL 2025	65.59
Total for Check/Tran - 88966:					342.79
88967 3/13/25	CHK	9997	CAPSTONE HOMES	Credit Balance Refund	119.88
88968 3/13/25	CHK	9997	CAPSTONE HOMES	Credit Balance Refund	150.55
88969 3/13/25	CHK	9999	CASCADE DRILLING	Hydrant Rental Deposit Refund	879.89
88970 3/13/25	CHK	9997	CERTIFIED REAL ESTATE PROS LLC	INACTIVE REFUND	267.26
88971 3/13/25	CHK	28	CINTAS	MATS & TOWELS	429.42
				MATS & TOWELS	61.35
Total for Check/Tran - 88971:					490.77
88972 3/13/25	CHK	54	CORE & MAIN LP	WATER METER PARTS	919.21
				WATER METER PARTS	-67.10
				Water Meter	4,670.99
				CORDONEL WATER METER	-340.99
				CORDONEL METER	5,429.69
				CORDONEL METER	-396.38
				Electric Meters	10,787.50
				Meter	2,000.00
				METERS	-787.50
				Meter AMI	539.38

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				METER	-39.38
Total for Check/Tran - 88972:					22,715.42
88973 3/13/25	CHK	9997	MARK DANILYUK	INACTIVE REFUND	5.64
88974 3/13/25	CHK	9997	SCOTT DERRO	INACTIVE REFUND	61.05
88975 3/13/25	CHK	9997	DOUGLAS EVANS	Credit Balance Refund	47.73
88976 3/13/25	CHK	8709	FAIRVIEW HEALTH SERVICES	RANDOM DRUG SCREENING - 9 32 165 171	320.00
88977 3/13/25	CHK	9997	SARAH FRANZEN	Credit Balance Refund	95.42
88978 3/13/25	CHK	5550	GEARED UP APPAREL	EMPLOYEE CLOTHING - EE BALANCE	213.76
				EMPLOYEE CLOTHING - ER BALANCE	1,395.52
				EMPLOYEE CLOTHING - EE BALANCE	53.44
				EMPLOYEE CLOTHING - ER BALANCE	348.88
Total for Check/Tran - 88978:					2,011.60
88979 3/13/25	CHK	9997	VIDAL GONZALEZ	INACTIVE REFUND	77.88
88980 3/13/25	CHK	9997	NICK GRAY	Credit Balance Refund	283.45
88981 3/13/25	CHK	730	GREATAMERICA FINANCIAL SERVICES	LEASE FOR COPIER AT PLANT	105.01
				LEASE FOR COPIER AT PLANT	26.26
Total for Check/Tran - 88981:					131.27
88982 3/13/25	CHK	631	HEALTHPARTNERS	DENTAL EE INSURANCE - APRIL 2025	844.91
				DENTAL ER INSURANCE - APRIL 2025	2,285.53
				MEDICAL EE INSURANCE - APRIL 2025	10,860.85
				MEDICAL ER INSURANCE - APRIL 2025	59,375.55
				DENTAL EE INSURANCE - APRIL 2025	113.21
				DENTAL ER INSURANCE - APRIL 2025	588.83
				MEDICAL EE INSURANCE - APRIL 2025	2,724.15
				MEDICAL ER INSURANCE - APRIL 2025	15,340.67
Total for Check/Tran - 88982:					92,133.70

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88983	3/13/25	CHK	9997	SARA HENNESSEY	INACTIVE REFUND	29.43
88984	3/13/25	CHK	646	IIA LIFTING SERVICES, INC	TRUCK INSPECTIONS-4 5 8 9 10 11 15 21	3,952.00
88985	3/13/25	CHK	9997	KODY KLAPHAKE	INACTIVE REFUND	357.53
88986	3/13/25	CHK	9997	RYAN KNOX	Credit Balance Refund	178.59
88987	3/13/25	CHK	8605	MARCO TECHNOLOGIES, LLC	ACE PROGRAM	1,421.17
					ACE PROGRAM	355.29
Total for Check/Tran - 88987:						1,776.46
88988	3/13/25	CHK	145	MENARDS	MISC PARTS & SUPPLIES	10.76
					BOOM CLEANING SUPPLIES	26.93
					HEATER/COOKER	53.93
					MISC PARTS & SUPPLIES	1.67
					MISC PARTS & SUPPLIES	26.81
					SHOP SUPPLIES	22.88
					MISC PARTS & SUPPLIES	-14.00
Total for Check/Tran - 88988:						128.98
88989	3/13/25	CHK	9997	MARVIN MEREDITH	INACTIVE REFUND	137.06
88990	3/13/25	CHK	119	MINNESOTA COMPUTER SYSTEMS INC	COPIER MTC CONTRACT - 2/12 to 3/11/25	108.82
					COPIER MTC CONTRACT - 2/12 to 3/11/25	27.21
Total for Check/Tran - 88990:						136.03
88991	3/13/25	CHK	716	MOTION AUTOMATION INTELLIGENCE	SCADA	105.88
88992	3/13/25	CHK	9997	ROGER NEBA	INACTIVE REFUND	61.37
88993	3/13/25	CHK	9997	JESUS ORTIZ	INACTIVE REFUND	91.24
88994	3/13/25	CHK	710	OTIS ELEVATOR COMPANY	Elevator	859.95
					Elevator	122.85
Total for Check/Tran - 88994:						982.80

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88995	3/13/25	CHK	811	PRIME ADVERTISING & DESIGN, INC.	Service Agreement	1,500.00
					MONTHLY HOSTING OF WEBSITE	40.00
					MONTHLY HOSTING OF WEBSITE	40.00
					MONTHLY HOSTING OF WEBSITE	20.00
					COMMUNITY RESOURCE AD	531.00
Total for Check/Tran - 88995:						2,131.00
88996	3/13/25	CHK	8606	QUADIENT FINANCE USA, INC	POSTAGE	827.48
					POSTAGE	206.87
Total for Check/Tran - 88996:						1,034.35
88997	3/13/25	CHK	3218	RDO EQUIPMENT CO.	PARTS FOR UNIT #54	-13.94
					PARTS FOR UNIT #54	177.28
					PARTS FOR UNIT #56	271.82
					PARTS & LABOR FOR UNIT #56	2,904.31
Total for Check/Tran - 88997:						3,339.47
88998	3/13/25	CHK	574	REPUBLIC SERVICES, INC	TRASH & RECYCLE - FEB 2025	136.17
					TRASH & RECYCLE - FEB 2025	1,936.99
					TRASH & RECYCLE - FEB 2025	58.36
					TRASH & RECYCLE - FEB 2025	276.71
					TRASH & RECYCLING - FEB 2025	406.29
					TRASH & RECYCLING - FEB 2025	72.87
					TRASH & RECYCLING - FEB 2025	10.41
Total for Check/Tran - 88998:						2,897.80
88999	3/13/25	CHK	9997	MARIE SCHROEDER	INACTIVE REFUND	59.54
89000	3/13/25	CHK	9997	RHEA SCHUMACHER	INACTIVE REFUND	100.37
89001	3/13/25	CHK	848	SHERBURNE COUNTY PUBLIC WORKS	UTILITY PERMIT	100.00
89002	3/13/25	CHK	159	SHORT ELLIOTT HENDRICKSON INC	PROFESSIONAL SERVICES - JAN 2025	6,345.11
89003	3/13/25	CHK	9997	TAYLOR SIMON	INACTIVE REFUND	258.66

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89004 3/13/25	CHK	6107	STUART C. IRBY CO.	Mtce of OH Primary	-164.00
				WIRE	9,638.37
				TRANSFORMER	-3,995.00
				TRANSFORMER	3,995.00
				WIRE	10,536.23
				WIRE	-10,536.23
Total for Check/Tran - 89004:					9,474.37
89005 3/13/25	CHK	9997	DORIS SUNDEEN	INACTIVE REFUND	160.99
89006 3/13/25	CHK	3360	THE UPS STORE 5093	SHIPPING - OIL SAMPLES	14.18
89007 3/13/25	CHK	9997	KAREN THORN	INACTIVE REFUND	79.38
89008 3/13/25	CHK	4532	TRACTOR SUPPLY CREDIT PLAN	TRACTOR SUPPLY	426.12
				TRACTOR SUPPLY	6.21
Total for Check/Tran - 89008:					432.33
89009 3/13/25	CHK	375	VIKING ELECTRIC	CABLE TIES	-12.41
				CABLE TIES	169.91
Total for Check/Tran - 89009:					157.50
89010 3/13/25	CHK	55	WESCO RECEIVABLES CORP.	ALUMINUM CABINET	4,814.64
89011 3/13/25	CHK	9997	WINDSTREAM ACCTS PAYABLE	Credit Balance Refund	208.12
89012 3/13/25	CHK	9997	WINDSTREAM ACCTS PAYABLE	Credit Balance Refund	247.90
89013 3/13/25	CHK	9997	WINDSTREAM ACCTS PAYABLE	Credit Balance Refund	223.51
89014 3/13/25	CHK	9997	WINDSTREAM ACCTS PAYABLE	Credit Balance Refund	247.90
89015 3/13/25	CHK	9997	WINDSTREAM ACCTS PAYABLE	Credit Balance Refund	226.04
89016 3/20/25	CHK	102	ABDO LLP	2024 AUDIT SERVICES	12,000.00
				2024 AUDIT SERVICES	3,000.00
Total for Check/Tran - 89016:					15,000.00

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89017 3/20/25	CHK	398	ALTEC INDUSTRIES, INC	BUCKET S-HOOK - UNIT #2	44.34
89018 3/20/25	CHK	9997	BEVERLY ATWELL	Credit Balance Refund	58.17
89019 3/20/25	CHK	9997	TERI BERRY	Credit Balance Refund	35.18
89020 3/20/25	CHK	9997	KARLY BOEDIGHEIMER	Credit Balance Refund	44.17
89021 3/20/25	CHK	54	CORE & MAIN LP	AMI Meter	353,808.43
			ELECTRIC METERS		-25,828.43
Total for Check/Tran - 89021:					327,980.00
89022 3/20/25	CHK	9997	JULIE DEML	Credit Balance Refund	368.64
89023 3/20/25	CHK	5204	DIVERSIFIED ADJUSTMENT SERVICE, I	COLLECTION FEE	349.01
89024 3/20/25	CHK	9192	ELK RIVER CUB FOODS	Shop Supplies	8.98
89025 3/20/25	CHK	122	ELK RIVER WINLECTRIC	BASEMENT	9,174.00
				MISC PARTS & SUPPLIES	-72.46
				MISC PARTS & SUPPLIES	992.61
				MISC PARTS & SUPPLIES	51.85
Total for Check/Tran - 89025:					10,146.00
89026 3/20/25	CHK	8949	FS3 INC.	ZANRITE & PACRITE	849.31
89027 3/20/25	CHK	9997	GALE HAISLEY	Credit Balance Refund	57.45
89028 3/20/25	CHK	824	HOME DEPOT CREDIT SERVICES	HOME DEPOT	218.29
				HOME DEPOT	104.01
Total for Check/Tran - 89028:					322.30
89029 3/20/25	CHK	9997	HPA CL2 LLC	Credit Balance Refund	226.97
89030 3/20/25	CHK	145	MENARDS	MISC PARTS & SUPPLIES	33.70
				PARTS FOR OIL PUMP	31.68
				MISC PARTS & SUPPLIES	48.98
				MISC PARTS & SUPPLIES	19.01

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Bank Account: 5 - GENERAL FUND WITHDRAWALS

Check / Tran Date	Pmt Type	Vendor	Vendor Name	Reference	Amount
Total for Check/Tran - 89030:					133.37
89031 3/20/25	CHK	16	MINNESOTA DEPT OF HEALTH	WATER CONNECTION FEE - 2025 QTR 1	14,091.00
89032 3/20/25	CHK	202	MINNESOTA DEPT OF PUBLIC SAFETY	HAZARDOUS MATERIALS - 1705 MAIN	25.00
				HAZARDOUS MATERIALS FEE - WELL #2	100.00
				HAZARDOUS MATERIALS FEE - WELL #5	100.00
				HAZARDOUS MATERIALS FEE - WELL #6	100.00
				HAZARDOUS MATERIALS FEE - WELL #7	100.00
				HAZARDOUS MATERIALS FEE - WELL #3	100.00
				HAZARDOUS MATERIALS FEE - WELL #4	100.00
				HAZARDOUS MATERIALS FEE - WELL #9	100.00
Total for Check/Tran - 89032:					725.00
89033 3/20/25	CHK	573	NCPERS MINNESOTA	EXTRA LIFE INSURANCE - APR 2025	268.80
				EXTRA LIFE INSURANCE - APR 2025	67.20
Total for Check/Tran - 89033:					336.00
89034 3/20/25	CHK	5155	NORTHLAND PETROLEUM SERVICE	UNLEADED PUMP REPAIR	231.20
				UNLEADED PUMP REPAIR	57.80
Total for Check/Tran - 89034:					289.00
89035 3/20/25	CHK	9997	NORTHVIEW, LLC.	Credit Balance Refund	15.00
89036 3/20/25	CHK	9997	ROCHELLE PAUL	INACTIVE REFUND	32.15
89037 3/20/25	CHK	233	PULLMAN PLACE	CIP - ENERGY REBATE	2,364.17
89038 3/20/25	CHK	713	RCS, INC	PCB MANAGEMENT TRAINING - 128	1,095.00
89039 3/20/25	CHK	3218	RDO EQUIPMENT CO.	PARTS FOR UNIT #61	-44.68
				PARTS FOR UNIT #61	568.68
				PARTS FOR UNIT #56	797.40
Total for Check/Tran - 89039:					1,321.40
89040 3/20/25	CHK	9999	ROC COMMUNICATIONS	Hydrant Rental Deposit Refund	1,486.41

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Bank Account: 5 - GENERAL FUND WITHDRAWALS

Check / Tran Date	Pmt Type	Vendor	Vendor Name	Reference	Amount
89041 3/20/25	CHK	9997	JOE SCHALLER	Credit Balance Refund	257.90
89042 3/20/25	CHK	9997	KERMIT SOLOMON	Credit Balance Refund	193.11
89043 3/27/25	CHK	328	1ST AYD CORPORATION	Wipes	434.10
89044 3/27/25	CHK	766	ACE HARDWARE	MISC PARTS & SUPPLIES	-1.94
				MISC PARTS & SUPPLIES	28.29
Total for Check/Tran - 89044:					26.35
89045 3/27/25	CHK	398	ALTEC INDUSTRIES, INC	PARTS FOR UNIT #4 5 8 11 21	272.78
89046 3/27/25	CHK	522	ALTERNATIVE TECHNOLOGIES, INC	OIL SAMPLES - JAN & FEB 2025	60.50
89047 3/27/25	CHK	2920	BATTERIES PLUS BULBS	9V BATTERIES	211.26
89048 3/27/25	CHK	97	BRENTESON COMPANIES, INC	BUSINESS CENTER DRIVE REPAIRS	19,500.00
				BUSINESS CENTER DRIVE REPAIRS	2,200.00
				POLK STREET WATERMAINR REPAIR	23,268.00
Total for Check/Tran - 89048:					44,968.00
89049 3/27/25	CHK	9997	ALISON CADY	INACTIVE REFUND	87.30
89050 3/27/25	CHK	3982	CENTERPOINT ENERGY	NATURAL GAS & IRON REMOVAL	1,062.23
				NATURAL GAS & IRON REMOVAL	5,626.14
Total for Check/Tran - 89050:					6,688.37
89051 3/27/25	CHK	549	CHARTER COMMUNICATIONS	OFFICE TELEPHONE & CABLE	197.38
				OFFICE TELEPHONE & CABLEONE	49.34
Total for Check/Tran - 89051:					246.72
89052 3/27/25	CHK	264	CNA SURETY	WRIGHT CTY RIGHT OF WAY BOND	100.00
89053 3/27/25	CHK	9997	KENNEDY COTCH	INACTIVE REFUND	24.37
89054 3/27/25	CHK	8949	FS3 INC.	BATTERY - UNIT #56	73.54
89055 3/27/25	CHK	9997	TA HER	INACTIVE REFUND	180.32

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03/01/2025 To 03/31/2025

Bank Account: 5 - GENERAL FUND WITHDRAWALS

Check / Tran Date	Pmt Type	Vendor	Vendor Name	Reference	Amount
89056 3/27/25	CHK	9997	MARK HOFFMAN	INACTIVE REFUND	20.08
89057 3/27/25	CHK	444	LANO EQUIPMENT, INC	Trailer	25,443.12
				Trailer	5,352.17
Total for Check/Tran - 89057:					30,795.29
89058 3/27/25	CHK	8605	MARCO TECHNOLOGIES, LLC	OFFICE 365 - 2/24 to 3/23/25	1,035.59
				OFFICE 365 - 2/24 to 3/23/25	225.56
Total for Check/Tran - 89058:					1,261.15
89059 3/27/25	CHK	9997	JACOB MAU	INACTIVE REFUND	54.37
89060 3/27/25	CHK	145	MENARDS	MISC PARTS & SUPPLIES	53.93
				WINDSHIELD FLUID	6.45
				CELL PHONE POUCH - 187	16.17
Total for Check/Tran - 89060:					76.55
89061 3/27/25	CHK	7293	MINNESOTA DEPT OF COMMERCE	2025 QTR 4 INDIRECT ASSESSMENT	8,632.53
89062 3/27/25	CHK	147	MINNESOTA POLLUTION CONTROL AG	COLLECTION SYSTEM OP - 174	23.00
89063 3/27/25	CHK	147	MINNESOTA POLLUTION CONTROL AG	WASTEWATER OPERATOR RENEWAL - 136	23.00
89064 3/27/25	CHK	147	MINNESOTA POLLUTION CONTROL AG	WASTEWATER OP RENEW - 174	23.00
89065 3/27/25	CHK	633	MUTUAL OF OMAHA	ELEC LIFE INSURANCE - APR 2025	216.81
				LIFE,STD & LTD INSURANCE - APR 2025	2,468.70
				ELEC LIFE INSURANCE - APR 2025	202.94
				LIFE,STD & LTD INSURANCE - APR 2025	542.21
Total for Check/Tran - 89065:					3,430.66
89066 3/27/25	CHK	9997	PARKVIEW GRAND APTS OF OTSEGO, LC	Credit Balance Refund	2,092.30
89067 3/27/25	CHK	9997	SAMANTHA PETERSON	INACTIVE REFUND	65.84
89068 3/27/25	CHK	8606	QUADIENT FINANCE USA, INC	POSTAGE ACCOUNT FEES	43.65
				POSTAGE ACCOUNT FEES	10.91

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Bank Account: 5 - GENERAL FUND WITHDRAWALS

Check / Tran Date	Pmt Type	Vendor	Vendor Name	Reference	Amount
Total for Check/Tran - 89068:					54.56
89069 3/27/25	CHK	3218	RDO EQUIPMENT CO.	Vactron	92,867.00
89070 3/27/25	CHK	9997	CASEY SCHNICHEL	INACTIVE REFUND	95.06
89071 3/27/25	CHK	848	SHERBURNE COUNTY PUBLIC WORKS	UTILITY PERMIT	100.00
89072 3/27/25	CHK	9997	TALL PINES 2 LLC	Credit Balance Refund	175.06
89073 3/27/25	CHK	3360	THE UPS STORE 5093	SHIPPING - OIL SAMPLES	16.59
				SHIPPING - GLOVE RETURN	15.07
Total for Check/Tran - 89073:					31.66
89074 3/27/25	CHK	9997	COURTNEY TOMLINSON	INACTIVE REFUND	348.97
89075 3/27/25	CHK	331	TRANSUNION	SKIP TRACING - FEB 2025	60.00
				SKIP TRACING - FEB 2025	15.00
Total for Check/Tran - 89075:					75.00
89076 3/27/25	CHK	9997	US BANK NA	INACTIVE REFUND	93.20
89077 3/27/25	CHK	55	WESCO RECEIVABLES CORP.	ABB PIN	1,039.44
Total for Bank Account - 5 :					(187) 4,009,846.98
Grand Total :					(188) 4,019,845.23

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PARAMETERS ENTERED:**Check Date:** 03/01/2025 To 03/31/2025**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**

March 11, 2025

Members Present: Chair John Dietz, Vice Chair Mary Stewart, Commissioners, Paul Bell, and Matt Westgaard

Remote Members: Commissioner Nick Zerwas participated in the meeting via interactive television as he was out of the state at the time of the meeting.

ERMU Staff Present: Mark Hanson, General Manager
Sara Youngs, Administrations Director
Melissa Karpinski, Finance Manager
Tony Mauren, Governance & Communications Manager
Tom Geiser, Operations Director
Mike Tietz, Technical Services Superintendent
Dave Ninow, Water Superintendent
Jenny Foss, Communications & Administrative Coordinator
Jon McLean, Locator

Others Present: Jared Shepherd, Attorney; Cal Portner, City Administrator; Tanju Gulati, Director with Frontier Energy; Doug Eli, Energy Engineer with Frontier Energy; Alexandra Blair, Program Coordinator with Frontier Energy; Cindy McCleary, VP and Managing Principal with LEO A DALY; Julia Larson, Project Designer at LEO A DALY; Isaac Karley, Project Manager at LEO A Daly

1.0 GOVERNANCE

1.1 Oath of Office – John Dietz & Mary Stewart

1.2 Call Meeting to Order

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

1.3 Pledge of Allegiance

The Pledge of Allegiance was recited.

1.4 Consider the Agenda

Moved by Commissioner Westgaard and seconded by Commissioner Stewart to approve the March 11, 2025, agenda. Motion carried 5-0.

1.5 **Recognition of Employee Longevity – Jon McLean, 8 years**

Mr. Tietz commended Mr. McLean for his eight years of dedicated service as an underground utility locator, highlighting his strong work ethic, positive attitude, and commitment to exceeding expectations, which have earned him the respect of his colleagues.

Mr. McLean expressed his gratitude, followed by a round of applause.

1.6 **2025 Election of Officers – Chair and Vice Chair**

Mr. Mauren conducted the election of officers for 2025. There was agreement among the Commission to maintain the officer appointments from the previous year.

Moved by Commissioner Westgaard and seconded by Commissioner Bell to reappoint Commissioner Dietz as Chair and reappoint Commissioner Stewart as the Vice Chair. Motion carried 5-0.

1.6 **2025 Committee Appointments**

The Commission discussed previous committee appointments and the chair positions. There was agreement among the Commission to maintain the committee appointments from the previous year.

Moved by Commissioner Bell and seconded by Commissioner Westgaard to make the following committee and chair appointments for 2025:

Reappoint Chair Dietz and Commissioner Stewart to the Wage and Benefits Committee with Chair Dietz to continue to serve as committee chair.

Reappoint Commissioner Westgaard and reappoint Commissioner Zerwas to the Financial Reserves and Investment Committee with Commissioner Westgaard to continue to serve as committee chair.

Reappoint Commissioner Stewart to the Information Security Committee.

Reappoint Commissioner Westgaard and Commissioner Bell to the Dispute Resolution Committee with Commissioner Westgaard to continue to serve as committee chair.

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

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

2.1 **Check Register – February 2025**

2.2 Regular Meeting Minutes – February 11, 2025

2.3 2024 Fourth Quarter YTD Earned Sick and Safe Time Usage

Motion carried 5-0.

3.0 OPEN FORUM

No one appeared for open forum.

4.0 POLICY & COMPLIANCE

4.1 Annual Commission Orientation

Under Commission Policy G.2d, an annual orientation program for new and existing commission members was implemented in 2018. This year's orientation featured presentations from Frontier Energy and ERMU staff.

Frontier Energy representatives updated the Commission on ERMU's Conservation Improvement Program, emphasizing their efficiency in helping ERMU achieve its 2024 kWh savings goals while staying under budget.

Ms. Foss, ERMU's Communications & Administrative Coordinator, presented information about the department's communication efforts, covering planning, content creation, and community engagement.

4.2 Annual Commission Bylaw and Attendance Policy

Mr. Mauren presented the commission bylaws and conducted the annual attendance policy review requested by the City. No changes were proposed.

4.3 Commission Policy Review – G.4 – Corporate Limitations

Mr. Mauren presented his memo regarding G.4 – Corporate Limitations. There were no recommended changes from staff.

5.0 BUSINESS ACTION

5.1 ERMU Power Plant Project Update

Representatives from LEO A DALY presented architectural options for the decommissioned power plant, offering three use designs: child-centered, adult-centered, and a combined approach. They provided cost estimates and discussed funding options, noting the building's eligibility for the National Register due to its historical significance in community development and industry. The rough estimates for all-in costs ranged from \$4,860,000 to \$7,430,000.

The discussion included alternative options, such as demolition. Mr. Hanson noted that demolition and conversion to a parking lot would cost approximately \$600,000–\$700,000.

The Commission approved spending \$15,000 on plans to explore the combined child/adult use design. They emphasized their desire to minimize expenses while preserving the building's historical value.

5.2 **Financial Report – January 2025**

Ms. Karpinski presented the January 2025 financials, highlighting increased electric and water sales compared to the previous year, with expenses for both remaining under budget.

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

5.2 **Advanced Metering Infrastructure Update**

Mr. Teitz reviewed his AMI Update memo, noting that 88% of residential water meter exchanges are complete. He stated that the installation contractor plans to exit the residential water meter portion of the project.

Chair Dietz asked if the remaining 500 residential water meters would become ERMU staff's responsibility, and Mr. Teitz confirmed this.

Ms. Youngs explained that residential water meter customers have received multiple notices informing them of an April 1 deadline to schedule their replacement appointment to avoid monthly service fees starting at \$50 per month for the first meter and \$10 per month for each additional meter.

There was discussion on how to handle non-responsive customers including potential shut-off measures.

Mr. Hanson explained that the existing meters will eventually become obsolete and must be replaced. Customers can request manual meter reading for the new meters, but this requires additional customer-purchased equipment installed at the residence.

Mr. Ninow clarified that this equipment allows readings by physically touching a device to it, rather than using a radio signal.

Chair Dietz asked if this means a technician must physically approach the meter to take a reading. Ms. Youngs confirmed, adding that the equipment is outside the home, so technicians won't need to enter the residence.

Mr. Tietz proceeded with his memo review.

6.0 BUSINESS DISCUSSION

6.1 Staff Updates

Mr. Hanson sought commission direction regarding the \$15-20K estimated cost for private property repair as a result of the water main break on Polk Avenue. He noted that the Minnesota League of Cities Insurance Trust denied the claim as it was determined there was no negligence and added that more than likely the resident's insurance would deny the claim as well.

The Commission recommended that Mr. Hanson inform the resident about the Dispute Resolution Committee to address the payment of expenses related to the water main break.

6.2 City Council Update

Chair Dietz provided a City Council update.

6.3 American Public Power Association Legislative Rally Update - Verbal

Mr. Hanson gave a verbal update on the American Public Power Association Legislative Rally in Washington, D.C. He was joined this year by Commissioner Zerwas, Commissioner Bell, and Mr. Mauren. During the rally, they met with Minnesota Senators Amy Klobuchar and Tina Smith, as well as House Majority Whip Tom Emmer. Discussions centered primarily on municipal bond tax exemptions and permitting reforms.

6.4 Future Planning

Chair Dietz announced the following:

- a. Regular Commission Meeting – April 8, 2025
- b. 2025 Governance Agenda

6.5 Other Business

7.0 ADJOURN REGULAR MEETING

Moved by Commissioner Bell and seconded by Commissioner Stewart to adjourn the regular meeting of the Elk River Municipal Utilities Commission at 5:47 p.m. Motion carried 5-0.

Minutes prepared by Jenny Foss.

John J. Dietz, ERMU Commission Chair

Tina Allard, City Clerk

TO: ERMU Commission	FROM: Melissa Karpinski – Finance Manager
MEETING DATE: April 8, 2025	AGENDA ITEM NUMBER: 2.3
SUBJECT: Resolution Electing Not to Waive Statutory Tort Limits for Liability Insurance	
ACTION REQUESTED: Adopt Resolution 25-4 Electing Not to Waive the Statutory Tort Limits for Liability Insurance	

BACKGROUND:

The League of Minnesota Cities Insurance Trust (LMCIT) requires annual approval of the Utilities' intent to waive or not waive the statutory limits on tort liability as set forth in Minnesota Statutes.

DISCUSSION:

Attached is the Waiver form which also has information regarding making a decision on whether to elect not to waive, or to waive, the statutory limits. Last year we did not waive the limits, and neither did the City. The recommendation we have received from our insurance agent is not to waive the limits.

FINANCIAL IMPACT:

This limits our exposure to \$500,000 rather than \$2,000,000 for an individual claimant; and \$1,500,000 rather than \$2,000,000 for all claimants of a single occurrence.

ATTACHMENTS:

- Resolution No. 25-4 - Electing Not to Waive the Statutory Tort Limits for Liability Insurance
- LMCIT Liability Coverage Waiver Form

RESOLUTION NO. 25-4

BOARD OF COMMISSIONERS
ELK RIVER MUNICIPAL UTILITIES

**A RESOLUTION OF THE BOARD OF COMMISSIONERS OF ELK RIVER MUNICIPAL UTILITIES
ELECTING NOT TO WAIVE THE STATUTORY TORT LIMITS FOR LIABILITY INSURANCE**

WHEREAS, Elk River Municipal Utilities (Utilities) participate in the League of Minnesota Cities Insurance Trust (LMCIT) insurance program; and

WHEREAS, The LMCIT requires annual approval of the Utilities' intent to waive or not waive the statutory limits on tort liability as set forth in Minnesota Statutes;

WHEREAS, The Utility has evaluated whether to waive the limit of tort liability, and whether to purchase excess liability coverage from the LMCIT.

NOW, THEREFORE, BE IT RESOLVED that the Elk River Municipal Utilities of the City of Elk River elects to not waive the statutory tort liability limit established by Minnesota Statute 466.04.

This Resolution Passed and Adopted this 8th day of April 2025.

John Dietz, Chair

Mark Hanson, General Manager

LIABILITY COVERAGE WAIVER FORM

Members who obtain liability coverage through the League of Minnesota Cities Insurance Trust (LMCIT) must complete and return this form to LMCIT before their effective date of coverage. [Email completed form to your city's underwriter, to \[psstech@lmc.org\]\(mailto:psstech@lmc.org\), or fax to 651.281.1298.](mailto:psstech@lmc.org)

The decision to waive or not waive the statutory tort limits must be made annually by the member's governing body, in consultation with its attorney if necessary.

Members who obtain liability coverage from LMCIT must decide whether to waive the statutory tort liability limits to the extent of the coverage purchased. The decision has the following effects:

- *If the member does not waive the statutory tort limits*, an individual claimant could recover no more than \$500,000 on any claim to which the statutory tort limits apply. The total all claimants could recover for a single occurrence to which the statutory tort limits apply would be limited to \$1,500,000. These statutory tort limits would apply regardless of whether the member purchases the optional LMCIT excess liability coverage.
- *If the member waives the statutory tort limits and does not purchase excess liability coverage*, a single claimant could recover up to \$2,000,000 for a single occurrence (under the waive option, the tort cap liability limits are only waived to the extent of the member's liability coverage limits, and the LMCIT per occurrence limit is \$2,000,000). The total all claimants could recover for a single occurrence to which the statutory tort limits apply would also be limited to \$2,000,000, regardless of the number of claimants.
- *If the member waives the statutory tort limits and purchases excess liability coverage*, a single claimant could potentially recover an amount up to the limit of the coverage purchased. The total all claimants could recover for a single occurrence to which the statutory tort limits apply would also be limited to the amount of coverage purchased, regardless of the number of claimants.

Claims to which the statutory municipal tort limits do not apply are not affected by this decision.

LMCIT Member Name:

Check one:

The member **DOES NOT WAIVE** the monetary limits on municipal tort liability established by [Minn. Stat. § 466.04](#).

The member **WAIVES** the monetary limits on municipal tort liability established by [Minn. Stat. § 466.04](#), to the extent of the limits of the liability coverage obtained from LMCIT.

Date of member's governing body meeting:

Signature: _____

Position:

TO: ERMU Commission	FROM: Tony Mauren – Governance & Communications Manager
MEETING DATE: April 8, 2025	AGENDA ITEM NUMBER: 2.4
SUBJECT: Updated Travel Expense Guidelines	
ACTION REQUESTED: None	

BACKGROUND/ DISCUSSION:

For the commission orientation at the March meeting, staff presented updated reference guide materials for 2025, including travel expense guidelines. That document did not incorporate an updated Meals and Incidental Expenses rate (M&IE).

In order to avoid this issue in the future, staff rewrote the guidelines to provide commissioners with directions to find the most up-to-date M&IE and mileage rates online. Staff will make a point to include the current base M&IE and mileage rates in the annual orientation memo.

2025 Rates:

M&IE - \$68 standard daily rate (this amount can increase based on location)

Mileage – 70 cents per mile

ATTACHMENTS:

- Updated 2025 Travel Expense Guidelines for Commissioners



Travel Expense Guidelines for Commissioners

Meals

Food allowances are actual expenditures for meals and gratuity, excluding alcoholic beverages. When commissioners travel for ERMU activities and incur expenses for meals, the reimbursable total is based on the U.S. General Services Administration's (GSA) established rates. The maximum to be reimbursed can be found on the GSA website (www.GSA.gov). Rates can vary based on location and time of year. For example, the rate is higher in Washington, D.C. than it is in Elk River, MN. Staff is available to help commissioners confirm the appropriate rate prior to travel. **Itemized receipts must be submitted for reimbursement.**

When travelling for the entire day, the distribution is flexible, meaning the reimbursable funds do not need to be allotted in equal portions for each meal. If there are multiple days of travel, the distribution per day is also flexible, meaning the reimbursable funds do not need to be allotted in equal portions for each day.

If you are travelling for a partial day (i.e. only over the course of one or two meals), deduct one-third from the total reimbursable amount for each meal not occurring during travel.

If you are at an event where the meal is provided and included in the fee for the event, please have that meal unless there are extenuating circumstances such as allergies or dietary restrictions.

Mileage

The 2025 business mileage reimbursement will be based on the current IRS mileage rates (available at www.IRS.gov). In order to receive reimbursement, commissioners must submit an address for their destination and the mileage accrued.

Compensation

Members of the commission representing ERMU at meetings/conferences that are in addition to the commission meetings will receive a \$75 per day stipend.

TO: ERMU Commission	FROM: Melissa Karpinski – Finance Manager
MEETING DATE: April 8, 2025	AGENDA ITEM NUMBER: 4.1
SUBJECT: 2024 Financial Audit	
ACTION REQUESTED: Receive and file the 2024 Annual Financial Report	

BACKGROUND:

Audit fieldwork was completed February 20 and 21 by our auditors, Abdo. Again, this year Abdo completed and compiled the enclosed audit report and issued an opinion letter. Elk River Municipal Utilities staff has reviewed for approval.

DISCUSSION:

Mr. Justin Nilson of Abdo will be at our meeting to present the 2024 audit and answer any questions you may have. There were two audit adjustments resulting from General Accounting Standards Board (GASB) reporting requirements related to Pensions and Leases. These adjustments are provided by Abdo. These items are discussed in Note 2 and 4 of the financials.

FINANCIAL IMPACT:

None

ATTACHMENTS:

- Abdo Audit Presentation
- Abdo Executive Governance Summary
- ERMU Annual Financial Report for the Year Ended December 31, 2024



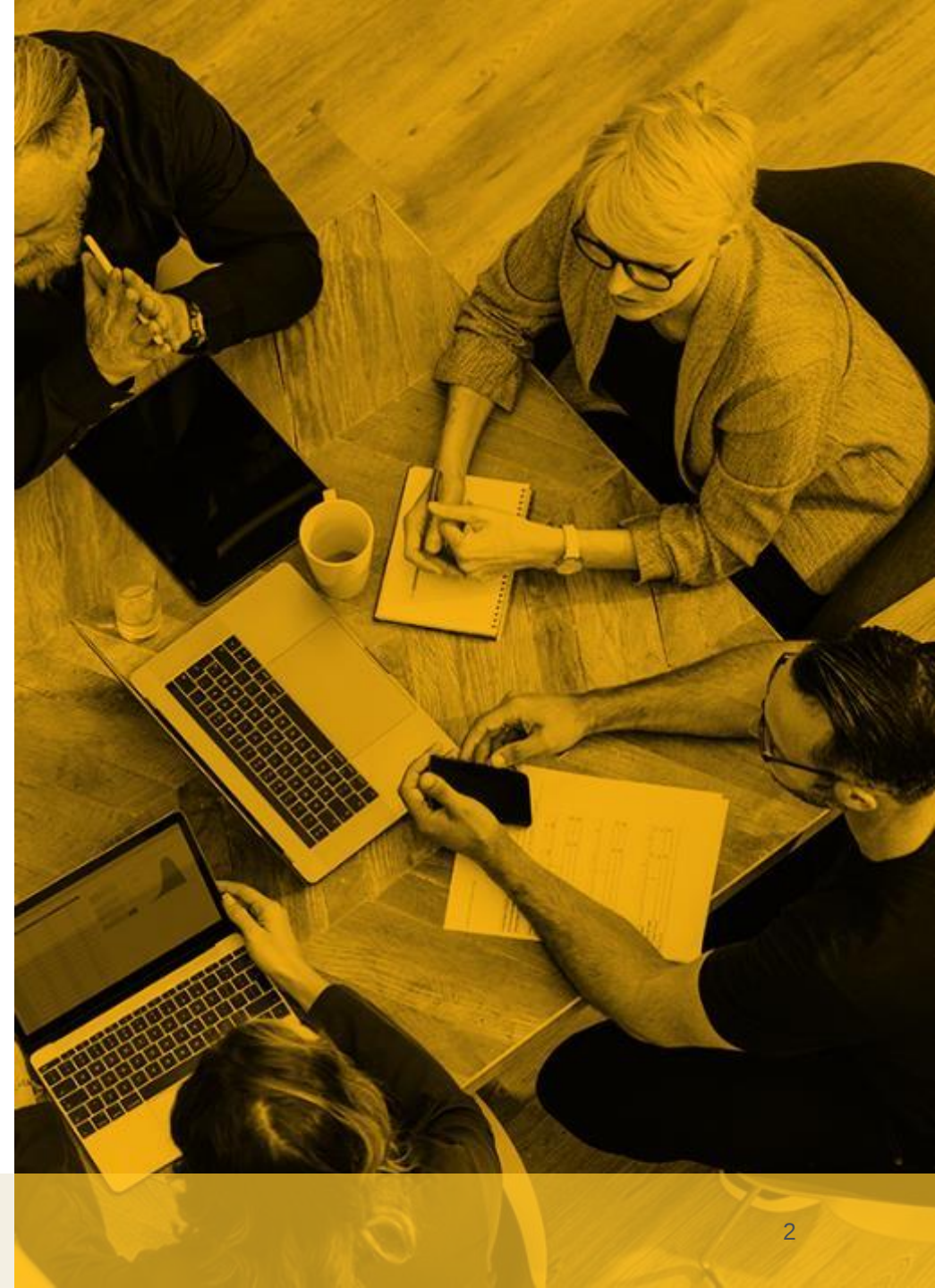
Lighting the path forward

Elk River Municipal Utilities

2024 Financial Statement Audit

Introduction

- Audit Results
- Electric Fund Results
- Water Fund Results



Audit Results

Auditor's Opinion



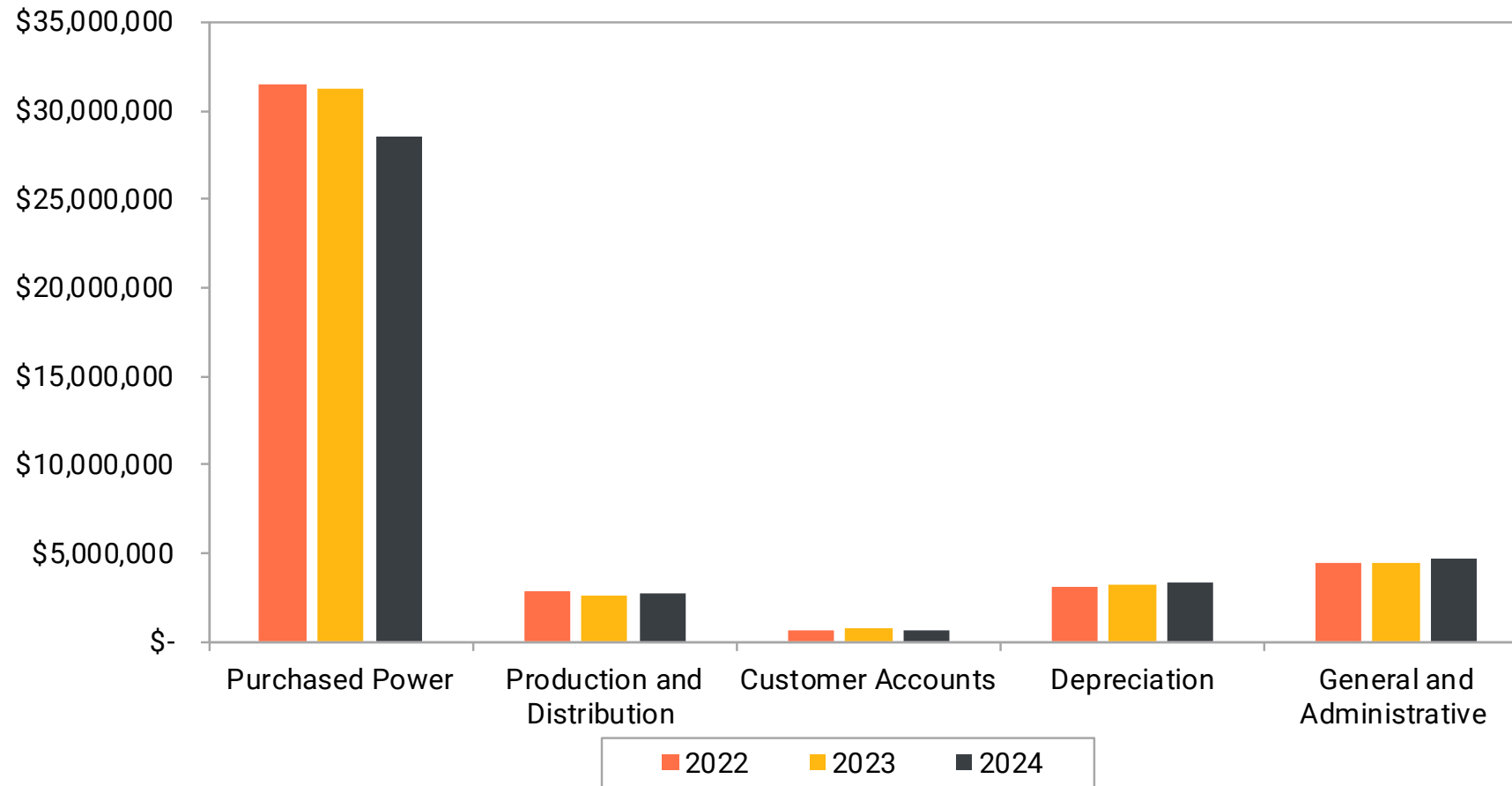
Unmodified/Clean
Opinion

Minnesota Legal Compliance



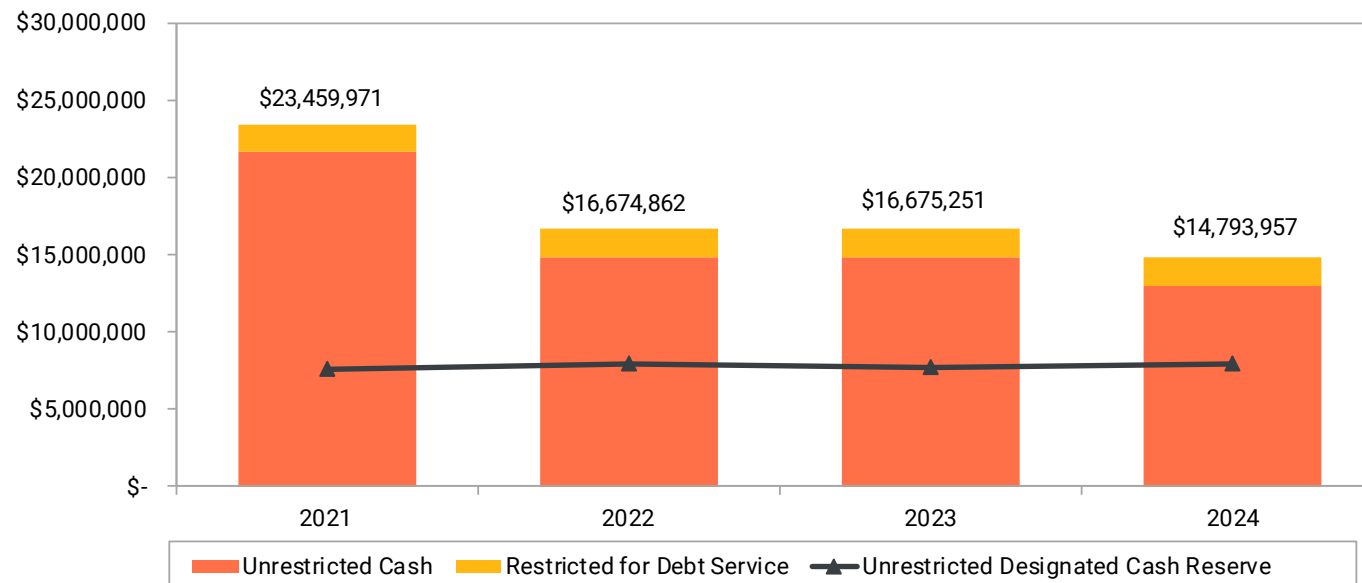
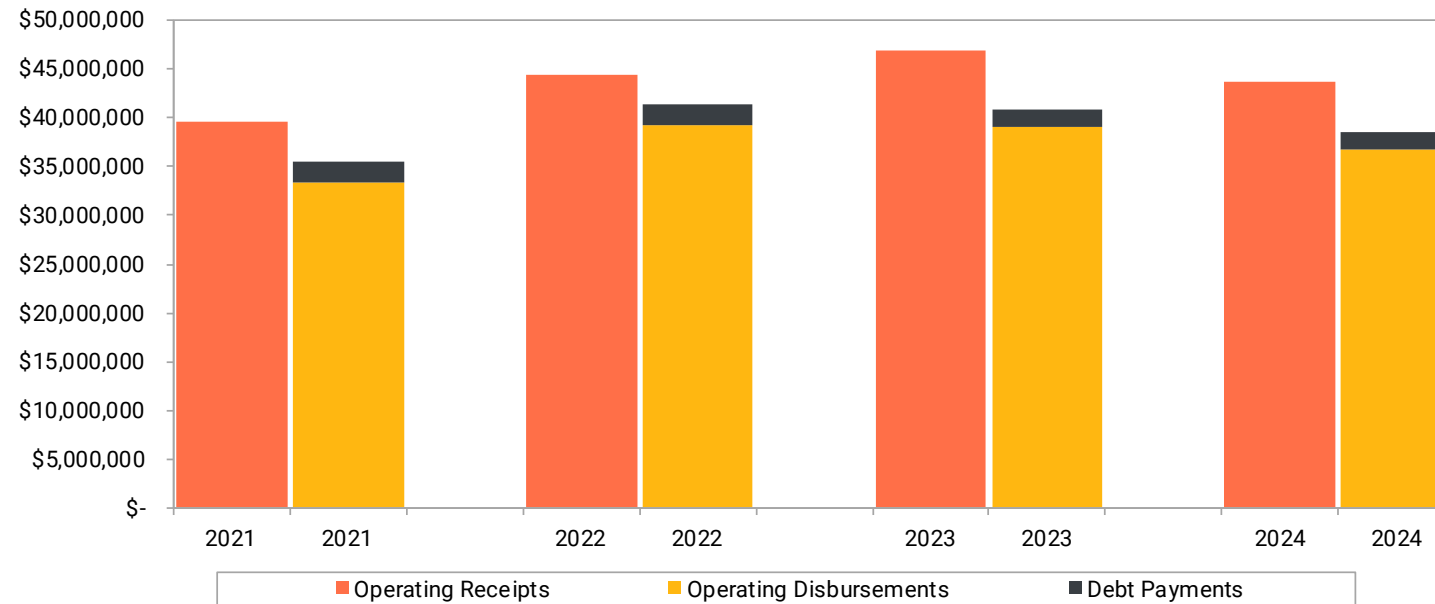
No Compliance Findings
Reported

Electric Fund Expenditures by Type

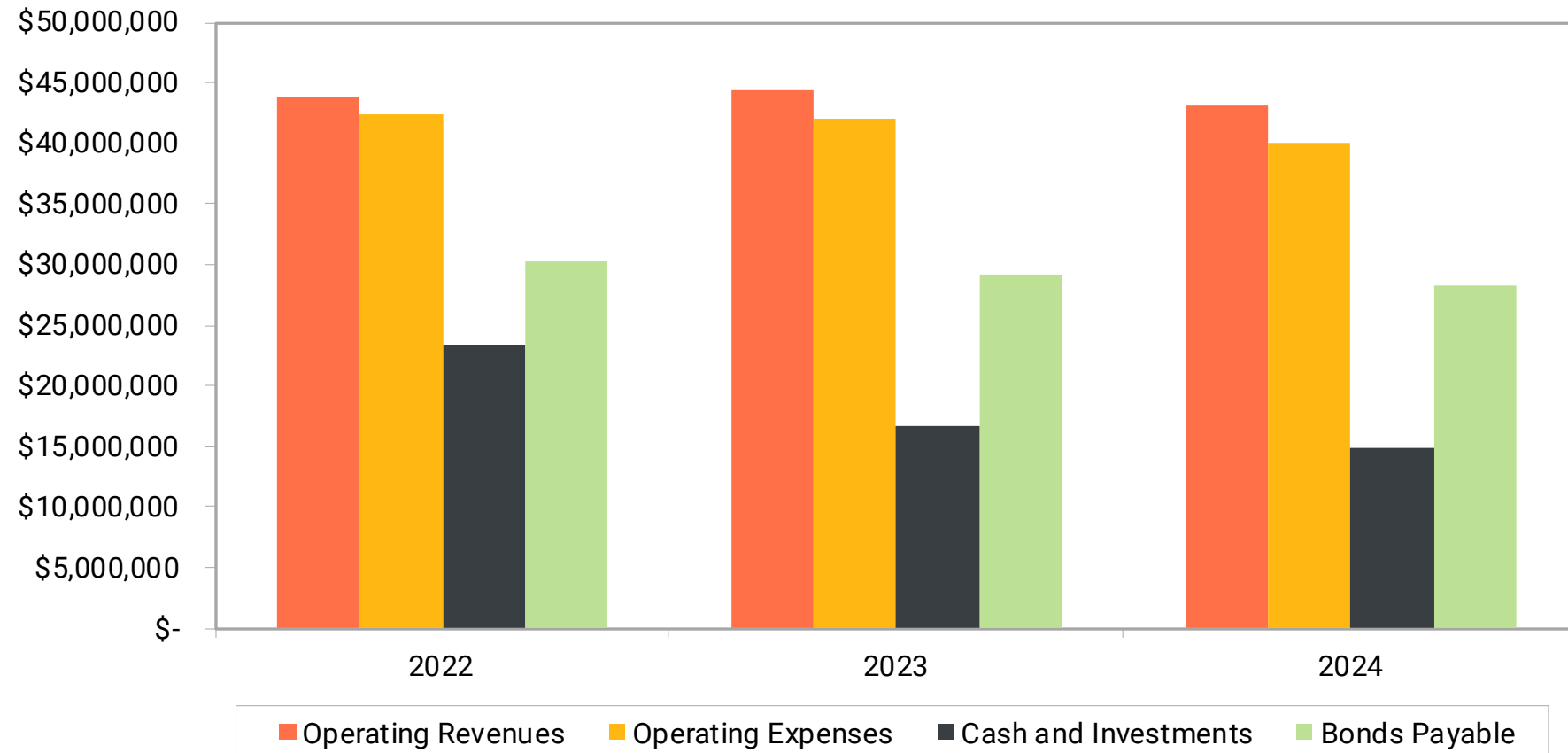


Electric Fund

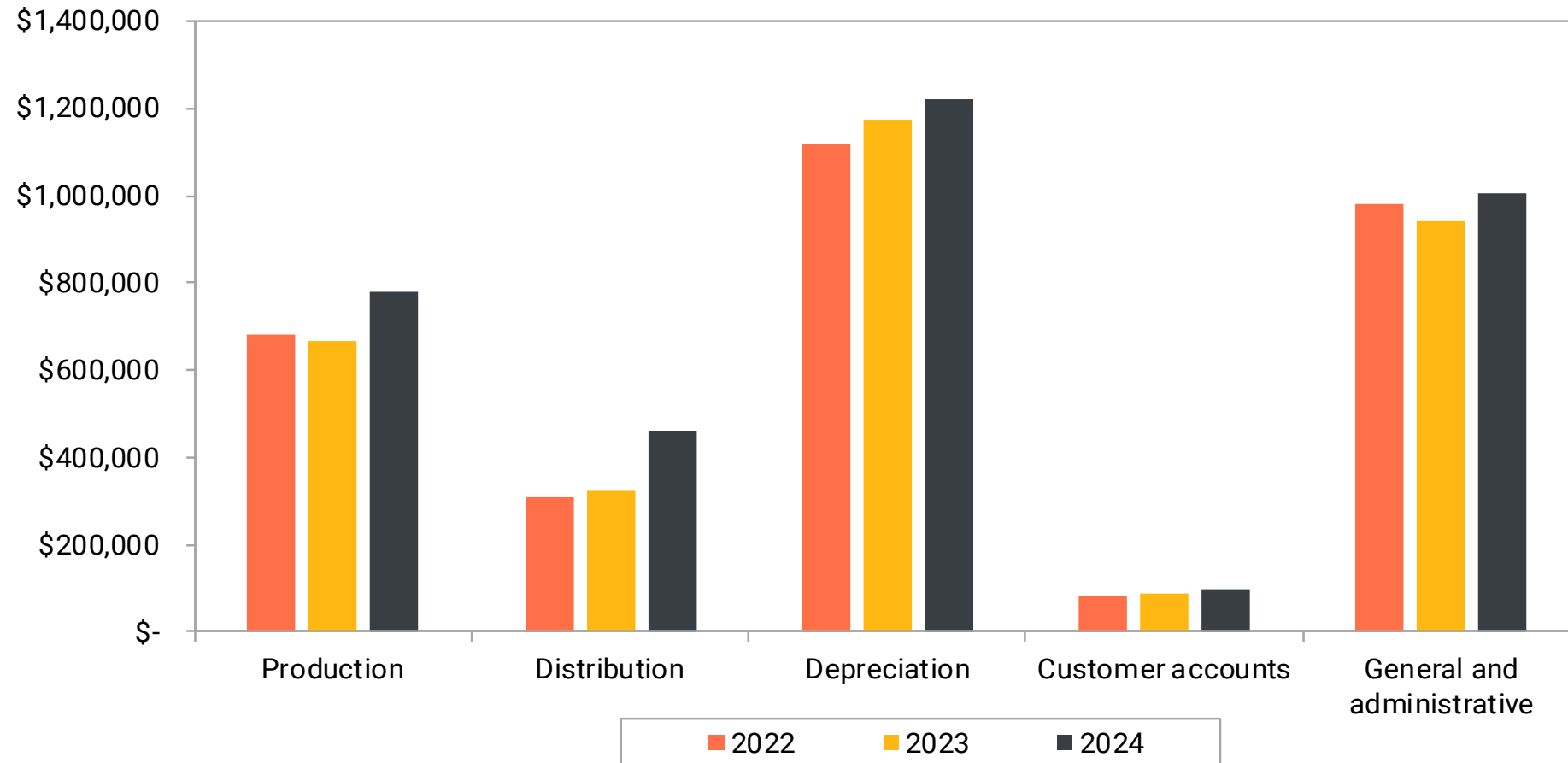
Cash Flows from Operations and Cash Balances



Electric Operations

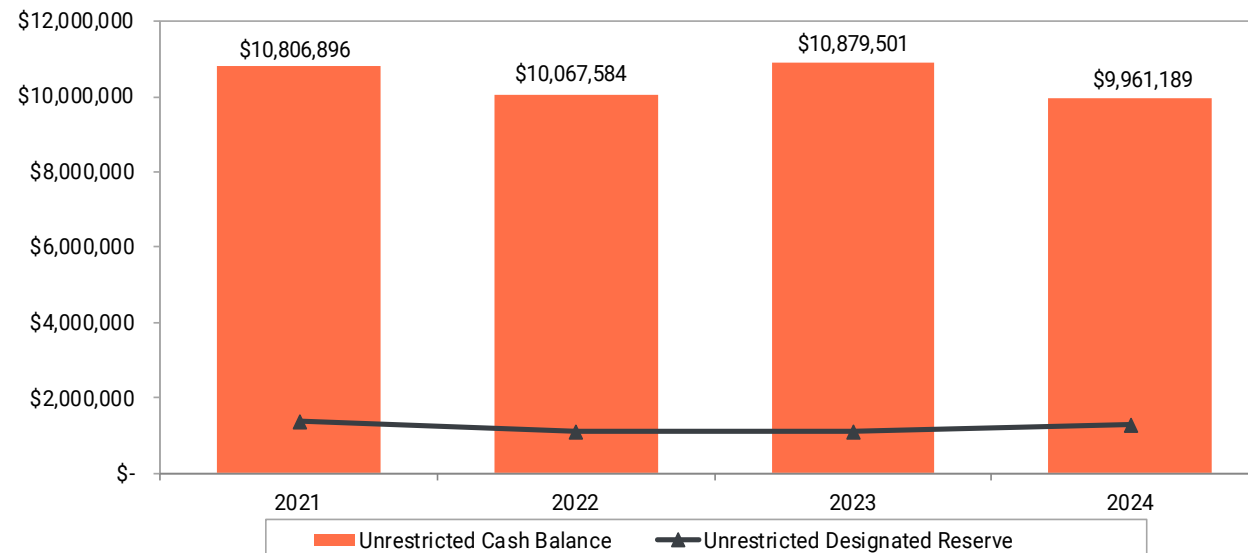
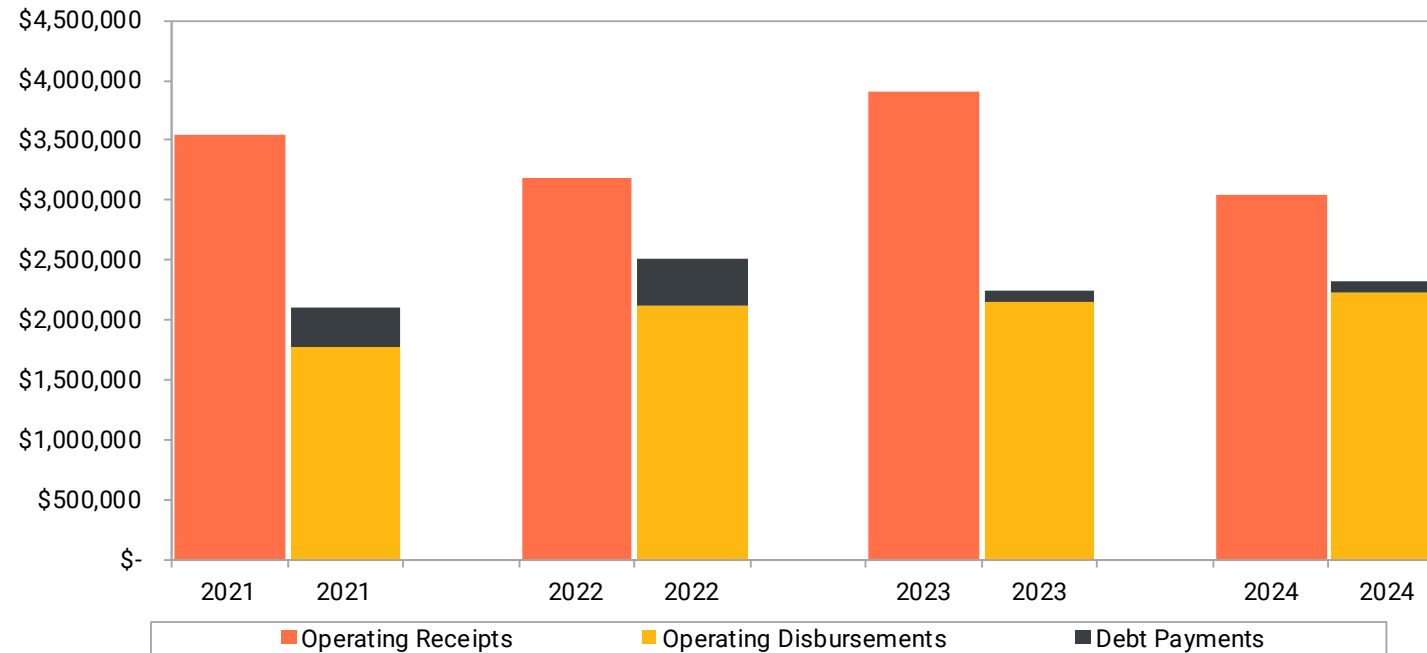


Water Fund Expenditures by Type

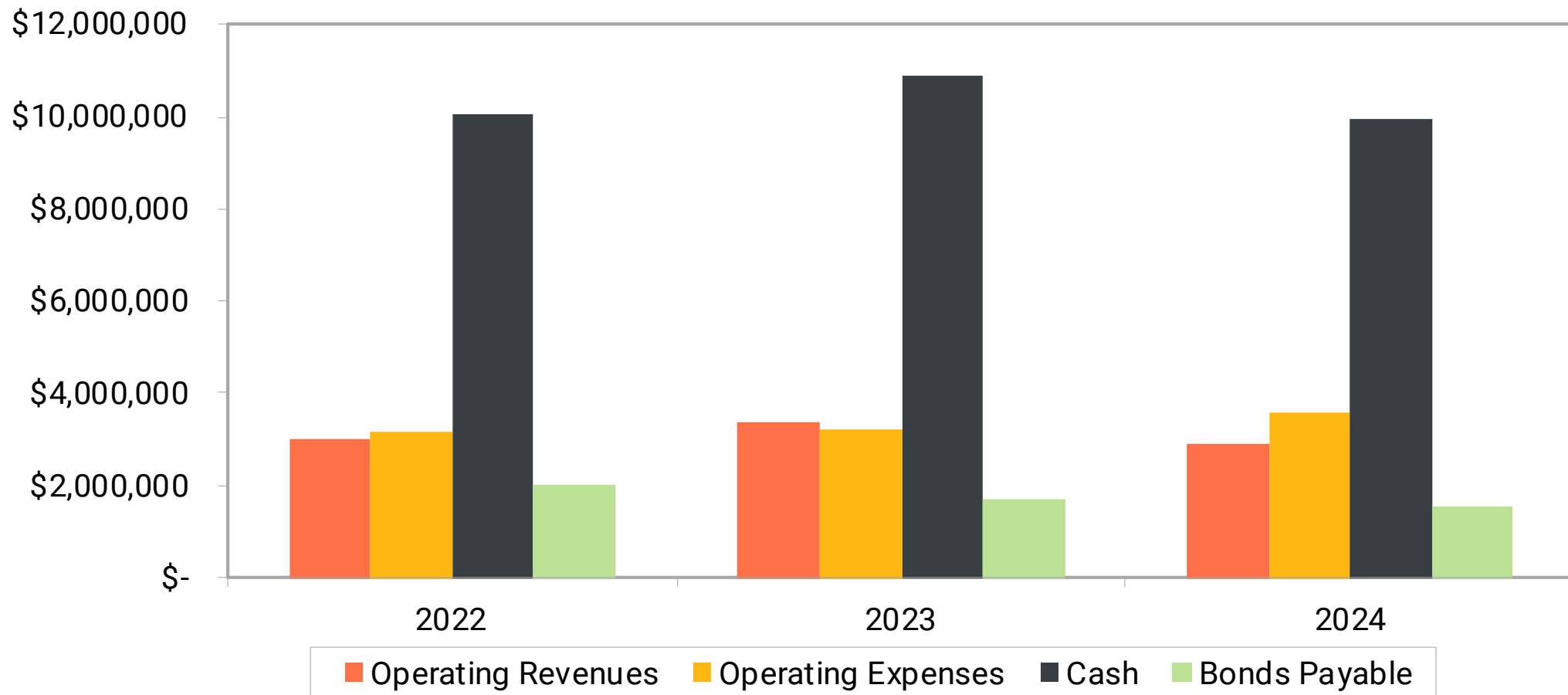


Water Fund

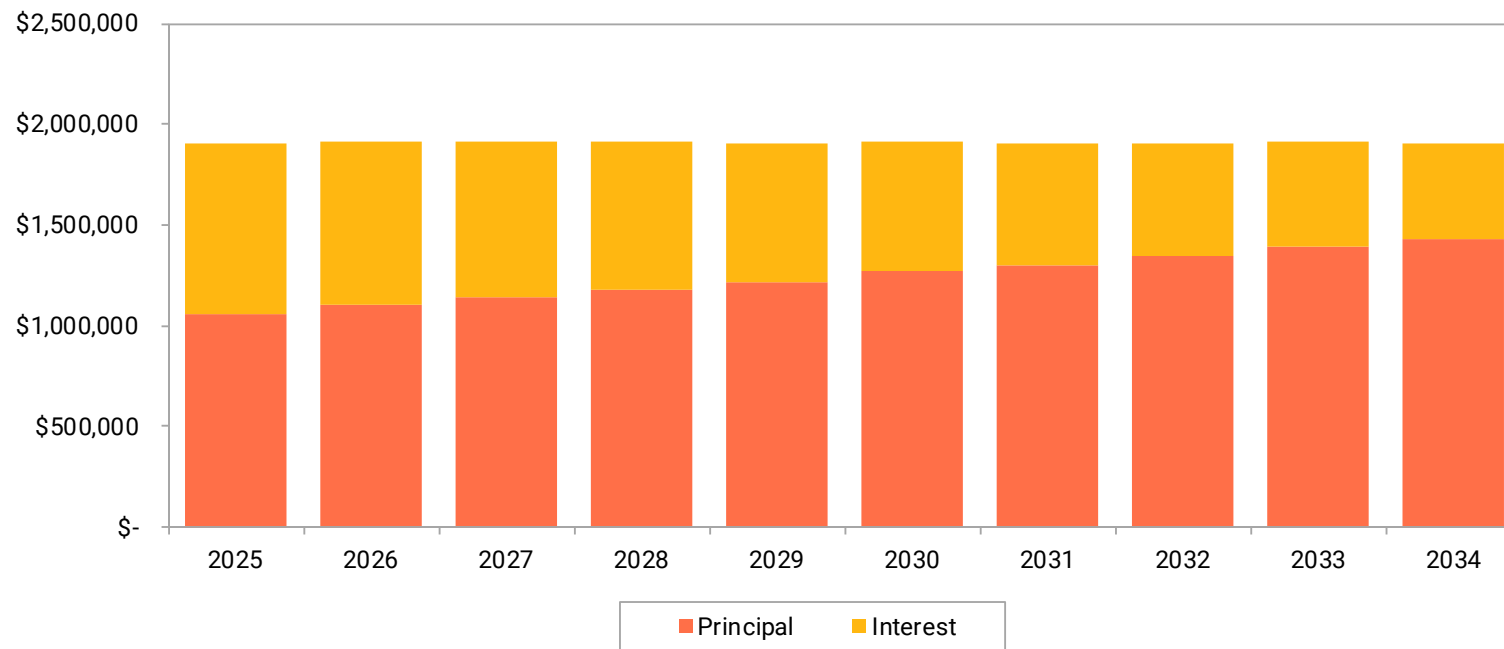
Cash Flows from Operations and Cash Balances



Water Operations

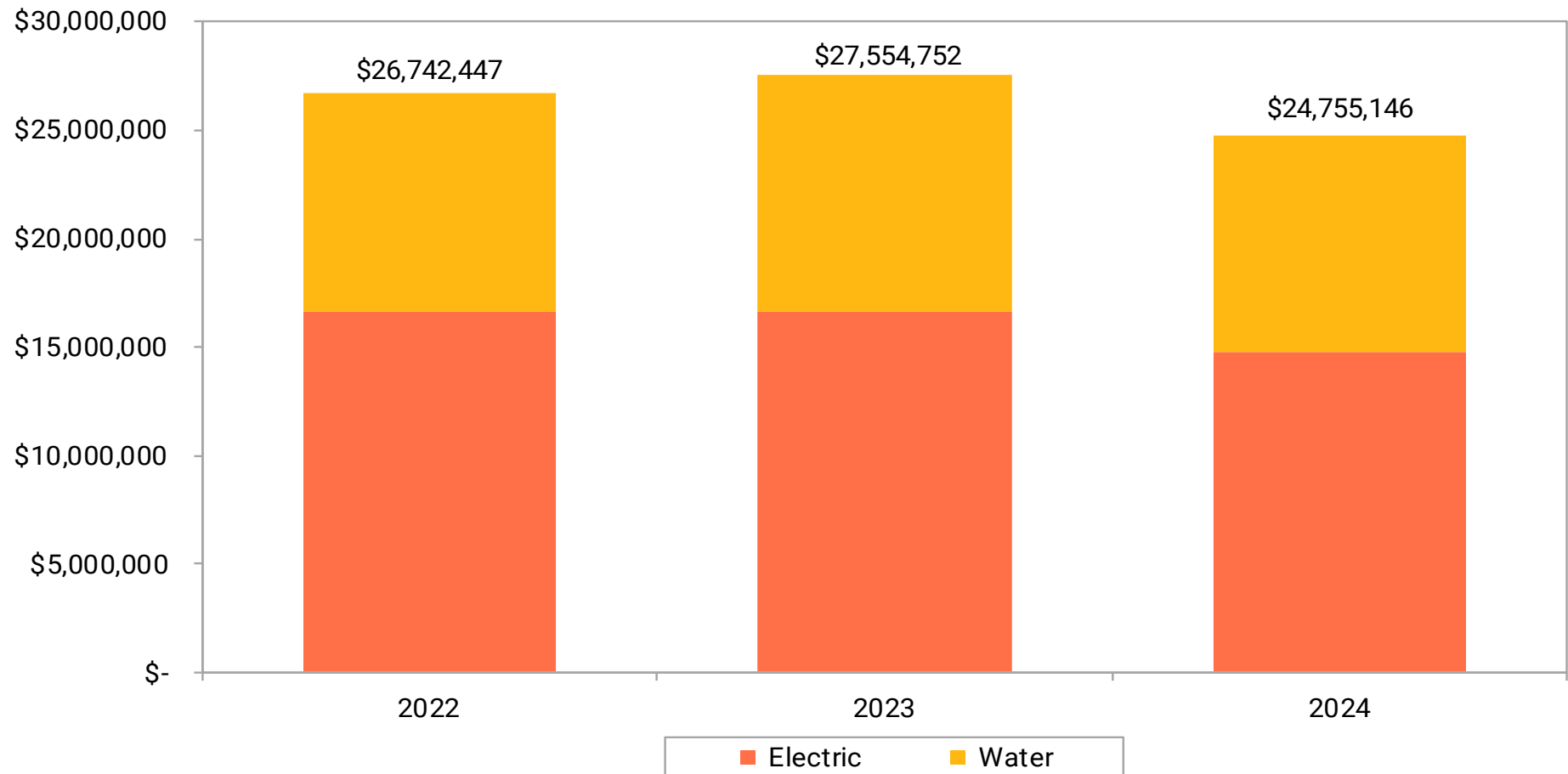


Description	Authorized and Issued	Bonds Outstanding	Year of Maturity
Electric Revenue Bonds, Series 2016A	\$ 9,755,000	\$ 7,020,000	2036
G.O. Water Revenue Bonds, Series 2021C	1,615,000	1,445,000	2041
Electric Revenue Bonds, Series 2018A	10,000,000	8,815,000	2048
Electric Revenue Bonds, Series 2021B	11,810,000	11,170,000	2051
Totals		<u>\$ 28,450,000</u>	
Total Remaining Interest Payments		<u>\$ 10,176,111</u>	



Debt Obligations

Cash and Investments Balance



Your Abdo Team



Justin Nilson, CPA
Partner

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Executive Governance Summary

Elk River Municipal Utilities

Elk River, Minnesota

For the year ended December 31, 2024



Edina Office

5201 Eden Avenue, Ste 250
Edina, MN 55436
P 952.835.9090

Mankato Office

100 Warren Street, Ste 600
Mankato, MN 56001
P 507.625.2727

Scottsdale Office

14500 N Northsight Blvd, Ste 233
Scottsdale, AZ 85260
P 480.864.5579

April 1, 2025

Management and Public Utilities Commission
Elk River Municipal Utilities
Elk River, Minnesota

We have audited the financial statements of the Elk River Municipal Utilities (the Utilities) of the City of Elk River, Minnesota, (the City) as of and for year ended December 31, 2024. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter dated December 6, 2024. Professional standards require that we provide you with the following information related to our audit.

Significant Audit Findings

In planning and performing our audit of the financial statements, we considered the Utilities internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Utilities internal control. Accordingly, we do not express an opinion on the effectiveness of the Utilities internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under statutes set forth by the State of Minnesota.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Utilities are described in Note 1 to the financial statements. The Utilities changed accounting policies during the year ended December 31, 2024 related to the accounting and financial reporting for compensated absences (GASB 101). We noted no transactions entered into by the Utilities during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were as follows:

- Management's estimate of depreciation is based on estimated useful lives of the assets. Depreciation is calculated using the straight-line method.
- Allocations of gross wages and payroll benefits are approved by the Commission within the Utilities' budget and are derived from each employee's estimated time to be spent servicing the respective functions of the Utilities. These allocations are also used in allocating accrued compensated absences payable.
- Management's estimate of its pension liability is based on several factors including, but not limited to, anticipated investment return rate, retirement age for active employees, life expectancy, salary increases and form of annuity payment upon retirement.
- Management's estimates of its lease receivable are based on several factors including, but not limited to, a discount rate based on the estimated incremental borrowing rate.

We evaluated the key factors and assumptions used to develop these accounting estimates in determining that it is reasonable in relation to the financial statements taken as a whole. The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in aggregate, to each opinion unit's financial statements taken as a whole.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated April 1, 2025.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.



Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the governmental unit’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Utilities’ auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the required supplementary information (RSI) (Management’s Discussion and Analysis, the Schedules of Employer’s Share of the Net Pension Liability, the Schedules of Employer’s Contributions, and the Schedule of Changes in Net Pension Liability (Asset) and Related Ratios), which is information that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the supplementary information (Schedule of Operating Revenues and Expense), which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the introductory section or statistical sections, which accompany the financial statements but are not RSI. We did not audit or perform other procedures on this other information, and we do not express an opinion or provide any assurance on them.

Future Accounting Standard Changes

The following Governmental Accounting Standards Board (GASB) Statements have been issued and may have an impact on future Utilities financial statements:

GASB Statement No. 102 – <i>Certain Risk Disclosures</i>	<i>Effective: 12/31/2025</i>
GASB Statement No. 103 – <i>Financial Reporting Model Improvements</i>	<i>Effective: 12/31/2026</i>
GASB Statement No. 104 – <i>Disclosure of Certain Capital Assets</i>	<i>Effective: 12/31/2026</i>

Further information on upcoming [GASB pronouncements](#).



Restriction on Use

This communication is intended solely for the information and use of the Public Utilities Commission, City Council, management, and the Minnesota Office of the State Auditor and is not intended to be and should not be used by anyone other than these specified parties.

The comments and recommendations in this report are purely constructive in nature, and should be read in this context. Our audit would not necessarily disclose all weaknesses in the system because it was based on selected tests of accounting records and related data.

If you have any questions or wish to discuss any of the items contained in this letter, please feel free to contact us at your convenience. We wish to thank you for the opportunity to be of service and for the courtesy and cooperation extended to us by your staff.



Abdo
Minneapolis, Minnesota
April 1, 2025



ANNUAL FINANCIAL REPORT

ELK RIVER MUNICIPAL UTILITIES
ELK RIVER, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2024

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Elk River, Minnesota
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INTRODUCTORY SECTION
ELK RIVER MUNICIPAL UTILITIES
ELK RIVER, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2024

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Elk River Municipal Utilities
Elk River, Minnesota
Public Utilities Commission and Administration
For the Year Ended December 31, 2024

COMMISSION

Name	Title
John Dietz	Chairperson
Mary Stewart	Vice-Chair
Matt Westgaard	Commissioner
Paul Bell	Commissioner
Nick Zerwas	Commissioner

ADMINISTRATION

Name	Title
Mark Hanson	General Manager
Melissa Karpinski	Finance Manager
Tom Geiser	Operations Director
Chris Sumstad	Electric Superintendent
Dave Ninow	Water Superintendent
Mike Tietz	Technical Services Superintendent
Sara Youngs	Administrations Director
Tony Mauren	Governance & Communications Manager

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FINANCIAL SECTION
ELK RIVER MUNICIPAL UTILITIES
ELK RIVER, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2024

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INDEPENDENT AUDITOR'S REPORT

Public Utilities Commission
Elk River Municipal Utilities
Elk River, Minnesota

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of the Elk River Municipal Utilities (the Utilities) of the City of Elk River, Minnesota (the City), as of and for the year ended December 31, 2024, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Utilities as of December 31, 2024, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Utilities and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Utilities ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Utilities internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Utilities ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Emphasis of Matter

As discussed in Note 1B, the financial statements present only the Electric and Water enterprise funds and do not purport to, and do not present fairly the financial position of the Utilities as of December 31, 2024, the changes in its financial position, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Change in Accounting Principle

The Utilities has adopted the provisions of Governmental Accounting Standard Board (GASB) Statement No. 101, Compensated Absences, for the year ended December 31, 2024. Adoption of the provisions of these statements results in significant change to the classifications of the components of the financial statements. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis Page 15 and the Schedule of Employer's Share of the Net Pension Liability, the Schedule of Employer's Contributions to be presented to supplement the basic financial statements. Such information, although not a part of the financial statements, is required by the Government Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Utilities' basic financial statements. The schedule of operating revenues and expenses is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of operating revenues and expenses are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section, summary of operations and unaudited statistics but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.



Abdo
Minneapolis, Minnesota
April 1, 2025



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Management's Discussion and Analysis

This section of the Elk River Municipal Utilities (the Utilities) of the City of Elk River, Minnesota annual financial report presents our analysis of the Utilities' financial performance during the fiscal year that ended December 31, 2024. Please read it in conjunction with the financial statements which follow this section.

Financial Highlights

- The assets and deferred outflows of resources of the Utilities exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$84,854,552 (net position). Net Position increased by \$3,153,304 or 3.9 percent. The increase is mainly due to revenues in excess of expenses during the year.
- The Utilities' cash balance at the close of the current fiscal year was \$24,755,146.
- Electric usage overall was down an average of 3.9 percent from the prior year. Residential usage decreased 4.0 percent, Commercial usage decreased 3.0 percent, and Industrial usage decreased 4.0 percent.
- Water usage overall was down an average of 16.3 percent from the prior year. Residential usage decreased 19.8 percent, and Commercial usage decreased 12.6 percent.

Overview of the Financial Statements

This annual report consists of three parts: Management's Discussion and Analysis, Financial Statements, and Supplementary Information. The Financial Statements also include notes that explain in more detail some of the information in the financial statements.

Required Financial Statements

The financial statements of the Utilities report information about the Utilities using accounting methods similar to those used by the private sector. These statements offer short-term and long-term financial information about its activities. The Statement of Net Position includes all of the Utilities' assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and the obligations to Utilities' creditors (liabilities). It also provides the basis for computing rate of return, evaluating the capital structure of the Utilities and assessing the liquidity and financial flexibility of the Utilities. All of the current year's revenues and expenses are accounted for in the Statements of Revenues, Expenses and Changes in Net Position. This statement measures the success of the Utilities' operations over the past year and can be used to determine whether the Utilities has successfully recovered all its costs through its user fees and other charges, profitability, and credit worthiness. The final required financial statement is the Statements of Cash Flows. The primary purpose of this statement is to provide information about the Utilities' cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments and net changes in cash resulting from operations, investing and financing activities and provides answers to such questions as where cash came from, what was cash used for and what was the change in the cash balance during the reporting period.

Financial Analysis of the Utilities

Our analysis of the Utilities begins on page 22 in the Financial Section. One of the most important questions asked about the Utilities' finances is "Is the Utilities as a whole better off or worse off as a result of this year's activities?" The Statement of Net Position, and the Statement of Revenues, Expenses and Changes in Net Position report information about the Utilities' activities in a way that will help answer this question. These two statements report the net position of the Utilities and changes in the net position. You can think of the Utilities' net position (the difference between assets and liabilities) as one way to measure financial health or financial position. Over time, increases or decreases in the Utilities' net position is one indicator of whether its financial health is improving or deteriorating. However, you will need to consider other non-financial factors such as changes in economic conditions, population growth, zoning, and new or changed government legislation.

Net Position. To begin our analysis, a summary of the Utilities' Statements of Net Position is presented in Table A-1. As can be seen from the Table, net position increased in fiscal 2024 from fiscal 2023.

Table A-1
Condensed Statement of Net Position

	2024	2023	Increase (Decrease)
Assets			
Current and other	\$ 29,660,285	\$ 31,866,563	\$ (2,206,278)
Capital and other non-current	101,204,766	96,673,875	4,530,891
Total Assets	<u>130,865,051</u>	<u>128,540,438</u>	<u>2,324,613</u>
 Total Deferred Outflows of Resources	<u>383,601</u>	<u>816,369</u>	<u>(432,768)</u>
 Liabilities			
Current	9,760,324	8,837,628	922,696
Non-current	30,737,715	33,043,134	(2,305,419)
Total Liabilities	<u>40,498,039</u>	<u>41,880,762</u>	<u>(1,382,723)</u>
 Total Deferred Inflows of Resources	<u>5,896,061</u>	<u>5,774,797</u>	<u>121,264</u>
 Net Position			
Net investment in capital assets	66,966,175	61,103,248	5,862,927
Restricted for debt service	1,779,016	1,779,016	-
Unrestricted	<u>16,109,361</u>	<u>18,818,984</u>	<u>(2,709,623)</u>
 Total Net Position	<u><u>\$ 84,854,552</u></u>	<u><u>\$ 81,701,248</u></u>	<u><u>\$ 3,153,304</u></u>
 Net Position as a Percent of Total			
Net investment in capital assets	78.9 %	74.8 %	
Restricted	2.1	2.2	
Unrestricted	<u>19.0</u>	<u>23.0</u>	
	<u><u>100.0 %</u></u>	<u><u>100.0 %</u></u>	

Electric and Water Rates. Electric - The Utilities' electric rates had a zero-rate increase effective January 2025. The monthly base charges are based upon the type of service. The monthly charges are \$15.00 for residential, \$32.00 for non-demand, \$77.00 for demand and \$115.00 for large industrial demand customers. In addition to the base charges the residential rate is \$.1373/kWh for June-October usage, and \$.1255/kWh for November-May usage; the non-demand rate is \$.1330/kWh for June-October, and \$.1114/kWh for November-May; the demand rate is \$.0704/kWh energy charge year round with a demand charge of \$16.75/kW June-October, and \$11.75/kW for November-May; the large industrial demand rate is \$.0696/kWh energy charge year round with a demand charge of \$16.25/kW June-October, and \$11.25/kW November-May.

Water - The latest increase in the Utilities' water rates was effective January 2025. The monthly base charge for residential customers is \$10.23 per month. In addition to the base charge, the Utilities currently charges its residential customers \$2.04 per 1,000 gallons up to 9,000 gallons, \$3.64 per 1,000 gallons between 9,000 gallons and 15,000 gallons, and \$4.20 per 1,000 gallons for usage above 15,000 gallons. Commercial customer base charges are based upon meter size and range from \$12.27 to \$129.60. An irrigation meter is \$21.83 per month. There is also a charge per 1,000 gallons, the same tiers as the residential rates of \$2.04, \$3.64, and \$4.20, except the graduation from the lower tier to the higher tier(s) is calculated based on previous consumption.

The Utilities requires payment of all utility bills to be paid by the due date stated on the monthly bill. A ten percent penalty is assessed for payments not received by the due date. The Utilities may discontinue service of a customer not complying with the disconnect policy of the Utilities after receiving a written disconnect notice. Residential and Commercial/Industrial single phase electric customers that have their service discontinued will be charged a minimum of \$50.00 to have their service reconnected. Commercial/Industrial three phase electric customers that have their service discontinued will be charged a minimum of \$150.00 to have their service reconnected. Residential and Commercial/Industrial water customers that have their water shut-off will be charged a fee of \$100.00 to have their water turned on/reconnected. There are no reconnections after 3:30 pm and payments for reconnection/turn on are not accepted at the property site; payments must be made prior to dispatching reconnection. Customers can come into the office between the hours of 8:00 am and 4:30 pm to make payment by cash, money order or credit card; or pay online or by phone with a credit card. The Utilities abides by the Cold Weather Rules.

Deposit Policy. Per our Deposit Policy, the Utilities collects social security numbers from new accounts and utilizes a credit risk assessment tool called "Online Utility Exchange" to determine if a deposit is necessary as a proactive measure to try and reduce uncollectible accounts. The amount of the deposit required will depend on the risk identified with the customer. For residential customers, if there is above 90 percent probability of non-default and no negative history (no disconnection for non-payment or late payments two or more times within 12 months) there is no deposit required. If there is a lower than 90 percent probability of non-default, a deposit appropriate to the services supplied will be required before utility service will be extended. If the customer chooses not to provide a social security number, the deposit is automatically required. Residential deposit amounts are \$100 for apartments, \$100 for homes with water and sewer, \$150 for homes with electric only services, and \$250 for homes with all services (electric, water, and sewer).

For commercial and industrial customers, a service agreement would need to be signed. Generally, a deposit of 2 times the estimated highest monthly bill will be required, with a minimum deposit of \$250 for non-demand customers, and minimum deposit of \$1,000 for demand customers. The deposit shall be in the form of a cash deposit, or an irrevocable letter of credit. The irrevocable letter of credit will be renewed as required and failure to do so will result in a charge equal to the amount of the letter of credit applied to the monthly utility bill and held by the Utilities as a cash deposit.

Deposits will be retained until the account is closed. The deposit will be returned to the customer within 45 days of termination of service, provided that the customer has paid in full all amounts due on the account. The appropriate interest will be applied to the account per state statutes.

Statements of Revenues, Expenses and Changes in Net Position. While the Statements of Net Position show the change in financial assets/deferred outflows and liabilities/deferred inflows, the Statements of Revenues, Expenses and Changes in Net Position, provide answers as to the nature and source of these changes. As can be seen in Table A-2, revenues in excess of expenses were the main source of the increase in net position in fiscal 2024. A closer examination of the individual categories affecting the source of changes in net position is discussed below:

Table A-2
Condensed Statements of Revenues,
Expenses and Changes in Net Position

	2024	2023	Increase (Decrease)
Revenues			
Operating	\$ 46,082,215	\$ 47,834,738	\$ (1,752,523)
Nonoperating	1,776,015	1,625,170	150,845
Total Revenues	<u>47,858,230</u>	<u>49,459,908</u>	<u>(1,601,678)</u>
Expenses			
Operating	43,560,442	45,253,729	(1,693,287)
Nonoperating	807,697	847,654	(39,957)
Total Expenses	<u>44,368,139</u>	<u>46,101,383</u>	<u>(1,733,244)</u>
Income Before Contributions and Operating Transfers	3,490,091	3,358,525	131,566
Capital Contributions - Developer Infrastructure and Connection Fees	477,998	253,341	224,657
Contribution from Customers	712,844	489,452	223,392
Transfers from Other City Funds	-	1,348,943	(1,348,943)
Transfers to Other City Funds	<u>(1,527,629)</u>	<u>(1,620,378)</u>	<u>92,749</u>
Change in Net Position	3,153,304	3,829,883	(676,579)
Net Position, January 1	<u>81,701,248</u>	<u>77,871,365</u>	<u>3,829,883</u>
Net Position, December 31	<u><u>\$ 84,854,552</u></u>	<u><u>\$ 81,701,248</u></u>	<u><u>\$ 3,153,304</u></u>

Revenues. Table A-2 shows that operating revenue decreased by 3.7 percent in 2024 for the Electric and Water Departments combined.

Nonoperating revenue is comprised of transmission rebate revenue in the Electric Department, and water tower lease revenue in the Water Department. Regarding transmission rebates, in 2007 the Electric Department partnered with Midwest Municipal Transmission Group (MMTG) in order to have our transmission assets recognized in the Midwest Independent Transmission System Operator (MISO) market. In doing so, our transmission assets generate a revenue rebate, which in turn helps keep our rates down. In 2024, rebates received from our 2022 filings averaged approximately \$52,104 per month. The Water Department is receiving lease revenue from Sprint and Verizon for antennas on the water towers. In 2024 this amount was approximately \$398,737 and will continue for the duration of the multi-year contracts.

Total Expenses. In reviewing total expenses in Table A-2 you will notice that there was a decrease overall, with the electric department decreasing and the water department increasing from the prior year. Purchased Power is the biggest electric department expense, and it decreased 8.5 percent.

Capital Assets and Debt Administration

Capital Assets. The Utilities' investment in capital assets for its business-type activities as of December 31, 2024 is shown below (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, and equipment. A table summarizing the balances by fund follows:

	2024	2023	Increase (Decrease)
Land	\$ 898,584	\$ 898,584	\$ -
Intangible	24,540,931	24,262,932	277,999
Land Improvements	8,079	9,307	(1,228)
Buildings	15,236,051	14,957,145	278,906
Machinery and Equipment	2,343,954	2,609,644	(265,690)
Infrastructure	53,368,273	46,892,112	6,476,161
Construction in Progress	325,998	2,310,731	(1,984,733)
Total	<u>\$ 96,721,870</u>	<u>\$ 91,940,455</u>	<u>\$ 4,781,415</u>
Percent increase (decrease)			5.2%

The Utilities' investment in capital assets for the current fiscal year increased in total.

Major capital asset events during the current fiscal year included the following:

- The Electric Department makes a loss of revenue payment as part of the cost of the territory acquisition increasing Intangibles.
- Completion of the new field services facility was built for both the Electric and Water Department which makes up the majority of the increase in Buildings.
- The Electric and Water Departments completed a portion of an Advanced Metering Infrastructure project that contributed to the increase in Infrastructure.

Additional information on the Utilities' capital assets can be found in Note 2C starting on page 38 of this report.

Long-term Debt. At year end, the Utilities had \$29,755,695 in long-term debt which decreased from fiscal 2023. More detailed information about the Utilities' long-term liabilities can be found in Note 2D starting on page 39 and below:

	2024	2023	Increase (Decrease)
G.O. Revenue Bonds	\$ 1,445,000	\$ 1,505,000	\$ (60,000)
Revenue Bonds	27,005,000	27,960,000	(955,000)
Unamortized Premium on Bonds	1,305,695	1,372,207	(66,512)
Total	<u>\$ 29,755,695</u>	<u>\$ 30,837,207</u>	<u>\$ (1,081,512)</u>
Percent increase (decrease)			(3.5%)

Economic Factors and Next Year's Budgets and Rates

The increased emphasis toward renewable energy and away from coal-based energy, the challenge to reduce energy and water consumption while still maintaining the existing infrastructure and the smart grid developments are all factors that point to potential increased cost in the coming years. It is the Utilities' goal to not have to rely on increasing rates to meet those increases but continue to look for ways to increase efficiency and reduce costs, while providing excellent customer service. Elk River Municipal Utilities' mission is to provide safe, cost-effective, reliable, quality utilities in an environmentally and financially responsible manner. We have met that mission in our customer service delivery and our successful financial results and will continue to strive to meet that mission in the future.

Contacting the Utilities Finance Manager

This financial report is designed to provide our citizens, customers, investors, and creditors with a general overview of the Utilities' finances and to demonstrate the Utilities' accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Melissa Karpinski, Elk River Municipal Utilities, PO Box 430, Elk River, Minnesota 55330-0430 or at 13069 Orono Parkway in Elk River, MN.

FINANCIAL STATEMENTS
ELK RIVER MUNICIPAL UTILITIES
ELK RIVER, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2024

Elk River Municipal Utilities
Elk River, Minnesota
Statement of Net Position (Continued on the Following Page)
December 31, 2024

	Electric	Water	Total
Assets			
Current Assets			
Cash and temporary investments	\$ 13,014,941	\$ 9,961,189	\$ 22,976,130
Receivables			
Accrued interest	3,634	40,402	44,036
Accounts, net of allowance	2,009,904	133,264	2,143,168
Special assessments	7,317	24,331	31,648
Leases	-	250,524	250,524
Other	140,250	137,945	278,195
Due from other City funds	3,570	150,760	154,330
Inventories	1,637,839	56,846	1,694,685
Prepaid expenses	252,217	56,336	308,553
Total Current Assets	<u>17,069,672</u>	<u>10,811,597</u>	<u>27,881,269</u>
Non-current Assets			
Lease receivable	-	4,482,896	4,482,896
Capital Assets			
Land	697,870	200,714	898,584
Intangible	28,715,624	-	28,715,624
Land improvements	34,081	-	34,081
Buildings	15,645,663	3,279,913	18,925,576
Machinery and equipment	5,286,801	683,346	5,970,147
Infrastructure	61,322,374	45,397,485	106,719,859
Construction in progress	323,516	2,482	325,998
Capital Assets, Cost	112,025,929	49,563,940	161,589,869
Less Accumulated Depreciation	<u>(40,957,293)</u>	<u>(23,910,706)</u>	<u>(64,867,999)</u>
Total Capital Assets, Net	<u>71,068,636</u>	<u>25,653,234</u>	<u>96,721,870</u>
Total Non-current Assets	<u>71,068,636</u>	<u>30,136,130</u>	<u>101,204,766</u>
Other Assets			
Restricted cash	<u>1,779,016</u>	<u>-</u>	<u>1,779,016</u>
Total Assets	<u>89,917,324</u>	<u>40,947,727</u>	<u>130,865,051</u>
Deferred Outflows of Resources			
Deferred pension resources	<u>322,181</u>	<u>61,420</u>	<u>383,601</u>

The notes to the financial statements are an integral part of this statement.

Elk River Municipal Utilities
Elk River, Minnesota
Statement of Net Position (Continued)
December 31, 2024

	Electric	Water	Total
Current Liabilities			
Accounts payable	\$ 3,735,783	\$ 277,044	\$ 4,012,827
Salaries and benefits payable	315,039	62,002	377,041
Accrued interest payable	341,232	16,333	357,565
Due to other City funds	1,144,737	243,473	1,388,210
Due to other governments	184,382	8,621	193,003
Customer deposits payable	1,132,673	121,073	1,253,746
Unearned revenue	4,305	151,263	155,568
Compensated absences	863,148	104,216	967,364
Bonds payable - current portion	990,000	65,000	1,055,000
Total Current Liabilities	8,711,299	1,049,025	9,760,324
Non-current Liabilities			
Bonds payable, net - less current portion	27,210,400	1,490,295	28,700,695
Net pension liability	1,708,036	328,984	2,037,020
Total Non-current Liabilities	28,918,436	1,819,279	30,737,715
Total Liabilities	37,629,735	2,868,304	40,498,039
Deferred Inflows of Resources			
Deferred pension resources	1,206,975	231,840	1,438,815
Deferred lease resources	-	4,457,246	4,457,246
Total Deferred Inflows of Resources	1,206,975	4,689,086	5,896,061
Net Position			
Net investment in capital assets	42,868,236	24,097,939	66,966,175
Restricted for debt service	1,779,016	-	1,779,016
Unrestricted	6,755,543	9,353,818	16,109,361
Total Net Position	\$ 51,402,795	\$ 33,451,757	\$ 84,854,552

The notes to the financial statements are an integral part of this statement.

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Elk River Municipal Utilities
Elk River, Minnesota
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended December 31, 2024

	Electric	Water	Total
Operating Revenues			
Charges for services	\$ 42,557,925	\$ 2,803,602	\$ 45,361,527
Substation credit	4,800	-	4,800
Connection maintenance	317,234	72,409	389,643
Customer penalties	295,143	31,102	326,245
Total Operating Revenues	<u>43,175,102</u>	<u>2,907,113</u>	<u>46,082,215</u>
Operating Expenses			
Purchased power	28,590,698	-	28,590,698
Production	266,783	780,844	1,047,627
Distribution	2,437,569	462,083	2,899,652
Depreciation	3,317,829	1,223,033	4,540,862
Customer accounts	659,755	96,615	756,370
General and administrative	4,718,264	1,006,969	5,725,233
Total Operating Expenses	<u>39,990,898</u>	<u>3,569,544</u>	<u>43,560,442</u>
Operating Income (Loss)	<u>3,184,204</u>	<u>(662,431)</u>	<u>2,521,773</u>
Nonoperating Revenues (Expenses)			
Interest income (loss)	338,157	104,286	442,443
Miscellaneous revenue	925,800	429,016	1,354,816
Interest expense and other	(773,748)	(33,949)	(807,697)
Gain/(Loss) on sale of capital assets	(16,154)	(5,090)	(21,244)
Total Nonoperating Revenues (Expenses)	<u>474,055</u>	<u>494,263</u>	<u>968,318</u>
Income (Loss) before Contributions and Transfers	<u>3,658,259</u>	<u>(168,168)</u>	<u>3,490,091</u>
Capital Contributions -			
Connection Fees	-	477,998	477,998
Contribution from Customers	690,934	21,910	712,844
Transfers to Other City Funds	(1,527,629)	-	(1,527,629)
Total Contributions and Transfers	<u>(836,695)</u>	<u>499,908</u>	<u>(336,787)</u>
Change in Net Position	2,821,564	331,740	3,153,304
Net Position, January 1	<u>48,581,231</u>	<u>33,120,017</u>	<u>81,701,248</u>
Net Position, December 31	<u><u>\$ 51,402,795</u></u>	<u><u>\$ 33,451,757</u></u>	<u><u>\$ 84,854,552</u></u>

The notes to the financial statements are an integral part of this statement.

Elk River Municipal Utilities
Elk River, Minnesota
Statement of Cash Flows (Continued on the Following Page)
For the Year Ended December 31, 2024

	Electric	Water	Total
Cash Flows from Operating Activities			
Receipts from customers and users	\$ 43,214,708	\$ 2,903,410	\$ 46,118,118
Other operating cash receipts	425,678	141,645	567,323
Payments to suppliers	(33,345,078)	(1,414,839)	(34,759,917)
Payments to employees	(3,342,719)	(808,326)	(4,151,045)
Net Cash Provided by Operating Activities	6,952,589	821,890	7,774,479
Cash Flows from Noncapital Financing Activities			
Transfers to City	(1,527,629)	-	(1,527,629)
(Increase) decrease in due from other City funds	(129)	66,463	66,334
(Decrease) increase in due to other City funds	215,816	210,013	425,829
Net Cash Provided (Used) by Noncapital Financing Activities	(1,311,942)	276,476	(1,035,466)
Cash Flows from Capital and Related Financing Activities			
Acquisition of capital assets	(6,063,793)	(2,498,840)	(8,562,633)
Proceeds from connection fees	-	477,998	477,998
Proceeds on sale of capital assets	9,755	-	9,755
Principal payments on bonds	(955,000)	(60,000)	(1,015,000)
Interest paid on bonds	(849,381)	(41,600)	(890,981)
Net Cash Provided (Used) by Capital and Related Financing Activities	(7,858,419)	(2,122,442)	(9,980,861)
Cash Flows from Investing Activities			
Interest on investments	336,478	105,764	442,242
Net Increase (Decrease) in Cash and Cash Equivalents	(1,881,294)	(918,312)	(2,799,606)
Cash and Cash Equivalents, January 1	16,675,251	10,879,501	27,554,752
Cash and Cash Equivalents, December 31	<u>\$ 14,793,957</u>	<u>\$ 9,961,189</u>	<u>\$ 24,755,146</u>
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position			
Cash and temporary investments	\$ 13,014,941	\$ 9,961,189	\$ 22,976,130
Restricted cash	1,779,016	-	1,779,016
Total Cash and Cash Equivalents	<u>\$ 14,793,957</u>	<u>\$ 9,961,189</u>	<u>\$ 24,755,146</u>

The notes to the financial statements are an integral part of this statement.

Elk River Municipal Utilities
Elk River, Minnesota
Statement of Cash Flows (Continued)
For the Year Ended December 31, 2024

	Electric	Water	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities			
Operating income	\$ 3,184,204	\$ (662,431)	\$ 2,521,773
Adjustments to reconcile operating income (loss) to net cash provided by operating activities			
Other revenue related to operations	925,800	429,016	1,354,816
Bad debt expense	15,203	20	15,223
Depreciation	3,317,829	1,223,033	4,540,862
(Increase) decrease in assets/deferred outflows:			
Accounts receivable	42,394	(16,540)	25,854
Other receivables	155,825	(134,106)	21,719
Special assessments receivable	(2,788)	12,837	10,049
Lease receivable	-	235,035	235,035
Inventories	(589,329)	(39,744)	(629,073)
Prepaid expenses	(66,618)	(21,125)	(87,743)
Deferred pension resources	367,877	64,891	432,768
Increase (decrease) in liabilities/deferred inflows:			
Accounts payable	(170,367)	74,093	(96,274)
Salaries and benefits payable	71,804	17,582	89,386
Unearned revenue	(138,683)	9,286	(129,397)
Compensated absences payable	392,871	52,381	445,252
Due to other governments	23,968	5,849	29,817
Customer deposits payable	64,878	(7,823)	57,055
Net pension liability	(1,012,441)	(171,466)	(1,183,907)
Deferred pension resources	370,162	78,533	448,695
Deferred lease resources	-	(327,431)	(327,431)
Net Cash Provided by Operating Activities	<u>\$ 6,952,589</u>	<u>\$ 821,890</u>	<u>\$ 7,774,479</u>
Noncash Capital and Related Financing Activities			
Amortization of Bond Premium	<u>\$ 59,862</u>	<u>\$ 6,650</u>	<u>\$ 66,512</u>
Gain (Loss) on Disposal of Capital Assets	<u>\$ (16,154)</u>	<u>\$ (5,090)</u>	<u>\$ (21,244)</u>
Book Value of Disposed Capital Assets	<u>\$ 25,909</u>	<u>\$ 5,090</u>	<u>\$ 30,999</u>
Capital Assets Purchased on Account	<u>\$ 1,031,371</u>	<u>\$ -</u>	<u>\$ 1,031,371</u>
Contribution of Capital Assets	<u>\$ 690,934</u>	<u>\$ 21,910</u>	<u>\$ 712,844</u>

The notes to the financial statements are an integral part of this statement.

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Elk River Municipal Utilities
Elk River, Minnesota
Notes to the Financial Statements
December 31, 2024

Note 1: Summary of Significant Accounting Policies

A. Nature of the Business

The Elk River Municipal Utilities (the Utilities) is a municipal utility established by action of the City of Elk River (the City) pursuant to Minnesota statute 412.321 and consequently its Electric and Water funds are enterprise funds of the City. The Public Utilities Commission (the Commission) members are appointed by the City Council. The Commission determines all matters of policy. The Commission appoints personnel responsible for the proper administration of all affairs relating to the Utilities. The Utilities distribute electricity to the residents and businesses of Elk River and parts of Dayton, Big Lake Township and Otsego, Minnesota. The Utilities distributes water to the residents and businesses of Elk River, Minnesota.

The Utilities has considered all potential units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the Utilities are such that exclusion would cause the Utilities' financial statements to be misleading or incomplete. The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the primary government to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the primary government. There are no component units.

B. Measurement Focus, Basis of Accounting and Basis of Presentation

The accounts of the Utilities are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistently with legal and managerial requirements.

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on an accrual basis when the exchange takes place.

Non-exchange transactions, in which the Utilities receives value without directly giving equal value in return, include grants, entitlements and donations. Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the Utilities must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Utilities on a reimbursement basis.

Grants and entitlements received before eligibility requirements are met are also recorded as unearned revenue.

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Proprietary funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Proprietary funds include the following fund type:

Enterprise funds account for those operations that are financed and operated in a manner similar to private business or where the Utilities has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

Elk River Municipal Utilities
Elk River, Minnesota
Notes to the Financial Statements
December 31, 2024

Note 1: Summary of Significant Accounting Policies (Continued)

The Utilities reports the following major proprietary funds:

The *Electric fund* accounts for the electric distribution operations.

The *Water fund* accounts for the water distribution operations.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Electric and Water enterprise funds are charges to customers for sales and service. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

C. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position

Cash and Cash Equivalents

The Utilities' cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. The proprietary funds' portion in the government-wide cash and temporary investments pool is considered to be cash and cash equivalents for purposes of the statements of cash flows.

Cash balances from all funds are pooled and invested, to the extent available, in certificates of deposit and other authorized investments. Earnings from such investments are allocated on the basis of applicable participation by each of the funds.

The Utilities may also invest idle funds as authorized by Minnesota statutes, as follows:

1. Direct obligations or obligations guaranteed by the United States or its agencies.
2. Shares of investment companies registered under the Federal Investment Company Act of 1940 and received the highest credit rating, rated in one of the two highest rating categories by a statistical rating agency, and have a final maturity of thirteen months or less.
3. General obligations of a state or local government with taxing powers rated "A" or better; revenue obligations rated "AA" or better.
4. General obligations of the Minnesota Housing Finance Agency rated "A" or better.
5. Obligation of a school district with an original maturity not exceeding 13 months and (i) rated in the highest category by a national bond rating service or (ii) enrolled in the credit enhancement program pursuant to statute section 126C.55.
6. Bankers' acceptances of United States banks eligible for purchase by the Federal Reserve System.
7. Commercial paper issued by United States banks corporations or their Canadian subsidiaries of highest quality category by at least two nationally recognized rating agencies and maturing in 270 days or less.
8. Repurchase or reverse repurchase agreements and securities lending agreements with financial institutions qualified as a "depository" by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000, a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.

Elk River Municipal Utilities
Elk River, Minnesota
Notes to the Financial Statements
December 31, 2024

Note 1: Summary of Significant Accounting Policies (Continued)

9. Guaranteed Investment Contracts (GIC's) issued or guaranteed by a United States commercial bank, a domestic branch of a foreign bank, a United States insurance company, or its Canadian subsidiary, whose similar debt obligations were rated in one of the top two rating categories by a nationally recognized rating agency.

Broker money market funds operate in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the shares. The Utilities categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Utilities' recurring fair value measurements are listed in detail on page 36 and are valued using a matrix pricing model (Level 2 inputs).

The Utilities has the following recurring fair value measurements as of December 31, 2024:

- Negotiable certificates of deposit of \$3,603,115 are valued using a matrix pricing model (Level 2 inputs).
- Asset backed securities of \$2,486,378 are valued using a matrix pricing model (Level 2 inputs).

Restricted Assets

The amounts in the restricted cash account are set aside in accordance with the issuing resolution for specific bond issues. They will be used for future debt service.

Accounts Receivable

Accounts receivable include amounts billed for services provided before year end. The Utilities has established a reserve for uncollectible accounts which is adjusted annually based on the receivable activity. No substantial losses from present receivable balances are anticipated. A summary of the uncollectible account balances at December 31, 2024 is as follows:

Electric	\$ 25,355
Water	<u>250</u>
Total	<u><u>\$ 25,605</u></u>

Interfund Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds".

Inventories and Prepaid items

Inventories of materials and supplies are recorded at average cost, using the first-in, first-out (FIFO) method.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Elk River Municipal Utilities
Elk River, Minnesota
Notes to the Financial Statements
December 31, 2024

Note 1: Summary of Significant Accounting Policies (Continued)

Lease Receivable

The Utilities' lease receivable is measured at the present value of lease payments expected to be received during the lease term. Under the lease agreement, the Utilities may receive variable lease payments that are dependent upon the lessee's revenue. The variable payments are recorded as an inflow of resources in the period the payment is received.

A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

Capital Assets

Capital assets are stated at cost. Capital assets are defined by the Utilities as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of two years. Expenditures for maintenance and repairs are charged to operations and expenditures that extend the useful life of the asset are capitalized and depreciated. When assets are retired or sold, the related cost and accumulated depreciation are removed from the accounts and any gain or loss on disposition is included as non-operating revenues or expenses. Donated capital assets are recorded at acquisition value at the date of donation.

Major expenditures for improvements or capital asset projects are capitalized as projects are constructed.

The Utilities follow the policy of providing depreciation on the straight-line method over the estimated useful lives of the assets, which are as follows:

Description	Lives in Years	
	Electric	Water
Production	4 - 20	25 - 50
Transmission	30	0
Distribution	10 - 33	25 - 50
General	10 - 50	10 - 50
Machinery, Tools and Equipment	5 - 10	5 - 10
Automobiles	3 - 8	3 - 8

Deferred Outflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Utilities has one item, deferred pension resources, which qualifies for reporting in this category. Deferred pension resources result from actuarial calculation and current year pension contributions subsequent to the measurement date.

Compensated Absences

Vacation: All vacation benefits can carry over from year to year and will be payable upon termination or retirement. Upon retirement, vacation can also be converted to cash and deposited into their Post Employment Health Care Savings Plan account. Unused vacation carryover is limited to the number of hours accrued during the previous year.

Elk River Municipal Utilities
Elk River, Minnesota
Notes to the Financial Statements
December 31, 2024

Note 1: Summary of Significant Accounting Policies (Continued)

Sick Leave: Sick leave can accumulate to a maximum of 960 hours from year to year. Upon termination employees will have 50 percent of unused sick leave, up to a maximum of 960 hours, converted to cash and deposited into their Post Employment Health Care Savings Plan account. Upon retirement employees will have 50-100 percent of unused sick leave, up to a maximum of 960 hours, converted to cash and deposited into their Post Employment Health Care Savings Plan account.

The liability for vacation and sick pay is reported as a liability in the respective funds at year end.

Postemployment Benefits other than Pensions

Under Minnesota statute 471.61, subdivision 2b., public employers must allow retirees and their dependents to continue coverage indefinitely in an employer-sponsored health care plan, under the following conditions: 1) Retirees must be receiving (or eligible to receive) an annuity from a Minnesota public pension plan, 2) Coverage must continue in group plan until age 65, and retirees must pay no more than the group premium, and 3) Retirees may obtain dependent coverage immediately before retirement. Elk River Utilities has switched to age-based medical premiums and no longer has an Other Post-Employment Benefits liability. Since medical premiums are age-based, the premiums are equal to the expected true cost of retiree coverage. As a result, there is no implicit subsidy for these benefits. There is also no explicit subsidy, since retirees must pay the full premium to remain covered during retirement.

Pensions

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA except that PERA's fiscal year end is June 30. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The total pension expense for all plans recognized by the Utilities for the year ended December 31, 2024 was \$140,028. The components of pension expense are noted in the plan summaries in Note 4.

Long-term Obligations

Long-term debt is reflected as a liability in the fund issuing the obligation. Bond premiums and discounts are amortized over the life of the bonds using the straight-line method. Bond issuance costs are reported as an expense in the period incurred.

Performance Metrics and Incentive Compensation

Through the Utilities Performance Metric-based Incentive Compensation system (UPMIC) the Utilities employees will have an opportunity, as a group, to each earn a maximum of 3 percent of their total gross wage paid during the Measurement Period. The percentage of UPMIC is calculated using a Score Card. The Score Card has three categories: Safety, Reliability and Quality of Utility Services which are divided into various weighted factors. This incentive was created to help the Utilities to become more efficient and successful in meeting strategic goals and mission and deliver improved value to the Utilities customers. The liability at year end is recorded as part of accrued wages.

Elk River Municipal Utilities
Elk River, Minnesota
Notes to the Financial Statements
December 31, 2024

Note 1: Summary of Significant Accounting Policies (Continued)

Deferred Inflows of Resources

In addition to liabilities, the statement of net position and fund financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Utilities has two types of items which qualify for reporting in this category. The items, deferred pension resources and deferred lease resources, are reported in the statement of net position and results from actuarial calculations and future lease receipts.

Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net position is displayed in three components:

- a. Net investment in capital assets - Consists of capital assets, net of accumulated depreciation reduced by any outstanding debt attributable to acquired capital assets.
- b. Restricted net position - Consists of net position restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, laws or regulations of other governments.
- c. Unrestricted net position - All other net positions that do not meet the definition of "restricted" or "net investment in capital assets".

When both restricted and unrestricted resources are available for use, it is the Utilities' policy to use restricted resources first, then unrestricted resources as they are needed.

Note 2: Detailed Notes on All Funds

A. Deposits and Investments

Custodial credit risk for deposits and investments is the risk that in the event of a bank failure, the Utilities' deposits and investments may not be returned or the Utilities will not be able to recover collateral securities in the possession of an outside party. In accordance with Minnesota statutes and as authorized by the Commission, the Utilities maintains deposits at those depository banks, all of which are members of the Federal Reserve System.

Minnesota statutes require that all Utilities deposits be protected by insurance, surety bond or collateral. The fair value of collateral pledged must equal 110 percent of the deposits not covered by insurance or bonds, with the exception of irrevocable standby letters of credit issued by Federal Home Loan Banks as this type of collateral only requires collateral pledged equal to 100 percent of the deposits not covered by insurance or bonds.

Elk River Municipal Utilities
Elk River, Minnesota
Notes to the Financial Statements
December 31, 2024

Note 2: Detailed Notes on All Funds (Continued)

Authorized collateral in lieu of a corporate surety bond includes:

- United States government Treasury bills, Treasury notes, Treasury bonds;
- Issues of United States government agencies and instrumentalities as quoted by a recognized industry quotation service available to the government entity;
- General obligation securities of any state or local government with taxing powers which is rated "A" or better by a national bond rating service, or revenue obligation securities of any state or local government with taxing powers which is rated "AA" or better by a national bond rating service;
- General obligation securities of a local government with taxing powers may be pledged as collateral against funds deposited by that same local government entity;
- Irrevocable standby letters of credit issued by Federal Home Loan Banks to a municipality accompanied by written evidence that the bank's public debt is rated "AA" or better by Moody's Investors Service, Inc., or Standard & Poor's Corporation; and
- Time deposits that are fully insured by any federal agency.

Minnesota statutes require that all collateral shall be placed in safekeeping in a restricted account at a Federal Reserve Bank, or in an account at a trust department of a commercial bank or other financial institution that is not owned or controlled by the financial institution furnishing the collateral. The selection should be approved by the government entity.

At December 31, 2024, the Utilities' carrying amount of deposits, bank balance, FDIC coverage and pledged collateral are shown in the chart below.

Carrying amount of deposits	<u>\$ 13,578,803</u>
Bank Balance	\$ 13,459,228
Covered by FDIC	<u>(379,784)</u>
Collateralized with securities pledged in the Utilities' name	<u>\$ 13,079,444</u>

Elk River Municipal Utilities
Elk River, Minnesota
Notes to the Financial Statements
December 31, 2024

Note 2: Detailed Notes on All Funds (Continued)

Investments

The Utilities' investment balances were as follows for December 31, 2024:

Types of Investments	Credit Quality/ Ratings (1)	Segmented Time Distribution (2)	Amount	Fair Value Measurement Using		
				Level 1	Level 2	Level 3
Pooled Investments						
Broker Money Markets	N/A	less than 1 year	\$ 5,086,050	\$ -	\$ -	\$ -
Non-pooled Investments						
Negotiable certificates of deposits	N/A	less than 1 year	954,262	-	954,262	-
Negotiable certificates of deposits	N/A	1 - 5 years	2,648,853	-	2,648,853	-
Asset backed securities	N/A	1 - 5 years	2,247,693	-	2,247,693	-
Asset backed securities	N/A	more than 5 years	238,685	-	238,685	-
Total Non-pooled Investments			6,089,493	-	6,089,493	-
Total Investments			\$ 11,175,543	\$ -	\$ 6,089,493	\$ -

(1) Ratings were provided by various credit rating agencies where applicable to indicate associated credit risk.

(2) Interest rate risk is disclosed using the segmented time distribution method.

N/A Indicates not applicable.

A reconciliation of cash and temporary investments as shown in the financial statements for the Utilities follows:

	2024
Deposits	\$ 13,578,803
Investments	11,175,543
Cash on Hand	800
Total	<u>\$ 24,755,146</u>
Cash and Temporary Investments	
Unrestricted	\$ 22,976,130
Restricted	1,779,016
Total	<u>\$ 24,755,146</u>

Elk River Municipal Utilities
Elk River, Minnesota
Notes to the Financial Statements
December 31, 2024

Note 2: Detailed Notes on All Funds (Continued)

The investments of the Utilities are subject to the following risks:

- *Credit Risk.* Is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Ratings are provided by various credit rating agencies and where applicable, indicate associated credit risk. Minnesota statutes and the Utilities' investment policy limit the Utilities' investments to the list on page 30 of the notes.
- *Custodial Credit Risk.* The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. According to their investment policy the Utilities' portfolio maturities shall be staggered to avoid undue concentration of assets with one broker-dealer or financial institution.
- *Concentration of Credit Risk.* Is the risk of loss attributed to the magnitude of a government's investment in a single issuer. According to their investment policy the Utilities' portfolio maturities shall be staggered to avoid undue concentration of assets in any one type of instrument. As of December 31, 2024 the Utilities has no individual issuers invested in 5.0 percent or more of its total investment portfolio.
- *Interest Rate Risk.* Is the risk that changes in interest rates will adversely affect the fair value of an investment. According to their investment policy the Utilities' will stagger maturities to avoid undue concentration of assets at a specific maturity sector.

B. Lease Receivable

The Utilities has multiple leases with Sprint and Verizon that allows them to place antennas on water towers. The lease payments increase yearly. As of December 31, 2024, the Utilities' lease and interest receivable balance was \$4,772,914. The lease receivable is partially offset with deferred inflow of lease resources.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Lease Receivable Balance at Year End	Interest Receivable at Year End	Balance at Year End
Sprint Lease on Johnson St.	\$ 741,068	1.41 %	06/01/10	05/31/35	\$ 611,347	\$ 5,046	\$ 616,393
Sprint Lease on Gary St.	694,752	1.41	06/01/10	05/31/35	573,138	4,731	577,869
Sprint Lease on Auburn St.	694,752	1.41	06/01/10	05/31/35	573,138	4,731	577,869
Verizon Lease on Johnson St.	837,781	1.60	09/01/14	08/31/39	743,869	3,950	747,819
Verizon Lease on Gary St.	837,781	1.59	09/01/14	08/31/39	743,869	3,950	747,819
Verizon Lease on Auburn St.	909,094	1.70	01/01/17	12/31/42	824,663	14,129	838,792
Verizon Lease on Freeport St.	724,310	1.78	10/01/20	09/30/45	663,396	2,957	666,353
Total Lease Receivable							<u>\$ 4,772,914</u>

Elk River Municipal Utilities
Elk River, Minnesota
Notes to the Financial Statements
December 31, 2024

Note 2: Detailed Notes on All Funds (Continued)

Future lease receivable payments are as follows:

Year Ending December 31,	Principal	Interest	Total
2025	\$ 250,524	\$ 74,806	\$ 325,330
2026	266,714	70,966	337,680
2027	283,634	66,879	350,513
2028	301,313	62,531	363,844
2029	319,783	57,912	377,695
2030 - 2034	1,906,000	209,896	2,115,896
2035 - 2039	1,038,579	81,316	1,119,895
2040 - 2044	366,873	15,954	382,827
Total	<u>\$ 4,733,420</u>	<u>\$ 640,260</u>	<u>\$ 5,373,680</u>

C. Capital Assets

Capital asset activity for the year ended December 31, 2024 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets not being Depreciated				
Land	\$ 898,584	\$ -	\$ -	\$ 898,584
Intangible	6,223,278	946,134	-	7,169,412
Construction in progress	2,310,731	6,746,325	(8,731,058)	325,998
Total Capital Assets not being Depreciated	<u>9,432,593</u>	<u>7,692,459</u>	<u>(8,731,058)</u>	<u>8,393,994</u>
Capital Assets being Depreciated				
Intangible	21,546,212	-	-	21,546,212
Land improvements	34,081	-	-	34,081
Buildings	18,042,022	883,554	-	18,925,576
Machinery and equipment	5,799,379	197,631	(26,863)	5,970,147
Infrastructure	98,101,085	9,310,690	(691,916)	106,719,859
Total Capital Assets being Depreciated	<u>143,522,779</u>	<u>10,391,875</u>	<u>(718,779)</u>	<u>153,195,875</u>
Less Accumulated Depreciation for				
Intangible	(3,506,558)	(668,135)	-	(4,174,693)
Land improvements	(24,774)	(1,228)	-	(26,002)
Buildings	(3,084,877)	(604,648)	-	(3,689,525)
Machinery and equipment	(3,189,735)	(463,321)	26,863	(3,626,193)
Infrastructure	(51,208,973)	(2,803,530)	660,917	(53,351,586)
Total Accumulated Depreciation	<u>(61,014,917)</u>	<u>(4,540,862)</u>	<u>687,780</u>	<u>(64,867,999)</u>
Total Capital Assets being Depreciated, Net	<u>82,507,862</u>	<u>5,851,013</u>	<u>(30,999)</u>	<u>88,327,876</u>
Business-type Activities Capital Assets, Net	<u>\$ 91,940,455</u>	<u>\$ 13,543,472</u>	<u>\$ (8,762,057)</u>	<u>\$ 96,721,870</u>

Elk River Municipal Utilities
Elk River, Minnesota
Notes to the Financial Statements
December 31, 2024

Note 2: Detailed Notes on All Funds (Continued)

Depreciation expense was charged to functions/programs of the Utilities as follows:

	<u>2024</u>
Business-type Activities	
Electric	\$ 3,317,829
Water	<u>1,223,033</u>
 Total Depreciation Expense - Business-type Activities	 <u><u>\$ 4,540,862</u></u>

D. Long-term Debt

General Obligation Revenue Bonds

The City of Elk River issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. The following bonds are to be paid out of Utilities' revenues and are backed by the full faith and credit of the City.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Water Revenue Bonds, Series 2021C	1,615,000	2.00 - 4.00 %	06/10/21	08/01/41	<u><u>\$ 1,445,000</u></u>

The annual debt service requirements to maturity for the general obligation revenue bonds are as follows:

Year Ending December 31,	Principal	Interest	Total
2025	\$ 65,000	\$ 39,200	\$ 104,200
2026	70,000	36,600	106,600
2027	70,000	33,800	103,800
2028	75,000	31,000	106,000
2029	75,000	28,000	103,000
2030 - 2034	420,000	97,500	517,500
2035 - 2039	470,000	48,700	518,700
2040 - 2041	<u>200,000</u>	<u>6,000</u>	<u>206,000</u>
 Total	 <u><u>\$ 1,445,000</u></u>	 <u><u>\$ 320,800</u></u>	 <u><u>\$ 1,765,800</u></u>

In 2024, annual principal and interest payment on the bonds required about 3.5 percent of revenues from the Water fund. The principal and interest paid and total customer revenues for the Water fund were \$101,600 and \$2,907,113, respectively.

Elk River Municipal Utilities
Elk River, Minnesota
Notes to the Financial Statements
December 31, 2024

Note 2: Detailed Notes on All Funds (Continued)

Revenue Bonds

The revenue bonds were issued to facilitate the membership buy-in with MMPA and construction of major capital facilities and are to be repaid from future revenue pledged from the Electric fund. They will be retired from net revenues of the fund.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
Electric Revenue Bonds, Series 2016A	\$ 9,755,000	2.00 - 4.00 %	07/14/16	02/01/36	\$ 7,020,000
Electric Revenue Bonds, Series 2018A	10,000,000	3.50 - 5.00	09/26/18	08/01/48	8,815,000
Electric Revenue Bonds, Series 2021B	11,810,000	2.00 - 5.00	05/13/21	08/01/51	11,170,000
Total Revenue Bonds					<u>\$ 27,005,000</u>

The annual debt service requirements to maturity for the revenue bonds are as follows:

Year Ending December 31,	Principal	Interest	Total
2025	\$ 990,000	\$ 811,306	\$ 1,801,306
2026	1,035,000	774,406	1,809,406
2027	1,075,000	738,256	1,813,256
2028	1,105,000	700,606	1,805,606
2029	1,140,000	663,606	1,803,606
2030 - 2034	6,330,000	2,707,856	9,037,856
2035 - 2039	5,210,000	1,778,056	6,988,056
2040 - 2044	4,460,000	1,159,756	5,619,756
2045 - 2049	4,570,000	484,563	5,054,563
2050 - 2051	1,090,000	36,900	1,126,900
Total	<u>\$ 27,005,000</u>	<u>\$ 9,855,311</u>	<u>\$ 36,860,311</u>

In 2024, annual principal and interest payment on the bonds required about 4.2 percent of revenues from the Electric fund. The principal and interest paid and total customer revenues for the Electric fund were \$1,804,381 and \$43,175,102, respectively.

Elk River Municipal Utilities
Elk River, Minnesota
Notes to the Financial Statements
December 31, 2024

Note 2: Detailed Notes on All Funds (Continued)

Changes in Long-term Liabilities

Long-term liability activity for the year ended December 31, 2024 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Business-type Activities					
Bonds Payable					
General obligation					
revenue bonds	\$ 1,505,000	\$ -	\$ (60,000)	\$ 1,445,000	\$ 65,000
Revenue bonds	27,960,000	-	(955,000)	27,005,000	990,000
Unamortized premium					
on bonds	1,372,207	-	(66,512)	1,305,695	-
Total Bonds Payable, Net	30,837,207	-	(1,081,512)	29,755,695	1,055,000
Compensated					
Absences Payable	522,112	981,478	(536,226)	967,364	967,364
Business-type Activity					
Long-term					
Liabilities	<u>\$ 31,359,319</u>	<u>\$ 981,478</u>	<u>\$ (1,617,738)</u>	<u>\$ 30,723,059</u>	<u>\$ 2,022,364</u>

Elk River Municipal Utilities
Elk River, Minnesota
Notes to the Financial Statements
December 31, 2024

Note 2: Detailed Notes on All Funds (Continued)

E. Interfund Receivables, Payables and Transfers

Interfunds

The composition of interfund balances at year end is as follows:

Receivable Fund	Payable Fund	Amount	Purpose
Electric	City	\$ 3,570	December billing services
Total Electric Fund Receivable From City		<u>3,570</u>	
Water	City	21,910	City share of hydrant project
Water	City	128,850	TIF 22 Water Access Charge
Total Water Fund Receivable From City		<u>150,760</u>	
Total Receivable From City		<u>\$ 154,330</u>	
City	Electric	\$ 259,809	4th quarter franchise fees
City	Electric	232,326	Billed sewer on behalf of City
City	Electric	164,444	Billed garbage on behalf of City
City	Electric	102,355	December transfer of revenue
City	Electric	56,712	Billed stormwater on behalf of City
City	Electric	201,862	Fiber project share
City	Electric	116,179	Shared costs
City	Electric	5,478	Parts and labor
City	Electric	3,976	Fuel
City	Electric	1,320	Continuing disclosures
City	Electric	276	Supplies
Total Electric Fund Payable to City		<u>1,144,737</u>	
City	Water	147,949	Fiber project share
City	Water	93,287	Shared costs
City	Water	1,118	Fuel
City	Water	679	Parts and labor
City	Water	440	Continuing disclosures
Total Water Fund Payable to City		<u>243,473</u>	
Total Payable to City		<u>\$ 1,388,210</u>	

Elk River Municipal Utilities
Elk River, Minnesota
Notes to the Financial Statements
December 31, 2024

Note 2: Detailed Notes on All Funds (Continued)

Transfers

During the year ended December 31, 2024, the Utilities made the following transfers:

	Transfer to Other City Funds
Electric	<u>\$ 1,527,629</u>

- The transfer out of the Electric fund was the annual transfer of 4 percent of 2024 Elk River revenues to City funds.

Note 3: Other Information

A. Territorial Acquisition Agreement

In 2015, the Utilities entered into an agreement to transfer ownership of electric plants and electric service to customers in eight designated areas receiving service from Connexus Energy. Specific payment terms have been negotiated for 5 years, and if any of the eight areas are not acquired within this timeframe, the payment terms may be renegotiated. In 2019, the Utilities acquired the final service areas.

The agreed cost of property purchased from Connexus Energy is net book value, integration expenses, and a loss of revenue payment. The loss of revenue payment for each area acquired is based on a formula outlined in the agreement, payable for the subsequent ten years after initial purchase.

The Utilities acquired designated service area 1 in 2015 for \$877,807, service area 2 in 2016 for \$663,586, service areas 3 and 4 in 2017 for \$276,776, service areas 5 and 6 in 2018 for \$298,736, and service areas 7 and 8 in 2019 for \$78,457. The loss of revenue payments made were \$411,157 in 2017, \$570,725 in 2018, \$751,860 in 2019, \$834,185 in 2020, \$857,538 in 2021, \$924,187 in 2022, \$940,467 in 2023, \$933,159 in 2024, and \$946,133 in 2025. All amounts paid are included in property and equipment, and loss of revenue payments are included in intangible assets.

B. Risk Management

The Utilities are exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the Utilities carries commercial insurance. The Utilities obtain insurance through participation in the League of Minnesota Cities Insurance Trust (LMCIT), which is a risk sharing pool with approximately 800 other governmental units. The Utilities pays an annual premium to LMCIT for its workers compensation and property and casualty insurance. The LMCIT is self-sustaining through member premiums and will reinsure for claims above a prescribed dollar amount for each insurance event. Settled claims have not exceeded the Utilities' coverage in any of the past three fiscal years.

Liabilities are reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. Liabilities, if any, include an amount for claims that have been incurred but not reported (IBNRs). The Utilities' management is not aware of any incurred but not reported claims.

Elk River Municipal Utilities
Elk River, Minnesota
Notes to the Financial Statements
December 31, 2024

Note 3: Other Information (Continued)

C. Commitments

The Utilities entered into an agreement in 2007 with Central Minnesota Municipal Power Agency (CMMPA) to acquire an interest in the CAPX Initiative Brookings Project, a power transmission line in Minnesota. The project is a 250-mile, 345 kV AC transmission line with a rating of 2,300 MW, between Brookings, South Dakota, and the Southeast Twin Cities. In 2011 there was increased opportunity for investment, and subsequent agreements provide the Utilities with an ownership share of \$5.6 million or 18.89 percent. Revenues have been less than originally projected due to the decrease in Rate of Return (ROE) issued by FERC. The original ROE 12.38% has been reduced to 10.48%. The current return of 10.48% on this investment through CMMPA is designed to provide approximately \$80K annually over the 40-year project life. With majority of the distribution once the bonds are paid off. The projected under recovery in 2024 is estimated to be \$146K. The bond obligations are satisfied first, distribution to participants is directly affected by under recovery. The under recovery is rolled forward under the true up. However, the under recovery in 2024 (approximately \$146K) would be included in the revenue requirements in 2026. The transmission payments for 2024 were \$0.

Elk River Municipal Utilities
Elk River, Minnesota
Notes to the Financial Statements
For the Year Ended December 31, 2024

Note 4: Defined Benefit Pension Plans - Statewide

A. Plan Description

The Utilities participates in the following cost-sharing multiple-employer defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). These plan provisions are established and administered according to Minnesota Statutes chapters 353, 353D, 353E, 353G, and 356. Minnesota Statutes chapter 356 defines each plan's financial reporting requirements. PERA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

General Employees Retirement Plan (General Plan)

Membership in the General Plan includes employees of counties, cities, townships, schools in non-certified positions, and other governmental entities whose revenues are derived from taxation, fees, or assessments. Plan membership is required for any employee who is expected to earn more than \$425 in a month, unless the employee meets exclusion criteria.

B. Benefits Provided

PERA provides retirement, disability, and death benefits. Benefit provisions are established by state statute and can only be modified by the state Legislature. Vested, terminated employees who are entitled to benefits, but are not receiving them yet, are bound by the provisions in effect at the time they last terminated their public service. When a member is "vested," they have earned enough service credit to receive a lifetime monthly benefit after leaving public service and reaching an eligible retirement age. Members who retire at or over their Social Security full retirement age with at least one year of service qualify for a retirement benefit.

General Employees Plan Benefits

General Employees Plan requires three years of service to vest. Benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for General Plan members. Members hired prior to July 1, 1989, receive the higher of the Step or Level formulas. Only the Level formula is used for members hired after June 30, 1989. Under the Step formula, General Plan members receive 1.2 percent of the highest average salary for each of the first 10 years of service and 1.7 percent for each additional year. Under the Level formula, General Plan members receive 1.7 percent of highest average salary for all years of service. For members hired prior to July 1, 1989 a full retirement benefit is available when age plus years of service equal 90 and normal retirement age is 65. Members can receive a reduced requirement benefit as early as age 55 if they have three or more years of service. Early retirement benefits are reduced by .25 percent for each month under age 65. Members with 30 or more years of service can retire at any age with a reduction of 0.25 percent for each month the member is younger than age 62. The Level formula allows General Plan members to receive a full retirement benefit at age 65 if they were first hired before July 1, 1989 or at age 66 if they were hired on or after July 1, 1989. Early retirement begins at age 55 with an actuarial reduction applied to the benefit.

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50 percent of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1 percent and a maximum of 1.5 percent. The 2024 annual increase was 1.5 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a prorated increase.

Elk River Municipal Utilities
Elk River, Minnesota
Notes to the Financial Statements
For the Year Ended December 31, 2024

Note 4: Defined Benefit Pension Plans - Statewide (Continued)

C. Contributions

Minnesota Statutes chapters 353, 353E, 353G, and 356 set the rates for employer and employee contributions. Contribution rates can only be modified by the state Legislature.

General Employees Fund Contributions

General Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2024 and the Utilities was required to contribute 7.50 percent for General Plan members. The Utilities' contributions to the General Employees Fund for the years ending December 31, 2024, 2023 and 2022, were \$349,758, \$339,650 and \$333,178, respectively. The Utilities' contributions were equal to the required contributions for each year as set by state statute.

D. Pension Costs

General Employees Fund Pension Costs

At December 31, 2024, the Utilities reported a liability of \$2,037,020 for its proportionate share of the General Employees Fund's net pension liability. The Utilities' net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million. The State of Minnesota is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the Utilities totaled \$52,673.

Utilities' Proportionate Share of the Net Pension Liability	\$ 2,037,020
State of Minnesota's Proportionate Share of the Net Pension Liability Associated with the Utilities	<u>52,673</u>
Total	<u><u>\$ 2,089,693</u></u>

The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Utilities's proportion of the net pension liability was based on the Utilities's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2023 through June 30, 2024, relative to the total employer contributions received from all of PERA's participating employers. The Utilities's proportionate share was 0.0551 percent at the end of the measurement period and 0.0576 percent for the beginning of the period.

For the year ended December 31, 2024, the Utilities recognized pension expense of \$47,314 for its proportionate share of the General Employees Plan's pension expense. In addition, the Utilities recognized an additional negative \$1,011 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

During the plan year ended June 30, 2024, the State of Minnesota contributed \$170.1 million to the General Employees Fund. The State of Minnesota is not included as a non-employer contributing entity in the General Employees Plan pension allocation schedules for the \$170.1 million in direct state aid because this contribution was not considered to meet the definition of a special funding situation. The Utilities recognized \$93,722 for the year ended December 31, 2024 as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the General Employees Fund.

Elk River Municipal Utilities
Elk River, Minnesota
Notes to the Financial Statements
For the Year Ended December 31, 2024

Note 4: Defined Benefit Pension Plans - Statewide (Continued)

At December 31, 2024, the Utilities reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 194,277	\$ -
Changes in actuarial assumptions	10,289	796,520
Net difference between projected and actual investment earnings on pension plan investments	-	572,406
Changes in proportion	11,880	69,889
Employer contributions paid to PERA subsequent to the measurement date	167,155	-
	<u>\$ 383,601</u>	<u>\$ 1,438,815</u>
Total		

The \$167,155 reported as deferred outflows of resources related to pensions resulting from the Utilities' employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2025. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2025	\$ (666,852)
2026	(146,780)
2027	(252,612)
2028	(156,125)

E. Long-term Expected Return on Investment

The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness on a regular basis of the long-term expected rate of return using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Return on Investment
Domestic Equity	33.5 %	5.10 %
International Equity	16.5	5.30
Fixed Income	25.0	0.75
Private Markets	25.0	5.90
Total	<u>100.0 %</u>	

Elk River Municipal Utilities
Elk River, Minnesota
Notes to the Financial Statements
For the Year Ended December 31, 2024

Note 4: Defined Benefit Pension Plans - Statewide (Continued)

F. Actuarial Methods and Assumptions

The total pension liability for each of the cost-sharing defined benefit plans was determined by an actuarial valuation as of June 30, 2024, using the entry age normal actuarial cost method. The long-term rate of return on pension plan investments used to determine the total liability is 7%. The 7% assumption is based on a review of inflation and investment return assumptions from a number of national investment consulting firms. The review provided a range of investment return rates considered reasonable by the actuary. An investment return of 7% is within that range.

Inflation is assumed to be 2.25% for the General Employees Plan. Benefit increases after retirement are assumed to be 1.25% for the General Employees Plan.

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25% after one year of service to 3% after 27 years of service. Mortality rates for the General Employees Plan are based on the Pub-2010 General Employee Mortality Table.

Actuarial assumptions for the General Employees Plan are reviewed every four years. The General Employees Plan was last reviewed in 2022. The assumption changes were adopted by the board and became effective with the July 1, 2023 actuarial valuation.

The following changes in actuarial assumptions and plan provisions occurred in 2024:

General Employees Fund

Changes in Actuarial Assumptions:

- Rates of merit and seniority were adjusted, resulting in slightly higher rates.
- Assumed rates of retirement were adjusted as follows: increase the rate of assumed unreduced retirements, slight adjustments to Rule of 90 retirement rates, and slight adjustments to early retirement rates for Tier 1 and Tier 2 members.
- Minor increase in assumed withdrawals for males and females.
- Lower rates of disability.
- Continued use of Pub-2010 general mortality table with slight rate adjustments as recommended in the most recent experience study.
- Minor changes to form of payment assumptions for male and female retirees.
- Minor changes to assumptions made with respect to missing participant data.

Changes in Plan Provisions:

- The workers' compensation offset for disability benefits was eliminated. The actuarial equivalent factors updated to reflect the changes in assumptions.

Elk River Municipal Utilities
Elk River, Minnesota
Notes to the Financial Statements
For the Year Ended December 31, 2024

Note 4: Defined Benefit Pension Plans - Statewide (Continued)

G. Discount Rate

The discount rate used to measure the total pension liability in 2024 was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the General Employees Plans were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

H. Pension Liability Sensitivity

The following presents the Utilities's proportionate share of the net pension liability for all plans it participates in, calculated using the discount rate disclosed in the preceding paragraph, as well as what the Utilities' proportionate share of the net pension liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate:

	1 Percent Decrease (6.0%)	Current (7.0%)	1 Percent Increase (8.0%)
General Employees Fund	\$ 4,449,179	\$ 2,037,020	\$ 52,799

I. Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in a separately issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained on the Internet at www.mnpera.org.

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REQUIRED SUPPLEMENTARY INFORMATION

ELK RIVER MUNICIPAL UTILITIES
ELK RIVER, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2024

Elk River Municipal Utilities
Elk River, Minnesota
Required Supplementary Information
For the Year Ended December 31, 2024

Schedule of Employer's Share of Public Employees Retirement Association Net Pension Liability - General Employees Fund

Fiscal Year Ending	Utilities Proportion of the Net Pension Liability	Utilities Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with the Utilities (b)	Total (a+b)	Utilities Covered Payroll (c)	Utilities Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/24	0.0551 %	\$ 2,037,020	\$ 52,673	\$ 2,089,693	\$ 4,663,185	43.7 %	86.7 %
06/30/23	0.0576	3,220,927	88,808	3,309,735	4,581,529	70.3	83.1
06/30/22	0.0570	4,514,419	132,415	4,646,834	4,272,380	105.7	76.7
06/30/21	0.0550	2,348,746	71,625	2,420,371	3,957,147	59.4	87.0
06/30/20	0.0540	3,237,547	99,718	3,337,265	3,848,179	84.1	79.0
06/30/19	0.0520	2,874,964	89,329	2,964,293	3,680,233	78.1	80.2
06/30/18	0.0520	2,884,747	94,615	2,979,362	3,494,641	82.5	79.5
06/30/17	0.0540	3,447,324	43,337	3,490,661	3,478,022	99.1	75.9
06/30/16	0.0508	4,124,708	53,908	4,178,616	3,151,720	130.9	68.9
06/30/15	0.0478	2,477,244	-	2,477,244	2,811,834	88.1	78.2

Schedule of Employer's Public Employees Retirement Association Contributions - General Employees Fund

Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Utilities Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
12/31/24	\$ 349,758	\$ 349,758	\$ -	\$ 4,663,435	7.5 %
12/31/23	339,650	339,650	-	4,528,667	7.5
12/31/22	333,178	333,178	-	4,442,376	7.5
12/31/21	312,376	312,376	-	4,165,013	7.5
12/31/20	289,644	289,644	-	3,861,920	7.5
12/31/19	285,668	285,668	-	3,808,909	7.5
12/31/18	265,424	265,424	-	3,538,988	7.5
12/31/17	257,780	257,780	-	3,437,072	7.5
12/31/16	244,012	244,012	-	3,253,493	7.5
12/31/15	230,074	230,074	-	3,067,659	7.5

Elk River Municipal Utilities
Elk River, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2024

Notes to the Required Supplementary Information - General Employees Fund

Changes in Actuarial Assumptions

2024 - The following changes in assumptions are effective with the July 1, 2024 valuation, as recommended in the most recent experience study (dated June 29, 2023): Rates of merit and seniority were adjusted, resulting in slightly higher rates. Assumed rates of retirement were adjusted as follows: increase the rate of assumed unreduced retirements, slight adjustments to Rule of 90 retirement rates, and slight adjustments to early retirement rates for Tier 1 and Tier 2 members. Minor increase in assumed withdrawals for males and females. Lower rates of disability. Continued use of Pub-2010 general mortality table with slight rate adjustments as recommended in the most recent experience study. Minor changes to form of payment assumptions for male and female retirees. Minor changes to assumptions made with respect to missing participant data.

2023 - The investment return assumption and single discount rate were changed from 6.5 percent to 7.00 percent.

2022 - The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.

2021 - The investment return and single discount rates were changed from 7.50 percent to 6.50 percent, for financial reporting purposes. The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.

2020 - The price inflation assumption was decreased from 2.50% to 2.25%. The payroll growth assumption was decreased from 3.25% to 3.00%. Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25% less than previous rates. Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements. Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter. Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females. The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the PUB-2010 General/Teacher disabled annuitant mortality table, with adjustments. The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019. The assumed spouse age difference was changed from two years older for females to one year older. The assumed number of married male new retirees electing the 100% Joint & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

2019 - The mortality projection scale was changed from MP-2017 to MP-2018.

2018 - The mortality projection scale was changed from MP-2015 to MP-2017. The assumed benefit increase was changed from 1.00 percent per year through 2044 and 2.50 percent per year thereafter to 1.25 percent per year.

2017 - The Combined Service Annuity (CSA) loads were changed from 0.8 percent for active members and 60 percent for vested and non-vested deferred members. The revised CSA loads are now 0.0 percent for active member liability, 15.0 percent for vested deferred member liability and 3.0 percent for non-vested deferred member liability. The assumed post-retirement benefit increase rate was changed from 1.0 percent per year for all years to 1.0 percent per year through 2044 and 2.5 percent per year thereafter.

2016 - The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2035 and 2.5 percent per year thereafter to 1.0 percent per year for all future years. The assumed investment return was changed from 7.9 percent to 7.5 percent. The single discount rate was changed from 7.9 percent to 7.5 percent. Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth and 2.50 percent for inflation.

Elk River Municipal Utilities
Elk River, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2024

Notes to the Required Supplementary Information - General Employees Fund (Continued)

Changes in Actuarial Assumptions (Continued)

2015 - The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2030 and 2.5 percent per year thereafter to 1.0 percent per year through 2035 and 2.5 percent per year thereafter.

Changes in Plan Provisions

2024 - The workers' compensation offset for disability benefits was eliminated. The actuarial equivalent factors updated to reflect the changes in assumptions.

2023 - An additional one-time direct state aid contribution of \$170.1 million will be contributed to the Plan on October 1, 2023. The vesting period of those hired after June 30, 2010, was changed from five years of allowable service to three years of allowable service. The benefit increase delay for early retirements on or after January 1, 2024, was eliminated. A one-time, non-compounding benefit increase of 2.5 percent minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

2022 - There were no changes in plan provisions since the previous valuation.

2021 - There were no changes in plan provisions since the previous valuation.

2020 - Augmentation for current privatized members was reduced to 2.0% for the period July 1, 2020 through December 31, 2023 and 0.0% after. Augmentation was eliminated for privatizations occurring after June 30, 2020.

2019 - The employer supplemental contribution was changed prospectively, decreasing from \$31.0 million to \$21.0 million per year. The state's special funding contribution was changed prospectively, requiring \$16.0 million due per year through 2031.

2018 - The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024. Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018. Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply. Contribution stabilizer provisions were repealed. Postretirement benefit increases were changed from 1.00 percent per year with a provision to increase to 2.50 percent upon attainment of 90.00 percent funding ratio to 50.00 percent of the Social Security Cost of Living Adjustment, not less than 1.00 percent and not more than 1.50 percent, beginning January 1, 2019. For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to Rule of 90 retirees, disability benefit recipients, or survivors. Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017 - The State's contribution for the Minneapolis Employees Retirement Fund equals \$16,000,000 in 2017 and 2018, and \$6,000,000 thereafter. The Employer Supplemental Contribution for the Minneapolis Employees Retirement Fund changed from \$21,000,000 to \$31,000,000 in calendar years 2019 to 2031. The state's contribution changed from \$16,000,000 to \$6,000,000 in calendar years 2019 to 2031.

2016 - There were no changes in plan provisions since the previous valuation.

2015 - On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Fund, which increased the total pension liability by \$1.1 billion and increased the fiduciary plan net position by \$892 million. Upon consolidation, state and employer contributions were revised; the State's contribution of \$6 million, which meets the special funding situation definition, was due September 2015.

SUPPLEMENTARY INFORMATION

ELK RIVER MUNICIPAL UTILITIES
ELK RIVER, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2024

Elk River Municipal Utilities
Elk River, Minnesota
Supplementary Information
Schedule of Operating Revenues and Expenses (Continued on the Following Page)
For the Year Ended December 31, 2024

	Electric	Water	Total
Operating Revenues			
Charges for services			
Elk River	\$ 38,264,528	\$ 2,803,602	\$ 41,068,130
Otsego	3,837,845	-	3,837,845
Big Lake	203,394	-	203,394
Dayton	252,158	-	252,158
Substation credit	4,800	-	4,800
Connection maintenance	317,234	72,409	389,643
Customer penalties	295,143	31,102	326,245
Total Operating Revenues	<u>43,175,102</u>	<u>2,907,113</u>	<u>46,082,215</u>
Operating Expenses			
Purchased power	<u>28,590,698</u>	<u>-</u>	<u>28,590,698</u>
Production			
Supervision and labor	137,836	69,969	207,805
Natural gas	22,086	-	22,086
Supplies and power for pumping	68,430	317,570	386,000
Maintenance of structures	13,914	118,775	132,689
Maintenance of equipment	4,177	274,530	278,707
Maintenance of plant	20,340	-	20,340
Total production	<u>266,783</u>	<u>780,844</u>	<u>1,047,627</u>
Transmission and distribution			
Supervision and labor	31,045	7,618	38,663
Maintenance of overhead lines	725,590	-	725,590
Maintenance of underground lines	446,663	-	446,663
Maintenance of station equipment	207,866	-	207,866
Transportation	303,892	18,311	322,203
Maintenance of customer service	7,587	73,567	81,154
Maintenance of customer meters	112,094	335,375	447,469
Miscellaneous	602,832	27,212	630,044
Total transmission and distribution	<u>2,437,569</u>	<u>462,083</u>	<u>2,899,652</u>
Services to City	<u>229,359</u>	<u>-</u>	<u>229,359</u>
Depreciation and amortization	<u>3,317,829</u>	<u>1,223,033</u>	<u>4,540,862</u>
Customer accounts expense			
Meter reading	47,698	5,550	53,248
Billing and collection	367,495	91,045	458,540
Bad debts	15,203	20	15,223
Total customer accounts expense	<u>430,396</u>	<u>96,615</u>	<u>527,011</u>

Elk River Municipal Utilities
Elk River, Minnesota
Supplementary Information
Schedule of Operating Revenues and Expenses (Continued)
For the Year Ended December 31, 2024

	Electric	Water	Total
Operating Expenses (Continued)			
General and administrative			
Salaries	\$ 885,001	\$ 258,534	\$ 1,143,535
Employee pensions and benefits	2,479,110	514,126	2,993,236
Dues	123,647	78,201	201,848
Office supplies and billing expense	95,726	23,419	119,145
Office utilities and maintenance	34,319	8,579	42,898
Consulting fees	40,307	16,317	56,624
Legal and audit	54,242	10,974	65,216
Environmental compliance	31,461	684	32,145
Conservation improvement project	539,992	2,207	542,199
Insurance	183,582	40,123	223,705
Telephone	30,987	7,024	38,011
Advertising	14,071	3,633	17,704
Education and meetings	199,542	42,421	241,963
Miscellaneous	6,277	727	7,004
Total general and administrative	<u>4,718,264</u>	<u>1,006,969</u>	<u>5,725,233</u>
Total Operating Expenses	<u>39,990,898</u>	<u>3,569,544</u>	<u>43,560,442</u>
Operating Income (Loss)	<u>3,184,204</u>	<u>(662,431)</u>	<u>2,521,773</u>
Nonoperating Revenues (Expenses)			
Interest income (loss)	338,157	104,286	442,443
Miscellaneous revenue	925,800	429,016	1,354,816
Interest expense and other	(773,748)	(33,949)	(807,697)
Gain/(loss) on sale of capital assets	(16,154)	(5,090)	(21,244)
Total Nonoperating Revenues	<u>474,055</u>	<u>494,263</u>	<u>968,318</u>
Income before Contributions and Transfers	<u>3,658,259</u>	<u>(168,168)</u>	<u>3,490,091</u>
Capital Contributions			
Connection fees	-	477,998	477,998
Contributions from customers	690,934	21,910	712,844
Transfers to Other City Funds	(1,527,629)	-	(1,527,629)
Total Contributions and Transfers	<u>(836,695)</u>	<u>499,908</u>	<u>(336,787)</u>
Change in Net Position	2,821,564	331,740	3,153,304
Net Position, January 1	<u>48,581,231</u>	<u>33,120,017</u>	<u>81,701,248</u>
Net Position, December 31	<u><u>\$ 51,402,795</u></u>	<u><u>\$ 33,451,757</u></u>	<u><u>\$ 84,854,552</u></u>

Elk River Municipal Utilities
Elk River, Minnesota
Electric Fund
Summary of Operations and Unaudited Statistics
For the Years Ended December 31, 2015 through December 31, 2024

Summary of Operations

	2015	2016	2017	2018
Operating Revenues				
Sales of electricity	\$ 32,704,279	\$ 34,569,098	\$ 36,458,061	\$ 39,039,573
Other operating revenues (expenses)	(152,557)	(104,702)	(337,237)	(259,668)
Total Operating Revenues	<u>32,551,722</u>	<u>34,464,396</u>	<u>36,120,824</u>	<u>38,779,905</u>
Operating Expenses				
Purchased power	22,034,307	23,991,069	25,402,576	26,710,514
Distribution	2,330,969	2,041,810	2,385,263	2,660,231
Services to the City	520,727	230,312	202,421	215,296
Depreciation	1,922,359	2,005,093	2,046,935	2,297,349
Other operating expenses	3,087,792	3,558,315	3,357,276	3,318,016
Total Operating Expenses	<u>29,896,154</u>	<u>31,826,599</u>	<u>33,394,471</u>	<u>35,201,406</u>
Operating Income	2,655,568	2,637,797	2,726,353	3,578,499
Capital Contributions	-	-	209,051	352,104
Transfers to Other City Funds	(824,743)	(1,089,287)	(1,113,264)	(1,188,664)
Special Item	-	330,923	-	-
Nonoperating Revenues	<u>267,243</u>	<u>8,991</u>	<u>145,034</u>	<u>218,586</u>
Net Income	<u>\$ 2,098,068</u>	<u>\$ 1,888,424</u>	<u>\$ 1,967,174</u>	<u>\$ 2,960,525</u>
Percent of Change				
Sales of electricity	3.776%	5.702%	5.464%	7.081%
Purchased power	0.180%	8.881%	5.883%	5.149%
Percent of Revenues				
Purchased power	67.690%	69.611%	70.327%	68.877%

Unaudited Statistics
Miscellaneous

	2015	2016	2017	2018
kWh's purchased	294,441,957	311,990,595	320,349,631	339,917,944
kWh's sold	<u>282,265,268</u>	<u>301,838,731</u>	<u>313,952,561</u>	<u>331,124,011</u>
Line loss	12,176,689	10,151,864	6,397,070	8,793,933
Percent of line loss	4.136%	3.254%	1.997%	2.587%
Revenues Per kWh Sold	\$ 0.1159	\$ 0.1145	\$ 0.1161	\$ 0.1179
Cost Per kWh Purchased	\$ 0.0748	\$ 0.0769	\$ 0.0793	\$ 0.0786
Number of Customers	10,499	10,816	11,448	11,983
Total Contribution/Transfers to City	\$ 824,743	\$ 1,089,287	\$ 1,113,264	\$ 1,188,664

2019	2020	2021	2022	2023	2024
\$ 37,640,985	\$ 37,714,965	\$ 39,719,268	\$ 42,395,048	\$ 43,986,269	\$ 42,557,925
453,648	207,542	1,041,676	1,428,008	464,470	617,177
<u>38,094,633</u>	<u>37,922,507</u>	<u>40,760,944</u>	<u>43,823,056</u>	<u>44,450,739</u>	<u>43,175,102</u>

24,851,301	24,240,440	28,169,146	31,544,604	31,232,788	28,590,698
2,546,634	2,458,699	2,585,796	2,808,964	2,539,170	2,704,352
210,791	229,086	224,814	231,861	253,564	229,359
2,856,258	2,896,839	2,957,685	3,062,751	3,177,120	3,317,829
4,090,102	4,133,940	3,688,401	4,763,425	4,855,110	5,148,660
<u>34,555,086</u>	<u>33,959,004</u>	<u>37,625,842</u>	<u>42,411,605</u>	<u>42,057,752</u>	<u>39,990,898</u>

3,539,547	3,963,503	3,135,102	1,411,451	2,392,987	3,184,204
125,764	174,557	385,316	298,935	489,452	690,934
(1,157,445)	(1,340,218)	(1,407,734)	(1,531,633)	(1,620,378)	(1,527,629)
-	-	-	-	-	-
82,440	98,427	(193,410)	(62,440)	335,209	474,055
<u>\$ 2,590,306</u>	<u>\$ 2,896,269</u>	<u>\$ 1,919,274</u>	<u>\$ 116,313</u>	<u>\$ 1,597,270</u>	<u>\$ 2,821,564</u>

-3.582% 0.197% 5.314% 6.737% 3.753% -3.247%

-6.961% -2.458% 16.207% 11.983% -0.988% -8.459%

65.236% 63.921% 69.108% 71.982% 70.264% 66.220%

2019	2020	2021	2022	2023	2024
336,570,637	337,016,741	347,974,385	344,137,778	341,681,928	327,715,292
325,981,176	324,469,638	341,047,710	333,644,951	329,773,349	316,756,062
<u>10,589,461</u>	<u>12,547,103</u>	<u>6,926,675</u>	<u>10,492,827</u>	<u>11,908,579</u>	<u>10,959,230</u>

3.146% 3.723% 1.991% 3.049% 3.485% 3.344%

\$ 0.1155 \$ 0.1162 \$ 0.1165 \$ 0.1271 \$ 0.1334 \$ 0.1344

\$ 0.0738 \$ 0.0719 \$ 0.0810 \$ 0.0917 \$ 0.0914 \$ 0.0872

12,244 12,365 12,789 12,955 13,232 13,466

\$ 1,157,445 \$ 1,340,218 \$ 1,407,734 \$ 1,531,633 \$ 1,620,378 \$ 1,527,629

Elk River Municipal Utilities
Elk River, Minnesota
Water Fund
Summary of Operations and Unaudited Statistics
For the Years Ended December 31, 2015 through December 31, 2024

Summary of Operations

	2015	2016	2017	2018
Operating Revenues				
Sales of water	\$ 2,202,537	\$ 2,173,521	\$ 2,326,245	\$ 2,515,821
Operating Expenses				
Operating expenses less depreciation	1,277,466	1,325,831	1,614,095	1,430,539
Services to City	5,719	-	-	-
Depreciation	1,131,110	1,148,310	1,191,894	1,193,745
Total Operating Expenses	<u>2,414,295</u>	<u>2,474,141</u>	<u>2,805,989</u>	<u>2,624,284</u>
Total Operating Income (Loss)	<u>\$ (211,758)</u>	<u>\$ (300,620)</u>	<u>\$ (479,744)</u>	<u>\$ (108,463)</u>
Percent of Change				
Sales of water	2.52%	(1.32%)	7.03%	8.15%

Unaudited Statistics
Miscellaneous

	2015	2016	2017	2018
Water Pumped (Gallons)	799,974,000	801,603,000	788,182,000	822,546,000
Water Sold (Gallons)	676,842,000	666,656,000	686,032,000	737,689,000
Percent of Line Loss	15.39%	16.83%	12.96%	10.32%
Revenues Per 1,000 Gallons Pumped	\$ 2.75	\$ 2.71	\$ 2.95	\$ 3.06
Revenues Per 1,000 Gallons Sold	\$ 3.25	\$ 3.26	\$ 3.39	\$ 3.41
Number of Customers	4,672	4,903	5,011	5,140

Water Supplier Services

	2015	2016	2017	2018
Flushing Hydrants	45,000,000	46,816,000	47,470,500	47,894,000
Back Washing	4,000,000	4,430,000	4,125,542	3,823,903
Fire Department Use	5,000,000	5,000,000	5,000,000	5,000,000
New Water Main Disinfectant and Flushing	5,000,000	5,000,000	5,000,000	5,000,000
Street and Sewer Maintenance	473,400	1,800,000	1,550,000	1,550,000
Water Tower Paint and Clean/Maintenance	3,700,000	4,000,000	4,000,000	4,000,000
Well Maintenance	700,000	7,358,000	7,000,000	7,000,000
Water Supplier Services (Gallons)	<u>\$ 63,873,400</u>	<u>\$ 74,404,000</u>	<u>\$ 74,146,042</u>	<u>\$ 74,267,903</u>

2019	2020	2021	2022	2023	2024
<u>\$ 2,303,670</u>	<u>\$ 2,674,544</u>	<u>\$ 3,120,660</u>	<u>\$ 2,988,835</u>	<u>\$ 3,383,999</u>	<u>\$ 2,907,113</u>
1,521,719	1,540,043	2,004,037	2,050,084	2,021,225	2,346,511
1,583	463	1,259	540	-	-
<u>1,147,149</u>	<u>1,133,179</u>	<u>1,139,802</u>	<u>1,117,357</u>	<u>1,174,752</u>	<u>1,223,033</u>
<u>2,670,451</u>	<u>2,673,685</u>	<u>3,145,098</u>	<u>3,167,981</u>	<u>3,195,977</u>	<u>3,569,544</u>
<u><u>\$ (366,781)</u></u>	<u><u>\$ 859</u></u>	<u><u>\$ (24,438)</u></u>	<u><u>\$ (179,146)</u></u>	<u><u>\$ 188,022</u></u>	<u><u>\$ (662,431)</u></u>
(8.43%)	16.10%	16.68%	(4.22%)	13.22%	(14.09%)

2019	2020	2021	2022	2023	2024
778,595,000	872,733,000	977,238,000	886,422,000	1,004,271,000	841,107,000
664,924,000	756,383,000	863,076,000	805,096,000	915,053,000	775,275,000
14.60%	13.33%	11.68%	9.17%	8.89%	7.83%
\$ 2.96	\$ 3.06	\$ 3.19	\$ 3.37	\$ 3.37	\$ 3.46
\$ 3.46	\$ 3.54	\$ 3.62	\$ 3.71	\$ 3.55	\$ 3.75
5,256	5,320	5,430	5,551	5,611	5,708

2019	2020	2021	2022	2023	2024
48,240,500	53,779,500	19,850,600	23,831,500	25,390,750	25,506,250
3,850,801	6,441,523	5,967,131	5,130,934	5,771,470	5,679,945
5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
5,000,000	5,000,000	5,000,000	2,021,250	3,003,000	1,886,500
1,550,000	1,550,000	1,550,000	1,550,000	1,550,000	1,550,000
4,000,000	5,000,000	4,000,000	4,000,000	3,000,000	2,000,000
<u>7,000,000</u>	<u>7,000,000</u>	<u>7,000,000</u>	<u>7,000,000</u>	<u>7,000,000</u>	<u>7,000,000</u>
<u><u>\$ 74,641,301</u></u>	<u><u>\$ 83,771,023</u></u>	<u><u>\$ 48,367,731</u></u>	<u><u>\$ 48,533,684</u></u>	<u><u>\$ 50,715,220</u></u>	<u><u>\$ 48,622,695</u></u>

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OTHER REPORT
ELK RIVER MUNICIPAL UTILITIES
ELK RIVER, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2024

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INDEPENDENT AUDITOR'S REPORT ON MINNESOTA LEGAL COMPLIANCE

Public Utilities Commission
Elk River Municipal Utilities
Elk River, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the Elk River Municipal Utilities (the Utilities) of the City of Elk River, Minnesota (the City) as of and for the year ended December 31, 2024, and the related notes to the financial statements which collectively comprises the Utilities basic financial statements, and have issued our report thereon dated April 1, 2025.

In connection with our audit, nothing came to our attention that caused us to believe that the Utilities failed to comply with the provisions of the contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, and miscellaneous provisions sections of the *Minnesota Legal Compliance Audit Guide for Cities*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Utilities' noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

This report is intended solely for the information and use of those charged with governance and management of the Public Utilities Commission, and the State Auditor and is not intended to be, and should not be, used by anyone other than these specified parties.



Abdo
Minneapolis, Minnesota
April 1, 2025

TO: ERMU Commission	FROM: Melissa Karpinski – Finance Manager
MEETING DATE: April 8, 2025	AGENDA ITEM NUMBER: 4.2
SUBJECT: 2024 Year End Reserve Balance	
ACTION REQUESTED: Designate unrestricted reserve balances above target levels for Electric and Water funds	

BACKGROUND:

The purpose for reserves to a public utility is to meet bond covenants and provide a financial buffer to mitigate unforeseen or volatile operational costs. In 2010, the Commission adopted a financial reserves policy that defined the structure and formula on how financial reserves will be calculated for the Electric Utility and Water Utility funds. This provides transparency to the public on the purpose and levels of utility reserves. Additionally, this policy is consistent with Governance Policy G.4i2 Financial Reserves which was adopted by the Commission in 2017.

DISCUSSION:

As defined by policy, the year-end reserve balances are to be reviewed after the completion of the audit. These balances, if above their target levels, shall be unrestricted with a defaulting designation as working capital. The Commission shall then consider optimal use of these unrestricted reserves.

Staff recommends that unrestricted reserve balances above target levels for the Electric Utility fund be designated for electric service territory transfer costs, and capital infrastructure costs; and for the Water Utility fund to be designated for capital infrastructure costs (current and future).

FINANCIAL IMPACT:

None

ATTACHMENTS:

- ERMU Policy – A.10 – Financial Reserves Policy
- ERMU Policy – G.4i2 – Financial Reserves
- Electric Reserves Policy Calculation
- Water Reserves Policy Calculation

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 for Debt Service* or *Unrestricted Designated Reserve*.

The target levels for these reserves shall be determined by the criteria herein. These target levels and target 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: risks associated with natural disasters, reduction in overall customer usage, changes in total system load resulting from the actions of large customers, failure to achieve budgeted levels of net income, changes in cost of purchased power, changes in interest income, and general operational exposures.

The target level for this reserve shall be set at the sum of 6 months operating expenditures less depreciation and less purchase power costs, plus the sum of next year's total principal and

interest payments, plus one month budgeted average purchase power cost. The balance above this target level shall be unrestricted.

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.

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: risks associated with natural disasters, reduction in overall customer usage, changes in total system usage resulting from the actions of large customers, failure to achieve budgeted levels of net income, changes in interest income, and general operational exposures.

The target level for this reserve shall be set at the sum of 6 months operating expenditures less depreciation plus the sum of next year's total principal and interest payments. The balance above this target level shall be unrestricted.

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.

POLICY HISTORY:

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

*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.

Section: Governance	Category: Delegation to Management Policies
Policy Reference: G.4i2	Policy Title: Financial Reserves

PURPOSE:

With this policy, the Commission sets forth its expectations for the General Manager concerning the maintenance of ERMU's financial reserves.

POLICY:

The General Manager shall ensure that ERMU maintains cash reserves for its electric and water utility enterprises that are reasonable, prudent and necessary to:

1. Meet or exceed the requirements of all bond covenants
2. Demonstrate to rating agencies and investors that ERMU's utility enterprises are credit worthy
3. Provide liquidity that is adequate, along with other risk-management measures, to ensure ongoing operation of the utility systems
4. Stabilize revenue requirements and customer rates
5. Manage the level of debt by funding a portion of the capital investments

In addition, the General Manager shall implement a Management Financial Reserves Policy that sets forth the designated reserve funds to be maintained, along with their purposes and methods for determining appropriate target levels and requirements for internal controls, monitoring and reporting. Designated reserve funds may include, but are not limited to reserves restricted for debt service and unrestricted designated reserves.

POLICY HISTORY:

Adopted	December 12, 2017
Revised	July 14, 2020

Elk River Municipal Utilities - Reserves Policy 4/2025

Proposed

ERMU Electric Fund - 61		
Description	Annual	Average Monthly
2025 Budgeted Expenditures	\$ 46,041,727	\$ 3,836,811
2025 Budgeted Interest Expense	\$ 794,932	\$ 66,244
2025 Budgeted Depreciation	\$ 3,339,552	\$ 278,296
2025 Budgeted Purchased Power Cost	\$ 30,599,628	\$ 2,549,969
2025 Budgeted Pricipal and Interest	\$ 1,784,932	n/a
2024 Peak Monthly Purchased Power Cost	\$ 3,234,950	\$ 2,628,717

	2025 Reserves	2024 Reserves
2024 Audited Cash Balances	\$ 14,793,957	\$ 16,675,251

Unrestricted
Designated
Reserves

2025 Calculated Reserves	\$ 9,988,709	\$ 9,649,556
2025 Proposed Calculated Reserves	\$ 9,988,709	

Restricted for
Debt Service

2025 Calculated Reserves	\$ 1,779,016	\$ 1,779,016
2025 Proposed Calculated Reserves	\$ 1,779,016	

Unrestricted
Reserves

2025 Calculated Reserves	\$ 3,026,233	\$ 5,246,679
2025 Proposed Calculated Reserves	\$ 3,026,233	

Elk River Municipal Utilities - Reserves Policy 4/2025

Proposed

ERMU Water Fund - 62		
Description	Annual	Average Monthly
2025 Budgeted Expenditures	\$ 4,004,092	\$ 333,674
2025 Budgeted Interest Expense	\$ 38,117	\$ 3,176
2025 Budgeted Depreciation	\$ 1,325,866	\$ 110,489
2025 Budgeted Pricipal and Interest	\$ 103,117	n/a

	2025 Reserves	2024 Reserves
2024 Audited Cash Balances	\$ 9,961,189	\$ 10,879,501

Unrestricted
Designated
Reserves

2025 Calculated Reserves	\$ 1,423,172	\$ 1,330,447
2025 Proposed Calculated Reserves	\$ 1,423,172	

Restricted for
Debt Service

2025 Calculated Reserves	\$ -	\$ -
2025 Proposed Calculated Reserves	\$ -	

Unrestricted
Reserves

2025 Calculated Reserves	\$ 8,538,018	\$ 9,549,054
2025 Proposed Calculated Reserves	\$ 8,538,018	

TO: ERMU Commission	FROM: Melissa Karpinski – Finance Manager
MEETING DATE: April 8, 2025	AGENDA ITEM NUMBER: 4.3
SUBJECT: 2024 Utilities Performance Incentive Compensation Distribution	
ACTION REQUESTED: Award the Performance Metrics and Compensation Distribution of 3.0% to qualifying employees per the terms of the policy.	

BACKGROUND:

The Commission adopted a Performance Metrics program in December 2012, for implementation January 1, 2013, and revised in December 2023. This program was based on the American Public Power Association’s Reliable Public Power Provider (RP₃) program with the addition of financial goals. As defined by policy, this company performance based program is designed to incentivize employee commitment towards the company’s success. *“The successful performance of 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.”* Divided into categories representing core values of the company and again into sub-categories that are quantifiable, this program is designed to track goals that require the companywide support of employees to continually achieve. When the employees work together as a team to achieve these goals, the company recognizes a corresponding increase in value to our customers.

DISCUSSION:

The performance metrics were tracked and communicated to the employees and the Commission quarterly throughout the year. The program has functioned as intended, with employee motivation and efforts aligning to enhance company performance. Attached are the final results of the score card showing that employees have successfully met all company performance targets. In accordance with the policy, a multiplier of 100% will be applied, and qualifying employees will be eligible for a 3.0% distribution.

FINANCIAL IMPACT:

Budgeted item.

ATTACHMENTS:

- ERMU Policy – G.4g1 – Performance Metrics and Incentive Compensation
- ERMU Performance Metrics and Incentive Compensation Policy Score Card - 2024

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 UPMIC 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 three categories: Safety, Reliability and Quality of Utility Services; Workforce Development; and Financial Goals. These categories are used to characterize the overall strategic goals and mission of ERMU.

Under the Performance Metrics, these three 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 3% 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 3%. If the Multiplier equals 75%, the distribution would equal 2.25%.) 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) 3% 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) 3% 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: $\$50,000 \times 3\% \times 100\% = \$1,500$.)

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 on the first payroll date after the thirty day period following the date on which the Commission formally receives its annual auditor's report in an open meeting.

GP:3300714 v4

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

Elk River Municipal Utilities
G.4g1a - Performance Metrics and Incentive Compensation Policy Score Card - 2024

Category	Percent	Sub-Category	Sub-Percent	Goal	Score	Awarded Multiplier Percentage	Result
Safety, Reliability and Quality of Utility Services	40	Water Quality Standards	5	Meet Requirements	5		
		Lead and Copper quality	5	90th percentile	5		90
		Bacteria Detection	5	0 positive samples	5		0
		CAIDI	5	<120 Min	5		118.931
		SAIDI	5	<90 Min	5		42.083
		SAIFI	5	< 0.5	5		0.354
		Line Loss	5	<5%	5		3.3%
		Water Loss	5	<12%	5		5.0%
Workforce Development	25	Clean Energy Choice Program Participation	5	+30 net	5		38
		Employee Turnover	10	≤ 7.5%	10		4%
		Participation in Recommended and Mandatory Trainings	10	≥ 95%	10		99%
Financial Goals	35	Margins/Net Profit	20	≥ Budget	20		
		Reserves	10	≥ Target	10		
		Inventory Accuracy	5	≥ 95%	5		99.8%
				Total Multiplier:			

Score Total

100

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

TO: ERMU Commission	FROM: Tony Mauren – Governance & Communications Manager
MEETING DATE: April 8, 2025	AGENDA ITEM NUMBER: 4.4
SUBJECT: Commission Policy Review – G.4a – Succession of Leadership	
ACTION REQUESTED: Approve recommended updates	

BACKGROUND/DISCUSSION:

This month commissioners are reviewing policy G.4a – Succession of Leadership to make comments, ask questions, or recommend updates. With policy G.4a, the Commission intends to ensure ERMU’s continuity of leadership, both long-term and short-term.

Staff’s recommended updates allow policy to address the need for an Acting General Manager Job Description by stating it would effectively be the General Manager Job Description until the Commission Chair can convene a special meeting to confirm the appointment of the Acting General Manager and either confirm or modify the job description for the duration of the appointment.

The general manager has established the operations director as the primary successor and the administrations director as the secondary successor.

There are also slight wording changes aiming for gender neutrality.

ATTACHMENTS:

- ERMU Policy – G.4a – Succession of Leadership

COMMISSION POLICY

Section: Governance	Category: Delegation to Management Policies
Policy Reference: G.4a	Policy Title: Succession of Leadership

PURPOSE:

With this policy, the Commission intends to ensure ERMU's continuity of leadership, both long-term and short-term. More specifically, the Commission intends to protect ERMU from the sudden loss of services by the General Manager, other executive managers, and any employee who performs functions that are critical to the organization. The Commission also intends to prepare employees at all levels of the organization for increasing leadership responsibilities.

POLICY:

The General Manager shall establish, and at all times maintain current, a short-term plan for executive leadership and critical function succession under which two or more of his/her direct reports are designated and prepared to temporarily assume the responsibilities of Acting General Manager on short notice.

Consistent with this general statement, the General Manager shall:

1. Keep the Commission informed about the content of ~~their~~his/her short-term plan for executive leadership and critical function succession. The General Manager's plan for executive leadership succession shall include the designation of a primary and secondary successor, both of whom are acceptable to the Commission, and will fulfill the duties of the general manager a written position description ~~as for~~ Acting General Manager
2. Keep the Commission informed about ~~his/her~~their availability to perform the duties of the General Manager.
3. Not be absent from ERMU's offices and/or otherwise unavailable for communication with the Commission and other management employees for more than three (3) consecutive business days without first having designated a temporary successor and informing both the Commission and management employees of that designation.

4. Not allow the General Manager and both ~~his/her~~their primary and secondary designated successors to travel together in the same vehicle or other public or commercial form of conveyance.

The primary successor shall immediately assume the responsibilities of Acting General Manager upon receiving information that the General Manager is unable to fulfill ~~his/her~~their responsibilities or has been absent from corporate headquarters and/or otherwise unavailable for more than three (3) consecutive business days without having designated ~~his or her a~~ temporary successor. In such event, the Acting General Manager shall formally notify the Commission of ~~his/her~~their assumption of responsibilities, after which the Commission President shall convene a special meeting to confirm the appointment of the Acting General Manager and to either confirm or modify the General Manager position description for ~~Acting General Manager~~the duration of the appointment.

Additionally, the General Manager shall establish, and at all times maintain current, and effectively implement a long-term plan for leadership succession that is intended to:

1. Prepare all employees to grow in their leadership capabilities and responsibilities.
2. Ensure that the loss of services from any one employee does not impair the performance of the organization's critical functions.
3. Identify capable and willing people for future critical leadership positions and intentionally develop them in their leadership competencies and responsibilities.
4. Identify and communicate to the Commission any critical human resource needs of the organization that are not adequately met with available resources, along with steps that ~~he/she is~~they are taking to meet those needs.

POLICY HISTORY:

Adopted June 13, 2017
Revised April 8, 2025

TO: ERMU Commission	FROM: Sara Youngs
MEETING DATE: April 8, 2025	AGENDA ITEM NUMBER: 4.5
SUBJECT: Electric Vehicle Charger Discussion	
ACTION REQUESTED: Recommend direction on public electric vehicle charging stations	

BACKGROUND:

In 2017, ERMU received a grant from the American Public Power Association to implement an electric vehicle (EV) charging program, focusing on new and innovative technologies for both public and home charging. From 2017 to November 2023, ERMU operated four public charging stations, three managed by ERMU and one as part of an initiative from our power provider, Minnesota Municipal Power Agency (MMPA). In November 2023, ERMU removed the fast charger at Coborn's parking lot, as it was no longer supported by ChargePoint. Currently, 84 residential homes qualify for ERMU's electric vehicle time-of-use charging rates.

DISCUSSION:

Staff is seeking commission direction on whether Elk River Municipal Utilities (ERMU) should continue operating public electric vehicle charging stations within its service territory. Currently, ERMU operates two public charging stations: one downtown in the public parking lot and one at City Hall. Previous discussions with the city's Economic Development Authority (EDA) about transferring to the downtown station were unsuccessful due to challenges with ChargePoint.

ERMU's subscription with ChargePoint expires on May 25, 2025. The estimated cost to renew the three-year subscription is approximately \$2,080 per charger. This cloud-based service allows EV drivers to locate public charging stations, provides for a method of payment, and provides ERMU with a dashboard for monitoring station data.

In addition, MMPA has a charging station in Otsego at Rockwood's. MMPA has decided to transfer its charging station assets to the respective city utilities, as the chargers have lost connectivity, meaning drivers are not being charged for their sessions.

1. Should ERMU continue operating public charging stations?
 - If yes, should a fee remain in place for the stations, or should they be offered free of charge?

- If no, staff will work with the EDA or local businesses to determine if there is interest in taking over the charging stations. If no interest is found, the stations will be removed.

2. The public charging station at City Hall will remain as is, unless the Commission decides to offer free charging.

CHARGEPOINT

Revenue	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Total
Session Fees	\$ 84.67	\$199.88	\$ 137.52	\$ 111.34	\$ 114.70	\$ 13.58	\$ 197.24	\$ 274.02	\$ 146.60	\$ 77.64	\$ 155.23	\$ 81.54	\$ 81.00	\$ 1,674.96
Energy	423 kWh	994 kWh	700 kWh	556 kWh	573 kWh	67 kWh	988 kWh	1245 kWh	733 kWh	388 kWh	776 kWh	408 kWh	405 kWh	8256 kWh
Sessions	40	70	63	47	47	16	47	53	35	26	31	28	36	539
Expense	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	
ERMU Bill - City Hall Charger	41.17	46.95	46.68	50.27	63.13	12.72	19.15	19.66	25.73	37.41	32.65	26.45		
ERMU Bill - Downtown Charger	34.1	107.33	59.84	42.36	41.77	20.25	105.46	168.56	52.87	60.34	50.78	59.16		
Total ERMU Bill Expense	\$ 75.27	\$ 154.28	\$ 106.52	\$ 92.63	\$ 104.90	\$ 32.97	\$ 124.61	\$ 188.22	\$ 78.60	\$ 97.75	\$ 83.43	\$ 85.61	\$ -	
variance	\$ 9.40	\$ 45.60	\$ 31.00	\$ 18.71	\$ 9.80	\$ (19.39)	\$ 72.63	\$ 85.80	\$ 68.00	\$ (20.11)	\$ 71.80	\$ (4.07)		\$ 369.17 11 months
														\$ (877.50) yearly loss
														\$ (73.13) monthly loss

3-Year Charge Point Subscription

\$3740/3 Years = \$1246.67/year

MMPA

Expense	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25
MMPA Charger	\$ 0.76	\$ 0.45	\$ 6.72	\$ 11.22	\$ 2.28	\$ 0.67	\$ 0.63	\$ 0.90	\$ 0.55	\$ 0.77	\$ 0.56	\$ 0.77	

TO: ERMU Commission	FROM: Melissa Karpinski – Finance Manager
MEETING DATE: April 8, 2025	AGENDA ITEM NUMBER: 5.1
SUBJECT: Financial Report – February 2025	
ACTION REQUESTED: Receive the February 2025 Financial Report	

DISCUSSION:

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

Electric

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

- Residential usage is up 10%
- Small Commercial usage is up 9%
- Large Commercial usage is up 4%

For February 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

February YTD gallons of water sold are up 4% from the prior year. For further breakdown:

- Residential use is up 3%
- Commercial use is up 5%

For February 2025, the Water Department overall is behind prior YTD but 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 2.2025
- Electric Balance Sheet 2.2025
- Water Balance Sheet 2.2025
- Summary Electric Statement of Revenues, Expenses and Changes in Net Position 2.2025
- Summary Water Statement of Revenues, Expenses and Changes in Net Position 2.2025
- Graphs Prior Year and YTD 2025
- Detailed Electric Statement of Revenues, Expenses and Changes in Net Position 2.2025

- Detailed Water Statement of Revenues, Expenses and Changes in Net Position 2.2025
- Budget vs Actual Graphs – Electric and Water 2.2025

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

	<u>ELECTRIC</u>	<u>WATER</u>
ASSETS		
CURRENT ASSETS		
CASH	3,457,585	5,442,440
ACCOUNTS RECEIVABLE	2,477,100	5,048,544
INVENTORIES	2,056,354	52,645
PREPAID ITEMS	285,569	58,521
CONSTRUCTION IN PROGRESS	817,468	107,320
TOTAL CURRENT ASSETS	<u>9,094,076</u>	<u>10,709,470</u>
RESTRICTED ASSETS		
BOND RESERVE FUND	1,779,016	0
EMERGENCY RESERVE FUND	7,447,332	4,240,274
UNRESTRICTED RESERVE FUND	0	0
TOTAL RESTRICTED ASSETS	<u>9,226,347</u>	<u>4,240,274</u>
FIXED ASSETS		
PRODUCTION	795,920	17,177,471
LFG PROJECT	0	0
TRANSMISSION	2,305,024	0
DISTRIBUTION	54,571,033	30,835,173
GENERAL	25,427,855	1,548,813
FIXED ASSETS (COST)	<u>83,099,831</u>	<u>49,561,458</u>
LESS ACCUMULATED DEPRECIATION	<u>(37,212,969)</u>	<u>(24,141,708)</u>
TOTAL FIXED ASSETS, NET	<u>45,886,862</u>	<u>25,419,750</u>
INTANGIBLE ASSETS		
POWER AGENCY MEMBERSHIP BUY-IN	21,546,212	0
LOSS OF REVENUE INTANGIBLE	7,169,412	0
LESS ACCUMULATED AMORTIZATION	<u>(4,286,050)</u>	<u>0</u>
TOTAL INTANGIBLE ASSETS, NET	<u>24,429,574</u>	<u>0</u>
OTHER ASSETS AND DEFERRED OUTFLOWS	<u>322,181</u>	<u>61,420</u>
TOTAL ASSETS	<u><u>88,959,040</u></u>	<u><u>40,430,913</u></u>
LIABILITIES AND FUND EQUITY		
CURRENT LIABILITIES		
ACCOUNTS PAYABLE	4,330,379	330,756
SALARIES AND BENEFITS PAYABLE	1,154,533	162,364
DUE TO CITY	771,861	1,531
DUE TO OTHER FUNDS	0	0
NOTES PAYABLE-CURRENT PORTION	0	0
BONDS PAYABLE-CURRENT PORTION	480,000	65,000
UNEARNED REVENUE	16,100	188,234
TOTAL CURRENT LIABILITIES	<u>6,752,872</u>	<u>747,885</u>
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	27,200,423	1,489,186
PENSION LIABILITIES	1,708,036	328,984
TOTAL LONG TERM LIABILITIES	<u>28,908,459</u>	<u>1,818,170</u>
TOTAL LIABILITIES	<u>35,661,331</u>	<u>2,566,055</u>
DEFERRED INFLOWS OF RESOURCES	<u>1,206,975</u>	<u>4,689,086</u>
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)	687,946	(275,986)
TOTAL FUND EQUITY	<u>52,090,734</u>	<u>33,175,772</u>
TOTAL LIABILITIES & FUND EQUITY	<u><u>88,959,040</u></u>	<u><u>40,430,913</u></u>

**ELK RIVER MUNICIPAL UTILITIES
ELK RIVER, MINNESOTA
ELECTRIC BALANCE SHEET**

	February 28, 2025	January 31, 2025	Current Month Change from Prior Month
ASSETS			
CURRENT ASSETS			
CASH	3,457,585	3,785,335	(327,750)
ACCOUNTS RECEIVABLE	2,477,100	3,388,163	(911,063)
INVENTORIES	2,056,354	1,802,519	253,835
PREPAID ITEMS	285,569	287,614	(2,045)
CONSTRUCTION IN PROGRESS	817,468	449,008	368,459
TOTAL CURRENT ASSETS	9,094,076	9,712,640	(618,564)
RESTRICTED ASSETS			
BOND RESERVE FUND	1,779,016	1,779,016	0
EMERGENCY RESERVE FUND	7,447,332	7,422,281	25,051
TOTAL RESTRICTED ASSETS	9,226,347	9,201,297	25,051
FIXED ASSETS			
PRODUCTION	795,920	795,920	0
TRANSMISSION	2,305,024	2,305,024	0
DISTRIBUTION	54,571,033	54,511,927	59,106
GENERAL	25,427,855	25,418,510	9,344
FIXED ASSETS (COST)	83,099,831	83,031,381	68,450
LESS ACCUMULATED DEPRECIATION	(37,212,969)	(36,982,070)	(230,899)
TOTAL FIXED ASSETS, NET	45,886,862	46,049,310	(162,448)
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	(4,286,050)	(4,230,372)	(55,678)
TOTAL INTANGIBLE ASSETS, NET	24,429,574	24,485,252	(55,678)
OTHER ASSETS AND DEFERRED OUTFLOWS	322,181	322,181	0
TOTAL ASSETS	88,959,040	89,770,679	(811,639)
LIABILITIES AND FUND EQUITY			
CURRENT LIABILITIES			
ACCOUNTS PAYABLE	4,330,379	5,247,488	(917,109)
SALARIES AND BENEFITS PAYABLE	1,154,533	1,119,925	34,607
DUE TO CITY	771,861	818,774	(46,913)
BONDS PAYABLE-CURRENT PORTION	480,000	480,000	0
UNEARNED REVENUE	16,100	17,710	(1,610)
TOTAL CURRENT LIABILITIES	6,752,872	7,683,897	(931,025)
LONG TERM LIABILITIES			
BONDS PAYABLE, LESS CURRENT PORTION	27,200,423	27,205,411	(4,989)
PENSION LIABILITIES	1,708,036	1,708,036	0
TOTAL LONG TERM LIABILITIES	28,908,459	28,913,447	(4,989)
TOTAL LIABILITIES	35,661,331	36,597,344	(936,013)
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)	687,946	563,572	124,374
TOTAL FUND EQUITY	52,090,734	51,966,360	124,374
TOTAL LIABILITIES & FUND EQUITY	88,959,040	89,770,679	(811,639)

**ELK RIVER MUNICIPAL UTILITIES
ELK RIVER, MINNESOTA
WATER BALANCE SHEET**

	February 28, 2025	January 31, 2025	Current Month Change from Prior Month
ASSETS			
CURRENT ASSETS			
CASH	5,442,440	5,589,227	(146,787)
ACCOUNTS RECEIVABLE	5,048,544	5,103,921	(55,376)
INVENTORIES	52,645	54,597	(1,952)
PREPAID ITEMS	58,521	52,331	6,190
CONSTRUCTION IN PROGRESS	107,320	65,435	41,885
TOTAL CURRENT ASSETS	10,709,470	10,865,510	(156,040)
RESTRICTED ASSETS			
EMERGENCY RESERVE FUND	4,240,274	4,234,011	6,263
TOTAL RESTRICTED ASSETS	4,240,274	4,234,011	6,263
FIXED ASSETS			
PRODUCTION	17,177,471	17,177,471	0
DISTRIBUTION	30,835,173	30,835,173	0
GENERAL	1,548,813	1,548,813	0
FIXED ASSETS (COST)	49,561,458	49,561,458	0
LESS ACCUMULATED DEPRECIATION	(24,141,708)	(24,026,289)	(115,419)
TOTAL FIXED ASSETS, NET	25,419,750	25,535,168	(115,419)
INTANGIBLE ASSETS			
OTHER ASSETS AND DEFERRED OUTFLOWS	61,420	61,420	0
TOTAL ASSETS	40,430,913	40,696,109	(265,196)
LIABILITIES AND FUND EQUITY			
CURRENT LIABILITIES			
ACCOUNTS PAYABLE	330,756	361,411	(30,656)
SALARIES AND BENEFITS PAYABLE	162,364	156,339	6,025
DUE TO CITY	1,531	95,020	(93,490)
BONDS PAYABLE-CURRENT PORTION	65,000	65,000	0
UNEARNED REVENUE	188,234	188,234	0
TOTAL CURRENT LIABILITIES	747,885	866,005	(118,120)
LONG TERM LIABILITIES			
BONDS PAYABLE, LESS CURRENT PORTION	1,489,186	1,489,740	(554)
PENSION LIABILITIES	328,984	328,984	0
TOTAL LONG TERM LIABILITIES	1,818,170	1,818,724	(554)
TOTAL LIABILITIES	2,566,055	2,684,729	(118,674)
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)	(275,986)	(129,464)	(146,522)
TOTAL FUND EQUITY	33,175,772	33,322,294	(146,522)
TOTAL LIABILITIES & FUND EQUITY	40,430,913	40,696,109	(265,196)

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

	2025 FEBRUARY	2025 YTD	2025 YTD BUDGET	YTD Budget Variance	2025 YTD Bud Var%	2025 ANNUAL BUDGET	2024 FEBRUARY	2024 YTD	YTD VARIANCE	2024 v. 2025 Actual Var%	Variance Item
Electric Revenue											
Operating Revenue											
Elk River	2,806,377	6,196,786	6,434,255	(237,470)	(4)	41,085,728	3,056,310	5,840,369	356,416	6	
Otsego	280,948	655,391	648,849	6,542	1	4,073,730	322,687	594,389	61,002	10	
Rural Big Lake	16,844	39,203	41,678	(2,475)	(6)	231,863	20,279	36,796	2,407	7	
Dayton	21,028	48,116	48,396	(280)	(1)	281,987	23,758	42,917	5,198	12	
Public St & Hwy Lighting	23,900	45,766	43,500	2,266	5	261,000	21,739	43,407	2,359	5	
Other Electric Sales	400	800	800	0	0	4,800	400	800	0	0	
Total Operating Revenue	3,149,497	6,986,061	7,217,478	(231,416)	(3)	45,939,108	3,445,173	6,558,679	427,383	7	
Other Operating Revenue											
Interest/Dividend Income	52,668	78,876	58,333	20,542	35	350,000	3,791	51,036	27,839	55	(1)
Customer Penalties	20,880	44,990	47,500	(2,510)	(5)	285,000	21,603	41,748	3,242	8	
Connection Fees	(15,225)	17,309	25,000	(7,691)	(31)	150,000	21,466	112,851	(95,542)	(85)	(2)
Misc Revenue	80,932	274,598	156,250	118,348	76	972,500	53,064	132,970	141,628	107	(3)
Total Other Revenue	139,255	415,773	287,083	128,690	45	1,757,500	99,924	338,606	77,167	23	
Total Revenue	3,288,752	7,401,834	7,504,561	(102,727)	(1)	47,696,608	3,545,097	6,897,284	504,550	7	
Expenses											
Purchased Power	2,014,616	4,169,313	4,581,256	(411,943)	(9)	30,599,628	2,013,383	4,232,380	(63,067)	(1)	
Operating & Mtce Expense	27,110	57,097	77,333	(20,237)	(26)	341,000	23,625	51,093	6,004	12	
Transmission Expense	2,802	5,966	12,667	(6,701)	(53)	76,000	5,031	10,589	(4,624)	(44)	
Distribution Expense	38,344	86,945	86,917	29	0	521,500	44,222	87,817	(871)	(1)	
Maintenance Expense	162,570	365,033	445,417	(80,384)	(18)	2,144,500	176,266	385,463	(20,430)	(5)	(4)
Depreciation & Amortization	286,576	574,227	556,592	17,635	3	3,339,552	275,396	549,491	24,735	5	
Interest Expense	61,983	125,241	125,241	0	0	735,069	65,175	131,587	(6,346)	(5)	
Other Operating Expense	4,413	8,815	10,567	(1,752)	(17)	482,400	4,921	9,789	(974)	(10)	
Customer Accounts Expense	31,820	66,945	78,333	(11,388)	(15)	470,000	33,486	66,639	306	0	
Administrative Expense	372,778	892,478	915,761	(23,283)	(3)	4,783,849	319,877	787,393	105,086	13	
General Expense	29,150	73,462	106,633	(33,171)	(31)	639,800	32,485	64,765	8,697	13	(5)
Total Expenses(before Operating Transfers)	3,032,162	6,425,522	6,996,716	(571,194)	(8)	44,133,298	2,993,868	6,377,005	48,517	1	
Operating Transfer											
Operating Transfer/Other Funds	113,004	249,324	257,370	(8,046)	(3)	1,643,429	122,954	235,016	14,308	6	
Utilities & Labor Donated	19,212	39,042	44,167	(5,125)	(12)	265,000	18,647	37,468	1,574	4	
Total Operating Transfer	132,216	288,366	301,537	(13,171)	(4)	1,908,429	141,601	272,484	15,883	6	
Net Income Profit(Loss)	124,374	687,946	206,308	481,638	233	1,654,881	409,628	247,795	440,151	178	

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

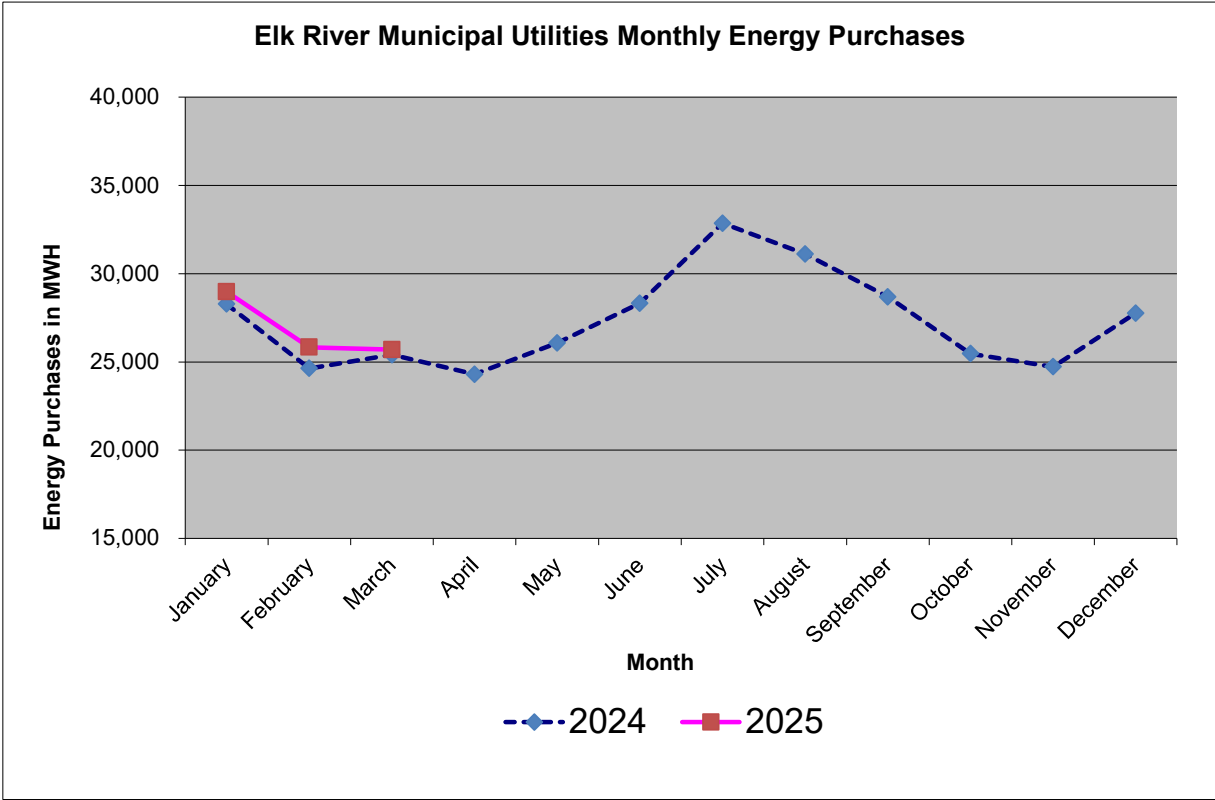
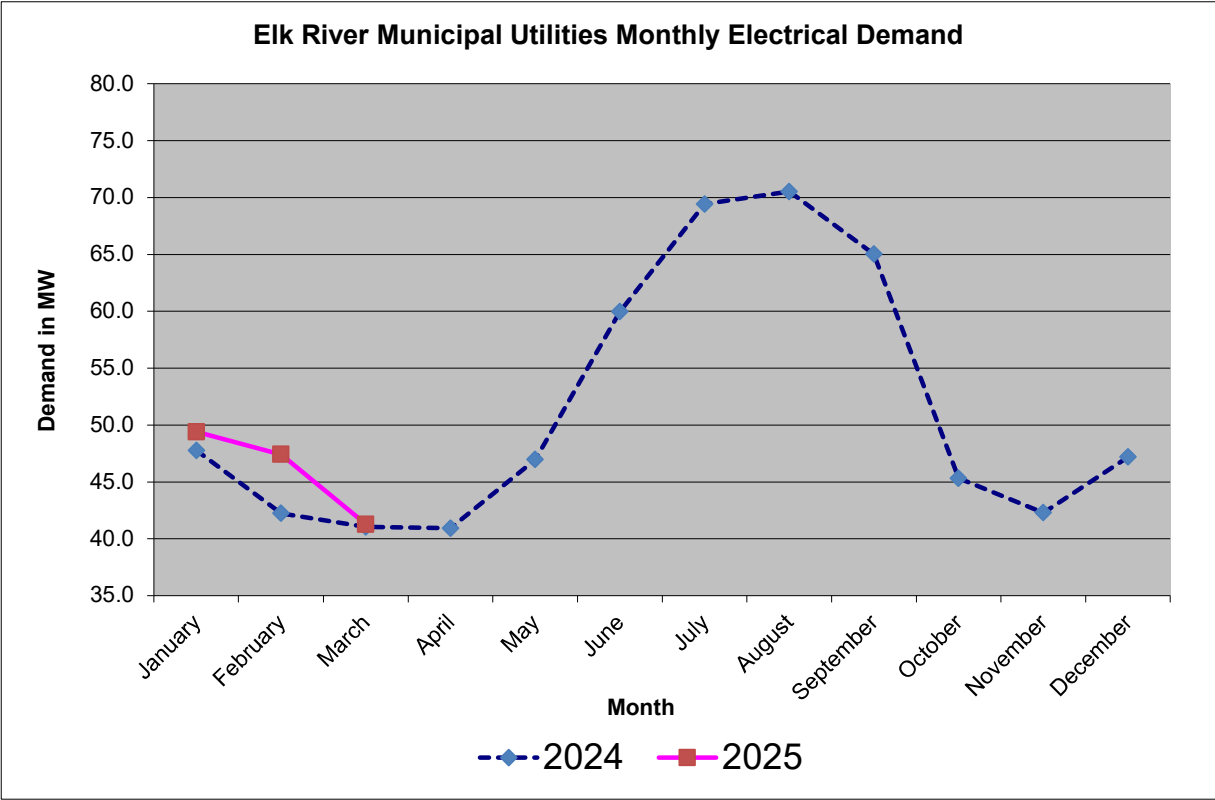
- (1) PYTD variance is mainly due to more funds being invested with UBS and change in Fair Market Value.
- (2) PYTD variance due to large a large connection agreement in January 2024.
- (3) YTD budget and PTYD variance is mainly due to Contributions from Customers having a large SOWs for transformer for additional service and/or upgrade.
- (4) YTD budget variance is mainly due to less tree trimming expense than planned and less labor on mtce of substation equipment.
- (5) YTD budget variance is mainly due to timing of commercial rebates and having budget be an even spread.

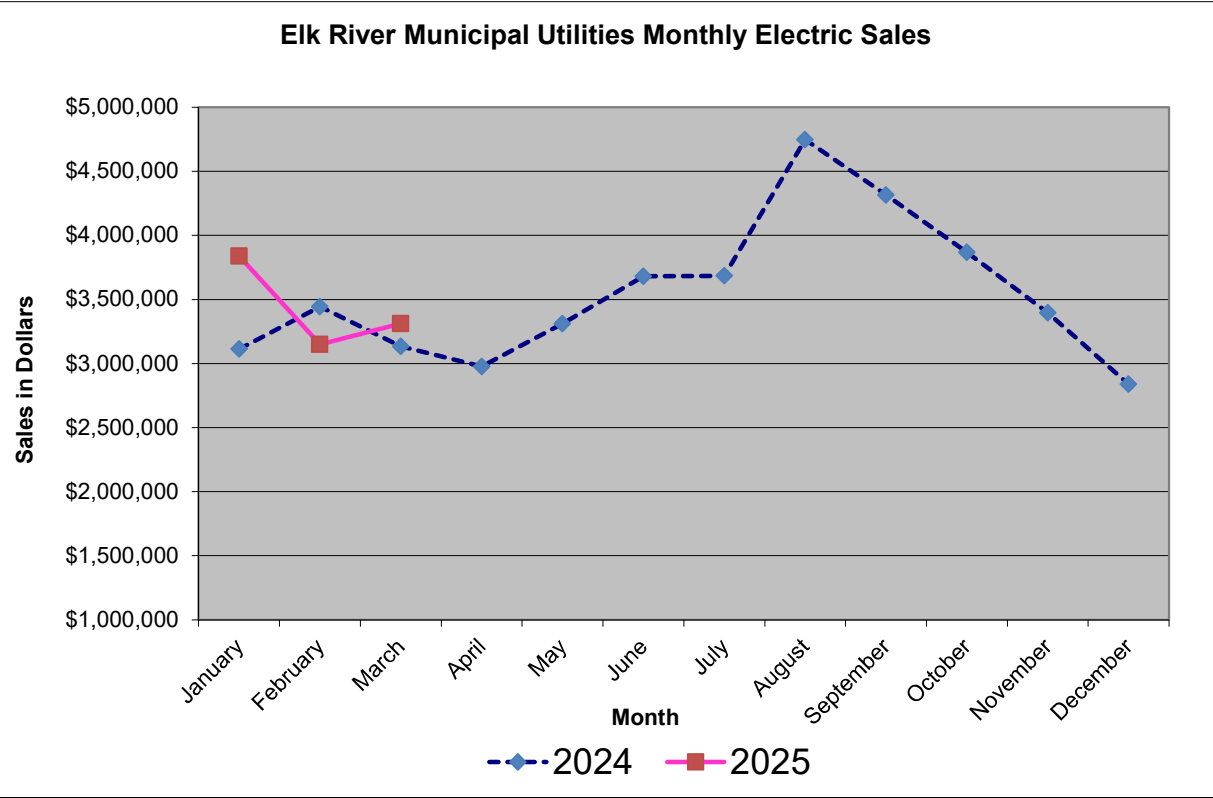
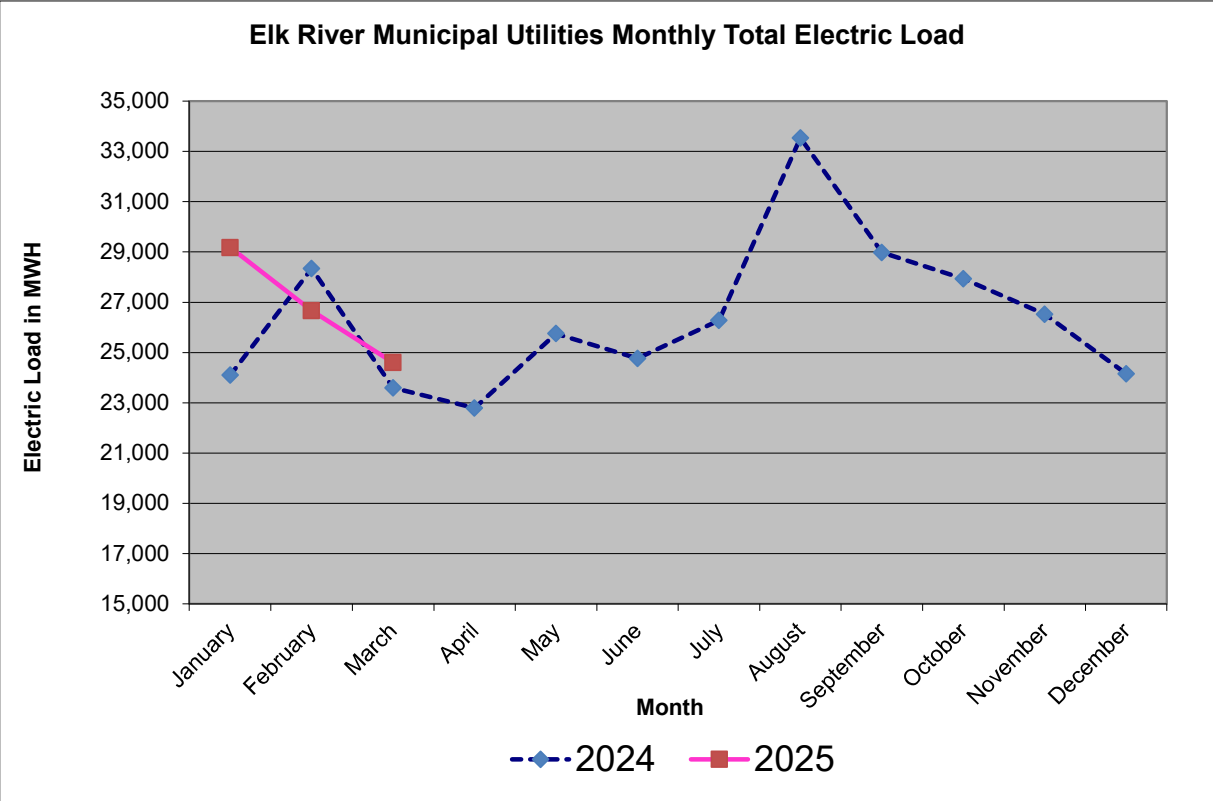
ELK RIVER MUNICIPAL UTILITIES
ELK RIVER, MINNESOTA
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR PERIOD ENDING FEBRUARY 2025

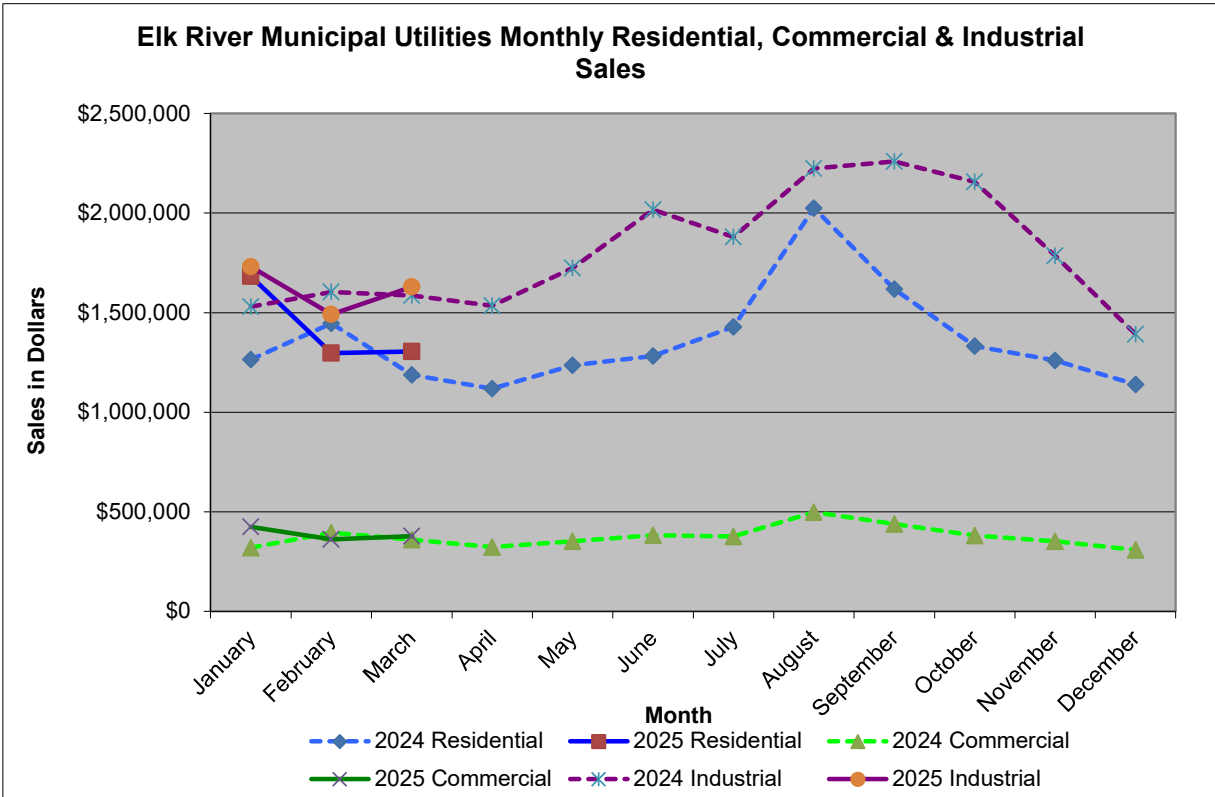
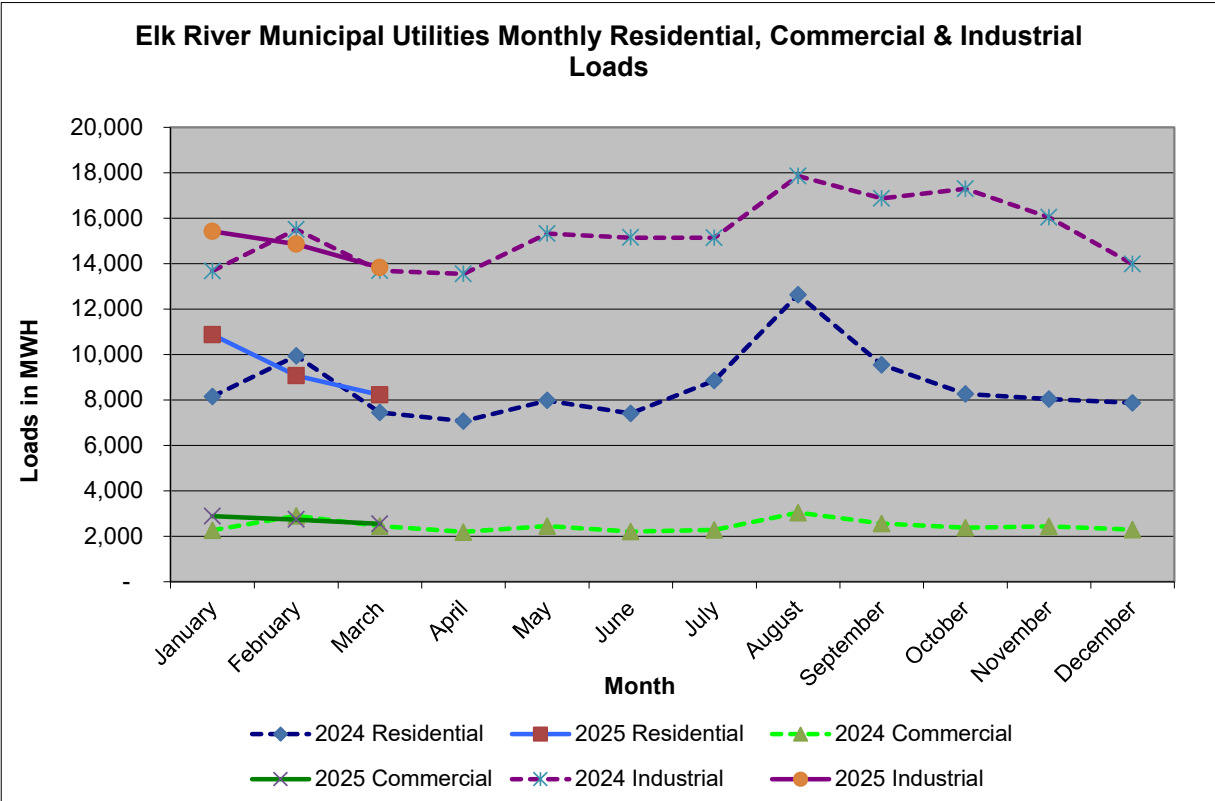
	2025 FEBRUARY	2025 YTD	2025 YTD BUDGET	YTD Budget Variance	2025 YTD Bud Var%	2025 ANNUAL BUDGET	2024 FEBRUARY	2024 YTD	YTD VARIANCE	2024 v. 2025 Actual Var%	Variance Item
Water											
Revenue											
Operating Revenue											
Water Sales	148,609	314,258	278,058	36,199	13	3,143,314	160,586	296,224	18,033	6	
Total Operating Revenue	148,609	314,258	278,058	36,199	13	3,143,314	160,586	296,224	18,033	6	
Other Operating Revenue											
Interest/Dividend Income	14,059	21,957	25,167	(3,209)	(13)	151,000	2,960	16,799	5,158	31	
Customer Penalties	1,204	5,787	4,667	1,120	24	28,000	2,637	5,004	782	16	
Connection Fees	16,759	48,441	53,083	(4,642)	(9)	318,500	19,526	109,464	(61,023)	(56)	(1)
Misc Revenue	2,067	3,352	2,600	752	29	426,100	987	1,980	1,372	69	
Total Other Revenue	34,089	79,538	85,517	(5,979)	(7)	923,600	26,110	133,248	(53,710)	(40)	
Total Revenue	182,697	393,795	363,575	30,220	8	4,066,914	186,696	429,472	(35,677)	(8)	
Expenses											
Production Expense	9,682	20,970	22,500	(1,530)	(7)	135,000	10,351	22,493	(1,523)	(7)	
Pumping Expense	51,371	105,510	112,025	(6,515)	(6)	672,150	37,210	84,596	20,914	25	(2)
Distribution Expense	45,931	72,539	97,950	(25,411)	(26)	459,660	39,091	54,818	17,721	32	(3)
Depreciation & Amortization	115,419	231,000	220,978	10,023	5	1,325,866	100,889	201,632	29,368	15	
Interest Expense	2,712	5,425	5,425	0	0	31,466	2,912	5,825	(400)	(7)	
Other Operating Expense	52	135	125	10	8	60,750	121	242	(107)	(44)	
Customer Accounts Expense	7,785	16,408	17,542	(1,134)	(6)	105,250	7,373	14,506	1,902	13	
Administrative Expense	96,189	217,651	229,559	(11,908)	(5)	1,199,700	83,980	187,021	30,631	16	(4)
General Expense	78	144	2,042	(1,898)	(93)	12,250	63	123	20	17	
Total Expenses(before Operating Transfers)	329,220	669,781	708,145	(38,363)	(5)	4,002,092	281,989	571,256	98,526	17	
Operating Transfer											
Utilities & Labor Donated	0	0	333	(333)	(100)	2,000	0	0	0	0	
Total Operating Transfer	0	0	333	(333)	(100)	2,000	0	0	0	0	
Net Income Profit(Loss)	(146,522)	(275,986)	(344,903)	68,917	20	62,822	(95,293)	(141,784)	(134,203)	(95)	

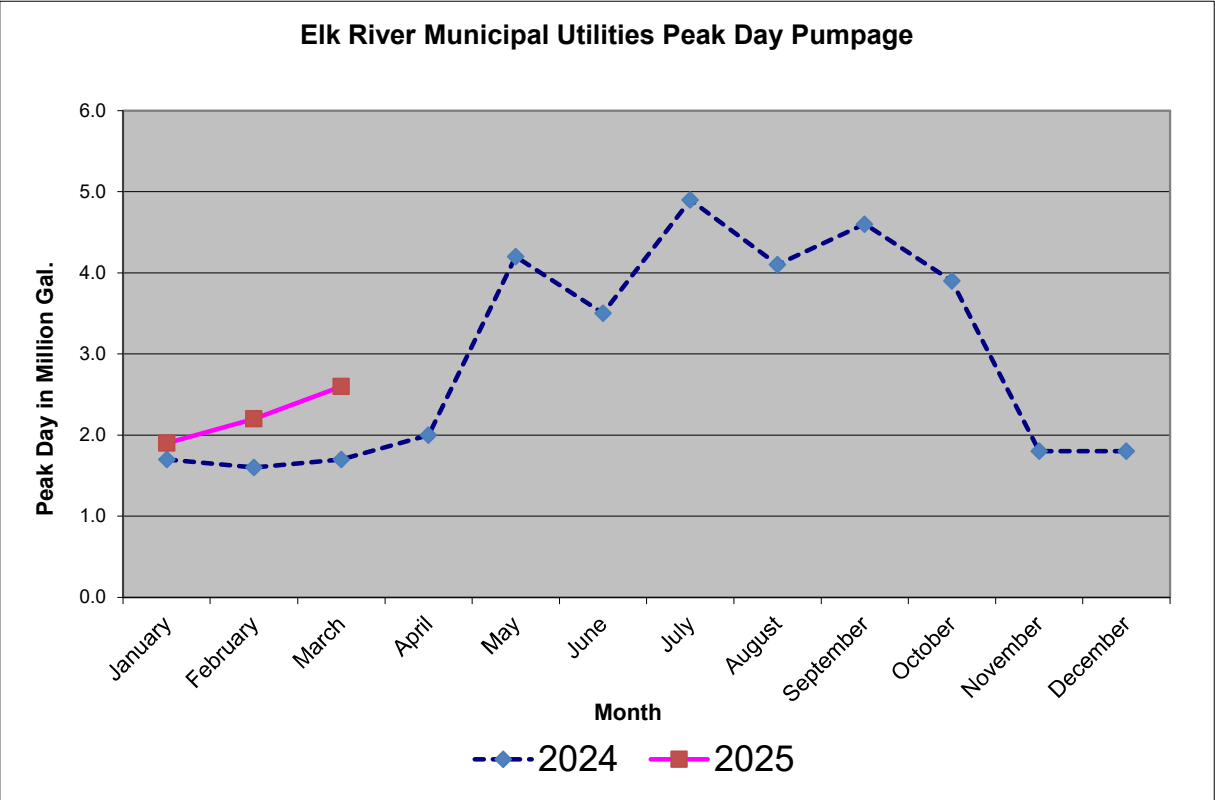
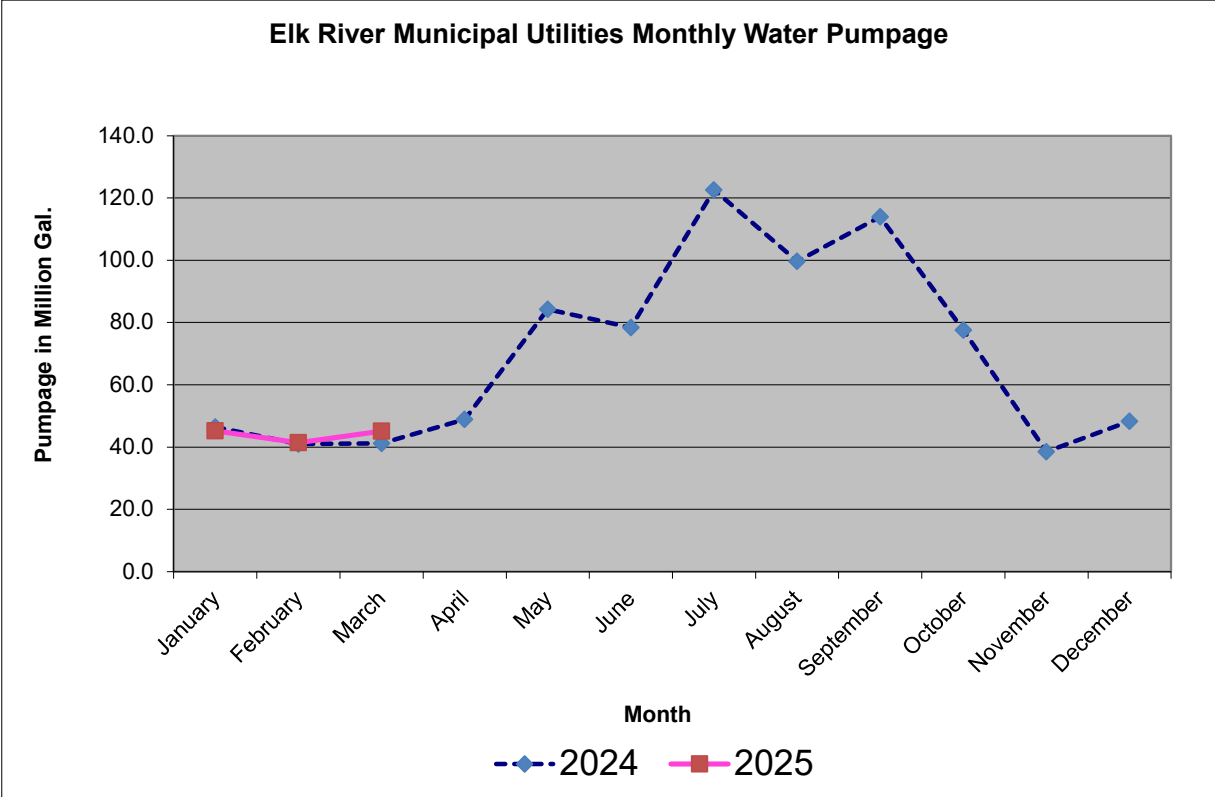
Item Variance of +/- \$15,000 and +/- 15%

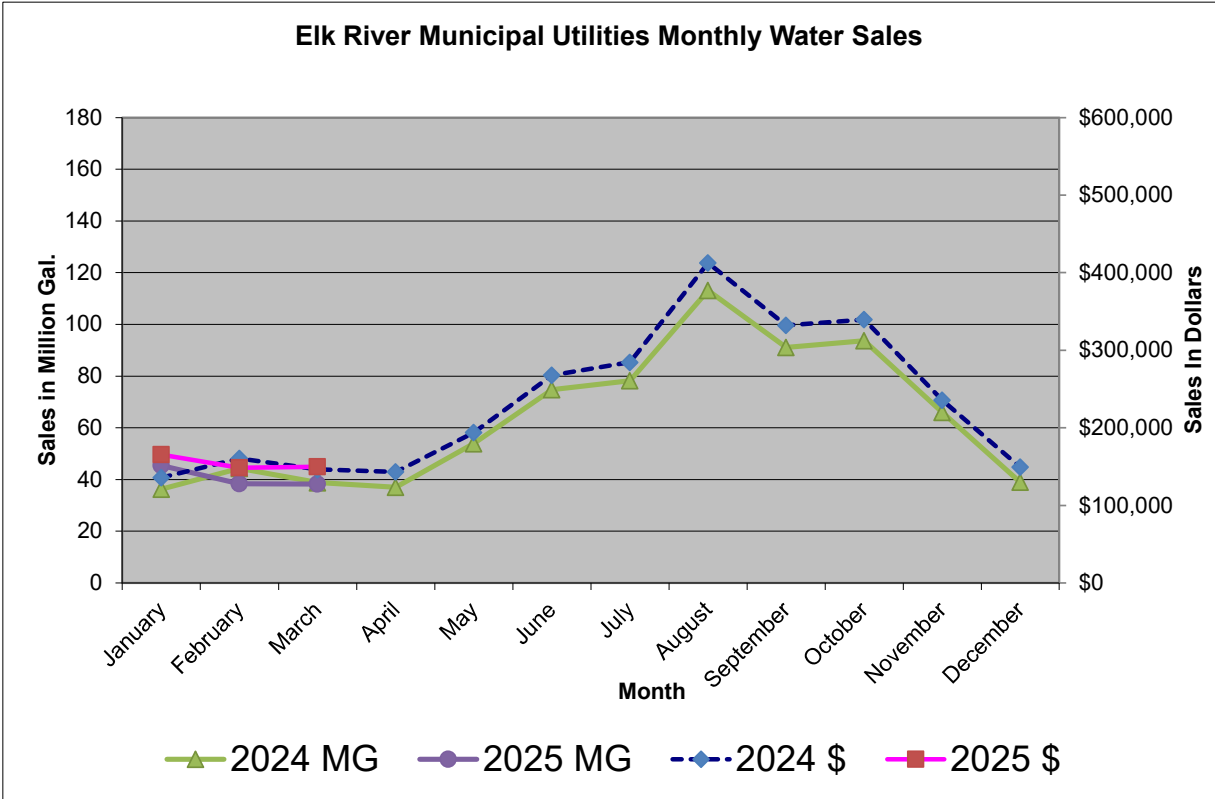
- (1) PYTD variance due to a couple of large connection agreements in 2024.
- (2) PYTD variance is mainly due to higher gas usage in 2025.
- (3) YTD budget variance is due to an even spread in mtce of water mains. PYTD variance is mainly due to water meter service costs for AMI project.
- (4) PYTD variance is due to increased consulting fees (power plant) and sick pay (accrual change).











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

		2025 FEBRUARY	2025 YTD	2025 YTD BUDGET	2025 ANNUAL BUDGET	2025 YTD Bud Var%	2024 FEBRUARY	2024 YTD	YTD VARIANCE	2024 v. 2025 Actual Var%
Electric Revenue										
Operating Revenue										
Elk River										
	ELECT SALES - ELK RIVER RESID	1,121,759	2,438,818	2,348,005	14,008,158	4	1,206,187	2,221,212	217,605	10
	ELECT SALES - ELK RIVER NON-D	295,882	606,046	580,104	3,561,584	4	314,130	550,685	55,361	10
	ELECT SALES - ELK RIVER DEMA	1,342,326	2,679,981	2,714,024	18,661,634	(1)	1,380,136	2,628,029	51,952	2
	PCA SALES REVENUE - ELK RIVE	15,323	171,341	267,940	1,522,421	(36)	53,243	146,981	24,359	17
	PCA SALES REVENUE - ELK RIVE	4,452	44,519	72,791	423,421	(39)	15,268	40,879	3,639	9
	PCA SALES REVENUE - ELK RIVE	26,632	256,077	451,388	2,908,507	(43)	87,344	252,580	3,497	1
	Total For Elk River:	2,806,376	6,196,785	6,434,255	41,085,728	(4)	3,056,310	5,840,369	356,416	6
Otsego										
	ELECT SALES - OTSEGO RESIDEN	120,668	266,407	255,902	1,546,756	4	138,412	249,404	17,002	7
	ELECT SALES - OTSEGO NON-DEM	38,400	81,390	71,063	499,327	15	40,216	71,530	9,859	14
	ELECT SALES - OTSEGO DEMAND	117,450	257,030	243,407	1,587,577	6	127,826	230,970	26,059	11
	PCA SALES REVENUE - OTSEGO R	1,635	18,601	30,097	168,103	(38)	6,036	15,888	2,713	17
	PCA SALES REVENUE - OTSEGO N	588	6,273	8,991	46,753	(30)	1,984	5,146	1,127	22
	PCA SALES REVENUE - OTSEGO D	2,204	25,687	39,386	225,212	(35)	8,211	21,448	4,238	20
	Total For Otsego:	280,948	655,391	648,849	4,073,730	1	322,686	594,389	61,002	10
Rural Big Lake										
	ELECT SALES - BIG LAKE RESIDE	16,451	36,246	36,948	199,359	(2)	19,231	34,198	2,047	6
	ELECT SALES - BIG LAKE NON-DE	163	344	388	4,810	(11)	180	343	0	0
	PCA SALES REVENUE - BIG LAKE	227	2,597	3,740	21,666	(31)	862	2,240	357	16
	PCA SALES REVENUE - BIG LAKE	1	13	600	6,026	(98)	4	12	1	8
	Total For Rural Big Lake:	16,843	39,202	41,677	231,863	(6)	20,279	36,795	2,407	7
Dayton										
	ELECT SALES - DAYTON RESIDEN	17,651	38,234	36,567	212,063	5	19,198	33,925	4,309	13
	ELECT SALES - DAYTON NON-DE	3,097	6,766	6,918	40,465	(2)	3,564	6,439	326	5
	PCA SALES REVENUE - DAYTON R	236	2,631	3,909	23,047	(33)	833	2,134	497	23
	PCA SALES REVENUE - DAYTON	41	483	1,000	6,410	(52)	159	417	65	16
	Total For Dayton:	21,028	48,115	48,395	281,986	(1)	23,757	42,917	5,198	12
Public St & Hwy Lighting										
	ELECT SALES - SEC LTS	23,899	45,765	43,500	261,000	5	21,738	43,406	2,359	5
	Total For Public St & Hwy Lighting:	23,899	45,765	43,500	261,000	5	21,738	43,406	2,359	5
Other Electric Sales										
	SUB-STATION CREDIT	400	800	800	4,800	0	400	800	0	0

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

	2025 FEBRUARY	2025 YTD	2025 YTD BUDGET	2025 ANNUAL BUDGET	2025 YTD Bud Var%	2024 FEBRUARY	2024 YTD	YTD VARIANCE	2024 v. 2025 Actual Var%
Electric									
Total For Other Electric Sales:	400	800	800	4,800	0	400	800	0	0
Total Operating Revenue	<u>3,149,497</u>	<u>6,986,061</u>	<u>7,217,477</u>	<u>45,939,108</u>	<u>(3)</u>	<u>3,445,172</u>	<u>6,558,678</u>	<u>427,382</u>	<u>7</u>
Other Operating Revenue									
Interest/Dividend Income									
INTEREST & DIVIDEND INCOME	52,668	78,875	58,333	350,000	35	3,790	51,036	27,839	55
Total For Interest/Dividend Income:	52,668	78,875	58,333	350,000	35	3,790	51,036	27,839	55
Customer Penalties									
CUSTOMER DELINQUENT PENALT	20,879	44,989	47,500	285,000	(5)	21,602	41,748	3,241	8
Total For Customer Penalties:	20,879	44,989	47,500	285,000	(5)	21,602	41,748	3,241	8
Connection Fees									
DISCONNECT & RECONNECT CHA	(15,225)	17,309	25,000	150,000	(31)	21,466	112,851	(95,542)	(85)
Total For Connection Fees:	(15,225)	17,309	25,000	150,000	(31)	21,466	112,851	(95,542)	(85)
Misc Revenue									
MISC ELEC REVENUE - TEMP CHG	1,100	1,540	416	2,500	269	0	440	1,100	250
STREET LIGHT	0	0	0	10,000	0	0	12,600	(12,600)	(100)
TRANSMISSION INVESTMENTS	50,836	110,988	100,000	600,000	11	45,386	101,283	9,704	10
MISC NON-UTILITY	5,635	11,973	18,333	110,000	(35)	7,677	18,646	(6,673)	(36)
GAIN ON DISPOSITION OF PROPER	0	16,500	0	25,000	0	0	0	16,500	0
CONTRIBUTIONS FROM CUSTOME	23,360	133,596	37,500	225,000	256	0	0	133,596	0
Total For Misc Revenue:	80,931	274,598	156,250	972,500	76	53,064	132,970	141,627	107
Total Other Revenue	<u>139,254</u>	<u>415,772</u>	<u>287,083</u>	<u>1,757,500</u>	<u>45</u>	<u>99,924</u>	<u>338,605</u>	<u>77,167</u>	<u>23</u>
Total For Total Other Revenue:	139,254	415,772	287,083	1,757,500	45	99,924	338,605	77,167	23
Total Revenue	<u>3,288,751</u>	<u>7,401,834</u>	<u>7,504,561</u>	<u>47,696,608</u>	<u>(1)</u>	<u>3,545,096</u>	<u>6,897,284</u>	<u>504,549</u>	<u>7</u>
Expenses									
Purchased Power									
PURCHASED POWER	1,601,253	3,355,682	3,381,892	23,315,290	(1)	1,497,707	3,207,629	148,053	5
ENERGY ADJUSTMENT CLAUSE	413,362	813,630	1,199,363	7,284,337	(32)	515,674	1,024,750	(211,120)	(21)
Total For Purchased Power:	2,014,615	4,169,313	4,581,255	30,599,628	(9)	2,013,382	4,232,380	(63,067)	(1)
Operating & Mtce Expense									
OPERATING SUPERVISION	13,313	27,416	25,000	150,000	10	11,749	23,192	4,224	18
NATURAL GAS	1,062	7,025	13,000	30,000	(46)	2,887	7,772	(747)	(10)
ELECTRIC & WATER CONSUMPTI	5,971	11,921	12,500	65,000	(5)	4,787	11,531	389	3

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

	2025 FEBRUARY	2025 YTD	2025 YTD BUDGET	2025 ANNUAL BUDGET	2025 YTD Bud Var%	2024 FEBRUARY	2024 YTD	YTD VARIANCE	2024 v. 2025 Actual Var%
Electric									
PLANT SUPPLIES & OTHER EXPEN	412	497	2,500	15,000	(80)	861	2,820	(2,323)	(82)
MISC POWER GENERATION EXPE	140	140	166	1,000	(16)	345	485	(345)	(71)
MAINTENANCE OF STRUCTURE -	1,962	4,368	3,333	20,000	31	519	1,311	3,057	233
MTCE OF PLANT ENGINES/GENER	201	201	833	5,000	(76)	513	1,065	(864)	(81)
MTCE OF PLANT/LAND IMPROVE	4,046	5,525	20,000	55,000	(72)	1,961	2,912	2,613	90
Total For Operating & Mtce Expense:	27,109	57,096	77,333	341,000	(26)	23,625	51,092	6,003	12
Transmission Expense									
TRANSMISSION MTCE AND EXPE	2,801	5,965	12,666	76,000	(53)	5,030	10,589	(4,623)	(44)
Total For Transmission Expense:	2,801	5,965	12,666	76,000	(53)	5,030	10,589	(4,623)	(44)
Distribution Expense									
REMOVE EXISTING SERVICE & M	58	166	333	2,000	(50)	0	0	166	0
SCADA EXPENSE	3,713	10,042	10,000	60,000	0	2,912	5,864	4,177	71
TRANSFORMER EXPENSE OH & U	1,193	2,419	4,166	25,000	(42)	2,813	3,845	(1,426)	(37)
MTCE OF SIGNAL SYSTEMS	0	0	500	3,000	(100)	59	199	(199)	(100)
METER EXPENSE - REMOVE & RE	484	484	250	1,500	94	0	241	243	101
TEMP SERVICE - INSTALL & REM	797	1,421	1,666	10,000	(15)	109	109	1,311	1,192
MISC DISTRIBUTION EXPENSE	32,096	72,411	70,000	420,000	3	38,326	77,556	(5,144)	(7)
Total For Distribution Expense:	38,344	86,945	86,916	521,500	0	44,222	87,816	(871)	(1)
Maintenance Expense									
MTCE OF STRUCTURES	6,055	19,554	15,333	92,000	28	6,117	10,842	8,712	80
MTCE OF SUBSTATIONS	0	592	7,500	45,000	(92)	2,500	6,402	(5,809)	(91)
MTCE OF SUBSTATION EQUIPME	3,624	6,780	25,000	150,000	(73)	6,156	22,215	(15,435)	(69)
MTCE OF OH LINES/TREE TRIM	48,147	101,960	138,000	300,000	(26)	67,948	136,187	(34,227)	(25)
MTCE OF OH LINES/STANDBY	3,458	6,796	8,333	50,000	(18)	3,244	7,180	(383)	(5)
MTCE OF OH PRIMARY	4,574	37,207	31,666	190,000	17	8,616	24,036	13,170	55
MTCE OF URD PRIMARY	32,940	43,003	50,000	300,000	(14)	9,619	1,369	41,634	3,041
LOCATE ELECTRIC LINES	5,366	9,124	20,833	125,000	(56)	5,835	9,315	(190)	(2)
LOCATE FIBER LINES	38	114	416	2,500	(73)	105	105	8	9
MTCE OF LINE TRANSFORMERS	4,294	7,828	12,500	75,000	(37)	2,459	4,884	2,943	60
MTCE OF STREET LIGHTING	3,401	10,492	11,500	69,000	(9)	4,395	12,896	(2,404)	(19)
MTCE OF SECURITY LIGHTING	1,070	5,369	4,166	25,000	29	2,228	4,000	1,369	34
MTCE OF METERS	1,255	2,487	13,333	80,000	(81)	6,750	13,867	(11,380)	(82)
VOLTAGE COMPLAINTS	595	1,137	2,000	12,000	(43)	0	0	1,137	0
SALARIES TRANSMISSION & DIST	2,987	6,145	6,000	36,000	2	2,555	5,160	984	19
ELECTRIC MAPPING	10,005	25,777	25,833	155,000	0	22,377	53,356	(27,578)	(52)

ELK RIVER MUNICIPAL UTILITIES
ELK RIVER, MINNESOTA
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FOR PERIOD ENDING FEBRUARY 2025

Electric		2025	2025	2025	2025	2025 YTD	2024	2024	YTD	2024 v. 2025
		FEBRUARY	YTD	YTD BUDGET	ANNUAL BUDGET	Bud Var%	FEBRUARY	YTD	VARIANCE	Actual Var%
	FIBER MAPPING	0	0	2,500	15,000	(100)	0	0	0	0
	MTCE OF OH SECONDARY	2,440	5,135	3,833	23,000	34	997	2,407	2,727	113
	MTCE OF URD SECONDARY	3,287	10,203	12,500	75,000	(18)	2,484	6,194	4,009	65
	TRANSPORTATION EXPENSE	29,026	65,319	54,166	325,000	21	21,872	65,039	280	0
	Total For Maintenance Expense:	162,569	365,032	445,416	2,144,500	(18)	176,265	385,462	(20,430)	(5)
Depreciation & Amortization										
	DEPRECIATION	230,898	462,870	445,235	2,671,415	4	219,718	438,135	24,735	6
	AMORTIZATION	55,677	111,355	111,356	668,136	0	55,677	111,355	0	0
	Total For Depreciation & Amortization:	286,576	574,226	556,591	3,339,551	3	275,395	549,491	24,735	5
Interest Expense										
	INTEREST EXPENSE - BONDS	66,971	135,217	135,217	794,932	0	70,163	141,563	(6,345)	(4)
	AMORTIZATION OF DEBT DISCOU	(4,988)	(9,977)	(9,977)	(59,863)	0	(4,988)	(9,977)	0	0
	Total For Interest Expense:	61,982	125,240	125,240	735,069	0	65,174	131,586	(6,345)	(5)
Other Operating Expense										
	EV CHARGING EXPENSE	198	401	233	1,400	73	199	406	(5)	(1)
	LOSS ON DISPOSITION OF PROP (C	0	0	0	160,000	0	0	0	0	0
	OTHER DONATIONS	91	217	333	2,000	(35)	0	0	217	0
	PENSION EXPENSE	0	0	0	259,000	0	0	0	0	0
	INTEREST EXPENSE - METER DEP	4,123	8,196	10,000	60,000	(18)	4,721	9,382	(1,185)	(13)
	Total For Other Operating Expense:	4,412	8,815	10,566	482,400	(17)	4,921	9,788	(973)	(10)
Customer Accounts Expense										
	METER READING EXPENSE	2,653	6,099	5,833	35,000	5	2,986	6,659	(559)	(8)
	DISCONNECT/RECONNECT EXPEN	0	0	1,666	10,000	(100)	530	1,871	(1,871)	(100)
	MISC CUSTOMER ACCOUNTS EXP	28,717	60,196	66,666	400,000	(10)	28,322	55,220	4,975	9
	BAD DEBT EXPENSE & RECOVER	449	649	4,166	25,000	(84)	1,646	2,887	(2,238)	(77)
	Total For Customer Accounts Expense:	31,820	66,945	78,333	470,000	(15)	33,486	66,638	306	0
Administrative Expense										
	SALARIES OFFICE & COMMISSION	76,034	159,117	180,833	1,085,000	(12)	72,274	147,552	11,564	8
	TEMPORARY STAFFING	0	0	666	4,000	(100)	0	0	0	0
	OFFICE SUPPLIES	8,968	14,372	22,500	135,000	(36)	12,382	16,940	(2,568)	(15)
	ELECTRIC & WATER CONSUMPTI	1,845	3,718	5,333	32,000	(30)	1,997	4,144	(425)	(10)
	BANK FEES	208	496	500	3,000	(1)	182	317	178	56
	LEGAL FEES	1,322	1,899	5,000	30,000	(62)	648	1,912	(13)	(1)
	AUDITING FEES	1,720	3,440	3,440	20,640	0	1,640	3,280	160	5
	INSURANCE	14,866	29,733	32,500	195,000	(9)	15,733	31,147	(1,414)	(5)

ELK RIVER MUNICIPAL UTILITIES
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FOR PERIOD ENDING FEBRUARY 2025

Electric	2025	2025	2025	2025	2025 YTD	2024	2024	YTD	2024 v. 2025
	FEBRUARY	YTD	YTD BUDGET	ANNUAL BUDGET	Bud Var%	FEBRUARY	YTD	VARIANCE	Actual Var%
UTILITY SHARE - DEFERRED COM	14,256	37,308	21,416	128,500	74	15,648	32,937	4,371	13
UTILITY SHARE - MEDICAL/DENT	65,354	247,719	253,847	942,322	(2)	59,894	246,428	1,290	1
UTILITY SHARE - PERA	24,552	52,821	53,583	321,500	(1)	23,622	49,743	3,077	6
UTILITY SHARE - FICA	23,570	50,256	52,583	315,500	(4)	22,861	48,113	2,142	4
EMPLOYEE SICK PAY	34,128	63,800	34,000	204,000	88	12,877	9,740	54,060	555
EMPLOYEE HOLIDAY PAY	15,938	47,430	48,525	194,100	(2)	15,170	45,863	1,566	3
EMPLOYEE VACATION & PTO PA	24,586	92,267	81,363	325,000	13	22,596	72,153	20,113	28
UPMIC DISTRIBUTION	0	0	0	86,000	0	0	0	0	0
LONGEVITY PAY	0	0	0	9,945	0	0	0	0	0
CONSULTING FEES	21,220	21,220	39,833	239,000	(47)	7,684	9,717	11,503	118
TELEPHONE	2,840	5,716	6,333	38,000	(10)	2,919	5,831	(114)	(2)
ADVERTISING	1,115	2,435	3,333	20,000	(27)	1,396	3,028	(593)	(20)
DUES & SUBSCRIPTIONS - FEES	12,758	24,531	25,334	152,009	(3)	7,099	14,591	9,939	68
SCHOOLS & MEETINGS	26,624	32,462	43,000	292,333	(25)	22,401	42,258	(9,795)	(23)
MTCE OF GENERAL PLANT & OFFI	865	1,730	1,833	11,000	(6)	845	1,690	40	2
Total For Administrative Expense:	372,778	892,478	915,760	4,783,849	(3)	319,877	787,392	105,085	13
General Expense									
CIP REBATES - RESIDENTIAL	3,937	15,652	15,126	90,758	3	6,445	13,470	2,182	16
CIP REBATES - COMMERCIAL	1,964	1,964	18,666	112,000	(89)	0	0	1,964	0
CIP - ADMINISTRATION	10,257	21,340	30,494	182,965	(30)	10,000	20,000	1,340	7
CIP - MARKETING	1,674	10,695	8,539	51,235	25	4,813	5,627	5,067	90
CIP - LABOR	8,313	17,546	22,303	133,822	(21)	7,973	19,023	(1,476)	(8)
CIP REBATES - LOW INCOME	0	0	3,120	18,720	(100)	0	0	0	0
CIP - LOW INCOME LABOR	786	1,707	1,666	10,000	2	723	1,587	120	8
ENVIRONMENTAL COMPLIANCE	2,374	4,757	5,833	35,000	(18)	2,533	5,081	(324)	(6)
MISC GENERAL EXPENSE	(158)	(202)	883	5,300	(123)	(3)	(24)	(177)	(742)
Total For General Expense:	29,150	73,462	106,633	639,800	(31)	32,485	64,765	8,697	13
Total Expenses(before Operating Transfers)	3,032,161	6,425,522	6,996,716	44,133,298	(8)	2,993,867	6,377,005	48,516	1
Operating Transfer									
Operating Transfer/Other Funds									
TRANSFER TO CITY ELK RIVER R	113,003	249,324	257,370	1,643,429	(3)	122,954	235,015	14,308	6
Total For Operating Transfer/Other Funds:	113,003	249,324	257,370	1,643,429	(3)	122,954	235,015	14,308	6
Utilities & Labor Donated									
UTILITIES & LABOR DONATED TO	19,212	39,042	44,166	265,000	(12)	18,646	37,467	1,574	4

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

Electric		2025	2025	2025	2025	2025 YTD	2024	2024	YTD	2024 v. 2025
		FEBRUARY	YTD	YTD	ANNUAL	Bud Var%	FEBRUARY	YTD	VARIANCE	Actual Var%
	Total For Utilities & Labor Donated:	19,212	39,042	44,166	265,000	(12)	18,646	37,467	1,574	4
	Total Operating Transfer									
	Total For Total Operating Transfer:	132,215	288,366	301,536	1,908,429	(4)	141,601	272,483	15,882	6
	Net Income Profit(Loss)	124,374	687,945	206,308	1,654,880	233	409,627	247,795	440,150	178

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

	2025 FEBRUARY	2025 YTD	2025 YTD BUDGET	2025 ANNUAL BUDGET	2025 YTD Bud Var%	2024 FEBRUARY	2024 YTD	YTD VARIANCE	2024 v. 2025 Actual Var%
Water									
Revenue									
Operating Revenue									
Water Sales									
WATER SALES RESIDENTIAL	91,220	192,478	174,906	1,768,457	10	97,469	184,951	7,527	4
WATER SALES COMMERCIAL	55,671	118,376	99,576	1,024,735	19	61,311	107,833	10,542	10
WATER SALES IRRIGATION	1,716	3,402	3,575	350,120	(5)	1,804	3,439	(37)	(1)
Total For Water Sales:	148,608	314,257	278,058	3,143,313	13	160,586	296,224	18,033	6
Total Operating Revenue	148,608	314,257	278,058	3,143,313	13	160,586	296,224	18,033	6
Total For Total Operating Revenue:	148,608	314,257	278,058	3,143,313	13	160,586	296,224	18,033	6
Other Operating Revenue									
Interest/Dividend Income									
INTEREST & DIVIDEND INCOME	14,059	21,957	25,000	150,000	(12)	2,959	16,799	5,158	31
OTHER INTEREST/MISC REVENUE	0	0	166	1,000	(100)	0	0	0	0
Total For Interest/Dividend Income:	14,059	21,957	25,166	151,000	(13)	2,959	16,799	5,158	31
Customer Penalties									
CUSTOMER PENALTIES	1,203	5,786	4,666	28,000	24	2,637	5,004	782	16
Total For Customer Penalties:	1,203	5,786	4,666	28,000	24	2,637	5,004	782	16
Connection Fees									
WATER/ACCESS/CONNECTION FE	14,400	39,600	42,500	255,000	(7)	18,000	96,149	(56,549)	(59)
CUSTOMER CONNECTION FEES	2,247	5,399	5,416	32,500	0	1,526	5,291	107	2
BULK WATER SALES/HYDRANT R	111	3,442	5,166	31,000	(33)	0	8,022	(4,580)	(57)
Total For Connection Fees:	16,759	48,441	53,083	318,500	(9)	19,526	109,463	(61,022)	(56)
Misc Revenue									
MISC NON-UTILITY	0	310	16	100	1,729	0	20	290	1,455
GAIN ON DISPOSITION OF PROPER	0	0	0	8,000	0	0	0	0	0
MISCELLANEOUS REVENUE	1,091	1,091	83	500	1,216	0	0	1,091	0
HYDRANT MAINTENANCE PROGR	975	1,950	2,500	15,000	(22)	986	1,960	(10)	(1)
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:	2,066	3,352	2,600	426,100	29	986	1,980	1,372	69
Total Other Revenue	34,088	79,537	85,516	923,600	(7)	26,109	133,247	(53,710)	(40)
Total For Total Other Revenue:	34,088	79,537	85,516	923,600	(7)	26,109	133,247	(53,710)	(40)

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

		2025	2025	2025	2025	2025 YTD	2024	2024	YTD	2024 v. 2025
		FEBRUARY	YTD	YTD BUDGET	ANNUAL BUDGET	Bud Var%	FEBRUARY	YTD	VARIANCE	Actual Var%
Water										
	Total Revenue	<u>182,697</u>	<u>393,795</u>	<u>363,574</u>	<u>4,066,913</u>	<u>8</u>	<u>186,695</u>	<u>429,472</u>	<u>(35,677)</u>	<u>(8)</u>
Expenses										
	Production Expense									
	MTCE OF STRUCTURES	<u>9,681</u>	<u>20,970</u>	<u>22,500</u>	<u>135,000</u>	<u>(7)</u>	<u>10,351</u>	<u>22,492</u>	<u>(1,522)</u>	<u>(7)</u>
	Total For Production Expense:	<u>9,681</u>	<u>20,970</u>	<u>22,500</u>	<u>135,000</u>	<u>(7)</u>	<u>10,351</u>	<u>22,492</u>	<u>(1,522)</u>	<u>(7)</u>
	Pumping Expense									
	SUPERVISION	<u>5,670</u>	<u>12,503</u>	<u>12,666</u>	<u>76,000</u>	<u>(1)</u>	<u>4,353</u>	<u>10,540</u>	<u>1,962</u>	<u>19</u>
	ELECTRIC & GAS UTILITIES	<u>25,631</u>	<u>46,081</u>	<u>51,666</u>	<u>310,000</u>	<u>(11)</u>	<u>17,194</u>	<u>37,332</u>	<u>8,748</u>	<u>23</u>
	SAMPLING	<u>3,142</u>	<u>4,032</u>	<u>4,025</u>	<u>24,150</u>	<u>0</u>	<u>714</u>	<u>2,490</u>	<u>1,541</u>	<u>62</u>
	CHEMICAL FEED	<u>1,048</u>	<u>5,079</u>	<u>8,333</u>	<u>50,000</u>	<u>(39)</u>	<u>1,788</u>	<u>4,027</u>	<u>1,052</u>	<u>26</u>
	MTCE OF WELLS	<u>15,535</u>	<u>37,121</u>	<u>33,333</u>	<u>200,000</u>	<u>11</u>	<u>12,934</u>	<u>29,666</u>	<u>7,454</u>	<u>25</u>
	SCADA - PUMPING	<u>342</u>	<u>692</u>	<u>2,000</u>	<u>12,000</u>	<u>(65)</u>	<u>223</u>	<u>538</u>	<u>153</u>	<u>28</u>
	Total For Pumping Expense:	<u>51,371</u>	<u>105,509</u>	<u>112,025</u>	<u>672,150</u>	<u>(6)</u>	<u>37,209</u>	<u>84,596</u>	<u>20,913</u>	<u>25</u>
	Distribution Expense									
	MTCE OF WATER MAINS	<u>3,579</u>	<u>6,307</u>	<u>29,166</u>	<u>175,000</u>	<u>(78)</u>	<u>1,857</u>	<u>4,260</u>	<u>2,046</u>	<u>48</u>
	LOCATE WATER LINES	<u>909</u>	<u>1,612</u>	<u>3,333</u>	<u>20,000</u>	<u>(52)</u>	<u>929</u>	<u>1,438</u>	<u>173</u>	<u>12</u>
	MTCE OF WATER SERVICES	<u>0</u>	<u>0</u>	<u>83</u>	<u>500</u>	<u>(100)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	WATER METER SERVICE	<u>11,248</u>	<u>14,905</u>	<u>11,666</u>	<u>70,000</u>	<u>28</u>	<u>819</u>	<u>4,783</u>	<u>10,121</u>	<u>212</u>
	BACKFLOW DEVICE INSPECTION	<u>1,439</u>	<u>2,669</u>	<u>2,700</u>	<u>23,160</u>	<u>(1)</u>	<u>1,419</u>	<u>2,680</u>	<u>(10)</u>	<u>0</u>
	MTCE OF CUSTOMERS SERVICE	<u>2,510</u>	<u>5,398</u>	<u>5,833</u>	<u>35,000</u>	<u>(7)</u>	<u>2,557</u>	<u>5,497</u>	<u>(99)</u>	<u>(2)</u>
	WATER MAPPING	<u>3,540</u>	<u>11,794</u>	<u>2,833</u>	<u>17,000</u>	<u>316</u>	<u>2,866</u>	<u>4,430</u>	<u>7,363</u>	<u>166</u>
	FIBER MAPPING	<u>0</u>	<u>0</u>	<u>2,500</u>	<u>15,000</u>	<u>(100)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	MTCE OF WATER HYDRANTS - PU	<u>1,032</u>	<u>6,581</u>	<u>3,666</u>	<u>22,000</u>	<u>79</u>	<u>430</u>	<u>969</u>	<u>5,612</u>	<u>579</u>
	MTCE OF WATER HYDRANTS - PR	<u>0</u>	<u>0</u>	<u>1,000</u>	<u>6,000</u>	<u>(100)</u>	<u>609</u>	<u>609</u>	<u>(609)</u>	<u>(100)</u>
	WATER CLOTHING/PPE	<u>0</u>	<u>79</u>	<u>2,500</u>	<u>15,000</u>	<u>(97)</u>	<u>0</u>	<u>399</u>	<u>(320)</u>	<u>(80)</u>
	WAGES WATER	<u>732</u>	<u>1,514</u>	<u>1,666</u>	<u>10,000</u>	<u>(9)</u>	<u>673</u>	<u>1,338</u>	<u>175</u>	<u>13</u>
	TRANSPORTATION EXPENSE	<u>901</u>	<u>1,639</u>	<u>4,000</u>	<u>24,000</u>	<u>(59)</u>	<u>672</u>	<u>2,153</u>	<u>(514)</u>	<u>(24)</u>
	WATER PERMIT	<u>20,037</u>	<u>20,037</u>	<u>27,000</u>	<u>27,000</u>	<u>(26)</u>	<u>26,255</u>	<u>26,255</u>	<u>(6,218)</u>	<u>(24)</u>
	Total For Distribution Expense:	<u>45,931</u>	<u>72,538</u>	<u>97,950</u>	<u>459,660</u>	<u>(26)</u>	<u>39,091</u>	<u>54,817</u>	<u>17,720</u>	<u>32</u>
	Depreciation & Amortization									
	DEPRECIATION	<u>115,418</u>	<u>231,000</u>	<u>220,977</u>	<u>1,325,865</u>	<u>5</u>	<u>100,889</u>	<u>201,632</u>	<u>29,368</u>	<u>15</u>
	Total For Depreciation & Amortization:	<u>115,418</u>	<u>231,000</u>	<u>220,977</u>	<u>1,325,865</u>	<u>5</u>	<u>100,889</u>	<u>201,632</u>	<u>29,368</u>	<u>15</u>
	Interest Expense									
	INTEREST EXPENSE - BONDS	<u>3,266</u>	<u>6,533</u>	<u>6,533</u>	<u>38,117</u>	<u>0</u>	<u>3,466</u>	<u>6,933</u>	<u>(400)</u>	<u>(6)</u>
	AMORTIZATION OF DEBT DISCOU	<u>(554)</u>	<u>(1,108)</u>	<u>(1,108)</u>	<u>(6,651)</u>	<u>0</u>	<u>(554)</u>	<u>(1,108)</u>	<u>0</u>	<u>0</u>

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

Water		2025	2025	2025	2025	2025 YTD	2024	2024	YTD	2024 v. 2025
		FEBRUARY	YTD	YTD BUDGET	ANNUAL BUDGET	Bud Var%	FEBRUARY	YTD	VARIANCE	Actual Var%
	Total For Interest Expense:	2,712	5,424	5,424	31,466	0	2,912	5,824	(400)	(7)
Other Operating Expense										
	LOSS ON DISPOSITION OF PROP (C	0	0	0	16,000	0	0	0	0	0
	DAM MAINTENANCE EXPENSE	0	30	0	0	0	0	0	30	0
	PENSION EXPENSE	0	0	0	44,000	0	0	0	0	0
	INTEREST EXPENSE - METER DEP	52	104	125	750	(17)	120	241	(137)	(57)
	Total For Other Operating Expense:	52	134	125	60,750	8	120	241	(107)	(44)
Customer Accounts Expense										
	METER READING EXPENSE	539	1,108	1,166	7,000	(5)	153	344	764	222
	MISC CUSTOMER ACCOUNTS EXP	7,245	15,299	16,333	98,000	(6)	7,218	14,161	1,137	8
	BAD DEBT EXPENSE & RECOVER	0	0	41	250	(100)	0	0	0	0
	Total For Customer Accounts Expense:	7,785	16,407	17,541	105,250	(6)	7,372	14,506	1,901	13
Administrative Expense										
	SALARIES OFFICE & COMMISSION	22,234	46,711	48,000	288,000	(3)	21,292	43,173	3,537	8
	TEMPORARY STAFFING	0	0	166	1,000	(100)	0	0	0	0
	OFFICE SUPPLIES	2,095	3,419	5,000	30,000	(32)	2,256	3,331	88	3
	ELECTRIC & WATER CONSUMPTI	461	930	1,166	7,000	(20)	499	1,036	(106)	(10)
	BANK FEES	52	130	116	700	11	51	85	44	51
	LEGAL FEES	330	474	833	5,000	(43)	162	449	25	6
	AUDITING FEES	430	860	1,116	6,700	(23)	410	820	40	5
	INSURANCE	3,487	6,974	7,333	44,000	(5)	3,540	7,000	(25)	0
	UTILITY SHARE - DEFERRED COM	2,304	5,659	4,016	24,100	41	2,167	4,367	1,291	30
	UTILITY SHARE - MEDICAL/DENT	16,722	58,403	63,634	269,977	(8)	14,703	54,651	3,751	7
	UTILITY SHARE - PERA	4,792	10,348	11,416	68,500	(9)	4,581	9,523	824	9
	UTILITY SHARE - FICA	4,614	9,923	11,000	66,000	(10)	4,506	9,304	619	7
	EMPLOYEE SICK PAY	5,725	10,851	5,833	35,000	86	1,949	3,905	6,945	178
	EMPLOYEE HOLIDAY PAY	3,155	9,413	10,381	41,525	(9)	2,908	7,401	2,011	27
	EMPLOYEE VACATION & PTO PA	4,243	18,251	16,909	66,000	8	3,788	14,066	4,185	30
	UPMIC DISTRIBUTION	0	0	0	18,500	0	0	0	0	0
	WELLHEAD PROTECTION	0	0	340	2,000	(100)	0	0	0	0
	LONGEVITY PAY	0	0	0	2,130	0	0	0	0	0
	CONSULTING FEES	4,680	9,560	9,566	57,400	0	2,066	2,574	6,985	271
	TELEPHONE	638	1,275	1,250	7,500	2	704	1,417	(142)	(10)
	ADVERTISING	589	969	833	5,000	16	349	757	212	28
	DUES & SUBSCRIPTIONS - FEES	16,153	18,556	19,961	89,961	(7)	15,329	16,196	2,360	15

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

Water		2025	2025	2025	2025	2025 YTD	2024	2024	YTD	2024 v. 2025
		FEBRUARY	YTD	YTD BUDGET	ANNUAL BUDGET	Bud Var%	FEBRUARY	YTD	VARIANCE	Actual Var%
	SCHOOLS & MEETINGS	3,263	4,507	10,225	60,956	(56)	2,500	6,535	(2,028)	(31)
	MTCE OF GENERAL PLANT & OFFI	216	432	458	2,750	(6)	211	422	10	2
	Total For Administrative Expense:	96,189	217,651	229,558	1,199,699	(5)	83,979	187,020	30,630	16
General Expense										
	CIP REBATES - RESIDENTIAL	25	25	833	5,000	(97)	25	25	0	0
	CIP REBATES - COMMERCIAL	0	0	83	500	(100)	0	0	0	0
	CIP - MARKETING	0	0	333	2,000	(100)	0	0	0	0
	CIP - LABOR	0	0	416	2,500	(100)	0	0	0	0
	ENVIRONMENTAL COMPLIANCE	52	118	333	2,000	(64)	37	98	20	21
	MISC GENERAL EXPENSE	0	0	41	250	(100)	0	0	0	0
	Total For General Expense:	77	143	2,041	12,250	(93)	62	123	20	17
	Total Expenses(before Operating Transfers)	329,219	669,781	708,144	4,002,091	(5)	281,989	571,255	98,525	17
Operating Transfer										
Utilities & Labor Donated										
	WATER & LABOR DONATED TO CI	0	0	333	2,000	(100)	0	0	0	0
	Total Operating Transfer									
	Total For Total Operating Transfer:	0	0	333	2,000	(100)	0	0	0	0
	Net Income Profit(Loss)	(146,522)	(275,986)	(344,903)	62,821	20	(95,293)	(141,783)	(134,202)	(95)

Beginning Fiscal Period[YYYYMM]

202501

GL Division

All

Ending Fiscal Period[YYYYMM]

202502

GL Activity

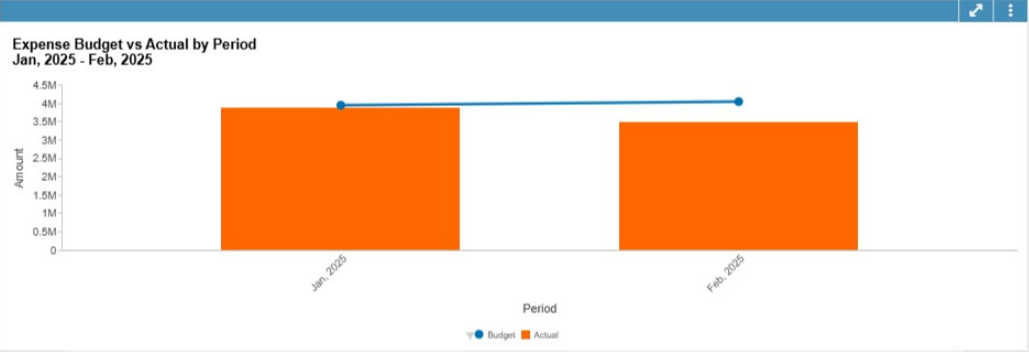
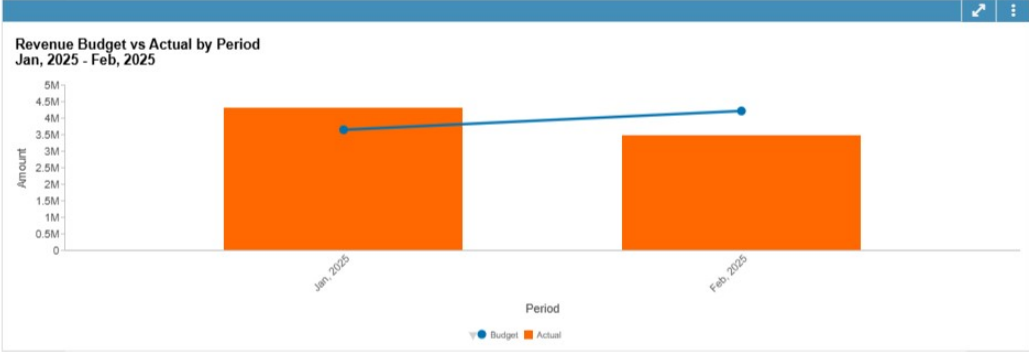
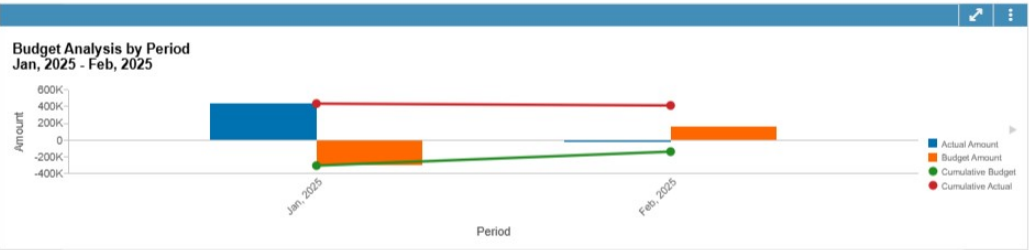
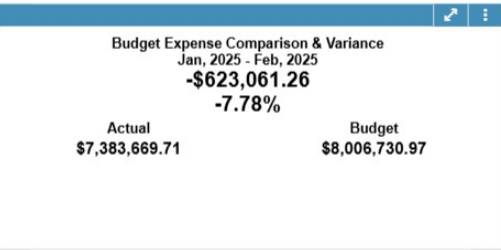
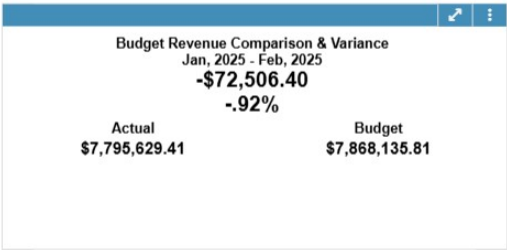
All

GL Department

All

Period Type

Closed Period



Beginning Fiscal Period[YYYYMM]

202501

GL Division

61 - Elk River Electric

Ending Fiscal Period[YYYYMM]

202502

GL Activity

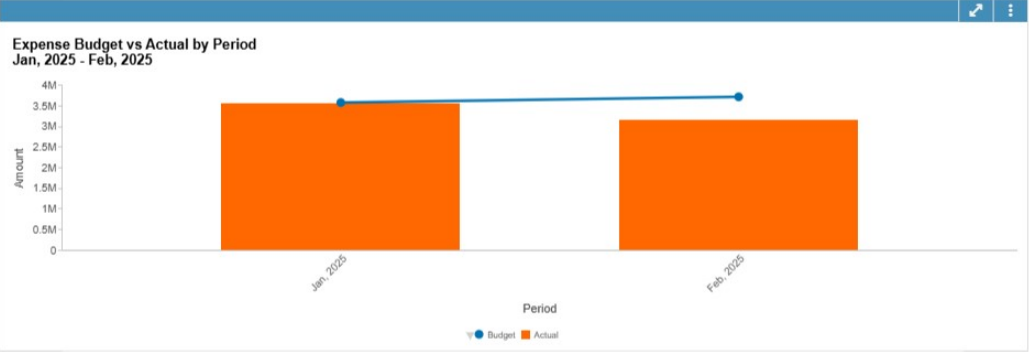
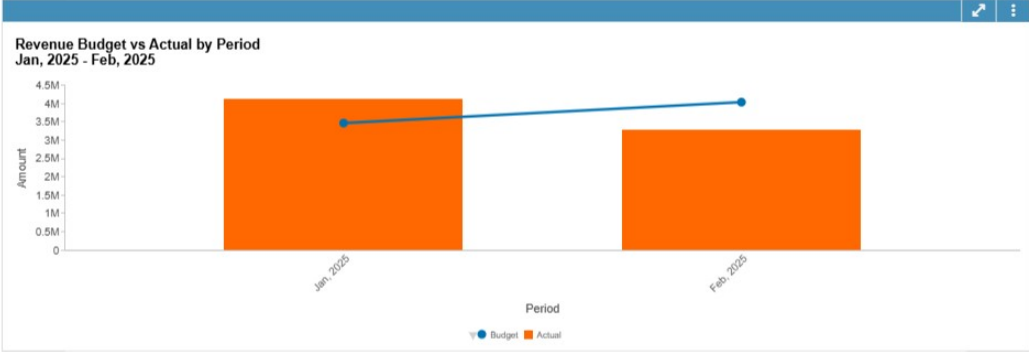
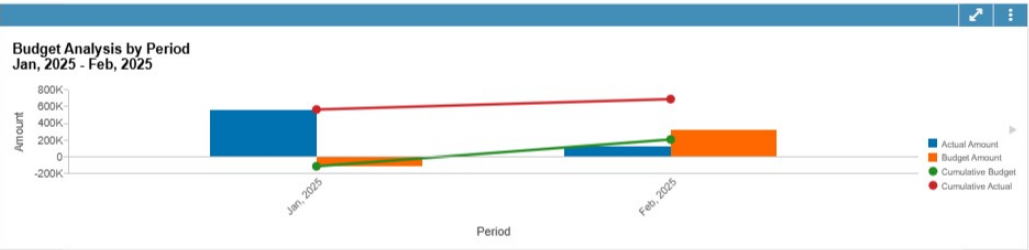
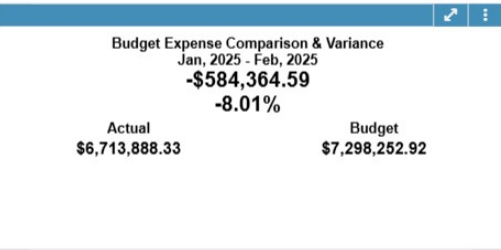
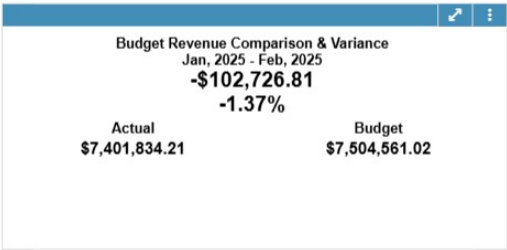
All

GL Department

All

Period Type

Closed Period



Beginning Fiscal Period[YYYYMM]

202501

GL Division

62 - Elk River Water

Ending Fiscal Period[YYYYMM]

202502

GL Activity

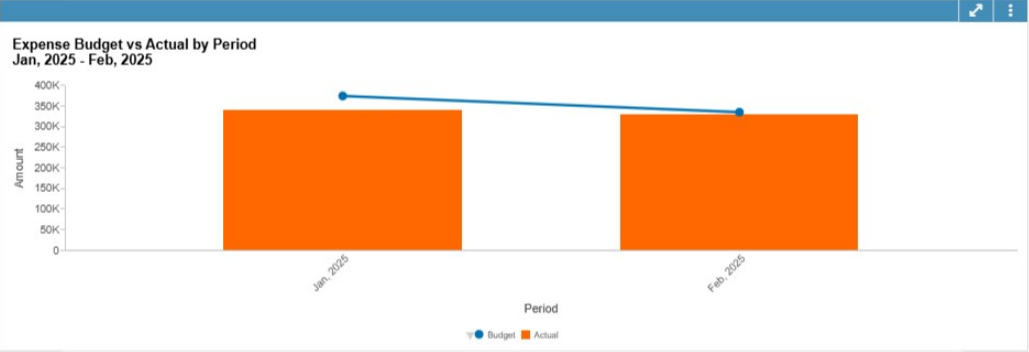
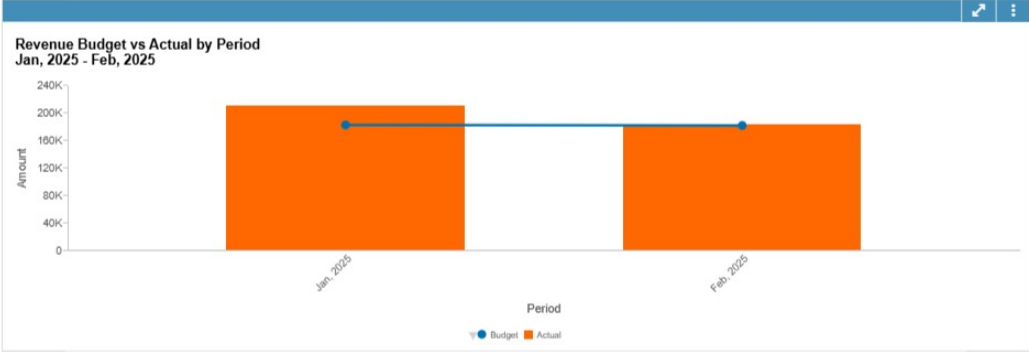
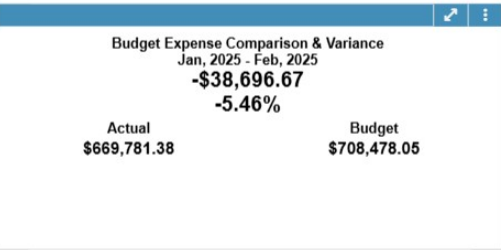
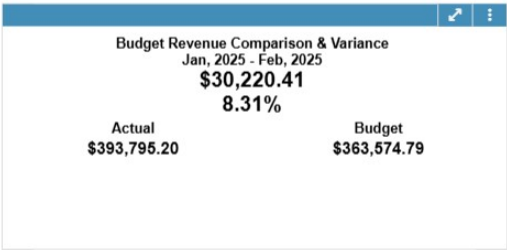
All

GL Department

All

Period Type

Closed Period



Beginning Fiscal Period[YYYYMM]

202501

GL Division

All

GL Department

All

Ending Fiscal Period[YYYYMM]

202502

GL Activity

All

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Profit & Profit Margin %

Jan, 2025 - Feb, 2025

\$411,959.70

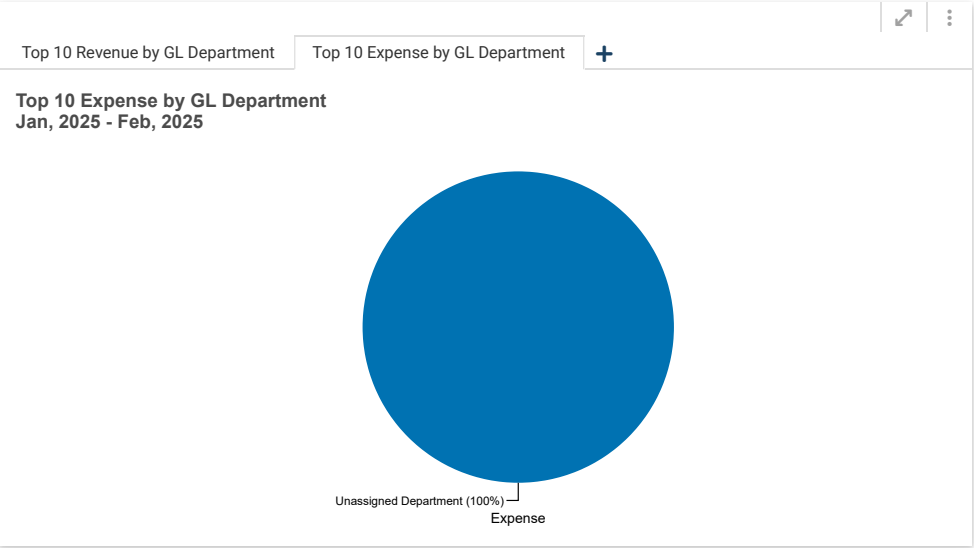
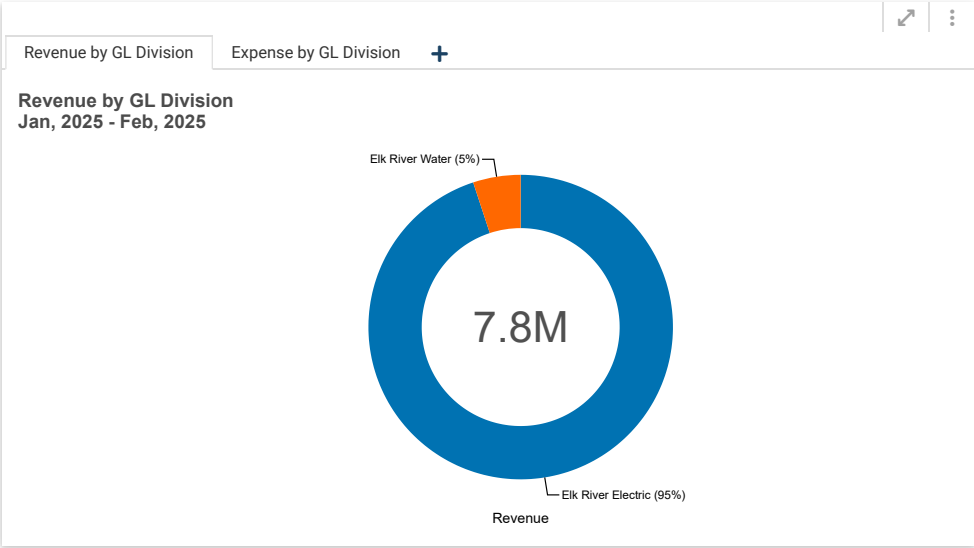
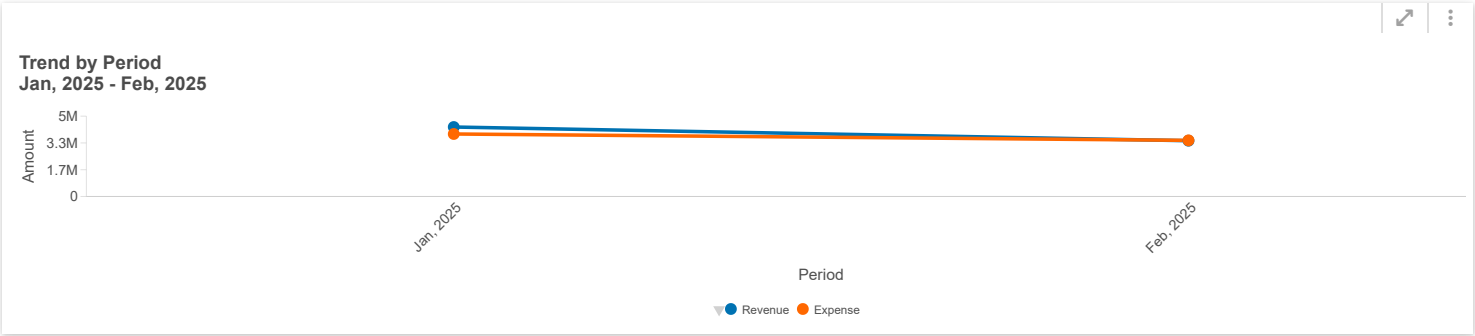
5.58%

Revenue

\$7,795,629.41

Expense

\$7,383,669.71



TO: ERMU Commission	FROM: Mike Tietz – Technical Services Superintendent
MEETING DATE: April 8, 2025	AGENDA ITEM NUMBER: 5.2
SUBJECT: 2024 Annual Reliability Report	
ACTION REQUESTED: Receive the 2024 Annual Reliability Report	

BACKGROUND:

Minnesota Rules Chapter 7826 Public Utilities Commission Electric Utility Standards cover safety, reliability, service, and reporting requirements. Per 7826.0100(A), municipal utilities are exempt from these requirements. However, the Elk River Municipal Utilities Commission adopted several parts of this chapter as a Distribution Reliability Standard policy requiring annual reporting on system reliability.

DISCUSSION:

In 2024, our reliability index numbers remained impressive. These reliability index numbers demonstrate the condition of our solidly built electrical system as well as the excellent response times our line crews provide. The utility's commitment to accountability, long term visioning of system design, and ongoing system maintenance are also reflected by these numbers.

The table below reflects the number of customer outage minutes for the last 10 years.

Year	# of Customers	# of Outage Minutes	# of Outages
2015	9449	225,337	41
2016	10862	432,310	59
2017	11489	354,625	40
2018	12158	117,055	51
2019	12463	312,885*	59
2020	12604	197,884	51
2021	13038	628,670	61
2022	13228	174,500	50
2023	13543	187,469	51
2024	13797	575,509	43

*118,978 of these minutes are due to two separate transmission outages.

Listed below are several reliability indices that are used within the electric industry to make it easier to compare performance among utilities along with ERMU's 2023 and 2024 statistics.

Average Service Availability Index (ASAI)

ASAI is a measure of the average availability of the sub-transmission and distribution systems to serve customers. It is the ratio of the total customer minutes that service was available to the total customer minutes available in a time period. This is normally expressed as a percentage.

ERMU's 2024 ASAI is **99.992%** Availability ERMU's 2023 ASAI is **99.9973%** Availability

Customer Average Interruption Duration Index (CAIDI)

CAIDI is defined as the average duration (in minutes) of an interruption experienced by customers during a specific time frame. It is calculated by summing the customer minutes off during each sustained¹ interruption in the time period and dividing this by the number of customers experiencing one or more sustained¹ interruptions during the time period. The resulting unit is minutes. The index enables utilities to report the average duration of a customer outage for those customers affected.

ERMU's 2024 CAIDI is **118.931 minutes** ERMU's 2023 CAIDI is **84.827 minutes**

System Average Interruption Duration Index (SAIDI)

SAIDI is defined as the average interruption duration (in minutes) for customers served during a specified time period. It is determined by summing the customer minutes off for each sustained¹ interruption during a specified time period and dividing that sum by the average number of customers served during that period. The resulting unit is minutes. This index enables the utility to report how many minutes' customers would have been out of service if all customers were out at one time.

ERMU's 2024 SAIDI is **42.083 minutes** ERMU's 2023 SAIDI was **14.077 minutes**

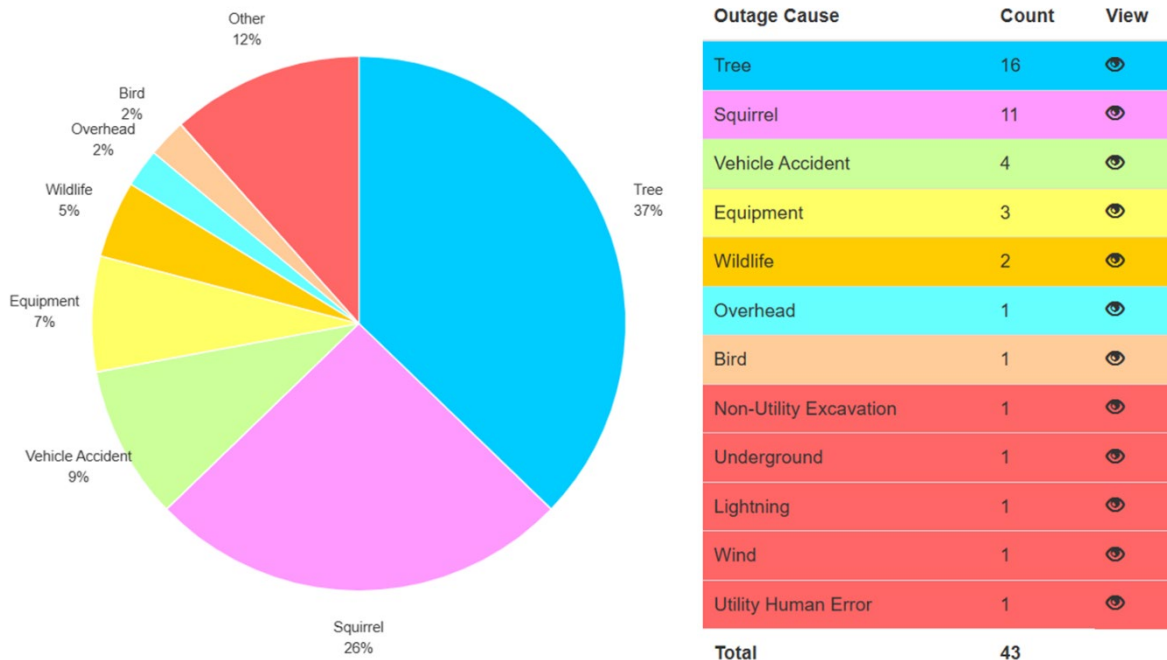
System Average Interruption Frequency Index (SAIFI)

SAIFI is defined as the average number of times that a customer is interrupted during a specified time period. It is determined by dividing the total number of sustained¹ interrupted customers in a time period by the average number of customers served. The resulting unit is "interruptions per customer."

ERMU's 2024 SAIFI is **0.354** ERMU's 2023 SAIFI was **0.166**

¹ Only outages lasting longer than five minutes are included in the calculations, as defined by IEEE 1366.

Staff review these statistics in detail to find ways to continually improve our system. These statistics are very good when compared with other utilities. As indicated by the following pie chart and statistics list, you can see the causes of the outages experienced in 2024.



Many investor-owned and cooperative run utilities “storm normalize” their reliability numbers by removing “major outages” due to storms from their reliability index number calculations. Our reliability numbers have not been storm normalized. Our numbers reflect these major outages and represent what our customers experienced in 2024. Overall, our electric distribution system is very resilient, and our system reliability remains excellent.

Please receive the attached American Public Power Association’s (APPA) eReliability Annual Report which contains published averages that can be used to better understand the performance of our electric system relative to other utilities nationally and to those within their region or size class.

ACTION REQUESTED:

Staff requests the Commission receive and file the APPA eReliability Tracker 2024 Annual Report for Elk River Municipal Utilities.

ATTACHMENT:

- APPA eReliability Tracker 2024 Annual Report for Elk River Municipal Utilities



Elk River Municipal Utilities

2024 ANNUAL BENCHMARKING REPORT **eRELIABILITY** TRACKER

American Public Power Association



I. About This Report

This report focuses on distribution system reliability across the country and is customized to each utility that participates in the American Public Power Association's eReliability Tracker service. APPA created the eReliability Tracker Annual Report to assist utilities in their efforts to understand and analyze their electric system. In 2012, APPA developed the eReliability Tracker thanks to a grant from the Demonstration of Energy & Efficiency Developments (DEED) program.

This report reflects data in the eReliability Tracker from January 1, 2024 to December 31, 2024. This analysis might not properly reflect your utility's statistics if you do not have a full year of data in the system. The report includes data recorded as of February 25, 2025.

Reliability reflects both historic and ongoing engineering investment decisions within a utility. Proper use of reliability metrics ensures that a utility is performing its intended function and is providing service in a consistent and effective manner.

While the primary use of reliability statistics is for self-evaluation, you can use these statistics to compare your utility with similar utilities. However, differences such as electrical network configuration, ambient environment, weather conditions, and number of customers served typically limit most utility-to-utility comparisons. Due to the diverse range of utilities that use the eReliability Tracker, this report endeavors to improve comparative analyses by grouping utilities by size and region.

Since this report contains data for all utilities that use the eReliability Tracker, it is important to consider how a particularly large or small utility can affect comparative benchmarks. To ease the issues associated with comparability, each utility's reliability statistics are weighted based on customer count when aggregated. This means that all utilities are equally weighted, and all individual statistics are developed on a per customer basis.

The aggregate statistics in this report are calculated from the 350 utilities with verified 2024 outage data. Utilities that experienced no outages in 2024, or did not upload any data, will have NULL, None, or "0" values in their report for utility-specific data and were not included in the aggregate analysis. Also note that log-normal data with a z-score^[1] greater than 3.25 may be excluded if it significantly distorts the aggregate statistics.

[1]: A z-score indicates how much a data point differs from the mean. For instance, a z-score of 3.25 indicates that the data point is three and one-quarter standard deviations from the mean. A z-score of 0 indicates that the data point is identical to the mean.

Utility Classifications

This report separates utilities into groups according to geographic region and the number of customers served. Table 1 shows the range of customer counts for utilities that use the eReliability Tracker by five distinct groups of approximately 107 utilities per group.

Your utility is in size class 4 and region 3.

Table 1. Customer count range per size class

	Customer Count Range
Class 1	>0
Class 2	>1,527
Class 3	>3,582
Class 4	>7,526
Class 5	>14,528

Each utility is also grouped with all other participating utilities within their region. Figure 1 shows the number of utilities using the eReliability Tracker in each region and Figure 2 shows the states and territories included in each region.

Figure 1. Number of utilities subscribed to the eReliability Tracker by region

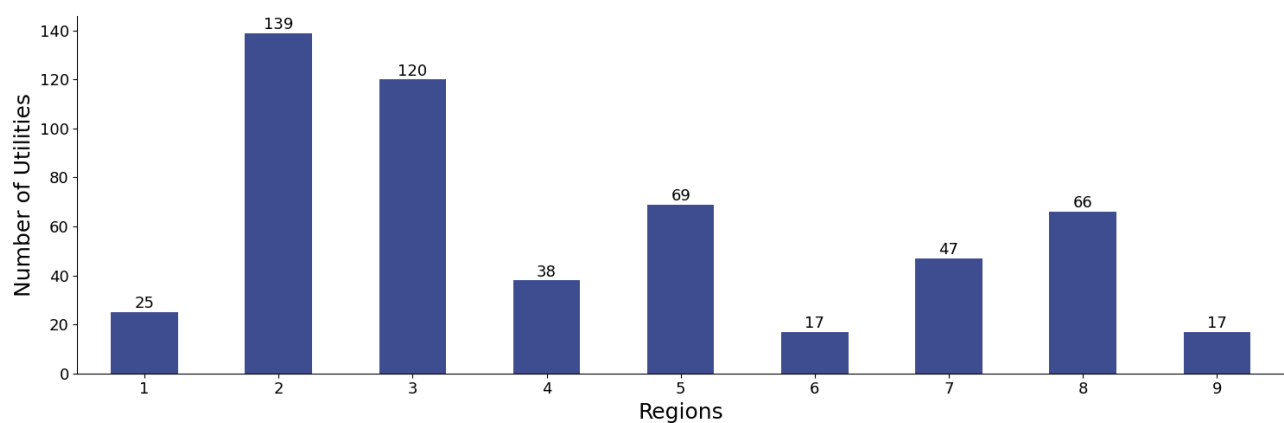
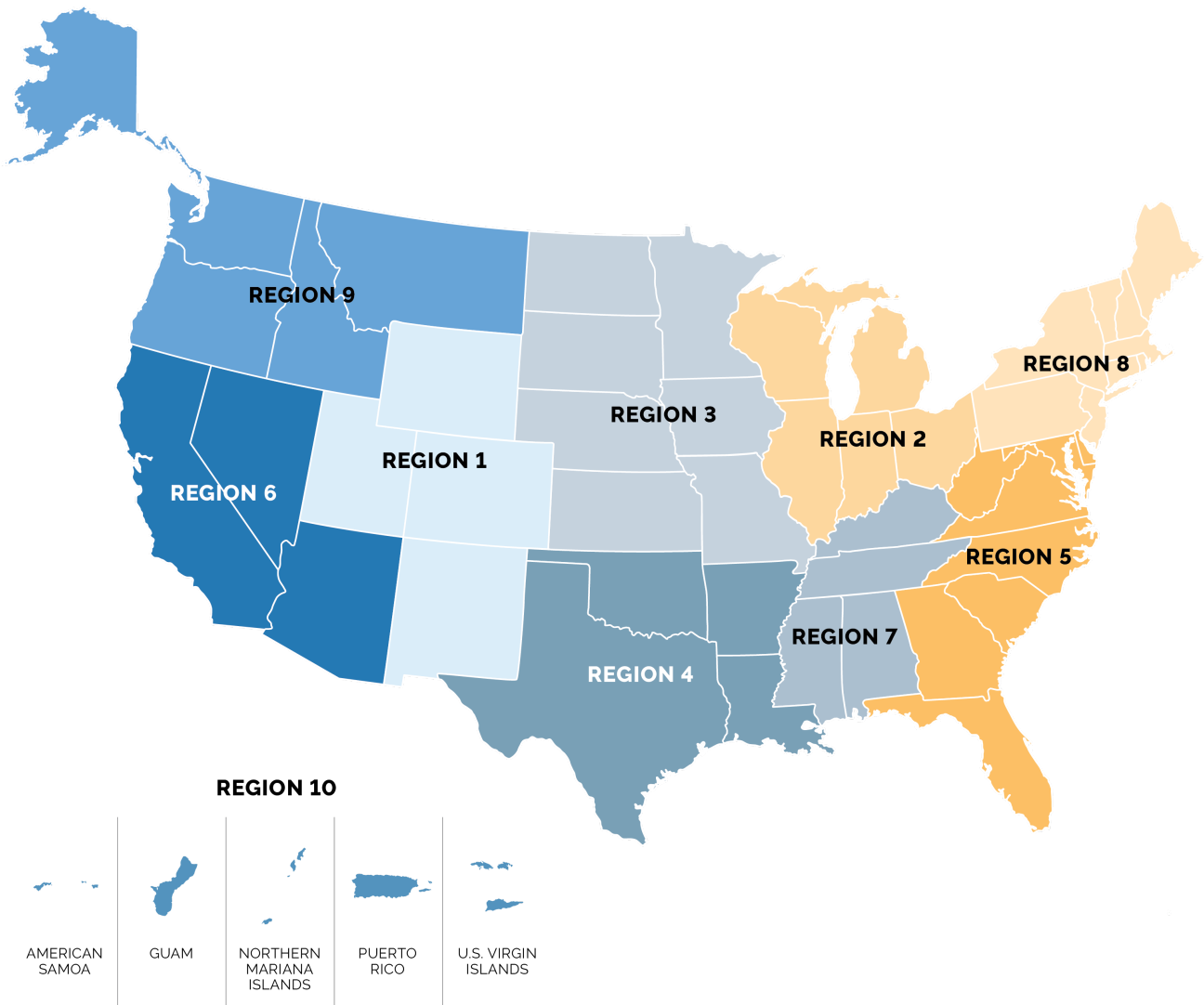


Figure 2. Regions



II. IEEE Statistics

When it comes to reliability, the industry standard metrics are defined in the Institute for Electrical and Electronics Engineers' Guide for Electric Power Distribution Reliability Indices, or IEEE 1366 guidelines. For each utility, the eReliability Tracker performs IEEE 1366 calculations for System Average Interruption Duration Index (SAIDI), System Average Interruption Frequency Index (SAIFI), Customer Average Interruption Duration Index (CAIDI), Momentary Average Interruption Frequency Index (MAIFI), and Average Service Availability Index (ASAI).

It is important to note how major events (MEs) are calculated and used in this report. An example of an ME includes severe weather, such as a tornado or hurricane, that leads to unusually long outages in comparison to your distribution system's typical outage. This report uses the **APPA ME threshold**, which is based directly on the SAIDI for specific outage events, rather than a daily SAIDI. The APPA ME threshold allows a utility to remove outages that exceed the IEEE 2.5 beta threshold for outage events, which considers up to 10 years of the utility's outage history. In the eReliability Tracker, if a utility does not have at least 36 outage events prior to the year being analyzed, then no threshold is calculated. If this is the case for your utility, then you will have a NULL value in the following field and the calculations without MEs in the SAIDI, SAIFI, CAIDI, and ASAI sections of this report will be the same as the calculations with MEs for your utility. More outage history will provide a better threshold for your utility.

Your utility's APPA major event threshold is [6.78](#) minutes.

For each of the reliability indices, this report displays your utility's metrics alongside the mean values for all utilities using the eReliability Tracker and within the same class and region as your utility. The first table within each of the following subsections allows you to better understand the performance of your electric system relative to other utilities nationwide and to those within your same region or size class. The second table breaks down the national data into quartile ranges, a minimum value, and a maximum value.

All indices, except MAIFI, are calculated for outages with and without MEs. Furthermore, the tables show indices for scheduled and unscheduled outages. Note that scheduled and unscheduled calculations include MEs. Also note that wherever MEs are excluded, the exclusion is based on the APPA ME threshold for your system.

II.1. System Average Interruption Duration Index

SAIDI is the average duration (in minutes) of an interruption per customer served by the utility during a specific time frame.

Since SAIDI is a sustained interruption index, only outages lasting longer than five minutes are included in the calculations. SAIDI is calculated by dividing the sum of all customer minutes of interruption^[2] within the specified time frame by the average number of customers served during that period. For example, a utility with 100 customer minutes of interruption and 100 customers would have a SAIDI of 1.

Note that in the tables below, scheduled and unscheduled calculations include MEs. Also note that wherever MEs are excluded, the exclusion is based on the APPA ME threshold for your system.

Table 2. Average SAIDI with and without MEs
In minutes

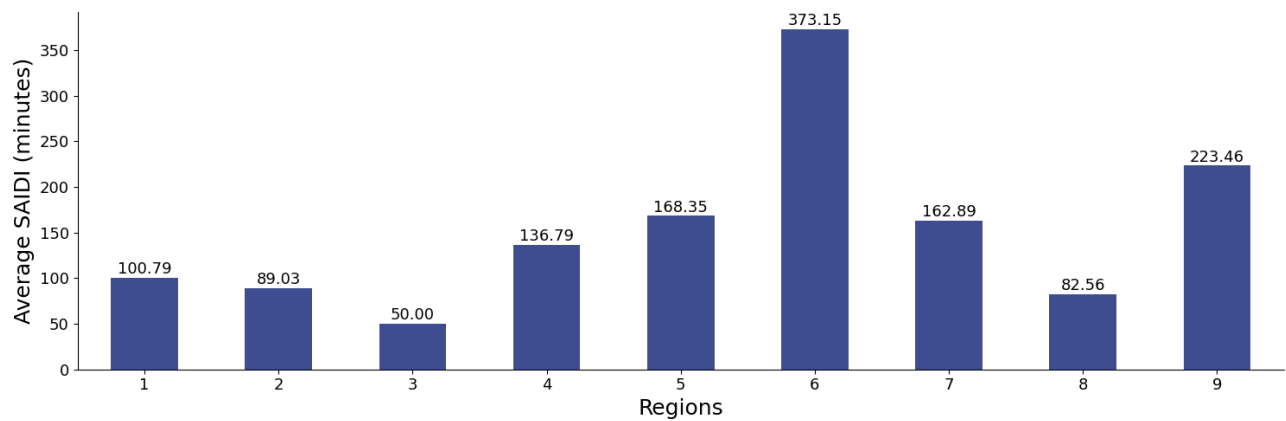
	All	No MEs	Unscheduled	Scheduled
Your utility	42.08	9.8	42.08	NULL
Utilities that use the eReliability Tracker	120.3	54.49	113.49	13.19
Utilities in your region	50.0	32.24	48.83	3.0
Utilities in your size class	96.25	39.74	93.5	4.31

Table 3. Summary SAIDI data from the eReliability Tracker
In minutes

	All	No MEs	Unscheduled	Scheduled
Minimum	0.08	0.08	0.08	<0.01
First Quartile	19.39	11.07	18.77	0.19
Median	44.37	26.79	40.95	1.24
Third Quartile	131.4	55.66	127.24	5.03
Maximum	1,639.92	776.98	1,634.25	629.54

[2]: Customer minutes of interruption is calculated by multiplying total customers interrupted and total minutes of interruption.

Figure 3. Average SAIDI by region



II.2. System Average Interruption Frequency Index

SAIFI is the average instances a customer on the utility system will experience a sustained interruption during a specific time frame.

Since SAIFI is a sustained interruption index, only outages lasting longer than five minutes are included in the calculations. SAIFI is calculated by dividing the total number of customers that experienced sustained interruptions by the average number of customers served during that period. For example, a utility with 150 customer interruptions and 200 customers would have a SAIFI of 0.75.

Note that in the tables below, scheduled and unscheduled calculations include MEs. Also note that wherever MEs are excluded, the exclusion is based on the APPA ME threshold for your system.

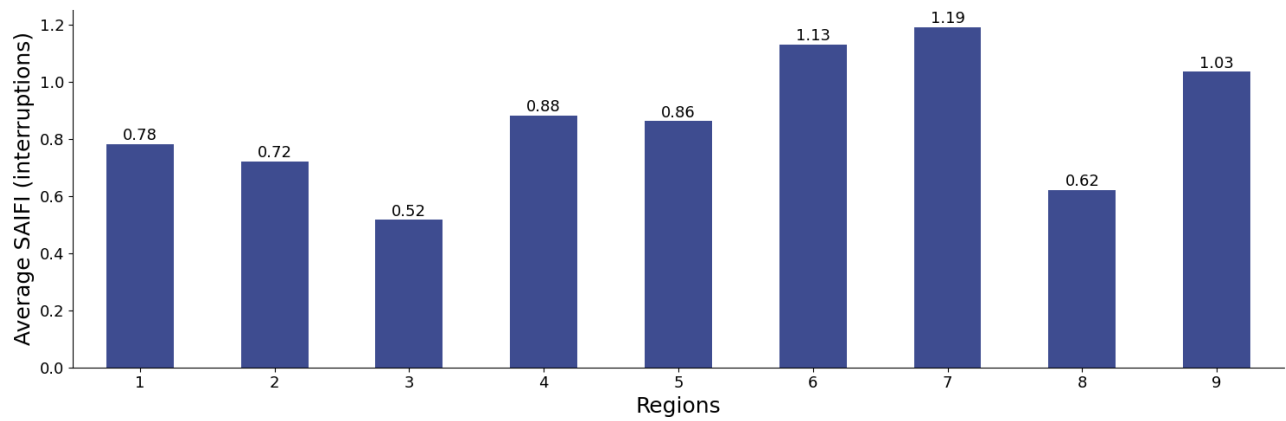
Table 4. Average SAIFI with and without MEs
In interruptions

	All	No MEs	Unscheduled	Scheduled
Your utility	0.35	0.14	0.35	NULL
Utilities that use the eReliability Tracker	0.78	0.54	0.75	0.06
Utilities in your region	0.52	0.4	0.51	0.03
Utilities in your size class	0.65	0.43	0.63	0.03

Table 5. Summary SAIFI data from the eReliability Tracker
In interruptions

	All	No MEs	Unscheduled	Scheduled
Minimum	<0.01	<0.01	<0.01	<0.01
First Quartile	0.21	0.14	0.19	<0.01
Median	0.54	0.36	0.53	0.01
Third Quartile	1.16	0.77	1.1	0.04
Maximum	3.63	2.43	3.63	2.32

Figure 4. Average SAIFI by region



II.3. Customer Average Interruption Duration Index

CAIDI is the average duration (in minutes) of an interruption experienced by customers during a specific time frame.

Since CAIDI is a sustained interruption index, only outages lasting longer than five minutes are included in the calculations. CAIDI is calculated by dividing the sum of all customer minutes of interruption by the number of customers that experienced one or more interruptions during that period. This metric reflects the average customer experience (minutes of duration) during an outage.

Note that in the tables below, scheduled and unscheduled calculations include MEs. Also note that wherever MEs are excluded, the exclusion is based on the APPA ME threshold for your system.

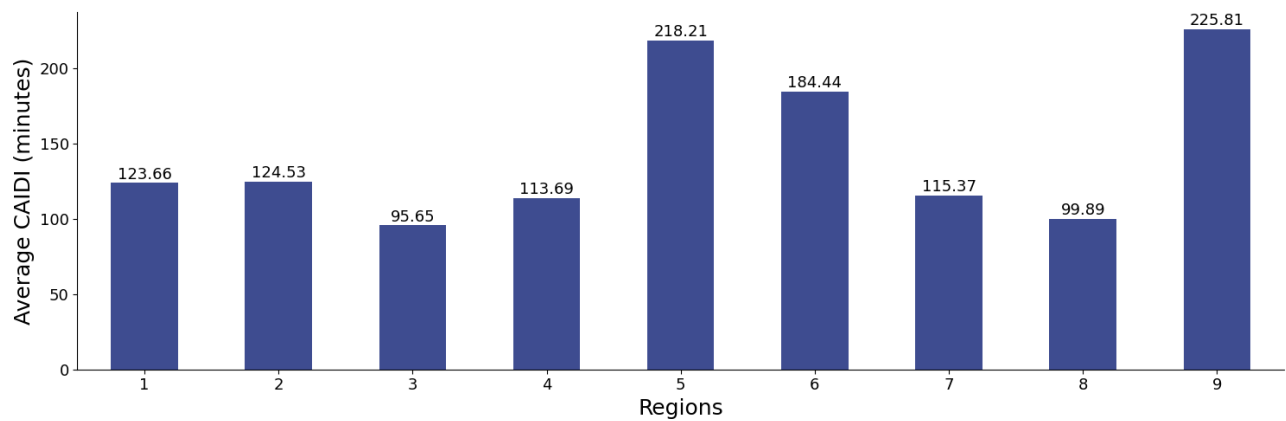
Table 6. Average CAIDI with and without MEs
In minutes

	All	No MEs	Unscheduled	Scheduled
Your utility	118.93	67.46	118.93	NULL
Utilities that use the eReliability Tracker	135.22	92.4	138.62	153.96
Utilities in your region	95.65	83.74	95.41	105.79
Utilities in your size class	143.62	86.47	143.61	157.41

Table 7. Summary CAIDI data from the eReliability Tracker
In minutes

	All	No MEs	Unscheduled	Scheduled
Minimum	11.21	11.21	10.52	7.82
First Quartile	62.85	51.38	62.41	61.8
Median	93.56	81.55	93.94	95.16
Third Quartile	143.73	110.8	144.19	162.66
Maximum	1,923.68	402.94	2,012.24	1,899.69

Figure 5. Average CAIDI by region



II.4. Momentary Average Interruption Frequency Index

MAIFI is the average number of momentary interruptions a utility customer will experience during a specific time frame.

In this report, an outage with a duration of five minutes or less is classified as momentary. MAIFI is calculated by dividing the total number of customers that experienced momentary interruptions by the total number of customers served by the utility. For example, a utility with 20 momentary customer interruptions and 100 customers would have a MAIFI of 0.20.

Momentary interruptions can be more difficult to track and utilities without an automated outage management system might not log these interruptions; therefore, some utilities have a MAIFI of zero.

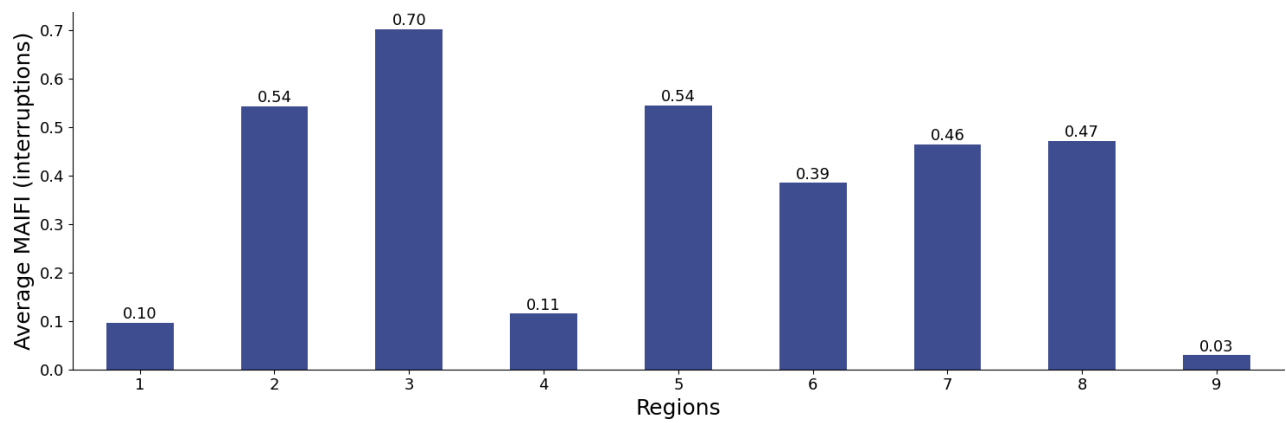
Table 8. Average MAIFI
In interruptions

	All
Your utility	NULL
Utilities that use the eReliability Tracker	0.45
Utilities in your region	0.7
Utilities in your size class	0.66

Table 9. Summary MAIFI data from the eReliability Tracker
In interruptions

	All
Minimum	<0.01
First Quartile	<0.01
Median	0.06
Third Quartile	0.53
Maximum	5.0

Figure 6. Average MAIFI by region



II.5. Average Service Availability Index

ASAI is the percentage of time the sub-transmission and distribution systems are available to serve customers during a specific time frame.

This load-based index represents the percentage availability of electric service to customers within the period analyzed. It is calculated by dividing the total hours in which service is available to customers by the total hours that service is demanded by the customers. For example, an ASAI of 99.99% means that electric service was available for 99.99% of the time during the given period. Note that the higher your ASAI value, the better the performance.

In the tables below, scheduled and unscheduled calculations include MEs. Also note that wherever MEs are excluded, the exclusion is based on the APPA ME threshold for your system.

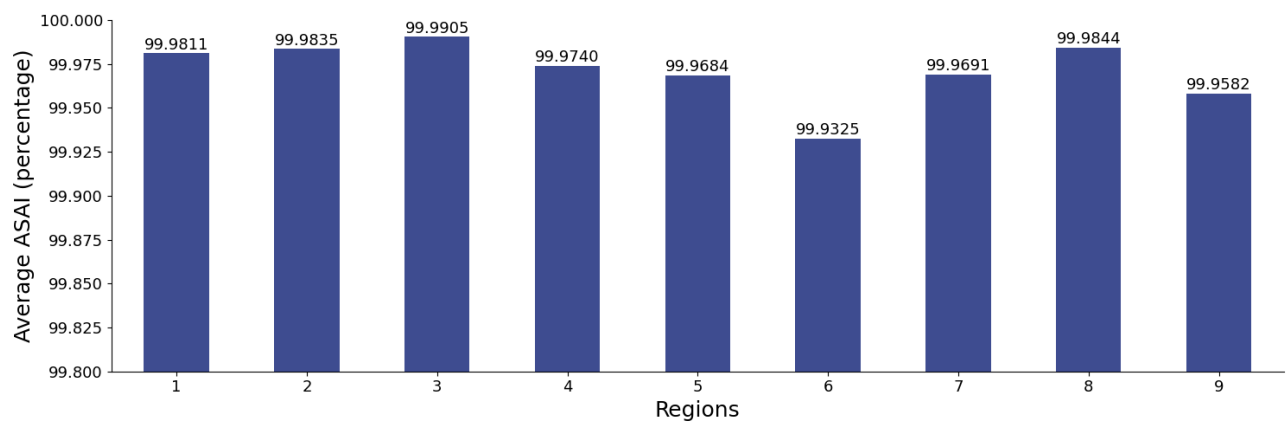
Table 10. Average ASAI with and without MEs
In percentage

	All	No MEs	Unscheduled	Scheduled
Your utility	99.992	99.9981	99.992	NULL
Utilities that use the eReliability Tracker	99.9775	99.9898	99.9787	99.9976
Utilities in your region	99.9905	99.9939	99.9907	99.9994
Utilities in your size class	99.9817	99.9924	99.9823	99.9991

Table 11. Summary ASAI data from the eReliability Tracker
In percentage

	All	No MEs	Unscheduled	Scheduled
Maximum	99.9999	99.9999	99.9999	99.9999
First Quartile	99.9963	99.9978	99.9964	99.9999
Median	99.9916	99.9949	99.9922	99.9997
Third Quartile	99.9755	99.9894	99.9765	99.999
Minimum	99.6888	99.86	99.6899	99.8856

Figure 7. Average ASAI by region



II.6. Energy Information Administration Form 861 Data

Form EIA-861 collects annual information on electric power industry participants involved in the generation, transmission, distribution, and sale of electric energy in the United States and its territories.

In 2014, Energy Information Administration (EIA) began publishing reliability statistics in Form EIA-861; therefore, APPA included these statistics in this report for informational purposes. Please note that the following data includes 174 investor-owned, 467 rural cooperative, and 327 public power utilities that were large enough to be required to fill out the full EIA-861 form. The statistics do not include data from utilities that complete the EIA 861-S form, which smaller entities complete. Note that the 327 participating public power utilities include entities classified by EIA as municipal, political subdivision, and state. In addition, since the collection and release of EIA form data lags by a year, the data is based on 2023 data that was published October 10, 2024. Therefore, we suggest you only use the aggregate statistics contained herein as an informational tool for further comparison of reliability statistics.

In Form EIA-861, an entity provides SAIDI and SAIFI including and excluding ME days in accordance with the IEEE 1366-2003 or IEEE 1366-2012 standard.

Although EIA collected other reliability-related data, the tables below only include SAIDI and SAIFI data including and excluding ME days. You can download the full set of data at: www.eia.gov/electricity/data/eia861/.

Table 12. Your utility's SAIDI and SAIFI with and without IEEE ME days

SAIDI with IEEE ME days (minutes)	SAIDI without IEEE ME days (minutes)	SAIFI with IEEE ME days (interruptions)	SAIFI without IEEE ME days (interruptions)
42.08	9.48	0.35	0.14

Table 13. Summary SAIDI data from Form EIA-861, 2023

In minutes

	All	No MEs
Average	376.90	149.41
Minimum	0.20	0
First Quartile	80.88	51.59
Median	178.01	101.18
Third Quartile	392.12	175.32
Maximum	10,820.00	2,475.09

Table 14. Summary SAIFI data from Form EIA-861, 2023
In interruptions

	All	No MEs
Average	1.71	1.26
Minimum	0.01	0
First Quartile	0.82	0.60
Median	1.30	0.99
Third Quartile	2.14	1.54
Maximum	17.38	16.92

III. Outage Causes

Equipment failure, extreme weather events, wildlife, and vegetation are some of the most common causes of electric system outages. The following pie chart shows the percentages of the primary causes of outages for all utilities using the eReliability Tracker in 2024.

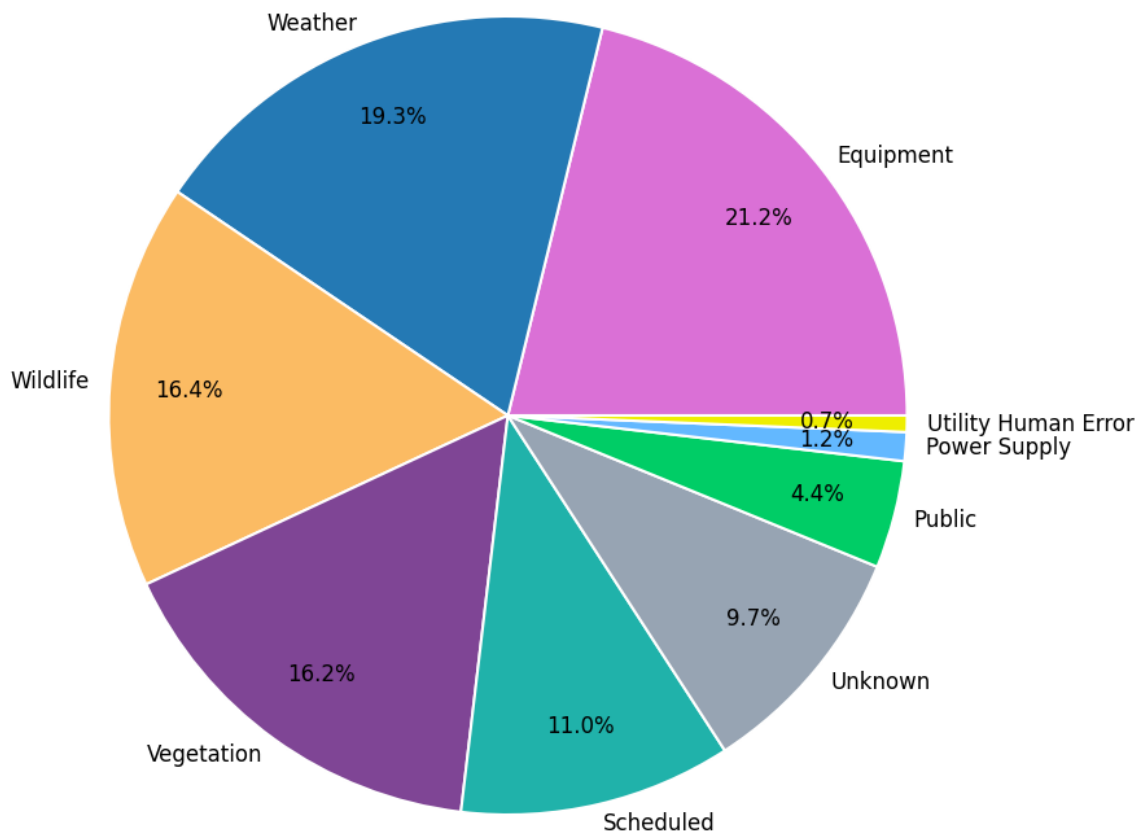


Figure 8. Primary causes of outages in 2024

Certain factors, such as regional weather and animal/vegetation patterns, can make some causes more prevalent for a specific group of utilities. The following section includes graphs depicting common causes of outages for your utility, all utilities in your region, and all utilities using the eReliability Tracker.

Charts containing aggregate information are customer-weighted to account for differences in utility size for a better analytical comparison. For example, a particularly large utility may have a large number of outages compared to a small utility. To avoid skewing the data toward large utilities, the number of cause occurrences is divided by customer size to account for the differences. In Figures 9 to 14, the data represent the number of occurrences for each group

of 1,000 customers. A customer-weighted occurrence rate of "1" means an average of one outage from that cause occurred per 1,000 customers in 2024.

Note that the sustained outage cause analysis is more comprehensive than the momentary outage cause analysis due to a larger and more robust sample size for sustained outages. Regardless, tracking both sustained and momentary outages helps utilities understand and reduce outages. To successfully use the outage information tracked by your utility, it is imperative to classify and record outages in detail. The more information provided per outage, the more conclusive and practical your analyses will be.

III.1. Sustained Outage Causes

In general, sustained outages are the most commonly tracked outage type. In analyses of sustained outages, utilities tend to exclude scheduled outages, partial power, customer-related problems, and qualifying major events from their reliability indices calculations. While this is a valid method for reporting, these outages should be included for internal review to make utility-level decisions. In this section, we evaluate common causes of sustained outages for your utility, corresponding region, and for all utilities that use the eReliability Tracker. It is important to note that sustained outages are classified in this report as outages that last longer than five minutes, as defined by IEEE 1366.

Figure 9. Top five causes of sustained outages for all utilities that use the eReliability Tracker

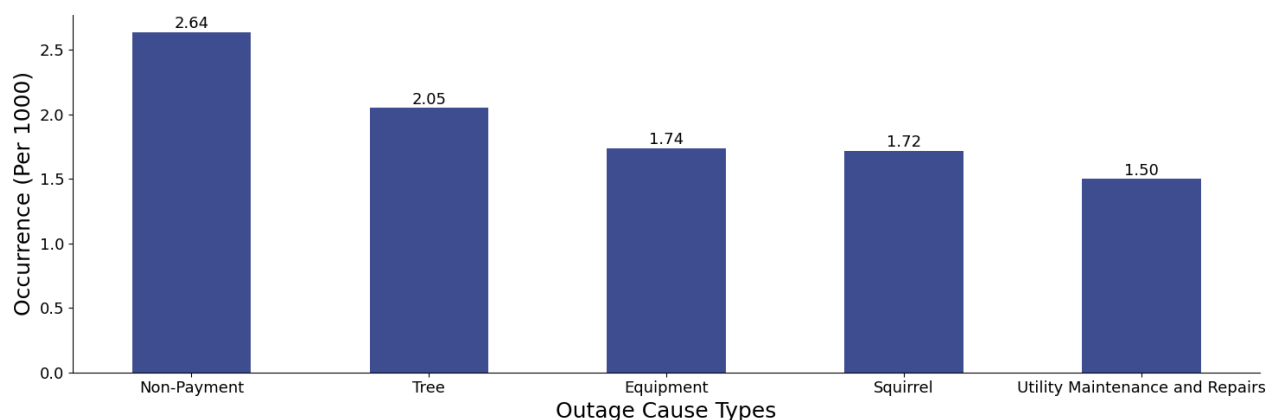
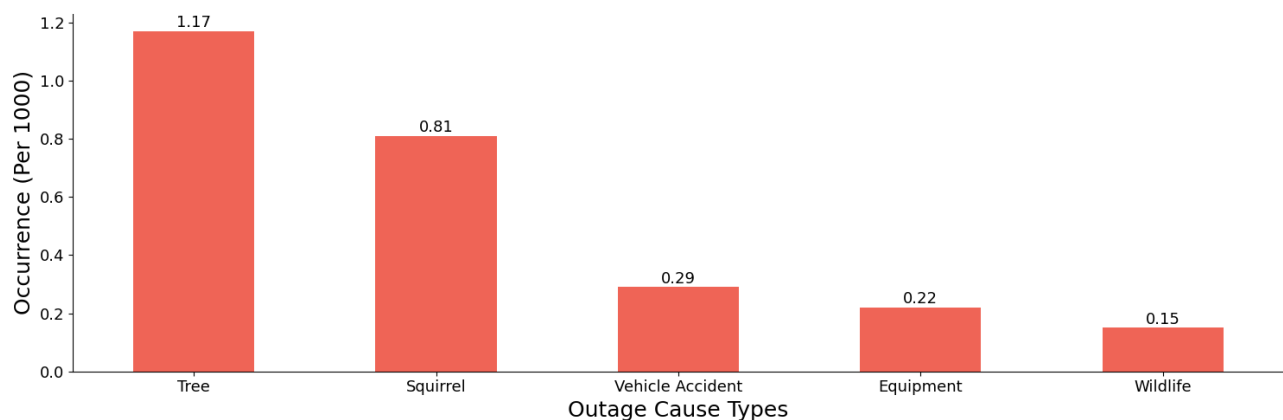
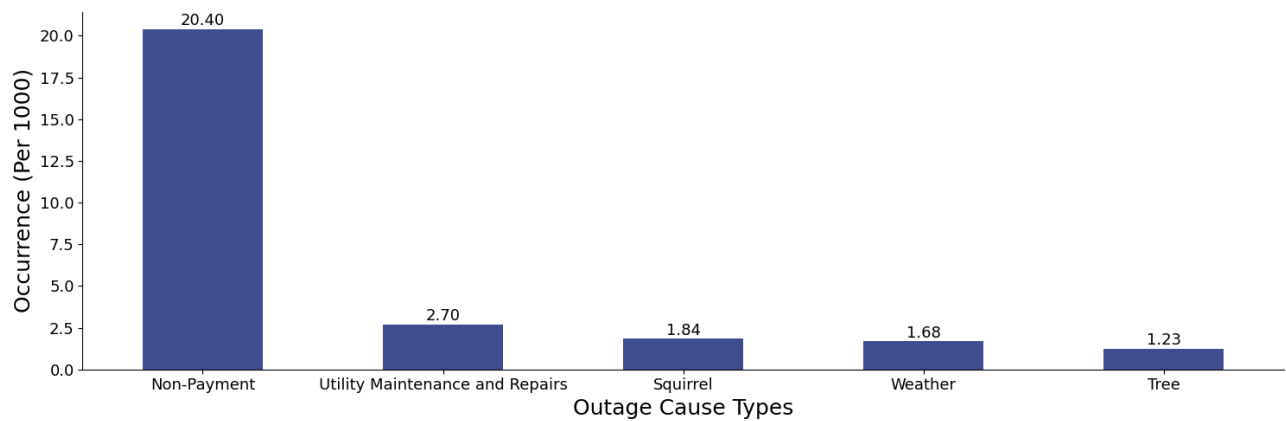


Figure 10. Top five causes of sustained outages for your utility^[3]



[3]: The number of occurrences for each cause is divided by the utility's customer count (in thousands) to create an occurrence rate that can be compared across different utility sizes.

Figure 11. Top five causes of sustained outages in your region



III.2. Momentary Outage Causes

The ability to track momentary outages can be difficult or unavailable on some systems, but due to the hazard they pose for electronic equipment, it is important to track and analyze the causes of momentary outages. This section evaluates the common causes of momentary outages for your utility, region, and size class as well as common causes for all utilities that use the eReliability Tracker. Please note that only outages lasting less than five minutes are classified as momentary, as defined by IEEE 1366. In Figures 12–14, for each utility, the number of occurrences for each cause is divided by that utility's customer count (in thousands) to create an occurrence rate that can be compared across different utility sizes.

Figure 12. Top five causes of momentary outages for all utilities that use the eReliability Tracker

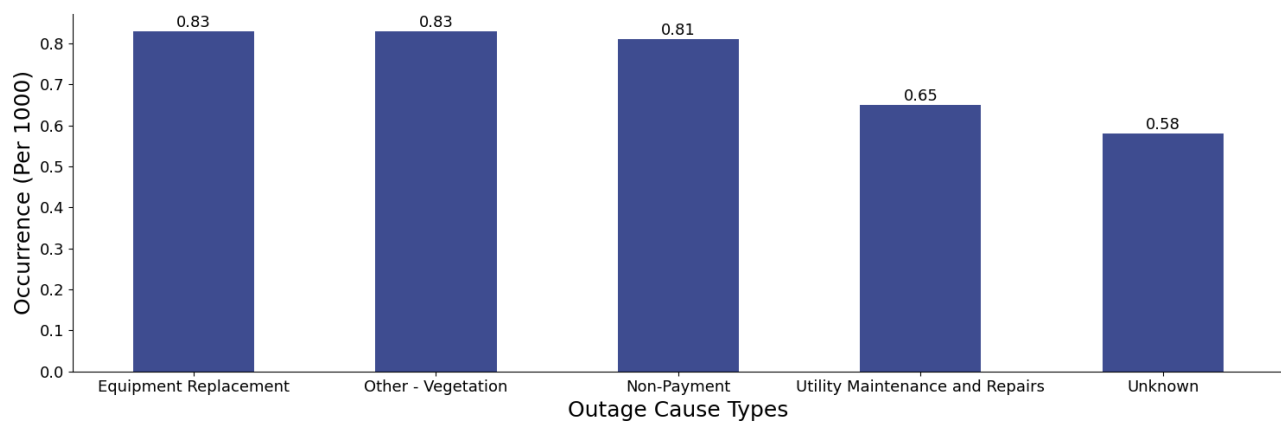


Figure 13. Top five causes of momentary outages for your utility

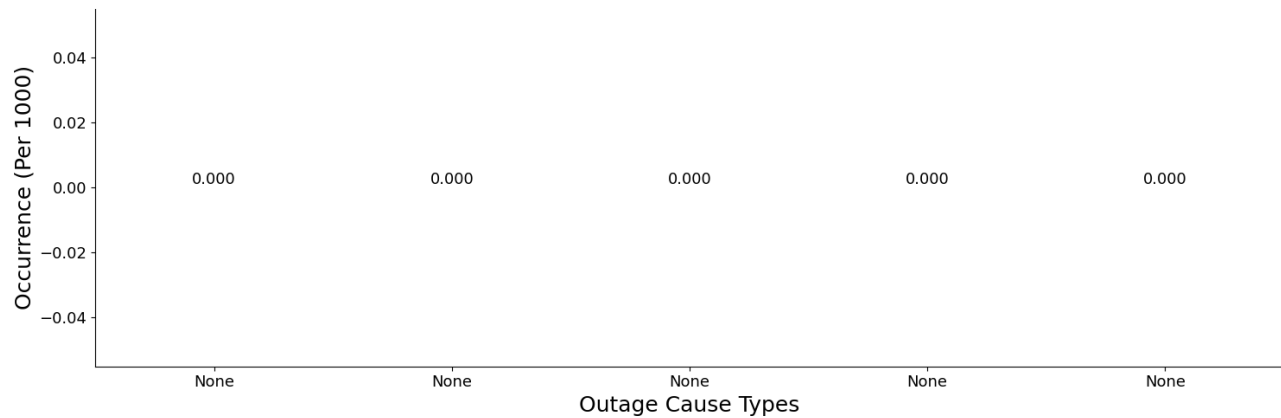
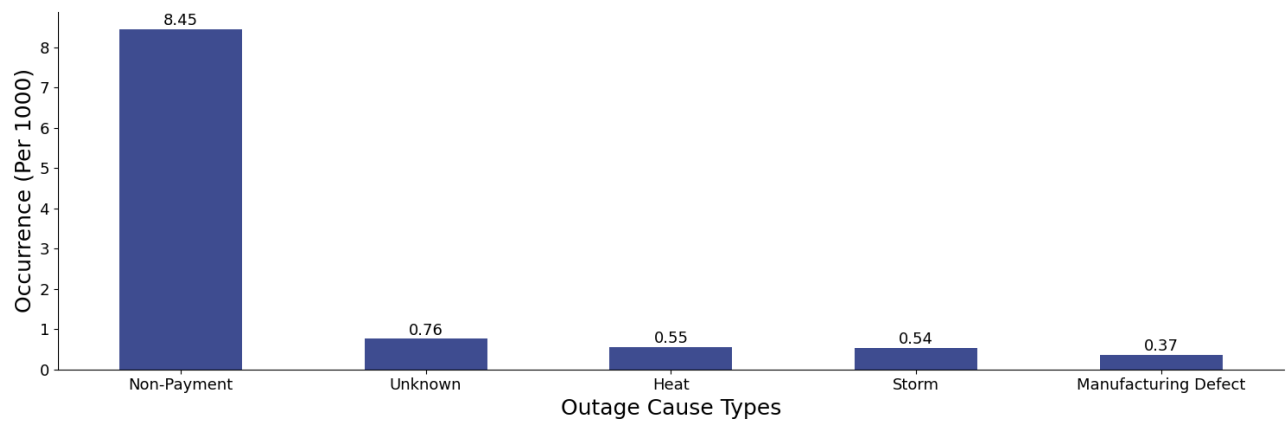


Figure 14. Top five causes of momentary outages in your region



Thank you for your active participation in the eReliability Tracker service. We hope this report is useful to your utility in analyzing your system. If you have any questions regarding the material provided in this report, please contact:

APPA's Reliability Team
Paul Zummo
Ji Yoon Lee
Matthew Atienza
Gregory Obenchain
Reliability@PublicPower.org

For more information on reliability, visit <https://www.publicpower.org/reliability-tracking>.

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TO: ERMU Commission	FROM: Mark Hanson – General Manager
MEETING DATE: April 8, 2025	AGENDA ITEM NUMBER: 5.3
SUBJECT: Water Service Line Ownership	
ACTION REQUESTED: Discuss possible policy changes to ERMU’s water service line ownership	

BACKGROUND:

At the February 2025 meeting, staff presented the results of a 50-city survey describing water service line ownership policies. Selected cities created a diverse sample set including Minnesota Municipal Power Association membership, Minnesota Municipal Utilities Association membership, population, and regional proximity. Water service line breaks are relatively rare (2-3 per year) but can be expensive. Such repairs typically cost anywhere from \$3,000 to \$30,000+ depending on the amount of restoration work needed.

For ERMU’s customers, property owners own their entire water service line, from the main to their home or business. The same is true for the city’s sanitary sewer service lines, although the two do not have to match. Three other options were also discussed at the February meeting:

- The city owns the service line from the main through the curb stop valve
- The city offers a protection program (repair fund) to assist owners with repair costs
- The city differentiates between residential and commercial properties

Commission members asked several clarifying questions for each of the ownership options, including the potential for insuring the service lines. After further discussion, the consensus was to delay action and bring it back in 60 days so staff could research the insurance options.

DISCUSSION:

The League of Minnesota Cities Insurance Trust (LMCIT) will insure water service lines if ERMU:

- 1) Also insures all our water mains (they are currently not insured), and
- 2) Takes ownership of the water service lines.

LMCIT has estimated the cost to insure the water mains is \$47,000 per year and the cost to insure both the mains and the service lines is \$61,350 per year. The deductible limits are \$20,000 per occurrence and \$40,000 annual aggregate. Therefore, ERMU would need to incur over \$101,350 in water main/service line annual repair costs before breaking even. Based on past years, it is unlikely we would experience annual totals over \$100,000.

Possible Ownership Options:

The chart below summarizes the surveyed data for the typical ownership options for water service lines. The advantages and disadvantages of each option are listed after the table.

- 1) Status Quo: The property owner owns the entire service line (24 cities/50 surveyed)
- 2) Modified Status Quo: No change to ownership, but ERMU implements a service line protection program to cover repair costs (3/24).
- 3) ERMU owns from the main through the Curb Stop for all properties (26/50)
- 4) ERMU owns from the main through the Curb Stop for residential properties only (3/50)

Option	Overall	Metro	MMPA	MMUA	Size	Regional
Main Only (ERMU)*	24/50	9/28	3/5	9/16	18/33	6/12
Protection Program	3/24	0/9	0/3	3/9	3/18	1/6
Through Curb Stop	26/50	19/28	2/5	7/16	15/33	6/12
Residential Only*	3/50	1/28	0/5	2/16	2/33	1/12

*Includes those cities offering a protection program.

Option 1, Status Quo. The property owner owns the entire service line (ERMU's current policy, 24/50 surveyed cities use this policy).

Advantages: The simplest approach to managing service lines. Customers would have the option to distribute their repair/replacement costs over 10 years by having their repair costs assessed to their property.

Disadvantages: Can place a financial burden on customers that need to repair/replace their water service line. Despite numerous "Who Owns What" communications, most customers don't realize they are responsible for service line costs.

Option 2: Modified Status Quo. No change to ownership, but ERMU implements a service line protection program to cover repair costs (3/24 cities).

Advantages: No change to City Ordinance/ERMU Water Rules. The implementation of a protection program provides a funding source for water service line repairs without impacting rates. Additionally, it can be crafted to control ERMU's liability while still easing the financial burden on customers. The fee would be implemented similar to the City's current franchise fee. It can also include an opt-out option if desired.

Disadvantage: Since it's a separate fee (not included in the water rates) some customers may see it as a lack of transparency.

Option 3: ERMU owns from main through Curb Stop for all properties (26/50 cities).

Advantages: Simple and consistent implementation that mirrors majority of the 50 cities surveyed. Offers protection to all customers, regardless of type, size, or location. The added risk associated with covering all properties could be further controlled by using a tiered structure based on service line size.

Disadvantages: Likely represents the most expensive option as it represents the greatest financial exposure. Rates would need to increase to cover the increased exposure. Since the increased costs would be recovered through increased rates, there is no opt out option.

Option 4: ERMU owns from main through Curb Stop for residential properties only (3/50 cities).

Advantages: Offers protection to residential customers while avoiding the higher cost potential associated with commercial properties. The majority of residential properties have one-inch or smaller lines that connect to water mains located under low-volume residential roads.

Commercial/industrial properties can have service lines that are considerably longer and larger that connect to water mains under higher-volume collector roads. Larger lines and connections under higher-volume roads can significantly increase repair costs.

Disadvantages: Smaller business owners, with line sizes similar to residential properties, may be upset over the lack of consistency with residential properties.

FINANCIAL:

Financial exposure will depend on what, if any, changes are made to our current policy. If ERMU takes on the added responsibility of funding service line repairs/replacement from the main through the curb stop valve, residential costs would increase by approximately \$2.20/month. Costs for commercial customers would increase by approximately \$5.10/month. Depending on the selected program, these amounts would be recovered through either a service fee or a rate increase. These amounts could decrease if additional risk-limiting measures are implemented. Calculating the final amounts would be part of our 2025 rate study, planned for the third quarter of 2025.

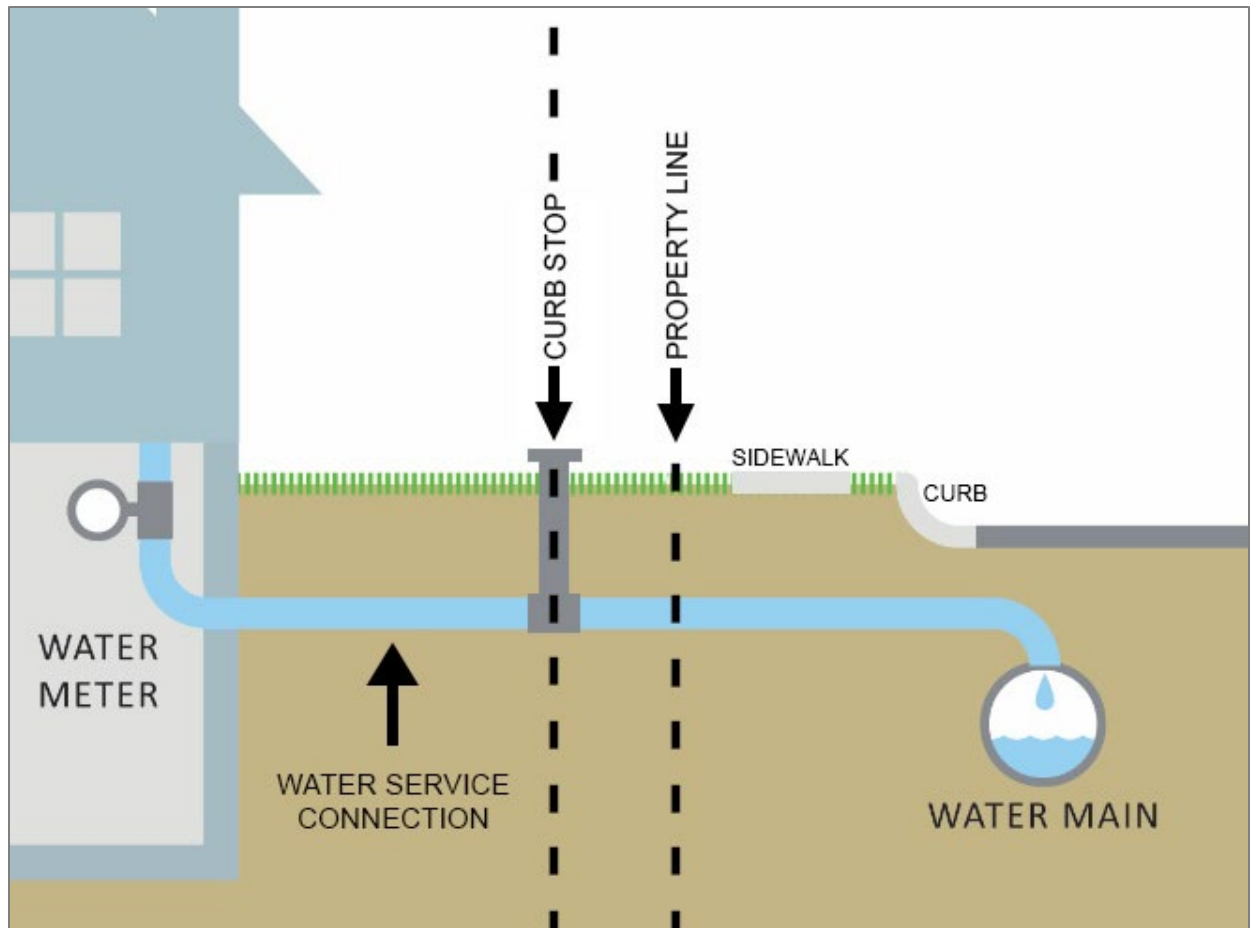
DISCUSSION QUESTIONS:

- 1) Does the Commission wish to socialize water service line repair costs?
 - If yes, is there a preference for implementing a service line repair program or revising the ordinance/water rules?
- 2) If the Commission desires to socialize repair costs, is there a desire to exclude commercial properties?
 - If yes, is there a preference to exclude all commercial properties, or only those commercial properties exceeding a certain service line size?
- 3) If the Commission desires to socialize repair costs, is there a desire to limit ERMU's risk by capping our exposure through additional limitations?
 - If yes, staff will present risk mitigation options at a future commission meeting.

ATTACHMENTS:

- 2025-4 - 5.3a - Water Service Line Diagram
- 2025-4 - 5.3b - Feb 2025; Water Service Line Ownership, Report
- 2025-4 - 5.3c - Feb 2025; Water Service Line Ownership, Survey Results

2025-4 – 5.3a – Water Service Line Diagram



TO: ERMU Commission	FROM: Mark Hanson – General Manager
MEETING DATE: February 11, 2024	AGENDA ITEM NUMBER: 5.4
SUBJECT: Water Service Line Ownership	
ACTION REQUESTED: Discuss possible policy changes to ERMU’s water service line ownership	

BACKGROUND:

At the December 2024 meeting, commission members directed staff to survey water service line ownership policies of various cities. Staff selected 50 cities and identified their respective ownership policies. Cities were selected based on a desire to get a diverse sample set while still including cities with similar attributes such as Minnesota Municipal Power Association membership, Minnesota Municipal Utilities Association membership, size, and regional proximity.

For ERMU’s customers, property owners own and are responsible for their entire water service line, from the main to their home or business. Per city ordinance, the same is true for sanitary sewer service lines. The surveyed cities, however, described four different types of ownership for water service lines:

- The property owner owns the entire service line (current ERMU policy)
- The city owns the service line from the main through (including) the curb stop valve
- The city offers a protection program (repair fund) to assist owners with repair costs
- The city differentiates between residential and commercial properties

Water service line breaks are relatively rare but can be expensive. Such repairs typically cost anywhere from \$3,000 to \$30,000+ depending on the amount of restoration work needed. Water service line repairs often involve older homes/businesses with owners who may have limited resources, making it difficult for them to absorb these unexpected costs.

DISCUSSION:

Frequencies and Costs of Service Line Breaks:

Based on historical averages over the last eight years, ERMU experiences roughly two water service line breaks (leaks) per year. Most of the breaks occur at the curb stop valve. With roughly 5,650 total water customers, repairing two service line breaks per year at an assumed \$8000 repair cost would average out to an increase of \$0.25/month per account.

The bigger financial impact, however, is the need to replace service lines from the main through the curb stop when doing water main replacement projects. This is a common practice for utilities that own the service line through the curb stop valve because it minimizes the potential of having to cut into a freshly paved road to repair/replace a broken service line. These costs are estimated at \$3,000 per service line. On average, ERMU would replace approximately 45 service line connections per year as part of a water main replacement project, adding another \$2.00/month per account.

Differentiating the frequencies and costs described above by residential versus commercial accounts yields the following averages:

Break Repair	Residential	Commercial
Customer Accounts	5,100	550
Breaks per Year	2	0.33
Average Cost per Break	\$6,000	\$12,000
Average Cost/Month/Account	\$0.20	\$0.60

Curb Stop to Main Replacement	Residential	Commercial
Customer Accounts	5,100	550
Services per Year	40	5
Average Cost per Break	\$3,000	\$6,000
Average Cost/Month/Account	\$2.00	\$4.50

Totals	Residential	Commercial
Monthly Break Cost	\$0.20	\$0.50
Monthly Replacement Cost	\$2.00	\$3.80
Total Monthly Cost/Account	\$2.20	\$5.10

Possible Ownership Options:

Listed below are the typical options for ownership/responsibility of water service lines. The chart summarizes the surveyed data for each option. The advantages and disadvantages of each option are listed after the table.

- 1) Status Quo: The property owner owns the entire service line (24 cities/50 surveyed)
- 2) Modified Status Quo: No change to ownership, but ERMU implements a service line protection program to cover repair costs (3/24).
- 3) ERMU owns from the main through the Curb Stop for all properties (26/50)
- 4) ERMU owns from the main through the Curb Stop for residential properties only (3/50)

Option	Overall	Metro	MMPA	MMUA	Size	Regional
Main Only*	24/50	9/28	3/5	9/16	18/33	6/12
Protection Program	3/24	0/9	0/3	3/96	3/18	1/6
Through Curb Stop	26/50	19/28	2/5	7/16	15/33	6/12
Residential Only*	3/50	1/28	0/5	2/16	2/33	1/12

*Includes those cities offering a protection program.

Option 1, Status Quo. The property owner owns the entire service line (24/50).

Advantages: The simplest approach to managing service lines. Customers would have the option to distribute their repair/replacement costs over 10 years by having their repair costs assessed to their property.

Disadvantages: Can place a financial burden on customers that need to repair/replace their water service line. Despite numerous “Who Owns What” communications, most customers don’t realize they are responsible for service line costs.

Option 2: Modified Status Quo. No change to ownership, but ERMU implements a service line protection program to cover repair costs (3/24).

Advantages: No change to City Ordinance/ERMU Water Rules (the property owner will still own the entire service line). The implementation of a protection program provides a funding source for water service line repairs without impacting rates. Additionally, it can be crafted to control ERMU’s liability while still easing the financial burden on customers. Whether to implement a cap to limit/share repair responsibility, whether to include the entire service line or just through the curb stop, and whether to limit eligible line size are all examples of how ERMU can control its financial exposure. It can also include an opt-out option if desired. Allows for the option to not include customers who are behind on their payments.

Disadvantage: Since it’s a separate fee (not included in the water rates) some customers may see it as a lack of transparency. For comparison, Austin Utilities charges \$3.00/month for their water service fund program. Owatonna Public Utilities charges \$0.99/month for their service line protection program. Information on both programs is attached. Austin’s water service fund covers service lines 100% up to two-inch and at 50% for service lines larger than two-inch. Owatonna limits their program to residential customers only.

Option 3: ERMU owns from main through Curb Stop for all properties (26/50).

Advantages: Simple and consistent implementation that mirrors most of the 50 cities surveyed. Offers protection to all customers, regardless of type, size, or location. The added risk associated with covering all properties could be further controlled by using a tiered structure based on service line size.

Disadvantages: Likely represents the most expensive option as it represents the greatest financial exposure. Rates would need to increase to cover the increased exposure. Since the increased costs would be recovered through increased rates, there is no opt out option.

Option 4: ERMU owns from main through Curb Stop for residential properties only (3/50).

Advantages: Offers protection to residential customers while avoiding the higher cost potential associated with commercial properties. The majority of residential properties have one-inch or smaller lines that connect to water mains located under low-volume residential roads. Commercial/industrial properties can have service lines that are considerably longer and larger that connect to water mains under higher-volume collector roads. Larger lines and connections under higher-volume roads can significantly increase repair costs.

Disadvantages: Smaller business owners, with line sizes similar to residential properties, may be upset over the lack of consistency with residential properties.

FINANCIAL:

Financial exposure will depend on what, if any, changes are made to our current policy. If ERMU takes on the added responsibility of funding service line repairs/replacement from the main through the curb stop valve, residential costs would increase by approximately \$2.20/month. Costs for commercial customers would increase by approximately \$5.00/month. Depending on the selected program, these amounts would be recovered through either a service fee or a rate increase. Calculating the final amounts would be part of our 2025 rate study, planned for the third quarter of 2025.

Note: The amounts presented are estimates only, they are not intended to cap our expenses. If we adopt a plan that increases our financial responsibility, we will have to treat all eligible customers the same, even if the total annual costs exceed our budget estimates.

NEXT STEPS:

Staff requires commission direction on which, if any, policy changes they would like to pursue for approval at a future commission meeting.

ATTACHMENTS:

- City Survey – Water Service Line Ownership

Service Line Ownership Table of Results

Column1	City	Main Only	Main Thru Curbstop	Residential Only	Protection Program	Metro	Regional	Size	MMUA	MMPA	Source	Notes
1	Albertville	Yes					Yes	Yes			Code	9-2-7: The consumer or owner shall be responsible for maintaining the service pipe from the curb stop valve into the building served.
2	Andover		Yes			Yes		Yes			Website	About Our System: The....owner is responsible from the valve outside the home to the meter and everything after.
3	Anoka	Yes				Yes	Yes	Yes	Yes	Yes	Rules	RULES AND REGULATIONS, Section 2000
4	Austin*	Yes			Yes			Yes	Yes		Website	*Who Owns What: The customer will retain ownership of water service lines from the corporation stop to the meter, but Water Service Fund will cover costs of all repairs if account is current.
5	Big Lake	Yes					Yes	Yes			Code	Section 800.09: All persons taking water shall keep their own service pipes, stop cocks, and apparatus in good repair and protected from frost, at their own risk and expense, from the water main through the end of the service pipe inside the house or building.
6	Blaine		Yes			Yes					Code	Section 86-105a: The service pipe from the building to the curb stop and the connection thereto shall be the property of the applicant and must be protected and maintained by the applicant.
7	Bloomington		Yes			Yes					Code	Section 11.14: It shall be the responsibility of the owner to maintain the service pipe from the curb box into the house or building.
8	Brooklyn Center	Yes				Yes		Yes			Code	Section 4-201.7: After the initial connection to the curb stop, the property owner shall thereafter be liable for all repair or grade adjustments to his water service line between the street main and the building being served.
9	Brooklyn Park		Yes			Yes					Code	Chapter 100, section 100.15: The stop cock, box and cover must be installed by the owner at the owner's expense, becomes the property of the city, and must be maintained by the city so as to be safe and accessible at all times.
10	Buffalo		Yes				Yes	Yes	Yes	Yes		Section 48-257a: The consumer owns the service line to the curb box/gate valve, including the connections to such devices on the owner's side.
11	Burnsville		Yes			Yes					Website	Water FAQs: The City owns the water shutoff in your yard within the right of way, typically located about 10 feet behind the City-owned curb. The City also owns the water service line between the shutoff and the water main in the street
12	Chanhassen	Yes				Yes		Yes			Website	Water FAQs: It is the responsibility of the homeowner to maintain the service line to the structure being served, including the curb box.
13	Chaska		Yes			Yes		Yes	Yes	Yes	Code	Section 7.12.010Q: It shall be the responsibility of the consumer or owner to maintain the service pipe from the structure side of the curb box or service valve into the house or building.
14	Coon Rapids		Yes			Yes					Code	Section 13-211: The stop box and cover at the watermain and boulevard or street are the property of the City and must be readily accessible. Section 13-212: The service pipe to the watermain and the connections thereto are the property of the user, and must be protected and maintained by the user.
15	Crystal		Yes			Yes		Yes			Code	Section 715.17: The consumer or owner must maintain the service pipe from the building side of the curb stop or building side of the building gate valve into the house or building.
16	Dayton		Yes				Yes	Yes			Code	Section 52.014a: It shall be the responsibility of the owner or other account holder to maintain the service pipe from the curb box into the house or building.
17	Delano	Yes					Yes	Yes	Yes		Website	Water Service Issues: Water service lines are owned and maintained by the property owner, from and including the home or business's connection to the water main.
18	Detroit Lakes		Yes					Yes	Yes		Website	Water Ordinance, 403.09: The Water Department will maintain water services from the main to, and including the curb stop, or the property line, whichever is the closest to the main, free of charge to the customer.
19	Duluth		Yes								Code	Section 48-120: Services to be maintained by department to curb stop only
20	Eagan		Yes			Yes					Code	Section 3.20-2: It is the responsibility of the consumer or owner to maintain the service pipe from the curbstop into the house or other building.
21	East Grand Forks	Yes						Yes	Yes		Website	Water Lines: The "curb stop" is the property and responsibility of the property owner.
22	Eden Prairie		Yes			Yes					Website	Water FAQs: Property owners are responsible for all water piping located on their property. This includes all the water piping inside the building and the underground water service to the property line.
23	Edina		Yes			Yes					Code	Section 28-91: The water service line from the curb stop....is owned by and shall be maintained by the owner of the property serviced by such service line.
24	Fridley	Yes				Yes		Yes			Code	Section: 402.06: The occupant or user of such premises shall be liable for all repairs required to any water line or any sewer lines necessary for connection of the premises from the main to the premises.
25	Glencoe	Yes						Yes	Yes		Code	Section 203.04: All persons taking water shall keep their own service pipes, curb stops, stop cocks and apparatus in good repair and protected from frost, at their own risk and expense. Section 203.07: No claim shall be made against the City by reason of breaking or freezing of any service pipe or service cock; nor if from any cause the supply of water shall fail.
26	Golden Valley		Yes			Yes		Yes			Code	Section 28-29b: It is the responsibility of the consumer or owner to maintain the service pipe from the curb stop into the house or other building.
27	Hopkins	Yes				Yes		Yes			Website	Water & Sewer/Mtce and Repairs: Property owners are responsible for the water service from the house or structure to the water main in the street, including the corporation stop at the water main and curb stop at the right-of way line.
28	Hutchinson	Yes						Yes	Yes		Website	Water FAQs: the property owner is responsible for the water service line from the water main in the street up to the water meter in the property.
29	Mankato	Yes						Yes			Website	Water Main Repairs: The homeowner is responsible for their water service line from the City water main to their home.
30	Maple Grove		Yes			Yes					Code	Section 34-41: The stop box and cover at the water main and boulevard are the property of the city, and all persons are forbidden to interfere with them. Section 34-42a: The service pipe to the water main and the connections thereto shall be the property of the user.

Service Line Ownership Table of Results

Column1	City	Main Only	Main Thru Curbstop	Residential Only	Protection Program	Metro	Regional	Size	MMUA	MMPA	Source	Notes
31	Minneapolis	Yes				Yes					Code	Section 509.410b: The water service line shall be owned by the property it serves, and each piece of the water service line shall be maintained and kept in good operating condition by the property owner.
32	Minnnetonka		Yes			Yes					Code	Section 1200.060: The stop cock at main and property or curb line, together with box and cover, are the property of the city. Section 1200.075/3: The service pipe to the watermain beginning at the corporation connection belongs to the owner of the premises and must be protected and maintained by the owner.
33	Monticello	Yes					Yes	Yes			Website	Water Service Line Responsibility: Customer is responsible for the water service line from the home to the corporation stop.
34	Moorhead		Yes					Yes	Yes		Rules	Section 2045.1.2: MPS owns....all water service materials that include, but are not limited to, service piping to the curb stop, curb stops.
35	New Hope	Yes				Yes		Yes			Website	Water meters, valves, service lines, stop boxes, and corporation stops are the sole responsibility of the property owner.
36	North St. Paul	Yes				Yes		Yes	Yes	Yes	Code	Title V, Section 57.05b: Sewer and water service from a building to the connection at the main are owned by the property owners and they are responsible for all repairs and maintenance except for the operation of the curbstop.
37	Osseo		Yes			Yes		Yes			Code	Section 51.20a: It shall be the responsibility of the user or owner to maintain the service pipe from the curb shut-off into the house or structure.
38	Otsego	Yes					Yes	Yes			Website	FAQs: It is the responsibility of the homeowner to maintain the service line from the street water main into and including plumbing within the structure being served.
39	Owattona*	Yes		Yes	Yes			Yes	Yes		Website	Water Service Line Protection Program
40	Plymouth		Yes			Yes					Code	Section 720.25: It is the responsibility of the owner or occupant to maintain the service pipe from the curb box into the house or building.
41	Princeton*	Yes		Yes	Yes		Yes	Yes	Yes		Rules	Section 104: The property owner owns the water service and it is the responsibility of the property owner to maintain. Beginning January 1, 2018, PPU has a Service Line Protection policy in force and will begin charging a monthly fee for the protection.
42	Ramsey		Yes				Yes	Yes			Code	Section 58-117: The service pipe to the stop box (curb stop) and the connection thereto shall be the property of the customer and must be protected and maintained by the customer.
43	Rochester	Yes							Yes		Rules	Section 401: The property owner owns the water service, and is responsible for its repair, maintenance or replacement.
44	Rogers		Yes			Yes	Yes	Yes			Code	Chapter 46-II-2, Section 46-48: The service pipe from the building to the curb stop and the connections to the curb stop shall be the responsibility of the property owner.
45	Shakopee	Yes				Yes		Yes	Yes	Yes	Website	Water Service Information: The homeowner's responsibility for the water service line is everything in the home out to and including the connection to the water main out in the street.
46	St. Cloud	Yes									Website	WATER SERVICE RESPONSIBILITY: Homeowners are responsible for their service lines. A service line is provided to each home for drinking water supply. Repair of any service leak is the responsibility of the property owner.
47	St. Louis Park		Yes	Yes		Yes					Code	Sec. 32-202.: The property owner shall be responsible for repairing any leaks in the service pipeline to the property, except that the city shall be responsible for leaks in the service line to a single-family dwelling between the main and the shutoff.
48	St. Michael		Yes				Yes	Yes			Code	Title V, Section 50.07: The water service line from the curb stop is owned by and shall be maintained by the owner of the property serviced by such service line.
49	St. Paul		Yes			Yes					Code	Title XI, Section 87.03e: The water utility will, in accordance with its standards and without cost to the property owner, repair and maintain the street service connections which it has installed.
50	Willmar	Yes						Yes	Yes		Website	Website search produced service line of america brochure stating property owner owns from building to main.
242633165												

TO: ERMU Commission	FROM: Mike Tietz – Technical Services Superintendent
MEETING DATE: April 8, 2025	AGENDA ITEM NUMBER: 5.4
SUBJECT: Advanced Metering Infrastructure Update	
ACTION REQUESTED: None	

DISCUSSION:

As of April 3, Allegiant has completed 4,054 residential water meter replacements and 523 retrofits. Allegiant has pulled their staff from the residential part of the project due to intermittent appointments. Existing scheduled appointments will be completed by an Allegiant technician who is still working on the commercial project. ERMU staff will be scheduling and completing the remaining residential meter exchanges as time allows. The residential water meter exchange work is approximately 92% complete.

To date we have made 86 residential repairs utilizing master plumber Karsten Nelson (Archer Plumbing) with a running total of \$30,610.36 in repair costs. In April 2024, the Commission voted to absorb these residential costs at an estimate of \$300 per job for approximately 100-150 homes, totaling between \$30-\$45K.

Allegiant's commercial meter subcontractor (Archer Plumbing) has completed 244 commercial meter replacements and 31 retrofits as of April 3. The commercial water meter exchange work is about 45% complete.

As of April 3, Allegiant has completed 9,547 residential electric meter replacements. Allegiant has removed staffing from the residential part of the project due to a lack of available meters which stems from a supply chain issue with our supplier. ERMU staff will complete these meter replacements once meters become available. The residential electric meter exchange work is about 78% completed.

We are still waiting for the delivery of our commercial electric meters for the project. ERMU staff will be utilized for all commercial electric meter installations and will be testing current transformers/potential transformers during each visit to verify equipment is working correctly and accurately. We are still waiting for the remainder of our residential meters, 3S, 4S & 2S-320A, which are expected in Q2 of 2025.

Overall, approximately 85% of the total available AMI meters have been installed.

TO: ERMU Commission	FROM: Mark Hanson – General Manager
MEETING DATE: April 8, 2025	AGENDA ITEM NUMBER: 6.1a
SUBJECT: Staff Update	
ACTION REQUESTED: None	

DISCUSSION:

- Glencoe Light and Power has expressed interest in the two external fuel tanks at the power plant. They plan on visiting the site in the next couple of weeks to inspect the tanks and make a final determination. I will update the Commission as more details are known.
- I have registered for the American Public Power Association’s Spring Education Institute in Orlando, Florida, May 5-9, 2025. I will be attending courses on Cost of Service and Rate Design to prepare for our cost of service study this fall with Dave Berg Consulting.
- The Minnesota Municipal Power Agency (MMPA) Board of Directors met March 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/operating performance for February 2025.
 - Participation in the residential Clean Energy Choice program increased by 57 customers. Customer penetration for the program is 6.1%.
 - The Board discussed the status of renewable projects the Agency is pursuing.

TO: ERMU Commission	FROM: Sara Youngs – Administrations Director
MEETING DATE: April 8, 2025	AGENDA ITEM NUMBER: 6.1b
SUBJECT: Staff Update	
ACTION REQUESTED: None	

DISCUSSION:

- Office walk-in traffic for March consisted of 123 customers, averaging 31 customers per week over the four-week period.
- ERMU disconnections for March: The Cold Weather Rule is in effect, meaning customers cannot be disconnected until 30 days after they receive their disconnection notice. The cold weather rule ends at the end of April.
 - Cycle 1 – 12 disconnections.
 - Cycle 2 – 6 disconnections.
 - Cycle 3 – 9 disconnections.
- During the month of March 2025, the customer service team entered 38 payment arrangements with customers. During March 2024 there were 34 payment arrangements.
- A significant amount of staff time is dedicated to the Advanced Metering Infrastructure (AMI) project, including daily follow-ups with customers and coordination with both internal and external teams.
- Customer service staff has started making outbound calls to schedule water meter replacements for customers with ERMU's water department. At the moment, we are scheduling ten appointments per week with plans to increase this number as the water department gains additional resources.
- As the AMI project transitions in-house, I want to take a moment to recognize Michelle Venema, our billing specialist, for her exceptional efforts during Allegiant's involvement in the project. Michelle carefully reviewed the daily meter exchange files to ensure the accuracy of customer billing statements. This was no small task and required significant attention to detail and organization to meet our billing deadlines.
- The IT team has been collaborating with the city's IT staff in preparation for the upcoming Information Security Committee Tabletop Exercise. This interactive exercise will serve as a valuable opportunity to assess and strengthen our defense strategies.
- Currently there are ten active residential solar photovoltaic projects planned or under construction in the ERMU service territory.

- In the last 30 days, combined the level two chargers located downtown and in the parking lot in front of ERMU had 32 sessions and provided customers with 383 kWh of green energy.
- Over the past month, the credit and collections specialist and administrations director met with our current collection agency, as well as three others, to ensure we're getting the right level of service while keeping our collection fees competitive.

TO: ERMU Commission	FROM: Melissa Karpinski – Finance Manager
MEETING DATE: April 8, 2025	AGENDA ITEM NUMBER: 6.1c
SUBJECT: Staff Update	
ACTION REQUESTED: None	

DISCUSSION:

- I want to express my gratitude to the accounting department for their dedication and pride in their work every day. Their commitment to excellence plays a key role in ensuring a smooth and efficient audit process.
- The annual MISO (Midwest Independent System Operator) Attachment O reporting has been completed and approved. It is used to determine the transmission rebates we will receive as being a part owner of transmission systems.
- The Energy Information Administration 112 survey has been filed. This is a new mandatory report that collects data from electric and natural gas providers on final termination notices, service disconnects, and reconnects for bill non-payment for residential customers.
- Annual surveys/reports continue to be completed.
- Staff is working on Property & Casualty Insurance renewal application for 2025-2026.

TO: ERMU Commission	FROM: Tony Mauren – Governance & Communications Manager
MEETING DATE: April 8, 2025	AGENDA ITEM NUMBER: 6.1d
SUBJECT: Staff Update	
ACTION REQUESTED: None	

DISCUSSION:

- The bill inserts for April 2025 are a new approach to the Clean Energy Choice certificates that had been sent out to individuals participating in the program in years past. This year we are aggregating the data (for residential and commercial programs respectively) and providing it to all customers. This also provides an opportunity to promote the program for those who may be interested in participating.
- In addition to the bill insert topic, social media posts this month feature the commission meeting notice, National Safe Digging Month, Severe Weather Awareness Week, AC Tune Up Rebates, Lineworker Appreciation Day, irrigation controller rebates, and more.
- On April 2, members of the State Records Retention Task Force met to discuss proposed updates to the General Records Retention Schedule for Minnesota Cities. Tony presented findings on the application of public safety records retention and state statute's impact on the schedule. The group will meet again in May to discuss further and ultimately submit proposals to the state records review board.
- Tony attended the Municipal Clerk & Financial Officers Association of Minnesota's annual conference March 19-21, in Brooklyn Center. This year offered great sessions on emergency management planning, data requests/records management, AI, and apprentice programs. Thanks to the Commission for these continuing opportunities to advance industry knowledge and skills, staff looks forward to applying them!
- The communications team is happy to report that 11 scholarship applications were received this year using ERMU's new scholarship form! ERMU's new scholarship program will award up to two students with a \$1,000 post-secondary education scholarship. The goal of the program is to provide financial assistance for those who plan to further their education towards a career in water, electric, or conservation fields. The scholarship committee will review the applications and select the winner(s) by May 1.
- Elk River Municipal Utilities, in partnership with the Minnesota Municipal Utilities Association, is offering a FREE OSHA-approved training on Chemical Hazards and Hazard

Communication on Tuesday, April 29. Registration is now open! If anyone you know might be interested in this FREE opportunity, please share the details listed below.

- **Session 1 | 60-minute main session:** Learn the basics of working safely with hazardous chemicals and how to protect yourself from chemical hazards.
- **Session 2 | Advanced train-the-trainer session (optional):** Designed for business owners and supervisors to understand their responsibilities and meet OSHA expectations.
- **Location:** Elk River Municipal Utilities Field Services Building
1435 Main Street, Elk River, MN
- **Date/Time:** Tuesday, April 29
- Session 1 (main session for all): 9:00 a.m. – 10:00 a.m.
- Session 2 (optional advanced session for business owners/supervisors): 10:15 a.m. – 11:15 a.m.
- [Click here to register](#) or contact jfoss@ermumn.com for more information.

ATTACHMENTS:

- Bill Insert – Clean Energy Choice Residential
- Bill Insert – Clean Energy Choice Business

RESIDENTIAL CLEAN ENERGY CERTIFICATE

This certificate recognizes the households in ERMU's service territory that participated in the Clean Energy Choice program, collectively using 4,175,903 kWh of renewable energy in 2024.

Their combined reduction of emissions is equivalent to:



Driving 9,123,990 miles in
a gas-powered vehicle



Electricity use in 656
homes for one year



Charging 226,822,353
smartphones

Not an energy superhero?
**Sign up for Clean Energy Choice
and activate your superpowers!**



Elk River
Municipal Utilities

BUSINESS CLEAN ENERGY CERTIFICATE

This certificate recognizes the businesses in ERMU's service territory that participated in the Clean Energy Choice program, collectively using 10,751,968 kWh of renewable energy in 2024.

Their combined reduction of emissions is equivalent to:



Driving 23,492,127 miles in
a gas-powered vehicle



Electricity use in 1,690
homes for one year



Charging 584,014,207
smartphones

Powering Your Business with **Renewable Energy**



TO: ERMU Commission	FROM: Thomas Geiser – Operations Director
MEETING DATE: April 8, 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 60 are complete.
- The dehydration of the existing Cooper/Eaton switchgear is going well.
- Staff is still dealing with the lack of communication and action taken on the reclosers that were recalled. We are waiting for all 30 of our units to be repaired at this time.
- ERMU received its new Vac-Tron and trailer the week of March 24.
- We are working on lining up projects for 2025 construction season.

TO: ERMU Commission	FROM: Chris Sumstad – Electric Superintendent
MEETING DATE: April 8, 2025	AGENDA ITEM NUMBER: 6.1f
SUBJECT: Staff Update	
ACTION REQUESTED: None	

DISCUSSION:

- Installed 13 new residential services, which involves the connection of a secondary line once the customer requests service.
- Joe Schmidt, Safety Instructor from Minnesota Municipal Utilities Association, held a safety meeting on excavating and trenching and confined space hazard awareness on March 26.
- The City's Fleet Maintenance Division is wrapping up our truck and trailer DOT inspections for the year.
- Continue to dehydrate oil in our switchgear to reduce moisture. We have completed over 20 and will continue with this process through April.
- Crews are performing equipment checks and thermal imaging of equipment out on our system.
- GRE completed their maintenance and we switched the Waco substation online on March 14.
- Crews installed the third transformer at Jonny Pops. The weather cooperated allowing the bore crew to make short work installing the primary to the site. With the nice spring, they will be starting soon on spring construction projects.
- Carr's Tree Service finished tree trimming with us on March 20. Road restrictions started early making it harder for them to get around. Our crews will continue to trim into April.
- Inventory/procurement has taken delivery of our underground wire order for the year.
- I attended the American Public Power Association Rodeo and Engineering and Operations Conference in Sacramento March 28-April 2.

TO: ERMU Commission	FROM: Mike Tietz – Technical Services Superintendent
MEETING DATE: April 8, 2025	AGENDA ITEM NUMBER: 6.1g
SUBJECT: Staff Update	
ACTION REQUESTED: None	

DISCUSSION:

- In March, the locators processed 212 locate tickets. These consisted of 174 normal tickets, 1 emergency ticket, 18 updated tickets, 10 meets, 3 planning, 2 boundary surveys, and 4 cancellations. This resulted in a 91.0% increase in tickets from the previous month and a 12.8% decrease from the prior March.
- Staff has completed review of GPS equipment and has decided to purchase two Trimble R580 units. These will be used during the construction of our underground facilities to aid in mapping and help meet the new locating laws that go into effect in 2026. The locators are currently demo-ing the Radio Detection GPS locator. We expect to have a decision on the GPS locator soon.
- Electrical technicians completed 213 service order tasks, updated the power bill, addressed customer meter issues and any off-peak concerns.
- The Advanced Metering Infrastructure (AMI) residential water meters and residential electric meters continue to be installed in new services. The electrical technicians have been busy changing out the current Automated Meter Reading meters to AMI meters for off-peak around the system. Approximately 5,179 water meters and 11,675 electric meters are currently active within our AMI system.
- Staff have successfully completed oil replacement/dehydration on 25 switchgears so far utilizing the trailer-mounted oil collection system. Contaminated oil is reconditioned overnight and then used in another switchgear the next day. The testing of oil in completed units shows the moisture levels returning to acceptable levels. We extended the timeframe on this project to recondition the oil on as many switchgear as possible by the end of April.
- Our monthly peak was 41.80 MW on March 8, at 7:02 p.m.

TO: ERMU Commission	FROM: Dave Ninow – Water Superintendent
MEETING DATE: April 8, 2025	AGENDA ITEM NUMBER: 6.1h
SUBJECT: Staff Update	
ACTION REQUESTED: None	

DISCUSSION:

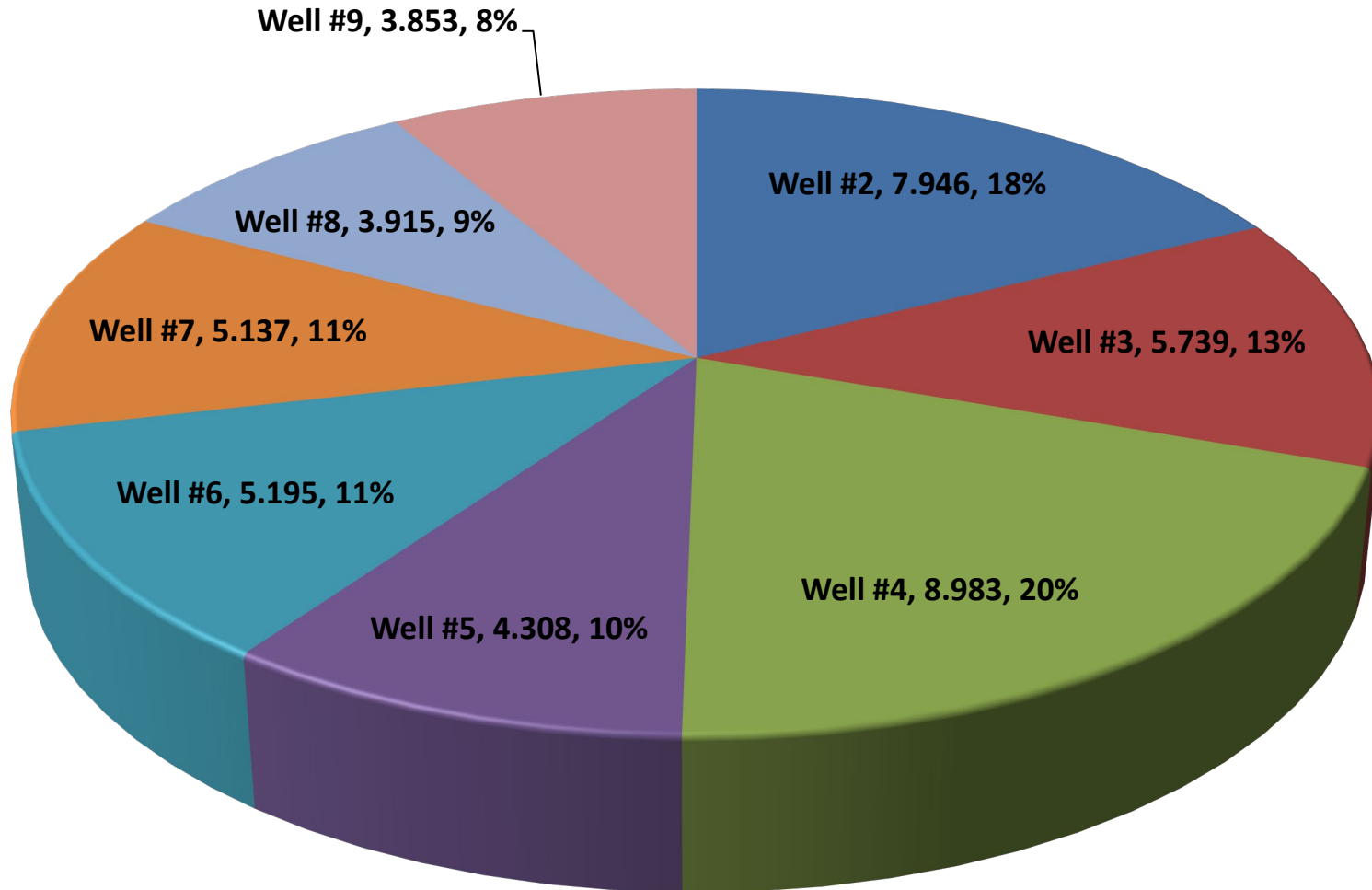
- Delivered a water meter, installed a Smart Point module, and took curb stop ties for 10 new water services
- Completed 20 BACTI/Total Chlorine Residual Samples
 - All confirmed negative for Coliform Bacteria
 - Bacteriological/Disinfectant Residual Monthly Report submitted to the MDH
- Completed 21 routine fluoride samples
 - All samples met MDH standards
 - Submitted MDH Fluoride Report
- Submitted the Discharge Monitoring Report for the diesel generation plant to the Minnesota Pollution Control Agency.
- Completed and submitted the 2024 Water Conservation Report to the DNR.
- Staff applied to the Minnesota Department of Health for the Service Line Inventory Technical Assistance program. This program is intended to aid Community Public Water Supplies in achieving compliance with the Environmental Protection Agency's Lead and Copper Rule Revisions and Lead and Copper Rule Improvements. The purpose of this round of technical assistance is to determine the material type for any remaining unknowns reported on our initial service line inventory using records review and/or in-home visual inspection.
- The water operators have had an increased workload due to additional water meter exchanges with Allegiant scaling back appointments, nearing the end of their contract with us.
- Our annual water treatment plant preventative maintenance is complete. Water staff have done an outstanding job ensuring that the wells and filters are ready for the summer months. The annual preventive maintenance includes recharging and cleaning filters, replacing chemical lines, changing compressor oil, changing pump motor oil for the wells, and painting. One key aspect of our maintenance process is the staff's use of their experience to anticipate potential problems that may arise during the summer. To prevent these issues, they proactively replace items known to have a higher likelihood of failure.

- New chlorine gas alarm system equipment has been installed in the water treatment plants to replace the aging equipment. The upgraded gas detection equipment is designed to continuously monitor and detect gas leaks before they lead to harmful conditions, ensuring the safety of our personnel and the facility.
- Derek Lutter has accepted the new water operator position within our growing water department. This additional role was created to address the expanding needs of our municipal water system and ensure that we continue to provide excellent service to our community. He brings a wealth of experience and qualifications to the position. He begins working with ERMU on April 8.
- We will begin flushing hydrants the week of April 14. Customers will be notified and a map with the zones and dates for flushing will be made public. Flushing is expected to take approximately 6 weeks. We are increasing the amount of time scheduled for flushing due to the number of fire hydrants now in the distribution system.

ATTACHMENTS:

- March 2025 Pumping by Well

March 2025 Monthly Pumping By Well



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

Tuesday, January 14: • Annual Review of Committee Charters	Tuesday, February 11: • Review Strategic Plan and 2024 Annual Business Plan Results
Tuesday, March 11: • Oath of Office • Election of Officers • Annual Commissioner Orientation and Review Governance Responsibilities and Role	Tuesday, April 8: • Audit of 2024 Financial Report • Financial Reserves Allocations • Review 2024 Performance Metrics
Tuesday, May 13: • Annual General Manager Performance Evaluation and Goal Setting	Tuesday, June 3: • Annual Commission Performance Evaluation
Tuesday, July 8: • Review and Update Strategic Plan	Tuesday, August 12: • Annual Business Plan – Review Proposed 2026 Travel, Training, Dues, Subscriptions, and Fees Budget
Tuesday, September 9: • Annual Business Plan – Review Proposed 2026 Capital Projects Budget	Tuesday, October 14: • Annual Business Plan – Review Proposed 2026 Expenses Budget
Wednesday, November 12: • Annual Business Plan - Review Proposed 2026 Rates and Other Revenue • Adopt 2026 Fee Schedule • 2026 Stakeholder Communication Plan	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