

## **AGENDA**

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### **1.0 GOVERNANCE**

- 1.1 Call Meeting to Order
- 1.2 Pledge of Allegiance
- 1.3 Consider the Agenda
- 1.4 Resolution Recognizing 2026 Drinking Water Week
- 1.5 Resolution Recognizing 2026 Lineworker Appreciation Day
- 1.6 Recognition of American Public Power Association Certificate of Excellence in Reliability
- 1.7 Recognition of American Public Power Association Safety Award of Excellence
- 1.8 Recognition of American Public Power Association Reliable Public Power Provider Designation

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

- 2.1 Check Register – March 2026
- 2.2 Regular Meeting Minutes – March 10, 2026
- 2.3 Resolution Electing Not to Waive Statutory Tort Limits for Liability Insurance
- 2.4 Summary of Information Security Committee Closed Session
- 2.5 Mission, Vision, Values Policy Updates
- 2.6 2026 Schedule of Rate and Fees Update

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

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

- 4.1 2025 Financial Audit
- 4.2 2025 Year End Reserve Balances
- 4.3 2025 Utilities Performance Incentive Compensation Distribution

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

- 5.1 Financial Report – February 2026
- 5.2 2025 Annual Reliability Report
- 5.3 Information Technologies Services Memorandum of Understanding with the City of Elk River
- 5.4 Letter of Intent for Large Industrial Electric Load

### **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 12, 2026

1. Closed Meeting: General Manager Performance Review
  - b. 2026 Governance Agenda
- 6.4 Other Business (Items added during agenda approval.)

**7.0 ADJOURN REGULAR MEETING**

<b>TO:</b> ERMU Commission	<b>FROM:</b> Dave Ninow – Water Superintendent
<b>MEETING DATE:</b> April 14, 2026	<b>AGENDA ITEM NUMBER:</b> 1.4
<b>SUBJECT:</b> Resolution Recognizing 2026 Drinking Water Week	
<b>ACTION REQUESTED:</b> Adopt Resolution 26-3 Recognizing Drinking Water Week, May 3-9, 2026	

**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 3-9, 2026.

**DISCUSSION:**

Elk River Municipal Utilities is committed to maintaining its water system and providing safe and reliable water to our customers. 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. 26-3 – Recognizing Drinking Water Week 2026

RESOLUTION NO. 26-3

BOARD OF COMMISSIONERS  
ELK RIVER MUNICIPAL UTILITIES

**A RESOLUTION OF THE BOARD OF COMMISSIONERS OF ELK RIVER MUNICIPAL UTILITIES RECOGNIZING DRINKING WATER WEEK, MAY 3-9, 2026**

**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 3-9, 2026, 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 3, 2026, BE DESIGNATED AS DRINKING WATER WEEK.**

This Resolution Passed and Adopted this 14<sup>th</sup> day of April 2026.

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John J. Dietz, Chair

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Mark Hanson, General Manager

<b>TO:</b> ERMU Commission	<b>FROM:</b> Chris Sumstad – Electric Superintendent
<b>MEETING DATE:</b> April 14, 2026	<b>AGENDA ITEM NUMBER:</b> 1.5
<b>SUBJECT:</b> Resolution Recognizing 2026 Lineworker Appreciation Day	
<b>ACTION REQUESTED:</b> Adopt Resolution 26-4 Recognizing Lineworkers and Designating April 18, 2026, 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. 26-4 – Recognizing Lineworkers and Designating Lineworker Appreciation Day 2026

RESOLUTION NO. 26-4

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, 2026, 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, 2026, BE DESIGNATED LINEWORKER APPRECIATION DAY.

This Resolution Passed and Adopted this 14<sup>th</sup> day of April, 2026.

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John J. Dietz, Chair

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Mark Hanson, General Manager

<b>TO:</b> ERMU Commission	<b>FROM:</b> Mike Tietz – Technical Services Superintendent
<b>MEETING DATE:</b> April 14, 2026	<b>AGENDA ITEM NUMBER:</b> 1.6
<b>SUBJECT:</b> Recognition of American Public Power Association Certificate of Excellence in Reliability	
<b>ACTION REQUESTED:</b> 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, 312 were considered to have sound data that was included in the 2025 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 2025, ERMU’s SAIDI was only 11.84 minutes (excluding major events) and 18.95 minutes (including major events), compared to the industry average of 169 minutes (excluding major events). In simple terms, that means that averaged out over our nearly 14,000 electric customers in 2025, each customer could expect to have a total outage time of about 19 minutes; that is 150 minutes shorter than the national average for outages among all utilities within the United States.

I would like to recognize the ERMU team for their continuous devotion to providing reliable electric service to all of our customers throughout 2025. This national recognition from APPA is a testament to staff’s consistent commitment to ERMU’s Mission - *Serving Our Community: Every Home, Every Business, Every Day.*

<b>TO:</b> ERMU Commission	<b>FROM:</b> Megan Zachman – Human Resources Generalist
<b>MEETING DATE:</b> April 14, 2026	<b>AGENDA ITEM NUMBER:</b> 1.7
<b>SUBJECT:</b> Recognition of American Public Power Association Safety Award of Excellence	
<b>ACTION REQUESTED:</b> None	

**BACKGROUND/DISCUSSION:**

The American Public Power Association (APPA) recently honored Elk River Municipal Utilities with a Diamond-level Safety Award of Excellence for safe operating practices among our electric utility employees and the staff who support them in 2025. ERMU received this prestigious award at APPA’s annual Engineering & Operations Conference and Safety Summit, held March 29 - April 1, 2026, in Huntsville, Alabama.

The Diamond designation represents the highest level of recognition in APPA’s annual Safety Awards program. In 2025, 240 utilities nationwide were recognized with a Safety Award of Excellence. Utilities receiving these awards have proven that safety is of the utmost importance in the operation of their companies and are recognized for the hard work that goes into keeping every team member safe. APPA has conducted these safety awards annually for more than 68 years.

Entrants are evaluated based on their incident-free safety records and the overall strength of their safety programs and culture, as measured by OSHA standards. ERMU’s electric utility employees and their supporting staff demonstrated an outstanding safety record in 2025, earning us the Diamond designation - the highest level achievable in the program.

This achievement is made possible through the culture of safety that is part of every employee’s work ethic. As stated in ERMU’s Organizational Values, “We prioritize the safety of our team and the community we serve.”



**UTILITIES COMMISSION MEETING**

<b>TO:</b> ERMU Commission	<b>FROM:</b> Mike Tietz – Technical Services Superintendent
<b>MEETING DATE:</b> April 14, 2026	<b>AGENDA ITEM NUMBER:</b> 1.8
<b>SUBJECT:</b> Recognition of American Public Power Association Reliable Public Power Provider Designation	
<b>ACTION REQUESTED:</b> None	

**BACKGROUND/DISCUSSION:**

I am excited to announce that Elk River Municipal Utilities (ERMU) has once again received national recognition from the American Public Power Association (APPA) for being a Reliable Public Power Provider (RP3). The RP3 designation recognizes public power utilities that demonstrate proficiency in four key areas: **reliability, safety, workforce development, and system improvement**. Criteria within each category are based on sound business practices and represent a utility-wide commitment to providing safe and reliable electricity.

Currently, 261 of the nation's more than 2,000 public power utilities hold an RP3 designation, and ERMU is just one of 118 utilities to earn an RP3 designation in 2026. There are three designation levels based on scoring: Gold (score of 80-89 pts.), Platinum (score of 90-97 pts.), and Diamond (score of 98-100 pts.). Thanks to the efforts of the whole team, ERMU was able to achieve the **Diamond** level designation for the first time with a score of 98 pts. and is one of only 61 municipal utilities in the nation to receive this designation in 2026. This three-year designation will begin on May 1, 2026, and last until April 30, 2029.

Receiving an RP3 designation is a sign of a utility's dedication to efficiently operating a safe and reliable electric distribution system. Being recognized by the RP3 program demonstrates to community leaders, governing board members, suppliers, and service providers the utilities' commitment to its employees, customers, and community. This designation means that our customers receive some of the best possible services in the country.

It also shows that we are committed to keeping costs low, improving best practices, and raising the bar for other electric service providers. It means that we hire the best people, who are dedicated to doing an exceptional job for ERMU and our community.

ERMU is proud of our **reliability** performance. In 2025, the average ERMU customer would have experienced only 19 minutes without power, while the average electric customer within our region would have experienced 67 minutes. ERMU conducts annual reviews of our system to identify areas that may need improvement and performs ongoing vegetation management to

ensure that trees do not interfere with overhead lines. In September of 2025, ERMU finalized the utilities Emergency Operations Plan which provides the framework for different types of emergency responses, while maximizing the safety of staff and customers. Tabletop exercises are performed with staff as well as key city/county personnel to assess our preparedness for an emergency response. These exercises help identify areas for improvement and encourage staff to find innovative ways to continually provide a safe and efficient response to emergencies within our community. We remain diligent in safeguarding the utilities by implementing cyber security best practices and preparing to be ready for any potential threats.

ERMU takes **safety** very seriously. Over the three-year review period, employees maintained a consistent record of safe operation. During our monthly training courses, daily tailgate meetings, and on-site job briefings, working safely is on every employee's mind. All new employees are required to go through our initial safety training as part of their on-boarding process. All incidents and near misses are discussed to make everyone aware of the hazard and to determine steps to prevent a similar incident in the future. Our safety-minded culture is shown on a national level with our recent Diamond level Safety Award of Excellence received from APPA. The safety of our team and everyone we serve is of the highest importance.

ERMU is committed to **workforce development**. Employees are encouraged to expand their knowledge by attending seminars, conferences, job-related training, etc., so they can keep up to date on standards and best practices within the industry as well as network with their peers. Leadership training is provided for all employees to help with the development of those skills, regardless of their position. This type of development contributes to why ERMU has such outstanding employees. We could not have received this award without our employees being so dedicated to providing service excellence to our community every day.

ERMU is dedicated to continuous **system improvement**. We continually focus on making improvements to our facilities through constant inspections, maintenance of key equipment, and replacing aging infrastructure. ERMU continuously reviews and evaluates system performance to help determine which future projects are given priority. ERMU maintains a comprehensive long-term capital project plan to identify our needs well into the future. Budget planning for these projects is conducted annually and presented to the Commission for their approval. We perform cost of service studies about every five years to preserve the financial health of the utilities along with maintaining adequate financial reserves to mitigate any risk.

The staff at ERMU is proud to serve its community and keep it powered up every day. We are always looking for ways to improve and achieve the best possible results for our customers by providing reliable service at competitive rates, and seeking to live up to our Vision statement – *Leading the Way to a Stronger Community*.

# **CHECK REGISTER**

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**March 2026**

**APPROVED BY:**

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**John Dietz**

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**Jill Larson-Vito**

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**Mary Stewart**

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**Matt Westgaard**

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**Nick Zerwas**

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## Payroll/Labor Check Register Totals

03/13/2026 To 03/13/2026

Pays	Job	Amount	Hours
<b>Gross Pay</b>			
2	Reg Hours	177,194.18	3,098.25
3	Overtime	189.15	2.00
4	Double Time	0.00	0.00
5	On-Call/Stand-by	2,959.46	56.00
24	FLSA	0.00	0.00
25	Rest Time	0.00	0.00
10	Bonus Pay	0.00	0.00
18	Commissioner Reimb - Electric	600.00	0.00
104	Commission Stipend	0.00	0.00
VAC	Vacation Pay	17,291.31	284.23
SICK	Sick Pay	5,348.01	100.52
HOL	Holiday Pay	0.00	0.00
5-2	On-Call/Stand-by/OT	0.00	0.00
18A	Commissioner Reimb. - Water	150.00	0.00
10-3	Bonus Pay Overtime	0.00	0.00
104A	Commission Stipend - Water	0.00	0.00
PTOY	Personal Day - Year	1,203.04	16.00
3C	Overtime-Comp Time	392.80	4.50
4C	Double Time-Comp Time	0.00	0.00
CM3C	Overtime-Comp Time Adjusted	-392.80	-4.50
CM4C	Double Time-Comp Time Adjusted	0.00	0.00
COMP	Comp Time Taken	0.00	0.00
106	Longevity Pay	0.00	0.00
MIL	Military Pay - Calendar Year	0.00	0.00
<b>Gross Pay Total:</b>		204,935.15	3,557.00
<b>Total Pays:</b>		204,935.15	3,557.00

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## Payroll/Labor Check Register Totals

03/27/2026 To 03/27/2026

Pays	Job	Amount	Hours
<b>Gross Pay</b>			
2	Reg Hours	184,929.86	3,219.00
3	Overtime	1,395.37	14.84
4	Double Time	0.00	0.00
5	On-Call/Stand-by	3,144.26	56.00
24	FLSA	98.87	0.00
25	Rest Time	376.63	6.50
10	Bonus Pay	0.00	0.00
VAC	Vacation Pay	9,404.40	147.00
SICK	Sick Pay	5,454.04	108.50
HOL	Holiday Pay	0.00	0.00
78	Retro Earnings	5.46	0.00
5-2	On-Call/Stand-by/OT	584.09	5.25
10-3	Bonus Pay Overtime	0.00	0.00
PTOY	Personal Day - Year	796.52	12.00
3C	Overtime-Comp Time	2,461.25	28.91
4C	Double Time-Comp Time	0.00	0.00
CM3C	Overtime-Comp Time Adjusted	-2,461.25	-28.91
CM4C	Double Time-Comp Time Adjusted	0.00	0.00
COMP	Comp Time Taken	0.00	0.00
106	Longevity Pay	0.00	0.00
MIL	Military Pay - Calendar Year	0.00	0.00
<b>Gross Pay Total:</b>		206,189.50	3,569.09
<b>Total Pays:</b>		206,189.50	3,569.09

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# Accounts Payable Check Register

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03/01/2026 To 03/31/2026

**Bank Account: 1 - GENERAL FUND**

Check / Tran Date	Pmt Type	Vendor	Vendor Name	Reference	Amount
2389 3/4/26	WIRE	5655	FISERV	ACH FEES - FEB 2026	2,609.34
				ACH FEES - FEB 2026	652.33
				ACH FEES - FEB 2026	511.18
				ACH FEES - FEB 2026	127.79
				ACH FEES - FEB 2026	2,511.55
				ACH FEES - FEB 2026	627.89
				ACH FEES - FEB 2026	92.82
				ACH FEES - FEB 2026	23.20
				ACH FEES - FEB 2026	788.92
				ACH FEES - FEB 2026	197.23
				ACH FEES - FEB 2026	2,477.27
				ACH FEES - FEB 2026	619.32
<b>Total for Check/Tran - 2389:</b>					11,238.84
<b>Total for Bank Account - 1 :</b>					(1) 11,238.84

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**Bank Account: 5 - GENERAL FUND WITHDRAWALS**

Check / Tran Date	Pmt Type	Vendor	Vendor Name	Reference	Amount
5142 3/2/26	WIRE	153	PERA (ELECTRONIC)	PERA EMPLOYEE CONTRIBUTION	10,877.20
				PERA CONTRIBUTIONS	12,550.66
				PERA EMPLOYEE CONTRIBUTION	2,528.06
				PERA CONTRIBUTIONS	2,916.98
<b>Total for Check/Tran - 5142:</b>					28,872.90
5143 3/2/26	WIRE	598	MINNESOTA CHILD SUPPORT PAYMEN	CHILD SUPPORT	304.10
5144 3/3/26	WIRE	160	VOYA INSTITUTIONAL TRUST COMPAN	HCSP EMPLOYEE CONTRIBUTIONS	2,500.29
				HCSP EMPLOYEE CONTRIBUTIONS	509.77
<b>Total for Check/Tran - 5144:</b>					3,010.06
5145 3/3/26	WIRE	161	VOYA INSTITUTIONAL TRUST COMPAN	MNDP EE MANAGER CONTRIBUTIONS	368.37
				MNDP EMPLOYEE CONTRIBUTIONS	3,736.34
				MNDP EMPLOYER CONTRIBUTION	4,688.05
				MNDP EMPLOYER MGR CONTRIBUTION	619.54
				MNDP EE ROTH CONTRIBUTIONS	1,824.49
				MNDP EE ROTH MGR CONTRIBUTIONS	251.17
				MNDP EE MANAGER CONTRIBUTIONS	51.74
				MNDP EMPLOYEE CONTRIBUTIONS	427.93
				MNDP EMPLOYER CONTRIBUTION	619.16
				MNDP EMPLOYER MGR CONTRIBUTION	85.52
				MNDP EE ROTH CONTRIBUTIONS	393.45
				MNDP EE ROTH MGR CONTRIBUTIONS	33.78
<b>Total for Check/Tran - 5145:</b>					13,099.54
5146 3/3/26	WIRE	285	JOHN HANCOCK	W&A EMPLOYER CONTRIBUTION	1,935.49
				W&A MANAGER CONTRIBUTION	436.97
				WENZEL EMPLOYEE CONTRIBUTIONS	1,924.50
				WENZEL MANAGER CONTRIBUTIONS	136.51
				DEF COMP ROTH CONTRIBUTIONS W&A	900.00
				WENZEL EE ROTH MGR CONTRIBUTIONS	300.46
				W&A EMPLOYER CONTRIBUTION	539.11

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**Bank Account: 5 - GENERAL FUND WITHDRAWALS**

Check / Tran Date	Pmt Type	Vendor	Vendor Name	Reference	Amount
				W&A MANAGER CONTRIBUTION	67.41
				WENZEL EMPLOYEE CONTRIBUTIONS	191.33
				WENZEL MANAGER CONTRIBUTIONS	34.03
				DEF COMP ROTH CONTRIBUTIONS W&A	347.78
				WENZEL EE ROTH MGR CONTRIBUTIONS	33.38
				<b>Total for Check/Tran - 5146:</b>	6,846.97
5147 3/3/26	WIRE	738	HEALTHEQUITY, INC	HSA EMPLOYEE CONTRIBUTION	2,810.16
				HSA EMPLOYEE CONTRIBUTION	599.61
				<b>Total for Check/Tran - 5147:</b>	3,409.77
5148 3/3/26	WIRE	152	IRS - USA TAX PMT (ELECTRONIC)	PAYROLL TAXES - FEDERAL & FICA	17,001.56
				PAYROLL TAXES - FEDERAL & FICA	23,947.06
				PAYROLL TAXES - FEDERAL & FICA	3,838.59
				PAYROLL TAXES - FEDERAL & FICA	5,613.56
				<b>Total for Check/Tran - 5148:</b>	50,400.77
5150 3/5/26	WIRE	154	MINNESOTA REVENUE (ELECTRONIC)	PAYROLL TAXES - STATE	7,603.36
				PAYROLL TAXES - STATE	1,752.94
				<b>Total for Check/Tran - 5150:</b>	9,356.30
5151 3/5/26	WIRE	738	HEALTHEQUITY, INC	FSA CLAIM REIMBURSEMENTS - 164	222.22
				FSA CLAIM REIMBURSEMENTS - 164	55.55
				<b>Total for Check/Tran - 5151:</b>	277.77
5152 3/6/26	WIRE	166	ONLINE UTILITY EXCHANGE (ELECTR	UTILITY EXCHANGE REPORT - FEB 2026	261.60
				UTILITY EXCHANGE REPORT - FEB 2026	65.40
				<b>Total for Check/Tran - 5152:</b>	327.00
5153 3/9/26	WIRE	738	HEALTHEQUITY, INC	ADMINISTRATIVE FEE INVOICE - MARCH 2026	125.70
				ADMINISTRATIVE FEE INVOICE - MARCH 2026	25.30
				<b>Total for Check/Tran - 5153:</b>	151.00
5154 3/10/26	WIRE	1	AMERICAN PUBLIC POWER ASSOCIATI	APPA NAT'L CONF - 20 151 186 201 6.26	4,780.00
5157 3/10/26	WIRE	8708	MEDICA	MEDICAL EE INSURANCE - MARCH 2026	11,203.80

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**Bank Account: 5 - GENERAL FUND WITHDRAWALS**

Check / Tran Date	Pmt Type	Vendor	Vendor Name	Reference	Amount
				MEDICAL ER INSURANCE - MARCH 2026	55,646.23
				MEDICAL INSURANCE COBRA - MARCH 2026	1,374.88
				MEDICAL EE INSURANCE - MARCH 2026	2,712.20
				MEDICAL ER INSURANCE - MARCH 2026	14,094.50
				<b>Total for Check/Tran - 5157:</b>	85,031.61
5158 3/18/26	WIRE	152	IRS - USA TAX PMT (ELECTRONIC)	PAYROLL TAXES - FEDERAL & FICA	17,005.93
				PAYROLL TAXES - FEDERAL & FICA	23,848.74
				PAYROLL TAXES - FEDERAL & FICA	3,778.02
				PAYROLL TAXES - FEDERAL & FICA	5,538.50
				<b>Total for Check/Tran - 5158:</b>	50,171.19
5159 3/18/26	WIRE	153	PERA (ELECTRONIC)	PERA EMPLOYEE CONTRIBUTION	10,791.29
				PERA CONTRIBUTIONS	12,451.52
				PERA EMPLOYEE CONTRIBUTION	2,480.70
				PERA CONTRIBUTIONS	2,862.34
				<b>Total for Check/Tran - 5159:</b>	28,585.85
5160 3/18/26	WIRE	160	VOYA INSTITUTIONAL TRUST COMPANHCSP	EMPLOYEE CONTRIBUTIONS	2,480.56
				HCSP EMPLOYEE CONTRIBUTIONS	466.03
				<b>Total for Check/Tran - 5160:</b>	2,946.59
5161 3/18/26	WIRE	161	VOYA INSTITUTIONAL TRUST COMPANMND	EE MANAGER CONTRIBUTIONS	368.37
				MNDP EMPLOYEE CONTRIBUTIONS	3,710.20
				MNDP EMPLOYER CONTRIBUTION	3,009.70
				MNDP EMPLOYER MGR CONTRIBUTION	619.55
				MNDP EE ROTH CONTRIBUTIONS	1,824.51
				MNDP EE ROTH MGR CONTRIBUTIONS	251.18
				MNDP EE MANAGER CONTRIBUTIONS	51.74
				MNDP EMPLOYEE CONTRIBUTIONS	354.07
				MNDP EMPLOYER CONTRIBUTION	607.51
				MNDP EMPLOYER MGR CONTRIBUTION	85.51
				MNDP EE ROTH CONTRIBUTIONS	393.43

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**Bank Account: 5 - GENERAL FUND WITHDRAWALS**

Check / Tran Date	Pmt Type	Vendor	Vendor Name	Reference	Amount
				MNDCP EE ROTH MGR CONTRIBUTIONS	33.77
				<b>Total for Check/Tran - 5161:</b>	11,309.54
5162 3/18/26	WIRE	285	JOHN HANCOCK	W&A EMPLOYER CONTRIBUTION	1,668.01
				W&A MANAGER CONTRIBUTION	436.88
				WENZEL EMPLOYEE CONTRIBUTIONS	1,791.97
				WENZEL MANAGER CONTRIBUTIONS	136.43
				DEF COMP ROTH CONTRIBUTIONS W&A	900.00
				WENZEL EE ROTH MGR CONTRIBUTIONS	300.45
				W&A EMPLOYER CONTRIBUTION	539.23
				W&A MANAGER CONTRIBUTION	67.50
				WENZEL EMPLOYEE CONTRIBUTIONS	191.45
				WENZEL MANAGER CONTRIBUTIONS	34.11
				DEF COMP ROTH CONTRIBUTIONS W&A	347.78
				WENZEL EE ROTH MGR CONTRIBUTIONS	33.39
				<b>Total for Check/Tran - 5162:</b>	6,447.20
5163 3/18/26	WIRE	598	MINNESOTA CHILD SUPPORT PAYMEN	CHILD SUPPORT	304.10
5164 3/19/26	WIRE	154	MINNESOTA REVENUE (ELECTRONIC)	PAYROLL TAXES - STATE	7,578.09
				PAYROLL TAXES - STATE	1,745.97
				<b>Total for Check/Tran - 5164:</b>	9,324.06
5166 3/19/26	WIRE	738	HEALTHQUITY, INC	HSA EMPLOYEE CONTRIBUTION	2,794.58
				HSA EMPLOYEE CONTRIBUTION	575.19
				FSA CLAIM REIMBURSEMENTS - 164	0.04
				FSA CLAIM REIMBURSEMENTS - 164	0.01
				<b>Total for Check/Tran - 5166:</b>	3,369.82
5167 3/20/26	WIRE	738	HEALTHQUITY, INC	FSA CLAIM REIMBURSEMENTS - 164	222.18
				FSA CLAIM REIMBURSEMENTS - 164	55.54
				<b>Total for Check/Tran - 5167:</b>	277.72
5168 3/23/26	WIRE	738	HEALTHQUITY, INC	2026 HSA RENEWAL FEE	320.00

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**Bank Account: 5 - GENERAL FUND WITHDRAWALS**

Check / Tran Date	Pmt Type	Vendor	Vendor Name	Reference	Amount
				2026 HSA RENEWAL FEE	80.00
<b>Total for Check/Tran - 5168:</b>					400.00
5169 3/16/26	WIRE	9654	CARDMEMBER SERVICE	FIRST NATIONAL BANK VISA	18,201.48
				FIRST NATIONAL BANK VISA	1,711.47
<b>Total for Check/Tran - 5169:</b>					19,912.95
5170 3/25/26	MP	8605	MARCO TECHNOLOGIES, LLC	PRINTER MTC CONTRACT - 3/1 to 4/1/26	196.66
				PRINTER MTC CONTRACT - 3/1 to 4/1/26	49.16
<b>Total for Check/Tran - 5170:</b>					245.82
5172 3/23/26	WIRE	174	MINNESOTA REVENUE SALES TX (ELE	SALES AND USE TAX - FEB 2026	231,506.23
				SALES AND USE TAX - FEB 2026	-2.59
				SALES AND USE TAX - FEB 2026	3,005.36
<b>Total for Check/Tran - 5172:</b>					234,509.00
5174 3/23/26	WIRE	797	MARTIN MARIETTA MATERIALS	HEATED SAND	104.53
5175 3/31/26	WIRE	153	PERA (ELECTRONIC)	PERA EMPLOYEE CONTRIBUTION	10,974.12
				PERA CONTRIBUTIONS	12,662.46
				PERA EMPLOYEE CONTRIBUTION	2,428.19
				PERA CONTRIBUTIONS	2,801.75
<b>Total for Check/Tran - 5175:</b>					28,866.52
5176 3/31/26	WIRE	160	VOYA INSTITUTIONAL TRUST COMPAN	H CSP EMPLOYEE CONTRIBUTIONS	2,548.08
				H CSP EMPLOYEE CONTRIBUTIONS	489.04
<b>Total for Check/Tran - 5176:</b>					3,037.12
5177 3/31/26	WIRE	161	VOYA INSTITUTIONAL TRUST COMPAN	MNDCP EE MANAGER CONTRIBUTIONS	368.32
				MNDCP EMPLOYEE CONTRIBUTIONS	3,945.65
				MNDCP EMPLOYER CONTRIBUTION	2,945.61
				MNDCP EMPLOYER MGR CONTRIBUTION	619.49
				MNDCP EE ROTH CONTRIBUTIONS	1,824.50
				MNDCP EE ROTH MGR CONTRIBUTIONS	251.17
				MNDCP EE MANAGER CONTRIBUTIONS	51.79

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**Bank Account: 5 - GENERAL FUND WITHDRAWALS**

Check / Tran Date	Pmt Type	Vendor	Vendor Name	Reference	Amount
				MNDP EMPLOYEE CONTRIBUTIONS	351.62
				MNDP EMPLOYER CONTRIBUTION	604.60
				MNDP EMPLOYER MGR CONTRIBUTION	85.57
				MNDP EE ROTH CONTRIBUTIONS	393.44
				MNDP EE ROTH MGR CONTRIBUTIONS	33.78
				<b>Total for Check/Tran - 5177:</b>	11,475.54
5178 3/31/26	WIRE	285	JOHN HANCOCK	W&A EMPLOYER CONTRIBUTION	1,665.48
				W&A MANAGER CONTRIBUTION	436.88
				WENZEL EMPLOYEE CONTRIBUTIONS	1,791.67
				WENZEL MANAGER CONTRIBUTIONS	136.43
				DEF COMP ROTH CONTRIBUTIONS W&A	900.00
				WENZEL EE ROTH MGR CONTRIBUTIONS	300.45
				W&A EMPLOYER CONTRIBUTION	539.10
				W&A MANAGER CONTRIBUTION	67.50
				WENZEL EMPLOYEE CONTRIBUTIONS	191.32
				WENZEL MANAGER CONTRIBUTIONS	34.11
				DEF COMP ROTH CONTRIBUTIONS W&A	347.78
				WENZEL EE ROTH MGR CONTRIBUTIONS	33.39
				<b>Total for Check/Tran - 5178:</b>	6,444.11
5179 3/31/26	WIRE	598	MINNESOTA CHILD SUPPORT PAYMEN	CHILD SUPPORT	304.10
5180 3/31/26	WIRE	738	HEALTHQUITY, INC	HSA EMPLOYEE CONTRIBUTION	2,936.83
				HSA EMPLOYEE CONTRIBUTION	582.44
				<b>Total for Check/Tran - 5180:</b>	3,519.27
5181 3/31/26	WIRE	152	IRS - USA TAX PMT (ELECTRONIC)	PAYROLL TAXES - FEDERAL & FICA	17,327.05
				PAYROLL TAXES - FEDERAL & FICA	24,155.26
				PAYROLL TAXES - FEDERAL & FICA	3,628.46
				PAYROLL TAXES - FEDERAL & FICA	5,387.66
				<b>Total for Check/Tran - 5181:</b>	50,498.43
23320 3/5/26	DD	11	CITY OF ELK RIVER	2025 SHARED COSTS	103,458.10

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**Bank Account: 5 - GENERAL FUND WITHDRAWALS**

Check / Tran Date	Pmt Type	Vendor	Vendor Name	Reference	Amount
				2025 SHARED COSTS	25,864.50
				FUEL USAGE - JAN 2026	2,090.20
				FUEL USAGE - JAN 2026	552.53
				PARTS & LABOR FOR UNIT #7	-5.00
				PARTS & LABOR FOR UNIT #7	263.43
				PARTS & LABOR FOR UNIT #7	-3.81
				PARTS & LABOR FOR UNIT #7	182.20
				DOT INSPECTION - UNIT #7	162.50
				PARTS & LABOR FOR UNIT #16	-45.68
				PARTS & LABOR FOR UNIT #16	755.68
				PARTS & LABOR FOR UNIT #24	-1.30
				PARTS & LABOR FOR UNIT #24	82.88
				PARTS & LABOR FOR UNIT #65	-25.39
				PARTS & LABOR FOR UNIT #65	607.89
				<b>Total for Check/Tran - 23320:</b>	133,938.73
23321 3/5/26	DD	23	ELK RIVER MUNICIPAL UTILITIES	CYCLE 2 - ACCT 41038 - JAN 2026	166.41
				CYCLE 2 - ACCT 41038 - JAN 2026	8.76
				CYCLE 2 - INV GRP 436 - JAN 2026	2,523.32
				<b>Total for Check/Tran - 23321:</b>	2,698.49
23322 3/5/26	DD	809	HAWKINS, INC.	Water Chemicals	1,418.99
23323 3/5/26	DD	6836	INNOVATIVE OFFICE SOLUTIONS LLC	OFFICE SUPPLIES	77.82
				OFFICE SUPPLIES	19.45
				<b>Total for Check/Tran - 23323:</b>	97.27
23324 3/5/26	DD	828	MARILU INC	MONTHLY CLEANING FOR THE PLANT-FEB 2026	2,982.74
				MONTHLY CLEANING FOR THE PLANT-FEB 2026	426.11
				<b>Total for Check/Tran - 23324:</b>	3,408.85
23325 3/5/26	DD	43	NORTHERN TOOL	SHOP SUPPLIES	78.29
23326 3/5/26	DD	8897	RALPHIE'S MINNOCO	RALPHIE'S MINNOCO	244.29

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**Bank Account: 5 - GENERAL FUND WITHDRAWALS**

Check / Tran Date	Pmt Type	Vendor	Vendor Name	Reference	Amount
23327 3/5/26	DD	130	RESCO	FIBERGLASS POLE	6,948.11
				FIBERGLASS POLE	-507.21
				Discount	-2.92
				Ground Ferrule	721.80
				Discount	-0.36
<b>Total for Check/Tran - 23327:</b>					7,159.42
23328 3/5/26	DD	9276	RUSSELL STUHR	Park fees from schooling	8.75
				vermeer school in St Cloud	24.80
<b>Total for Check/Tran - 23328:</b>					33.55
23329 3/10/26	DD	11	CITY OF ELK RIVER	TRASH BILLED - FEB 2026	173,602.83
23330 3/10/26	DD	23	ELK RIVER MUNICIPAL UTILITIES	CYCLE 3 - INV GRP 395 - JAN 2026	11,143.76
23331 3/10/26	DD	809	HAWKINS, INC.	CHLORINE CYLINDER RENTAL	240.00
23332 3/10/26	DD	5686	HYDROCORP	Backflow Device Inspection 2.26-12.26	14,062.86
				Backflow Device Inspection 1.26	1,278.45
<b>Total for Check/Tran - 23332:</b>					15,341.31
23333 3/10/26	DD	8083	JT SERVICES OF MINNESOTA	CORRUGATED CONDUIT	17,260.00
				LED LIGHTS	25,016.21
				SWITCHGEAR	-42,276.21
<b>Total for Check/Tran - 23333:</b>					0.00
23334 3/10/26	DD	330	METRO SALES, INC	COPIER MTC CONTRACT - 1/21 to 2/20/26	176.64
				COPIER MTC CONTRACT - 1/21 to 2/20/26	44.15
<b>Total for Check/Tran - 23334:</b>					220.79
23335 3/10/26	DD	1001	MINNESOTA MUNICIPAL POWER AGEN	PURCHASED POWER - FEB 2026	1,604,377.10
				PURCHASED POWER - FEB 2026	277,735.14
<b>Total for Check/Tran - 23335:</b>					1,882,112.24
23336 3/10/26	DD	130	RESCO	RISER ARRESTER	1,368.00
				Discount	-0.68

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**Bank Account: 5 - GENERAL FUND WITHDRAWALS**

Check / Tran Date	Pmt Type	Vendor	Vendor Name	Reference	Amount
<b>Total for Check/Tran - 23336:</b>					1,367.32
23337 3/10/26	DD	135	WATER LABORATORIES INC	WATER SAMPLING - FEB 2026	360.00
23338 3/10/26	DD	610	WRIGHT HENNEPIN COOPERATIVE	ELEANNUAL SECURITY	750.17
				SECURITY - 1435 & 1705 MAIN ST	116.89
				ANNUAL SECURITY	4,635.90
				SECURITY - 1435 & 1705 MAIN ST	7.79
<b>Total for Check/Tran - 23338:</b>					5,510.75
23388 3/20/26	DD	728	ARCHER PLUMBING LLC	FSB WATER HEATER REPAIR	-24.51
				FSB WATER HEATER REPAIR	1,254.37
				FSB WATER HEATER REPAIR	-3.49
				FSB WATER HEATER REPAIR	179.18
<b>Total for Check/Tran - 23388:</b>					1,405.55
23389 3/20/26	DD	1327	AUTOMATIC SYSTEMS CO	SERVICE - WELL #4 & #7	908.75
23390 3/20/26	DD	211	JENNY S BIORN	MNCPA Renewal - 133	312.00
				MNCPA Renewal - 133	78.00
<b>Total for Check/Tran - 23390:</b>					390.00
23391 3/20/26	DD	9	BORDER STATES ELECTRIC SUPPLY	BAYONET FUSE	511.20
				PADDLE MATERIAL	800.13
				Wire	327.39
				LED PHOTO CELL	1,019.96
				ARRESTER	46.78
				Overhead Material	-4,186.90
				Mtce of URD Primary	117.88
				Ox Block	1,363.56
<b>Total for Check/Tran - 23391:</b>					0.00
23392 3/20/26	DD	8843	CAMPBELL KNUTSON	LEGAL SERVICES - FEB 2026	1,336.00
				LEGAL SERVICES - FEB 2026	334.00
<b>Total for Check/Tran - 23392:</b>					1,670.00

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**Bank Account: 5 - GENERAL FUND WITHDRAWALS**

Check / Tran Date	Pmt Type	Vendor	Vendor Name	Reference	Amount
23393 3/20/26	DD	11	CITY OF ELK RIVER	SEWER BILLED - FEB 2026	253,288.65
				STORMWATER BILLED - FEB 2026	58,918.78
<b>Total for Check/Tran - 23393:</b>					312,207.43
23394 3/20/26	DD	7448	CRC	CUSTOMER SERVICE AFTER HOURS-FEB 2026	2,578.98
				CUSTOMER SERVICE AFTER HOURS-FEB 2026	644.74
<b>Total for Check/Tran - 23394:</b>					3,223.72
23395 3/20/26	DD	36	CROW RIVER FARM EQUIP CO	HOOKS - UNIT #46	100.50
				MISC PARTS & SUPPLIES	959.25
<b>Total for Check/Tran - 23395:</b>					1,059.75
23396 3/20/26	DD	23	ELK RIVER MUNICIPAL UTILITIES	CYCLE 4 - ACCT 51086 - FEB 2026	62.59
				CYCLE 4 - INV GRP 396 - FEB 2026	423.29
<b>Total for Check/Tran - 23396:</b>					485.88
23397 3/20/26	DD	664	FRONTIER ENERGY, INC	PROFESSIONAL SERVICES - JAN 2026	10,000.00
23398 3/20/26	DD	731	HEARTLAND BUSINESS SYTEMS LLC	Service	2,000.00
				Service	500.00
				FLEX SERVICES	274.00
				FLEX SERVICES	68.50
<b>Total for Check/Tran - 23398:</b>					2,842.50
23399 3/20/26	DD	5381	INSIGHT PUBLIC SECTOR	Toughbook	137.77
				Toughbook	274.72
<b>Total for Check/Tran - 23399:</b>					412.49
23400 3/20/26	DD	9300	NISC	PRINT SERVICES - FEB 2026	7,123.54
				PRINT SERVICES - FEB 2026	1,780.88
				MISC INVOICE - FEB 2026	1,775.90
				MISC INVOICE - FEB 2026	193.96
				AGREEMENTS INVOICE - FEB 2026	53.94
				AGREEMENTS INVOICE - FEB 2026	792.40
				AGREEMENTS INVOICE - FEB 2026	11,787.03

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**Bank Account: 5 - GENERAL FUND WITHDRAWALS**

Check / Tran Date	Pmt Type	Vendor	Vendor Name	Reference	Amount
				AGREEMENTS INVOICE - FEB 2026	260.00
				AGREEMENTS INVOICE - FEB 2026	339.60
				AGREEMENTS INVOICE - FEB 2026	2,658.22
				AGREEMENTS INVOICE - FEB 2026	65.00
<b>Total for Check/Tran - 23400:</b>					26,830.47
23401 3/20/26	DD	460	DEREK S PALMER	MRWA Tech Conf Mileage	70.04
23402 3/20/26	DD	130	RESCO	Ground Ferrule	721.80
				Discount	-0.36
<b>Total for Check/Tran - 23402:</b>					721.44
23403 3/20/26	DD	603	ROYAL SUPPLY INC	SHOP SUPPLIES	476.38
				SHOP SUPPLIES	119.09
<b>Total for Check/Tran - 23403:</b>					595.47
23404 3/20/26	DD	411	SAUBER MFG. CO	TENSIONING BRAKE ASSY	4,109.26
23405 3/20/26	DD	5312	MATTHEW WESTGAARD	APPA LEGIS CONF HOTEL & MILEAGE - 150	1,417.04
23450 3/26/26	DD	725	A1 RENT IT	CHAINSAW SUPPLIES	21.09
23451 3/26/26	DD	590	AK MATERIAL HANDLING SYSTEMS, IN	Pallet Racking	1,917.26
23452 3/26/26	DD	191	AMERICAN PAYMENT CENTERS	DROP BOX CHARGES - 2026 Q2	224.38
				DROP BOX CHARGES - 2026 Q2	56.10
<b>Total for Check/Tran - 23452:</b>					280.48
23453 3/26/26	DD	11	CITY OF ELK RIVER	REVENUE TRANSFER - FEB 2026	147,951.29
				REVENUE TRANSFER - FEB 2026	3,044.73
<b>Total for Check/Tran - 23453:</b>					150,996.02
23454 3/26/26	DD	3667	ELFERING & ASSOCIATES	PROFESSIONAL SERVICES - FEB 2026	900.00
				PROFESSIONAL SERVICES - FEB 2026 CTY 44	825.00
<b>Total for Check/Tran - 23454:</b>					1,725.00
23455 3/26/26	DD	23	ELK RIVER MUNICIPAL UTILITIES	CYCLE 1 - INV GRP 421 - FEB 2026	5,200.36

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Check / Tran Date	Pmt Type	Vendor	Vendor Name	Reference	Amount
				CYCLE 1 - ACCT 183 - FEB 2026	1,306.15
				CYCLE 1 - INV GRP 101 - FEB 2026	3,831.74
				CYCLE 1 - INV GRP 101 - FEB 2026	28.25
				CYCLE 1 - INV GRP 101 - FEB 2026	632.89
				CYCLE 1 - INV GRP 101 - FEB 2026	625.00
				CYCLE 1 - INV GRP 101 - FEB 2026	158.22
				<b>Total for Check/Tran - 23455:</b>	11,782.61
23456 3/26/26	DD	91	GOPHER STATE ONE-CALL	LOCATES FOR - FEB 2026	170.57
				LOCATES FOR - FEB 2026	8.98
				<b>Total for Check/Tran - 23456:</b>	179.55
23457 3/26/26	DD	809	HAWKINS, INC.	Water Chemicals	1,876.37
23458 3/26/26	DD	5381	INSIGHT PUBLIC SECTOR	RAM	313.17
23459 3/26/26	DD	8083	JT SERVICES OF MINNESOTA	SWITCHGEAR	-323.63
				150W BULBS	323.63
				<b>Total for Check/Tran - 23459:</b>	0.00
23460 3/26/26	DD	43	NORTHERN TOOL	PRESSURE WASHER HOSE	87.01
23461 3/26/26	DD	411	SAUBER MFG. CO	SADDLE FOR BRAKE ASSY	340.31
90420 3/4/26	MP	28	CINTAS	MATS & TOWELS	529.75
				MATS & TOWELS	75.67
				MATS & TOWELS	529.75
				MATS & TOWELS	75.67
				<b>Total for Check/Tran - 90420:</b>	1,210.84
90549 3/5/26	CHK	766	ACE HARDWARE	FASTENERS	7.30
90550 3/5/26	CHK	4531	AT & T MOBILITY	CELL PHONES & iPad BILLING	41.07
				CELL PHONES & iPad BILLING	2,508.66
				CELL PHONES & iPad BILLING	17.60
				CELL PHONES & iPad BILLING	688.53

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Check / Tran Date	Pmt Type	Vendor	Vendor Name	Reference	Amount
<b>Total for Check/Tran - 90550:</b>					3,255.86
90551 3/5/26	CHK	5224	BLUE CROSS BLUE SHIELD OF MINNES	VISION INSURANCE - APRIL 2026	377.42
				VISION INSURANCE - APRIL 2026	105.91
<b>Total for Check/Tran - 90551:</b>					483.33
90552 3/5/26	CHK	54	CORE & MAIN LP	Water Meter	3,444.46
				WATER METER	-251.46
				METER ADAPTOR	-2,400.00
				MISC PARTS & SUPPLIES	1,227.56
				METERS	50,489.60
				Water Meter	-3,050.00
				WATER METER	3,352.57
				WATER METER	-244.74
<b>Total for Check/Tran - 90552:</b>					52,567.99
90553 3/5/26	CHK	24	ELK RIVER PRINTING & VENTURE PRO	CIP REBATES & CERTIFICATES	299.37
90554 3/5/26	CHK	8247	FERGUSON WATERWORKS #2516	CLIMBING HARNESS - 196	-11.87
				Fall Protection	187.67
				ELL & UNION	140.63
				Key	291.75
<b>Total for Check/Tran - 90554:</b>					608.18
90555 3/5/26	CHK	9997	KERI FRANKLIN	INACTIVE REFUND	47.19
90556 3/5/26	CHK	9997	KATHLEEN D HAGEN	INACTIVE REFUND	81.08
90557 3/5/26	CHK	9997	LANDFORM PROFESSIONAL SERVICES	INACTIVE REFUND	222.66
90558 3/5/26	CHK	9997	LANDFORM PROFESSIONAL SERVICES	INACTIVE REFUND	232.46
90559 3/5/26	CHK	9997	ASHLEY LUZAICH-JEPPESEN	INACTIVE REFUND	64.31
90560 3/5/26	CHK	9997	SAMUEL MAHON	INACTIVE REFUND	253.22
90561 3/5/26	CHK	8605	MARCO TECHNOLOGIES, LLC	PRINTER MTC CONTRACT - 2/1 to 3/1/26	196.66

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**Bank Account: 5 - GENERAL FUND WITHDRAWALS**

Check / Tran Date	Pmt Type	Vendor	Vendor Name	Reference	Amount
				PRINTER MTC CONTRACT - 2/1 to 3/1/26	49.16
<b>Total for Check/Tran - 90561:</b>					245.82
90562 3/5/26	CHK	8605	MARCO TECHNOLOGIES, LLC	OFFICE 365 - 1/25 TO 2/24/26	1,314.10
				OFFICE 365 - 1/25 TO 2/24/26	305.33
				ACE PROGRAM - 1/29 to 2/27/26	1,531.39
				ACE PROGRAM - 1/29 to 2/27/26	382.85
<b>Total for Check/Tran - 90562:</b>					3,533.67
90563 3/5/26	CHK	9997	GENEVIEVE MCGUIRE	INACTIVE REFUND	34.58
90564 3/5/26	CHK	145	MENARDS	MISC PARTS & SUPPLIES	54.98
				MISC PARTS & SUPPLIES - well #4	51.20
				DUBURRING TOOL & BLADES	14.00
<b>Total for Check/Tran - 90564:</b>					120.18
90565 3/5/26	CHK	120	NAPA AUTO PARTS	ATF FLUID - UNIT #47	46.33
				SPARK PLUG - POLE PULLER	5.38
<b>Total for Check/Tran - 90565:</b>					51.71
90566 3/5/26	CHK	45	PETTY CASH	TAB RENEWAL - UNIT #9 & #20 BALANCE	22.25
90567 3/5/26	CHK	811	PRIME ADVERTISING & DESIGN, INC.	MONTHLY HOSTING OF WEBSITE	60.00
				MONTHLY HOSTING OF WEBSITE	60.00
				MONTHLY HOSTING OF WEBSITE	30.00
<b>Total for Check/Tran - 90567:</b>					150.00
90568 3/5/26	CHK	3218	RDO EQUIPMENT CO.	PARTS & LABOR FOR UNIT #70	-1.77
				PARTS & LABOR FOR UNIT #70	384.78
<b>Total for Check/Tran - 90568:</b>					383.01
90569 3/5/26	CHK	6107	STUART C. IRBY CO.	FEED THRU & ELBOWS	7,179.00
90570 3/5/26	CHK	9997	TINA TAYLOR	INACTIVE REFUND	34.97
90571 3/5/26	CHK	3360	THE UPS STORE 5093	SHIPPING	14.34
				SHIPPING MATERIALS	9.22

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Check / Tran Date	Pmt Type	Vendor	Vendor Name	Reference	Amount
<b>Total for Check/Tran - 90571:</b>					23.56
90572 3/5/26	CHK	9997	TROPHY FLOORING	INACTIVE REFUND	219.14
90573 3/5/26	CHK	55	WESCO RECEIVABLES CORP.	Elbow Probe CABINET	527.75 11,560.00
<b>Total for Check/Tran - 90573:</b>					12,087.75
90574 3/5/26	CHK	9997	WILD DISTRICT	INACTIVE REFUND	292.66
90575 3/5/26	CHK	9997	EUGENE WIPF	INACTIVE REFUND	94.17
90576 3/10/26	CHK	656	DGR ENGINEERING	ELEC SYSTEM STUDY - JAN 2026	2,500.00
90577 3/10/26	CHK	594	ELECTRIC PUMP	SUBMERSIBLE PUMP MTC - WTP WELL #7&9	1,000.00
90578 3/10/26	CHK	8709	FAIRVIEW HEALTH SERVICES	RANDOM DOT TESTING - 196	45.00
90579 3/10/26	CHK	80	GRAINGER	CUT OFF WHEEL CUT OFF WHEEL	-7.98 109.26
<b>Total for Check/Tran - 90579:</b>					101.28
90580 3/10/26	CHK	730	GREATAMERICA FINANCIAL SERVICES	LEASE FOR COPIER AT PLANT LEASE FOR COPIER AT PLANT	105.01 26.26
<b>Total for Check/Tran - 90580:</b>					131.27
90581 3/10/26	CHK	631	HEALTHPARTNERS	DENTAL EE INSURANCE - APR 2026 DENTAL ER INSURANCE - APR 2026 DENTAL EE INSURANCE - APR 2026 DENTAL ER INSURANCE - APR 2026	1,063.62 2,874.69 182.09 862.45
<b>Total for Check/Tran - 90581:</b>					4,982.85
90582 3/10/26	CHK	567	KURITA AMERICA INC	Gauge	1,120.85
90583 3/10/26	CHK	48	LEAGUE OF MN CITIES INS TRUST	WORK COMP AUDIT - 10/24 to 10/25 WORK COMP AUDIT - 10/24 to 10/25	5,429.73 968.27
<b>Total for Check/Tran - 90583:</b>					6,398.00

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**Bank Account: 5 - GENERAL FUND WITHDRAWALS**

Check / Tran Date	Pmt Type	Vendor	Vendor Name	Reference	Amount
90584 3/10/26	CHK	145	MENARDS	MISC PARTS & SUPPLIES	225.02
				MISC PARTS & SUPPLIES	18.24
				MISC PARTS & SUPPLIES	1.38
				MISC PARTS & SUPPLIES	8.06
				MISC PARTS & SUPPLIES	40.73
				BUTTON SOCKET	5.57
				MISC PARTS & SUPPLIES - WELL #3	124.68
				ELL - WELL #8	8.61
				REBATE	-1.60
				REBATE	-0.40
<b>Total for Check/Tran - 90584:</b>					430.29
90585 3/10/26	CHK	119	MINNESOTA COMPUTER SYSTEMS INC	COPIER MTC CONTRACT - 2/12 to 3/11/26	89.99
				COPIER MTC CONTRACT - 2/12 to 3/11/26	22.50
<b>Total for Check/Tran - 90585:</b>					112.49
90586 3/10/26	CHK	7293	MINNESOTA DEPT OF COMMERCE	2026 QTR 4 INDIRECT ASSESSMENT	7,711.24
90587 3/10/26	CHK	16	MINNESOTA DEPT OF HEALTH	WATER CONNECTION FEE - 2026 QTR 1	22,282.00
90588 3/10/26	CHK	9997	AUDREY MORRIS	Credit Balance Refund	174.66
90589 3/10/26	CHK	9997	MARY ANN POVLITZKI	Credit Balance Refund	94.25
90590 3/10/26	CHK	811	PRIME ADVERTISING & DESIGN, INC.	COMMUNITY RESOURCE GUIDE AD Marketing	531.00
<b>Total for Check/Tran - 90590:</b>					2,031.00
90591 3/10/26	CHK	9997	DAVE ROSFJORD	Credit Balance Refund	11.33
90592 3/10/26	CHK	6107	STUART C. IRBY CO.	Connector	6,255.00
				Arc Flash Shield	286.17
<b>Total for Check/Tran - 90592:</b>					6,541.17
90593 3/10/26	CHK	2560	THE SHERWIN-WILLIAMS CO.	PAINT - WELL #4	47.40

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**Bank Account: 5 - GENERAL FUND WITHDRAWALS**

Check / Tran Date	Pmt Type	Vendor	Vendor Name	Reference	Amount
90594 3/10/26	CHK	55	WESCO RECEIVABLES CORP.	Connector	826.00
90595 3/20/26	CHK	102	ABDO LLP	AUDIT SERVICES - 2025 AUDIT SERVICES - 2025	10,320.00 2,580.00
<b>Total for Check/Tran - 90595:</b>					12,900.00
90596 3/20/26	CHK	218	AIRGAS USA LLC	COMPRESSED GAS	117.08
90597 3/20/26	CHK	398	ALTEC INDUSTRIES, INC	PARTS FOR UNIT #21	766.92
90598 3/20/26	CHK	834	AUTO ZONE	CIP - LIGHTING REBATE	195.73
90599 3/20/26	CHK	9997	B & W INVESTMENTS	Credit Balance Refund	49.74
90600 3/20/26	CHK	9997	SHAWN BRANDT	INACTIVE REFUND	160.54
90601 3/20/26	CHK	9997	CAPSTONE HOMES	Credit Balance Refund	150.46
90602 3/20/26	CHK	9997	CAPSTONE HOMES	Credit Balance Refund	130.10
90603 3/20/26	CHK	9997	CAPSTONE HOMES	Credit Balance Refund	127.78
90604 3/20/26	CHK	9997	CAPSTONE HOMES	Credit Balance Refund	138.10
90605 3/20/26	CHK	9997	CAPSTONE HOMES	Credit Balance Refund	132.60
90606 3/20/26	CHK	9997	DEGREEFF PROPERTIES LLC III	INACTIVE REFUND	245.56
90607 3/20/26	CHK	9997	MATT DIEHL	INACTIVE REFUND	98.86
90608 3/20/26	CHK	9997	MATTHEW DREWES	INACTIVE REFUND	149.26
90609 3/20/26	CHK	2789	E.H. RENNER & SONS, INC	WATER LEVEL SENSOR - WELL #4	756.25
90610 3/20/26	CHK	833	EVANS MEADOWS APARTMENTS	CIP - LIGHTING REBATE	2,329.57
90611 3/20/26	CHK	5550	GEARED UP APPAREL	EMPLOYEE CLOTHING - EE BALANCE	264.00
				EMPLOYEE CLOTHING - ER BALANCE	694.00
				EMPLOYEE CLOTHING - EE BALANCE	66.00
				EMPLOYEE CLOTHING - ER BALANCE	173.50

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**Bank Account: 5 - GENERAL FUND WITHDRAWALS**

Check / Tran Date	Pmt Type	Vendor	Vendor Name	Reference	Amount
				EMPLOYEE CLOTHING	564.08
				EMPLOYEE CLOTHING - EE BALANCE	170.40
				EMPLOYEE CLOTHING	141.02
				EMPLOYEE CLOTHING - EE BALANCE	42.60
				<b>Total for Check/Tran - 90611:</b>	2,115.60
90612 3/20/26	CHK	403	GERTENS GREENHOUSES - 446133	STRAW BALES	32.36
				STRAW BALES	64.72
				<b>Total for Check/Tran - 90612:</b>	97.08
90613 3/20/26	CHK	9997	GRACELAND OTSEGO HOLDINGS LLC	Credit Balance Refund	164.15
90614 3/20/26	CHK	9997	KENNETH GULBRAA	INACTIVE REFUND	137.41
90615 3/20/26	CHK	9997	TRAVIS HAGEN	INACTIVE REFUND	275.07
90616 3/20/26	CHK	646	IIA LIFTING SERVICES, INC	TRUCK INSPECTIONS-4 8 9 10 11 15 21	3,603.04
90617 3/20/26	CHK	9997	J T LAND CO	INACTIVE REFUND	150.46
90618 3/20/26	CHK	719	JONNY POPS	CIP - REBATE	8,518.28
90619 3/20/26	CHK	9997	CHRISTINA MARSH	INACTIVE REFUND	100.82
90620 3/20/26	CHK	3419	MCDOWALL COMPANY	ROOF INSPECTIONS - FSB,GARAGE&PLANT	1,270.00
				ROOF INSPECTIONS - FSB,GARAGE	80.00
				ROOF INSPECTIONS - WELLHOUSE	950.00
				<b>Total for Check/Tran - 90620:</b>	2,300.00
90621 3/20/26	CHK	145	MENARDS	TOILET CLEANER	19.33
90622 3/20/26	CHK	520	MICHEL'S UTILITY SERVICES, INC	TRENCHING - BRADFORD PARK 2ND	148,950.49
90623 3/20/26	CHK	9997	MOMENTUM FITNESS ENDEAVOR	INACTIVE REFUND	1,566.89
90624 3/20/26	CHK	120	NAPA AUTO PARTS	PARTS FOR UNIT #56	32.69
90625 3/20/26	CHK	583	NORTHWESTERN POWER EQUIP CO IN	Dehumidifier	10,071.00

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**Bank Account: 5 - GENERAL FUND WITHDRAWALS**

Check / Tran Date	Pmt Type	Vendor	Vendor Name	Reference	Amount
90626 3/20/26	CHK	811	PRIME ADVERTISING & DESIGN, INC.	MONTHLY HOSTING OF WEBSITE	60.00
				MONTHLY HOSTING OF WEBSITE	60.00
				MONTHLY HOSTING OF WEBSITE	30.00
<b>Total for Check/Tran - 90626:</b>					150.00
90627 3/20/26	CHK	3218	RDO EQUIPMENT CO.	PARTS FOR UNIT #56	92.34
90628 3/20/26	CHK	574	REPUBLIC SERVICES, INC	TRASH & RECYCLING SERVICE - MARCH 2026	1,405.91
				TRASH & RECYCLING SERVICE - MARCH 2026	200.84
				TRASH SERVICE - MARCH 2026	486.55
				RECYCLING SERVICE - MARCH 2026	87.50
				RECYCLING SERVICE - MARCH 2026	12.43
<b>Total for Check/Tran - 90628:</b>					2,193.23
90629 3/20/26	CHK	9997	ELAINE SOKOLOWSKI	INACTIVE REFUND	17.67
90630 3/20/26	CHK	6107	STUART C. IRBY CO.	BUSHING INSERT	1,417.50
90631 3/20/26	CHK	822	SUMMIT AR	COMMISSIONS DUE COLLECTION AGENCY	72.95
90632 3/20/26	CHK	3360	THE UPS STORE 5093	OFFICE SUPPLIES	31.58
90633 3/20/26	CHK	9997	KENNETH TIETZ	INACTIVE REFUND	261.73
90634 3/20/26	CHK	9997	RON VRATISOVSKY	INACTIVE REFUND	21.95
90635 3/20/26	CHK	9997	KENNETH ZIMMER	INACTIVE REFUND	423.17
90636 3/26/26	CHK	328	1ST AYD CORPORATION	Safety	126.89
				Safety	31.73
				Safety	499.68
				Safety	124.92
<b>Total for Check/Tran - 90636:</b>					783.22
90637 3/26/26	CHK	766	ACE HARDWARE	FASTENERS - UNIT #56	1.57
90638 3/26/26	CHK	8128	BANK OF ELK RIVER	CIP - LIGHTING REBATE	6,304.92

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## 03/01/2026 To 03/31/2026

**Bank Account: 5 - GENERAL FUND WITHDRAWALS**

Check / Tran Date	Pmt Type	Vendor	Vendor Name	Reference	Amount
90639 3/26/26	CHK	662	BENEFIT EXTRAS, INC	COBRA ADMIN FEE	15.00
90640 3/26/26	CHK	5538	BUDDERFLY, INC	CIP - LIGHTING REBATE	113.89
90641 3/26/26	CHK	3982	CENTERPOINT ENERGY	NATURAL GAS & IRON REMOVAL - FEB 2026 NATURAL GAS & IRON REMOVAL - FEB 2026	4,031.22 1,146.54
<b>Total for Check/Tran - 90641:</b>					5,177.76
90642 3/26/26	CHK	264	CNA SURETY	RIGHT OF WAY BOND - WRIGHT COUNTY	100.00
90643 3/26/26	CHK	8949	FS3 INC.	PARTS FOR UNIT #56	1,347.47
90644 3/26/26	CHK	9997	JEFFREY HENDRICKSON	INACTIVE REFUND	55.97
90645 3/26/26	CHK	5518	HIERLINGER SHOES	EMPLOYEE CLOTHING - 142 BOOTS	374.99
90646 3/26/26	CHK	824	HOME DEPOT CREDIT SERVICES	HOME DEPOT HOME DEPOT	66.49 32.23
<b>Total for Check/Tran - 90646:</b>					98.72
90647 3/26/26	CHK	9997	LENNAR HOMES	Credit Balance Refund	99.48
90648 3/26/26	CHK	9997	LENNAR HOMES	Credit Balance Refund	178.07
90649 3/26/26	CHK	9997	LENNAR HOMES	Credit Balance Refund	240.82
90650 3/26/26	CHK	9997	LENNAR HOMES	Credit Balance Refund	218.59
90651 3/26/26	CHK	9997	LENNAR HOMES	Credit Balance Refund	182.37
90652 3/26/26	CHK	9997	LGI HOMES, MN	Credit Balance Refund	225.34
90653 3/26/26	CHK	9997	LGI HOMES, MN	Credit Balance Refund	195.84
90654 3/26/26	CHK	9997	CADI LOFGREN	INACTIVE REFUND	33.84
90655 3/26/26	CHK	8605	MARCO TECHNOLOGIES, LLC	ACE PROGRAM - 2/28 to 3/28/26 ACE PROGRAM - 2/28 to 3/28/26	1,444.34 361.09
<b>Total for Check/Tran - 90655:</b>					1,805.43

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**Bank Account: 5 - GENERAL FUND WITHDRAWALS**

Check / Tran Date	Pmt Type	Vendor	Vendor Name	Reference	Amount
90656 3/26/26	CHK	145	MENARDS	CLEANING SUPPLIES	17.16
				CLEANING SUPPLIES	4.29
				MISC PARTS & SUPPLIES	8.08
				MISC PARTS & SUPPLIES	7.54
<b>Total for Check/Tran - 90656:</b>					37.07
90657 3/26/26	CHK	279	MPCA	WATER PERMIT FEE - 1705 MAIN	345.00
				WATER PERMIT FEE - 741 QUINN	345.00
<b>Total for Check/Tran - 90657:</b>					690.00
90658 3/26/26	CHK	633	MUTUAL OF OMAHA	ELEC LIFE INSURANCE - APRIL 2026	261.25
				LIFE & LTD INSURANCE - APRIL 2026	1,771.77
				ELEC LIFE INSURANCE - APRIL 2026	212.90
				LIFE & LTD INSURANCE - APRIL 2026	450.77
<b>Total for Check/Tran - 90658:</b>					2,696.69
90659 3/26/26	CHK	9997	AZALEA NEW	INACTIVE REFUND	19.99
90660 3/26/26	CHK	745	PREMIER LIGHTING	CIP - LIGHTING REBATE	958.82
90661 3/26/26	CHK	9997	FRANCO PRETELL	INACTIVE REFUND	67.24
90662 3/26/26	CHK	837	RAMBOW	RODEO HATS	972.00
				RODEO SHIRTS	309.00
<b>Total for Check/Tran - 90662:</b>					1,281.00
90663 3/26/26	CHK	3218	RDO EQUIPMENT CO.	PARTS FOR UNIT #56	415.37
90664 3/26/26	CHK	6107	STUART C. IRBY CO.	BRACKET	745.00
				SCREWDRIVERS	269.69
				WIRE	897.75
<b>Total for Check/Tran - 90664:</b>					1,912.44
90665 3/26/26	CHK	2560	THE SHERWIN-WILLIAMS CO.	PAINT - WELL #4	94.80
90666 3/26/26	CHK	3360	THE UPS STORE 5093	SHIPPING	119.20

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**Bank Account: 5 - GENERAL FUND WITHDRAWALS**

Check / Tran Date	Pmt Type	Vendor	Vendor Name	Reference	Amount
90667 3/26/26	CHK	331	TRANSUNION	SKIP TRACING - FEB 2026	80.00
				SKIP TRACING - FEB 2026	20.00
<b>Total for Check/Tran - 90667:</b>					100.00
90668 3/26/26	CHK	222	UC LABORATORY	SAMPLING - PHOSPHORUS	17.66
90669 3/26/26	CHK	55	WESCO RECEIVABLES CORP.	Connector	767.50
90670 3/26/26	CHK	9997	TREVOR WICKLUND	INACTIVE REFUND	268.57
<b>Total for Bank Account - 5 :</b>					(206) 3,823,346.75
<b>Grand Total :</b>					(207) 3,834,585.59

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**PARAMETERS ENTERED:**

**Check Date:** 03/01/2026 To 03/31/2026

**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 10, 2026**

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

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

Others Present: Jared Shepherd, Attorney; Doug Eli, Energy Engineer with Frontier Energy;  
Noah Halmar, Energy Analyst with Frontier Energy

**1.0 GOVERNANCE**

**1.1 Oath of Office – Nick Zerwas**

**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 Zerwas to approve the March 10, 2026, agenda. Motion carried 5-0.**

**1.5 2026 Election of Officers – Chair and Vice Chair**

Mr. Mauren conducted the election of officers for 2026. There was agreement among the Commission to maintain the officer appointments from the previous year.

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

**1.6 2026 Committee Appointments**

There was agreement among the Commission to maintain the committee appointments from the previous year.

**Moved by Commissioner Zerwas and seconded by Commissioner Larson-Vito to make the following committee and chair appointments for 2026:**

**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 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 Larson-Vito 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 Westgaard to approve the Consent Agenda as follows:**

**2.1 Check Register – February 2026**

**2.2 Regular Meeting Minutes – February 10, 2026**

**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 a presentation from Frontier Energy which was added to the packet after the meeting.

Frontier Energy representatives updated the Commission on ERMU's Conservation Improvement Program, describing their efforts in helping ERMU achieve its 2025 kWh savings goals while staying under budget for the second consecutive year.

### 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 ERMU Mission, Vision, and Values

Mr. Hanson provided a review of his memo, outlining staff-proposed updates to ERMU's Mission, Vision, and Values.

Commissioners praised the clarity, flow, and staff involvement that shaped the revised Mission, Vision, and Values.

Mr. Hanson noted that staff would update the commission policies that contain Mission, Vision, and Values language to reflect the changes for approval at the April meeting. Staff also recommended removing the Organizational Fundamentals and Planning Themes policies from the manual as their original intent no longer served current practice. The Commission agreed with that action.

**Moved by Commissioner Larson-Vito and seconded by Commissioner Stewart to adopt the proposed Mission, Vision, and Organization Values policy language as presented, and to remove Planning Themes and Organizational Foundations policies from the manual. Motion carried 5-0.**

### 4.4 Commission Compensation Stipend

Mr. Hanson presented the options and rationale for the Commission's consideration regarding compensation and stipend adjustments.

The Commission discussed the options and proposed increasing monthly compensation from \$150 to \$300, approximately the midpoint between the low of \$274 and the high of

\$333 from peer utilities. The Commission also proposed increasing the additional activity stipend from \$75 to \$85.

It was discussed that, similar to recent staff wage adjustments, the changes would not be retroactive.

Mr. Hanson clarified that the proposed changes must go through City Council and may require an amendment to a city ordinance. Mr. Hanson said he will speak with Mr. Shepherd to determine the next steps.

Chair Dietz requested that Mr. Hanson present the proposed changes to the City Council, if necessary.

Commissioner Stewart asked a clarifying question about adding an additional stipend for members who serve on external utility boards.

Mr. Hanson noted that one utility included in the study provides an additional stipend for members who hold a board seat.

Commissioners discussed what an additional stipend might look like to compensate for the extra work associated with serving on a board. Mr. Hanson suggested adding a “prep day” stipend of \$85, in addition to the \$85 stipend upon attending board meetings, for commissioners who have been assigned to an external board.

Commissioner Stewart requested a formal review of Commission compensation every three years and that it be considered during budget planning.

**Moved by Commissioner Larson-Vito and seconded by Commissioner Westgaard to approve increasing monthly commission compensation to \$300, increasing the additional activity stipend to \$85, establishing an additional \$85 prep day stipend for members assigned to an external board, and establishing a formal compensation review every three years. Motion carried 5–0.**

## **5.0 BUSINESS ACTION**

### **5.1 Financial Report – January 2026**

Ms. Karpinski presented the January 2026 financials. She noted that revenue was above budget, largely due to connection fees for the Oakwater Ridge development. She also highlighted that the Energy Adjustment Clause was lower than expected, resulting in a zero Power Cost Adjustment for customers for February and March.

Accounts receivable remain in good standing, with approximately 93% of balances current and 3% in the 90-day past-due category.

Year-to-date, electric sales increased 4% and water sales increased 3%.

**Moved by Commissioner Westgaard and seconded by Commissioner Larson-Vito to receive the January 2026 Financial Report. Motion carried 5-0.**

## 5.2 **Letter of Support for Minnesota Municipal Power Agency Solar Project**

Mr. Hanson explained that the Minnesota Municipal Power Agency (MMPA) is requesting a letter of support from the utilities commission to the Sherburne County Board of Commissioners for its proposed 3.5-megawatt solar project in Big Lake Township.

Mr. Hanson reminded the Commission that Minnesota has a mandate for carbon-free power by 2040 and noted that although this is a small project, it will provide local benefits. The project will connect directly to ERMU's substation, and the power generated will serve local customers.

Commissioner Zerwas stated that connecting directly to ERMU's substation is significant because it avoids delays associated with connecting to the grid.

Mr. Hanson agreed, noting that projects requiring grid interconnection must go through a permitting process that can result in delays of up to six years.

**Moved by Commissioner Zerwas and seconded by Commissioner Stewart to approve the Letter of Support for Minnesota Municipal Power Agency Solar Project. Motion carried 5-0.**

## 6.0 **BUSINESS DISCUSSION**

### 6.1 **Staff Updates**

Mr. Hanson confirmed that flight reservations have been made for all commissioners attending the American Public Power Association's National Summer Conference in Boston, MA.

Mr. Mauren stated that instructions and documents for Mr. Hanson's performance review will be provided via email in March.

Mr. Tietz shared a "thank you" card from Connexus Energy with the Commission. He explained that ERMU provided Connexus with two urgently needed reclosers to assist them with a planned road project. Mr. Tietz highlighted this as an example of the positive collaborative relationship between the utilities.

### 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 Westgaard and Commissioner Zerwas. During the rally, the Minnesota contingent met with U.S. Senators Amy Klobuchar and Tina Smith to share the utility's key legislative messages and requests. A separate meeting was held with Tom Emmer's staff, as he was unavailable due to the President's State of the Union address taking place the same day.

### 6.4 **Future Planning**

Chair Dietz announced the following:

- a. Regular Commission Meeting – April 14, 2026
- b. 2026 Governance Agenda

### 6.5 **Other Business**

There was no other business.

### 7.0 **ADJOURN REGULAR MEETING**

**Moved by Commissioner Westgaard and seconded by Commissioner Larson-Vito to adjourn the regular meeting of the Elk River Municipal Utilities Commission at 4:52 p.m. Motion carried 5-0.**

Minutes prepared by Jenny Foss.

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John J. Dietz, ERMU Commission Chair

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Jolene Richter, Deput City Clerk

<b>TO:</b> ERMU Commission	<b>FROM:</b> Melissa Karpinski – Finance Manager
<b>MEETING DATE:</b> April 14, 2026	<b>AGENDA ITEM NUMBER:</b> 2.3
<b>SUBJECT:</b> Resolution Electing Not to Waive Statutory Tort Limits for Liability Insurance	
<b>ACTION REQUESTED:</b> Adopt Resolution 26-5 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. 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. 26-5 - Electing Not to Waive the Statutory Tort Limits for Liability Insurance
- League of Minnesota Cities Insurance Trust Liability Coverage Waiver Form

RESOLUTION NO. 26-5

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 14<sup>th</sup> day of April 2026.

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John Dietz, Chair

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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](mailto:pstech@lmc.org), to [pstech@lmc.org](mailto:pstech@lmc.org), or fax to 651.281.1298.**

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 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.* 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.

*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.

LMCIT Member Name:

Date of member’s governing body meeting:

Name of person completing this form:

Position of person completing this form:

Signature of person completing this form:

<b>TO:</b> ERMU Commission	<b>FROM:</b> Tony Mauren – Governance & Communications Manager
<b>MEETING DATE:</b> April 14, 2026	<b>AGENDA ITEM NUMBER:</b> 2.4
<b>SUBJECT:</b> Summary of Information Security Committee Closed Session	
<b>ACTION REQUESTED:</b> None	

**BACKGROUND:**

On March 10, 2026, the Information Security Committee held a scheduled meeting. Portions of this meeting were closed to the public pursuant to Minnesota Statute § 13D.05, subd. 3(d) to discuss security recommendations regarding ERMU and the City of Elk River’s telecommunications system, the disclosure of which could compromise public safety and the electronic security of financial information. State statute requires that the Committee shall then summarize its conclusions from the closed session at the next public meeting.

**DISCUSSION:**

Summary from Chair Stewart:

- **Committee Members present from ERMU:** Chair Mary Stewart, General Manager Mark Hanson, Administrations Director Sara Youngs, Technical Services Superintendent Mike Tietz, IT/OT Technician Parker Theisen
- **Committee Members present from the City of Elk River:** Assistant City Administrator Joe Stremcha, IT Manager Seth Calvin, IT Specialist Carl Munzke
- **Also present:** ERMU Governance & Communications Manager Tony Mauren, City of Elk River Network Specialist Jake Tourville.

*The open portion of the meeting consisted of approving the agenda and the previous meeting minutes.*

*The Committee then moved into a closed session, in which the group reviewed the Incident Response Plan.*

*Mary Stewart  
Commission Chair*

<b>TO:</b> ERMU Commission	<b>FROM:</b> Tony Mauren – Governance & Communications Manager
<b>MEETING DATE:</b> April 14, 2026	<b>AGENDA ITEM NUMBER:</b> 2.5
<b>SUBJECT:</b> Mission, Vision, Values Policy Updates	
<b>ACTION REQUESTED:</b> Adopt updated policy language	

**BACKGROUND/DISCUSSION:**

At the March 2026 meeting, the Commission adopted updates to ERMU’s Mission, Vision, and Values as well as the elimination of Planning Themes and Organizational Fundamentals because their original intent no longer serve current practice. These items exist formally through their respective, dedicated policies in the Authority and Purpose section of the Commission Policy Manual. Within the manual broadly these policies are also referenced in other policies. Staff reviewed the dedicated policies and performed a keyword search to locate those references to ensure the impacted language could be corrected as needed. There are also minor text edits to policies G.1e and G.2d.

Attached are the policies requiring updates with the following color code applied:

**Updates/References to Mission**

**Updates/References to Vision**

**Updates/References to Values**

**Added Language**

**~~Removed Language~~**

**ATTACHMENTS:**

- ERMU Policy - G.1b - Organizational Core Purpose
- ERMU Policy - G.1c - Mission Statement
- ERMU Policy - G.1d - Vision Statement
- ERMU Policy - G.1e - Organizational Values
- ERMU Policy - G.1f - Organizational Fundamentals
- ERMU Policy - G.1g - Planning Themes
- ERMU Policy - G.2d - Commission Member Role Responsibilities and Orientation
- ERMU Policy - G.4g1 - Performance Metrics and Incentive Compensation
- ERMU Policy - G.5b - Competitive Rates

Section: Governance	Category: Authority and Purpose Policies
Policy Reference:  <b>G.1b</b>	Policy Title:  <b>Organizational Core Purpose</b>

**PURPOSE:**

The purpose for organizational initiatives and goals is to produce desirable results. In order for any organization to be effective and maintain sustainable success, the organization must define its organizational core purpose. This core purpose then becomes the basis for establishing the criteria from which results and organization success are measured. Just as the economy, industry, and community evolve and change, the organizational core purpose must also evolve and change. The organization must establish and maintain a review process of their organizational core purpose for sustainable success.

With this policy, the Commission commits that it will govern as a body in a manner consistent with its adopted **mission statement, vision statement, and organizational values and organizational fundamentals**. The Commission acknowledges the importance for the development and support of the **mission statement, vision statement, and organizational values organizational fundamentals, and planning themes** to achieve the following: an environment of transparency; a clear line of sight from tasks through goals; and a work environment for meaningful work providing value to the community. The Commission also commits to engage in an ongoing review process of the organizations core purpose, to maintain organizational effectiveness and sustainable success.

**POLICY:**

The Commission will adopt and maintain relevant and sustainable organization core purpose documents including a **mission statement, a vision statement, and organizational values organizational fundamentals, and planning themes**. The Commission will govern ERMU in a manner consistent with these adopted documents outlining the organization’s core purpose. The Commission will review and update these documents as necessary at a minimum of once every five years through engaging with management and staff in a strategic planning process.

**POLICY HISTORY:**

Adopted      May 9, 2017

Reviewed February 14, 2023  
Revised April 14, 2026

Section: Governance	Category: Authority and Purpose Policies
Policy Reference:  <b>G.1c</b>	Policy Title:  <b>Mission Statement</b>

**PURPOSE:**

One of the key components in establishing an organizational core purpose is the development and ongoing support of a relevant mission statement. Through the development, adoption, and ongoing support of an organizational mission statement, the Commission establishes a guiding statement to communicate both internally and externally the day to day purpose for the organization’s existence. The mission statement then plays an important role in the development of policies and programs and serves as a guide for effective governance and operations.

**POLICY:**

The Commission adopts and commits to govern in a manner consistent with the following mission statement:

*Serving our Community: Every Home, Every Business, Every Day*

~~*Provide our customers with safe, reliable, cost effective and quality long term electric and water utility service. To communicate and educate our customers in use of utility services, programs, policies, and future plans. These products and services will be provided in an environmentally and financially responsible manner.*~~

**POLICY HISTORY:**

Adopted      May 9, 2017  
Revised      April 14, 2026

Section: Governance	Category: Authority and Purpose Policies
Policy Reference:  <b>G.1d</b>	Policy Title:  <b>Vision Statement</b>

**PURPOSE:**

A vision statement is a key component in establishing an organizational core purpose. Through the development, adoption, and ongoing support of an organizational vision statement, the Commission establishes a guiding statement to communicate both internally and externally where the organization aspires to be. The vision statement then plays an important role in inspiring the employees to engage and help support the organization in achieving their goals. The vision statement also plays an important role in providing transparency in policy development and organization initiatives to the customers and the public.

**POLICY:**

The Commission adopts and commits to govern in a manner consistent with the following vision statement:

*Leading the Way to a Stronger Community*

~~*Provide exceptional services and value to those we serve.*~~

**POLICY HISTORY:**

Adopted      May 9, 2017  
**Revised      April 14, 2026**

Section: Governance	Category: Authority and Purpose Policies
Policy Reference:  <b>G.1e</b>	Policy Title:  <b>Organizational Values</b>

**PURPOSE:**

Governance and leadership style set the tone for organizational culture. With this policy, the Commission acknowledges the importance ~~of for~~ establishing expectations for organizational values to guide policy development and organizational behavior.

**POLICY:**

The Commission adopts, as an expectation of organization operational behavior, and commits to govern in a manner consistent with the following organizational values:

- **Resilience in Practice: We build reliable systems and continually improve essential services.**
- **Integrity in Action: We do what is right and focus on clear, transparent communications.**
- **Stewardship in Promise: We commit to protecting our collective resources for future generations.**
- **Excellence in Purpose: We pursue the highest standards and value in everything we do.**
- **Safety Always: We prioritize the safety of our team and the community we serve.**

~~Value 1: Integrity—Honest, accountable and united in all that we do.~~

~~Value 2: Quality—Services that reflect excellence, dependability and expertise.~~

~~Value 3: Communication—Respectful and engaged interactions that are timely and clear.~~

~~Value 4: Safety—A culture that protects our customers, employees and assets.~~

~~Value 5: Competitive—Provide the best value for the services we deliver.~~

**POLICY HISTORY:**

Adopted	May 9, 2017
Revised	June 12, 2018
<b>Revised</b>	<b>April 14, 2026</b>

Section: Governance	Category: Authority and Purpose Policies
Policy Reference:  <b>G.1f</b>	Policy Title:  <b>Organizational Fundamentals</b>

**PURPOSE:**

The foundation to a building provides the structure stability to support the many components of the building, each of which service for different functions and combine to provide value and meaningful purpose. Similarly, organizational fundamentals serve as foundational concepts on which to build a company. These organizational fundamentals then align with and provide support and guidance for achieving the mission and vision of the organization.

**POLICY:**

The Commission adopts and commits to govern in a manner consistent with the following organizational fundamentals:

Fundamental 1: Safety, Reliability, and Quality of Utility Services.

Fundamental 2: Customer Service and Employee Development.

Fundamental 3: Competitive Rates, and Financial and Organizational Health.

**POLICY HISTORY:**

Adopted — May 9, 2017

Revised — November 13, 2018

Removed — April 14, 2026

Section: Governance	Category: Authority and Purpose Policies
Policy Reference:  <b>G.1g</b>	Policy Title:  <b>Planning Themes</b>

**PURPOSE:**

~~Providing transparency and a clear connection between the organizational mission and vision to initiative and task, is an important leadership guide to make sure resources are contributed towards meaningful work. Line of sight between mission and task also helps to create a positive work environment where employees can identify the value of their efforts in achieving the organizational goals. Planning themes are used to prioritize initiatives, schedule and budget required resources, and create a clear line of sight between mission and task. With this policy the Commission acknowledges the importance of planning in a manner consistent with the organizational mission and vision such that the organizations resources are being used responsibly for meaningful work.~~

**POLICY:**

~~The Commission adopts and commits to govern in a manner consistent with the following planning themes:~~

- ~~Theme 1: Communication—Improve the effectiveness of our communications inside the organization, with our customers, and with the community.~~
- ~~Theme 2: Personnel and Governance—Develop our most valuable and vulnerable assets....our commissioners, employees, leaders, and future leaders.~~
- ~~Theme 3: Strategic Thinking—Create a culture of strategic thinking and ensure line of sight from mission to vision.~~
- ~~Theme 4: Technology—Implement the prudent use of technology to improve efficiency and increase customer choice, communication, and value.~~
- ~~Theme 5: Growth—Assess the growth curve to make decisions regarding organizational change.~~

~~Theme 6: Process, Measurement, and Financial Health—Improve processes and measurement to better determine and report efficiency and effectiveness of organization and to ensure financial and organizational health.~~

**POLICY HISTORY:**

~~Adopted — May 9, 2017~~

~~Removed — April 14, 2026~~

Section: Governance	Category: Governance Policies
Policy Reference:  <b>G.2d</b>	Policy Title:  <b>Commission Member Role, Responsibilities, and Orientation</b>

**PURPOSE:**

With this policy, the Commission describes the role and responsibilities of ERMU Commission members when acting in their capacity as a Commission in accordance with applicable law. The Commission also establishes its expectations for the orientation of new Commission members.

**POLICY:**

The Commissioners of ERMU act in the interests of customers, employees and other stakeholders. ERMU stakeholders expect the Commission to make policy decisions that ensure appropriate organizational performance as set forth in the Commission’s adopted **Vision**, Core Purpose, **Mission**, and Core **Values**.

Consistent with this general statement:

1. The Commission will continuously create and enhance connections between ERMU and its stakeholders.
2. The Commission will produce, maintain and use written governing policies that, at the broadest levels, address each of the following categories of deliberation and decision-making.
  - a. Authority and Purpose: Policies that recognize the Utilities’ and Commission’s right to exist, and authorities and policies to define organizational core purpose.
  - b. Governance: Policies that specify how the Commission conceives, carries out and monitors its own tasks.
  - c. Commission-Management Connection: How organizational authority is delegated, its proper use is monitored, and the General Manager is accountable for ERMU’s performance.

- d. Delegation to Management: Limitations on executive authority that establish the prudence and ethics boundaries within which all executive activity and decisions must take place.
  - e. Results: ERMU’s outcomes, impacts and benefits.
3. The Commission will measure and evaluate the General Manager’s performance against its Results and Delegation to Management policies.
  4. Commission members will perform their responsibilities to protect and enhance the value of ERMU, exercising due diligence and using sound business judgment consistent with ERMU’s enabling legislation and other applicable laws.
  5. The ERMU Commission is committed to excellent governance. This requires that individual Commissioners be well-informed about ERMU, its customers and stakeholders, the utility business, prudent financial management, and the Commission’s own governance structure and processes. Consistent with this commitment and Commission policies, the ERMU Commission will develop, implement and maintain a current, ~~a~~-formal orientation program for new Commission members.

**POLICY HISTORY:**

Adopted	May 9, 2017
Revised	April 14, 2026

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

**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 five categories: Safety, Reliability and Quality of Utility Services; Workforce Development; Financial Goals; Communications/Customer Service; and Strategic Plan. ~~These categories are used to characterize the overall strategic goals and mission of ERMU.~~

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

## **3.0 UTILITIES PERFORMANCE INCENTIVE COMPENSATION DISTRIBUTION CRITERIA**

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

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

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

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

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

#### **4.0 EMPLOYEE QUALIFICATIONS AND DISTRIBUTION OF THE INCENTIVE COMPENSATION**

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

- a. The employee is in good standing with the Utilities. An employee would not be eligible while on disciplinary probation or a performance improvement action plan.
- b. The employee was a Full Time or Part Time employee during the Measurement Period. Seasonal, and Temporary employees are not eligible.

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

#### **POLICY HISTORY:**

Adopted	December 12, 2012
Revised	January 14, 2020
Revised	December 13, 2022, effective January 1, 2023
Revised	December 12, 2023, effective January 1, 2024
Revised	December 10, 2024, effective January 1, 2025
Revised	May 13, 2025
Revised	April 14, 2026

Section: Governance	Category: Results Policies
Policy Reference:  <b>G.5b</b>	Policy Title:  <b>Competitive Rates</b>

**PURPOSE:**

Competitive rates play a critical role in customer satisfaction, economic development opportunities, and business retention. ~~The organization’s *Authority and Purpose Policies* reflect the expectations of customers, the consumer-owners, that ERMU will provide cost-effective services. The organization’s *Mission* includes the statement that the services provided are “cost-effective.” And the organization’s *Fundamentals* and *Values* both specify “competitiveness.” These defining organizational position policies reflect the expectations of the customers, the consumer-owners.~~ With this policy, the Commission recognizes the importance of remaining competitive through strategic short-term and long-term planning, budgeting, and rate design.

Consistent with all *Results Policies*, the Commission shall establish clear expectations for producing the right results for the right people in the right way. With this policy the Commission affirms their commitment to ~~the *Organization Fundamentals Policies*~~ prioritizing financial and organization health by establishing reporting requirements regarding the competitiveness of rates.

**POLICY:**

To provide the Commission with the information needed, in a timely manner, for evaluation of rate competitiveness, the General Manager annually provides a rate competitive analysis report to the Commission prior to rate setting for the following budget year. The report shall include the following information:

1. Electric
  - a. Report the blended \$/kWh effective electric rate data (total revenue collected/total kWh sold) as available through the U.S. Department of Energy, Energy Information Administration, Form EIA-861. The report shall include ten-year trend data graphing ERMU electric rates compared to neighboring competitor electric utilities. Recognizing that the data release lags one year, the intent of the report shall be to provide graphical trend data for long term planning rather than short term comparisons. The report shall be provided to the Commission annually prior to rate setting for the following budget year.

- b. Report customer class rate analysis comparing ERMU electric rates to neighboring competitor electric utilities. The report shall include ten-year trend data graphing ERMU electric rates compared to neighboring competitor electric utilities. The intent of this is to show, from a customer perspective, how rate competitiveness would be perceived currently. The report shall include all rate classes or other unique customer types within rate classes.

2. Water

- a. Report tiered water rate comparisons, as available locally sourced. The report shall include data graphing ERMU water rates compared to neighboring water utilities. The intent of the report shall be to provide trend data for long term planning rather than short term comparisons.
- b. Report customer class rate analysis comparing ERMU water rates to neighboring communities, as available through regional AE2S survey reports. The report shall include ten-year trend data graphing ERMU water rates compared to neighboring competitor water utilities. The intent of this is to show, from a customer perspective, how rate competitiveness would be perceived currently. The report shall include all rate classes.

**POLICY HISTORY:**

Adopted	December 13, 2022
Revised	April 14, 2026

<b>TO:</b> ERMU Commission	<b>FROM:</b> Sara Youngs – Administrations Director
<b>MEETING DATE:</b> April 14, 2026	<b>AGENDA ITEM NUMBER:</b> 2.6
<b>SUBJECT:</b> 2026 Schedule of Rates & Fees Update	
<b>ACTION REQUESTED:</b> Approve updates to the Large Industrial Demand Electric Service Rate and place a moratorium on the Transmission Transformed Service Rate.	

**BACKGROUND/DISCUSSION:**

At its December 18, 2025, meeting, the Commission reviewed and approved the 2026 Schedule of Rates and Fees as part of the Annual Business Plan.

Staff is returning with updates to the Large Industrial Demand Electric Service Rate to better align with current operations. These updates do not impact any existing customers on this rate.

In addition, staff recommend an eight-month moratorium on the Transmission Transformed Service rate to allow for additional research and discussions with Minnesota Municipal Power Agency. Currently, ERMU has no customers on the Transmission Transformed Service Rate.

**FINANCIAL IMPACT:**

None

**ATTACHMENTS:**

- Updated Large Industrial Demand Electric Service Rate
- Updated Transmission Transformed Service Rate



**LARGE INDUSTRIAL DEMAND ELECTRIC SERVICE RATE**

**Available:** Within Elk River Municipal Utilities (ERMU) established service territory.

**Applicable to:** Non-residential customer accounts. Existing or new Customer accounts with actual or projected demand greater than or equal to 1 MW. A Customer account with a billing demand of less than 1 MW for 12 consecutive months may be switched to the Demand Electric Service Rate. The Customer accounts shall be in compliance with all policies, procedures, safety requirements, and shall be taken through one or more meters. Not applicable to resale, standby or auxiliary service.

**Character Of Service:** 3-Phase Primary, 7,200/12,470 volt, AC, 60 cycles.

**Special Conditions:** Customer must provide a location suitable for the installation of a ~~utility customer-owned~~ metering cabinet(s). Customer will be responsible for providing suitable wire and connection in the ~~utility owned~~ metering cabinet(s). The primary meter(s) and cabinet(s) shall be installed to service one class of business. If additional buildings are required for a given business, they shall be interconnected by the customer to the existing meter(s), unless an exception is approved by management. If additional meters and services are requested by the customer, each shall be treated as a separate customer and billed individually. A customer on the rate may qualify for integrity testing.

Customer must execute Commercial Electric Service Application and Commercial Service Agreement with the utility.

ERMU equipment and metering must be accessible to ERMU 24 hours per day.

**Demand Service Rate:**

Basic Monthly Electric Charge: \$ 125.00per month.

	<u>Summer</u>	<u>Winter</u>
Demand Charge:	\$ 16.50	\$ 11.50 in kW / month
Energy Charge:	\$ 0.07293	\$ 0.07293 in kWh / month

Summer Rate: Applicable during the five monthly billing periods of June – October.

Winter Rate: Applicable during the seven monthly billing periods of November – May.

Rates are subject to application of Power Cost Adjustment (PCA).

Federal, state, and local taxes may apply.

## Large Industrial Demand Electric Service Rate

**Minimum Bill:** Maximum billing demand during previous twelve months times 3.0% of the demand charge, or the actual demand multiplied by the demand charge, whichever is greater plus \$1.00 per kW per month of excess ~~transformer load~~ capacity requested by customer in the electric service agreement.

**Determination of Billing Demand:** The billing demand shall be the highest measured demand (corrected for power factor if required) during any fifteen (15) minute period occurring in the current billing period.

**Fluctuating Loads:** Customers operating equipment having a highly fluctuating or large instantaneous demand, such as welders and X-ray machines, shall be required to pay all non-betterment costs of isolating the load from the balance of ERMU's system so that the load will not unduly interfere with service on ERMU's lines. No motor larger than ten (10) HP (or 7.355 kW) will be allowed to be across-the-line started without notification and written authorization from ERMU.

**Power Factor Adjustment:** Power factor adjustments may be made in the billing demand, when the power factor, as determined by test, at the time of the Customer's maximum use is less than 98%. If the power factor, as measured by ERMU's electric department, is lower than 98%, the monthly demand charge may be multiplied by the ratio 98% divided by the measured power factor, or at ERMU's option, the power factor may be corrected at the Customer's expense.

**Billing and Terms of Payment:** See ERMU Service Policies Policy (Billing Due Dates, and Penalties and Delinquent Notices.)

### Terms and Conditions:

1. Usage may be fractionalized on the actual days of service for application of a change in rate.
2. Service will be furnished pursuant to ERMU's rules.
3. Extensions made for service under this schedule are subject to the provisions of ERMU's rules governing Extension of Service and Facilities.
4. The rates set forth herein may be modified by the amount of any governmental changes imposed and levied on transmission, distribution, production, or the sale of electrical power.
5. Exceptions by management approval only.

Adopted December 18, 2025  
Effective January 1, 2026



## **MORATORIUM EFFECTIVE APRIL 14, 2026, ON TRANSMISSION TRANSFORMED SERVICE RATE**

### **TRANSMISSION TRANSFORMED SERVICE RATE**

**Available:** Within Elk River Municipal Utilities (ERMU) established service territory.

**Applicable to:** Non-residential Customer accounts with projected demand greater than or equal to 10 MW. The Customer must maintain an annual load factor greater than or equal to 75%. A Customer account with a monthly billing demand of less than 10 MW for 12 consecutive months or an annual load factor less than 75% may be switched to another electric rate schedule (additional charges may apply to recover stranded costs). The Customer owned equipment must be in compliance with all policies, procedures, safety requirements, and applicable electrical codes.

**Character of Service:** 3-Phase Transmission Transformed 7,200/12,470-volt, AC, 60 cycles.

**Special Conditions:** The Customer must execute a contract with the utility that commits to a minimum term of service, identifies the annual peak demand and load factor, agrees to the requirements for registering generation with Midcontinent Independent System Operator (MISO) if applicable, and accepts the certain risks that include fluctuating market-based rates and prices established by MISO.

The Customer must connect directly to the Utility's distribution substation(s) and provide the location suitable for the installation of the utility owned transformer(s) and metering equipment on the Customer's property. Customer will be responsible for providing suitable wire and connection in the utility owned metering equipment. The metering equipment shall be installed to service one class of business. If additional buildings are required for a given business, they shall be interconnected by the customer to maintain one metered account, unless an exception is approved by management. If additional meters and services are requested by the customer, each shall be treated as a separate customer and billed individually.

ERMU equipment and metering must be accessible to ERMU 24 hours per day.

#### **Transmission Demand Charge:**

Transmission Demand charges are determined by monthly maximum metered 15-minute Customer demand, adjusted for applicable MISO zone transmission losses. All applicable MISO transmission charges, including but not limited to the below, shall apply to all transmission demand quantities:

- A. Schedule 1
- B. Schedule 2
- C. Schedule 9
- D. Schedule 26

## Transmission Transformed Service Rate

### Capacity Charge:

Capacity charges are determined by Customer selection of one of the options below:

- A. If customer has its own generation, then the capacity billing determinant shall be the maximum metered 15-minute demand in excess of Customer's registered generation in a given month. To qualify for this billing determinant, Customer's generation must be registered with MISO and comply with all MISO requirements for capacity resources.
- B. If Customer does not have its own generation, or if Customer fails to register its generation with MISO or fails to comply with all MISO requirements for capacity resources, then the capacity billing determinant shall be monthly maximum metered 15-minute Customer demand.

The capacity billing determinants defined above are pass-through costs.

### Energy Charge:

Energy billing is determined by actual hourly usage. The following charges shall apply to all energy (kWh) quantities:

- A. MISO Real-Time Locational Marginal Price at the applicable MISO Node.
- B. All applicable MISO Ancillary Services Charges.
- C. MISO Multi-Value Project Charges.
- D. A charge of \$0.002 per kWh for the cost of compliance with the State of Minnesota's Renewable Energy Standard.
- E. A charge of \$0.01 per kWh to cover all dispatch, billing, and administrative costs. This charge shall be inclusive of all regulatory charges collected by Utility on all customers.

City fees, such as franchise and storm water, will apply.

Federal, state, and local taxes may apply.

**Failure to Generate:** If Customer has registered generation that does not perform as registered when requested by utility, utility's wholesale supplier, or MISO, Customer shall be responsible for:

- A. Any financial or other penalties imposed by MISO related to the generation's failure to perform.
- B. All costs of utility or utility's wholesale supplier to acquire replacement capacity to replace registered generation that did not perform.

**Transformation Charge:** Customer shall pay a monthly transformation charge based on the cost of providing transmission transformed service to Customer, including recovery of costs for any new substation or related facilities.

**Minimum Bill:** Charges for failure to meet minimum peak demand and load factor requirements shall be outlined in the contract between Customer and Utility.

**Power Factor Adjustment:** Power factor adjustments may be made in the billing demand, when the power factor, as determined by test, at the time of the Customer's maximum use is less than 98%. If the

## Transmission Transformed Service Rate

power factor, as measured by ERMU's electric department, is lower than 98%, the monthly demand charge may be multiplied by the ratio 98% divided by the measured power factor, or at ERMU's option, the power factor may be corrected at the Customer's expense.

**Billing and Terms of Payment:** See ERMU Service Policies Policy (Billing Due Dates, and Penalties and Delinquent Notices.)

### Terms and Conditions:

1. Service shall comply with all applicable ERMU Policies and rules.
2. Extensions made for service under this schedule are subject to the provisions of ERMU's rules governing Extension of Service and Facilities.
3. Customer is responsible for any new charges or fees imposed by MISO or any new regulatory or legislative action that results in increased costs to provide power supply to Customer.
4. All rates in this electric rate schedule are subject to change with commission approval.
5. Exceptions by management approval only.

Adopted December 18, 2025  
Effective January 1, 2026

<b>TO:</b> ERMU Commission	<b>FROM:</b> Melissa Karpinski – Finance Manager
<b>MEETING DATE:</b> April 14, 2026	<b>AGENDA ITEM NUMBER:</b> 4.1
<b>SUBJECT:</b> 2025 Financial Audit	
<b>ACTION REQUESTED:</b> Receive and file the 2025 Annual Financial Report	

**BACKGROUND:**

Audit fieldwork was completed February 17 and 18 by the Utilities’ auditors, Abdo. As in prior years, Abdo completed the audit, compiled the enclosed report and issued an opinion letter. Elk River Municipal Utilities staff has reviewed the report and recommends its acceptance.

**DISCUSSION:**

Justin Nilson of Abdo will attend the meeting to present the 2025 audit and respond to any questions. There were two audit adjustments resulting from General Accounting Standards Board reporting requirements related to Pensions and Leases. These adjustments are provided by Abdo and are discussed in Notes 2 and 4 of the financial statements.

**FINANCIAL IMPACT:**

None

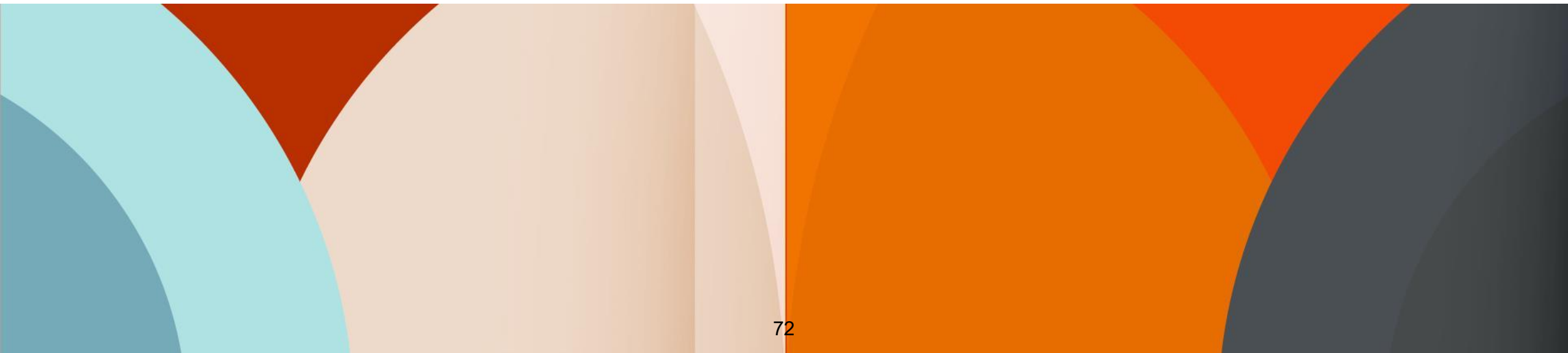
**ATTACHMENTS:**

- 2025 Audit Presentation
- 2025 Executive Governance Summary
- ERMU Annual Financial Report for the Year Ended December 31, 2025



2025 Financial Statement Audit

# Elk River Municipal Utilities



# Introduction

- Audit Results
- Electric Fund Results
- Water Fund Results



# Audit Results

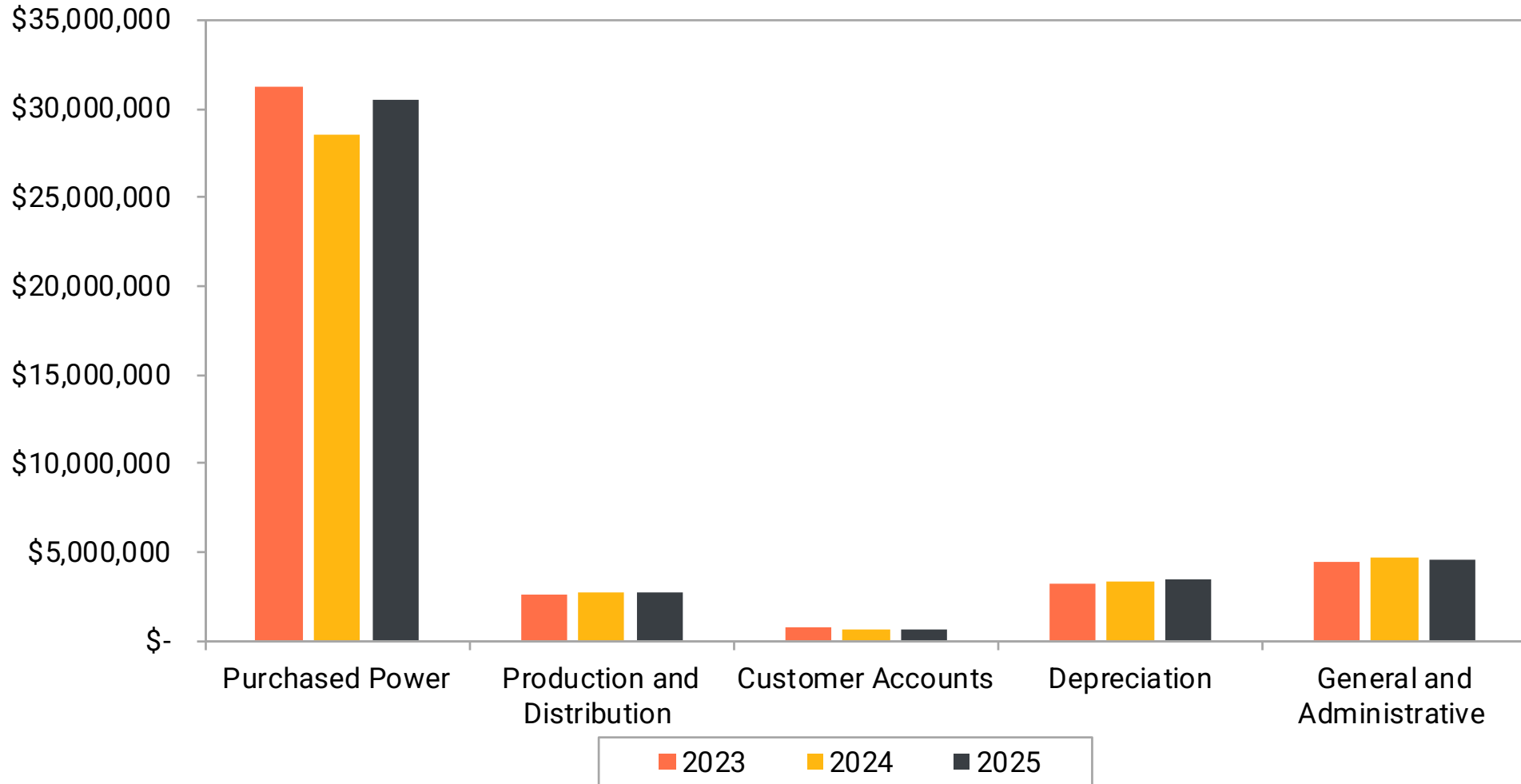
## Auditor's Opinion

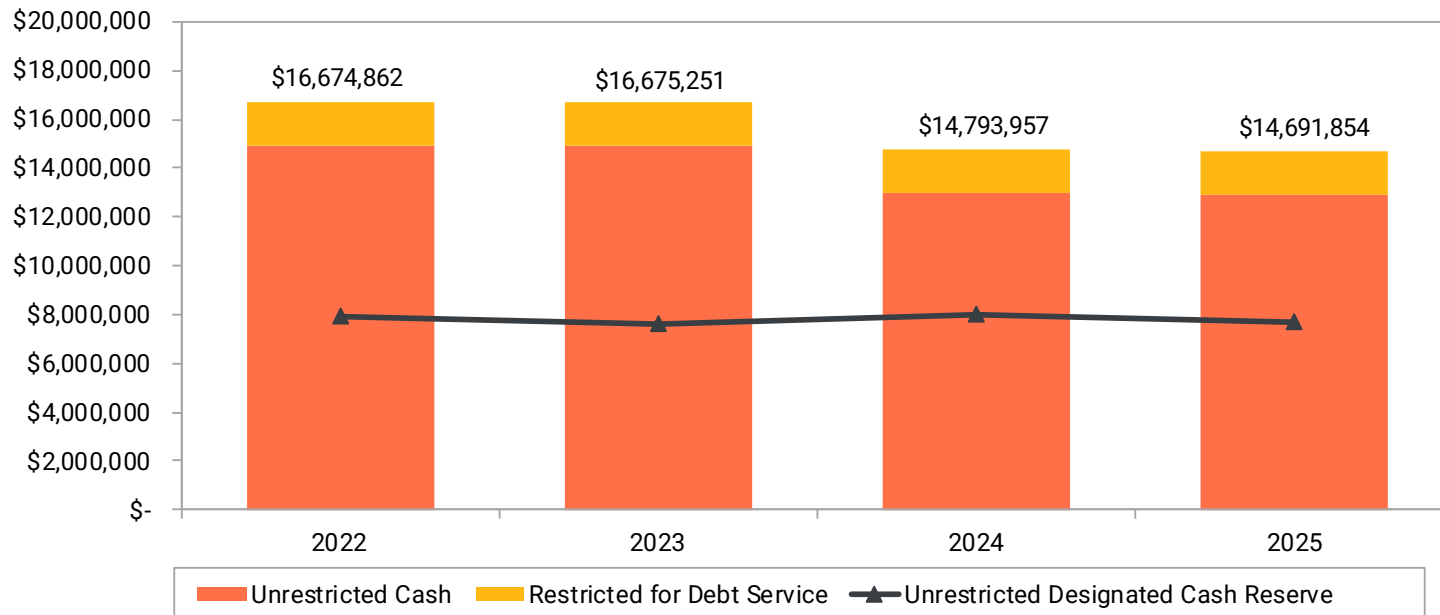
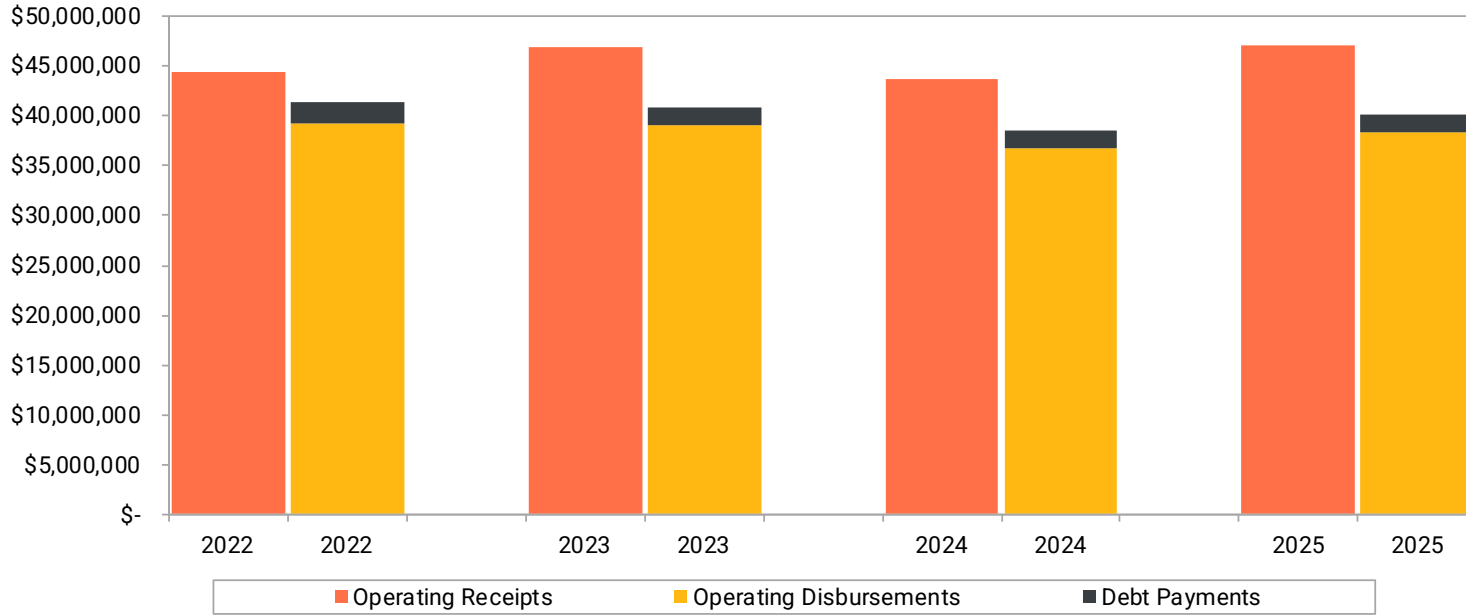
unmodified  
opinion under  
GAAP

## Minnesota Legal Compliance

No instances  
of  
noncompliance

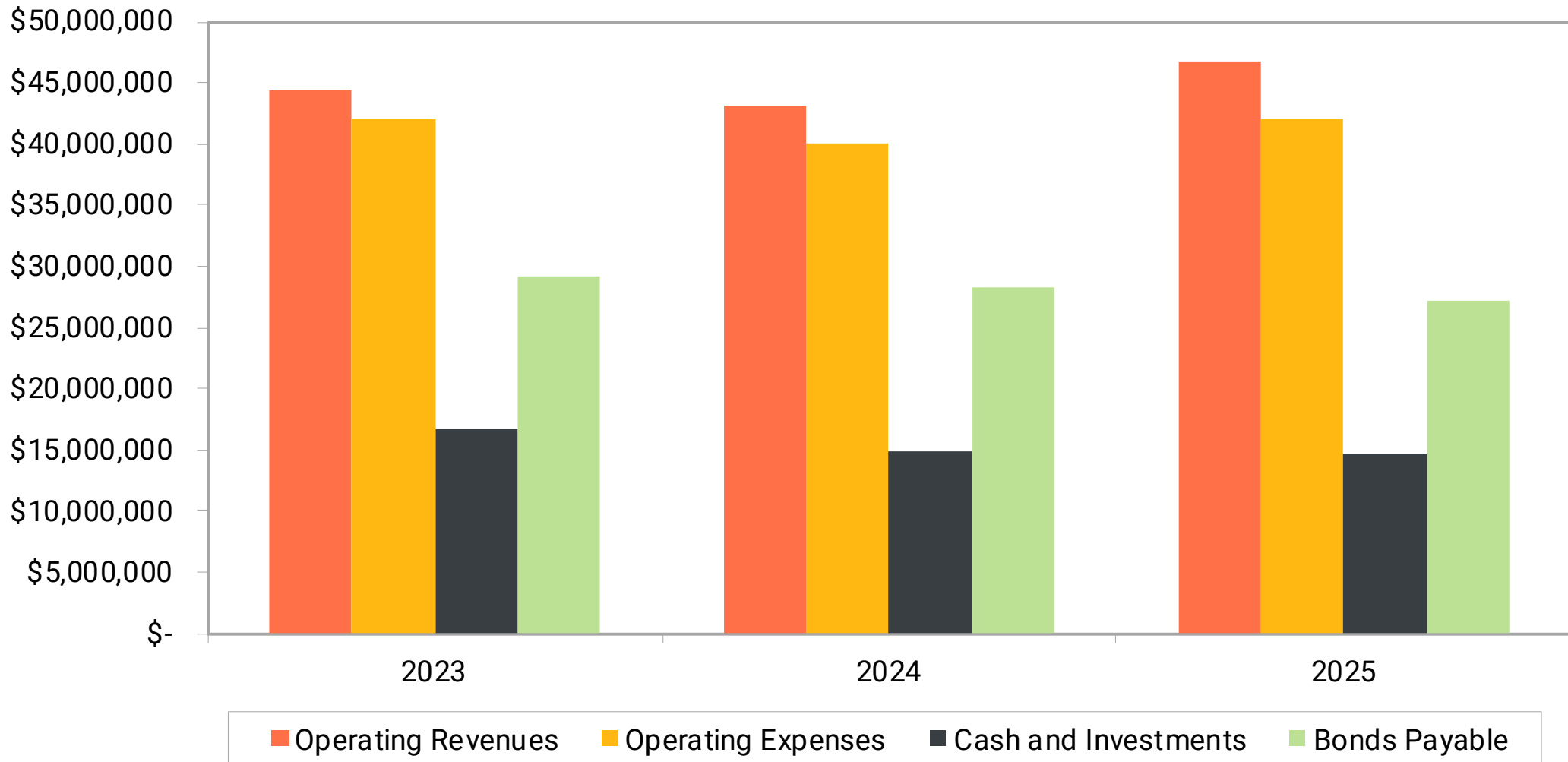
# Electric Fund Expenditures by Type



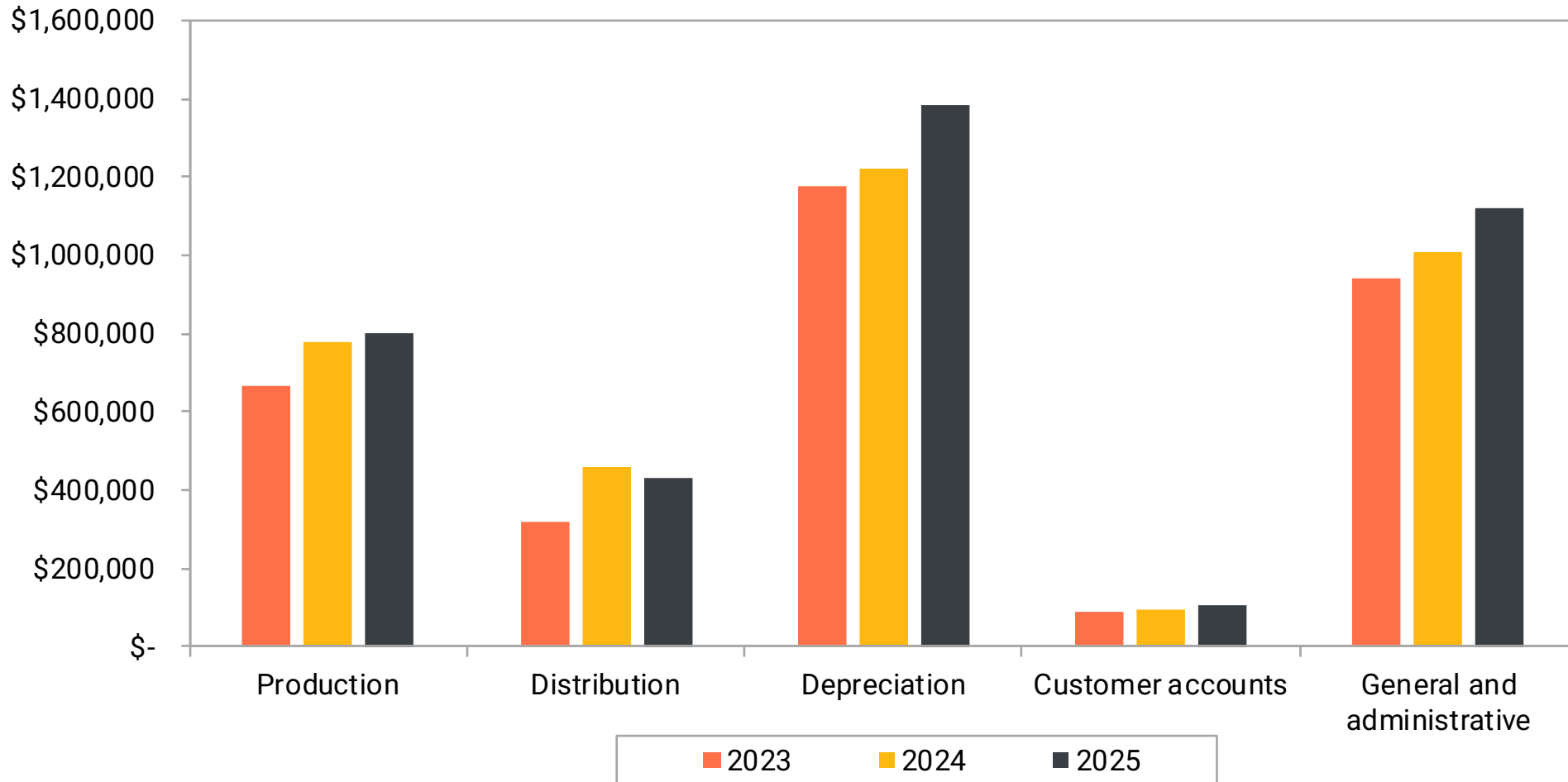


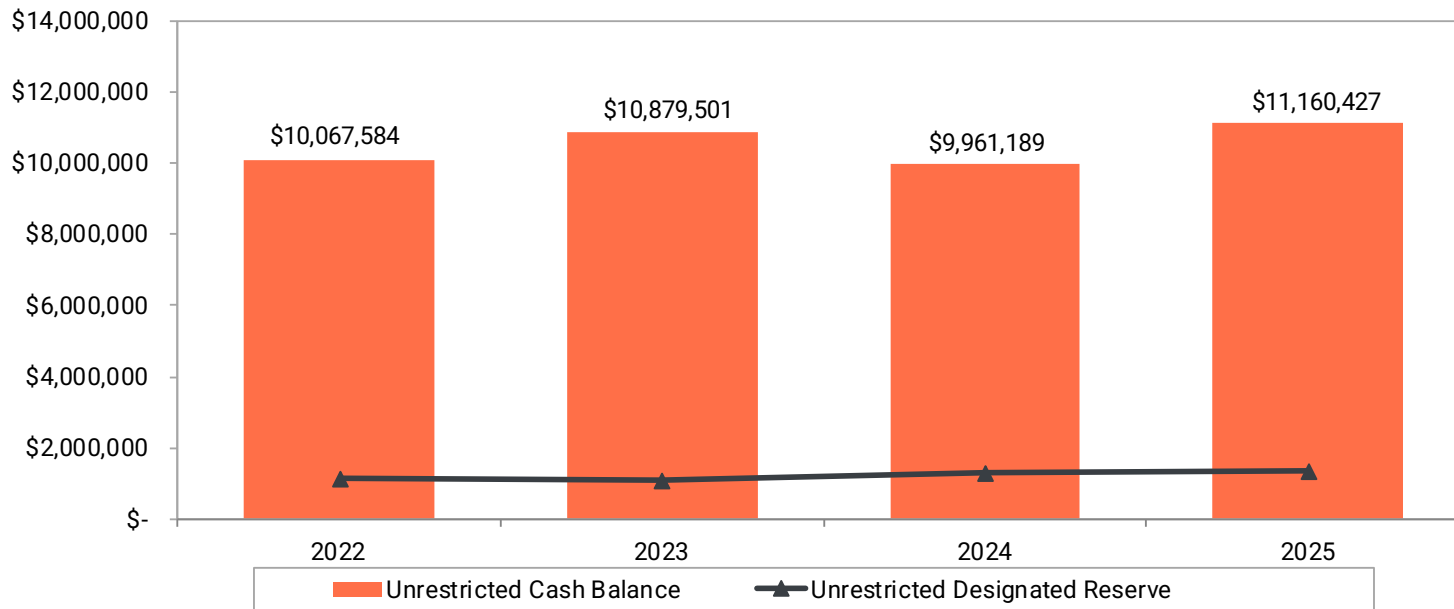
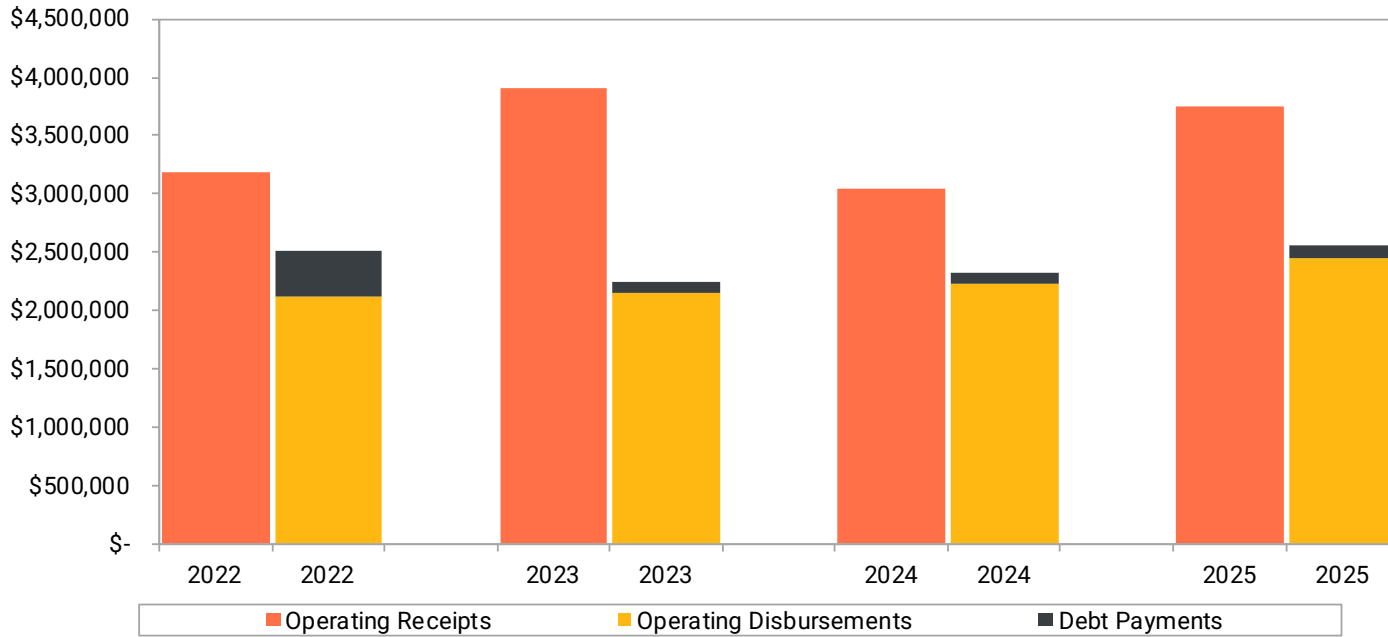
# Electric Fund Cash Flows from Operations and Cash Balances

# Electric Operations



# Water Fund Expenditures by Type

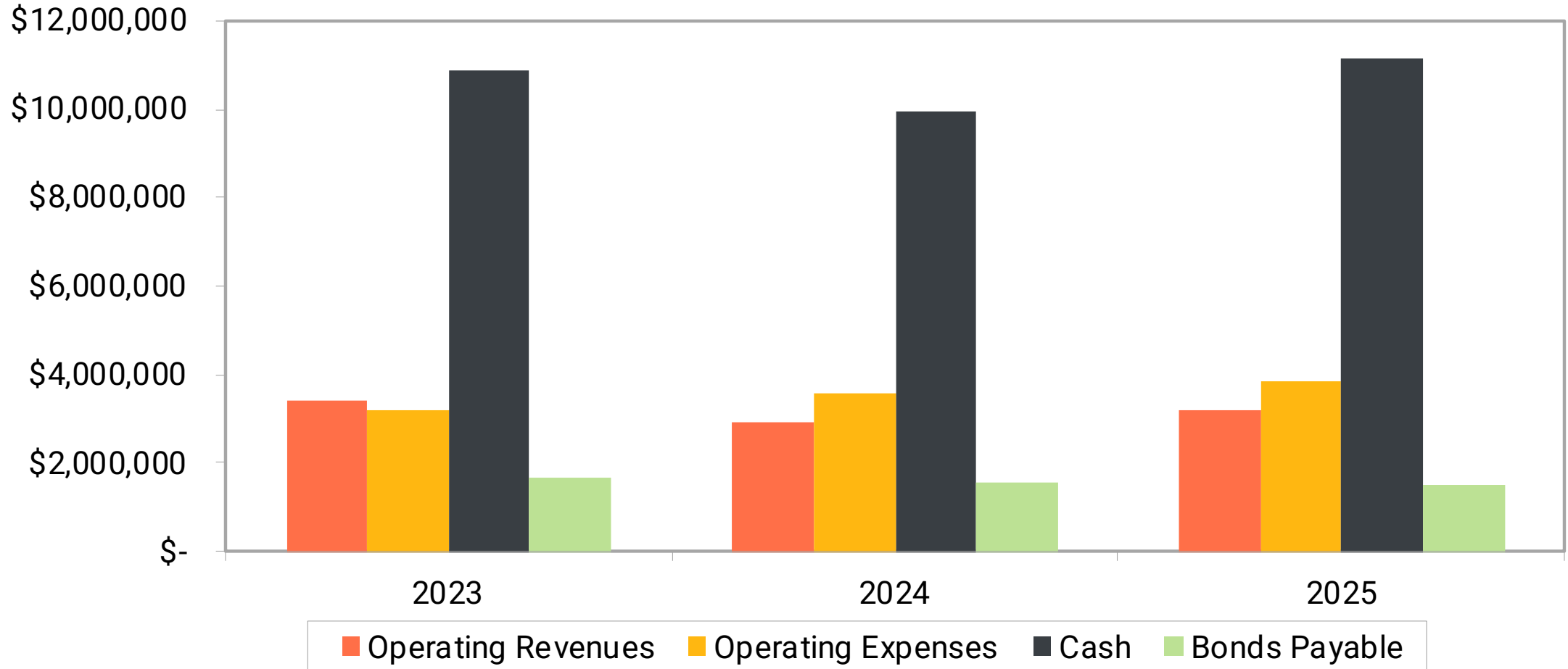




# Water Fund

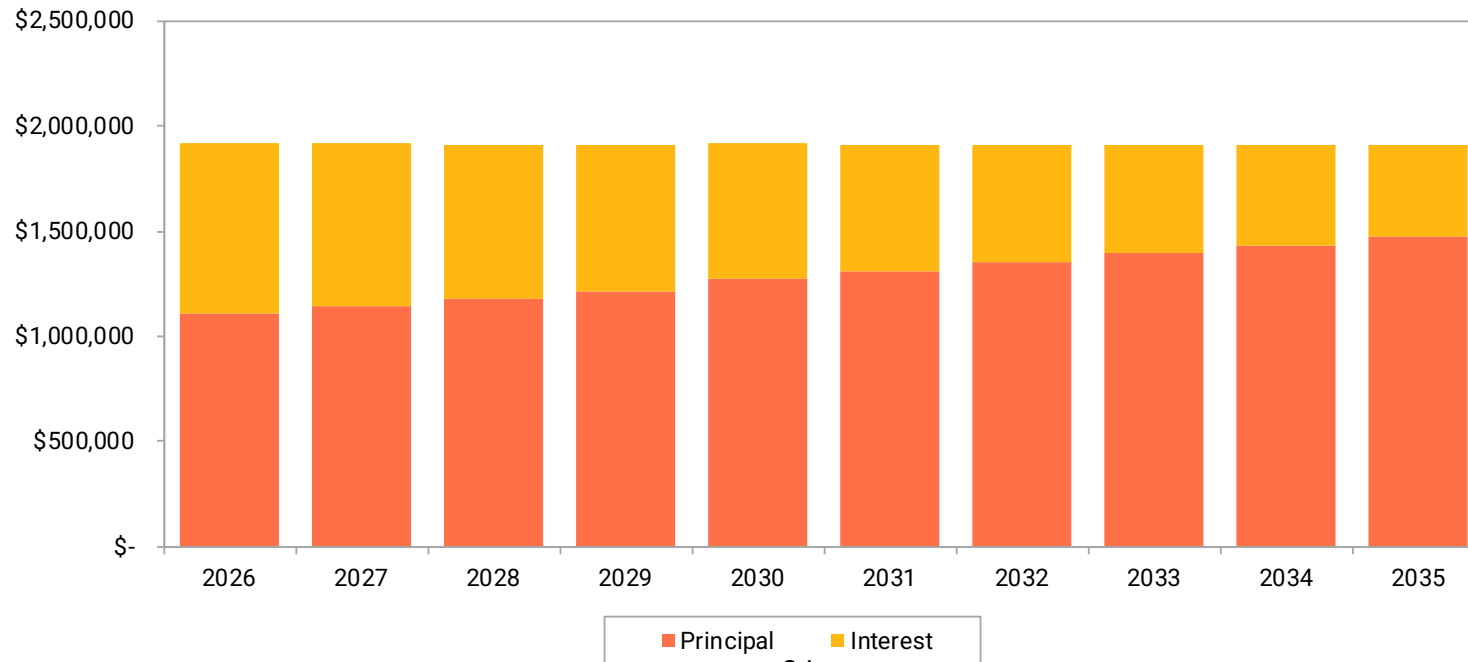
## *Cash Flows from Operations and Cash Balances*

# Water Operations

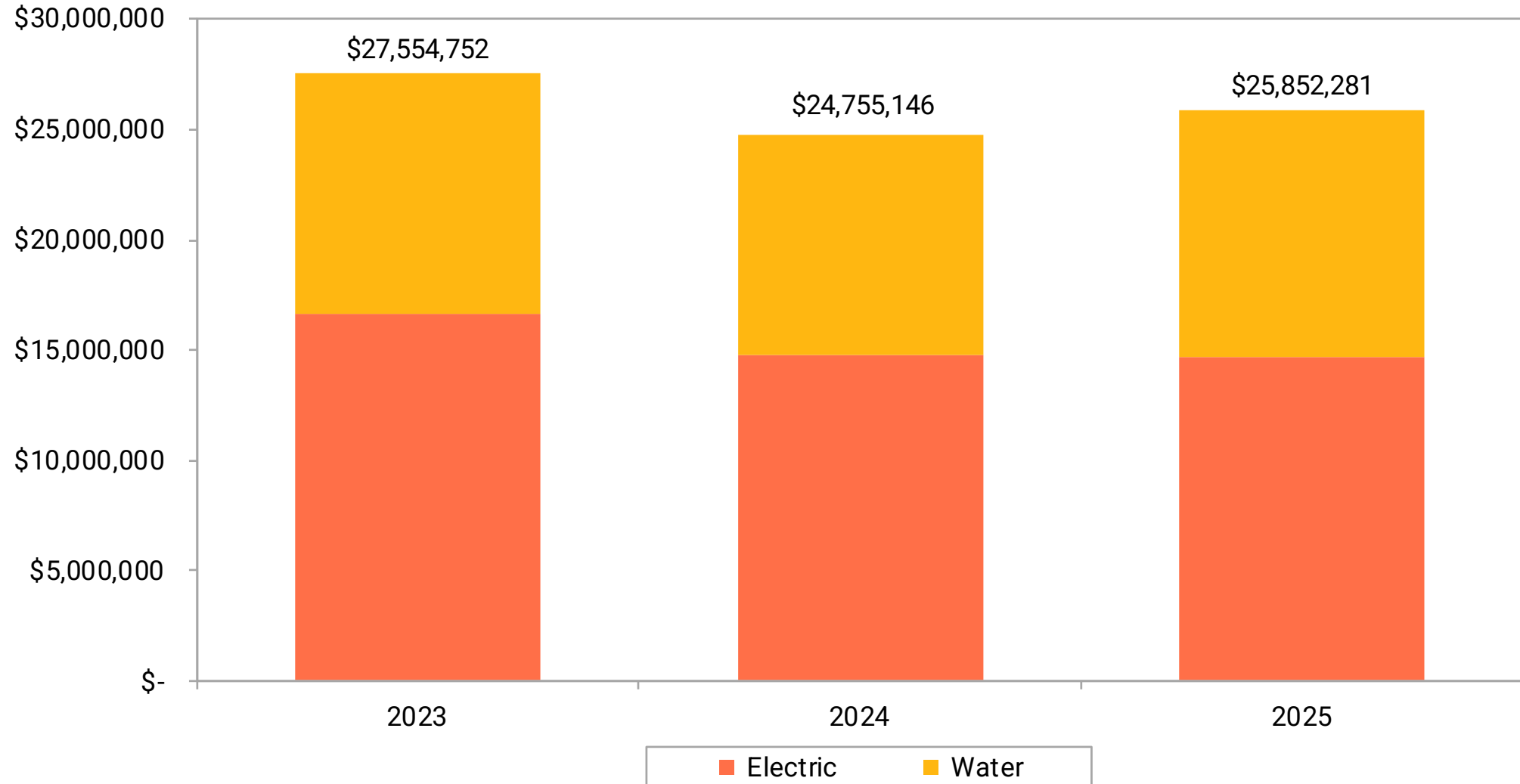


# Debt Obligations

Description	Authorized and Issued	Bonds Outstanding	Year of Maturity
Electric Revenue Bonds, Series 2016A	\$ 9,755,000	\$ 6,510,000	2036
G.O. Water Revenue Bonds, Series 2021C	1,615,000	1,380,000	2041
Electric Revenue Bonds, Series 2018A	10,000,000	8,595,000	2048
Electric Revenue Bonds, Series 2021B	11,810,000	10,910,000	2051
Totals		<u>\$ 27,395,000</u>	
Total Remaining Interest Payments		<u>\$ 9,325,606</u>	



# Cash and Investments Balance



# Your Abdo Team



*Justin*  
**NILSON**  
CPA - Partner



*Jason*  
**FAGAN**  
Senior Associate



*Hope*  
**WINTERS**  
Associate



*Erika*  
**PUDAS**  
Associate



*Jacki*  
**ERICKSON**  
Intern



# Executive Governance Summary

## Elk River Municipal Utilities

Elk River, Minnesota

For the year ended December 31, 2025



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

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

14500 N Northsight Blvd, Ste 321  
Scottsdale, AZ 85260  
P 480.864.5579

April 7, 2026

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, 2025. 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 1, 2025. 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. No new accounting policies were adopted and the application of existing policies were not changed during the year ended December 31, 2025. 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 7, 2026.

#### **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 and the Schedules of Employer's Contributions), 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. 103** – *Financial Reporting Model Improvements* *Effective: 12/31/2026*

**GASB Statement No. 104** – *Disclosure of Certain Capital Assets* *Effective: 12/31/2026*

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 7, 2026



# **ANNUAL FINANCIAL REPORT**

ELK RIVER MUNICIPAL UTILITIES  
ELK RIVER, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2025

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

FOR THE YEAR ENDED  
DECEMBER 31, 2025

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Elk River Municipal Utilities  
Elk River, Minnesota  
Public Utilities Commission and Administration  
For the Year Ended December 31, 2025

**COMMISSION**

Name	Title
John Dietz	Chairperson
Mary Stewart	Vice-Chair
Matt Westgaard	Commissioner
Jill Larson-Vito	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, 2025

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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, 2025, 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, 2025, 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.

#### Responsibilities of 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, 2025, 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.

### **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, and related note disclosures 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 is 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 is 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 7, 2026



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## Management's Discussion and Analysis

The following Management's Discussion and Analysis (MD&A) provides an overview of the financial activities of Elk River Municipal Utilities (the Utilities) for the year ended December 31, 2025. This section should be read in conjunction with the accompanying financial statements and notes.

Elk River Municipal Utilities operates as a municipal utility providing electric and water services.

### Overview of the Financial Statements

#### Financial Statements

The Statement of Net Position includes the Utilities' assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between them reported as net position. The Statement of Net Position provides information about the nature and amount of investments in resources (assets), deferred outflows of resources, the obligations to creditors (liabilities), and deferred inflows of resources. Net position increases when revenues exceed expenses. The Statement of Revenues, Expenses and Changes in Net Position reports the revenues and expenses during the period indicated. The Statement of Cash Flows provide information about the Utilities' cash receipts and payments from operations, as well as funds provided and used in investing and financing activities.

#### Notes to Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the amounts provided in the financial statements.

#### Required Supplemental Information

The required supplemental information provides historical information about Elk River Municipal Utilities' defined benefit pension plan including changes in the net pension liabilities, annual contributions made to the pension plan, and changes in plan provisions and actuarial assumptions.

#### Financial Highlights

- The net position of Elk River Municipal Utilities at the close of 2025 was \$89,880,637, an increase of \$5,026,085 from 2024.
- The ending unrestricted cash and investment balance for 2025 was \$24,073,265, an increase of \$1.1 million from 2024.
- Electric retail revenue increased \$3.6 million (8.4%), driven by a 4.4% increase in kilowatt-hour sales. Residential usage increased 5.5%, commercial 1.4%, and industrial 4.3%.
- No electric rate increase was implemented in 2025, and rates remained stable.
- Water retail revenue increased \$273,000 (9.4%), with total usage increasing 4.7%. Residential usage increased 3.7% and commercial usage increased 5.7%.
- Water rates increased between 1% and 3% depending on usage tier.
- A cost-of-service study was completed in 2025. Resulting rate adjustments are being phased in over four years, with 2026 rates approved at increases of 4% for electric and 2% for water.

## Financial Analysis of the Utilities

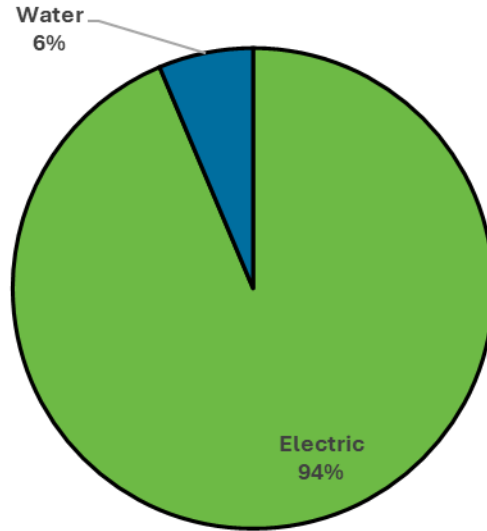
**Table A-1**  
**Condensed Statements of Revenues,**  
**Expenses and Changes in Net Position**

	2025	2024	Increase (Decrease)
Revenues			
Operating	\$ 50,004,280	\$ 46,082,215	\$ 3,922,065
Nonoperating	1,993,027	1,776,015	217,012
Total Revenues	<u>51,997,307</u>	<u>47,858,230</u>	<u>4,139,077</u>
Expenses			
Operating	45,819,530	43,560,442	2,259,088
Nonoperating	766,535	807,697	(41,162)
Total Expenses	<u>46,586,065</u>	<u>44,368,139</u>	<u>2,217,926</u>
Income Before Contributions and Operating Transfers	5,411,242	3,490,091	1,921,151
Capital Contributions - Developer Infrastructure and Connection Fees	688,392	477,998	210,394
Contribution from Customers	577,319	712,844	(135,525)
Transfers to Other City Funds	<u>(1,650,868)</u>	<u>(1,527,629)</u>	<u>(123,239)</u>
Change in Net Position	5,026,085	3,153,304	1,872,781
Net Position, January 1	<u>84,854,552</u>	<u>81,701,248</u>	<u>3,153,304</u>
Net Position, December 31	<u>\$ 89,880,637</u>	<u>\$ 84,854,552</u>	<u>\$ 5,026,085</u>

**Table A-2**  
**Condensed Statement of Net Position**

	2025	2024	Increase (Decrease)
Assets			
Current and other	\$ 31,293,211	29,660,285	\$ 1,632,926
Capital and other non-current	104,198,765	101,204,766	2,993,999
Total Assets	<u>135,491,976</u>	<u>130,865,051</u>	<u>4,626,925</u>
Total Deferred Outflows of Resources	<u>478,776</u>	<u>383,601</u>	<u>95,175</u>
Liabilities			
Current	10,172,974	9,760,324	412,650
Non-current	29,394,306	30,737,715	(1,343,409)
Total Liabilities	<u>39,567,280</u>	<u>40,498,039</u>	<u>(930,759)</u>
Total Deferred Inflows of Resources	<u>6,522,835</u>	<u>5,896,061</u>	<u>626,774</u>
Net Position			
Net investment in capital assets	69,108,416	66,966,175	2,142,241
Restricted for debt service	1,779,016	1,779,016	-
Unrestricted	<u>18,993,205</u>	<u>16,109,361</u>	<u>2,883,844</u>
Total Net Position	<u>\$ 89,880,637</u>	<u>\$ 84,854,552</u>	<u>\$ 5,026,085</u>

**Revenues.** Table A-1 shows that operating revenue increased \$3.9 million (8.5%) in 2025 for the Electric and Water Departments combined. The following chart summarizes operating revenue by department.

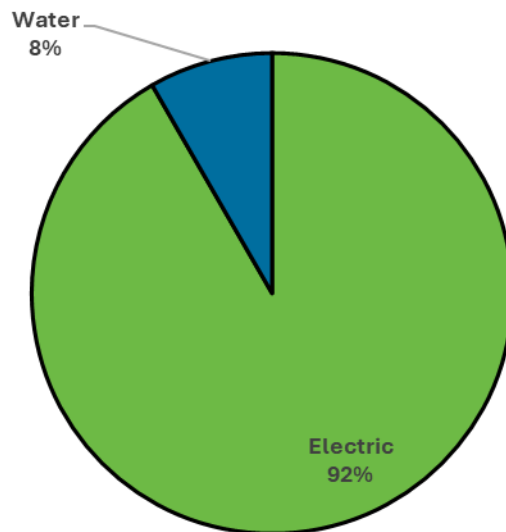


Nonoperating revenue consists primarily of transmission rebate revenue in the Electric Department and water tower lease revenue in the Water Department.

The Electric Department's transmission assets are recognized in the Midwest Independent Transmission System Operator (MISO) market. Our transmission assets generate a revenue rebate, which helps offset costs and stabilize our rates. In 2025, rebates averaged approximately \$57,613 per month.

The Water Department generates lease revenue from telecommunications providers for antennas on the water towers. Lease revenue totaled approximately \$461,410 in 2025 and is expected to continue over the term of the existing agreements.

**Expenses.** Table A-1 shows that total expenses increased \$2.2 million (5.0%) in 2025. The primary driver was a 7.0% increase in purchased power costs in the Electric Department, which represents 71.6% of total electric expenses. The following chart summarizes expenses by department.



## Capital Assets and Debt Administration

**Capital Assets.** The Utilities' investment in capital assets for its business-type activities as of December 31, 2025, is shown below (net of accumulated depreciation). This investment in capital assets includes land, intangibles, buildings, improvements, equipment, and infrastructure. The following table summarizes the balances by type:

	2025	2024	Increase (Decrease)
Land	\$ 898,584	\$ 898,584	\$ -
Intangible	24,814,117	24,540,931	273,186
Land Improvements	7,366	8,079	(713)
Buildings	14,693,053	15,236,051	(542,998)
Machinery and Equipment	2,604,156	2,343,954	260,202
Infrastructure	53,492,159	53,368,273	123,886
Construction in Progress	2,335,830	325,998	2,009,832
<b>Total</b>	<b><u>\$ 98,845,265</u></b>	<b><u>\$ 96,721,870</u></b>	<b><u>\$ 2,123,395</u></b>
Percent increase (decrease)			2.2%

The most significant increases in the Electric Department relate to loss of revenue payment associated with territory acquisition, recorded as intangible assets.

Both the Electric and Water Department completed Advanced Metering Infrastructure (AMI) projects, contributing to increases in infrastructure assets.

Machinery and Equipment assets increased due to fleet additions, including the purchase of a new Freightliner Digger Truck for the Electric Department.

Additional detail is provided in Note 2C in the financial statements.

**Long-term Debt:** Long-term debt decreased by \$1,121,513 in 2025. The current portion of outstanding debt due in 2026 includes \$70,000 for General Obligation Water Bonds (Series 2021C) and \$1.035 million for Electric Revenue Bonds (Series 2016A, 2018A, and 2021B). Additional detail is provided in Note 2D in the financial statements.

### Economic Factors and Next Year's Budgets and Rates

The utility industry continues to evolve as greater emphasis is placed on carbon-free energy, conservation, and long-term infrastructure sustainability. At the same time, Elk River Municipal Utilities must plan for future growth while maintaining reliable service and preserving system assets. These factors are expected to place upward pressure on operating and capital costs in the coming years.

Elk River Municipal Utilities remains committed to prudent financial management, responsible capital planning, and operational efficiency to help mitigate rate impacts. The Utilities' goal is to deliver safe, reliable, and cost-effective electric and water services through strong environmental and financial stewardship.

Elk River Municipal Utilities' competitive rates and solid financial performance reflect that ongoing commitment to providing safe, reliable, and affordable services to our community, every home, every business, every day.

### Requests for Information

The financial statements, notes, and management's discussion and analysis are designed to provide a general overview of Elk River Municipal Utilities' financial condition. Questions or requests for additional financial information should be addressed to Elk River Municipal Utilities, PO Box 430, Elk River, Minnesota 55330-0430 or at 13069 Orono Parkway in Elk River, MN. Additional information may also be found on Elk River Municipal Utilities' website at [ermumn.com](http://ermumn.com).

FINANCIAL STATEMENTS  
ELK RIVER MUNICIPAL UTILITIES  
ELK RIVER, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2025

Elk River Municipal Utilities  
Elk River, Minnesota  
Statement of Net Position (Continued on the Following Page)  
December 31, 2025

	Electric	Water	Total
<b>Assets</b>			
<b>Current Assets</b>			
Cash and temporary investments	\$ 12,912,838	\$ 11,160,427	\$ 24,073,265
Receivables			
Accrued interest	5,318	89,279	94,597
Accounts, net of allowance	2,109,538	177,603	2,287,141
Special assessments	17,811	20,116	37,927
Leases	-	269,338	269,338
Other	205,280	45,823	251,103
Due from other City funds	8,721	128,850	137,571
Inventories	2,064,304	81,754	2,146,058
Prepaid expenses	178,940	38,255	217,195
	<u>17,502,750</u>	<u>12,011,445</u>	<u>29,514,195</u>
<b>Non-current Assets</b>			
Lease receivable	-	5,353,500	5,353,500
<b>Capital Assets</b>			
Land	697,870	200,714	898,584
Intangible	29,656,945	-	29,656,945
Land improvements	34,081	-	34,081
Buildings	15,734,276	3,279,913	19,014,189
Machinery and equipment	5,690,816	766,736	6,457,552
Infrastructure	64,097,687	45,839,302	109,936,989
Construction in progress	2,068,580	267,250	2,335,830
	<u>117,980,255</u>	<u>50,353,915</u>	<u>168,334,170</u>
Capital Assets, Cost	117,980,255	50,353,915	168,334,170
Less Accumulated Depreciation	<u>(44,192,856)</u>	<u>(25,296,049)</u>	<u>(69,488,905)</u>
	<u>73,787,399</u>	<u>25,057,866</u>	<u>98,845,265</u>
Total Capital Assets, Net	73,787,399	25,057,866	98,845,265
	<u>73,787,399</u>	<u>30,411,366</u>	<u>104,198,765</u>
Total Non-current Assets	73,787,399	30,411,366	104,198,765
<b>Other Assets</b>			
Restricted cash	1,779,016	-	1,779,016
	<u>1,779,016</u>	<u>-</u>	<u>1,779,016</u>
Total Assets	<u>93,069,165</u>	<u>42,422,811</u>	<u>135,491,976</u>
<b>Deferred Outflows of Resources</b>			
Deferred pension resources	396,358	82,418	478,776
	<u>396,358</u>	<u>82,418</u>	<u>478,776</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, 2025

	Electric	Water	Total
Current Liabilities			
Accounts payable	\$ 3,955,556	\$ 272,415	\$ 4,227,971
Salaries and benefits payable	315,321	68,978	384,299
Accrued interest payable	324,857	15,250	340,107
Due to other City funds	1,006,772	144,841	1,151,613
Due to other governments	250,634	2,905	253,539
Customer deposits payable	1,197,466	166,647	1,364,113
Unearned revenue	-	234,762	234,762
Compensated absences	974,545	137,025	1,111,570
Bonds payable - current portion	1,035,000	70,000	1,105,000
	<u>9,060,151</u>	<u>1,112,823</u>	<u>10,172,974</u>
Total Current Liabilities			
Non-current Liabilities			
Bonds payable, net - less current portion	26,115,538	1,413,644	27,529,182
Net pension liability	1,541,981	323,143	1,865,124
	<u>27,657,519</u>	<u>1,736,787</u>	<u>29,394,306</u>
Total Non-current Liabilities			
Total Liabilities	<u>36,717,670</u>	<u>2,849,610</u>	<u>39,567,280</u>
Deferred Inflows of Resources			
Deferred pension resources	1,034,353	216,118	1,250,471
Deferred lease resources	-	5,272,364	5,272,364
	<u>1,034,353</u>	<u>5,488,482</u>	<u>6,522,835</u>
Total Deferred Inflows of Resources			
Net Position			
Net investment in capital assets	45,649,540	23,458,876	69,108,416
Restricted for debt service	1,779,016	-	1,779,016
Unrestricted	8,284,944	10,708,261	18,993,205
	<u>55,713,500</u>	<u>34,167,137</u>	<u>89,880,637</u>
Total Net Position			

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, 2025

	Electric	Water	Total
Operating Revenues			
Charges for services	\$ 46,148,519	\$ 3,023,865	\$ 49,172,384
Substation credit	4,800	-	4,800
Connection maintenance	382,901	120,418	503,319
Customer penalties	288,178	35,599	323,777
Total Operating Revenues	<u>46,824,398</u>	<u>3,179,882</u>	<u>50,004,280</u>
Operating Expenses			
Purchased power	30,577,687	-	30,577,687
Production	1,980	799,154	801,134
Distribution	2,701,193	432,989	3,134,182
Depreciation	3,471,092	1,385,340	4,856,432
Customer accounts	653,527	103,890	757,417
General and administrative	4,571,998	1,120,680	5,692,678
Total Operating Expenses	<u>41,977,477</u>	<u>3,842,053</u>	<u>45,819,530</u>
Operating Income (Loss)	<u>4,846,921</u>	<u>(662,171)</u>	<u>4,184,750</u>
Nonoperating Revenues (Expenses)			
Interest income (loss)	452,949	127,692	580,641
Miscellaneous revenue	841,944	592,933	1,434,877
Interest expense and other	(735,069)	(31,466)	(766,535)
Gain/(Loss) on sale of capital assets	(22,491)	-	(22,491)
Total Nonoperating Revenues (Expenses)	<u>537,333</u>	<u>689,159</u>	<u>1,226,492</u>
Income (Loss) before Contributions and Transfers	<u>5,384,254</u>	<u>26,988</u>	<u>5,411,242</u>
Capital Contributions -			
Connection Fees	-	643,802	643,802
Contributions from Developers	-	44,590	44,590
Contribution from Customers	577,319	-	577,319
Transfers to Other City Funds	(1,650,868)	-	(1,650,868)
Total Contributions and Transfers	<u>(1,073,549)</u>	<u>688,392</u>	<u>(385,157)</u>
Change in Net Position	4,310,705	715,380	5,026,085
Net Position, January 1	<u>51,402,795</u>	<u>33,451,757</u>	<u>84,854,552</u>
Net Position, December 31	<u>\$ 55,713,500</u>	<u>\$ 34,167,137</u>	<u>\$ 89,880,637</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, 2025

	Electric	Water	Total
Cash Flows from Operating Activities			
Receipts from customers and users	\$ 46,705,488	\$ 3,139,758	\$ 49,845,246
Other operating cash receipts	423,726	603,928	1,027,654
Payments to suppliers	(34,982,406)	(1,556,810)	(36,539,216)
Payments to employees	(3,425,809)	(899,297)	(4,325,106)
Net Cash Provided by Operating Activities	<u>8,720,999</u>	<u>1,287,579</u>	<u>10,008,578</u>
Cash Flows from Noncapital Financing Activities			
Transfers to City	(1,650,868)	-	(1,650,868)
(Increase) decrease in due from other City funds	(5,151)	21,910	16,759
(Decrease) increase in due to other City funds	(137,965)	(98,632)	(236,597)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(1,793,984)</u>	<u>(76,722)</u>	<u>(1,870,706)</u>
Cash Flows from Capital and Related Financing Activities			
Acquisition of capital assets	(5,696,617)	(630,036)	(6,326,653)
Proceeds from connection fees	-	643,802	643,802
Proceeds on sale of capital assets	17,540	-	17,540
Principal payments on bonds	(990,000)	(65,000)	(1,055,000)
Interest paid on bonds	(811,306)	(39,200)	(850,506)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(7,480,383)</u>	<u>(90,434)</u>	<u>(7,570,817)</u>
Cash Flows from Investing Activities			
Interest on investments	<u>451,265</u>	<u>78,815</u>	<u>530,080</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(102,103)	1,199,238	1,097,135
Cash and Cash Equivalents, January 1	<u>14,793,957</u>	<u>9,961,189</u>	<u>24,755,146</u>
Cash and Cash Equivalents, December 31	<u>\$ 14,691,854</u>	<u>\$ 11,160,427</u>	<u>\$ 25,852,281</u>
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position			
Cash and temporary investments	\$ 12,912,838	\$ 11,160,427	\$ 24,073,265
Restricted cash	<u>1,779,016</u>	<u>-</u>	<u>1,779,016</u>
Total Cash and Cash Equivalents	<u>\$ 14,691,854</u>	<u>\$ 11,160,427</u>	<u>\$ 25,852,281</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, 2025

	Electric	Water	Total
Reconciliation of Operating Income (Loss) to			
Net Cash Provided by Operating Activities			
Operating income	\$ 4,846,921	\$ (662,171)	\$ 4,184,750
Adjustments to reconcile operating income (loss) to net cash provided by operating activities			
Other revenue related to operations	841,944	592,933	1,434,877
Bad debt expense	8,782	-	8,782
Depreciation	3,471,092	1,385,340	4,856,432
(Increase) decrease in assets/deferred outflows:			
Accounts receivable	(108,416)	(44,339)	(152,755)
Other receivables	(65,030)	92,122	27,092
Special assessments receivable	(10,494)	4,215	(6,279)
Lease receivable	-	(889,418)	(889,418)
Inventories	(426,465)	(24,908)	(451,373)
Prepaid expenses	73,277	18,081	91,358
Deferred pension resources	(74,177)	(20,998)	(95,175)
Increase (decrease) in liabilities/deferred inflows:			
Accounts payable	263,823	(119,975)	143,848
Salaries and benefits payable	282	6,976	7,258
Unearned revenue	(4,305)	83,499	79,194
Compensated absences payable	111,397	32,809	144,206
Due to other governments	66,252	(5,716)	60,536
Customer deposits payable	64,793	45,574	110,367
Net pension liability	(166,055)	(5,841)	(171,896)
Deferred pension resources	(172,622)	(15,722)	(188,344)
Deferred lease resources	-	815,118	815,118
Net Cash Provided by Operating Activities	<u>\$ 8,720,999</u>	<u>\$ 1,287,579</u>	<u>\$ 10,008,578</u>
Noncash Capital and Related Financing Activities			
Amortization of Bond Premium	<u>\$ 59,862</u>	<u>\$ 6,651</u>	<u>\$ 66,513</u>
Gain (Loss) on Disposal of Capital Assets	<u>\$ (22,491)</u>	<u>\$ -</u>	<u>\$ (22,491)</u>
Book Value of Disposed Capital Assets	<u>\$ 106,031</u>	<u>\$ -</u>	<u>\$ 106,031</u>
Capital Assets Purchased on Account	<u>\$ 987,321</u>	<u>\$ 115,346</u>	<u>\$ 1,102,667</u>
Contribution of Capital Assets	<u>\$ 577,319</u>	<u>\$ 44,590</u>	<u>\$ 621,909</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, 2025

**Note 1: Summary of Significant Accounting Policies**

**A. Nature of the Business**

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 distribute 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, 2025

**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, 2025

**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 34 and are valued using a matrix pricing model (Level 2 inputs).

The Utilities has the following recurring fair value measurements as of December 31, 2025:

- Negotiable certificates of deposit of \$2,691,658 are valued using a matrix pricing model (Level 2 inputs).
- Asset backed securities of \$3,885,642 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. The allowance for uncollectible accounts at December 31, 2025 are shown in the table below.

Electric	\$ 25,355
Water	250
Total	\$ 25,605

**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  
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**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 assets 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.

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**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% 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% 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 Municipal 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, 2025 was (\$64,889). 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. 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 2% of their total gross wage paid during the Measurement Period. The percentage of UMPIC is calculated using a Scorecard. The Scorecard has five categories: Safety, Reliability and Quality of Utility Services, Workforce Development, Financial Goals, Communications/Customer Service, and Strategic Plan, 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.

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**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 assets 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% 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% of the deposits not covered by insurance or bonds.

Elk River Municipal Utilities  
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**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, 2025, the Utilities' carrying amount of deposits, bank balance, FDIC coverage and pledged collateral are shown in the chart below.

Carrying amount of deposits	<u><u>\$ 14,131,634</u></u>
Bank Balance	\$ 14,093,035
Covered by FDIC	<u>(550,695)</u>
Remaining balance collateralized with securities pledged in the Utilities' name	<u><u>\$ 13,542,340</u></u>

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**Note 2: Detailed Notes on All Funds (Continued)**

**Investments**

The Utilities' investment balances were as follows for December 31, 2025:

Types of Investments	Credit Quality/ Ratings (1)	Segmented Time Distribution (2)	Amount	Fair Value Measurement Using		
				Level 1	Level 2	Level 3
<b>Pooled Investments</b>						
Broker Money Markets	N/A	less than 1 year	\$ 5,142,547	\$ -	\$ -	\$ -
<b>Non-pooled Investments</b>						
Negotiable certificates of deposits	N/A	less than 1 year	982,196	-	982,196	-
Negotiable certificates of deposits	N/A	1 - 5 years	1,709,462	-	1,709,462	-
Asset backed securities	N/A	1 - 5 years	3,503,405	-	3,503,405	-
Asset backed securities	N/A	more than 5 years	382,237	-	382,237	-
Total Non-pooled Investments			<u>6,577,300</u>	<u>-</u>	<u>6,577,300</u>	<u>-</u>
Total Investments			<u>\$ 11,719,847</u>	<u>\$ -</u>	<u>\$ 6,577,300</u>	<u>\$ -</u>

(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:

Deposits	\$ 14,131,634
Investments	11,719,847
Cash on Hand	<u>800</u>
Total	<u>\$ 25,852,281</u>
Cash and Temporary Investments	
Unrestricted	\$ 24,073,265
Restricted	<u>1,779,016</u>
Total	<u>\$ 25,852,281</u>

Elk River Municipal Utilities  
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**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 28 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, 2025 the Utilities has no individual issuers invested in 5.0% 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 AT&T, Sprint, and Verizon that allows them to place antennas on water towers. The lease payments increase yearly. As of December 31, 2025, the Utilities' lease and interest receivable balance was \$5,710,788. 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	\$ 564,794	\$ 4,662	\$ 569,456
Sprint Lease on Gary St.	694,752	1.41	06/01/10	05/31/35	529,494	4,371	533,865
Sprint Lease on Auburn St.	694,752	1.41	06/01/10	05/31/35	529,494	4,371	533,865
Verizon Lease on Johnson St.	837,781	1.59	09/01/14	08/31/39	709,599	3,768	713,367
Verizon Lease on Gary St.	837,781	1.59	09/01/14	08/31/39	709,599	3,768	713,367
Verizon Lease on Auburn St.	909,094	1.70	01/01/17	12/31/42	847,515	14,521	862,036
Verizon Lease on Freeport St.	724,310	1.78	10/01/20	09/30/45	642,180	2,861	645,041
AT&T Lease on Freeport St.	1,090,163	4.46	09/01/25	08/31/50	1,090,163	49,628	1,139,791
Total Lease Receivable							<u>\$ 5,710,788</u>

Elk River Municipal Utilities  
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**Note 2: Detailed Notes on All Funds (Continued)**

Future lease receivable payments are as follows:

Year Ending December 31,	Principal	Interest	Total
2026	\$ 269,338	\$ 121,447	\$ 390,785
2027	288,450	117,291	405,741
2028	308,502	112,779	421,281
2029	329,537	107,893	437,430
2030	351,600	102,610	454,210
2031 - 2035	1,893,276	418,358	2,311,634
2036 - 2040	1,156,960	269,342	1,426,302
2041 - 2045	605,681	155,443	761,124
2046 - 2050	419,494	49,827	469,321
Total	<u>\$ 5,622,838</u>	<u>\$ 1,454,990</u>	<u>\$ 7,077,828</u>

**C. Capital Assets**

Capital asset activity for the year ended December 31, 2025 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets not being Depreciated				
Land	\$ 898,584	\$ -	\$ -	\$ 898,584
Intangible	7,169,412	941,321	-	8,110,733
Construction in progress	325,998	4,894,832	(2,885,000)	2,335,830
Total Capital Assets not being Depreciated	<u>8,393,994</u>	<u>5,836,153</u>	<u>(2,885,000)</u>	<u>11,345,147</u>
Capital Assets being Depreciated				
Intangible	21,546,212	-	-	21,546,212
Land improvements	34,081	-	-	34,081
Buildings	18,925,576	88,613	-	19,014,189
Machinery and equipment	5,970,147	767,809	(280,404)	6,457,552
Infrastructure	106,719,859	3,278,283	(61,153)	109,936,989
Total Capital Assets being Depreciated	<u>153,195,875</u>	<u>4,134,705</u>	<u>(341,557)</u>	<u>156,989,023</u>
Less Accumulated Depreciation for				
Intangible	(4,174,693)	(668,135)	-	(4,842,828)
Land improvements	(26,002)	(713)	-	(26,715)
Buildings	(3,689,525)	(631,611)	-	(4,321,136)
Machinery and equipment	(3,626,193)	(446,103)	218,900	(3,853,396)
Infrastructure	(53,351,586)	(3,109,870)	16,626	(56,444,830)
Total Accumulated Depreciation	<u>(64,867,999)</u>	<u>(4,856,432)</u>	<u>235,526</u>	<u>(69,488,905)</u>
Total Capital Assets being Depreciated, Net	<u>88,327,876</u>	<u>(721,727)</u>	<u>(106,031)</u>	<u>87,500,118</u>
Business-type Activities Capital Assets, Net	<u>\$ 96,721,870</u>	<u>\$ 5,114,426</u>	<u>\$ (2,991,031)</u>	<u>\$ 98,845,265</u>

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**Note 2: Detailed Notes on All Funds (Continued)**

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

**Business-type Activities**

Electric	\$ 3,471,092
Water	<u>1,385,340</u>
 Total Depreciation Expense - Business-type Activities	 <u><u>\$ 4,856,432</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>\$ 1,380,000</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
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	80,000	25,000	105,000
2031 - 2035	430,000	85,900	515,900
2036 - 2040	480,000	39,300	519,300
2041	<u>100,000</u>	<u>2,000</u>	<u>102,000</u>
 Total	 <u><u>\$ 1,380,000</u></u>	 <u><u>\$ 281,600</u></u>	 <u><u>\$ 1,661,600</u></u>

In 2025, annual principal and interest payment on the bonds required about 3.3% of revenues from the Water fund. The principal and interest paid and total customer revenues for the Water fund were \$104,200 and \$3,179,882, respectively.

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**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	\$ 6,510,000
Electric Revenue Bonds, Series 2018A	10,000,000	3.50 - 5.00	09/26/18	08/01/48	8,595,000
Electric Revenue Bonds, Series 2021B	11,810,000	2.00 - 5.00	05/13/21	08/01/51	<u>10,910,000</u>
Total Revenue Bonds					<u>\$ 26,015,000</u>

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

Year Ending December 31,	Principal	Interest	Total
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	1,190,000	624,488	1,814,488
2031 - 2035	6,525,000	2,505,300	9,030,300
2036 - 2040	4,670,000	1,635,681	6,305,681
2041 - 2045	4,580,000	1,035,806	5,615,806
2046 - 2050	4,145,000	353,481	4,498,481
2051	550,000	12,376	562,376
Total	<u>\$ 26,015,000</u>	<u>\$ 9,044,006</u>	<u>\$ 35,059,006</u>

In 2025, annual principal and interest payment on the bonds required about 3.8% of revenues from the Electric fund. The principal and interest paid and total customer revenues for the Electric fund were \$1,801,306 and \$46,824,398, respectively.

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**Note 2: Detailed Notes on All Funds (Continued)**

Changes in Long-term Liabilities

Long-term liability activity for the year ended December 31, 2025 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Business-type Activities</b>					
Bonds Payable					
General obligation					
revenue bonds	\$ 1,445,000	\$ -	\$ (65,000)	\$ 1,380,000	\$ 70,000
Revenue bonds	27,005,000	-	(990,000)	26,015,000	1,035,000
Unamortized premium					
on bonds	1,305,695	-	(66,513)	1,239,182	-
Total Bonds Payable, Net	<u>29,755,695</u>	<u>-</u>	<u>(1,121,513)</u>	<u>28,634,182</u>	<u>1,105,000</u>
Compensated					
Absences Payable	<u>967,364</u>	<u>1,248,897</u>	<u>(1,104,691)</u>	<u>1,111,570</u>	<u>1,111,570</u>
Business-type Activity					
Long-term					
Liabilities	<u>\$ 30,723,059</u>	<u>\$ 1,248,897</u>	<u>\$ (2,226,204)</u>	<u>\$ 29,745,752</u>	<u>\$ 2,216,570</u>

Elk River Municipal Utilities  
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**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	\$ 8,721	Billing services
Total Electric Fund Receivable From City		<u>8,721</u>	
Water	City	128,850	TIF 22 Water access charge
Total Water Fund Receivable From City		<u>128,850</u>	
Total Receivable From City		<u>\$ 137,571</u>	
City	Electric	\$ 256,111	Franchise fees
City	Electric	113,043	Revenue transfer
City	Electric	248,779	Billed sewer on behalf of City
City	Electric	113,613	Billed stormwater on behalf of City
City	Electric	167,514	Billed trash on behalf of City
City	Electric	103,458	Shared costs
City	Electric	302	Vinyl stickers for trucks
City	Electric	2,256	Fuel
City	Electric	1,696	Parts and labor
Total Electric Fund Payable to City		<u>1,006,772</u>	
City	Water	\$ 766	Fuel
City	Water	275	Parts and labor
City	Water	25,865	Shared costs
City	Water	117,935	2025 Street improvements
Total Water Fund Payable to City		<u>144,841</u>	
Total Payable to City		<u>\$ 1,151,613</u>	

Transfers

During the year ended December 31, 2025, the Utilities made the following transfers:

	Transfer to Other City Funds
Electric	<u>\$ 1,650,868</u>

- The transfer out of the Electric fund was the annual transfer of 4% of 2025 Elk River revenues to City funds.

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**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, \$946,133 in 2025, and \$941,321 in 2026. 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.

**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%. 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 project under recovery in 2025 is estimated to be \$241K. 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 2025 (approximately \$241K) would be included in the revenue requirements in 2027. The transmission payments for 2025 were \$15,650.

Elk River Municipal Utilities  
Elk River, Minnesota  
Notes to the Financial Statements  
December 31, 2025

**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% of the highest average salary for each of the first 10 years of service and 1.7% for each additional year. Under the Level formula, General Plan members receive 1.7% 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 retirement benefit as early as age 55 if they have three or more years of service. Early retirement benefits are reduced by .25% for each month under age 65. Members with 30 or more years of service can retire at any age with a reduction of .25% 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.

Elk River Municipal Utilities  
 Elk River, Minnesota  
 Notes to the Financial Statements  
 December 31, 2025

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

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50% of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1% and a maximum of 1.5%. The 2025 annual increase was 1.25%. 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.

**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% of their annual covered salary in fiscal year 2025 and the Utilities was required to contribute 7.50% for General Plan members. The Utilities' contributions to the General Employees Fund for the year ended December 31, 2025, were \$397,427. The Utilities' contributions were equal to the required contributions as set by state statute.

**D. Pension Costs**

General Employees Fund Pension Costs

At December 31, 2025, the Utilities reported a liability of \$1,865,124 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 \$44,993.

Utilities' proportionate share of the net pension liability	\$ 1,865,124
State of Minnesota's proportionate share of the net pension liability associated with the Utilities	44,993
	44,993
Total	\$ 1,910,117

The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Utilities' proportion of the net pension liability was based on the Utilities' contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2024 through June 30, 2025, relative to the total employer contributions received from all of PERA's participating employers. The Utilities' proportionate share was 0.0563% at the end of the measurement period and 0.0551% for the beginning of the period.

Elk River Municipal Utilities  
Elk River, Minnesota  
Notes to the Financial Statements  
December 31, 2025

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

For the year ended December 31, 2025, the Utilities recognized pension expense of (\$57,988) for its proportionate share of the General Employees Plan's pension expense. In addition, the Utilities recognized an additional (\$6,901) 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.

At December 31, 2025, 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	\$ 177,706	\$ -
Changes in actuarial assumptions	44,939	429,159
Net difference between projected and actual investment earnings	-	742,151
Changes in proportion	59,636	79,161
Employer contributions subsequent to the measurement date	196,495	-
Total	\$ 478,776	\$ 1,250,471

The \$196,495 reported as deferred outflows of resources related to pensions resulting from Utilities' contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2026. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2026	\$ (223,334)
2027	(373,660)
2028	(238,621)
2029	(132,575)

**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	100.0 %	

Elk River Municipal Utilities  
Elk River, Minnesota  
Notes to the Financial Statements  
December 31, 2025

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

**F. Actuarial Method 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, 2025, 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 1.50% for the General Employees Plan.

Salary growth assumptions in the General Employees Plan range in annual increments from 11.5% 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. The tables are adjusted slightly to fit PERA's experience.

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 2025:

General Employees Fund

Changes in Actuarial Assumptions:

- The combined service annuity loading factors increased from 15% to 19% for vested, terminated members and from 3% to 44% for non-vested, terminated members.
- The assumed post-retirement benefit increase changed from 1.25% to 1.5%.

Changes in Plan Provisions:

- The post-retirement benefit increase formula changed to 100% of the Social Security annual increase, between 1% and 1.75%, beginning January 1, 2026. If the funded ratio (on a market value of assets basis) is less than 85% for the last two consecutive annual valuations or is less than 80% in the most recent actuarial valuation, the maximum is reduced to 1.5%. Previously, the benefit increase was 50% of the Social Security annual increase, between 1% and 1.5%.
- The 1% additional employer contribution is eliminated when the plan reaches 98% funded status (on an actuarial value of assets basis); this contribution was previously scheduled to stop when the plan reached 100% funded status.

**G. Discount Rate**

The discount rate used to measure the total pension liability in 2025 was 7.0%. 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 Plan was projected to be available to make all projected future benefit payments of current plan members. 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.

Elk River Municipal Utilities  
 Elk River, Minnesota  
 Notes to the Financial Statements  
 December 31, 2025

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

**H. Pension Liability Sensitivity**

The following presents the Utilities' 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:

	<u>1% Decrease (6.00%)</u>	<u>Current (7.00%)</u>	<u>1% Increase (8.00%)</u>
General Employees Fund	\$ 4,530,094	\$ 1,865,124	\$ (296,766)

**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](http://www.mnpera.org).

REQUIRED SUPPLEMENTARY INFORMATION

ELK RIVER MUNICIPAL UTILITIES  
ELK RIVER, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2025

Elk River Municipal Utilities  
Elk River, Minnesota  
Required Supplementary Information  
For the Year Ended December 31, 2025

**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
06/30/25	0.0563 %	\$ 1,865,124	\$ 44,993	\$ 1,910,117	\$ 4,907,823	38.0 %	90.8 %
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

**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)
12/31/25	\$ 397,427	\$ 397,427	\$ -	\$ 5,299,027	7.5 %
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

Elk River Municipal Utilities  
Elk River, Minnesota  
Required Supplementary Information (Continued)  
For the Year Ended December 31, 2025

**Notes to the Required Supplementary Information - General Employees Fund**

Changes in Actuarial Assumptions

2025 - The combined service annuity loading factors increased from 15% to 19% for vested, terminated members and from 3% to 44% for non-vested, terminated members. The assumed post-retirement benefit increase changed from 1.25% to 1.5%.

2024 - 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% to 7.00%.

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% to 6.50%, 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% per year through 2044 and 2.50% per year thereafter to 1.25% per year.

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

Elk River Municipal Utilities  
Elk River, Minnesota  
Required Supplementary Information (Continued)  
For the Year Ended December 31, 2025

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

Changes in Actuarial Assumptions (Continued)

2016 - The assumed annual increase rate was changed from 1.0% per year through 2035 and 2.5% per year thereafter to 1.0% per year for all years. The assumed investment return was changed from 7.9% to 7.5%. The single discount rate was changed from 7.9% to 7.5%. 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% to 3.25% for payroll growth and 2.50% for inflation.

Changes in Plan Provisions

2025 - The post-retirement benefit increase formula changed to 100% of the Social Security annual increase, between 1% and 1.75%, beginning January 1, 2026. If the funded ratio (on a market value of assets basis) is less than 85% for the last two consecutive annual valuations or is less than 80% in the most recent actuarial valuation, the maximum is reduced to 1.5%. Previously, the benefit increase was 50% of the Social Security annual increase, between 1% and 1.5%. The 1% additional employer contribution is eliminated when the plan reaches 98% funded status (on an actuarial value of assets basis); this contribution was previously scheduled to stop when the plan reached 100% funded status.

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% 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% to 3.00%, beginning July 1, 2018. Deferred augmentation was changed to 0.00%, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply. Contribution stabilizer provisions were repealed. Annual increases were changed from 1.00% per year with a provision to increase to 2.50% upon attainment of 90.00% funding ratio to 50.00% of the Social Security Cost of Living Adjustment, not less than 1.00% and not more than 1.50%, 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.

SUPPLEMENTARY INFORMATION

ELK RIVER MUNICIPAL UTILITIES  
ELK RIVER, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2025

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, 2025

	Electric	Water	Total
Operating Revenues			
Charges for services			
Elk River	\$ 41,395,983	\$ 3,023,865	\$ 44,419,848
Otsego	4,251,487	-	4,251,487
Big Lake Township	219,682	-	219,682
Dayton	281,367	-	281,367
Substation credit	4,800	-	4,800
Connection maintenance	382,901	120,418	503,319
Customer penalties	288,178	35,599	323,777
Total Operating Revenues	<u>46,824,398</u>	<u>3,179,882</u>	<u>50,004,280</u>
Operating Expenses			
Purchased power	<u>30,577,687</u>	-	<u>30,577,687</u>
Production			
Supervision and labor	-	80,063	80,063
Supplies and power for pumping	1,028	354,618	355,646
Maintenance of structures	-	128,715	128,715
Maintenance of equipment	952	235,758	236,710
Total production	<u>1,980</u>	<u>799,154</u>	<u>801,134</u>
Transmission and distribution			
Supervision and labor	35,183	9,011	44,194
Maintenance of overhead lines	713,239	-	713,239
Maintenance of underground lines	529,390	-	529,390
Maintenance of station equipment	156,906	-	156,906
Transportation	247,509	22,890	270,399
Maintenance of customer service	6,423	80,792	87,215
Maintenance of customer meters	265,972	322,500	588,472
Miscellaneous	746,571	(2,204)	744,367
Total transmission and distribution	<u>2,701,193</u>	<u>432,989</u>	<u>3,134,182</u>
Services to City	<u>238,983</u>	<u>871</u>	<u>239,854</u>
Depreciation and amortization	<u>3,471,092</u>	<u>1,385,340</u>	<u>4,856,432</u>
Customer accounts expense			
Meter reading	32,539	6,209	38,748
Billing and collection	373,223	96,810	470,033
Bad debts	8,782	-	8,782
Total customer accounts expense	<u>414,544</u>	<u>103,019</u>	<u>517,563</u>

Elk River Municipal Utilities  
Elk River, Minnesota  
Supplementary Information  
Schedule of Operating Revenues and Expenses (Continued)  
For the Year Ended December 31, 2025

	Electric	Water	Total
Operating Expenses (Continued)			
General and administrative			
Salaries	\$ 952,805	\$ 284,945	\$ 1,237,750
Employee pensions and benefits	2,136,646	522,502	2,659,148
Dues	140,529	77,034	217,563
Office supplies and billing expense	131,769	34,354	166,123
Office utilities and maintenance	29,439	7,360	36,799
Consulting fees	129,767	61,360	191,127
Legal and audit	38,507	40,771	79,278
Environmental compliance	32,994	2,006	35,000
Conservation improvement project	577,238	771	578,009
Insurance	151,178	42,015	193,193
Telephone	34,258	8,483	42,741
Advertising	13,391	7,363	20,754
Education and meetings	200,473	30,956	231,429
Miscellaneous	3,004	760	3,764
Total general and administrative	<u>4,571,998</u>	<u>1,120,680</u>	<u>5,692,678</u>
Total Operating Expenses	<u>41,977,477</u>	<u>3,842,053</u>	<u>45,819,530</u>
Operating Income (Loss)	<u>4,846,921</u>	<u>(662,171)</u>	<u>4,184,750</u>
Nonoperating Revenues (Expenses)			
Interest income	452,949	127,692	580,641
Miscellaneous revenue	841,944	592,933	1,434,877
Interest expense and other	(735,069)	(31,466)	(766,535)
Gain/(loss) on sale of capital assets	(22,491)	-	(22,491)
Total Nonoperating Revenues	<u>537,333</u>	<u>689,159</u>	<u>1,226,492</u>
Income before Contributions and Transfers	<u>5,384,254</u>	<u>26,988</u>	<u>5,411,242</u>
Capital Contributions			
Connection Fees	-	643,802	643,802
Contributions from Developers	-	44,590	44,590
Contributions from Customers	577,319	-	577,319
Transfers to Other City Funds	(1,650,868)	-	(1,650,868)
Total Contributions and Transfers	<u>(1,073,549)</u>	<u>688,392</u>	<u>(385,157)</u>
Change in Net Position	4,310,705	715,380	5,026,085
Net Position, January 1	<u>51,402,795</u>	<u>33,451,757</u>	<u>84,854,552</u>
Net Position, December 31	<u>\$ 55,713,500</u>	<u>\$ 34,167,137</u>	<u>\$ 89,880,637</u>

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OTHER INFORMATION

ELK RIVER MUNICIPAL UTILITIES  
ELK RIVER, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2025

## Elk River Municipal Utilities

Elk River, Minnesota

Electric Fund

Summary of Operations and Unaudited Statistics

For the Years Ended December 31, 2016 through December 31, 2025

### Summary of Operations

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Operating Revenues				
Sales of electricity	\$ 34,569,098	\$ 36,458,061	\$ 39,039,573	\$ 37,640,985
Other operating revenues (expenses)	(104,702)	(337,237)	(259,668)	453,648
Total Operating Revenues	<u>34,464,396</u>	<u>36,120,824</u>	<u>38,779,905</u>	<u>38,094,633</u>
Operating Expenses				
Purchased power	23,991,069	25,402,576	26,710,514	24,851,301
Distribution	2,041,810	2,385,263	2,660,231	2,546,634
Services to the City	230,312	202,421	215,296	210,791
Depreciation	2,005,093	2,046,935	2,297,349	2,856,258
Other operating expenses	3,558,315	3,357,276	3,318,016	4,090,102
Total Operating Expenses	<u>31,826,599</u>	<u>33,394,471</u>	<u>35,201,406</u>	<u>34,555,086</u>
Operating Income	2,637,797	2,726,353	3,578,499	3,539,547
Capital Contributions	-	209,051	352,104	125,764
Transfers to Other City Funds	(1,089,287)	(1,113,264)	(1,188,664)	(1,157,445)
Special Item	330,923	-	-	-
Nonoperating Revenues	<u>8,991</u>	<u>145,034</u>	<u>218,586</u>	<u>82,440</u>
Net Income	<u>\$ 1,888,424</u>	<u>\$ 1,967,174</u>	<u>\$ 2,960,525</u>	<u>\$ 2,590,306</u>
Percent of Change				
Sales of electricity	5.702%	5.464%	7.081%	-3.582%
Purchased power	8.881%	5.883%	5.149%	-6.961%
Percent of Revenues				
Purchased power	69.611%	70.327%	68.877%	65.236%

### Unaudited Statistics

#### Miscellaneous

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
kWh's purchased	311,990,595	320,349,631	339,917,944	336,570,637
kWh's sold	<u>301,838,731</u>	<u>313,952,561</u>	<u>331,124,011</u>	<u>325,981,176</u>
Line loss	10,151,864	6,397,070	8,793,933	10,589,461
Percent of line loss	3.254%	1.997%	2.587%	3.146%
Revenues Per kWh Sold	\$ 0.1145	\$ 0.1161	\$ 0.1179	\$ 0.1155
Cost Per kWh Purchased	\$ 0.0769	\$ 0.0793	\$ 0.0786	\$ 0.0738
Number of Customers	10,816	11,448	11,983	12,244
Total Contribution/Transfers to City	\$ 1,089,287	\$ 1,113,264	\$ 1,188,664	\$ 1,157,445

2020	2021	2022	2023	2024	2025
\$ 37,714,965	\$ 39,719,268	\$ 42,395,048	\$ 43,986,269	\$ 42,557,925	\$ 46,148,519
207,542	1,041,676	1,428,008	464,470	617,177	675,879
<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>	<u>46,824,398</u>
24,240,440	28,169,146	31,544,604	31,232,788	28,590,698	30,577,687
2,458,699	2,585,796	2,808,964	2,539,170	2,704,352	2,703,173
229,086	224,814	231,861	253,564	229,359	238,983
2,896,839	2,957,685	3,062,751	3,177,120	3,317,829	3,471,092
4,133,940	3,688,401	4,763,425	4,855,110	5,148,660	4,986,542
<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>	<u>41,977,477</u>
3,963,503	3,135,102	1,411,451	2,392,987	3,184,204	4,846,921
174,557	385,316	298,935	489,452	690,934	577,319
(1,340,218)	(1,407,734)	(1,531,633)	(1,620,378)	(1,527,629)	(1,650,868)
-	-	-	-	-	-
<u>98,427</u>	<u>(193,410)</u>	<u>(62,440)</u>	<u>335,209</u>	<u>474,055</u>	<u>537,333</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>	<u>\$ 4,310,705</u>

0.197%	5.314%	6.737%	3.753%	-3.247%	8.437%
-2.458%	16.207%	11.983%	-0.988%	-8.459%	6.950%
63.921%	69.108%	71.982%	70.264%	66.220%	65.303%

2020	2021	2022	2023	2024	2025
337,016,741	347,974,385	344,137,778	341,681,928	327,715,292	340,639,930
324,469,638	341,047,710	333,644,951	329,773,349	316,756,062	330,803,279
<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>	<u>9,836,651</u>
3.723%	1.991%	3.049%	3.485%	3.344%	2.888%
\$ 0.1162	\$ 0.1165	\$ 0.1271	\$ 0.1334	\$ 0.1344	\$ 0.1395
\$ 0.0719	\$ 0.0810	\$ 0.0917	\$ 0.0914	\$ 0.0872	\$ 0.0898
12,365	12,789	12,955	13,232	13,466	13,610
\$ 1,340,218	\$ 1,407,734	\$ 1,531,633	\$ 1,620,378	\$ 1,527,629	\$ 1,650,868

## Elk River Municipal Utilities

Elk River, Minnesota

Water Fund

Summary of Operations and Unaudited Statistics

For the Years Ended December 31, 2016 through December 31, 2025

### Summary of Operations

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Operating Revenues				
Sales of water	\$ 2,173,521	\$ 2,326,245	\$ 2,515,821	\$ 2,303,670
Operating Expenses				
Operating expenses less depreciation	1,325,831	1,614,095	1,430,539	1,521,719
Services to City	-	-	-	1,583
Depreciation	1,148,310	1,191,894	1,193,745	1,147,149
Total Operating Expenses	<u>2,474,141</u>	<u>2,805,989</u>	<u>2,624,284</u>	<u>2,670,451</u>
Total Operating Income (Loss)	<u>\$ (300,620)</u>	<u>\$ (479,744)</u>	<u>\$ (108,463)</u>	<u>\$ (366,781)</u>
Percent of Change				
Sales of water	(1.32%)	7.03%	8.15%	(8.43%)

### Unaudited Statistics

#### Miscellaneous

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Water Pumped (Gallons)	801,603,000	788,182,000	822,546,000	778,595,000
Water Sold (Gallons)	666,656,000	686,032,000	737,689,000	664,924,000
Water Loss	16.83%	12.96%	10.32%	14.60%
Revenues Per 1,000 Gallons Pumped	\$ 2.71	\$ 2.95	\$ 3.06	\$ 2.96
Revenues Per 1,000 Gallons Sold	\$ 3.26	\$ 3.39	\$ 3.41	\$ 3.46
Number of Customers	4,903	5,011	5,140	5,256

#### Water Supplier Services

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Flushing Hydrants	46,816,000	47,470,500	47,894,000	48,240,500
Back Washing	4,430,000	4,125,542	3,823,903	3,850,801
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	1,800,000	1,550,000	1,550,000	1,550,000
Water Tower Paint and Clean/Maintenance	4,000,000	4,000,000	4,000,000	4,000,000
Well Maintenance	7,358,000	7,000,000	7,000,000	7,000,000
Water Supplier Services (Gallons)	<u>74,404,000</u>	<u>74,146,042</u>	<u>74,267,903</u>	<u>74,641,301</u>

2020	2021	2022	2023	2024	2025
\$ 2,674,544	\$ 3,120,660	\$ 2,988,835	\$ 3,383,999	\$ 2,907,113	\$ 3,179,882
1,540,043	2,004,037	2,050,084	2,021,225	2,346,511	2,455,842
463	1,259	540	-	-	871
1,133,179	1,139,802	1,117,357	1,174,752	1,223,033	1,385,340
2,673,685	3,145,098	3,167,981	3,195,977	3,569,544	3,842,053
\$ 859	\$ (24,438)	\$ (179,146)	\$ 188,022	\$ (662,431)	\$ (662,171)
16.10%	16.68%	(4.22%)	13.22%	(14.09%)	9.38%

2020	2021	2022	2023	2024	2025
872,733,000	977,238,000	886,422,000	1,004,271,000	841,107,000	867,629,000
756,383,000	863,076,000	805,096,000	915,053,000	775,275,000	811,870,000
13.33%	11.68%	9.17%	8.89%	7.83%	6.43%
\$ 3.06	\$ 3.19	\$ 3.37	\$ 3.37	\$ 3.46	\$ 3.67
\$ 3.54	\$ 3.62	\$ 3.71	\$ 3.55	\$ 3.75	\$ 3.92
5,320	5,430	5,551	5,611	5,708	5,812

2020	2021	2022	2023	2024	2025
53,779,500	19,850,600	23,831,500	25,390,750	25,506,250	25,679,500
6,441,523	5,967,131	5,130,934	5,771,470	5,679,945	6,032,507
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	2,290,750
1,550,000	1,550,000	1,550,000	1,550,000	1,550,000	6,500,000
5,000,000	4,000,000	4,000,000	3,000,000	2,000,000	1,003,795
7,000,000	7,000,000	7,000,000	7,000,000	7,000,000	7,000,000
83,771,023	48,367,731	48,533,684	50,715,220	48,622,695	53,506,552

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OTHER REPORT

ELK RIVER MUNICIPAL UTILITIES  
ELK RIVER, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2025

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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, 2025, and the related notes to the financial statements which collectively comprises the Utilities basic financial statements, and have issued our report thereon dated April 7, 2026.

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 7, 2026

<b>TO:</b> ERMU Commission	<b>FROM:</b> Melissa Karpinski – Finance Manager
<b>MEETING DATE:</b> April 14, 2026	<b>AGENDA ITEM NUMBER:</b> 4.2
<b>SUBJECT:</b> 2025 Year End Reserve Balance	
<b>ACTION REQUESTED:</b> Designate unrestricted reserve balances exceeding target levels for 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 policy was most recently revised in December 2025. The policy revisions provide additional transparency by clearly defining the purpose and target levels of utility reserves. It is also consistent with Governance Policy G.4i2 Financial Reserves, adopted by the commission in 2017.

**DISCUSSION:**

As defined by policy, the year-end reserve balances are reviewed following completion of the annual audit. Any balances exceeding target levels shall be unrestricted with a default designation as working capital. The Commission shall then consider optimal use of these unrestricted reserves.

Staff recommend that unrestricted reserve balances exceeding target levels in the Water Utility fund be designated for an inter-utility loan to the Electric Utility.

**FINANCIAL IMPACT:**

None

**ATTACHMENTS:**

- ERMU Policy – A.6 – Financial Reserves
- ERMU Policy – G.4i2 – Financial Reserves
- Electric Reserves Policy Calculation
- Water Reserves Policy Calculation

Section: Management	Category: Administration
Policy Reference:  <b>A.6</b>	Policy Title:  <b>Financial Reserves</b>

**1.0 PURPOSE**

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*. This policy, and the target levels and criteria herein, are intended for use as a guide only.

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

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

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

### 3.0 WATER UTILITY RESERVE CLASSIFICATIONS

#### Restricted for Debt Service

This reserve is established to maintain compliance with bond covenants.

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

#### Restricted for Trunk/Capacity

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

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

#### Unrestricted Designated Reserve

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

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

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

### 4.0 Year-end Reserve Balances

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

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

## **5.0 INTER-UTILITY ADJUSTMENTS**

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

### **POLICY HISTORY:**

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

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

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

**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 4/2026

Proposed

<b>ERMU Electric Fund - 61</b>		
<b>Description</b>	<b>Annual</b>	<b>Average Monthly</b>
2026 Budgeted Expenditures	\$ 47,108,326	\$ 3,925,694
2026 Budgeted Interest Expense	\$ 759,406	\$ 63,284
2026 Budgeted Purchased Power Cost	\$ 31,659,362	\$ 2,638,280
2026 Budgeted Principal and Interest	\$ 1,794,406	
2025 Average 5 year capital plan (non-debt)	\$ 4,158,850	
Average Substation Replacement Cost	\$ 3,500,000	
2025 Peak Monthly Purchased Power Cost	\$ 3,536,856	
2026 Budgeted Depreciation	\$ 3,533,136	\$ 294,428

	<b>2026 Reserves</b>	<b>2025 Reserves</b>
2025 Audited Cash Balances	\$ 14,691,854	\$ 14,793,957

Restricted Reserves	2026 Calculated Reserves	\$ 1,779,016	\$ 1,779,016
	<b>2026 Proposed Calculated Reserves</b>	<b>\$ 1,779,016</b>	

Unrestricted Designated Reserves	2026 Calculated Reserves	\$ 17,178,076	\$ 9,988,709
	<b>2026 Proposed Calculated Annual Debt Service Reserve</b>	<b>\$ 1,794,406</b>	
	<b>2026 Proposed Calculated Operating Reserve</b>	<b>\$ 7,724,820</b>	
	<b>2026 Proposed Calculated Capital Reserve</b>	<b>\$ 3,393,612</b>	
	<b>2026 Proposed Calculated Catastrophic Reserve</b>	<b>\$ -</b>	

Unrestricted Reserves	2026 Calculated Reserves	\$ -	\$ 3,026,233
	<b>2026 Proposed Calculated Reserves</b>	<b>\$ -</b>	

**2026 Total Proposed Calculated Reserves \$ 14,691,854**

Elk River Municipal Utilities - Reserves Policy 4/2026

Proposed

<b>ERMU Water Fund - 62</b>		
<b>Description</b>	<b>Annual</b>	<b>Average Monthly</b>
2026 Budgeted Expenditures	\$ 4,164,879	\$ 347,073
2026 Budgeted Interest Expense	\$ 35,433	\$ 2,953
2026 Budgeted Principal and Interest	\$ 105,433	n/a
2025 Average 5 year capital plan (non-debt)	\$ 1,778,280	
Average WTP Replacement Cost	\$ 8,000,000	
2026 Budgeted Depreciation	\$ 1,415,000	\$ 117,917

	<b>2026 Reserves</b>	<b>2025 Reserves</b>
2025 Audited Cash Balances	\$ 11,160,427	\$ 9,961,189

Restricted Reserves

2026 Calculated Reserves	\$ -	\$ -
<b>2026 Proposed Calculated Debt Service Reserves</b>	\$ -	
<b>2026 Proposed Calculated WAC/Truck Reserves</b>	\$ -	

Unrestricted Designated Reserves

2026 Calculated Reserves	\$ 10,571,954	\$ 1,423,172
<b>2026 Proposed Calculated Annual Debt Service Reserve</b>	\$ 105,433	
<b>2026 Proposed Calculated Operating Reserve</b>	\$ 688,241	
<b>2026 Proposed Calculated Capital Reserve</b>	\$ 1,778,280	
<b>2026 Proposed Calculated Catastrophic Reserve</b>	\$ 8,000,000	

Unrestricted Reserves

2026 Calculated Reserves	\$ 588,473	\$ 8,538,018
<b>2026 Proposed Calculated Reserves</b>	\$ 588,473	

**2026 Total Proposed Calculated Reserves \$ 11,160,427**

<b>TO:</b> ERMU Commission	<b>FROM:</b> Melissa Karpinski – Finance Manager
<b>MEETING DATE:</b> April 14, 2026	<b>AGENDA ITEM NUMBER:</b> 4.3
<b>SUBJECT:</b> 2025 Utilities Performance Incentive Compensation Distribution	
<b>ACTION REQUESTED:</b> Award the Performance Metrics and Compensation Distribution of 2% 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 2024. This program was based on the American Public Power Association’s Reliable Public Power Provider (RP<sub>3</sub>) 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 scorecard, 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 2% distribution.

**FINANCIAL IMPACT:**

Budgeted item.

**ATTACHMENTS:**

- ERMU Policy – G.4g1 – Performance Metrics and Incentive Compensation
- ERMU Performance Metrics and Incentive Compensation Policy Scorecard - 2025

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

**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 five categories: Safety, Reliability and Quality of Utility Services; Workforce Development; Financial Goals; Communications/Customer Service; and Strategic Plan. These categories are used to characterize the overall strategic goals and mission of ERMU.

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

## **3.0 UTILITIES PERFORMANCE INCENTIVE COMPENSATION DISTRIBUTION CRITERIA**

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

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

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

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

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

#### **4.0 EMPLOYEE QUALIFICATIONS AND DISTRIBUTION OF THE INCENTIVE COMPENSATION**

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

- a. The employee is in good standing with the Utilities. An employee would not be eligible while on disciplinary probation or a performance improvement action plan.
- b. The employee was a Full Time or Part Time employee during the Measurement Period. Seasonal, and Temporary employees are not eligible.

The UPMIC Performance Based Compensation Incentive distribution will be made to Qualifying Employees 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  
Revised December 10, 2024, effective January 1, 2025

**Elk River Municipal Utilities**  
**G.4g1a - Performance Metrics and Incentive Compensation Policy Scorecard - 2025**

Category	Percent	Sub-Category	Sub-Percent	Goal	Score	Awarded Multiplier Percent
Safety, Reliability and Quality of Utility Services	40	Water Quality Standards	5	Meet Requirements		met requirement
		Lead and Copper quality	5	90th percentile		met requirement
		Bacteria Detection	5	0 positive samples		0 met requirement
		CAIDI	5	<120 Min		63 met requirement
		SAIDI	5	<60 Min		19 met requirement
		SAIFI	5	<0.4		0.3 met requirement
		Line Loss	5	<5%		3% met requirement
		Water Loss	5	<12%		2% met requirement
Workforce Development	20	Employee Turnover	10	< 7.5%		2% met requirement
		Participation in Recommended and Mandatory Trainings	10	95%		100% met requirement
Financial Goals	20	Margins/Net Profit	15	> Budget		met requirement
		Inventory Accuracy	5	≥98%		100% met requirement
Communications/ Customer Service	10	Clean Energy Choice Program Participation	5	+30 net		+66 met requirement
		Conservation Improvement Program	5	≥95%		100% met requirement
Strategic Plan	10	Dashboard Progress (Average)	10	≥50%		79% met requirement
<b>Total Multiplier:</b>						2.0%

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

<b>TO:</b> ERMU Commission	<b>FROM:</b> Melissa Karpinski – Finance Manager
<b>MEETING DATE:</b> April 14, 2026	<b>AGENDA ITEM NUMBER:</b> 5.1
<b>SUBJECT:</b> Financial Report – February 2026	
<b>ACTION REQUESTED:</b> Receive the February 2026 Financial Report	

**DISCUSSION:**

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

**Electric**

February year to date (YTD) electric kWh sales are up 3% compared to the prior year. The breakdown is as follows:

- Residential usage increased 2%
- Small Commercial usage increased 1%
- Large Commercial usage increased 5%

For February 2026, the Electric Department is performing ahead of the prior YTD and is favorable to the YTD budget. Additional variance analysis is provided in the attached Summary Electric Statement of Revenues, Expenses and Changes in Net Position.

**Water**

February YTD gallons of water sold are up 2% compared to the prior year. The breakdown is as follows:

- Residential usage decreased by less than 0.1%
- Commercial usage increased 3%

For February 2026, the Water Department overall is in line with prior YTD results and favorable to the YTD budget. Additional variance analysis is provided in the attached Summary Water Statement of Revenues, Expenses and Changes in Net Position.

**ATTACHMENTS:**

- Balance Sheet
- Electric Balance Sheet
- Water Balance Sheet
- Summary Electric Statement of Revenues, Expenses and Changes in Net Position
- Summary Water Statement of Revenues, Expenses and Changes in Net Position
- Graphs Prior Year and YTD 2026

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

**ELK RIVER MUNICIPAL UTILITIES  
ELK RIVER, MINNESOTA  
COMBINED BALANCE SHEET  
FOR PERIOD ENDING FEBRUARY 2026**

	<u>ELECTRIC</u>	<u>WATER</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
CASH	3,183,780	6,557,972
ACCOUNTS RECEIVABLE	2,934,569	5,988,510
INVENTORIES	2,532,281	76,339
PREPAID ITEMS	269,215	81,340
CONSTRUCTION IN PROGRESS	2,421,528	102,694
<b>TOTAL CURRENT ASSETS</b>	<u>11,341,373</u>	<u>12,806,856</u>
<b>RESTRICTED ASSETS</b>		
BOND RESERVE FUND	1,779,016	0
EMERGENCY RESERVE FUND	7,800,932	4,328,674
UNRESTRICTED RESERVE FUND	0	0
<b>TOTAL RESTRICTED ASSETS</b>	<u>9,579,948</u>	<u>4,328,674</u>
<b>FIXED ASSETS</b>		
PRODUCTION	795,920	17,316,297
LFG PROJECT	0	0
TRANSMISSION	2,305,024	0
DISTRIBUTION	57,385,042	31,206,714
GENERAL	25,905,542	1,794,651
<b>FIXED ASSETS (COST)</b>	<u>86,391,527</u>	<u>50,317,662</u>
LESS ACCUMULATED DEPRECIATION	(39,835,238)	(25,529,034)
<b>TOTAL FIXED ASSETS, NET</b>	<u>46,556,289</u>	<u>24,788,628</u>
<b>INTANGIBLE ASSETS</b>		
POWER AGENCY MEMBERSHIP BUY-IN	21,546,212	0
LOSS OF REVENUE INTANGIBLE	8,110,733	0
LESS ACCUMULATED AMORTIZATION	(4,954,185)	0
<b>TOTAL INTANGIBLE ASSETS, NET</b>	<u>24,702,760</u>	<u>0</u>
<b>OTHER ASSETS AND DEFERRED OUTFLOWS</b>	396,358	82,418
<b>TOTAL ASSETS</b>	<u><u>92,576,727</u></u>	<u><u>42,006,575</u></u>
<b>LIABILITIES AND FUND EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
ACCOUNTS PAYABLE	4,009,425	366,711
SALARIES AND BENEFITS PAYABLE	1,219,202	193,296
DUE TO CITY	926,091	31,399
DUE TO OTHER FUNDS	0	0
NOTES PAYABLE-CURRENT PORTION	0	0
BONDS PAYABLE-CURRENT PORTION	510,000	70,000
UNEARNED REVENUE	16,725	230,275
<b>TOTAL CURRENT LIABILITIES</b>	<u>6,681,443</u>	<u>891,681</u>
<b>LONG TERM LIABILITIES</b>		
OPEB LIABILITY	0	0
LFG PROJECT	0	0
DUE TO COUNTY	0	0
DUE TO CITY	0	0
BONDS PAYABLE, LESS CURRENT PORTION	26,105,560	1,412,535
PENSION LIABILITIES	1,541,981	323,143
<b>TOTAL LONG TERM LIABILITIES</b>	<u>27,647,541</u>	<u>1,735,678</u>
<b>TOTAL LIABILITIES</b>	<u>34,328,984</u>	<u>2,627,359</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>1,034,353</u>	<u>5,488,482</u>
<b>FUND EQUITY</b>		
CAPITAL ACCOUNT CONST COST	1,779,016	0
CONTRIBUTED CAPITAL	0	0
RETAINED EARNINGS	53,934,485	34,167,141
NET INCOME (LOSS) (THROUGH PREVIOUS MONTH)	1,499,889	(276,407)
<b>TOTAL FUND EQUITY</b>	<u>57,213,390</u>	<u>33,890,734</u>
<b>TOTAL LIABILITIES &amp; FUND EQUITY</b>	<u><u>92,576,727</u></u>	<u><u>42,006,575</u></u>

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

	<u>February 28, 2026</u>	<u>January 31, 2026</u>	<u>Current Month Change from</u>
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
CASH	3,183,780	3,009,864	173,915
ACCOUNTS RECEIVABLE	2,934,569	3,674,406	(739,837)
INVENTORIES	2,532,281	2,518,549	13,732
PREPAID ITEMS	269,215	282,656	(13,442)
CONSTRUCTION IN PROGRESS	2,421,528	2,241,034	180,494
<b>TOTAL CURRENT ASSETS</b>	<u>11,341,373</u>	<u>11,726,510</u>	<u>(385,137)</u>
<b>RESTRICTED ASSETS</b>			
BOND RESERVE FUND	1,779,016	1,779,016	0
EMERGENCY RESERVE FUND	7,800,932	7,775,460	25,472
<b>TOTAL RESTRICTED ASSETS</b>	<u>9,579,948</u>	<u>9,554,476</u>	<u>25,472</u>
<b>FIXED ASSETS</b>			
PRODUCTION	795,920	795,920	0
TRANSMISSION	2,305,024	2,305,024	0
DISTRIBUTION	57,385,042	57,259,854	125,188
GENERAL	25,905,542	25,905,542	0
<b>FIXED ASSETS (COST)</b>	<u>86,391,527</u>	<u>86,266,339</u>	<u>125,188</u>
LESS ACCUMULATED DEPRECIATION	(39,835,238)	(39,591,812)	(243,426)
<b>TOTAL FIXED ASSETS, NET</b>	<u>46,556,289</u>	<u>46,674,527</u>	<u>(118,238)</u>
<b>INTANGIBLE ASSETS</b>			
POWER AGENCY MEMBERSHIP BUY-IN	21,546,212	21,546,212	0
LOSS OF REVENUE INTANGIBLE	8,110,733	8,110,733	0
LESS ACCUMULATED AMORTIZATION	(4,954,185)	(4,898,507)	(55,678)
<b>TOTAL INTANGIBLE ASSETS, NET</b>	<u>24,702,760</u>	<u>24,758,438</u>	<u>(55,678)</u>
<b>OTHER ASSETS AND DEFERRED OUTFLOWS</b>	<u>396,358</u>	<u>396,358</u>	<u>0</u>
<b>TOTAL ASSETS</b>	<u><u>92,576,727</u></u>	<u><u>93,110,309</u></u>	<u><u>(533,582)</u></u>
<b>LIABILITIES AND FUND EQUITY</b>			
<b>CURRENT LIABILITIES</b>			
ACCOUNTS PAYABLE	4,009,425	4,975,713	(966,288)
SALARIES AND BENEFITS PAYABLE	1,219,202	1,219,061	141
DUE TO CITY	926,091	865,851	60,240
BONDS PAYABLE-CURRENT PORTION	510,000	510,000	0
UNEARNED REVENUE	16,725	18,398	(1,673)
<b>TOTAL CURRENT LIABILITIES</b>	<u>6,681,443</u>	<u>7,589,023</u>	<u>(907,580)</u>
<b>LONG TERM LIABILITIES</b>			
BONDS PAYABLE, LESS CURRENT PORTION	26,105,560	26,110,549	(4,989)
PENSION LIABILITIES	1,541,981	1,541,981	0
<b>TOTAL LONG TERM LIABILITIES</b>	<u>27,647,541</u>	<u>27,652,530</u>	<u>(4,989)</u>
<b>TOTAL LIABILITIES</b>	<u>34,328,984</u>	<u>35,241,553</u>	<u>(912,569)</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>1,034,353</u>	<u>1,034,353</u>	<u>0</u>
<b>FUND EQUITY</b>			
CAPITAL ACCOUNT CONST COST	1,779,016	1,779,016	0
RETAINED EARNINGS	53,934,485	53,934,485	0
NET INCOME (LOSS) (THROUGH PREVIOUS MONTH)	1,499,889	1,120,902	378,987
<b>TOTAL FUND EQUITY</b>	<u>57,213,390</u>	<u>56,834,403</u>	<u>378,987</u>
<b>TOTAL LIABILITIES &amp; FUND EQUITY</b>	<u><u>92,576,727</u></u>	<u><u>93,110,309</u></u>	<u><u>(533,582)</u></u>

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

	<u>February 28, 2026</u>	<u>January 31, 2026</u>	<u>Current Month Change from</u>
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
CASH	6,557,972	6,701,601	(143,628)
ACCOUNTS RECEIVABLE	5,988,510	6,014,397	(25,887)
INVENTORIES	76,339	77,506	(1,167)
PREPAID ITEMS	81,340	53,011	28,329
CONSTRUCTION IN PROGRESS	102,694	101,650	1,044
<b>TOTAL CURRENT ASSETS</b>	<u>12,806,856</u>	<u>12,948,164</u>	<u>(141,309)</u>
<b>RESTRICTED ASSETS</b>			
EMERGENCY RESERVE FUND	4,328,674	4,322,306	6,368
<b>TOTAL RESTRICTED ASSETS</b>	<u>4,328,674</u>	<u>4,322,306</u>	<u>6,368</u>
<b>FIXED ASSETS</b>			
PRODUCTION	17,316,297	17,316,297	0
DISTRIBUTION	31,206,714	31,206,714	0
GENERAL	1,794,651	1,784,580	10,071
<b>FIXED ASSETS (COST)</b>	<u>50,317,662</u>	<u>50,307,591</u>	<u>10,071</u>
LESS ACCUMULATED DEPRECIATION	(25,529,034)	(25,412,481)	(116,553)
<b>TOTAL FIXED ASSETS, NET</b>	<u>24,788,628</u>	<u>24,895,110</u>	<u>(106,482)</u>
<b>INTANGIBLE ASSETS</b>			
OTHER ASSETS AND DEFERRED OUTFLOWS	82,418	82,418	0
<b>TOTAL ASSETS</b>	<u>42,006,575</u>	<u>42,247,998</u>	<u>(241,423)</u>
<b>LIABILITIES AND FUND EQUITY</b>			
<b>CURRENT LIABILITIES</b>			
ACCOUNTS PAYABLE	366,711	333,544	33,167
SALARIES AND BENEFITS PAYABLE	193,296	191,899	1,397
DUE TO CITY	31,399	149,380	(117,981)
BONDS PAYABLE-CURRENT PORTION	70,000	70,000	0
UNEARNED REVENUE	230,275	230,275	0
<b>TOTAL CURRENT LIABILITIES</b>	<u>891,681</u>	<u>975,098</u>	<u>(83,417)</u>
<b>LONG TERM LIABILITIES</b>			
BONDS PAYABLE, LESS CURRENT PORTION	1,412,535	1,413,089	(554)
PENSION LIABILITIES	323,143	323,143	0
<b>TOTAL LONG TERM LIABILITIES</b>	<u>1,735,678</u>	<u>1,736,232</u>	<u>(554)</u>
<b>TOTAL LIABILITIES</b>	<u>2,627,359</u>	<u>2,711,330</u>	<u>(83,971)</u>
DEFERRED INFLOWS OF RESOURCES	5,488,482	5,488,482	0
<b>FUND EQUITY</b>			
RETAINED EARNINGS	34,167,141	34,167,141	0
NET INCOME (LOSS) (THROUGH PREVIOUS MONTH)	(276,407)	(118,955)	(157,452)
<b>TOTAL FUND EQUITY</b>	<u>33,890,734</u>	<u>34,048,186</u>	<u>(157,452)</u>
<b>TOTAL LIABILITIES &amp; FUND EQUITY</b>	<u>42,006,575</u>	<u>42,247,998</u>	<u>(241,423)</u>

ELK RIVER MUNICIPAL UTILITIES  
ELK RIVER, MINNESOTA  
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
FOR PERIOD ENDING FEBRUARY 2026

	2026 FEBRUARY	2026 YTD	2026 YTD BUDGET	YTD Budget Variance	2026 YTD Bud Var%	2026 ANNUAL BUDGET	2025 FEBRUARY	2025 YTD	YTD VARIANCE	2025 v. 2026 Actual Var%	Variance Item
<b>Electric Revenue</b>											
<b>Operating Revenue</b>											
Elk River	2,940,371	6,445,676	6,691,004	(245,328)	(4)	43,306,594	2,806,377	6,196,786	248,890	4	
Otsego	301,205	695,104	700,985	(5,880)	(1)	4,454,313	280,948	655,391	39,713	6	
Rural Big Lake	17,950	41,681	41,946	(265)	(1)	241,665	16,844	39,203	2,478	6	
Dayton	22,521	50,673	51,009	(336)	(1)	294,054	21,028	48,116	2,558	5	
Public St & Hwy Lighting	23,824	47,699	46,666	1,033	2	280,000	23,900	45,766	1,933	4	
Other Electric Sales	400	800	800	0	0	4,800	400	800	0	0	
<b>Total Operating Revenue</b>	<b>3,306,273</b>	<b>7,281,634</b>	<b>7,532,410</b>	<b>(250,775)</b>	<b>(3)</b>	<b>48,581,426</b>	<b>3,149,497</b>	<b>6,986,061</b>	<b>295,573</b>	<b>4</b>	
<b>Other Operating Revenue</b>											
Interest/Dividend Income	42,927	75,297	58,334	16,963	29	350,000	52,668	78,876	(3,579)	(5)	
Customer Penalties	20,873	41,775	50,834	(9,059)	(18)	305,000	20,880	44,990	(3,215)	(7)	
Connection Fees	11,950	111,480	42,500	68,980	162	255,000	(15,225)	17,309	94,171	544	(1)
Misc Revenue	55,911	602,087	193,002	409,085	212	1,193,000	80,932	274,598	327,488	119	(2)
<b>Total Other Revenue</b>	<b>131,661</b>	<b>830,638</b>	<b>344,670</b>	<b>485,968</b>	<b>141</b>	<b>2,103,000</b>	<b>139,255</b>	<b>415,773</b>	<b>414,865</b>	<b>100</b>	
<b>Total Revenue</b>	<b>3,437,933</b>	<b>8,112,272</b>	<b>7,877,080</b>	<b>235,192</b>	<b>3</b>	<b>50,684,426</b>	<b>3,288,752</b>	<b>7,401,834</b>	<b>710,438</b>	<b>10</b>	
<b>Expenses</b>											
Purchased Power	1,882,112	3,998,706	4,794,735	(796,029)	(17)	31,659,362	2,014,616	4,169,313	(170,607)	(4)	(3)
Operating & Mtee Expense	158	175	53,666	(53,491)	(100)	321,993	27,110	57,097	(56,921)	(100)	(4)
Transmission Expense	2,741	5,820	11,666	(5,846)	(50)	70,000	2,802	5,966	(145)	(2)	
Distribution Expense	64,715	152,648	90,834	61,814	68	545,000	38,344	86,945	65,703	76	(5)
Maintenance Expense	166,847	301,861	358,492	(56,631)	(16)	1,990,000	162,570	365,033	(63,172)	(17)	(6)
Depreciation & Amortization	299,104	596,569	588,856	7,713	1	3,533,136	286,576	574,227	22,343	4	
Interest Expense	59,108	119,091	119,091	0	0	699,543	61,983	125,241	(6,150)	(5)	
Other Operating Expense	3,700	26,245	18,210	8,035	44	414,250	4,413	8,815	17,430	198	
Customer Accounts Expense	46,899	79,186	72,500	6,686	9	435,000	31,820	66,945	12,241	18	
Administrative Expense	349,751	929,406	931,751	(2,345)	(0)	4,617,413	372,778	892,478	36,928	4	
General Expense	35,860	78,525	109,548	(31,023)	(28)	657,300	29,150	73,462	5,063	7	(7)
<b>Total Expenses(before Operating Transfers)</b>	<b>2,910,995</b>	<b>6,288,232</b>	<b>7,149,349</b>	<b>(861,116)</b>	<b>(12)</b>	<b>44,942,997</b>	<b>3,032,162</b>	<b>6,425,522</b>	<b>(137,290)</b>	<b>(2)</b>	
<b>Operating Transfer</b>											
Operating Transfer/Other Funds	147,951	324,151	334,550	(10,399)	(3)	2,165,330	113,004	249,324	74,827	30	(8)
Utilities & Labor Donated	0	0	0	0	0	0	19,212	39,042	(39,042)	(100)	(9)
<b>Total Operating Transfer</b>	<b>147,951</b>	<b>324,151</b>	<b>334,550</b>	<b>(10,399)</b>	<b>(3)</b>	<b>2,165,330</b>	<b>132,216</b>	<b>288,366</b>	<b>35,785</b>	<b>12</b>	
<b>Net Income Profit(Loss)</b>	<b>378,987</b>	<b>1,499,889</b>	<b>393,181</b>	<b>1,106,708</b>	<b>281</b>	<b>3,576,100</b>	<b>124,374</b>	<b>687,946</b>	<b>811,943</b>	<b>118</b>	

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

- (1) Budget and PYTD variance is due to large a large connection agreement in January 2026.
- (2) Budget and PYTD variance is mainly due to Contributions from Customers having a large SOW for a dedicated feeder in January 2026.
- (3) Budget variance is mainly due to EAC charges.
- (4) Budget and PYTD variance is due to not using majority of generating g/l accounts in 2026 due to retirement of power plant engines and reclassing to distribution expense.
- (5) Budget and PYTD variance is due to reclassing generating g/l accounts in 2026 to distribution expense.
- (6) Budget variance is mainly due to an even budget spread throughout year and PYTD variance is mainly due to tree trimming (contracted in 2025).
- (7) Budget variance is due to timing of commercial rebates.
- (8) PYTD variance is due to PILOT being changed from 4% to 5%, increased usage and rates in 2026.
- (9) PYTD variance is due to the change to PILOT that was made in 2026.

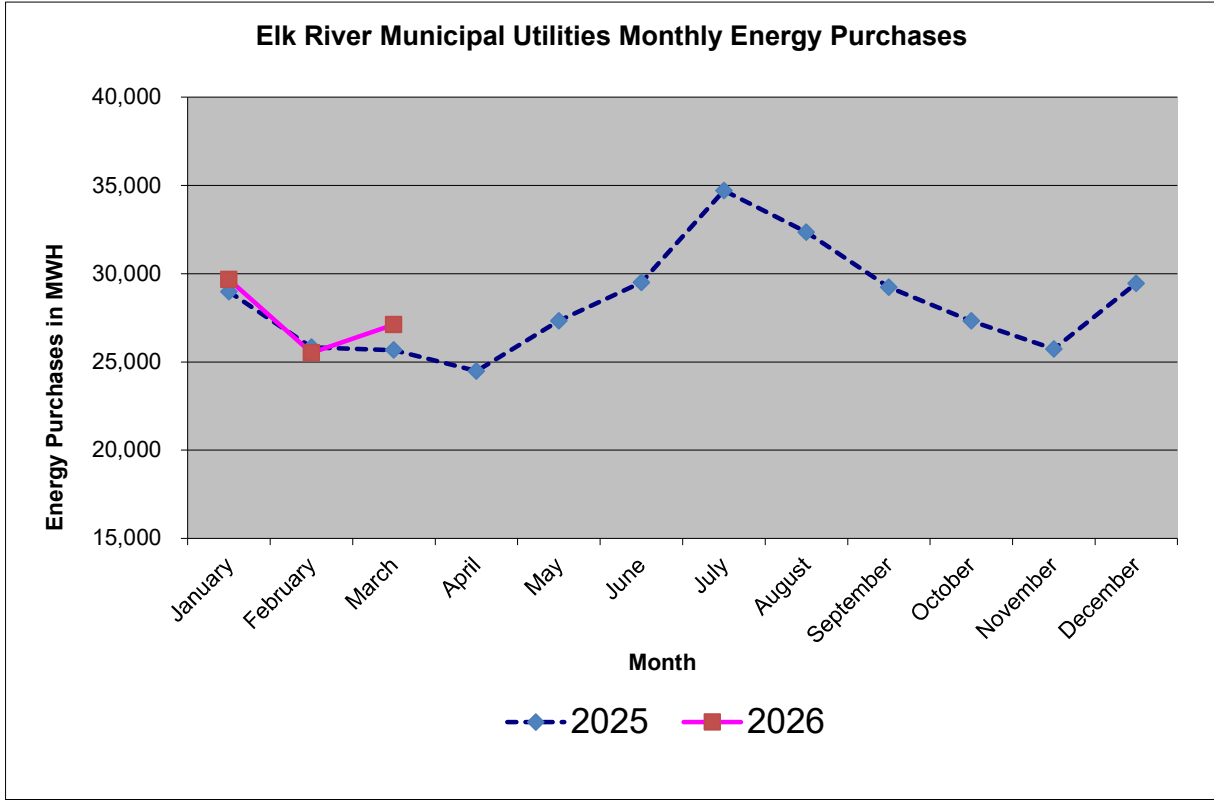
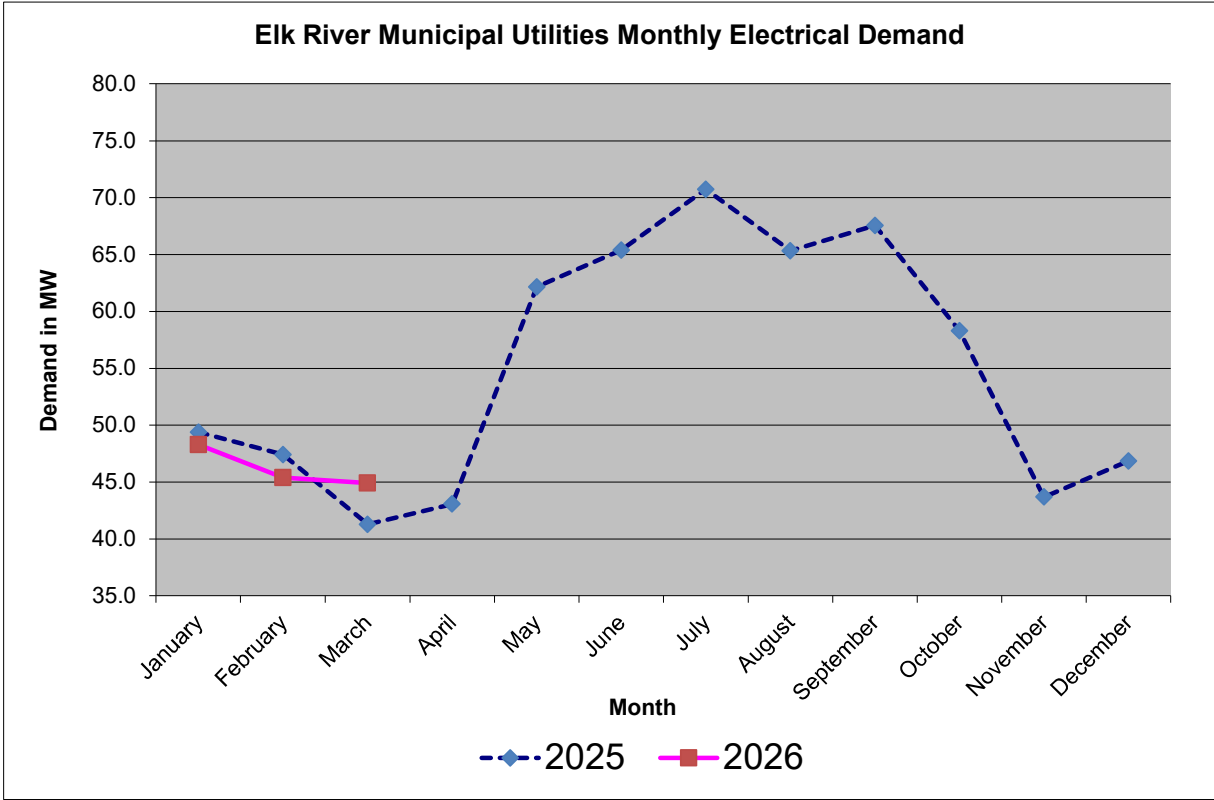
ELK RIVER MUNICIPAL UTILITIES  
ELK RIVER, MINNESOTA  
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
FOR PERIOD ENDING FEBRUARY 2026

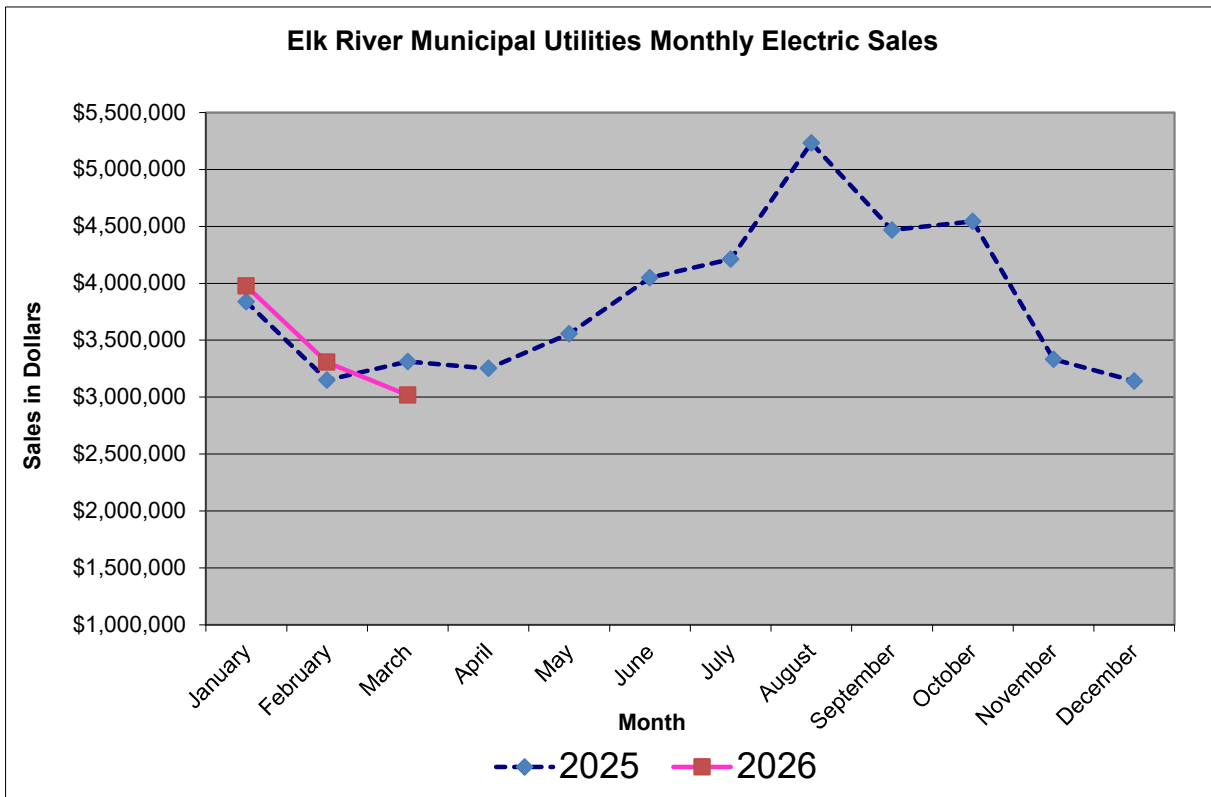
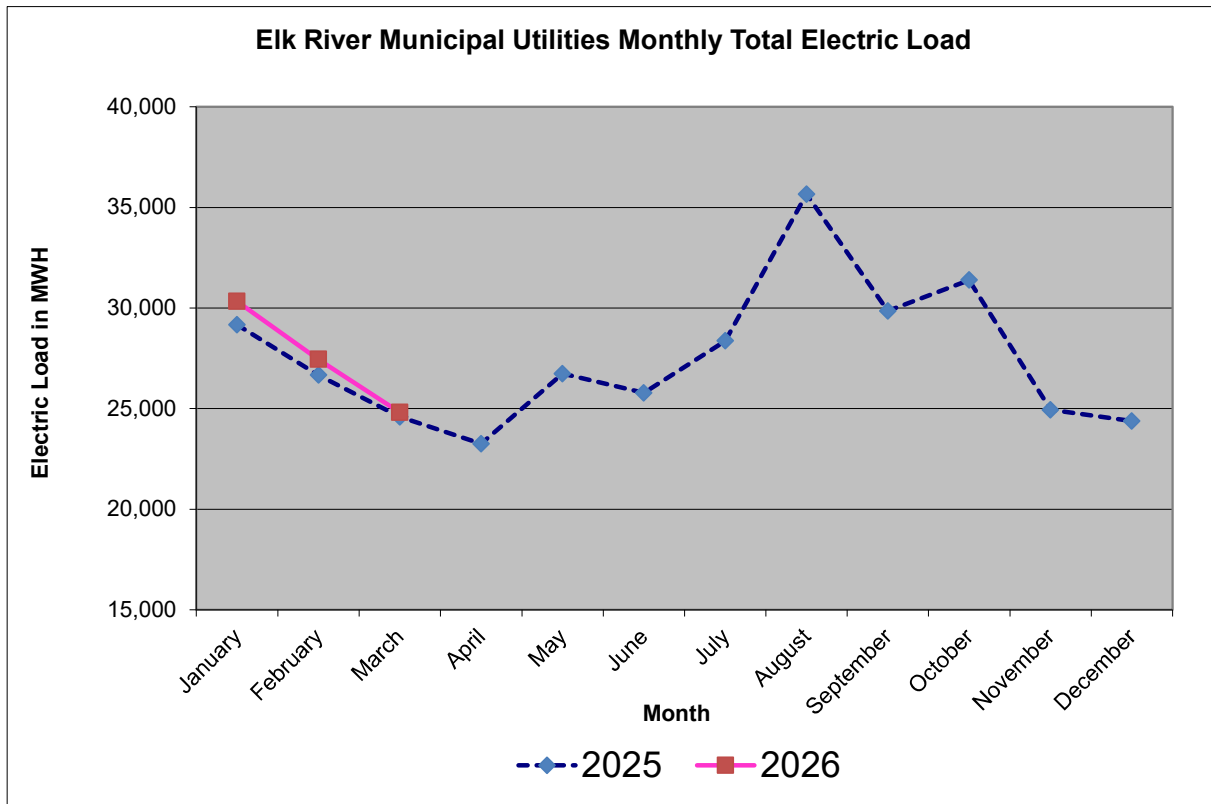
	2026 FEBRUARY	2026 YTD	2026 YTD BUDGET	YTD Budget Variance	2026 YTD Bud Var%	2026 ANNUAL BUDGET	2025 FEBRUARY	2025 YTD	YTD VARIANCE	2025 v. 2026 Actual Var%	Variance Item
<b>Water Revenue</b>											
<b>Operating Revenue</b>											
Water Sales	152,236	322,434	332,137	(9,703)	(3)	3,226,078	148,609	314,258	8,177	3	
<b>Total Operating Revenue</b>	152,236	322,434	332,137	(9,703)	(3)	3,226,078	148,609	314,258	8,177	3	
<b>Other Operating Revenue</b>											
Interest/Dividend Income	11,907	22,400	21,000	1,400	7	126,000	14,059	21,957	443	2	
Customer Penalties	945	2,817	5,834	(3,017)	(52)	35,000	1,204	5,787	(2,970)	(51)	
Connection Fees	22,349	70,040	74,334	(4,294)	(6)	446,000	16,759	48,441	21,599	45	(1)
Misc Revenue	1,005	1,980	2,016	(36)	(2)	477,350	2,067	3,352	(1,372)	(41)	
<b>Total Other Revenue</b>	36,206	97,237	103,184	(5,947)	(6)	1,084,350	34,089	79,538	17,699	22	
<b>Total Revenue</b>	188,443	419,671	435,321	(15,650)	(4)	4,310,428	182,697	393,795	25,876	7	
<b>Expenses</b>											
Production Expense	15,426	28,783	20,834	7,949	38	125,000	9,682	20,970	7,813	37	
Pumping Expense	57,353	110,656	111,336	(680)	(1)	668,000	51,371	105,510	5,146	5	
Distribution Expense	33,485	48,023	97,082	(49,059)	(51)	447,500	45,931	72,539	(24,516)	(34)	(2)
Depreciation & Amortization	116,553	232,986	235,834	(2,848)	(1)	1,415,000	115,419	231,000	1,986	1	
Interest Expense	2,496	4,992	4,992	0	0	28,782	2,712	5,425	(433)	(8)	
Other Operating Expense	178	389	104	285	274	50,625	52	135	254	188	
Customer Accounts Expense	8,564	16,892	17,376	(484)	(3)	104,250	7,785	16,408	484	3	
Administrative Expense	108,742	246,760	243,620	3,140	1	1,251,950	96,189	217,651	29,108	13	
General Expense	53	149	1,210	(1,061)	(88)	7,250	78	144	6	3	
<b>Total Expenses(before Operating Transfers)</b>	342,850	689,629	732,388	(42,758)	(6)	4,098,357	329,220	669,781	19,848	3	
<b>Operating Transfer</b>											
Operating Transfer/Other Funds	3,045	6,449	6,643	(194)	(3)	64,522	0	0	6,449	0	
Utilities & Labor Donated	0	0	334	(334)	(100)	2,000	0	0	0	0	
<b>Total Operating Transfer</b>	3,045	6,449	6,977	(528)	(8)	66,522	0	0	6,449	0	
<b>Net Income Profit(Loss)</b>	(157,452)	(276,407)	(304,043)	27,637	9	145,550	(146,522)	(275,986)	(420)	(0)	

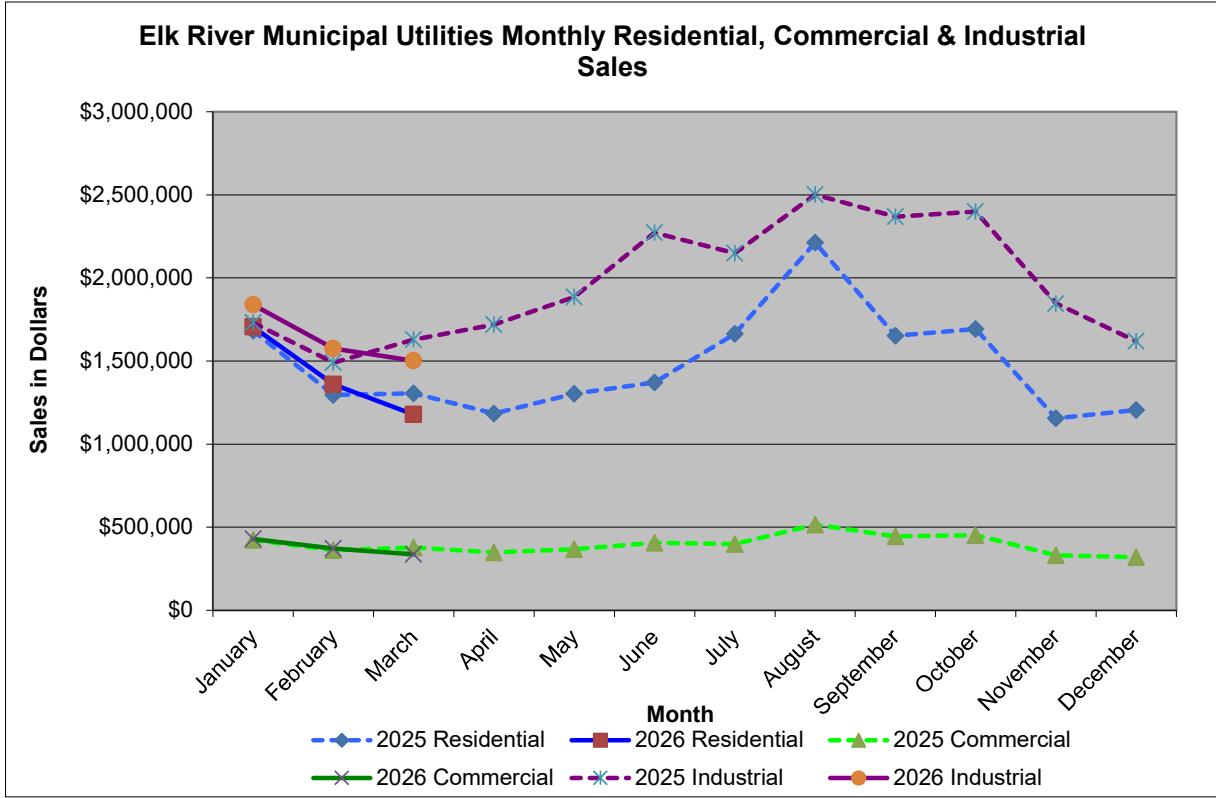
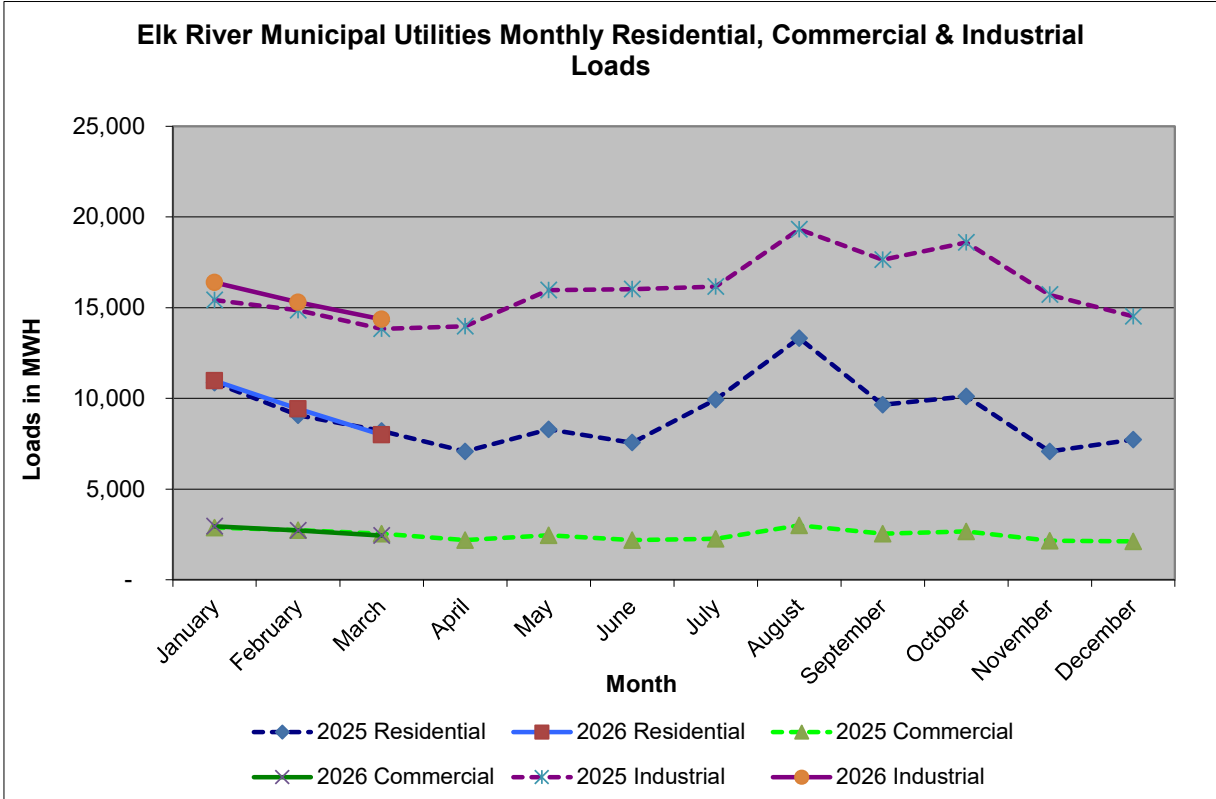
Item Variance of +/- \$15,000 and +/- 15%

(1) PYTD variance due to a large connection agreements in 2026.

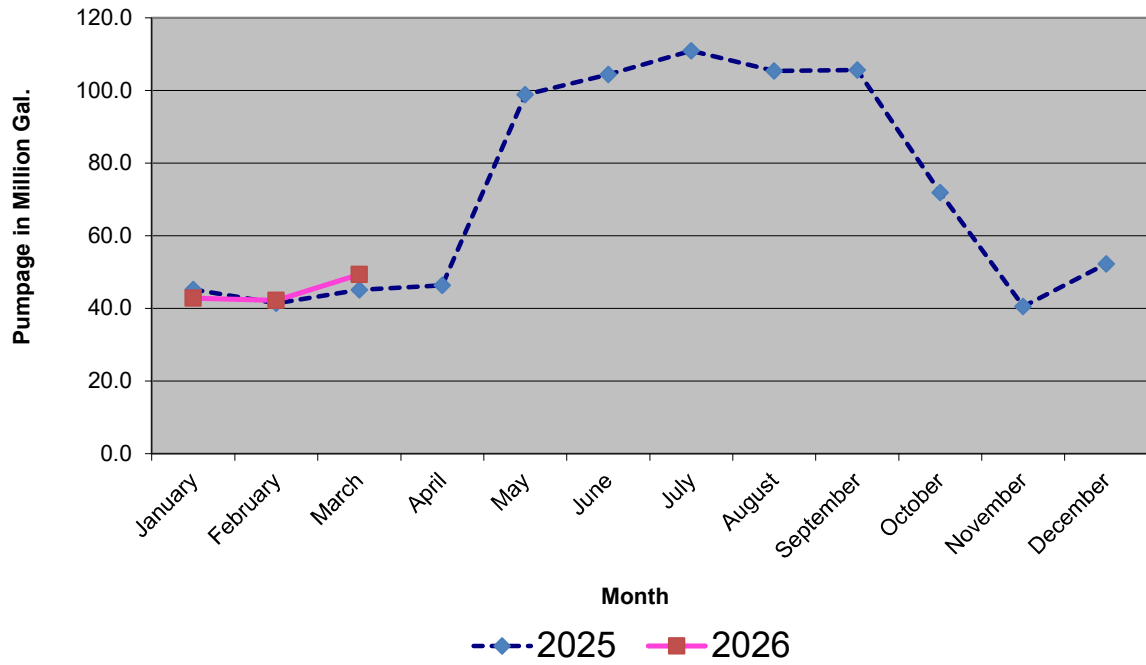
(2) Budget variance is mainly due to an even budget spread throughout year. PYTD variance is due to water mapping labor and water meter service repairs.



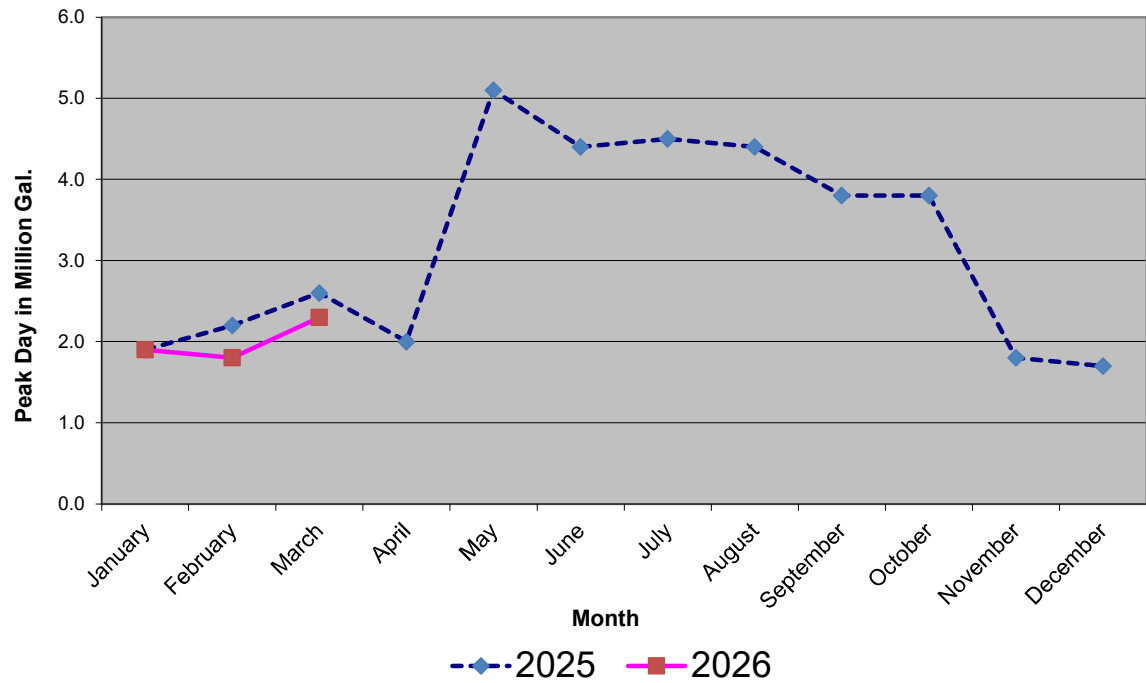




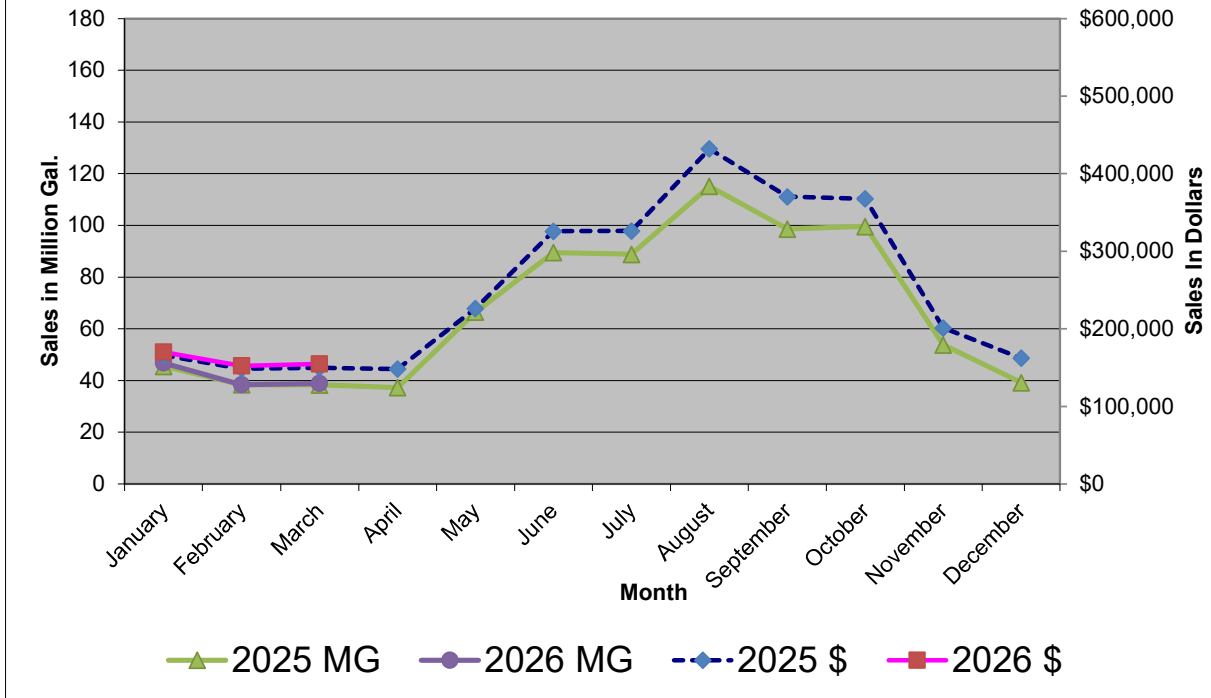
**Elk River Municipal Utilities Monthly Water Pumpage**



**Elk River Municipal Utilities Peak Day Pumpage**



### Elk River Municipal Utilities Monthly Water Sales



ELK RIVER MUNICIPAL UTILITIES  
ELK RIVER, MINNESOTA  
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
FOR PERIOD ENDING FEBRUARY 2026

	2026 FEBRUARY	2026 YTD	2026 YTD BUDGET	2026 ANNUAL BUDGET	2026 YTD Bud Var%	2025 FEBRUARY	2025 YTD	YTD VARIANCE	2025 v. 2026 Actual Var%
<b>Electric Revenue</b>									
<b>Operating Revenue</b>									
Elk River									
ELECT SALES - ELK RIVER RESID	1,189,150	2,514,708	2,599,857	14,974,097	(3)	1,121,759	2,438,818	75,890	3
ELECT SALES - ELK RIVER NON-D	307,161	618,837	640,710	3,713,891	(3)	295,882	606,046	12,791	2
ELECT SALES - ELK RIVER DEMA	1,444,059	2,864,969	2,689,891	19,613,600	7	1,342,326	2,679,981	184,987	7
PCA SALES REVENUE - ELK RIVE	0	159,013	279,007	1,606,959	(43)	15,323	171,341	(12,327)	(7)
PCA SALES REVENUE - ELK RIVE	0	40,853	75,666	438,600	(46)	4,452	44,519	(3,666)	(8)
PCA SALES REVENUE - ELK RIVE	0	247,293	405,871	2,959,444	(39)	26,632	256,077	(8,783)	(3)
<b>Total For Elk River:</b>	<u>2,940,371</u>	<u>6,445,676</u>	<u>6,691,003</u>	<u>43,306,593</u>	<u>(4)</u>	<u>2,806,376</u>	<u>6,196,785</u>	<u>248,890</u>	<u>4</u>
Otsego									
ELECT SALES - OTSEGO RESIDEN	131,409	285,625	295,753	1,703,415	(3)	120,668	266,407	19,218	7
ELECT SALES - OTSEGO NON-DEM	39,665	84,452	95,248	552,104	(11)	38,400	81,390	3,061	4
ELECT SALES - OTSEGO DEMAND	130,130	275,458	235,399	1,716,440	17	117,450	257,030	18,427	7
PCA SALES REVENUE - OTSEGO R	0	18,170	31,739	182,803	(43)	1,635	18,601	(431)	(2)
PCA SALES REVENUE - OTSEGO N	0	6,030	8,607	49,894	(30)	588	6,273	(242)	(4)
PCA SALES REVENUE - OTSEGO D	0	25,367	34,238	249,653	(26)	2,204	25,687	(320)	(1)
<b>Total For Otsego:</b>	<u>301,205</u>	<u>695,104</u>	<u>700,984</u>	<u>4,454,313</u>	<u>(1)</u>	<u>280,948</u>	<u>655,391</u>	<u>39,713</u>	<u>6</u>
Rural Big Lake									
ELECT SALES - BIG LAKE RESIDE	17,776	38,754	36,201	208,506	7	16,451	36,246	2,507	7
ELECT SALES - BIG LAKE NON-DE	173	359	806	4,674	(55)	163	344	14	4
PCA SALES REVENUE - BIG LAKE	0	2,554	3,884	22,376	(34)	227	2,597	(43)	(2)
PCA SALES REVENUE - BIG LAKE	0	13	1,054	6,107	(99)	1	13	0	(7)
<b>Total For Rural Big Lake:</b>	<u>17,950</u>	<u>41,681</u>	<u>41,946</u>	<u>241,664</u>	<u>(1)</u>	<u>16,843</u>	<u>39,202</u>	<u>2,478</u>	<u>6</u>
Dayton									
ELECT SALES - DAYTON RESIDEN	19,237	40,720	38,597	222,309	5	17,651	38,234	2,485	6
ELECT SALES - DAYTON NON-DE	3,283	6,967	7,138	41,376	(2)	3,097	6,766	201	3
PCA SALES REVENUE - DAYTON R	0	2,535	4,142	23,857	(39)	236	2,631	(96)	(4)
PCA SALES REVENUE - DAYTON	0	449	1,131	6,511	(60)	41	483	(33)	(7)
<b>Total For Dayton:</b>	<u>22,521</u>	<u>50,673</u>	<u>51,008</u>	<u>294,054</u>	<u>(1)</u>	<u>21,028</u>	<u>48,115</u>	<u>2,557</u>	<u>5</u>
Public St & Hwy Lighting									
ELECT SALES - SEC LTS	23,824	47,699	46,666	280,000	2	23,899	45,765	1,933	4
<b>Total For Public St &amp; Hwy Lighting:</b>	<u>23,824</u>	<u>47,699</u>	<u>46,666</u>	<u>280,000</u>	<u>2</u>	<u>23,899</u>	<u>45,765</u>	<u>1,933</u>	<u>4</u>
Other Electric Sales									
SUB-STATION CREDIT	400	800	800	4,800	0	400	800	0	0

ELK RIVER MUNICIPAL UTILITIES  
ELK RIVER, MINNESOTA  
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FOR PERIOD ENDING FEBRUARY 2026

	2026 FEBRUARY	2026 YTD	2026 YTD BUDGET	2026 ANNUAL BUDGET	2026 YTD Bud Var%	2025 FEBRUARY	2025 YTD	YTD VARIANCE	2025 v. 2026 Actual Var%
<b>Electric</b>									
<b>Total For Other Electric Sales:</b>	400	800	800	4,800	0	400	800	0	0
<b>Total Operating Revenue</b>	<u>3,306,272</u>	<u>7,281,634</u>	<u>7,532,409</u>	<u>48,581,426</u>	<u>(3)</u>	<u>3,149,497</u>	<u>6,986,061</u>	<u>295,572</u>	<u>4</u>
<b>Other Operating Revenue</b>									
Interest/Dividend Income									
INTEREST & DIVIDEND INCOME	42,926	75,296	58,334	350,000	29	52,668	78,875	(3,579)	(5)
<b>Total For Interest/Dividend Income:</b>	42,926	75,296	58,334	350,000	29	52,668	78,875	(3,579)	(5)
Customer Penalties									
CUSTOMER DELINQUENT PENALT	20,872	41,774	50,834	305,000	(18)	20,879	44,989	(3,215)	(7)
<b>Total For Customer Penalties:</b>	20,872	41,774	50,834	305,000	(18)	20,879	44,989	(3,215)	(7)
Connection Fees									
DISCONNECT & RECONNECT CHA	11,950	111,480	42,500	255,000	162	(15,225)	17,309	94,171	544
<b>Total For Connection Fees:</b>	11,950	111,480	42,500	255,000	162	(15,225)	17,309	94,171	544
Misc Revenue									
MISC ELEC REVENUE - TEMP CHG	440	660	500	3,000	32	1,100	1,540	(880)	(57)
STREET LIGHT	0	29,800	2,500	25,000	1,092	0	0	29,800	0
TRANSMISSION INVESTMENTS	46,821	108,438	113,334	680,000	(4)	50,836	110,988	(2,549)	(2)
MISC NON-UTILITY	8,650	28,454	18,334	110,000	55	5,635	11,973	16,480	138
GAIN ON DISPOSITION OF PROPER	0	0	0	25,000	0	0	16,500	(16,500)	(100)
CONTRIBUTIONS FROM CUSTOME	0	434,733	58,334	350,000	645	23,360	133,596	301,137	225
<b>Total For Misc Revenue:</b>	55,911	602,086	193,002	1,193,000	212	80,931	274,598	327,488	119
<b>Total Other Revenue</b>	<u>131,660</u>	<u>830,637</u>	<u>344,670</u>	<u>2,103,000</u>	<u>141</u>	<u>139,254</u>	<u>415,772</u>	<u>414,864</u>	<u>100</u>
<b>Total For Total Other Revenue:</b>	131,660	830,637	344,670	2,103,000	141	139,254	415,772	414,864	100
<b>Total Revenue</b>	<u>3,437,933</u>	<u>8,112,272</u>	<u>7,877,079</u>	<u>50,684,426</u>	<u>3</u>	<u>3,288,751</u>	<u>7,401,834</u>	<u>710,437</u>	<u>10</u>
<b>Expenses</b>									
Purchased Power									
PURCHASED POWER	1,604,377	3,423,683	3,529,951	24,051,075	(3)	1,601,253	3,355,682	68,000	2
ENERGY ADJUSTMENT CLAUSE	277,735	575,022	1,264,783	7,608,286	(55)	413,362	813,630	(238,608)	(29)
<b>Total For Purchased Power:</b>	1,882,112	3,998,705	4,794,735	31,659,361	(17)	2,014,615	4,169,313	(170,607)	(4)
Operating & Mtce Expense									
OPERATING SUPERVISION - DNU	0	0	26,798	160,783	(100)	13,313	27,416	(27,416)	(100)
NATURAL GAS	0	0	4,584	27,501	(100)	1,062	7,025	(7,025)	(100)
ELECTRIC & WATER CONSUMPTI	0	0	10,868	65,208	(100)	5,971	11,921	(11,921)	(100)

ELK RIVER MUNICIPAL UTILITIES  
ELK RIVER, MINNESOTA  
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	2026 FEBRUARY	2026 YTD	2026 YTD BUDGET	2026 ANNUAL BUDGET	2026 YTD Bud Var%	2025 FEBRUARY	2025 YTD	YTD VARIANCE	2025 v. 2026 Actual Var%
<b>Electric</b>									
PLANT SUPPLIES & OTHER EXPEN	0	0	2,000	12,000	(100)	412	497	(497)	(100)
MISC POWER GENERATION EXPE	157	175	166	1,000	5	140	140	35	25
MAINTENANCE OF STRUCTURE -	0	0	2,500	15,000	(100)	1,962	4,368	(4,368)	(100)
MTCE OF PLANT ENGINES/GENER	0	0	84	500	(100)	201	201	(201)	(100)
MTCE OF PLANT/LAND IMPROVE	0	0	6,666	40,000	(100)	4,046	5,525	(5,525)	(100)
<b>Total For Operating &amp; Mtce Expense:</b>	157	175	53,666	321,992	(100)	27,109	57,096	(56,921)	(100)
<b>Transmission Expense</b>									
TRANSMISSION MTCE AND EXPE	2,741	5,820	11,666	70,000	(50)	2,801	5,965	(145)	(2)
<b>Total For Transmission Expense:</b>	2,741	5,820	11,666	70,000	(50)	2,801	5,965	(145)	(2)
<b>Distribution Expense</b>									
SUPERVISION & ENGINEERING - D	14,226	26,880	0	0	0	0	0	26,880	0
REMOVE EXISTING SERVICE & M	74	74	334	2,000	(78)	58	166	(92)	(56)
SCADA EXPENSE	5,427	12,235	10,834	65,000	13	3,713	10,042	2,193	22
TRANSFORMER EXPENSE OH & U	1,279	2,368	4,166	25,000	(43)	1,193	2,419	(50)	(2)
MTCE OF SIGNAL SYSTEMS	0	921	500	3,000	84	0	0	921	0
METER EXPENSE - REMOVE & RE	0	0	250	1,500	(100)	484	484	(484)	(100)
TEMP SERVICE - INSTALL & REM	567	6,689	1,416	8,500	372	797	1,421	5,267	371
MISC DISTRIBUTION EXPENSE	43,139	103,478	73,334	440,000	41	32,096	72,411	31,067	43
<b>Total For Distribution Expense:</b>	64,714	152,648	90,834	545,000	68	38,344	86,945	65,702	76
<b>Maintenance Expense</b>									
MTCE OF STRUCTURES	9,817	14,225	15,000	90,000	(5)	6,055	19,554	(5,328)	(27)
MTCE OF SUBSTATIONS	2,293	5,788	6,666	40,000	(13)	0	592	5,195	876
MTCE OF SUBSTATION EQUIPME	1,497	1,557	18,666	112,000	(92)	3,624	6,780	(5,222)	(77)
MTCE OF OH LINES/TREE TRIM	23,489	51,829	56,000	175,000	(7)	48,147	101,960	(50,130)	(49)
MTCE OF OH LINES/STANDBY	3,727	6,276	8,332	50,000	(25)	3,458	6,796	(520)	(8)
MTCE OF OH PRIMARY	7,166	18,573	32,500	195,000	(43)	4,574	37,207	(18,633)	(50)
MTCE OF URD PRIMARY	11,886	26,838	50,000	300,000	(46)	32,940	43,003	(16,165)	(38)
LOCATE ELECTRIC LINES	4,617	8,343	20,832	125,000	(60)	5,366	9,124	(781)	(9)
LOCATE FIBER LINES	0	187	666	4,000	(72)	38	114	72	64
MTCE OF LINE TRANSFORMERS	34,057	35,750	15,832	95,000	126	4,294	7,828	27,921	357
MTCE OF STREET LIGHTING	8,684	16,386	11,666	70,000	40	3,401	10,492	5,894	56
MTCE OF SECURITY LIGHTING	3,493	3,715	4,166	25,000	(11)	1,070	5,369	(1,653)	(31)
MTCE OF METERS	5,564	10,290	10,000	60,000	3	1,255	2,487	7,803	314
VOLTAGE COMPLAINTS	524	1,907	1,666	10,000	15	595	1,137	769	68
SALARIES TRANSMISSION & DIST	3,135	5,986	6,166	37,000	(3)	2,987	6,145	(158)	(3)

ELK RIVER MUNICIPAL UTILITIES  
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FOR PERIOD ENDING FEBRUARY 2026

	2026 FEBRUARY	2026 YTD	2026 YTD BUDGET	2026 ANNUAL BUDGET	2026 YTD Bud Var%	2025 FEBRUARY	2025 YTD	YTD VARIANCE	2025 v. 2026 Actual Var%
<b>Electric</b>									
ELECTRIC MAPPING	16,819	40,022	27,000	162,000	48	10,005	25,777	14,244	55
FIBER MAPPING	0	0	1,666	10,000	(100)	0	0	0	0
MTCE OF OH SECONDARY	1,353	2,442	5,000	30,000	(51)	2,440	5,135	(2,692)	(52)
MTCE OF URD SECONDARY	3,513	6,832	13,334	80,000	(49)	3,287	10,203	(3,371)	(33)
TRANSPORTATION EXPENSE	25,202	44,904	53,334	320,000	(16)	29,026	65,319	(20,415)	(31)
<b>Total For Maintenance Expense:</b>	166,846	301,860	358,492	1,990,000	(16)	162,569	365,032	(63,171)	(17)
<b>Depreciation &amp; Amortization</b>									
DEPRECIATION	243,426	485,213	477,500	2,865,000	2	230,898	462,870	22,342	5
AMORTIZATION	55,677	111,355	111,356	668,136	0	55,677	111,355	0	0
<b>Total For Depreciation &amp; Amortization:</b>	299,104	596,569	588,856	3,533,136	1	286,576	574,226	22,342	4
<b>Interest Expense</b>									
INTEREST EXPENSE - BONDS	64,096	129,067	129,067	759,406	0	66,971	135,217	(6,150)	(5)
AMORTIZATION OF DEBT DISCOU	(4,988)	(9,977)	(9,977)	(59,863)	0	(4,988)	(9,977)	0	0
<b>Total For Interest Expense:</b>	59,107	119,090	119,090	699,543	0	61,982	125,240	(6,150)	(5)
<b>Other Operating Expense</b>									
EV CHARGING EXPENSE	88	165	208	1,250	(21)	198	401	(236)	(59)
LOSS ON DISPOSITION OF PROP (C	0	0	0	25,000	0	0	0	0	0
OTHER DONATIONS	0	804	334	2,000	141	91	217	587	271
MUTUAL AID	0	18,042	0	0	0	0	0	18,042	0
PENSION EXPENSE	0	0	0	280,000	0	0	0	0	0
OTHER INTEREST EXPENSE	0	0	9,334	56,000	(100)	0	0	0	0
INTEREST EXPENSE - METER DEP	3,611	7,232	8,334	50,000	(13)	4,123	8,196	(963)	(12)
<b>Total For Other Operating Expense:</b>	3,700	26,245	18,210	414,250	44	4,412	8,815	17,430	198
<b>Customer Accounts Expense</b>									
METER READING EXPENSE	2,213	4,455	4,166	25,000	7	2,653	6,099	(1,643)	(27)
DISCONNECT/RECONNECT EXPEN	0	0	834	5,000	(100)	0	0	0	0
MISC CUSTOMER ACCOUNTS EXP	31,062	60,917	63,334	380,000	(4)	28,717	60,196	721	1
BAD DEBT EXPENSE & RECOVER	13,623	13,812	4,166	25,000	232	449	649	13,162	2,025
<b>Total For Customer Accounts Expense:</b>	46,899	79,186	72,500	435,000	9	31,820	66,945	12,240	18
<b>Administrative Expense</b>									
SALARIES OFFICE & COMMISSION	75,621	156,086	180,834	1,085,000	(14)	76,034	159,117	(3,030)	(2)
TEMPORARY STAFFING	0	0	666	4,000	(100)	0	0	0	0
OFFICE SUPPLIES	11,191	20,877	20,834	125,000	0	8,968	14,372	6,505	45
ELECTRIC & WATER CONSUMPTI	1,616	3,294	4,758	28,552	(31)	1,845	3,718	(424)	(11)
BANK FEES	198	456	500	3,000	(9)	208	496	(40)	(8)

ELK RIVER MUNICIPAL UTILITIES  
ELK RIVER, MINNESOTA  
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
FOR PERIOD ENDING FEBRUARY 2026

	2026 FEBRUARY	2026 YTD	2026 YTD BUDGET	2026 ANNUAL BUDGET	2026 YTD Bud Var%	2025 FEBRUARY	2025 YTD	YTD VARIANCE	2025 v. 2026 Actual Var%
<b>Electric</b>									
LEGAL FEES	1,336	2,141	4,166	25,000	(49)	1,322	1,899	242	13
AUDITING FEES	1,800	3,600	3,750	22,500	(4)	1,720	3,440	160	5
INSURANCE	10,087	20,174	23,834	143,000	(15)	14,866	29,733	(9,558)	(32)
UTILITY SHARE - DEFERRED COM	15,859	43,437	40,000	125,000	9	14,256	37,308	6,128	16
UTILITY SHARE - MEDICAL/DENT	68,498	268,843	259,000	945,000	4	65,354	247,719	21,124	9
UTILITY SHARE - PERA	25,116	53,889	58,084	348,500	(7)	24,552	52,821	1,068	2
UTILITY SHARE - FICA	24,114	51,173	57,084	342,500	(10)	23,570	50,256	917	2
EMPLOYEE SICK PAY	15,380	63,821	38,908	233,450	64	34,128	63,800	21	0
EMPLOYEE HOLIDAY PAY	16,287	49,653	50,000	197,401	(1)	15,938	47,430	2,223	5
EMPLOYEE VACATION & PTO PA	25,631	97,048	96,000	344,307	1	24,586	92,267	4,781	5
UPMIC DISTRIBUTION	0	0	0	86,000	0	0	0	0	0
LONGEVITY PAY	1,550	1,550	1,473	8,040	5	0	0	1,550	0
CONSULTING FEES	19,153	25,458	9,300	55,800	174	21,220	21,220	4,238	20
TELEPHONE	2,860	5,739	5,166	31,000	11	2,840	5,716	23	0
ADVERTISING	1,015	2,520	3,334	20,000	(24)	1,115	2,435	85	3
DUES & SUBSCRIPTIONS - FEES	13,669	30,162	23,646	141,878	28	12,758	24,531	5,631	23
SCHOOLS & MEETINGS	18,223	28,394	48,580	291,482	(42)	26,624	32,462	(4,068)	(13)
MTCE OF GENERAL PLANT & OFFI	540	1,080	1,834	11,000	(41)	865	1,730	(650)	(38)
<b>Total For Administrative Expense:</b>	<b>349,751</b>	<b>929,405</b>	<b>931,751</b>	<b>4,617,413</b>	<b>0</b>	<b>372,778</b>	<b>892,478</b>	<b>36,927</b>	<b>4</b>
<b>General Expense</b>									
CIP REBATES - RESIDENTIAL	6,690	15,608	15,126	90,758	3	3,937	15,652	(44)	0
CIP REBATES - COMMERCIAL	0	0	18,666	112,000	(100)	1,964	1,964	(1,964)	(100)
CIP - ADMINISTRATION	16,057	26,224	30,306	181,840	(13)	10,257	21,340	4,884	23
CIP - MARKETING	912	12,065	9,144	54,864	32	1,674	10,695	1,370	13
CIP - LABOR	8,682	17,663	22,680	136,078	(22)	8,313	17,546	117	1
CIP REBATES - LOW INCOME	0	0	4,960	29,760	(100)	0	0	0	0
CIP - LOW INCOME LABOR	844	1,631	1,666	10,000	(2)	786	1,707	(76)	(5)
ENVIRONMENTAL COMPLIANCE	2,669	5,349	6,166	37,000	(13)	2,374	4,757	592	12
MISC GENERAL EXPENSE	2	(18)	834	5,000	(102)	(158)	(202)	183	91
<b>Total For General Expense:</b>	<b>35,859</b>	<b>78,524</b>	<b>109,548</b>	<b>657,300</b>	<b>(28)</b>	<b>29,150</b>	<b>73,462</b>	<b>5,062</b>	<b>7</b>
<b>Total Expenses(before Operating Transfers)</b>	<b>2,910,995</b>	<b>6,288,232</b>	<b>7,149,348</b>	<b>44,942,996</b>	<b>(12)</b>	<b>3,032,161</b>	<b>6,425,522</b>	<b>(137,289)</b>	<b>(2)</b>
<b>Operating Transfer</b>									
Operating Transfer/Other Funds									
TRANSFER TO CITY ELK RIVER R	147,951	324,150	334,550	2,165,329	(3)	113,003	249,324	74,826	30

ELK RIVER MUNICIPAL UTILITIES  
 ELK RIVER, MINNESOTA  
 STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
 FOR PERIOD ENDING FEBRUARY 2026

Electric	2026 FEBRUARY	2026 YTD	2026 YTD BUDGET	2026 ANNUAL BUDGET	2026 YTD Bud Var%	2025 FEBRUARY	2025 YTD	YTD VARIANCE	2025 v. 2026 Actual Var%
<b>Total For Operating Transfer/Other Funds:</b>	147,951	324,150	334,550	2,165,329	(3)	113,003	249,324	74,826	30
Utilities & Labor Donated									
UTILITIES & LABOR DONATED TO	0	0	0	0	0	19,212	39,042	(39,042)	(100)
<b>Total For Utilities &amp; Labor Donated:</b>	0	0	0	0	0	19,212	39,042	(39,042)	(100)
Total Operating Transfer									
<b>Total For Total Operating Transfer:</b>	147,951	324,150	334,550	2,165,329	(3)	132,215	288,366	35,784	12
<b>Net Income Profit(Loss)</b>	378,987	1,499,888	393,180	3,576,099	281	124,374	687,945	811,942	118

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	2026 FEBRUARY	2026 YTD	2026 YTD BUDGET	2026 ANNUAL BUDGET	2026 YTD Bud Var%	2025 FEBRUARY	2025 YTD	YTD VARIANCE	2025 v. 2026 Actual Var%
<b>Water Revenue</b>									
<b>Operating Revenue</b>									
Water Sales									
WATER SALES RESIDENTIAL	96,755	198,967	210,396	1,821,515	(5)	91,220	192,478	6,488	3
WATER SALES COMMERCIAL	53,687	119,944	117,766	1,039,959	2	55,671	118,376	1,568	1
WATER SALES IRRIGATION	1,793	3,521	3,974	364,602	(11)	1,716	3,402	118	3
<b>Total For Water Sales:</b>	<u>152,236</u>	<u>322,434</u>	<u>332,137</u>	<u>3,226,078</u>	<u>(3)</u>	<u>148,608</u>	<u>314,257</u>	<u>8,176</u>	<u>3</u>
<b>Total Operating Revenue</b>	<u>152,236</u>	<u>322,434</u>	<u>332,137</u>	<u>3,226,078</u>	<u>(3)</u>	<u>148,608</u>	<u>314,257</u>	<u>8,176</u>	<u>3</u>
<b>Total For Total Operating Revenue:</b>	<u>152,236</u>	<u>322,434</u>	<u>332,137</u>	<u>3,226,078</u>	<u>(3)</u>	<u>148,608</u>	<u>314,257</u>	<u>8,176</u>	<u>3</u>
<b>Other Operating Revenue</b>									
Interest/Dividend Income									
INTEREST & DIVIDEND INCOME	11,907	21,833	20,834	125,000	5	14,059	21,957	(123)	(1)
OTHER INTEREST/MISC REVENUE	0	566	166	1,000	242	0	0	566	0
<b>Total For Interest/Dividend Income:</b>	<u>11,907</u>	<u>22,400</u>	<u>21,000</u>	<u>126,000</u>	<u>7</u>	<u>14,059</u>	<u>21,957</u>	<u>442</u>	<u>2</u>
Customer Penalties									
CUSTOMER PENALTIES	944	2,816	5,834	35,000	(52)	1,203	5,786	(2,969)	(51)
<b>Total For Customer Penalties:</b>	<u>944</u>	<u>2,816</u>	<u>5,834</u>	<u>35,000</u>	<u>(52)</u>	<u>1,203</u>	<u>5,786</u>	<u>(2,969)</u>	<u>(51)</u>
Connection Fees									
WATER/ACCESS/CONNECTION FE	18,000	63,510	61,000	366,000	4	14,400	39,600	23,910	60
CUSTOMER CONNECTION FEES	2,849	4,230	8,334	50,000	(49)	2,247	5,399	(1,168)	(22)
BULK WATER SALES/HYDRANT R	1,500	2,299	5,000	30,000	(54)	111	3,442	(1,142)	(33)
<b>Total For Connection Fees:</b>	<u>22,349</u>	<u>70,040</u>	<u>74,334</u>	<u>446,000</u>	<u>(6)</u>	<u>16,759</u>	<u>48,441</u>	<u>21,598</u>	<u>45</u>
Misc Revenue									
MISC NON-UTILITY	30	30	16	100	88	0	310	(280)	(90)
GAIN ON DISPOSITION OF PROPER	0	0	0	4,000	0	0	0	0	0
MISCELLANEOUS REVENUE	0	0	166	1,000	(100)	1,091	1,091	(1,091)	(100)
HYDRANT MAINTENANCE PROGR	975	1,950	1,834	11,000	6	975	1,950	0	0
WATER TOWER LEASE	0	0	0	386,250	0	0	0	0	0
LEASE INTEREST REVENUE	0	0	0	75,000	0	0	0	0	0
<b>Total For Misc Revenue:</b>	<u>1,005</u>	<u>1,980</u>	<u>2,016</u>	<u>477,350</u>	<u>(2)</u>	<u>2,066</u>	<u>3,352</u>	<u>(1,372)</u>	<u>(41)</u>
<b>Total Other Revenue</b>	<u>36,206</u>	<u>97,237</u>	<u>103,184</u>	<u>1,084,350</u>	<u>(6)</u>	<u>34,088</u>	<u>79,537</u>	<u>17,699</u>	<u>22</u>
<b>Total For Total Other Revenue:</b>	<u>36,206</u>	<u>97,237</u>	<u>103,184</u>	<u>1,084,350</u>	<u>(6)</u>	<u>34,088</u>	<u>79,537</u>	<u>17,699</u>	<u>22</u>

ELK RIVER MUNICIPAL UTILITIES  
ELK RIVER, MINNESOTA  
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
FOR PERIOD ENDING FEBRUARY 2026

	2026 FEBRUARY	2026 YTD	2026 YTD BUDGET	2026 ANNUAL BUDGET	2026 YTD Bud Var%	2025 FEBRUARY	2025 YTD	YTD VARIANCE	2025 v. 2026 Actual Var%
<b>Water</b>									
<b>Total Revenue</b>	188,442	419,671	435,321	4,310,428	(4)	182,697	393,795	25,875	7
<b>Expenses</b>									
Production Expense									
MTCE OF STRUCTURES	15,426	28,782	20,834	125,000	38	9,681	20,970	7,812	37
<b>Total For Production Expense:</b>	15,426	28,782	20,834	125,000	38	9,681	20,970	7,812	37
Pumping Expense									
SUPERVISION	5,849	12,849	13,334	80,000	(4)	5,670	12,503	346	3
ELECTRIC & GAS UTILITIES	19,105	40,400	50,000	300,000	(19)	25,631	46,081	(5,680)	(12)
SAMPLING	2,586	3,926	4,000	24,000	(2)	3,142	4,032	(105)	(3)
CHEMICAL FEED	1,658	4,029	8,334	50,000	(52)	1,048	5,079	(1,050)	(21)
MTCE OF ELECTRIC PUMPING EQ	0	225	0	0	0	0	0	225	0
MTCE OF WELLS	27,939	48,727	33,334	200,000	46	15,535	37,121	11,606	31
SCADA - PUMPING	212	496	2,334	14,000	(79)	342	692	(195)	(28)
<b>Total For Pumping Expense:</b>	57,352	110,656	111,336	668,000	(1)	51,371	105,509	5,146	5
Distribution Expense									
MTCE OF WATER MAINS	3,174	5,489	29,166	175,000	(81)	3,579	6,307	(818)	(13)
LOCATE WATER LINES	313	681	4,166	25,000	(84)	909	1,612	(931)	(58)
WATER METER SERVICE	1,512	6,301	8,334	50,000	(24)	11,248	14,905	(8,603)	(58)
BACKFLOW DEVICE INSPECTION	1,387	2,666	3,834	23,000	(30)	1,439	2,669	(2)	0
MTCE OF CUSTOMERS SERVICE	2,531	5,438	6,000	36,000	(9)	2,510	5,398	40	1
WATER MAPPING	17	40	4,166	25,000	(99)	3,540	11,794	(11,753)	(100)
FIBER MAPPING	0	0	1,666	10,000	(100)	0	0	0	0
MTCE OF WATER HYDRANTS - PU	225	792	3,666	22,000	(78)	1,032	6,581	(5,789)	(88)
MTCE OF WATER HYDRANTS - PR	0	0	1,000	6,000	(100)	0	0	0	0
WATER CLOTHING/PPE	187	443	2,500	15,000	(82)	0	79	364	462
WAGES WATER	795	1,456	1,584	9,500	(8)	732	1,514	(57)	(4)
TRANSPORTATION EXPENSE	1,447	2,818	4,000	24,000	(30)	901	1,639	1,179	72
WATER PERMIT	21,893	21,893	27,000	27,000	(19)	20,037	20,037	1,856	9
<b>Total For Distribution Expense:</b>	33,484	48,023	97,082	447,500	(51)	45,931	72,538	(24,515)	(34)
Depreciation & Amortization									
DEPRECIATION	116,552	232,985	235,834	1,415,000	(1)	115,418	231,000	1,985	1
<b>Total For Depreciation &amp; Amortization:</b>	116,552	232,985	235,834	1,415,000	(1)	115,418	231,000	1,985	1
Interest Expense									
INTEREST EXPENSE - BONDS	3,050	6,100	6,100	35,433	0	3,266	6,533	(433)	(7)
AMORTIZATION OF DEBT DISCOU	(554)	(1,108)	(1,108)	(6,650)	0	(554)	(1,108)	0	0

ELK RIVER MUNICIPAL UTILITIES  
ELK RIVER, MINNESOTA  
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Water	2026 FEBRUARY	2026 YTD	2026 YTD BUDGET	2026 ANNUAL BUDGET	2026 YTD Bud Var%	2025 FEBRUARY	2025 YTD	YTD VARIANCE	2025 v. 2026 Actual Var%
<b>Total For Interest Expense:</b>	2,495	4,991	4,991	28,782	0	2,712	5,424	(433)	(8)
Other Operating Expense									
DAM MAINTENANCE EXPENSE	133	299	0	0	0	0	30	269	868
PENSION EXPENSE	0	0	0	50,000	0	0	0	0	0
INTEREST EXPENSE - METER DEP	44	89	104	625	(14)	52	104	(14)	(14)
<b>Total For Other Operating Expense:</b>	177	388	104	50,625	274	52	134	254	188
Customer Accounts Expense									
METER READING EXPENSE	683	1,180	834	5,000	41	539	1,108	71	6
MISC CUSTOMER ACCOUNTS EXP	7,880	15,711	16,500	99,000	(5)	7,245	15,299	411	3
BAD DEBT EXPENSE & RECOVER	0	0	42	250	(100)	0	0	0	0
<b>Total For Customer Accounts Expense:</b>	8,563	16,891	17,376	104,250	(3)	7,785	16,407	483	3
Administrative Expense									
SALARIES OFFICE & COMMISSION	24,884	51,114	55,500	333,000	(8)	22,234	46,711	4,403	9
TEMPORARY STAFFING	0	0	166	1,000	(100)	0	0	0	0
OFFICE SUPPLIES	2,582	7,251	5,000	30,000	45	2,095	3,419	3,832	112
ELECTRIC & WATER CONSUMPTI	404	823	1,080	6,500	(24)	461	930	(106)	(11)
BANK FEES	49	120	118	708	2	52	130	(9)	(8)
LEGAL FEES	334	535	1,000	6,000	(46)	330	474	60	13
AUDITING FEES	450	900	1,166	7,000	(23)	430	860	40	5
INSURANCE	3,534	7,069	7,166	43,000	(1)	3,487	6,974	94	1
UTILITY SHARE - DEFERRED COM	2,698	6,968	7,500	25,000	(7)	2,304	5,659	1,308	23
UTILITY SHARE - MEDICAL/DENT	18,020	64,273	64,000	251,110	0	16,722	58,403	5,870	10
UTILITY SHARE - PERA	5,794	12,058	11,916	71,500	1	4,792	10,348	1,710	17
UTILITY SHARE - FICA	5,591	11,567	11,750	70,500	(2)	4,614	9,923	1,644	17
EMPLOYEE SICK PAY	3,449	12,242	8,834	53,000	39	5,725	10,851	1,391	13
EMPLOYEE HOLIDAY PAY	3,747	11,081	10,950	43,000	1	3,155	9,413	1,668	18
EMPLOYEE VACATION & PTO PA	5,299	21,208	21,000	72,000	1	4,243	18,251	2,956	16
UPMIC DISTRIBUTION	0	0	0	19,000	0	0	0	0	0
WELLHEAD PROTECTION	0	0	250	1,500	(100)	0	0	0	0
LONGEVITY PAY	0	0	78	1,260	(100)	0	0	0	0
CONSULTING FEES	2,676	4,002	4,366	26,200	(8)	4,680	9,560	(5,557)	(58)
TELEPHONE	776	1,547	1,434	8,600	8	638	1,275	272	21
ADVERTISING	253	630	834	5,000	(24)	589	969	(339)	(35)
DUES & SUBSCRIPTIONS - FEES	24,916	27,875	18,580	111,474	50	16,153	18,556	9,318	50
SCHOOLS & MEETINGS	3,143	5,218	10,482	62,897	(50)	3,263	4,507	711	16

ELK RIVER MUNICIPAL UTILITIES  
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FOR PERIOD ENDING FEBRUARY 2026

	2026 FEBRUARY	2026 YTD	2026 YTD BUDGET	2026 ANNUAL BUDGET	2026 YTD Bud Var%	2025 FEBRUARY	2025 YTD	YTD VARIANCE	2025 v. 2026 Actual Var%
<b>Water</b>									
MTCE OF GENERAL PLANT & OFFI	135	270	450	2,700	(40)	216	432	(162)	(38)
<b>Total For Administrative Expense:</b>	108,741	246,759	243,620	1,251,949	1	96,189	217,651	29,108	13
General Expense									
CIP REBATES - RESIDENTIAL	0	25	334	2,000	(93)	25	25	0	0
CIP REBATES - COMMERCIAL	0	0	166	1,000	(100)	0	0	0	0
CIP - MARKETING	0	0	250	1,500	(100)	0	0	0	0
CIP - LABOR	0	0	84	500	(100)	0	0	0	0
ENVIRONMENTAL COMPLIANCE	53	124	334	2,000	(63)	52	118	5	4
MISC GENERAL EXPENSE	0	0	42	250	(100)	0	0	0	0
<b>Total For General Expense:</b>	53	149	1,210	7,250	(88)	77	143	5	3
<b>Total Expenses(before Operating Transfers)</b>	342,849	689,629	732,387	4,098,356	(6)	329,219	669,781	19,847	3
<b>Operating Transfer</b>									
Operating Transfer/Other Funds									
TRANSFER TO CITY ELK RIVER R	3,044	6,448	6,643	64,521	(3)	0	0	6,448	0
Utilities & Labor Donated									
WATER & LABOR DONATED TO CI	0	0	334	2,000	(100)	0	0	0	0
Total Operating Transfer	3,044	6,448	6,977	66,521	(8)	0	0	6,448	0
<b>Total For Total Operating Transfer:</b>	3,044	6,448	6,977	66,521	(8)	0	0	6,448	0
<b>Net Income Profit(Loss)</b>	(157,451)	(276,406)	(304,043)	145,549	9	(146,522)	(275,986)	(420)	0

<b>TO:</b> ERMU Commission	<b>FROM:</b> Mike Tietz – Technical Services Superintendent
<b>MEETING DATE:</b> April 14, 2026	<b>AGENDA ITEM NUMBER:</b> 5.2
<b>SUBJECT:</b> 2025 Annual Reliability Report	
<b>ACTION REQUESTED:</b> Receive the 2025 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 2025, 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.

<b>Year</b>	<b># of Customers</b>	<b># of Outage Minutes</b>	<b># of Outages</b>
2016	10,862	432,310	59
2017	11,489	354,625	40
2018	12,158	117,055	51
2019	12,463	312,885*	59
2020	12,604	197,884	51
2021	13,038	628,670	61
2022	13,228	174,500	50
2023	13,543	187,469	51
2024	13,797	575,509	44
2025	14,001	262,996	54

\*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 2024 and 2025 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 2025 ASAI is **99.9964%** Availability    ERMU's 2024 ASAI is **99.9921%** 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 sustained<sup>1</sup> interruption in the time period and dividing this by the number of customers experiencing one or more sustained<sup>1</sup> 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 2025 CAIDI is **62.2034 minutes**      ERMU's 2024 CAIDI is **119.4102 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 sustained<sup>1</sup> 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 2025 SAIDI is **18.954 minutes**                      ERMU's 2024 SAIDI was **41.917 minutes**

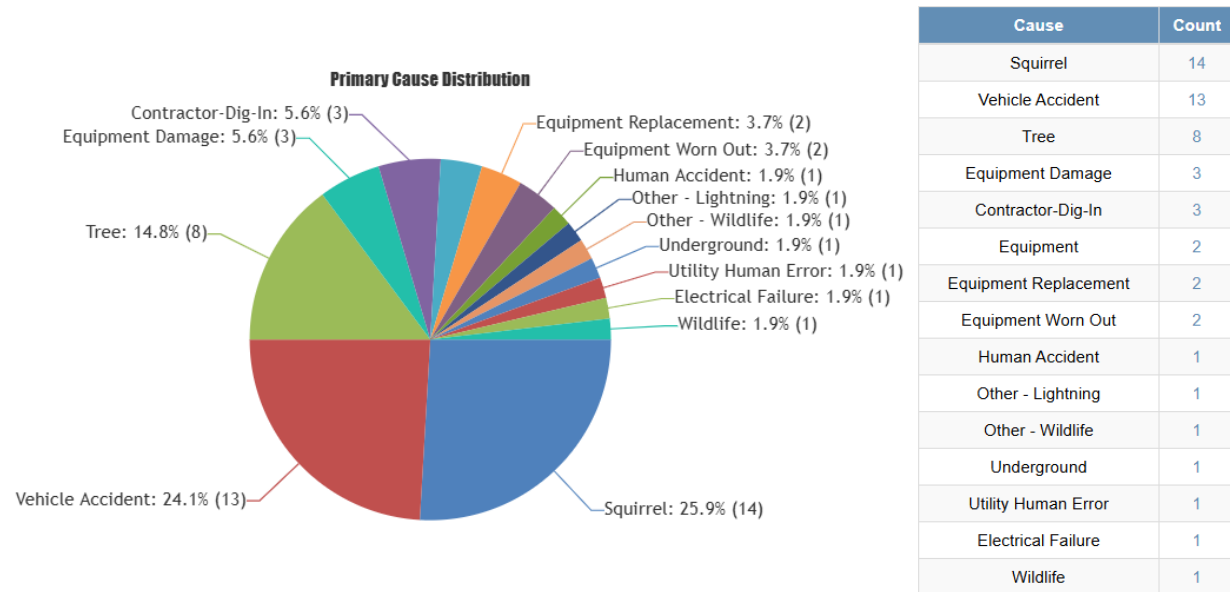
### ***System Average Interruption Frequency Index (SAIFI)***

**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 sustained<sup>1</sup> interrupted customers in a time period by the average number of customers served. The resulting unit is "interruptions per customer."

ERMU's 2025 SAIFI is **0.305**    ERMU's 2024 SAIFI was **0.351**

<sup>1</sup> 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 for the outages experienced in 2025.



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 2025. Overall, our electric distribution system remains resilient, and our system reliability continues to be excellent.

The attached American Public Power Association’s (APPA) eReliability Annual Report 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.

**ATTACHMENT:**

- APPA eReliability Tracker 2025 Annual Report for Elk River Municipal Utilities



# Elk River Municipal Utilities

# 2025 ANNUAL RELIABILITY BENCHMARKING REPORT

**POWERTRX™**  
RELIABILITY

**AMERICAN  
PUBLIC  
POWER.  
ASSOCIATION**  
Powering Strong Communities

# 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 PowerTRX Reliability powered by ESAMS. APPA created the Annual Reliability Benchmarking 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. In 2025, APPA transitioned the eReliability Tracker to a new platform PowerTRX Reliability powered by ESAMS by partnering with HGW & Associates, Inc.

This report reflects data in the PowerTRX Reliability from January 1, 2025 to December 31, 2025. 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 March 23, 2026.

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 PowerTRX Reliability, 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 PowerTRX Reliability, 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 312 utilities with verified 2025 outage data. Utilities that experienced no outages in 2025, 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<sup>[1]</sup> greater than 3.25 may be excluded if it significantly distorts the aggregate statistics.

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[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 PowerTRX Reliability by five distinct groups of approximately 111 utilities per group.

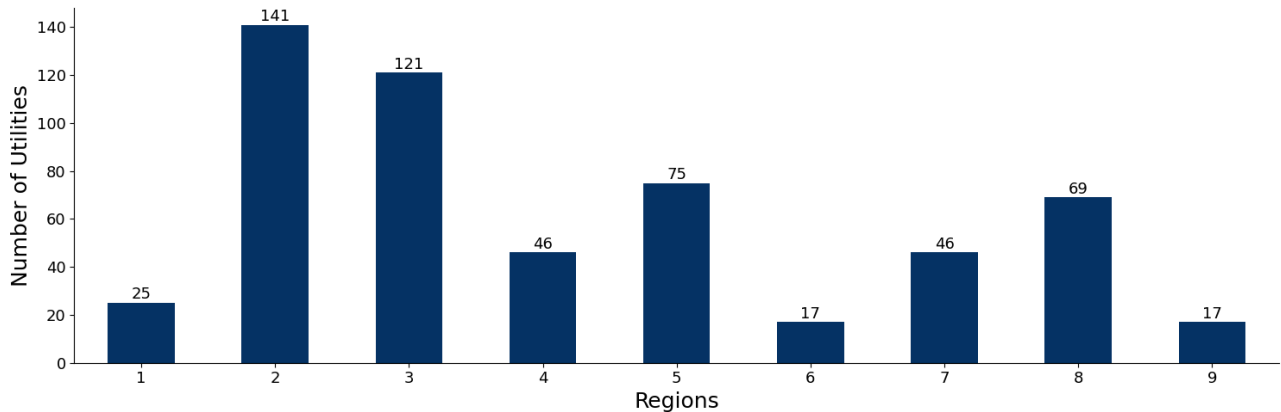
Your utility is in size class 4 and region 3.

**Table 1.** Customer count range per size class

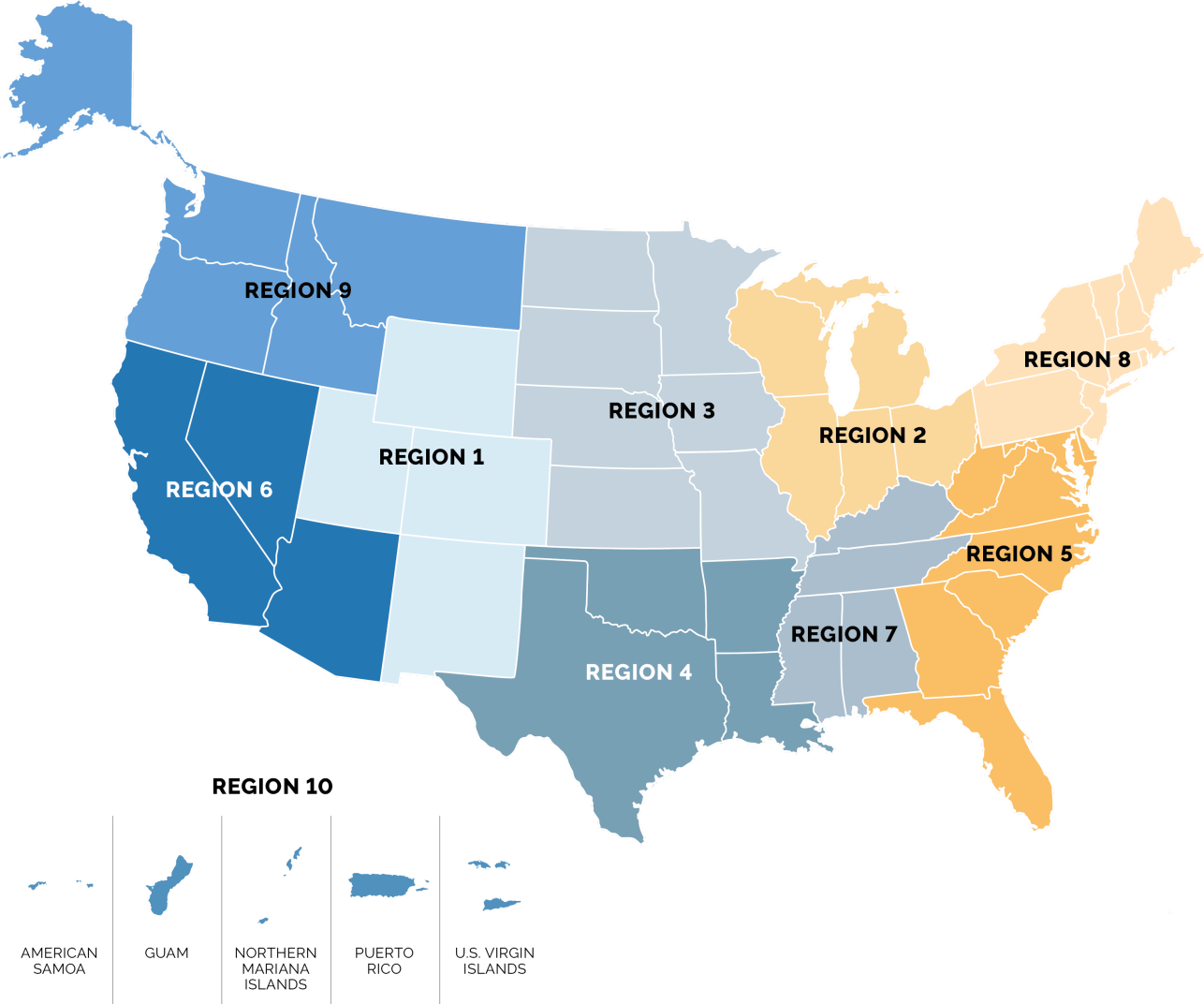
	Customer Count Range
<b>Class 1</b>	>0
<b>Class 2</b>	>1,511
<b>Class 3</b>	>3,518
<b>Class 4</b>	>7,262
<b>Class 5</b>	>14,547

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

**Figure 1.** Number of utilities subscribed to the PowerTRX Reliability 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 PowerTRX Reliability 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 PowerTRX Reliability, 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 **7.06** minutes.

For each of the reliability indices, this report displays your utility's metrics alongside the mean values for all utilities using the PowerTRX Reliability 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<sup>[2]</sup> 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*

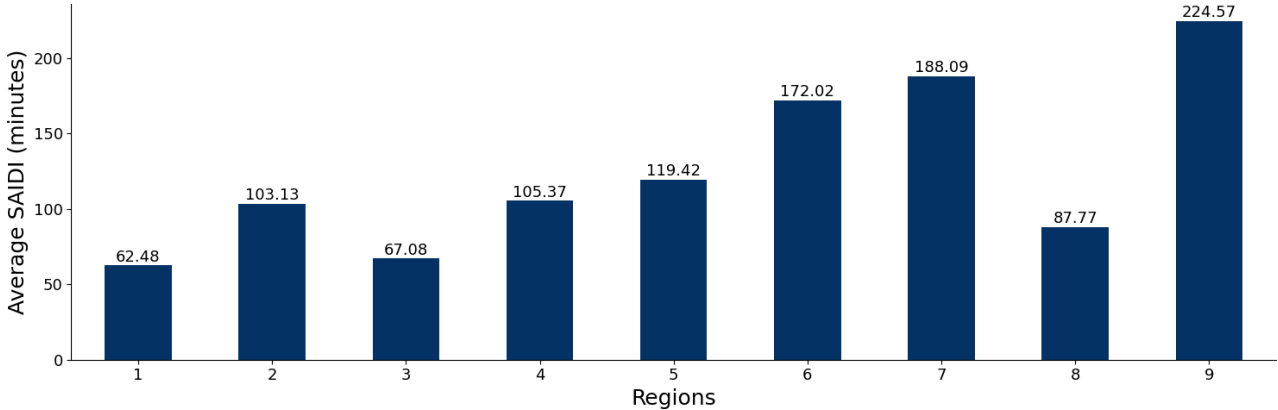
	All	No MEs	Unscheduled	Scheduled
<b>Your utility</b>	18.95	11.84	18.54	0.41
<b>Utilities that use PowerTRX Reliability</b>	110.25	54.6	106.69	6.51
<b>Utilities in your region</b>	67.08	46.73	65.28	3.0
<b>Utilities in your size class</b>	79.94	30.48	74.25	8.53

**Table 3.** Summary SAIDI data from the PowerTRX Reliability  
*In minutes*

	All	No MEs	Unscheduled	Scheduled
<b>Minimum</b>	0.04	0.04	0.04	<0.01
<b>First Quartile</b>	20.91	12.73	19.08	0.2
<b>Median</b>	50.24	25.79	48.17	1.01
<b>Third Quartile</b>	111.47	54.03	108.6	4.63
<b>Maximum</b>	965.21	760.33	948.5	280.35

[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.

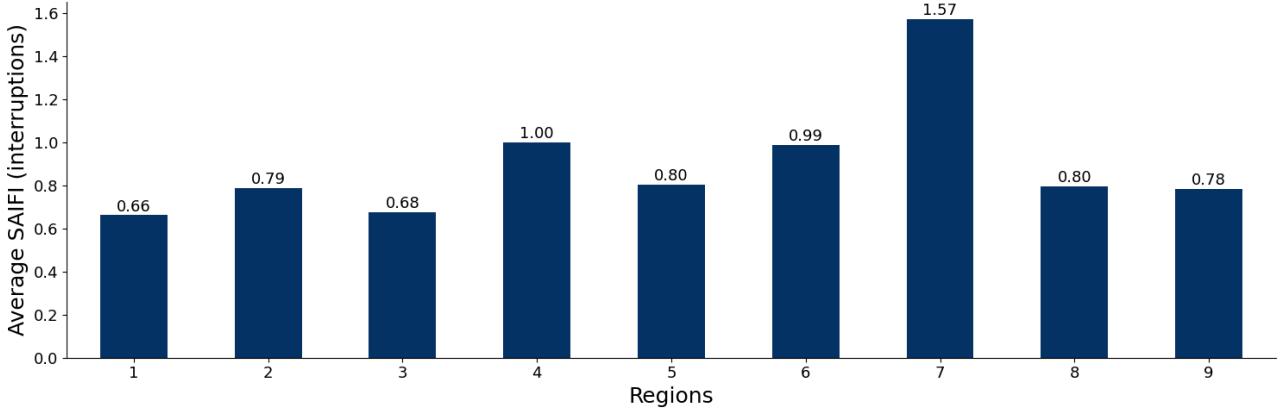
**Table 4.** Average SAIFI with and without MEs  
*In interruptions*

	All	No MEs	Unscheduled	Scheduled
<b>Your utility</b>	0.3	0.2	0.29	0.01
<b>Utilities that use PowerTRX Reliability</b>	0.86	0.54	0.83	0.04
<b>Utilities in your region</b>	0.68	0.45	0.66	0.02
<b>Utilities in your size class</b>	0.64	0.4	0.61	0.03

**Table 5.** Summary SAIFI data from the PowerTRX Reliability  
*In interruptions*

	All	No MEs	Unscheduled	Scheduled
<b>Minimum</b>	<0.01	<0.01	<0.01	<0.01
<b>First Quartile</b>	0.28	0.15	0.27	<0.01
<b>Median</b>	0.61	0.35	0.56	0.01
<b>Third Quartile</b>	1.12	0.71	1.09	0.05
<b>Maximum</b>	4.68	4.16	4.67	0.63

**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.

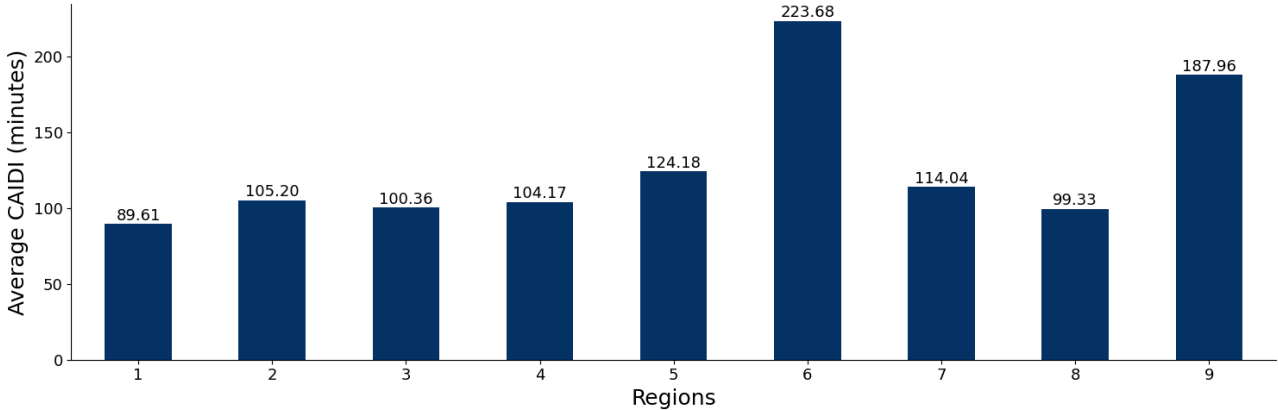
**Table 6.** Average CAIDI with and without MEs  
*In minutes*

	All	No MEs	Unscheduled	Scheduled
<b>Your utility</b>	62.2	58.93	62.94	40.93
<b>Utilities that use PowerTRX Reliability</b>	114.78	94.95	113.99	161.38
<b>Utilities in your region</b>	100.36	89.45	101.31	187.25
<b>Utilities in your size class</b>	112.33	89.04	108.33	139.02

**Table 7.** Summary CAIDI data from the PowerTRX Reliability  
*In minutes*

	All	No MEs	Unscheduled	Scheduled
<b>Minimum</b>	11.4	11.4	9.81	10.0
<b>First Quartile</b>	60.95	55.27	60.95	60.0
<b>Median</b>	93.37	78.01	91.69	91.21
<b>Third Quartile</b>	134.84	108.01	135.38	155.92
<b>Maximum</b>	834.46	577.44	842.31	4,453.93

**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*

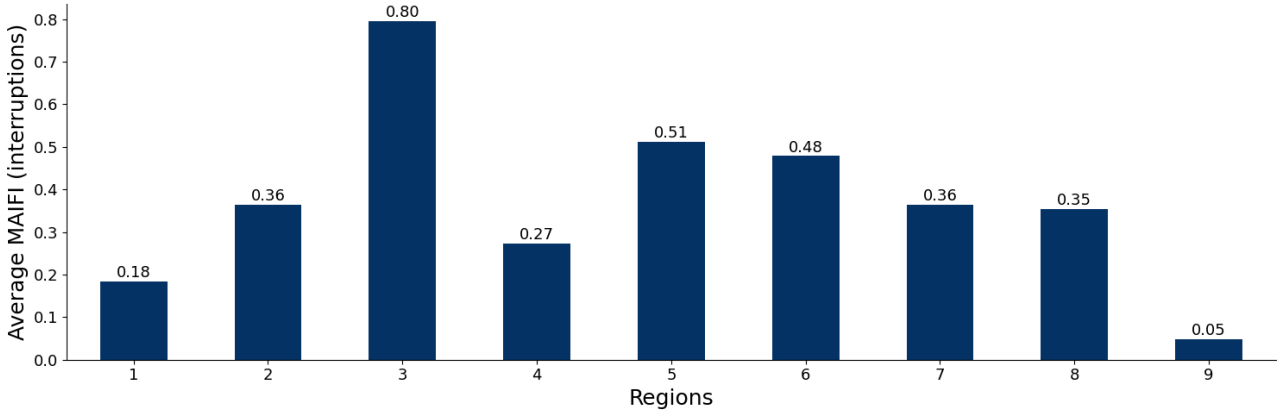
	All
<b>Your utility</b>	NULL
<b>Utilities that use PowerTRX Reliability</b>	0.44
<b>Utilities in your region</b>	0.8
<b>Utilities in your size class</b>	0.39

**Table 9.** Summary MAIFI data from the PowerTRX Reliability

*In interruptions*

	All
<b>Minimum</b>	<0.01
<b>First Quartile</b>	<0.01
<b>Median</b>	0.16
<b>Third Quartile</b>	0.51
<b>Maximum</b>	3.82

**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*

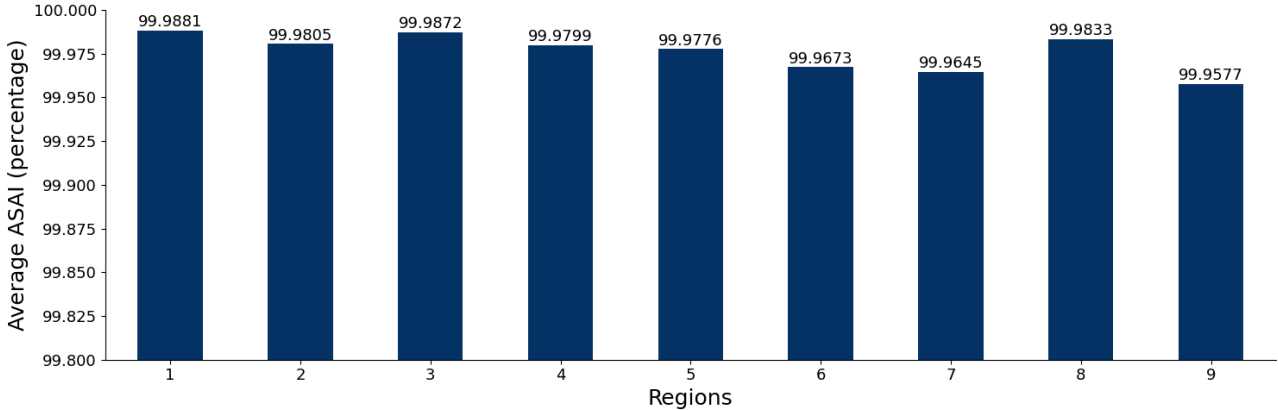
	All	No MEs	Unscheduled	Scheduled
<b>Your utility</b>	99.9963	99.9977	99.9964	99.9999
<b>Utilities that use PowerTRX Reliability</b>	99.9792	99.9897	99.9798	99.9987
<b>Utilities in your region</b>	99.9872	99.9911	99.9876	99.9994
<b>Utilities in your size class</b>	99.9848	99.9942	99.9859	99.9983

**Table 11.** Summary ASAI data from the PowerTRX Reliability

*In percentage*

	All	No MEs	Unscheduled	Scheduled
<b>Maximum</b>	99.9999	99.9999	99.9999	99.9999
<b>First Quartile</b>	99.9996	99.9975	99.9963	99.9999
<b>Median</b>	99.9906	99.9951	99.9908	99.9998
<b>Third Quartile</b>	99.9792	99.9899	99.9795	99.9991
<b>Minimum</b>	99.8163	99.8553	99.8195	99.9466

**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 171 investor-owned, 467 rural cooperative, and 332 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 332 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 2024 data that was published October 7, 2025. 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/](http://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)
18.95	18.95	0.3	0.3

**Table 13.** Summary SAIDI data from Form EIA-861, 2024

*In minutes*

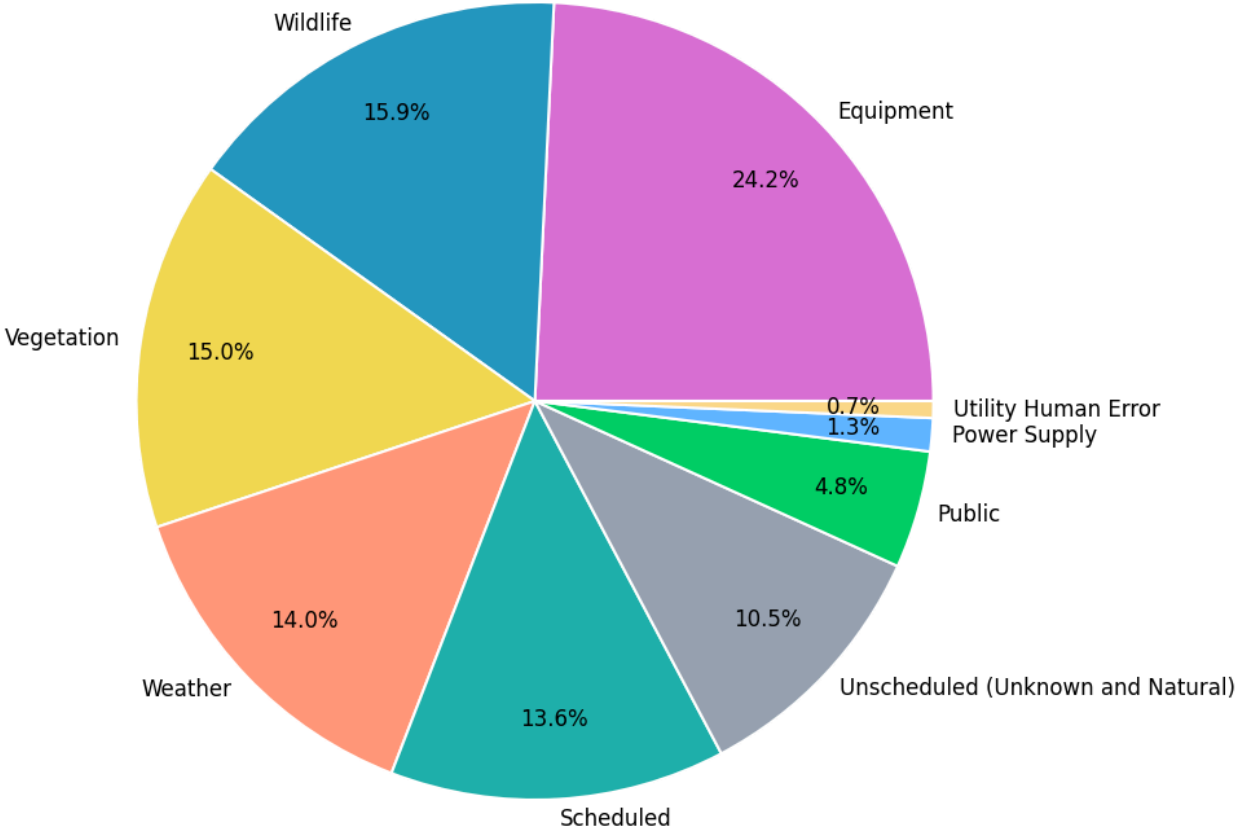
	All	No MEs
<b>Average</b>	520.78	169.31
<b>Minimum</b>	0	0
<b>First Quartile</b>	80.85	54.00
<b>Median</b>	199.20	101.58
<b>Third Quartile</b>	403.56	180.00
<b>Maximum</b>	17,313.00	17,059.00

**Table 14.** Summary SAIFI data from Form EIA-861, 2024  
*In interruptions*

	<b>All</b>	<b>No MEs</b>
<b>Average</b>	1.75	1.24
<b>Minimum</b>	0	0
<b>First Quartile</b>	0.84	0.64
<b>Median</b>	1.41	1.02
<b>Third Quartile</b>	2.26	1.61
<b>Maximum</b>	10.41	6.86

# 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 PowerTRX Reliability in 2025.



**Figure 8.** Primary causes of outages in 2025

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 PowerTRX Reliability.

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

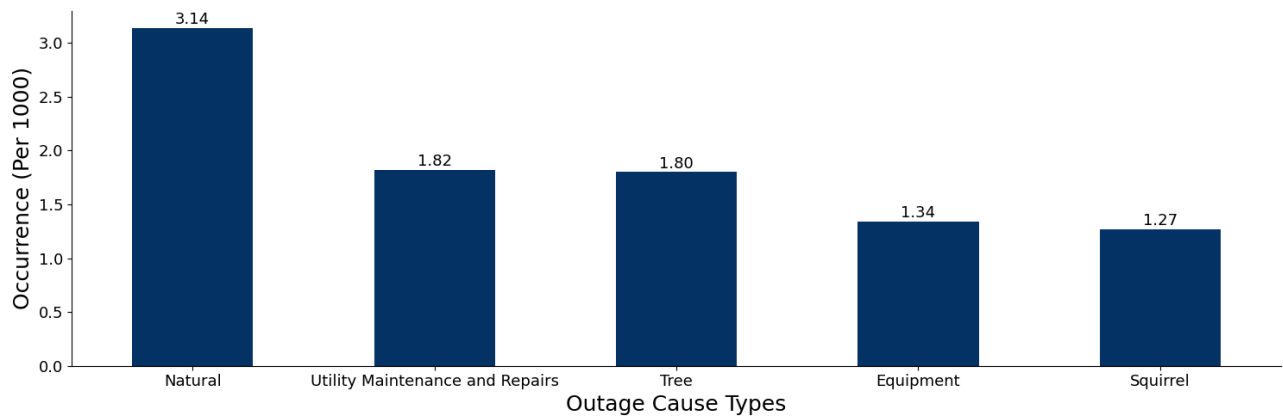
of 1,000 customers. A customer-weighted occurrence rate of "1" means an average of one outage from that cause occurred per 1,000 customers in 2025.

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.

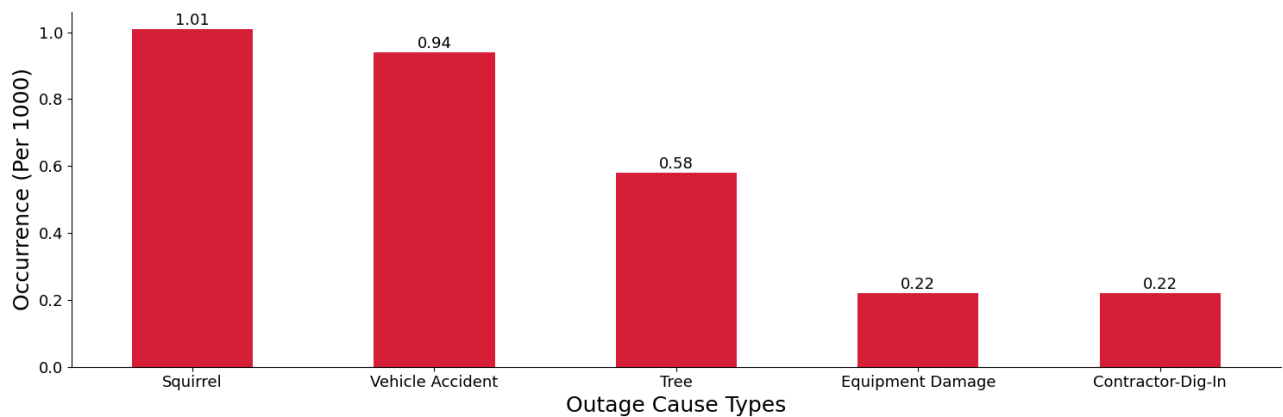
### III.1. Sustained Outage Causes

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 PowerTRX Reliability powered by ESAMS. 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 PowerTRX Reliability<sup>[3]</sup>



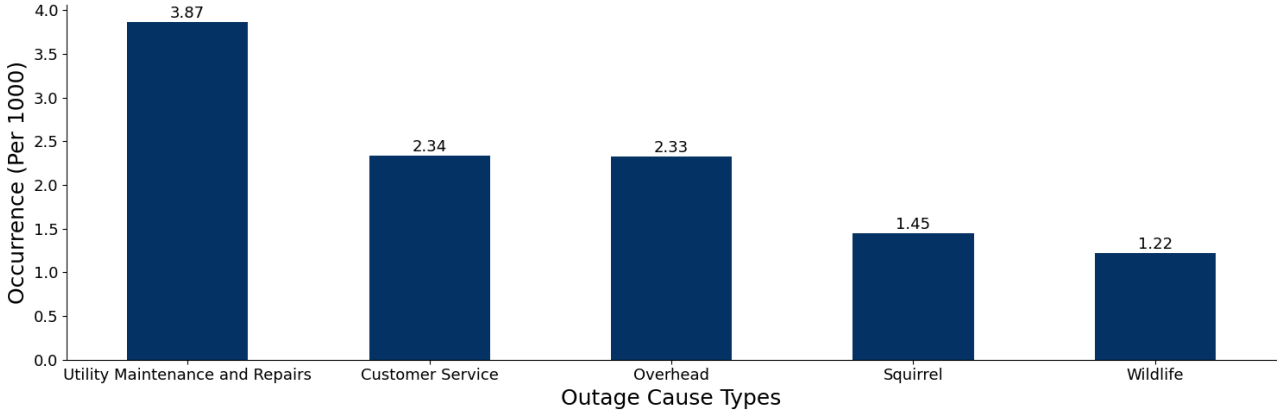
**Figure 10.** Top five causes of sustained outages for your utility<sup>[4]</sup>



[3]: Cause occurrence rates reflect the total number of outages across all participating utilities. In some cases, a high occurrence rate for a specific cause may be driven primarily by a small number of utilities (or a single utility) that experienced a large number of outages for that cause during the reporting period.

[4]: 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.

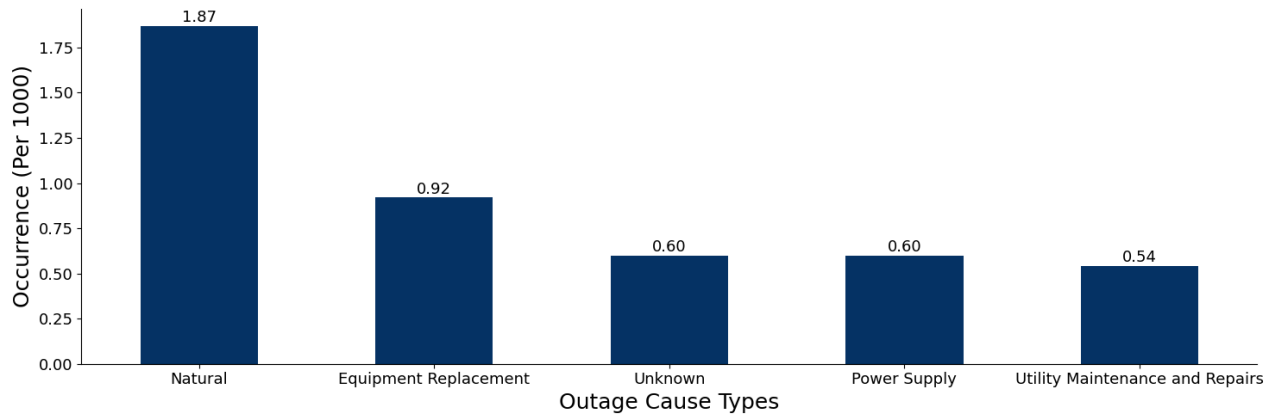
**Figure 11.** Top five causes of sustained outages in your region



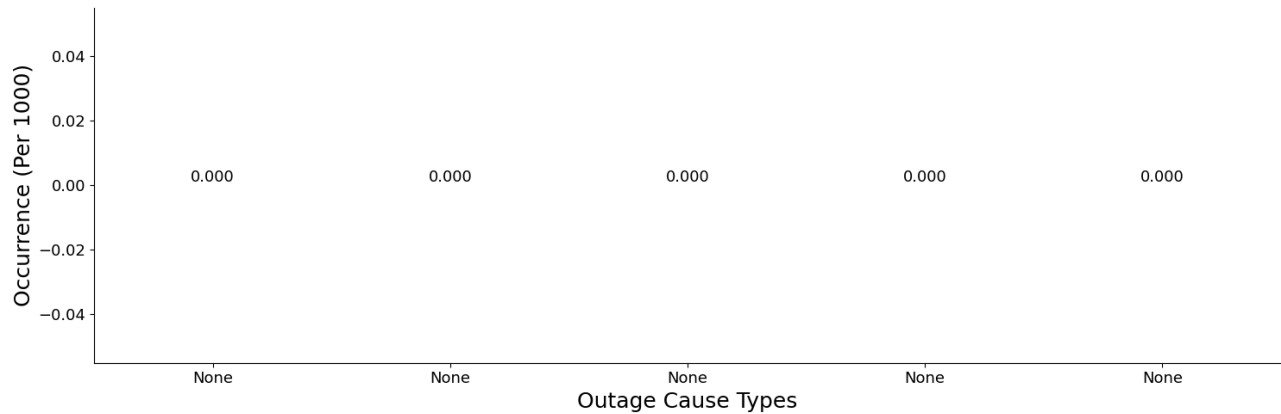
### III.2. Momentary Outage Causes

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 PowerTRX Reliability. 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.

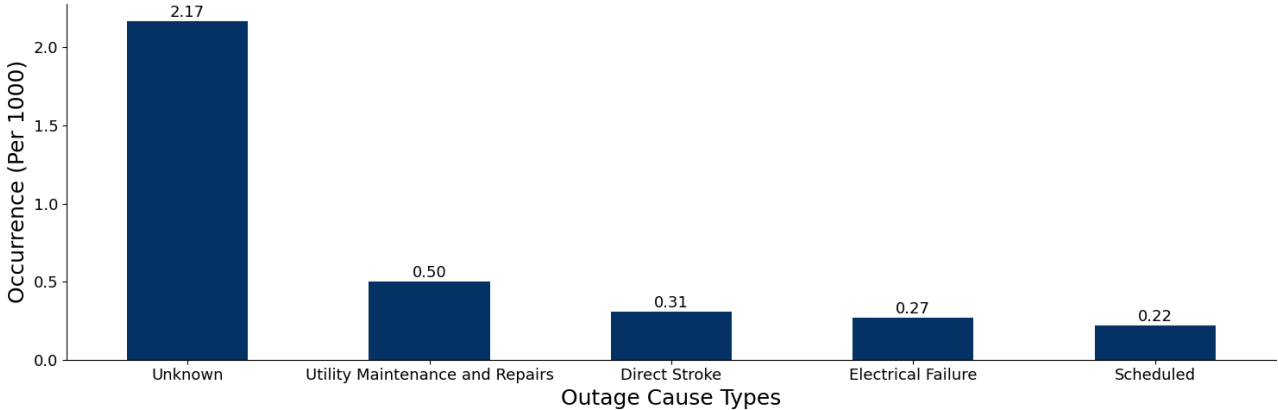
**Figure 12.** Top five causes of momentary outages for all utilities that use the PowerTRX Reliability



**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 PowerTRX Reliability 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*  
[PowerTRX@PublicPower.org](mailto:PowerTRX@PublicPower.org)

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

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<b>TO:</b> ERMU Commission	<b>FROM:</b> Sara Youngs – Administrations Director
<b>MEETING DATE:</b> April 14, 2026	<b>AGENDA ITEM NUMBER:</b> 5.3
<b>SUBJECT:</b> Information Technologies Services Memorandum of Understanding with the City of Elk River	
<b>ACTION REQUESTED:</b> Approve Information Technologies Services Memorandum of Understanding with the City of Elk River	

**BACKGROUND:**

The current Information Technologies (IT) Services Memorandum of Understanding (MOU) was adopted on June 15, 2021. Several IT staffing and resource allocation changes have occurred since that time. The purpose of this MOU is to set forth the understanding and agreement between the parties with respect to IT services provided by the City to ERMU. ERMU will also provide infrastructure support to the City. ERMU’s administration director, IT/OT systems & network administrator, and City IT staff attended the March 16, 2026, City Council work session to review the MOU. The session allowed council members to ask questions ahead of Council’s ultimate approval on April 6, 2026.

**DISCUSSION:**

The proposed updates to the 2021 MOU reflect current IT/OT staffing, roles, and resource allocation, as well as clarify service expectations and responsibilities between City and ERMU staff. The MOU is intended to support reliable operations, enhance the partnership between the City and ERMU, and align with the ongoing technology and cybersecurity needs.

**FINANCIAL IMPACT:**

ERMU will maintain ownership of all IT and OT assets it acquires and will pay the City for IT services to support ERMU's IT assets. The amount to be paid shall be sufficient to cover 10 hours per month (120 hours per year) of the City IT manager’s time, and 10 hours per month (120 hours per year) for the City IT specialist’s time. The amount due for these support services shall be billed to ERMU annually.

Further, prorated joint IT purchases or maintenance contracts for shared equipment will be based on anticipated usage by each entity. A cost-sharing spreadsheet will be maintained and reviewed quarterly and updated for annual budgeting.

**ATTACHMENTS:**

- Information Technologies Services Memorandum of Understanding with the City of Elk River

**MEMORANDUM OF UNDERSTANDING REGARDING  
INFORMATION TECHNOLOGY SERVICES  
BETWEEN ELK RIVER MUNICIPAL UTILITIES AND  
THE CITY OF ELK RIVER, MINNESOTA**

This MEMORANDUM OF UNDERSTANDING, hereinafter referred to as "MOU," is hereby made and entered into effective the sixth (6) day of April, 2026, by and between the City of Elk River, Minnesota, hereinafter referred to as the "City," and Elk River Municipal Utilities, hereinafter referred to as "ERMU."

**1.0 Purpose**

The purpose of this MOU is to set forth the understanding and agreement of the parties with respect to Information Technology Services (IT) provided by the City to ERMU. ERMU will also provide infrastructure support to the city. This MOU shall not establish a formal agreement or indenture, but rather an understanding between the parties to work together in a manner that promotes a genuine atmosphere of collaboration in support of an effective partnership to maintain, safeguard, and sustain sound managerial, financial, and administrative commitment regarding all matters addressed in this MOU.

**2.0 ERMU Information/Operational Technology Staff**

ERMU shall budget for and will employ its own Information/Operational Technology staff ("ERMU IT/OT Staff"). ERMU IT/OT staff shall:

- Maintain ERMU's information technology (IT) assets, including but not limited to; hardware, software systems, and facilities.
- Maintain operational technology (OT) systems, including SCADA and utility infrastructure systems.
- Collaborate with City IT staff on shared infrastructure including hardware and software.
- Coordinate with City IT staff on Cybersecurity monitoring efforts.
- Participating in Information Security Committee.

**3.0 City IT Staff Support for ERMU IT Assets**

ERMU will maintain ownership of all IT and OT assets it acquires and will pay the City for IT support services to support ERMU's assets. The amount to be paid shall be sufficient to cover 10 hours per month (120 hours per year) of City IT Staff time for the City's IT Manager, and 10 hours per month (120 hours per year) for the City IT Specialist. The amount due for these support services shall be billed to ERMU annually. IT Services to be provided in exchange for payment in this amount shall include:

- Maintaining critical systems, including communication systems, internet connectivity, intranet systems, WANs, LANs, fiber networks, etc.

- Provide security and viewing access for ERMU's Administration Building.
- Providing unified communications (phone system), hardware, service, and transfer capabilities for ERMU's after-hours call center, prorated joint IT purchases or maintenance contracts for shared equipment based on anticipated usage to each entity.
- Cost sharing spreadsheet will be maintained and reviewed quarterly; and will be updated for yearly budgeting. A public version of this document is included as Exhibit A and may be modified by the joint Information Security Committee.
- Server monitoring, backups, and upgrades.
- Coordinate with ERMU IT/OT staff on Cybersecurity monitory efforts.
- Any other services such as ERMU IT/OT Staff or other ERMU personnel may request from time to time.

If ERMU's IT/OT Staff are unavailable or in need of assistance, City IT will provide backup support for the following IT Services:

- A physical presence to assist with technology issues.
- Maintenance and monitoring of ERMU server(s) at all ERMU locations, including backup, upgrades, and security, in conjunction with ERMU's hours of operation.
- E-mail server infrastructure and troubleshooting support.
- Support for ERMU NISC software with upgrades, server equipment, credit card compliance reporting and equipment, new employee software installs, security oversight, backups, and general assistance as a liaison with NISC's technical support.
- Secure access to facilities with proper fob access to individuals and scheduling of locked doors to coordinate with holidays and business hours of operation.

#### **4.0 *Revision, Termination of MOU***

This MOU should be reviewed on an annual basis and revised as necessary. All amendments must be made in writing and must be agreed to and executed by the parties before becoming effective. This MOU may be cancelled or terminated without cause by either party by giving six (6) months' advance written notice to the other party. Such notification shall state the effective date of termination or cancellation.

[signature page follows]

IN WITNESS WHEREOF, each of the parties has caused this MOU to be executed by their duly authorized representatives. (update)

CITY OF ELK RIVER

By:   
\_\_\_\_\_  
John J. Dietz, its Mayor

4-6-26  
Date

By:   
\_\_\_\_\_  
Jolene Richter, Deputy City Clerk

4-6-26  
Date

ELK RIVER MUNICIPAL UTILITIES

By: \_\_\_\_\_  
John J. Dietz, its Chair

By: \_\_\_\_\_  
Mark Hanson, General Manager

\_\_\_\_\_  
\_\_\_\_\_  
Date

## Exhibit A

Item #	Description of Service	Approximate Lifespan
1	Datacenter Servers	5-year
2	Datacenter Software Renewal	Recurring Yearly Cost
3	Datacenter Switch support renewal	Recurring Yearly Cost
4	Datacenter DR Server	5-year
5	Datacenter DR Switch	5-year
6	Virtual Server Software & Licensing	Recurring Yearly Cost
7	Server Licensing	10-year
8	Backup Software	Recurring Yearly Cost
9	Backup Storage	Recurring Yearly Cost
10	Webserver	5-year
11	Voice Server	Recurring Yearly Cost
12	Call SIP Provider	Recurring Yearly Cost
13	Door Controls Software/Hardware	Recurring Yearly Cost
14	Cameras	Recurring Yearly Cost
15	SIEM Solution	Recurring Yearly Cost
16	Core Switch Routing	5-year
17	Firewalls	5-year
18	Firewall support renewal	Recurring Yearly Cost
19	Primary Internet Connection	Recurring Yearly Cost
20	Secondary Internet Connection	Recurring Yearly Cost
21	Professional Services	Varies
22	UPS Data Closest	5-year
23	Fiber Switching	5-year
24	CIS Services - MS-ISAC	Recurring Yearly Cost
25	Network Monitoring	Recurring Yearly Cost
26	Server Certificates	Recurring Yearly Cost
27	Phishing Software	Recurring Yearly Cost

<b>TO:</b> ERMU Commission	<b>FROM:</b> Mark Hanson – General Manager
<b>MEETING DATE:</b> April 14, 2026	<b>AGENDA ITEM NUMBER:</b> 5.4
<b>SUBJECT:</b> Letter of Intent for Large Industrial Electric Load	
<b>ACTION REQUESTED:</b> Approve Letter of Intent for Large Industrial Electric Load	

**BACKGROUND:**

Staff have been approached by a potential customer requesting electric service for a proposed data center project located at 19178 Industrial Blvd NW. The facility is expected to require a total of 33 megawatts (MW) when fully operational. Staff have been working with the customer to define preliminary development terms agreeable to both parties. The attached Letter of Intent (LOI) outlines the agreed upon terms. If the LOI is executed, staff and the customer will work toward negotiating a detailed Electric Service Agreement that will include final infrastructure requirements, payment schedules, operational terms, and applicable rates.

**DISCUSSION:**

This project represents a significant new load on ERMU’s electric system and will require several modifications to support the load growth. Although the LOI represents negotiated terms to date, final commitments will be subject to completion of an Electric Service Agreement, verification of transmission capacity through a System Impact Study, confirmation of generation capacity from our power provider, and the installation of numerous infrastructure modifications.

The project is proposed to be developed in two phases:

- Phase One includes minor infrastructure modifications to existing feeders and the installation of two new feeders from existing substation transformers to support approximately 23 MW of capacity in 2027.
- Phase Two includes major infrastructure modifications to an existing substation to support the installation of a third substation transformer in 2029. The new transformer will support two additional feeders to provide 10 MW of additional capacity and ensure system redundancy.

The customer has indicated the project will include a closed-loop glycol-based cooling system so it will not require any additional water beyond a typical domestic water service. It will also include customer-owned backup generation.

**FINANCIAL IMPACT:**

Since the property has an existing service that is being upgraded, the customer is responsible for all costs that directly support their capacity needs. The customer is also responsible for most of the costs incurred by ERMU to provide the requested capacity. Cost-sharing may apply for infrastructure upgrades that also benefit the broader distribution system.

**ATTACHMENTS:**

- Letter of Intent for Large Industrial Electric Service



April 14, 2026

**DRAFT – SUBJECT TO COMMISSION APPROVAL**

**VIA E-MAIL ONLY**

Elk River Capital, LLC  
Attn: Ned Abdul  
510 – 1<sup>st</sup> Avenue North #600  
Minneapolis, MN 55403  
ned@swervo.com

RE: Letter of Intent for MSP6 – 19178 Industrial Blvd. NW, Elk River, MN 55330

Elk River Municipal Utilities (“ERMU”) and Elk River Capital, LLC, a Minnesota limited liability company, authorized to conduct business in Minnesota (the “Customer,” together with ERMU, the “Parties”) have discussed the Customer’s desire to build one or more data centers located in Elk River, Minnesota.

Specifically, the Customer has communicated a desire to have ERMU provide a total of thirty-three (33) megawatts of capacity to the specific data center to be located at 19178 Industrial Blvd NW, Elk River, MN 55330 (the “Data Center”) in two phases; with Phase One Capacity (defined below) constituting twenty-three (23) megawatts available in the 4<sup>th</sup> quarter of 2026 or the 2<sup>nd</sup> quarter of 2027, and Phase Two Capacity (defined below) constituting an additional ten (10) megawatts available in 2028 or 2029, or earlier as discussed below (collectively, the “Data Center Capacity”). Both Parties acknowledge and agree that the requested capacity is contingent upon the ability of Great River Energy (GRE), as ERMU’s transmission provider, to provide additional capacity to ERMU’s West substation.

Accordingly, subject to the terms and conditions herein, ERMU is providing this letter of intent regarding the Data Center Capacity (this “LOI”) to memorialize: (1) ERMU’s current understanding of the Customer’s plans for the Data Center and the need for the Data Center Capacity; (2) ERMU’s current understanding and ability to fulfill the Customer’s request for the Data Center Capacity; and (3) the general understanding and terms upon which ERMU would be willing to provide the Data Center Capacity.

For the avoidance of doubt, this LOI is limited solely to the Data Center Capacity. This LOI does not and is not addressing any other plans, projects, options, requests, etc. the Customer currently has or may have in the future. Any other capacity to be provided by ERMU to the Customer, or its affiliates, agents, subsidiaries, designees, etc. shall be exclusively addressed in other

correspondence, communications, or agreements, as applicable. Accordingly, the Customer understands, acknowledges, and agrees that: (1) ERMU shall not be bound by any terms, conditions, promises, representations, or warranties in this LOI with respect to any other capacity or services provided to the Customer; and (2) such other requests for capacity or services may require a system impact study through Great River Energy or the Midcontinent Independent System Operator (“MISO”), as applicable.

Please be advised that, unless otherwise expressly set forth herein, nothing contained in this LOI shall constitute a binding agreement between the Parties. The Parties hereby acknowledge and agree that neither ERMU nor the Customer shall have any obligation to each other under this LOI, except for the agreement found in Section D titled “Capacity Availability Agreement.” The Parties hereby further acknowledge and agree that the Parties shall have no other obligation to each other, including without limitation with respect to the Data Center Capacity, unless and until the Parties have fully and finally executed a written agreement, or agreements as applicable, regarding the Data Center Capacity, which agreement(s) shall contain such terms and conditions that are acceptable to ERMU in its sole discretion, or other such written agreements as may be necessary in ERMU’s sole discretion, defined below as an Electric Services Agreement.

**A. CUSTOMER NEEDS**

ERMU understands that the Data Center will need a total capacity of up to 33 megawatts when completed, but is expected to be operational starting in the 1<sup>st</sup> quarter of 2027. ERMU understands that the initial operational capacity needed at the Data Center in the 4<sup>th</sup> quarter of 2026 or the 2<sup>nd</sup> quarter of 2027 is 23 megawatts of capacity (“Phase One Capacity”) and that an additional 10 megawatts of capacity will be needed in 2028 or 2029 (Phase Two Capacity”).

**B. ERMU’s CAPABILITIES**

ERMU has analyzed its capacity availability for the Data Center. ERMU has determined that it has sufficient capacity to deliver Phase One Capacity in the 4<sup>th</sup> quarter of 2026 or the 2<sup>nd</sup> quarter of 2027 and Phase Two Capacity in 2028 or 2029 as of the date of this LOI. However, in order to provide the Data Center Capacity, ERMU must make certain infrastructure modifications to provide the Data Center Capacity to the Data Center. Additionally, Great River Energy (GRE), as ERMU’s transmission provider, may require infrastructure modifications to provide the Data Center Capacity to ERMU’s substations. ERMU has initiated a system impact study to determine the cost and timing of any transmission system upgrades needed to serve the Data Center.

ERMU has estimated the costs for the necessary Infrastructure Modifications (defined below) to ensure its distribution system will be capable of delivering the Data Center Capacity to the Data Center in **Exhibit A** (the “Estimated Costs”) covering the period of 2026 through 2029, which assumes that Phase One Capacity will be delivered in the 4<sup>th</sup> quarter of 2026 or the 2<sup>nd</sup> quarter of 2027 and Phase Two Capacity will be delivered in 2028 or 2029. ERMU has yet to receive the estimated costs from GRE as to Infrastructure Modifications related to the transmission system. The Customer acknowledges and agrees that: (i) the Estimated Costs are purely estimates and do not reflect the real, actual, payable costs to be incurred for the Infrastructure Modifications; (ii) the costs in Exhibit A are subject to change over time; (iii) that no estimate of costs in any Electric

Services Agreement (defined below) shall bind ERMU to any such estimated costs and all costs are subject to true up to actual.

**C. SUMMARY OF REQUIRED TERMS AND CONDITIONS FOR ELECTRIC SERVICES AGREEMENT**

As set forth above, ERMU is willing to provide Phase One Capacity and Phase Two Capacity to the Data Center, for the total Data Center Capacity of 33 megawatts of capacity, but only upon the execution by the Parties of a written “Electric Services Agreement,” which is: (1) a written agreement (or series of incorporated agreements as applicable) between the Parties regarding the delivery of utility services to the Data Center; (2) contains such terms and conditions that are necessary and acceptable to ERMU in its sole discretion; and (3) except as otherwise qualified in this Section C, must containing following terms and conditions:

1. **Customer Class.** The Data Center will be included in a tariff category of “Large Industrial Demand Electric Service Rate,” which requires a separate agreement with ERMU concerning electric service.
2. **Infrastructure Modifications.**
  - a. **Condition to Providing Capacity.** As a condition to providing the Data Center Capacity to the Data Center, certain infrastructure modifications must be made at ERMU’s discretion, including without limitation:
    - i. Phase One: installation of two substation feeders to the Data Center in the 4<sup>th</sup> quarter of 2026 or the 2<sup>nd</sup> quarter of 2027 (West Bank One and West Bank Two).
    - ii. Phase Two: In 2028 or 2029, installation of two additional feeders to the Data Center from the new West Bank Three (to be installed in 2028 or 2029) and expansion work at West Substation to make room for a third transformer. In 2028 or 2029, installation of the new transformer, Bank Three, at ERMU’s West Substation.
    - iii. Any other equipment required to provide service to the Data Center, including without limitation, transmission system modifications required by GRE (collectively, the “Infrastructure Modifications”).
  - b. **Infrastructure Modification Plans.** ERMU, in its discretion, and in coordination with Great River Energy, will determine the necessary Infrastructure Modifications, including without limitation, the distribution and transmission facilities and work necessary to provide the requested utility services to the Data Center. The process for implementing the Infrastructure Modifications must follow the respective requirements of ERMU and GRE, including without limitation, requirements for design, competitive bidding, procurement, construction, and technical specifications.

- c. Usage Authority. The Infrastructure Modifications, and services provided in connection therewith, may include components that are used to serve users other than the Customer and/or the Data Center.
- d. Infrastructure Ownership. ERMU will solely own and operate the Infrastructure Modifications upon completion, except for any transmission system components owned by GRE.
- e. Infrastructure Modification Cooperation.
  - i. The Customer shall fully cooperate with ERMU by, among other things, providing detailed specifications and information needed to plan the Infrastructure Modifications and determine their costs of completion.
  - ii. The Customer shall be responsible, at its own cost, for enabling the Data Center to receive the Data Center Capacity, including without limitation, providing primary metered service and all downstream equipment according to ERMU's Large Industrial Demand Electric Service Rate and other standard terms, conditions, and policies for providing primary metered electric service.
- f. Infrastructure Costs. The costs to complete the Infrastructure Modifications (the "Infrastructure Costs") shall include without limitation: the actual fees, costs, charges, expenses, etc. associated with, necessary for, and incurred for design, engineering, planning, purchasing equipment, facilities, and materials, labor, professional services, restoration, transmission modifications, easement rights, acquisition, installation, and construction of the Infrastructure Modifications to ERMU's distribution system and to GRE's transmission system.

The Customer will be responsible for payment of 100% of the Infrastructure Costs as an agreed-upon capital contribution in aid of construction and shall be payable as set forth below.

- g. Payment of Infrastructure Costs.
  - i. The Parties shall agree upon and incorporate a payment schedule which sets forth the payment dates and payment amounts that Customer shall make for the Infrastructure Costs (the "Payment Schedule"). The dates and amounts included on the Payment Schedule shall be based on ERMU's estimated infrastructure costs and associated timeline. On an annual basis, the Parties will then reconcile the amounts paid by the Customer under the Payment Schedule with those actually due under an Electric Services Agreement.
  - ii. Estimates for Infrastructure Costs to be incurred by ERMU for GRE's transmission system will be made known to the Customer as soon as practical after ERMU has received them from GRE.

iii. ERMU will have no obligation to order materials or incur expenses until Customer has made the required payments under the Payment Schedule.

3. **Water Usage Limitations.** The Customer is expressly prohibited from using water services for any cooling or other non-domestic purposes related to the Data Center Capacity and the Data Center shall contain a closed loop cooling system. ERMU shall provide the Data Center with domestic water services, pursuant to a separate agreement, at the capacity assessed by the Metropolitan Council through their Sewer Access Charge (SAC) Determination and in accordance with ERMU's standard terms, conditions, and/or policies, including without limitation ERMU's "Water Rules."

4. **Operations.**

a. **ERMU Standard Terms.** Any Electric Services Agreement shall include terms and conditions for ongoing power supply from ERMU to the Data Center as required by ERMU in its discretion, including without limitation, specifying delivery points, events of default and remedies, representations and warranties, minimum demand and energy requirements, minimum power factor, taxes, future regulatory expenses, interruption of service (including load shedding required by MISO or local system emergencies), conservation improvement program expenses, security, force majeure, responsibilities, dispute resolution, and billing, among other customary provisions.

b. **Regulatory.** The Customer and/or the Data Center must comply with all applicable ERMU utility service requirements, applicable MISO requirements, and applicable law (federal, state, and local), including, but not limited to City zoning, permit, and noise requirements.

**D. CAPACITY AVAILABILITY AGREEMENT**

1. **Reservation Payment.** No later than ten (10) days after mutual execution of this LOI, Customer shall make a nonrefundable payment to ERMU in the amount of \$10,000.00 (the "Reservation Payment") for the Reservation Period (defined below). In the event and to the extent the Parties enter into an Electric Services Agreement, the Reservation Payment may be credited to amounts due and owing by the Customer under such Electric Services Agreement, but is otherwise non-refundable.

2. **Reservation of Capacity.** For good and valuable consideration, the sufficiency of which is hereby acknowledged, the Parties agree that upon ERMU's receipt of the LOI, executed by the Customer, and the Reservation Payment, and subject to the results of the system impact study noted in Section B, ERMU shall ensure that the Data Center Capacity is available for the benefit of the Data Center for a period not to exceed two (2) months from the date of this LOI or until such time as the Parties enter into an Electric Services Agreement, whichever occurs first (the "Reservation Period"). During the Reservation Period, ERMU shall not promise, pledge, sell, encumber, or otherwise prevent the Data

Center Capacity from being available to the Data Center. The Reservation Period may be extended beyond the deadline set forth herein so long as the Parties continue to negotiate an Electric Services Agreement in good faith and such extension is agreed upon in writing, signed by both Parties.

3. **LOI Costs.** Each Party will be responsible for its own costs and expenses of the transactions contemplated by this LOI, including without limitation attorneys' fees and costs.
4. **Counsel.** Each Party understands, acknowledges, and agrees that they have had the opportunity to consult with legal counsel of their choice regarding this LOI. Customer agrees and acknowledges that it has read and understands this LOI, is entering into it freely and voluntarily, has been advised to seek counsel prior to entering into this LOI and has had ample opportunity to do so. This LOI has resulted from negotiations and discussions between the Parties and no one party shall be treated as drafting this LOI for purposes of interpreting any provision hereof.
5. **Captions.** Captions and paragraph headings used herein are for convenience only and are not a part of this LOI and shall not be used in construing it, except that the Parties expressly agree that heading D and the contents thereof are the only binding terms of any agreement of the Parties under this LOI.
6. **Entire Agreement.** This LOI is the complete and exclusive statement of the Parties hereto with respect to the Reservation Period and supersedes all prior oral and written communications, proposals, agreements, LOI, representations, statements, negotiations, and undertakings, whether express or implied, between the Parties hereto with respect to the Reservation Period. The Customer acknowledges and agrees that: (a) this LOI is not entered into in reliance, in whole or in part, upon any statement or representation made by or on behalf of ERMU, or its agents, except any such statement or representation expressly set out in this LOI; (b) no agreement has been reached between ERMU and the Customer obligating ERMU to provide any services to the Customer and/or the Data Center; (c) ERMU shall have no obligations to the Customer and/or the Data Center for any services or capacity described (including the Data Center Capacity) herein unless and until the Parties have entered into an Electric Services Agreement duly executed by the Parties; (d) ERMU has made no commitment to enter into an Electric Services Agreement; and (e) this LOI does not constitute an Electric Services Agreement.
7. **Modification.** No term or provision of this LOI may be changed, revised, altered, or waived, except by an instrument in writing signed by both of the Parties.
8. **Choice of Law & Venue.** This LOI shall be governed by and interpreted under the laws of the State of Minnesota. Any dispute under this LOI resulting in litigation shall be venued in a court of competent jurisdiction in Sherburne County, Minnesota. The Customer hereby waives any objection that it may have to the venue of any such suit, action, or proceeding, arising under or related to this LOI and hereby irrevocably consents to the personal

jurisdiction of the District Courts for the State of Minnesota in any such suit, action, or proceeding.

- 9. **Counterparts.** This LOI may be signed in counterparts and executed and delivered by facsimile or other signature that is electronically transmitted (e.g., PDF) and such signature may be treated as an original by the recipient.

Sincerely,

**ELK RIVER MUNICIPAL UTILITIES**

\_\_\_\_\_

Dated: \_\_\_\_\_

By:

Its:

**DRAFT – SUBJECT TO COMMISSION APPROVAL**

**ACKNOWLEDGED AND AGREED BY**

ELK RIVER CAPITAL, LLC

x \_\_\_\_\_

Dated: \_\_\_\_\_

By: \_\_\_\_\_

Its: \_\_\_\_\_

**EXHIBIT A**

**ERMU Estimated Infrastructure Costs  
(as of April 6, 2026)**

Estimated Date	Description of Work	Estimated Amount	Customer Share	Customer Amount
May 2026	Feeders 75/85 Material Procurement	\$700,000	100%	\$700,000
	West Bank 3 Engineering/Design	\$150,000	100%	\$150,000
	West Bank 3 Transformer Procurement	\$1,800,000	100%	\$1,800,000
June 2026	GRE Transmission Costs	\$500,000	75%	\$375,000
April 2027	Feeders 75/85 Installation	\$150,000	100%	\$150,000
	Feeders WB3A/B Material Procurement	\$700,000	100%	\$700,000
	West Bank 3 Structures & Equipment Procurement	\$850,000	100%	\$850,000
April 2028	Feeders WB3A/B Installation	\$200,000	100%	\$200,000
	West Substation Bank 3 Expansion	\$1,200,000	75%	\$900,000
April 2029	West Bank 3 Transformer Installation	\$250,000	100%	\$250,000
		\$6,500,000		\$6,075,000

<b>TO:</b> ERMU Commission	<b>FROM:</b> Mark Hanson – General Manager
<b>MEETING DATE:</b> April 14, 2026	<b>AGENDA ITEM NUMBER:</b> 6.1a
<b>SUBJECT:</b> Staff Update	
<b>ACTION REQUESTED:</b> None	

**DISCUSSION:**

- The Minnesota Municipal Utility Association (MMUA) has released its [third video](#) in their 2026 legislative session update series. The video and the accompanying one-page summary (attached) have been designed to assist interested individuals in learning about the legislative matters that affect municipal utilities. These are the same issues Commissioner Zerwas and I discussed with Senator Lucero and Representatives Hudson/Novotny during MMUA’s Legislative Conference (March 24-25, 2026).
- I attended MMUA’s Reasonable Suspicion Training last Thursday, April 2, 2026. MMUA offered the session to assist crew leads and supervisors with identifying and addressing potential drug and alcohol use in the workplace.
- The Minnesota Municipal Power Agency Board of Directors met on March 31, 2026, at Chaska City Hall in Chaska, Minnesota, and via videoconference. Commissioner Stewart attended. The public summary is below:
  - The Board reviewed the Agency’s financial and operating performance for February 2026.
  - Participation in the residential Clean Energy Choice program increased by 22 customers. Customer penetration for the program is at 6.7% of residential customers.
  - The Board discussed the status of electric generation and renewable natural gas projects the Agency is pursuing.

**ATTACHMENTS:**

- MMUA April 2026 Legislative Update



This month's video acknowledges the start of the Minnesota State Legislature's 2026 regular session, overviews a few early bills of interest, and summarizes the 2026 APPA Legislative Rally.

1. Despite weather causing travel challenges, about 60 representatives of Minnesota utilities made it to Washington, DC, for the APPA Legislative Rally. They did a great job meeting in small groups with their members of the House, and in full-group meetings with Senators Tina Smith and Amy Klobuchar.
2. The top federal priorities this year are:
  - Preserving tax-exempt bonding
  - Supporting LIHEAP funding
  - Bringing back tax-exempt advance refunding bonds
  - Increasing the small-issuer threshold for financial institutions
  - Permitting reform
  - FEMA reform
  - Protecting local control of infrastructure
3. The 2027 APPA Rally runs February 28 through March 4. Please save those dates and look for hotel room information this fall.
4. The State legislative session started with a heartfelt moment welcoming Senator John Hoffman back after surviving a tragic attack by a gunman. But the day centered on a joint House–Senate memorial honoring Speaker Emeritus Melissa Hortman, her husband Mark, and their family dog, Gilbert.
5. Early bills of interest to municipal utilities include:
  - HF2986, a bill that commences a planning process for virtual power plants.
  - HF 3555, a bill that would authorize “plug-in solar.”
  - HF 3296, a bill that would exempt sales to some data centers from ECO mandates.
6. In an unusual move, at the end of a House Energy Committee meeting, Representative Dave Baker, a former member of the Wilmar Utility Commission, led a discussion on net metering reform. No bill, motions, or votes followed, and the stakeholders remain a long way apart on the particulars of reform.
7. When not working on specific bills, the MMUA Government Relations team keeps busy meeting with legislators, energy stakeholders, and groups like the Nuclear Alliance. We advocate for your priorities—and push back where needed.

Remember, what happens in St. Paul affects us all.

Throughout the session, watch for the *Capitol Letter*, a frequent update on the session as it progresses in real time, and consider attending the weekly GRAG virtual meetings on Friday mornings. To be added to the GRAG list, email [bblack@mmua.org](mailto:bblack@mmua.org). Learn more at [mmua.org](http://mmua.org).

<b>TO:</b> ERMU Commission	<b>FROM:</b> Sara Youngs – Administrations Director
<b>MEETING DATE:</b> April 14, 2026	<b>AGENDA ITEM NUMBER:</b> 6.1b
<b>SUBJECT:</b> Staff Update	
<b>ACTION REQUESTED:</b> None	

**DISCUSSION:**

- Office walk-in traffic for March consisted of 145 customers, averaging 36 customers per week over the four-week period.
- ERMU disconnections for March: The Cold Weather Rule was in effect, preventing customer disconnections until 30 days after a disconnection notice is issued.
  - Cycle 1 – 15 disconnections
  - Cycle 2 – 8 disconnections
  - Cycle 3 – 8 disconnections
- During the month of March 2026, the customer service team entered into 50 payment arrangements with customers. During March 2025 there were 42 payment arrangements.
- Currently there are two active residential solar photovoltaic projects planned or under construction in the ERMU service territory.
- Staff from both the office and field will be participating in a Business Process Consultation (BPC) with National Information Solutions Cooperative (NISC). NISC will be onsite April 28–30, 2026, focusing on Work Management solutions. This consultation will help ERMU gain a better understanding of current processes, identify opportunities for improvement, and optimize the use of Work Management tools.
- Parker Theisen was promoted to Information Technology/Operational Technology (IT/OT) Systems & Network Administrator on March 24, 2026. In this new role, Paker will serve as our technical lead across an expanded scope of responsibilities, including:
  - Leading network infrastructure, server, and systems administration to ensure reliability and performance across our IT and OT environments.
  - Providing advanced support and administration of enterprise applications, including critical platforms like Advanced Metering Infrastructure, Supervisory Control and Data Acquisition, and GIS.
  - Spearheading our cybersecurity and information protection efforts, including security awareness training and incident response.
  - Owning business continuity and disaster recovery planning to keep our operations resilient.

- Managing IT/OT budgeting and capital planning, and leading major technology projects from scoping through delivery.
  - Coordinating with external service providers and internal departments to ensure seamless service across the organization.
- With the growth of ERMU's IT/OT needs, we have posted an IT/OT specialist position. This role will support, maintain, and enhance our technology systems while helping ensure reliable, secure, and efficient operations across the organization.
- The administration director, IT/OT systems & network administrator, and City IT staff attended the City Council work session on March 16, 2026, to review 2026 updates to the Memorandum of Understanding between the City and ERMU's IT departments.

<b>TO:</b> ERMU Commission	<b>FROM:</b> Melissa Karpinski – Finance Manager
<b>MEETING DATE:</b> April 14, 2026	<b>AGENDA ITEM NUMBER:</b> 6.1c
<b>SUBJECT:</b> Staff Update	
<b>ACTION REQUESTED:</b> None	

**DISCUSSION:**

- I would like to recognize the accounting department for their continued dedication and professionalism. Their attention to detail and commitment to high-quality work play are essential to ensuring a smooth and efficient audit process.
- The annual Midwest Independent System Operator (MISO) Attachment O reporting has been completed and approved. This filing is used to determine our transmission rebates that we will receive as a part owner of the transmission system.
- Annual surveys and required regulatory reports continue to be completed.
- Currently working on Property & Casualty insurance renewal application for the 2026-2027 coverage period.

<b>TO:</b> ERMU Commission	<b>FROM:</b> Tony Mauren – Governance & Communications Manager
<b>MEETING DATE:</b> April 14, 2026	<b>AGENDA ITEM NUMBER:</b> 6.1d
<b>SUBJECT:</b> Staff Update	
<b>ACTION REQUESTED:</b> None	

**DISCUSSION:**

- In April, all customers will receive the residential and commercial Clean Energy Choice certificates highlighting the impact participants have through renewable energy use. This recognition serves two purposes: to thank current participants and to encourage others to join the program.
- Staff recently updated the [Programs & Rebates webpage](#) to include a new rebate category for battery-powered yard tools. Information will be included in the April billing and on social media, just in time for spring yard cleanup.
- In addition to the bill insert topic, March social media will cover the American Public Power Associations Lineworker Rodeo, Call Before You Dig, AC Tune-Up Rebate, Severe Weather Week and a commission meeting reminder.
- ERMU recognized Fix a Leak Week with a week-long social media campaign from March 16-20. These posts helped customers identify common household leaks and provided information on how to fix such leaks.
- ERMU’s scholarship program received 13 applications this year. Staff will notify the two recipients by May 1. We plan to invite them to the May commission meeting.
- I attended the Municipal Clerks & Finance Officers Association conference, March 25-27, in Brooklyn Center, MN. This was a particularly strong year for relevant categories as there were trainings on government communications, parliamentary procedure, notary regulations, AI, government writing, and website accessibility from subject matter experts.
- The Americans with Disabilities Act Title II requires municipalities with populations below 50,000 to make their websites and other digital content accessible to people with disabilities by April 2027 via compliance with the Web Content Accessibility Guidelines (WCAG) 2.1 Level AA. ERMU’s website has had a built-in accessibility widget since 2020 that appears in the lower left corner on all pages, which can alter site content to suit a user’s needs. That service also does monthly audits of our website to assess its accessibility, providing its most recent compliance certification on April 1, 2026.

A big topic in the municipal administration world this year and the biggest effort for ERMU going forward will be to ensure that the PDFs that are regularly posted to our website (e.g. commission packets, rates, policies, etc.) also satisfy (WCAG) guidelines. Compliance dictates numerous elements within a document including its font, layout, color schemes, metadata, and more. Staff has attended training sessions from the State and League of Minnesota Cities on the topic, had discussions with peers, and interviewed accessibility service providers to learn what the best approach will be for ERMU. We expect to have a course of action selected in time for budget discussions, should there be a cost associated.

**ATTACHMENTS:**

- Bill Insert – Clean Energy Choice Certificate – Residential
- Bill Insert – Clean Energy Choice Certificate – Commercial
- Bill Insert – Yard Tool Rebates

# RESIDENTIAL CLEAN ENERGY CERTIFICATE

This certificate recognizes the households in ERMU's service territory that participated in the Clean Energy Choice program, collectively using 4,980,960 kWh of renewable energy in 2025.

Their combined reduction of emissions is equivalent to:



Driving 10,882,970 miles in  
a gas-powered vehicle



Electricity use in 783  
homes for one year



Charging 270,550,601  
smartphones

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



Elk River  
Municipal Utilities

This certificate recognizes the businesses in ERMU's service territory that participated in the Clean Energy Choice program, collectively using 12,015,008 kWh of renewable energy in 2025.

Their combined reduction of emissions is equivalent to:



Driving 26,251,761 miles in  
a gas-powered vehicle



Electricity use in 1,888  
homes for one year



Charging 652,618,699  
smartphones

# Powering Your Business with **Renewable Energy**





**Heard the big news?  
ERMU is now offering  
rebates for yard tools!**

See details on back.



Whether replacing your gas-powered tools or buying outdoor equipment for the first time, it's easier than ever to **save money with NEW rebates** from ERMU.

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- ▶ Battery-Powered **Chainsaw**
- ▶ Battery-Powered **Leaf Blower**
- ▶ Battery-Powered **Riding Lawn Mower**
- ▶ Battery-Powered **Trimmer/Weed Whip**
- ▶ Battery-Powered **Walk Behind Lawn Mower**

VISIT [ERMUMN.COM](http://ERMUMN.COM)  
OR SCAN HERE TO  
LEARN MORE



<b>TO:</b> ERMU Commission	<b>FROM:</b> Thomas Geiser – Operations Director
<b>MEETING DATE:</b> April 14, 2026	<b>AGENDA ITEM NUMBER:</b> 6.1e
<b>SUBJECT:</b> Staff Update	
<b>ACTION REQUESTED:</b> None	

**DISCUSSION:**

- Working through the second round of maps for the new GIS mapping system that we plan to move forward with in the future. I have gone through maps 1-85 to this point.
- ERMU has received seven repaired reclosers so far. Still waiting for 23 out of 30 units to be repaired. A plan has been set for now to receive and repair the rest.
- ERMU has started the cooper switchgear replacement plan. We have replaced two so far and plan to do approximately 15 per year for the next 3-4 years.
- Working with Sherburne County on the County Road 44 plans.
- Our new Bucket Truck #5 went back to Altec in Shakopee for some corrections.
- Meeting with the Minnesota Department of Transportation on the Highway 10 Project, spanning from Cleveland Street/Jarvis Street to a half mile west of Ramsey Boulevard, scheduled for 2027.
- Gathering info and having meetings on data centers.
- General Manager Mark Hanson and I went to the American Public Power Association Engineering & Operations Conference in Huntsville Alabama, following the Lineworkers Rodeo. Lineworkers Jack and Adam did a great job representing ERMU at the rodeo.
- Helping with gathering info for GIS mapping.
- Attended a meeting with the City and Bolton Menk on the Main Street Elk River parking lot realignment.



<b>TO:</b> ERMU Commission	<b>FROM:</b> Chris Sumstad – Electric Superintendent
<b>MEETING DATE:</b> April 14, 2026	<b>AGENDA ITEM NUMBER:</b> 6.1f
<b>SUBJECT:</b> Staff Update	
<b>ACTION REQUESTED:</b> None	

**DISCUSSION:**

- Installed nine 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, was here March 25-26, and held safety training on de-escalation techniques and workplace violence.
- Tree trimming has continued for ERMU crews this past month, with the finish coming around April 15 for this season.
- Crews recently pulled the new wire along the final section of the overhead Feeder 65 rebuild.
- There has been lots of progress at the new East substation this past month. Two to three lineworkers have assisted the substation apparatus technician daily on site since mid-March.
- The bore crew is planning to start the spring construction season the week of April 13. First stops for them will be the Main Street Elk River parking lot for its realignment project as well as up to the landfill for 500 mcm underground install to the renewable natural gas plant.
- Spending time getting spring and summer jobs lined up. This year will be a good mix of underground feeder work as well as residential primary/secondary replacement, and multiple new housing developments being built.

<b>TO:</b> ERMU Commission	<b>FROM:</b> Mike Tietz – Technical Services Superintendent
<b>MEETING DATE:</b> April 14, 2026	<b>AGENDA ITEM NUMBER:</b> 6.1g
<b>SUBJECT:</b> Staff Update	
<b>ACTION REQUESTED:</b> None	

**DISCUSSION:**

- In March, the locators processed 243 locate tickets. These consisted of 193 normal tickets, 2 emergency tickets, 34 updated tickets, 8 meetings, 1 boundary survey, 2 planning and 3 cancellations. This resulted in a 74.8% increase in tickets from the previous month and a 14.6% increase from the prior March.
- In March, the electrical technicians completed 437 service order tasks, updated the power bill, addressed customer meter issues and any off-peak concerns.
- The electrical technicians have continued to replace 3-phase meters and test current transformers at all of our commercial accounts. Staff must test, program, and verify the programming of each of these meters as we work through the exchange process for all the commercial meters. The Advanced Metering Infrastructure project remains at an overall completion rate of 99%.
- Staff has made excellent progress at our East substation this month. The steel structures were delivered on March 17 and staff immediately started assembly. As of March 31, all the steel structures are in place and staff is currently working on installing the bus work. Great River Energy is planning to start their installation of transmission structures the week of April 6. The fiber communications should be completed before the end of April. The transformer ship date from WEG is tentatively scheduled for August 25, 2026, which is 25 days behind schedule. This date is still subject to change. We have also just been notified that the circuit breaker has been delayed and is now expected to arrive in June. The manufacturer has also requested a change order to account for US tariffs that were put in place in February. We have requested clarification of what specific items have been affected by these tariffs. I still anticipate that we will commission the substation around the middle of September.
- Our monthly peak was 45.47 MW on March 17, at 9:09am.

<b>TO:</b> ERMU Commission	<b>FROM:</b> Dave Ninow – Water Superintendent
<b>MEETING DATE:</b> April 14, 2026	<b>AGENDA ITEM NUMBER:</b> 6.1h
<b>SUBJECT:</b> Staff Update	
<b>ACTION REQUESTED:</b> None	

**DISCUSSION:**

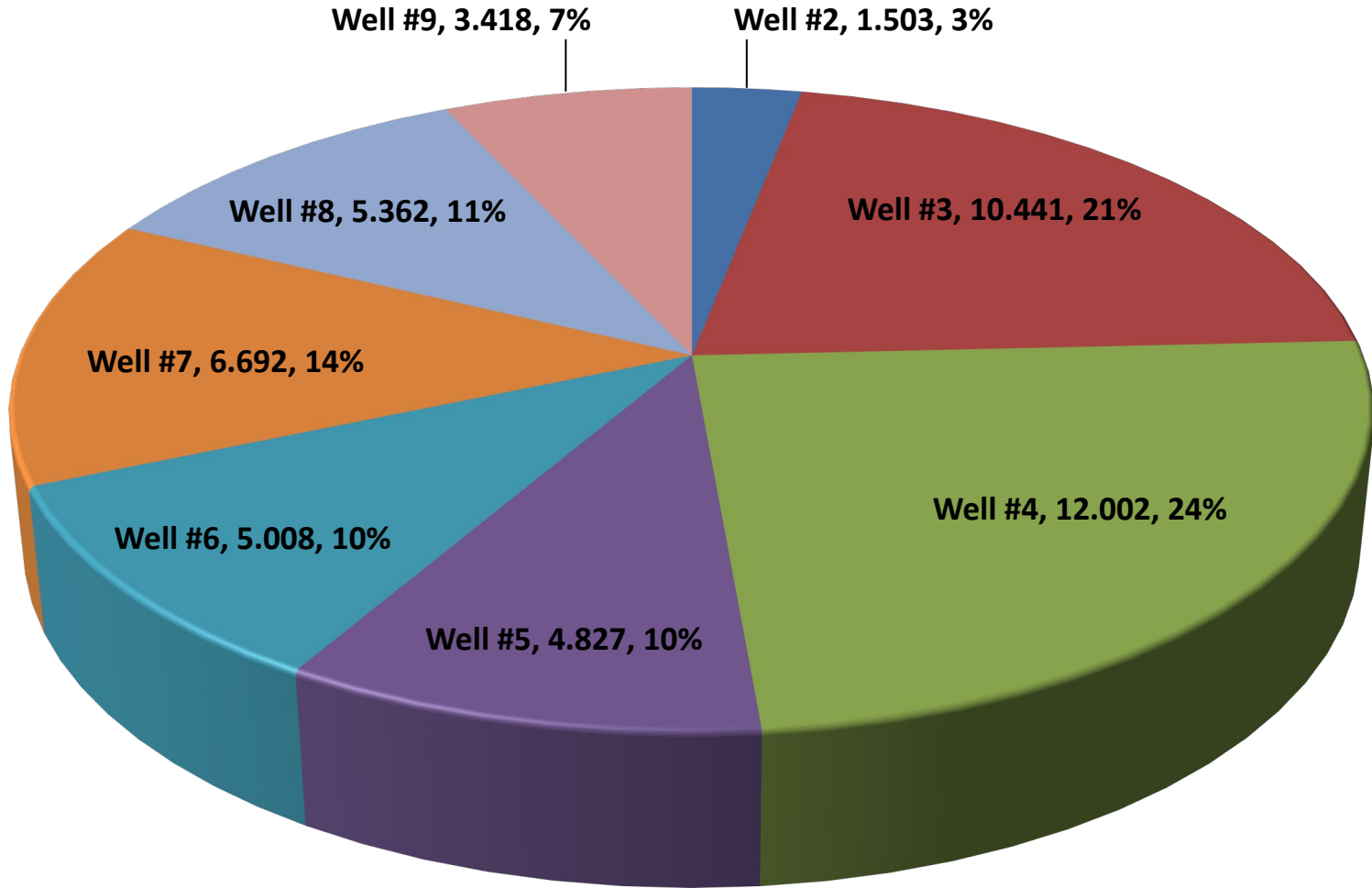
- Delivered a water meter, installed a Smart Point module, and took curb stop ties for one new water service.
- Completed 20 BACTI/Total Chlorine Residual Samples
  - All confirmed negative for Coliform Bacteria
  - Bacteriological/Disinfectant Residual Monthly Report submitted to the MDH
- Completed 22 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 2025 Water Conservation Report to the DNR.
- Water department staff have completed draining, cleaning, inspecting, and refilling the Johnson Street Water Tower. American Water Works Association maintenance standards require thorough inspection and washout every three to five years to ensure structural integrity, water quality, and coating protection. The tower is scheduled for full sandblasting and repainting, as identified in the 2030 Capital Improvement budget.
- Municipal Builders, Inc. (MBI) have completed the replacement of a corroded pipe section at the Well #2 water treatment plant. The fluoride injection point was originally located at the top of the pipe and over decades, residual fluoride dripped down on the inside bottom of the pipe at times when the treatment plant was not running, leading to internal corrosion. MBI has repositioned the pipe section, so the injection point is now at the bottom, preventing prolonged fluoride contact and eliminating the risk of future corrosion.
- Staff applied for service line replacement funding from the Minnesota Department of Health. If approved, this funding would be used in 2027 to replace 13 of the 38 known water services that are galvanized pipes. The State of Minnesota has set a goal to replace all lead and galvanized service lines by 2033.

- On March 27 gates at Lake Orono Dam were opened for the first time this season to maintain the lake level. Water department staff continue to check the lake level at the dam and adjust the gates accordingly.
- 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.
- We will begin flushing hydrants the week of April 20. Customers will be notified and a map with the zones and dates for flushing will be made public. Flushing is expected to take approximately six weeks.

**ATTACHMENTS:**

- March 2026 Pumping by Well
- Photos - Well #2 Pipe Replacement

### March 2026 Monthly Pumping By Well



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

Photos—Well #2



Before



After

<p>Tuesday, January 13:</p> <ul style="list-style-type: none"> <li>• Annual Review of Committee Charters</li> </ul>	<p>Tuesday, February 10:</p> <ul style="list-style-type: none"> <li>• Review Strategic Plan and 2025 Annual Business Plan Results</li> </ul>
<p>Tuesday, March 10:</p> <ul style="list-style-type: none"> <li>• Oath of Office</li> <li>• Election of Officers</li> <li>• Annual Commissioner Orientation and Review Governance Responsibilities and Role</li> </ul>	<p>Tuesday, April 14:</p> <ul style="list-style-type: none"> <li>• Audit of 2025 Financial Report</li> <li>• Financial Reserves Allocations</li> <li>• Review 2025 Performance Metrics</li> </ul>
<p>Tuesday, May 12:</p> <ul style="list-style-type: none"> <li>• Annual General Manager Performance Evaluation and Goal Setting</li> </ul>	<p>Tuesday, June 6:</p> <ul style="list-style-type: none"> <li>• Annual Commission Performance Evaluation</li> </ul>
<p>Tuesday, July 14:</p>	<p>Tuesday, August 11:</p> <ul style="list-style-type: none"> <li>• Annual Business Plan – Review Proposed 2027 Travel, Training, Dues, Subscriptions, and Fees Budget</li> </ul>
<p>Tuesday, September 8:</p> <ul style="list-style-type: none"> <li>• Annual Business Plan – Review Proposed 2027 Capital Projects Budget</li> </ul>	<p>Tuesday, October 13:</p> <ul style="list-style-type: none"> <li>• Annual Business Plan – Review Proposed 2027 Expenses Budget</li> <li>• Review and Update Strategic Plan</li> </ul>
<p>Wednesday, November 10:</p> <ul style="list-style-type: none"> <li>• Annual Business Plan - Review Proposed 2027 Rates and Other Revenue</li> <li>• Adopt 2027 Fee Schedule</li> <li>• 2027 Stakeholder Communication Plan</li> </ul>	<p>Tuesday, December 8:</p> <ul style="list-style-type: none"> <li>• Adopt 2027 Official Depository and Delegate Authority for Electronic Funds Transfers</li> <li>• Designate Official 2027 Newspaper</li> <li>• Approve 2027 Regular Meeting Schedule</li> <li>• Adopt 2027 Governance Agenda</li> <li>• Adopt 2027 Annual Business Plan</li> </ul>