

AGENDA

1.0 GOVERNANCE

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

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

- 2.1 Check Register – December 2025
- 2.2 Regular Meeting Minutes – December 9, 2025
- 2.3 Special Meeting Minutes – December 18, 2025
- 2.4 Electric and Water Cost of Service and Rate Design Studies
- 2.5 Cogeneration and Small Power Production Tariff – Schedule 1 and 2

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

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

- 4.1 Commission Policy Review – G.4f – Employee Interests
- 4.2 Annual Review of Committee Charters

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

- 5.1 Financial Report – November 2025
- 5.2 American Public Power Association CR7 Subaward Agreement

6.0 BUSINESS DISCUSSION (Future business planning, general updates, and informational reports.)

- 6.1 Staff Update
- 6.2 City Council Update
- 6.3 Future Planning (Announce the next regular meeting, special meeting, or planned quorum.)
 - a. Regular Commission Meeting – February 10, 2026
 - b. 2026 Governance Agenda
- 6.4 Other Business (Items added during agenda approval.)

7.0 ADJOURN REGULAR MEETING

CHECK REGISTER

December 2025

APPROVED BY:

John Dietz

Jill Larson-Vito

Mary Stewart

Matt Westgaard

Nick Zerwas

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Payroll/Labor Check Register Totals

12/05/2025 To 12/05/2025

Pays	Job	Amount	Hours
Gross Pay			
2	Reg Hours	145,941.97	2,657.50
20	Reg Salary	0.00	0.00
3	Overtime	1,119.37	15.25
4	Double Time	1,356.57	11.25
5	On-Call/Stand-by	3,227.30	54.00
24	FLSA	84.34	0.00
25	Rest Time	23.90	0.50
10	Bonus Pay	0.00	0.00
18	Commissioner Reimb - Electric	600.00	0.00
104	Commission Stipend	60.00	0.00
105	Perf. Metr. Distr.	0.00	0.00
VAC	Vacation Pay	8,410.35	134.07
SICK	Sick Pay	3,518.29	67.00
HOL	Holiday Pay	39,747.79	720.00
78	Retro Earnings	0.00	0.00
5-2	On-Call/Stand-by/OT	801.30	8.50
18A	Commissioner Reimb. - Water	150.00	0.00
104A	Commission Stipend - Water	15.00	0.00
VAC	Vacation Pay - Manager	0.00	0.00
PTOY	Personal Day - Year	0.00	0.00
3C	Overtime-Comp Time	0.00	0.00
4C	Double Time-Comp Time	0.00	0.00
CM3C	Overtime-Comp Time Adjusted	0.00	0.00
CM4C	Double Time-Comp Time Adjusted	0.00	0.00
COMP	Comp Time Taken	1,096.57	20.93
106	Longevity Pay	0.00	0.00
MIL	Military Pay - Calendar Year	0.00	0.00
10W	Bonus Pay	0.00	0.00
Gross Pay Total:		206,152.75	3,689.00
Total Pays:		206,152.75	3,689.00

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Payroll/Labor Check Register Totals

12/19/2025 To 12/19/2025

Pays	Job	Amount	Hours
Gross Pay			
2	Reg Hours	180,757.56	3,247.00
20	Reg Salary	0.00	0.00
3	Overtime	1,523.58	17.75
4	Double Time	474.16	4.00
5	On-Call/Stand-by	3,105.32	56.00
24	FLSA	82.02	0.00
25	Rest Time	71.77	1.00
10	Bonus Pay	0.00	0.00
105	Perf. Metr. Distr.	0.00	0.00
VAC	Vacation Pay	6,711.63	127.75
SICK	Sick Pay	8,840.19	179.50
HOL	Holiday Pay	0.00	0.00
78	Retro Earnings	0.00	0.00
5-2	On-Call/Stand-by/OT	764.77	8.25
VAC	Vacation Pay - Manager	6,860.32	80.00
PTOY	Personal Day - Year	919.98	18.00
3C	Overtime-Comp Time	0.00	0.00
4C	Double Time-Comp Time	0.00	0.00
CM3C	Overtime-Comp Time Adjusted	0.00	0.00
CM4C	Double Time-Comp Time Adjusted	0.00	0.00
COMP	Comp Time Taken	8,094.84	143.53
106	Longevity Pay	0.00	0.00
MIL	Military Pay - Calendar Year	0.00	0.00
10W	Bonus Pay	0.00	0.00
Gross Pay Total:		218,206.14	3,882.78
Total Pays:		218,206.14	3,882.78

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Accounts Payable Check Register

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12/01/2025 To 12/31/2025

Bank Account: 1 - GENERAL FUND

Check / Tran Date	Pmt Type	Vendor	Vendor Name	Reference	Amount
2386 12/4/25	WIRE	5655	FISERV	CC FEES - NOV 2025	2,698.67
				CC FEES - NOV 2025	674.67
				CC FEES - NOV 2025	547.10
				CC FEES - NOV 2025	136.78
				CC FEES - NOV 2025	1,004.28
				CC FEES - NOV 2025	251.07
				CC FEES - NOV 2025	67.44
				CC FEES - NOV 2025	16.86
				CC FEES - NOV 2025	800.80
				CC FEES - NOV 2025	200.20
				CC FEES - NOV 2025	3,048.08
				CC FEES - NOV 2025	762.02
Total for Check/Tran - 2386:					10,207.97
Total for Bank Account - 1 :					(1) 10,207.97

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Bank Account: 5 - GENERAL FUND WITHDRAWALS

Check / Tran Date	Pmt Type	Vendor	Vendor Name	Reference	Amount
5031 12/9/25	WIRE	160	VOYA INSTITUTIONAL TRUST COMPAN	HCSP EMPLOYEE CONTRIBUTIONS	2,486.45
				HCSP EMPLOYEE CONTRIBUTIONS	452.75
Total for Check/Tran - 5031:					2,939.20
5032 12/9/25	WIRE	161	VOYA INSTITUTIONAL TRUST COMPAN	MNDP EE MANAGER CONTRIBUTIONS	356.46
				MNDP EMPLOYEE CONTRIBUTIONS	5,441.21
				MNDP EMPLOYER CONTRIBUTION	1,009.80
				MNDP EMPLOYER MGR CONTRIBUTION	599.52
				MNDP EE ROTH CONTRIBUTIONS	1,824.51
				MNDP EE ROTH MGR CONTRIBUTIONS	243.06
				MNDP EE MANAGER CONTRIBUTIONS	50.08
				MNDP EMPLOYEE CONTRIBUTIONS	822.06
				MNDP EMPLOYER CONTRIBUTION	102.91
				MNDP EMPLOYER MGR CONTRIBUTION	82.76
				MNDP EE ROTH CONTRIBUTIONS	393.43
				MNDP EE ROTH MGR CONTRIBUTIONS	32.68
Total for Check/Tran - 5032:					10,958.48
5033 12/9/25	WIRE	285	JOHN HANCOCK	W&A EMPLOYER CONTRIBUTION	80.00
				W&A MANAGER CONTRIBUTION	418.00
				WENZEL EMPLOYEE CONTRIBUTIONS	1,005.53
				WENZEL MANAGER CONTRIBUTIONS	127.25
				DEF COMP ROTH CONTRIBUTIONS W&A	795.00
				WENZEL EE ROTH MGR CONTRIBUTIONS	290.75
				W&A EMPLOYER CONTRIBUTION	120.00
				W&A MANAGER CONTRIBUTION	64.12
				WENZEL EMPLOYEE CONTRIBUTIONS	183.90
				WENZEL MANAGER CONTRIBUTIONS	31.81
				DEF COMP ROTH CONTRIBUTIONS W&A	150.00
				WENZEL EE ROTH MGR CONTRIBUTIONS	32.31
Total for Check/Tran - 5033:					3,298.67

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12/01/2025 To 12/31/2025

Bank Account: 5 - GENERAL FUND WITHDRAWALS

Check / Tran Date	Pmt Type	Vendor	Vendor Name	Reference	Amount
5034 12/9/25	WIRE	598	MINNESOTA CHILD SUPPORT PAYMEN	CHILD SUPPORT	589.75
5035 12/9/25	WIRE	738	HEALTHEQUITY, INC	HSA EMPLOYEE CONTRIBUTION HSA EMPLOYEE CONTRIBUTION	2,648.73 477.11
Total for Check/Tran - 5035:					3,125.84
5036 12/8/25	WIRE	738	HEALTHEQUITY, INC	ADMINISTRATIVE FEE INVOICE - DEC 2025 ADMINISTRATIVE FEE INVOICE - DEC 2025	129.00 25.50
Total for Check/Tran - 5036:					154.50
5037 12/8/25	WIRE	166	ONLINE UTILITY EXCHANGE (ELECTR	UTILITY EXCHANGE REPORT UTILITY EXCHANGE REPORT	309.12 77.28
Total for Check/Tran - 5037:					386.40
5038 12/9/25	WIRE	153	PERA (ELECTRONIC)	PERA EMPLOYEE CONTRIBUTION PERA CONTRIBUTIONS PERA EMPLOYEE CONTRIBUTION PERA CONTRIBUTIONS	10,956.12 12,641.74 2,390.14 2,757.86
Total for Check/Tran - 5038:					28,745.86
5039 12/10/25	WIRE	152	IRS - USA TAX PMT (ELECTRONIC)	PAYROLL TAXES - FEDERAL & FICA PAYROLL TAXES - FEDERAL & FICA PAYROLL TAXES - FEDERAL & FICA PAYROLL TAXES - FEDERAL & FICA	18,539.02 23,023.91 3,595.74 5,133.63
Total for Check/Tran - 5039:					50,292.30
5040 12/11/25	WIRE	154	MINNESOTA REVENUE (ELECTRONIC)	PAYROLL TAXES - STATE PAYROLL TAXES - STATE	7,779.10 1,608.86
Total for Check/Tran - 5040:					9,387.96
5043 12/12/25	WIRE	549	CHARTER COMMUNICATIONS	CABLE & TELEPHONE CABLE & TELEPHONE	193.38 48.35
Total for Check/Tran - 5043:					241.73
5044 12/10/25	WIRE	738	HEALTHEQUITY, INC	FSA CLAIM REIMBURSEMENTS - 164 FSA CLAIM REIMBURSEMENTS - 164	153.85 38.46

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Bank Account: 5 - GENERAL FUND WITHDRAWALS

Check / Tran Date	Pmt Type	Vendor	Vendor Name	Reference	Amount
Total for Check/Tran - 5044:					192.31
5045 12/15/25	WIRE	738	HEALTH EQUITY, INC	FSA CLAIM REIMBURSEMENTS - 147	215.89
				FSA CLAIM REIMBURSEMENTS - 147	53.97
Total for Check/Tran - 5045:					269.86
5046 12/15/25	WIRE	633	MUTUAL OF OMAHA	EE ELEC LIFE INSURANCE - DEC 2025	216.81
				LIFE,STD & LTD INSURANCE - DEC 2025	2,415.79
				EE ELEC LIFE INSURANCE - DEC 2025	202.94
				LIFE,STD & LTD INSURANCE - DEC 2025	612.39
Total for Check/Tran - 5046:					3,447.93
5047 12/12/25	WIRE	9654	CARDMEMBER SERVICE	FIRST NATIONAL BANK VISA	4,070.53
				FIRST NATIONAL BANK VISA	819.65
Total for Check/Tran - 5047:					4,890.18
5052 12/24/25	WIRE	152	IRS - USA TAX PMT (ELECTRONIC)	PAYROLL TAXES - FEDERAL & FICA	1,509.27
				PAYROLL TAXES - FEDERAL & FICA	599.54
				PAYROLL TAXES - FEDERAL & FICA	19,201.40
				PAYROLL TAXES - FEDERAL & FICA	23,098.63
				PAYROLL TAXES - FEDERAL & FICA	4,153.03
				PAYROLL TAXES - FEDERAL & FICA	5,500.50
Total for Check/Tran - 5052:					54,062.37
5053 12/26/25	WIRE	154	MINNESOTA REVENUE (ELECTRONIC)	PAYROLL TAXES - STATE	428.77
				PAYROLL TAXES - STATE	7,985.65
				PAYROLL TAXES - STATE	1,769.46
Total for Check/Tran - 5053:					10,183.88
5054 12/24/25	WIRE	161	VOYA INSTITUTIONAL TRUST COMPANMND	EE MANAGER CONTRIBUTIONS	356.46
				MND CP EMPLOYEE CONTRIBUTIONS	5,450.45
				MND CP EMPLOYER CONTRIBUTION	412.58
				MND CP EMPLOYER MGR CONTRIBUTION	599.52
				MND CP EE ROTH CONTRIBUTIONS	1,824.52
				MND CP EE ROTH MGR CONTRIBUTIONS	243.06

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Bank Account: 5 - GENERAL FUND WITHDRAWALS

Check / Tran Date	Pmt Type	Vendor	Vendor Name	Reference	Amount
				MNDCP EE MANAGER CONTRIBUTIONS	50.08
				MNDCP EMPLOYEE CONTRIBUTIONS	812.82
				MNDCP EMPLOYER CONTRIBUTION	36.81
				MNDCP EMPLOYER MGR CONTRIBUTION	82.76
				MNDCP EE ROTH CONTRIBUTIONS	393.42
				MNDCP EE ROTH MGR CONTRIBUTIONS	32.68
				Total for Check/Tran - 5054:	10,295.16
5055 12/24/25	WIRE	285	JOHN HANCOCK	W&A MANAGER CONTRIBUTION	418.00
				WENZEL EMPLOYEE CONTRIBUTIONS	1,005.48
				WENZEL MANAGER CONTRIBUTIONS	127.25
				DEF COMP ROTH CONTRIBUTIONS W&A	795.00
				WENZEL EE ROTH MGR CONTRIBUTIONS	290.75
				W&A MANAGER CONTRIBUTION	64.12
				WENZEL EMPLOYEE CONTRIBUTIONS	183.95
				WENZEL MANAGER CONTRIBUTIONS	31.81
				DEF COMP ROTH CONTRIBUTIONS W&A	150.00
				WENZEL EE ROTH MGR CONTRIBUTIONS	32.31
				Total for Check/Tran - 5055:	3,098.67
5056 12/23/25	WIRE	598	MINNESOTA CHILD SUPPORT PAYMEN	CHILD SUPPORT	589.75
5057 12/24/25	WIRE	738	HEALTHQUITY, INC	HSA EMPLOYEE CONTRIBUTION	2,660.62
				HSA EMPLOYEE CONTRIBUTION	462.74
				Total for Check/Tran - 5057:	3,123.36
5058 12/29/25	WIRE	160	VOYA INSTITUTIONAL TRUST COMPAN	HCSF EMPLOYEE CONTRIBUTIONS	2,562.16
				HCSF EMPLOYEE CONTRIBUTIONS	505.79
				Total for Check/Tran - 5058:	3,067.95
5061 12/30/25	WIRE	153	PERA (ELECTRONIC)	PERA EMPLOYEE CONTRIBUTION	11,179.35
				PERA CONTRIBUTIONS	12,899.31
				PERA EMPLOYEE CONTRIBUTION	2,558.13
				PERA CONTRIBUTIONS	2,951.67

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Bank Account: 5 - GENERAL FUND WITHDRAWALS

Check / Tran Date	Pmt Type	Vendor	Vendor Name	Reference	Amount
Total for Check/Tran - 5061:					29,588.46
5062 12/26/25	WIRE	738	HEALTHEQUITY, INC	2026 FSA CLAIM PREFUNDING - 147 172	3,320.00
				2026 FSA CLAIM PREFUNDING - 147 172	830.00
Total for Check/Tran - 5062:					4,150.00
5063 12/24/25	WIRE	738	HEALTHEQUITY, INC	FSA CLAIM REIMBURSEMENTS - 164	153.85
				FSA CLAIM REIMBURSEMENTS - 164	38.46
Total for Check/Tran - 5063:					192.31
5064 12/23/25	WIRE	174	MINNESOTA REVENUE SALES TX (ELE	SALES AND USE TAX - NOV 2025	227,673.96
				SALES AND USE TAX - NOV 2025	0.50
				SALES AND USE TAX - NOV 2025	930.54
Total for Check/Tran - 5064:					228,605.00
22886 12/4/25	DD	11	CITY OF ELK RIVER	PARTS & LABOR FOR UNIT #6	-1.24
				PARTS & LABOR FOR UNIT #6	78.75
				PARTS & LABOR FOR UNIT #6	-0.06
				PARTS & LABOR FOR UNIT #6	4.13
				PARTS & LABOR FOR UNIT #33 & 11	-20.36
				PARTS & LABOR FOR UNIT #11	486.34
				PARTS & LABOR FOR UNIT #33	112.59
				PARTS & LABOR FOR UNIT #33 & 11	-0.07
				PARTS & LABOR FOR UNIT #33	5.91
				PARTS & LABOR FOR UNIT #18	-0.94
				PARTS & LABOR FOR UNIT #18	64.92
				PARTS & LABOR FOR UNIT #18	-0.23
				PARTS & LABOR FOR UNIT #18	16.22
				PARTS & LABOR FOR UNIT #12	-10.71
				PARTS & LABOR FOR UNIT #12	276.74
				PARTS & LABOR FOR UNIT #37	52.00
				PARTS & LABOR FOR UNIT #37	13.00
				PARTS & LABOR FOR UNIT #1	-1.81

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Bank Account: 5 - GENERAL FUND WITHDRAWALS

Check / Tran Date	Pmt Type	Vendor	Vendor Name	Reference	Amount	
				PARTS & LABOR FOR UNIT #1	89.97	
				PARTS & LABOR FOR UNIT #1	-0.46	
				PARTS & LABOR FOR UNIT #1	22.50	
				PARTS & LABOR FOR UNIT #31	-3.97	
				PARTS & LABOR FOR UNIT #31	119.43	
				PARTS & LABOR FOR UNIT #26	-1.30	
				PARTS & LABOR FOR UNIT #26	82.88	
				PARTS & LABOR FOR UNIT #29	-43.45	
				PARTS & LABOR FOR UNIT #29	1,115.11	
				FUEL USAGE - OCT 2025	2,627.45	
				FUEL USAGE - OCT 2025	928.76	
				Total for Check/Tran - 22886:	6,012.10	
22887	12/4/25	DD	790	AE2S	SCADA ASSESSMENT - OCT 2025	1,870.50
22888	12/4/25	DD	728	ARCHER PLUMBING LLC	WATER METER SERVICE	196.88
					WATER METER SERVICE	28.12
					Total for Check/Tran - 22888:	225.00
22889	12/4/25	DD	23	ELK RIVER MUNICIPAL UTILITIES	CYCLE 2 - ACCT 41038 - OCT 2025	99.24
					CYCLE 2 - ACCT 41038 - OCT 2025	5.22
					CYCLE 2 - INV GRP 413 - OCT 2025	100.00
					CYCLE 2 - INV GRP 413 - OCT 2025	550.29
					CYCLE 2 - INV GRP 436 - OCT 2025	1,684.42
					Total for Check/Tran - 22889:	2,439.17
22890	12/4/25	DD	671	FASTENAL COMPANY	Red Locate Paint	1,722.07
22891	12/4/25	DD	809	HAWKINS, INC.	CHLORINE CYLINDER RENTAL	150.00
					Water Chemicals	804.99
					Water Chemicals	2,721.00
					Total for Check/Tran - 22891:	3,675.99
22892	12/4/25	DD	6836	INNOVATIVE OFFICE SOLUTIONS LLC	OFFICE SUPPLIES	74.83

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Bank Account: 5 - GENERAL FUND WITHDRAWALS

Check / Tran Date	Pmt Type	Vendor	Vendor Name	Reference	Amount
				OFFICE SUPPLIES	18.71
				OFFICE SUPPLIES	42.70
				OFFICE SUPPLIES	10.68
Total for Check/Tran - 22892:					146.92
22893 12/4/25	DD	5381	INSIGHT PUBLIC SECTOR	Subscription	5,967.18
				Subscription	1,491.80
Total for Check/Tran - 22893:					7,458.98
22894 12/4/25	DD	8083	JT SERVICES OF MINNESOTA	Lighting	752.97
				6'ARM	2,023.74
				SWITCHGEAR	55,418.00
Total for Check/Tran - 22894:					58,194.71
22895 12/4/25	DD	460	DEREK S PALMER	Mileage	56.70
22896 12/4/25	DD	5056	PLAISTED COMPANIES, INC.	DISPOSE OF CONCRETE BOLLARDS	52.95
22897 12/4/25	DD	610	WRIGHT HENNEPIN COOPERATIVE ELESECURITY - 1436 & 1705 MAIN ST	SECURITY - 1436 & 1705 MAIN ST	54.55
					7.79
Total for Check/Tran - 22897:					62.34
22898 12/12/25	DD	6107	STUART C. IRBY CO.	FUSES	2,404.20
				FUSES	-2,404.20
Total for Check/Tran - 22898:					0.00
22899 12/12/25	DD	5013	CARR'S TREE SERVICE, INC	TREE TRIMMING - 11/8/25	7,698.71
				TREE TRIMMING - 11/15/25	8,362.79
Total for Check/Tran - 22899:					16,061.50
22900 12/12/25	DD	11	CITY OF ELK RIVER	FRANCHISE FEE CREDIT - OCT 2025	-725.00
				TRASH BILLED - NOV 2025	167,633.44
				TRASH BILLED ASSESSMENTS - NOV 2025	-3,331.72
Total for Check/Tran - 22900:					163,576.72
22901 12/12/25	DD	23	ELK RIVER MUNICIPAL UTILITIES	CYCLE 3 - INV GRP 414 - OCT 2025	125.00

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Bank Account: 5 - GENERAL FUND WITHDRAWALS

Check / Tran Date	Pmt Type	Vendor	Vendor Name	Reference	Amount
				CYCLE 3 - INV GRP 414 - OCT 2025	669.70
				CYCLE 3 - INV GRP 395 - OCT 2025	9,690.29
Total for Check/Tran - 22901:					10,484.99
22902 12/12/25	DD	664	FRONTIER ENERGY, INC	PROFESSIONAL SERVICES - OCT 2025	10,000.00
22903 12/12/25	DD	809	HAWKINS, INC.	Water Chemicals	734.50
22904 12/12/25	DD	330	METRO SALES, INC	COPIER MTC CONTRACT - 10/21 to 11/20/25	174.65
				COPIER MTC CONTRACT - 10/21 to 11/20/25	43.67
Total for Check/Tran - 22904:					218.32
22905 12/12/25	DD	1001	MINNESOTA MUNICIPAL POWER AGEN	PURCHASED POWER - NOV 2025	1,549,067.03
				PURCHASED POWER - NOV 2025	417,618.03
Total for Check/Tran - 22905:					1,966,685.06
22906 12/12/25	DD	553	QUALITROL CORP.	Temp Gauge	3,324.11
22907 12/12/25	DD	130	RESCO	Transformer	17,125.00
				Discount	-8.56
Total for Check/Tran - 22907:					17,116.44
22908 12/12/25	DD	5077	VESSCO, INC	Relief Valve	681.14
22909 12/12/25	DD	135	WATER LABORATORIES INC	WATER SAMPLING - NOV 2025	405.00
22957 12/19/25	DD	9424	FAIRCHILD EQUIPMENT	INVOICE IS NOT OURS - CREDIT TO FOLLOW	259.08
				CREDIT FOR INVOICE NOT OURS	-259.08
Total for Check/Tran - 22957:					0.00
22958 12/19/25	DD	191	AMERICAN PAYMENT CENTERS	DROP BOX RENTAL CHARGES - 2026 1ST QTR	224.38
				DROP BOX RENTAL CHARGES - 2026 1ST QTR	56.10
Total for Check/Tran - 22958:					280.48
22959 12/19/25	DD	6	BEAUDRY OIL COMPANY	DIESEL	2,564.34
22960 12/19/25	DD	9	BORDER STATES ELECTRIC SUPPLY	Tool	97.56
				Mtce of URD Primary	1,387.09

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Bank Account: 5 - GENERAL FUND WITHDRAWALS

Check / Tran Date	Pmt Type	Vendor	Vendor Name	Reference	Amount
				Conduit	804.35
				ROCK ANCHOR	865.92
				TUBULAR SPLICE COVER	1,502.40
				MISC PARTS & SUPPLIES	-14.53
				MISC PARTS & SUPPLIES	199.13
				Total for Check/Tran - 22960:	4,841.92
22961 12/19/25	DD	8843	CAMPBELL KNUTSON	LEGAL SERVICES - NOV 2025	2,095.78
				LEGAL SERVICES - NOV 2025	523.95
				Total for Check/Tran - 22961:	2,619.73
22962 12/19/25	DD	5013	CARR'S TREE SERVICE, INC	TREE TRIMMING - 11/17/25	9,247.85
				TREE TRIMMING - 11/24/25	6,011.10
				Total for Check/Tran - 22962:	15,258.95
22963 12/19/25	DD	11	CITY OF ELK RIVER	REVENUE TRANSFER - NOV 2025	120,850.13
				SEWER BILLED - NOV 2025	253,523.72
				SEWER BILLED ASSESSMENTS - NOV 2025	-4,798.57
				Total for Check/Tran - 22963:	369,575.28
22964 12/19/25	DD	7448	CRC	CUSTOMER SERVICE AFTER HOURS	2,664.84
				CUSTOMER SERVICE AFTER HOURS	666.21
				Total for Check/Tran - 22964:	3,331.05
22965 12/19/25	DD	493	ELK RIVER GAS, INC	KEROSENE	69.73
22966 12/19/25	DD	23	ELK RIVER MUNICIPAL UTILITIES	CYCLE 4 - INV GRP 415 - NOV 2025	175.00
				CYCLE 4 - INV GRP 415 - NOV 2025	1,510.23
				CYCLE 4 - INV GRP 396 - NOV 2025	219.22
				CYCLE 1 - INV GRP 421 - NOV 2025	5,299.27
				CYCLE 1 - ACCT 183 - NOV 2025	1,121.71
				CYCLE 1 - INV GRP 101 - NOV 2025	3,068.62
				CYCLE 1 - INV GRP 101 - NOV 2025	21.21
				CYCLE 1 - INV GRP 101 - NOV 2025	624.26

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				CYCLE 1 - INV GRP 101 - NOV 2025	488.25
				CYCLE 1 - INV GRP 101 - NOV 2025	156.07
				CYCLE 1 - INV GRP 325 - NOV 2025	325.00
				CYCLE 1 - INV GRP 325 - NOV 2025	16,513.00
				CYCLE 4 - ACCT 51086 - NOV 2025	61.50
Total for Check/Tran - 22966:					29,583.34
22967	12/19/25	DD 91	GOPHER STATE ONE-CALL	LOCATES FOR - NOV 2025	403.99
				LOCATES FOR - NOV 2025	21.26
Total for Check/Tran - 22967:					425.25
22968	12/19/25	DD 6836	INNOVATIVE OFFICE SOLUTIONS LLC	OFFICE SUPPLIES	85.39
				OFFICE SUPPLIES	21.35
				OFFICE SUPPLIES	47.20
				OFFICE SUPPLIES	27.84
Total for Check/Tran - 22968:					181.78
22969	12/19/25	DD 417	LOCATORS & SUPPLIES INC.	Red Locate Flags	2,632.85
22970	12/19/25	DD 573	NCPERS MINNESOTA	EXTRA LIFE INSURANCE -JAN 2026	284.80
				EXTRA LIFE INSURANCE -JAN 2026	35.20
Total for Check/Tran - 22970:					320.00
22971	12/19/25	DD 9300	NISC	PRINT SERVICES - NOV 2025	7,848.83
				PRINT SERVICES - NOV 2025	2,034.79
				MISC INVOICE - NOV 2025	683.12
				MISC INVOICE - NOV 2025	176.75
				AGREEMENTS INVOICE - NOV 2025	53.92
				AGREEMENTS INVOICE - NOV 2025	787.57
				AGREEMENTS INVOICE - NOV 2025	11,457.20
				AGREEMENTS INVOICE - NOV 2025	260.00
				AGREEMENTS INVOICE - NOV 2025	337.53
				AGREEMENTS INVOICE - NOV 2025	2,575.96
				AGREEMENTS INVOICE - NOV 2025	70.09

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Total for Check/Tran - 22971:					26,285.76
22972 12/19/25	DD	603	ROYAL SUPPLY INC	SHOP SUPPLIES	205.93
22973 12/30/25	DD	11	CITY OF ELK RIVER	PARTS & LABOR FOR UNIT #4	-5.19
				PARTS & LABOR FOR UNIT #4	266.08
				PARTS & LABOR FOR UNIT #5	-19.49
				PARTS & LABOR FOR UNIT #5	591.92
				PARTS & LABOR FOR UNIT #8	-5.05
				PARTS & LABOR FOR UNIT #8	264.18
				PARTS & LABOR FOR UNIT #78	-1.43
				PARTS & LABOR FOR UNIT #78	84.62
				PARTS & LABOR FOR UNIT #66	-18.61
				PARTS & LABOR FOR UNIT #66	482.47
				PARTS & LABOR FOR UNIT #16	-1.30
				PARTS & LABOR FOR UNIT #16	82.88
				FUEL USAGE - NOV 2025	2,130.68
				FUEL USAGE - NOV 2025	1,623.20
Total for Check/Tran - 22973:					5,474.96
22974 12/30/25	DD	496	WILLIAM COURTRIGHT	Dues & Subscriptions - Water	38.00
22975 12/30/25	DD	23	ELK RIVER MUNICIPAL UTILITIES	CYCLE 2 - INV GRP 436 - NOV 2025	1,550.09
				CYCLE 2 - ACCT 41038 - NOV 2025	126.75
				CYCLE 2 - ACCT 41038 - NOV 2025	6.67
				CYCLE 2 - INV GRP 413 - NOV 2025	100.00
				CYCLE 2 - INV GRP 413 - NOV 2025	523.38
Total for Check/Tran - 22975:					2,306.89
22976 12/30/25	DD	809	HAWKINS, INC.	CHLORINE	201.99
				MISC PARTS & SUPPLIES	385.36
Total for Check/Tran - 22976:					587.35
22977 12/30/25	DD	5381	INSIGHT PUBLIC SECTOR	Adobe	76.09

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				Adpbe	19.02
Total for Check/Tran - 22977:					95.11
22978 12/30/25	DD	353	MELISSA KARPINSKI	Customer Service Week Thank You Cards	6.05
				Customer Service Week Thank You Cards	1.51
Total for Check/Tran - 22978:					7.56
22979 12/30/25	DD	417	LOCATORS & SUPPLIES INC.	SAFETY VESTS	99.87
90171 12/4/25	CHK	4531	AT & T MOBILITY	CELL PHONES & iPad BILLING	40.37
				CELL PHONES & iPad BILLING	2,541.82
				CELL PHONES & iPad BILLING	17.30
				CELL PHONES & iPad BILLING	644.08
Total for Check/Tran - 90171:					3,243.57
90172 12/4/25	CHK	9997	RICHARD BICKMAN	INACTIVE REFUND	23.42
90173 12/4/25	CHK	9997	SARAH BITZAN	INACTIVE REFUND	170.71
90174 12/4/25	CHK	9997	JAMES BOURGOYNE	INACTIVE REFUND	112.03
90175 12/4/25	CHK	9997	BUDDERFLY INC	Credit Balance Refund	1,624.02
90176 12/4/25	CHK	28	CINTAS	MATS & TOWELS	529.75
				MATS & TOWELS	75.67
				MATS & TOWELS	529.75
				MATS & TOWELS	75.67
Total for Check/Tran - 90176:					1,210.84
90177 12/4/25	CHK	2404	CORNERSTONE AUTO RESOURCE	LABOR FOR UNIT #29	139.95
90178 12/4/25	CHK	656	DGR ENGINEERING	E SYSTEM COORDINATION STUDY - OCT 2025	1,500.00
				ELEC SYSTEM STUDY - OCT 2025	1,000.00
Total for Check/Tran - 90178:					2,500.00
90179 12/4/25	CHK	5249	DRIVER & VEHICLE SERVICES	CRASH REPORT	5.00

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90180 12/4/25	CHK	9997	ANNA M FRANK	INACTIVE REFUND	255.34
90181 12/4/25	CHK	9997	HP MINNESOTA I, LLC	Credit Balance Refund	180.51
90182 12/4/25	CHK	9997	HPA US1 LLC	Credit Balance Refund	304.23
90183 12/4/25	CHK	9997	DEBRA JACKSON-SINGLETON	INACTIVE REFUND	29.27
90184 12/4/25	CHK	9997	ANTHONY KRALJIC	INACTIVE REFUND	103.70
90185 12/4/25	CHK	9997	ERNEST KUKOWSKI	INACTIVE REFUND	474.80
90186 12/4/25	CHK	9997	LEWIS CUSTOM HOMES, INC	Credit Balance Refund	196.29
90187 12/4/25	CHK	8605	MARCO TECHNOLOGIES, LLC	OFFICE 365 - 10/24 to 11/23/25	1,314.12
				OFFICE 365 - 10/24 to 11/23/25	305.34
				ACR PROGRAM - 10-29 to 11/28/25	1,404.54
				ACR PROGRAM - 10-29 to 11/28/25	351.14
Total for Check/Tran - 90187:					3,375.14
90188 12/4/25	CHK	9997	MARTIES INC	INACTIVE REFUND	305.06
90189 12/4/25	CHK	9997	MARTIES INC	INACTIVE REFUND	311.00
90190 12/4/25	CHK	145	MENARDS	MISC PARTS & SUPPLIES	82.74
90191 12/4/25	CHK	9997	DAN MONTAGUE	INACTIVE REFUND	90.59
90192 12/4/25	CHK	475	PERFORMANCE POOL AND SPA	CHLORINE	906.12
90193 12/4/25	CHK	9997	SHELDON PERLMAN	INACTIVE REFUND	90.94
90194 12/4/25	CHK	811	PRIME ADVERTISING & DESIGN, INC.	Marketing	1,500.00
90195 12/4/25	CHK	3218	RDO EQUIPMENT CO.	COMPACT EXCAVATOR RENTAL-10/27 to 11/23	2,317.50
				PARTS FOR UNIT #61	-554.26
Total for Check/Tran - 90195:					1,763.24
90196 12/4/25	CHK	9997	AUTUMN RUTHERFORD	INACTIVE REFUND	18.73

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90197 12/4/25	CHK	9997	JENNIFER SCHROEDER	INACTIVE REFUND	183.31
90198 12/4/25	CHK	6107	STUART C. IRBY CO.	Tape Tape	979.51 125.14
Total for Check/Tran - 90198:					1,104.65
90199 12/4/25	CHK	9997	TAYLOR WENTLAND	INACTIVE REFUND	320.69
90200 12/4/25	CHK	55	WESCO RECEIVABLES CORP.	INTERRUPTER TRANSFORMER BOX PAD	34,750.00 18,388.80
Total for Check/Tran - 90200:					53,138.80
90201 12/4/25	CHK	9997	KATHY WILABY	INACTIVE REFUND	240.49
90202 12/4/25	CHK	9997	MAI YANG	INACTIVE REFUND	926.80
90203 12/12/25	CHK	2512	AMARIL UNIFORM COMPANY	EMPLOYEE CLOTHING - BALACLAVA EMPLOYEE CLOTHING - BALACLAVA	318.97 79.74
Total for Check/Tran - 90203:					398.71
90204 12/12/25	CHK	5224	BLUE CROSS BLUE SHIELD OF MINNES	VISION INSURANCE - JAN 2026 VISION INSURANCE - JAN 2026	277.87 84.33
Total for Check/Tran - 90204:					362.20
90205 12/12/25	CHK	7003	BURNDY LLC	MISC PARTS & SUPPLIES	353.47
90206 12/12/25	CHK	9997	CAPSTONE HOMES	Credit Balance Refund	130.18
90207 12/12/25	CHK	723	DEM-CON COMPANIES, LLC	DUMPSTER	570.00
90208 12/12/25	CHK	9999	ELK RIVER YOUTH HOCKEY ASSOCIAT	Hydrant Rental Deposit Refund	1,242.17
90209 12/12/25	CHK	9997	FANNIE MAE	INACTIVE REFUND	245.29
90210 12/12/25	CHK	453	FORCE FLOW	ULTRASONIC SENSOR Level Sensor	-208.99 2,862.85
Total for Check/Tran - 90210:					2,653.86

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90211 12/12/25	CHK	9997	MELISSA HANSON	Credit Balance Refund	393.24
90212 12/12/25	CHK	469	HD ELECTRONICS INC	CLAMP REPAIR	169.43
90213 12/12/25	CHK	5341	HUBBARD ELECTRIC	REPLACE EXISTING METER - 13919 223RD REPLACE EXISTING METER - 13919 223RD	480.63 -2.23
Total for Check/Tran - 90213:					478.40
90214 12/12/25	CHK	5377	KODIAK POWER SYSTEMS, INC	GENERATOR INSTALL - WELL #3 Generator	-44,780.90 67,484.21
Total for Check/Tran - 90214:					22,703.31
90215 12/12/25	CHK	9997	MATTSON CONSTRUCTION LLC	INACTIVE REFUND	131.94
90216 12/12/25	CHK	9997	PAT MCLEAN	INACTIVE REFUND	474.25
90217 12/12/25	CHK	119	MINNESOTA COMPUTER SYSTEMS INC	COPIER MTC CONTRACT - 11/12 to 12/11/25 COPIER MTC CONTRACT - 11/12 to 12/11/25	101.85 25.47
Total for Check/Tran - 90217:					127.32
90218 12/12/25	CHK	14	MOBOTREX TRAFFIC PRODUCTS, INC	LED LIGHTS LED LIGHTS	530.75 -38.75
Total for Check/Tran - 90218:					492.00
90219 12/12/25	CHK	9997	LINDSAY NORTHRUP	INACTIVE REFUND	69.62
90220 12/12/25	CHK	811	PRIME ADVERTISING & DESIGN, INC.	MONTHLY HOSTING OF WEBSITE MONTHLY HOSTING OF WEBSITE MONTHLY HOSTING OF WEBSITE	60.00 60.00 30.00
Total for Check/Tran - 90220:					150.00
90221 12/12/25	CHK	9999	R L LARSON EXCAVATING INC	Hydrant Rental Deposit Refund	1,345.47
90222 12/12/25	CHK	9997	SDB CENTRAL PARTNERS LLC	Credit Balance Refund	865.16
90223 12/12/25	CHK	9997	SDB CENTRAL PARTNERS LLC	Credit Balance Refund	411.27
90224 12/12/25	CHK	674	STAR ENERGY SERVICES LLC	PROFESSIONAL SERVICES - NOV 2025	188.00

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90225 12/12/25	CHK	9997	DESIREE STUMO	INACTIVE REFUND	17.42
90226 12/12/25	CHK	9997	JILL WALCH	INACTIVE REFUND	89.46
90227 12/12/25	CHK	9997	WILLIAM ZACHARDA	INACTIVE REFUND	39.53
90228 12/19/25	CHK	9997	MARYANNE ANYANWU	INACTIVE REFUND	277.24
90229 12/19/25	CHK	662	BENEFIT EXTRAS, INC	COBRA ADMINISTRATION - NOV 2025	15.00
90230 12/19/25	CHK	376	BLAINE LOCK & SAFE, INC.	Lock	309.07
90231 12/19/25	CHK	9997	BARBARA CAMPBELL	INACTIVE REFUND	16.90
90232 12/19/25	CHK	3982	CENTERPOINT ENERGY	NATURAL GAS & IRON REMOVAL NATURAL GAS & IRON REMOVAL	2,659.89 691.00
Total for Check/Tran - 90232:					3,350.89
90233 12/19/25	CHK	9997	CORNERSTONE CUSTOM BUILDS	Credit Balance Refund	55.51
90234 12/19/25	CHK	223	DAVE BERG CONSULTING, LLC	COST OF SERVICE STUDY COST OF SERVICE STUDY	8,000.00 2,000.00
Total for Check/Tran - 90234:					10,000.00
90235 12/19/25	CHK	9192	ELK RIVER CUB FOODS	COOKIES FOR MEETINGS	29.98
90236 12/19/25	CHK	24	ELK RIVER PRINTING & VENTURE PRO	WHO OWNS WHAT - WATER FLYER	540.83
90237 12/19/25	CHK	122	ELK RIVER WINLECTRIC	CONDUIT	89.90
				CONDUIT	-8.73
				Mtce of OH Primary	119.71
				METER SOCKET UPGRADE PART-1161 225TH	26.98
				METER SOCKET UPGRADE PART-1161 225TH	-1.98
				CONDUIT	679.06
				Mtce of OH Primary	65.60
				CONDUIT	-7.12
				Mtce of OH Primary	97.54

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				CONDUIT	19.40
				CONDUIT	-1.42
				MISC PARTS & SUPPLIES	233.96
				PIPE HANGER	15.96
				MISC PARTS & SUPPLIES	99.88
				Misc Distribution Exp	81.47
				Misc Distribution Exp	87.26
				CONDUIT	97.28
				CONDUIT	-9.86
				Mtce of OH Primary	134.94
				BULB - WATER TREATMENT PLANT	-13.32
				Misc Distribution Exp	182.34
				WATER TREATMENT PLANT PARTS	-377.64
				CONDUIT	171.22
				CONDUIT	-3.94
				WATER METER POWER SUPPLY	19.74
				WATER METER POWER SUPPLY	-1.44
				WIRE	783.60
				CONDUIT	97.28
				CONDUIT	-9.86
				Mtce of OH Primary	134.94
				Mtce of OH Primary	24.73
Total for Check/Tran - 90237:					2,827.48
90238	12/19/25	CHK 9997	PATRICK FISCHER	INACTIVE REFUND	43.34
90239	12/19/25	CHK 8949	FS3 INC.	PARTS FOR UNIT #56	2,013.38
90240	12/19/25	CHK 80	GRAINGER	COMPRESSION CONNECTION	36.78
90241	12/19/25	CHK 730	GREATAMERICA FINANCIAL SERVICES	LEASE FOR COPIER AT PLANT	105.01
				LEASE FOR COPIER AT PLANT	26.26
Total for Check/Tran - 90241:					131.27

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90242 12/19/25	CHK	308	HASSAN SAND & GRAVEL	RECYCLED CLASS 5 Discount	1,191.44 -16.64
Total for Check/Tran - 90242:					1,174.80
90243 12/19/25	CHK	631	HEALTHPARTNERS	DENTAL EE INSURANCE - JAN 2026	1,076.29
				DENTAL ER INSURANCE - JAN 2026	2,910.67
				MEDICAL EE INSURANCE - DEC 2025	143.00
				MEDICAL ER INSURANCE - DEC 2025	376.30
				DENTAL EE INSURANCE - JAN 2026	182.09
				DENTAL ER INSURANCE - JAN 2026	864.45
Total for Check/Tran - 90243:					5,552.80
90244 12/19/25	CHK	824	HOME DEPOT CREDIT SERVICES	HOME DEPOT	-174.80
				HOME DEPOT	219.49
Total for Check/Tran - 90244:					44.69
90245 12/19/25	CHK	9997	HPA US1 LLC	Credit Balance Refund	163.69
90246 12/19/25	CHK	169	HRDIRECT	EMPLOYMENT POSTERS	84.53
				EMPLOYMENT POSTERS	21.13
				EMPLOYMENT POSTERS	84.53
				EMPLOYMENT POSTERS	21.13
Total for Check/Tran - 90246:					211.32
90247 12/19/25	CHK	9997	AMBER JAMES	INACTIVE REFUND	83.34
90248 12/19/25	CHK	9997	LES KIFFE	INACTIVE REFUND	137.92
90249 12/19/25	CHK	9997	HANNAH LOUISELLE	INACTIVE REFUND	527.00
90250 12/19/25	CHK	8605	MARCO TECHNOLOGIES, LLC	PRINTER MTC CONTRACT - 12/1 to 1/1/26	196.66
				PRINTER MTC CONTRACT - 12/1 to 1/1/26	49.16
Total for Check/Tran - 90250:					245.82
90251 12/19/25	CHK	145	MENARDS	MISC PARTS & SUPPLIES - UNIT #4	13.44
				MISC PARTS & SUPPLIES - WELL #3	10.88

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				MISC PARTS & SUPPLIES - WELL #3	30.73
				EXTRA COARSE SALT	101.75
				WATER SOFTENER PELLETS	346.87
				WATER SOFTENER PELLETS	86.72
				REBATE	-10.38
				REBATE	-29.22
				REBATE	-1.71
				MISC PARTS & SUPPLIES	29.12
				MISC PARTS & SUPPLIES	59.21
				MISC PARTS & SUPPLIES	101.45
				MISC PARTS & SUPPLIES	-21.49
Total for Check/Tran - 90251:					717.37
90252	12/19/25	CHK 520	MICHELS UTILITY SERVICES, INC	TRENCHING - VILLAS AT FILLMORE	1,862.87
90253	12/19/25	CHK 7293	MINNESOTA DEPT OF COMMERCE	2026 QTR 3 INDIRECT ASSESSMENT	7,711.51
90254	12/19/25	CHK 16	MINNESOTA DEPT OF HEALTH	2025 QTR 4 WATER CONNECTION SERVICE FEE	14,230.00
90255	12/19/25	CHK 716	MOTION AUTOMATION INTELLIGENCE	Switch for Fiber	3,782.95
90256	12/19/25	CHK 9999	NPL CONSTRUCTION	Hydrant Rental Deposit Refund	1,376.74
90257	12/19/25	CHK 3769	O'REILLY AUTOMOTIVE STORES, INC	BATTERY - UNIT #68	85.70
				BATTERY - UNIT #68	21.42
Total for Check/Tran - 90257:					107.12
90258	12/19/25	CHK 765	PDQ.COM	PDQ CONNECT - 12/25 to 11/26	2,016.00
				PDQ CONNECT - 12/25 to 11/26	504.00
Total for Check/Tran - 90258:					2,520.00
90259	12/19/25	CHK 475	PERFORMANCE POOL AND SPA	WATER CHEMICALS	604.08
90260	12/19/25	CHK 3796	PRO-TEC DESIGN, INC	INTRUSION UPDATE - CHANGE NAMES	106.75
				INTRUSION UPDATE - CHANGE NAMES	15.25
Total for Check/Tran - 90260:					122.00

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90261 12/19/25	CHK	8606	QUADIENT FINANCE USA, INC	POSTAGE	800.00
				POSTAGE	200.00
Total for Check/Tran - 90261:					1,000.00
90262 12/19/25	CHK	5225	QUESTLINE	CIP NEWSLETTERS	9,850.94
90263 12/19/25	CHK	3218	RDO EQUIPMENT CO.	PARTS FOR UNIT #61	38.84
90264 12/19/25	CHK	574	REPUBLIC SERVICES, INC	TRASH & RECYCLING SERVICE - NOV 2025	409.55
				TRASH & RECYCLING SERVICE - NOV 2025	72.87
				TRASH & RECYCLING SERVICE - NOV 2025	10.41
Total for Check/Tran - 90264:					492.83
90265 12/19/25	CHK	823	ROI ENERGY INVESTMENTS, LLC	CIP REBATE	453.93
90266 12/19/25	CHK	9997	JACQUELYN ROSENOW	INACTIVE REFUND	211.63
90267 12/19/25	CHK	9997	KARL SCHIEBEL	INACTIVE REFUND	280.28
90268 12/19/25	CHK	159	SHORT ELLIOTT HENDRICKSON INC	WTP FEASIBILITY STUDY	13,877.76
90269 12/19/25	CHK	309	SPORTECH	CIP REBATE	295.86
90270 12/19/25	CHK	6107	STUART C. IRBY CO.	Mtce of OH Primary	699.50
90271 12/19/25	CHK	222	UC LABORATORY	SAMPLING - PHOSPHOROUS	32.34
90272 12/19/25	CHK	8376	UNION CONGREGATIONAL CHURCH	CIP REBATE	498.02
90273 12/19/25	CHK	5744	UNITED HEALTHCARE SERVICES, INC.	CIP REBATE	12,324.15
90274 12/19/25	CHK	783	VICTORY CLEANING SERVICES	MONTHLY CLEANING FOR THE PLANT-NOV 2025	2,675.98
				MONTHLY CLEANING FOR THE PLANT-NOV 2025	382.28
Total for Check/Tran - 90274:					3,058.26
90275 12/19/25	CHK	5451	WRUCK SEWER AND PORTABLE RENT	PORT-A-POTTY - 11/21 to 12/1/25	44.30
90276 12/22/25	CHK	213	COUNTRY SIDE SERVICES OF MINNESOTA	PARTS FOR UNIT #29	-6.30

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Accounts Payable Check Register

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12/01/2025 To 12/31/2025

Bank Account: 5 - GENERAL FUND WITHDRAWALS

Check / Tran Date	Pmt Type	Vendor	Vendor Name	Reference	Amount
				PARTS FOR UNIT #29	83.93
Total for Check/Tran - 90276:					77.63
90277 12/22/25	CHK	825	MIKE JOHNSON	REIMBURSE FOR MATERIALS	4,900.00
				REIMBURSE FOR MATERIALS	822.45
				REIMBURSE FOR MATERIALS	2,114.54
Total for Check/Tran - 90277:					7,836.99
90278 12/22/25	CHK	633	MUTUAL OF OMAHA	ELEC LIFE INSURANCE - JAN 2026	256.69
				LIFE & LTD INSURANCE - JAN 2026	1,760.82
				ELEC LIFE INSURANCE - JAN 2026	211.76
				LIFE & LTD INSURANCE - JAN 2026	443.82
Total for Check/Tran - 90278:					2,673.09
90279 12/22/25	CHK	8606	QUADIENT FINANCE USA, INC	DOC FOLDER MTC CONTRACT-1/26 to 12/26	1,234.73
				DOC FOLDER MTC CONTRACT-1/26 to 12/26	308.68
Total for Check/Tran - 90279:					1,543.41
90280 12/22/25	CHK	3218	RDO EQUIPMENT CO.	PARTS FOR UNIT #70	-12.49
				PARTS FOR UNIT #70	159.01
Total for Check/Tran - 90280:					146.52
90281 12/22/25	CHK	574	REPUBLIC SERVICES, INC	TRASH & RECYCLING SERVICE - NOV 2025	2,127.67
				TRASH & RECYCLING SERVICE - NOV 2025	303.95
Total for Check/Tran - 90281:					2,431.62
90282 12/22/25	CHK	6107	STUART C. IRBY CO.	Switch	39,900.00
Total for Bank Account - 5 :					(185) 3,471,494.49
Grand Total :					(186) 3,481,702.46

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Accounts Payable Check Register

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PARAMETERS ENTERED:

Check Date: 12/01/2025 To 12/31/2025
Bank: All
Vendor: All
Check:
Journal: All
Format: All GL References/Amounts
Extended Reference: No
Sort By: Check/Transaction
Voids: None
Payment Type: All
Group By Payment Type: No
Minimum Amount: 0.00
Authorization Listing: No
Credit Card Charges: No

**ELK RIVER MUNICIPAL UTILITIES
REGULAR MEETING OF THE UTILITIES COMMISSION
HELD AT UTILITIES CONFERENCE ROOM
December 9, 2025**

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

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

Others Present: Richard Hansen, Attorney; Dave Berg, Dave Berg Consulting, LLC

1.0 GOVERNANCE

1.1 Call Meeting to Order

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

1.2 Pledge of Allegiance

The Pledge of Allegiance was recited.

1.3 Consider the Agenda

Moved by Commissioner Westgaard and seconded by Commissioner Larson-Vito to approve the December 9, 2025, agenda. Motion carried 5-0

2.0 CONSENT AGENDA (Approved By One Motion)

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

2.1 Check Register – November 2025

2.2 Regular Meeting Minutes – November 12, 2025

2.3 Designate 2026 Official Depository and Delegate Authority for Electronic Funds Transfer

2.4 Designate 2026 Official Newspaper

2.5 2026 Utilities Commission Meeting Schedule

Motion carried 5-0.

3.0 OPEN FORUM

No one appeared for open forum.

4.0 POLICY & COMPLIANCE

4.1 Commission Policy Review – G.4e3 – Water Services

Mr. Mauren presented a review of the Water Services policy, which outlines expectations for providing water service to customers. A recommendation was made to update section 1.d of the policy, giving it more general language and directing readers to the City's engineering design standards for specific details.

Moved by Commissioner Zerwas and seconded by Commissioner Westgaard to approve the staff-recommended changes to policy G.4e3 – Water Services. Motion carried 5-0.

4.2 2026 Governance Agenda

Mr. Mauren presented the 2026 Governance Agenda. It was noted to be similar to the 2025 agenda, with one recommended change, moving the Review and Update of the Strategic Plan item from August to October. This change allows for a more comprehensive review of the year's progress later in the calendar year without overloading the November and December meetings. The Commission agreed with this change.

Moved by Commissioner Larson-Vito and seconded by Commissioner Stewart to adopt the 2026 Governance Agenda. Motion carried 5-0

4.3 2026 Performance Metrics and Incentive Compensation Policy

Mr. Hanson presented his memo on the 2026 Utilities Performance Metrics and Incentive Compensation (UPMIC) policy. No changes were proposed for the 2026 policy.

Commissioner Westgaard noted that the scorecard did not carry the correct year. Staff stated they would correct the document to read "2026" not "2025."

Moved by Commissioner Westgaard and seconded by Commissioner Stewart to approve the Performance Metrics and Incentive Compensation Policy and Scorecard for 2026. Motion carried 5-0

5.0 BUSINESS ACTION

5.1 Electric and Water Cost of Service and Rate Design Study

Dave Berg, ERMU's rate consultant, presented the findings of the Cost of Service and Rate Design Study for both electric and water utilities, incorporating feedback from the November meeting. He explained there had been updated numbers in capital improvements provided by staff since that meeting.

Electric Rates Key Points:

- **Financial Projections:** With existing rates, the utility's net position and cash reserves are projected to decline, largely due to \$8 million in planned capital improvements.
- **Rate Recommendation:** A 2% revenue increase is recommended for 2026–2029.
- **Power Cost Adjustment (PCA) Change:** A new formula was proposed for calculating the PCA, factoring the total wholesale power cost per retail kilowatt-hour sold. This change is designed to better protect the utility from all fluctuations in wholesale power costs, not just fluctuations in the power supplier's energy adjustment clause.
- **Solar Grid Access Charge:** The charge for customers with distributed energy projects has been recalculated and is expected to decrease based on evolving industry practices.
- **Reserve Funds:** The proposed 2% revenue increase is projected to gradually increase the electric utility's reserve fund balance from approximately 75% to 80% of its target over the next few years.

Water Rates Key Points:

- **Rate Increase:** A 4% increase in water rates was recommended.
- **Rate Structure:** The consultant recommended reviewing the tiered rate structure for lowering the consumption thresholds to better promote conservation.

Commissioner Stewart directed Mr. Berg's attention to page 4 of his presentation packet where the definition of other operating expenses discussed landfill gas generation. Mr. Berg stated that sentence should be removed as it no longer applies to ERMU, having ceased its landfill gas generation operation since the last study.

Mr. Hanson invited the Commission to provide its perspective on the potential rate increases and the timeline for meeting reserve goals, explaining that the Commission has the authority to differ from the studies' proposals should it want to achieve its desired reserve fund balances more quickly.

Commissioner Zerwas stated he was comfortable meeting the reserve goals over 4-5 years, and that he would favor larger increases for Tier 3 water usage as those are the larger users. Mr. Berg explained that not as much water is sold at that level and that a more effective approach would be to reduce ERMU's fairly high tier thresholds.

In response to a question, Mr. Berg explained that a 4% water increase will result in an increase of less than \$2 per month for an average residential customer.

There was discussion about the potential rate increases from the power provider. At that time staff estimated it could be an increase of approximately 2.9-3%.

In discussing best practices for reserve levels, Mr. Berg explained that ERMU's reserve goal is approaching 50% of operating revenue, which is appropriate for a utility its size.

The Commission directed staff to bring back a presentation of Mr. Berg's recommendation of a 2% electric revenue increase and a 4% water rates increase for approval at the special meeting. Per Commission request, staff stated they would research the water rate tier structures of comparable utilities and provide a recommendation to the Commission as well.

5.2 **Financial Report – October 2025**

Ms. Karpinski presented her report which showed the Utilities had a profitable month with a net profit position of \$3.9 million or 8.67%. This performance is favorable compared to both the budget and the prior year.

There was discussion about Verizon water tower attachment lease negotiations. Mr. Hanson explained there has been ongoing discussion with the vendor since the November meeting when the Commission directed staff to take no action on adapting the leases in either manor proposed by the vendor. He explained that after the recent conversations, staff still does not recommend the full buyout option while renegotiated terms on leases warrant some future discussions.

A majority of the Commission, excepting Commissioner Zerwas, directed staff to prepare a financial analysis showing the revenue impact of the different lease options. During staff updates, Commissioner Zerwas shared that he would be recusing himself from discussions and votes on the issue due to his professional relationship with the vendor.

Moved by Commissioner Westgaard and seconded by Commissioner Larson-Vito to receive the October 2025 Financial Report. Motion carried 5-0.

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

Mr. Hanson presented an updated draft of the Financial Reserve policy, incorporating feedback from the November meeting. The Commission expressed consensus that the updates accurately reflected their previous discussion.

No formal motion was required as this is a management policy presented for transparency and due to the policy's impact to rate setting and budgeting.

5.4 **Wage & Benefits Committee - Proposed 2026 Adjustments**

Mr. Hanson shared that he had received the final wage adjustment data from a peer municipal utility that was unavailable when his memo was published. After factoring in the final adjustment, which was at the lower end of its expected range, the overall average is on the lower end of the range presented in November; thus, staff requested a 3.34% wage adjustment for all staff in 2026.

Moved by Commissioner Stewart and seconded by Commissioner Zerwas to approve the 2026 Wage Adjustment of 3.34% for all staff, effective January 1, 2026. Motion carried 5-0.

6.0 **BUSINESS DISCUSSION**

6.1 **Staff Updates**

Mr. Hanson reported on an ongoing issue with a commercial property owner, with a history of non-payment, who has non-functional water curb stops. The vacant building has no heat source as gas service has also been turned off and it is unable to receive electricity due to code violations. Staff has been monitoring the temperatures of the lines but to mitigate the risk of pipes freezing, ERMU is hiring a contractor to repair the curb stops so the water can be shut off. The property owner will be assessed for the work. Mr. Hanson added that legal staff approves of this approach.

Mr. Mauren reminded the Commission of the special meeting scheduled for December 18. The meeting was scheduled largely to approve the finalized budget and rates now that staff has received guidance from the Commission on the rate study earlier in the meeting.

Mr. Ninow informed the Commission that the Utilities, with assistance from a consultant and the Minnesota Department of Health, have updated the service line material inventory list. As required, notification letters were sent to all properties with service lines listed as "unidentified" and to approximately 30 properties with galvanized service lines that require replacement.

6.2 **City Council Update**

Chair Dietz provided a city council update.

6.3 **Future Planning**

Chair Dietz announced the following:

- a. Special Commission Meeting – December 18, 2025, 3:30 p.m., Utilities Conference Room
- b. Regular Commission Meeting – January 13, 2026

c. 202 Governance Agenda

6.5 **Other Business**

There was no other business.

7.0 **ADJOURN REGULAR MEETING**

Moved by Commissioner Westgaard and seconded by Commissioner Zerwas to adjourn the regular meeting of the Elk River Municipal Utilities Commission at 5:03 p.m. Motion carried 5-0.

Minutes prepared by Tony Mauren

John J. Dietz, ERMU Commission Chair

Jolene Richter, Deputy City Clerk

**ELK RIVER MUNICIPAL UTILITIES
SPECIAL MEETING OF THE UTILITIES COMMISSION
HELD AT THE UTILITIES CONFERENCE ROOM
December 18, 2025**

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

Present via Zoom: Commissioner Nick Zerwas participated in the meeting via interactive television as he was out of town at the time of the meeting

ERMU Staff Present: Mark Hanson, General Manager
Sara Youngs, Administrations Director
Melissa Karpinski, Finance Manager
Tony Mauren, Governance & Communications Manager
Tom Geiser, Operations Director
Jenny Foss, Communications & Administrative Coordinator

Others Present: Jared Shepherd, Attorney

1.0 GOVERNANCE

1.1 Call Meeting to Order

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

1.2 Pledge of Allegiance

The Pledge of Allegiance was recited.

1.3 Consider the Agenda

There were no recommended changes to the agenda.

Moved by Commissioner Westgaard and seconded by Commissioner Larson-Vito to approve the December 18, 2025, agenda. Motion carried 5-0.

2.0 CONSENT AGENDA (Approved By One Motion)

Due to questions about the one item on the agenda, a recommendation was made by Commissioner Larson-Vito to remove this item from Consent for further discussion.

Moved by Commissioner Stewart and seconded by Commissioner Larson-Vito to remove Receive Final Electric and Water Cost of Service and Rate Design Studies from the Consent Agenda for further discussion. Motion carried 5-0.

3.0 BUSINESS ACTION

2.1 Receive Final Electric and Water Cost of Service and Rate Design Studies

Commissioner Stewart had questions regarding the classification of specific line items within the final Cost of Service and Rate Design Studies prepared by the ERMU's consultant, Dave Berg.

Commissioner Stewart stated that the amortization of the Minnesota Municipal Power Agency (MMPA) membership buy-in cost, valued at approximately \$668,000 annually, was classified under Plant in Service but suggested it would be more appropriately categorized under Power Supply. It was noted that this reclassification, while not affecting the overall 2% revenue goal, could impact how costs are allocated across different customer classes.

A second point concerned the description of Other Operating Expense, which referenced the local power peaking plant. Since the plant is no longer operational for power generation, its associated costs, including labor for caretaking, may need to be re-categorized from Power Generation to a more appropriate account, such as Distribution or General Campus Maintenance.

Staff stated they will work with the consultant to review the classification of the MMPA amortization and the former peaking plant expenses. An updated report will be brought back to the Commission in January for final review and filing. No formal action was taken to receive the report at the time.

3.1 Verizon Water Tower Lease Agreements

Commissioner Zerwas formally recused himself from discussion and voting, due to a professional relationship with Verizon.

Having received guidance from the Commission in November 2025 to not proceed with any changes, staff provided an update on the latest unsolicited offers from Verizon to amend its water tower lease agreements. Verizon is requesting reductions ranging from 26.5% to 32.8% across different towers, citing financial challenges and its analysis of redundant tower coverage, the potential consequence of which being removal of the equipment and a loss of revenue for ERMU.

Staff noted that Verizon's actions, such as proposed longer lease durations and recently upgrading equipment on a tower, seem to contradict their claim that the towers are less valuable.

Mr. Hanson corrected his memo which was published as stating, "Further reductions beyond 5% would require reducing the annual payments as needed to achieve the desired goal," as it should actually state 10% as that threshold.

Mr. Hanson invited the Commission's feedback on whether they were interested in approving a reduction and what percentage reduction they were comfortable with accepting.

Commissioners emphasized the importance of maintaining consistency across all lease agreements with all three carriers (Verizon, AT&T, T-Mobile). It was noted that staff has worked diligently to standardize terms, such as the 4% annual escalator, and that altering terms for one carrier could set a difficult precedent.

The Commission felt that the company's claimed financial burden should not be shifted to the Utilities' consumer-owners, noting the company has publicly reported its intention to distribute dividends to shareholders.

Mr. Hanson explained that Verizon is able to terminate its contracts at the end of every five-year renewal cycle without penalty. He added that the next periods start in 2028 and 2029 for the respective tower agreements.

The consensus of the Commission was to maintain the agreement terms and not renegotiate the existing lease agreements with Verizon. No formal action was requested or taken. Staff will proceed based on this direction.

3.2 **2026 Annual Business Plan – Budget and Schedule of Rates & Fees**

Ms. Karpinski presented the final 2026 Annual Business Plan for adoption. The plan incorporates recommendations from the cost of service studies, proposing a 2% total revenue increase for electric (a 7.06% margin), and a 4% rate increase for water (3.38% margin).

Based on discussion at the December regular meeting, Commissioner Stewart asked if staff had considered adjusting the water rate tiers. Staff responded that after reviewing neighboring utilities, ERMU's tiers are on the lower end, particularly the threshold between Tier 2 and Tier 3. Mr. Hanson proposed to hold off on tier adjustments for 2026 to avoid compounding the rate increase.

In response to a question, Ms. Youngs explained that most high-water-bill inquiries come from new homeowners unfamiliar with their irrigation systems. She added that the ERMU's new Advanced Metering Infrastructure helps proactively notify customers of continuous water flow issues to help reduce unnecessary usage.

Moved by Commissioner Larson-Vito and seconded by Commissioner Stewart to adopt Resolution 25-10 adopting the 2026 Annual Business Plan. Motion carried 5-0

4.0 ADJOURN REGULAR MEETING

Moved by Commissioner Westgaard and seconded by Commissioner Larson-Vito to adjourn the special meeting of the Elk River Municipal Utilities Commission at 4:00 p.m. Motion carried 5-0.

Minutes prepared by Tony Mauren.

John J. Dietz, ERMU Commission Chair

Jolene Richter, Deputy City Clerk

TO: ERMU Commission	FROM: Mark Hanson - General Manager
MEETING DATE: January 13, 2026	AGENDA ITEM NUMBER: 2.4
SUBJECT: Electric and Water Cost of Service and Rate Design Studies	
ACTION REQUESTED: Receive Final Cost of Service and Rate Design Studies	

BACKGROUND:

At the December 18, 2025, special meeting, staff requested the Commission to receive and file the final copy of the electric and water cost of service and rate design study. Commissioner Stewart raised questions regarding the classification of specific line items in the final Cost of Service and Rate Design Studies prepared by ERMU’s consultant, Dave Berg.

Commissioner Stewart stated that the amortization of the Minnesota Municipal Power Agency (MMPA) membership buy-in cost, valued at approximately \$668,000 annually, was classified under Plant and Service but recommended this expense would be more appropriately categorized under Power Supply. It was noted that this reclassification, while not affecting the overall 2% revenue goal, could impact how costs are allocated across the different customer classes.

A second point concerned the description of Other Operating Expense, which referenced the local power peaking plant. Since the plant is no longer operational for power generation, its associated costs, including labor for caretaking, may need to be reclassified from Power Generation to a more appropriate account, such as Distribution or General Campus Maintenance.

DISCUSSION:

Staff has worked with Mr. Berg to address and clarify the concerns raised by Commissioner Stewart. The MMPA buy-in cost was recategorized under Power Supply, and the costs associated with the former power plant were recategorized as General Maintenance.

Staff request the commission receive and file the Cost of Service and Rate Studies.

ATTACHMENTS:

- Elk River Final Electric Report, December 22
- Elk River Final Water Report, December 10



Elk River Municipal Utilities

ELECTRIC COST OF SERVICE AND RATE DESIGN STUDY

Final Report

December 22, 2025



REPORT OUTLINE

Cover Letter

Section 1 - Introduction

Section 2 – Projected Operating Results – Existing Rates

Section 3 – Cost of Service

Section 4 – Proposed Rates



December 22, 2025

Elk River Municipal Utilities Commission

13069 Orono Parkway
PO Box 430
Elk River, MN 55330

Subject: Electric Rate Study

Commission Members:

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

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

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

Sincerely,

Dave Berg Consulting, LLC

A handwritten signature in black ink that reads 'David A. Berg'. The signature is written in a cursive style and is positioned above the printed name and title.

David A. Berg, PE
Principal

Dedicated to providing personal service to consumer-owned utilities

Dave Berg Consulting, LLC | 15213 Danbury Ave W, Rosemount, MN 55068 | 612-850-2305

www.davebergconsulting.com

Section 1

Introduction

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

Section 2

Projected Operating Results

Existing Rates

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

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

Estimated Revenues – Existing Rates

Retail Sales

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

Projected Operating Results – Existing Rates

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

Other Operating Revenues

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

Revenue Requirements

Generation and Purchased Power

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

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

**Table 2-1
Retail Sales
And Wholesale Requirements**

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

Section 2

Power Cost Adjustment (PCA)

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

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

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

Other Operating Expenses

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

Projected Operating Results – Existing Rates

Depreciation

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

Non-operating Revenue (Expenses)

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

City Transfer

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

Capital Improvements

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

Table 2-3
Capital Improvements

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

Section 2

Debt Service

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

Interfund Borrowing

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

Projected Operating Results – Existing Rates

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

Table 2-4
Projected Operating Results
Existing Rates

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

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

Projected Operating Results – Existing Rates

Cash Reserves

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

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

Table 2-5
Projected Cash Reserves
Existing Rates

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

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

Elk River Municipal Utilities
Electric Operating Results at Existing Rates

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

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

Section 3

Cost-of-Service

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

Functionalization of Costs

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

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

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

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

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

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

**Table 3-1
Functional Electric Costs
2024 Test Year**

Component	Revenue Requirement
Power Supply	\$29,743,263
Distribution	8,234,743
Customer	1,720,514
Revenue	<u>2,449,632</u>
Total	\$42,148,152

Classification of Costs

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

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

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

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

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

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

Section 3

Allocation of Costs

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

Demand Allocations

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

Energy Allocations

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

Customer Allocations

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

Revenue Allocations

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

Cost of Service Results

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

Section 3

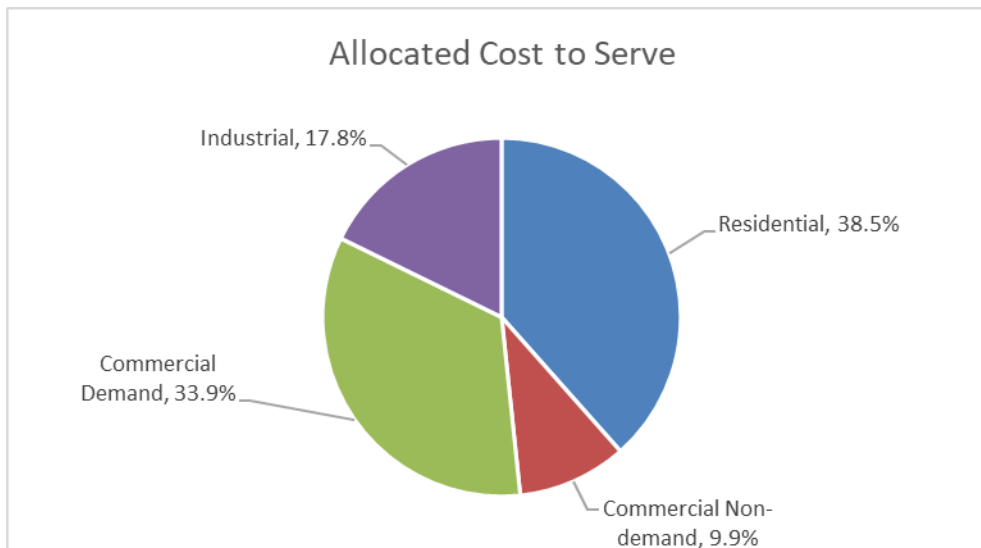
Table 3-2
Electric Cost of Service Results
Comparison of Cost and Revenues
2024 Test Year

Customer Classification	Allocated Cost to Serve	Revenues
Residential	\$16,207,641	\$16,583,227
Commercial Non-demand	4,165,967	4,401,535
Demand	14,290,322	13,875,362
Industrial	<u>7,484,222</u>	<u>7,288,029</u>
Total	\$42,148,152	\$42,148,152

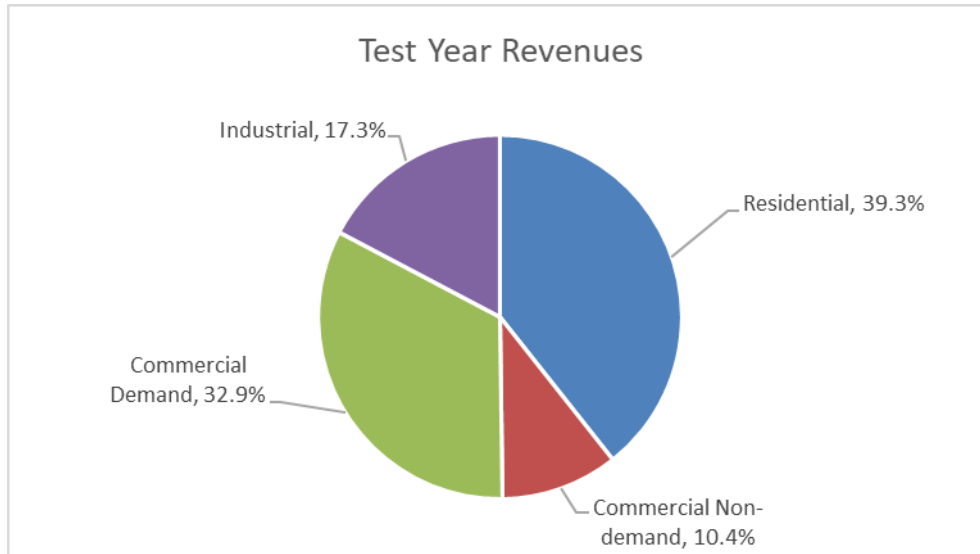
The revenue requirements and revenues as allocated to each class and summarized above are shown on a total dollars basis. Table 3-3 below makes the comparison based on percentages of total cost to serve and total revenues. The charts following Table 3-3 show a graphical comparison between allocated cost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

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

Customer Classification	Allocated Cost to Serve	Revenues	Increase/ (Decrease)
Residential	38.5%	39.3%	-2.3%
Commercial Non-demand	9.9%	10.4%	-5.4%
Demand	33.9%	32.9%	3.0%
Industrial	<u>17.8%</u>	<u>17.3%</u>	<u>2.7%</u>
Total	100.0%	100.0%	0.0%



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

Elk River Municipal Utilities
Functionalization of 2024 Test Year Revenue Requirements

REVENUE REQUIREMENT	2024	Power				Classification Basis
	Test Year	Supply	Distribution	Customer	Revenue	
Purchased Power	\$ 28,590,698	\$ 28,590,698	\$ -	\$ -	\$ -	100% power supply
Production						
OPERATING SUPERVISION	137,835	-	137,835	-	-	100% distribution
DIESEL OIL FUEL	159	-	159	-	-	100% distribution
NATURAL GAS	21,926	-	21,926	-	-	100% distribution
ELECTRIC & WATER CONSUMPTION	58,033	-	58,033	-	-	100% distribution
OTHER EXP/PLANT SUPPLIES-ETC	9,756	-	9,756	-	-	100% distribution
MISC OTHER PWR GENERATION EXP	640	-	640	-	-	100% distribution
MAINTENANCE OF STRUCTURE/PLANT	13,914	-	13,914	-	-	100% distribution
MTCE OF ENGINES/GENERATORS-PL	4,177	-	4,177	-	-	100% distribution
MTCE OF PLANT/LAND IMPROVEMENT	20,339	-	20,339	-	-	100% distribution
Total Production	\$ 266,779	\$ -	\$ 266,779	\$ -	\$ -	
Transmission	\$ 48,622	\$ 48,622	\$ -	\$ -	\$ -	100% power supply
Distribution						
REMOVE EXISTING SERV & METERS	352	-	352	-	-	100% distribution
SCADA EXPENSES	51,049	-	51,049	-	-	100% distribution
TRANSFORMER EX/OVERHD & UNDERG	17,031	-	17,031	-	-	100% distribution
MTCE OF SIGNAL SYSTEMS	2,223	-	2,223	-	-	100% distribution
METER EXP - REMOVE & RESET	466	-	466	-	-	100% distribution
TEMP SERVICE-INSTALL & REMOVE	650	-	650	-	-	100% distribution
MISC DISTRIBUTION EXPENSE	353,049	-	353,049	-	-	100% distribution
INTERCONNECTION CARRYING CHARGE	2,416	-	2,416	-	-	100% distribution
MTCE OF STRUCTURES	90,596	-	90,596	-	-	100% distribution
MTCE OF SUBSTATIONS	26,504	-	26,504	-	-	100% distribution
MTCE OF SUBSTATION EQUIPMENT	88,541	-	88,541	-	-	100% distribution
MTCE OF OVERHD LINES/TREE TRIM	245,908	-	245,908	-	-	100% distribution
MTCE OF OVERHD LINES/STANDBY	43,616	-	43,616	-	-	100% distribution
MTCE OF OVERHEAD	174,965	-	174,965	-	-	100% distribution
MTCE OF UNDERGROUND/DISTRIB	284,922	-	284,922	-	-	100% distribution
LOCATE ELECTRIC LINES	100,233	-	100,233	-	-	100% distribution
LOCATE FIBER LINES	3,182	-	3,182	-	-	100% distribution
MTCE OF LINE TRANSFORMERS	65,534	-	65,534	-	-	100% distribution
MTCE OF STREET LIGHTING	83,909	-	83,909	-	-	100% distribution
MTCE OF SECURITY LIGHTING	24,067	-	24,067	-	-	100% distribution
MTCE OF METERS	57,807	-	57,807	-	-	100% distribution
VOLTAGE COMPLAINTS	6,937	-	6,937	-	-	100% distribution
SALARIES/TRANS & DISTRIBUTION	31,044	-	31,044	-	-	100% distribution
ELECTRIC MAPPING	134,998	-	134,998	-	-	100% distribution
MTCE OF OVERHEAD SERVICE/2NDRY	21,933	-	21,933	-	-	100% distribution
MTCE OF UNDERGROUND ELEC SERV	58,324	-	58,324	-	-	100% distribution
LOCATE UNDERGROUND SECONDARY	-	-	-	-	-	100% distribution
TRANSPORTATION EXPENSE	303,891	-	303,891	-	-	100% distribution
Total Distribution	\$ 2,274,147	\$ -	\$ 2,274,147	\$ -	\$ -	
Utilities & Labor Donated						
UTILITIES & LABOR DONATED TO CITY	229,359	-	-	-	229,359	100% revenue
Total Utilities & Labor Donated	229,359	-	-	-	229,359	
Depreciation & Amortization						
DEPRECIATION	2,649,693	-	2,649,693	-	-	plant in service
AMORTIZATION	668,135	668,135	-	-	-	100% power supply
Total Depreciation & Amortization	\$ 3,317,828	\$ 668,135	\$ 2,649,693	\$ -	\$ -	
Other Operating Expenses						
EV CHARGING EXPENSE	2,661	-	-	2,661	-	100% customer
LOSS ON DISPOSITION OF PROPERTY	-	-	-	-	-	NA
OTHER DONATIONS	-	-	-	-	-	NA
MUTUAL AID	54,540	-	54,540	-	-	100% distribution
INTEREST PD ON METER DEPOSIT	57,582	-	-	57,582	-	100% customer
RENTAL PROPERTY EXPENSE	-	-	-	-	-	NA
PENSION EXPENSE	(196,662)	-	(196,662)	-	-	100% distribution
Total Other Operating Expenses	\$ (81,879)	\$ -	\$ (142,122)	\$ 60,243	\$ -	
Customer Accounts						
METER READING EXPENSE	47,697	-	-	47,697	-	100% customer
COLLECTING EXP DISC/RECONNECT	11,844	-	-	11,844	-	100% customer
MISC CUSTOMER ACCTS EXP-COMP	355,651	-	-	355,651	-	100% customer
CUST BGLS NOT PD/SENT FOR COLL	15,202	-	-	15,202	-	100% customer

Elk River Municipal Utilities
Functionalization of 2024 Test Year Revenue Requirements

REVENUE REQUIREMENT	2024 Test Year	Power Supply	Distribution	Customer	Revenue	Classification Basis
Total Customer Accounts	\$ 430,394	\$ -	\$ -	\$ 430,394	\$ -	
General & Administrative						
SALARIES/OFFICE & COMMISSION	885,000	89,847	632,838	133,564	28,751	non PP operating expenses
TEMPORARY STAFFING	-	-	-	-	-	NA
OFFICE SUPPLIES & EXPENSE	95,725	9,718	68,450	14,447	3,110	non PP operating expenses
LT & WATER CONSUMPTION/OFFICE	24,245	2,461	17,337	3,659	788	non PP operating expenses
BANK CHARGES	2,845	289	2,034	429	92	non PP operating expenses
LEGAL FEES	35,361	3,590	25,286	5,337	1,149	non PP operating expenses
AUDITING FEES	18,880	1,917	13,501	2,849	613	non PP operating expenses
INSURANCE	183,582	18,638	131,274	27,706	5,964	non PP operating expenses
UTILITY SHARE DEF COMP	111,229	11,292	79,537	16,787	3,613	non PP operating expenses
UTIL SH OF MEDICAL/DENTAL	829,167	84,179	592,914	125,138	26,937	non PP operating expenses
UTILITY SHARE OF PERA	308,017	31,270	220,254	46,486	10,006	non PP operating expenses
UTILITY SHARE OF FICA	300,170	30,474	214,643	45,302	9,751	non PP operating expenses
EMPLOYEES SICK PAY	496,745	50,430	355,208	74,969	16,138	non PP operating expenses
EMP HOLIDAY PAY	179,076	18,180	128,052	27,026	5,818	non PP operating expenses
EMPLOYEE VACATION & PTO	331,860	33,691	237,304	50,084	10,781	non PP operating expenses
UPMIC DISTRIBUTION	112,540	11,425	80,474	16,985	3,656	non PP operating expenses
LONGEVITY PAY	6,963	707	4,979	1,051	226	non PP operating expenses
CONSULTING FEES	40,307	4,092	28,822	6,083	1,309	non PP operating expenses
TELEPHONE	30,987	3,146	22,158	4,677	1,007	non PP operating expenses
ADVERTISING	14,071	1,429	10,062	2,124	457	non PP operating expenses
DUES & SUBSCRIPTIONS - FEES	123,647	12,553	88,416	18,661	4,017	non PP operating expenses
TRAVEL EXPENSE	-	-	-	-	-	NA
SCHOOLS & MEETINGS	199,541	20,258	142,686	30,115	6,482	non PP operating expenses
MTCE OF GENERAL PLANT & OFFICE	10,072	1,023	7,202	1,520	327	non PP operating expenses
Total General & Administrative	\$ 4,340,030	\$ 440,608	\$ 3,103,432	\$ 654,998	\$ 140,992	
General Expense						
CIP REBATES - RESIDENTIAL	92,938	-	-	92,938	-	100% customer
CIP REBATES - COMMERCIAL	111,001	-	-	111,001	-	100% customer
CIP - ADMINISTRATION	180,070	-	-	180,070	-	100% customer
CIP - MARKETING	44,739	-	-	44,739	-	100% customer
CIP - LABOR	98,214	-	-	98,214	-	100% customer
CIP REBATES - LOW INCOME	3,762	-	-	3,762	-	100% customer
CIP - LOW INCOME LABOR	9,264	-	-	9,264	-	100% customer
ENVIRONMENTAL COMPLIANCE	31,460	-	-	31,460	-	100% customer
MISC GENERAL EXPENSE	3,431	-	-	3,431	-	100% customer
Total General Expense	\$ 574,879	\$ -	\$ -	\$ 574,879	\$ -	
TOTAL OPERATING EXPENSES	\$ 39,990,857	\$ 29,748,063	\$ 8,151,929	\$ 1,720,514	\$ 370,351	
OTHER OPERATING REVENUES						
LFG PROJECT	-	-	-	-	-	NA
DISPERSED GENERATION CREDIT	4,800	4,800	-	-	-	100% power supply
CONNECTION MAINTENANCE	317,234	-	-	-	317,234	100% revenue
CUSTOMER PENALTIES	295,143	-	-	-	295,143	100% revenue
SECURITY LIGHTS	260,837	-	-	-	260,837	100% revenue
CONTRIBUTIONS FROM CUSTOMERS	690,934	-	690,934	-	-	100% distribution
TOTAL OTHER OPERATING REVENUES	\$ 1,568,948	\$ 4,800	\$ 690,934	\$ -	\$ 873,214	
NON-OPERATING INCOME (EXPENSES)						
Interest income	338,157	-	-	-	338,157	100% revenue
Miscellaneous revenue	925,800	-	-	-	925,800	100% revenue
Interest expense and other	(773,748)	-	(773,748)	-	-	plant in service
Gain (Loss) on sale of capital assets	(16,154)	-	-	-	(16,154)	100% revenue
TOTAL NON-OPERATING INCOME (EXPENSES)	\$ 474,055	\$ -	\$ (773,748)	\$ -	\$ 1,247,803	
TRANSFER TO CITY	\$ 1,527,629	\$ -	\$ -	\$ -	\$ 1,527,629	100% revenue
MARGIN	\$ 2,672,669	\$ -	\$ -	\$ -	\$ 2,672,669	100% revenue
TOTAL REVENUE REQUIREMENT	\$ 42,148,152	\$ 29,743,263	\$ 8,234,743	\$ 1,720,514	\$ 2,449,632	
	100%	71%	20%	4%	6%	

Elk River Municipal Utilities
2024 Test Year Power Supply Classification

REVENUE REQUIREMENT	2024			Classification Basis
	<u>Test Year</u>	<u>Demand</u>	<u>Energy</u>	
Purchased Power	\$ 28,590,698	\$ 7,343,889	\$ 21,246,809	per power supply
Production				
OPERATING SUPERVISION	-	-	-	NA
DIESEL OIL FUEL	-	-	-	NA
NATURAL GAS	-	-	-	NA
ELECTRIC & WATER CONSUMPTION	-	-	-	NA
OTHER EXP/PLANT SUPPLIES-ETC	-	-	-	NA
MISC OTHER PWR GENERATION EXP	-	-	-	NA
MAINTENANCE OF STRUCTURE/PLANT	-	-	-	NA
MTCE OF ENGINES/GENERATORS-PL	-	-	-	NA
MTCE OF PLANT/LAND IMPROVEMENT	-	-	-	NA
Total Production	\$ -	\$ -	\$ -	
Transmission	\$ 48,622	\$ 48,622	\$ -	100% demand
Distribution				
REMOVE EXISTING SERV & METERS	-	-	-	NA
SCADA EXPENSES	-	-	-	NA
TRANSFORMER EX/OVERHD & UNDERG	-	-	-	NA
MTCE OF SIGNAL SYSTEMS	-	-	-	NA
METER EXP - REMOVE & RESET	-	-	-	NA
TEMP SERVICE-INSTALL & REMOVE	-	-	-	NA
MISC DISTRIBUTION EXPENSE	-	-	-	NA
INTERCONNECTION CARRYING CHARGE	-	-	-	NA
MTCE OF STRUCTURES	-	-	-	NA
MTCE OF SUBSTATIONS	-	-	-	NA
MTCE OF SUBSTATION EQUIPMENT	-	-	-	NA
MTCE OF OVERHD LINES/TREE TRIM	-	-	-	NA
MTCE OF OVERHD LINES/STANDBY	-	-	-	NA
MTCE OF OVERHEAD	-	-	-	NA
MTCE OF UNDERGROUND/DISTRIB	-	-	-	NA
LOCATE ELECTRIC LINES	-	-	-	NA
LOCATE FIBER LINES	-	-	-	NA
MTCE OF LINE TRANSFORMERS	-	-	-	NA
MTCE OF STREET LIGHTING	-	-	-	NA
MTCE OF SECURITY LIGHTING	-	-	-	NA
MTCE OF METERS	-	-	-	NA
VOLTAGE COMPLAINTS	-	-	-	NA
SALARIES/TRANS & DISTRIBUTION	-	-	-	NA
ELECTRIC MAPPING	-	-	-	NA
MTCE OF OVERHEAD SERVICE/2NDRY	-	-	-	NA
MTCE OF UNDERGROUND ELEC SERV	-	-	-	NA
LOCATE UNDERGROUND SECONDARY	-	-	-	NA
TRANSPORTATION EXPENSE	-	-	-	NA
Total Distribution	\$ -	\$ -	\$ -	
Utilities & Labor Donated				
UTILITIES & LABOR DONATED TO CITY	-	-	-	NA
Total Utilities & Labor Donated	-	-	-	
Depreciation & Amortization				
DEPRECIATION	-	-	-	NA
AMORTIZATION	668,135	668,135	-	100% demand
Total Depreciation & Amortization	\$ 668,135	\$ 668,135	\$ -	
Other Operating Expenses				
EV CHARGING EXPENSE	-	-	-	NA
LOSS ON DISPOSITION OF PROPERTY	-	-	-	NA
OTHER DONATIONS	-	-	-	NA
MUTUAL AID	-	-	-	NA
INTEREST PD ON METER DEPOSIT	-	-	-	NA
RENTAL PROPERTY EXPENSE	-	-	-	NA
PENSION EXPENSE	-	-	-	NA
Total Other Operating Expenses	\$ -	\$ -	\$ -	
Customer Accounts				
METER READING EXPENSE	-	-	-	NA

Elk River Municipal Utilities
2024 Test Year Power Supply Classification

	2024			
REVENUE REQUIREMENT	Test Year	Demand	Energy	Classification Basis
COLLECTING EXP DISC/RECONNECT	-	-	-	NA
MISC CUSTOMER ACCTS EXP-COMP	-	-	-	NA
CUST BLGs NOT PD/SENT FOR COLL	-	-	-	NA
Total Customer Accounts	\$ -	\$ -	\$ -	
General & Administrative				
SALARIES/OFFICE & COMMISSION	89,847	24,701	65,146	total revenue requirement
TEMPORARY STAFFING	-	-	-	NA
OFFICE SUPPLIES & EXPENSE	9,718	2,672	7,046	total revenue requirement
LT & WATER CONSUMPTION/OFFICE	2,461	677	1,785	total revenue requirement
BANK CHARGES	289	79	209	total revenue requirement
LEGAL FEES	3,590	987	2,603	total revenue requirement
AUDITING FEES	1,917	527	1,390	total revenue requirement
INSURANCE	18,638	5,124	13,514	total revenue requirement
UTILITY SHARE DEF COMP	11,292	3,104	8,188	total revenue requirement
UTIL SH OF MEDICAL/DENTAL	84,179	23,142	61,036	total revenue requirement
UTILITY SHARE OF PERA	31,270	8,597	22,674	total revenue requirement
UTILITY SHARE OF FICA	30,474	8,378	22,096	total revenue requirement
EMPLOYEES SICK PAY	50,430	13,864	36,566	total revenue requirement
EMP HOLIDAY PAY	18,180	4,998	13,182	total revenue requirement
EMPLOYEE VACATION & PTO	33,691	9,262	24,429	total revenue requirement
UPMIC DISTRIBUTION	11,425	3,141	8,284	total revenue requirement
LONGEVITY PAY	707	194	513	total revenue requirement
CONSULTING FEES	4,092	1,125	2,967	total revenue requirement
TELEPHONE	3,146	865	2,281	total revenue requirement
ADVERTISING	1,429	393	1,036	total revenue requirement
DUES & SUBSCRIPTIONS - FEES	12,553	3,451	9,102	total revenue requirement
TRAVEL EXPENSE	-	-	-	NA
SCHOOLS & MEETINGS	20,258	5,569	14,689	total revenue requirement
MTCE OF GENERAL PLANT & OFFICE	1,023	281	741	total revenue requirement
Total General & Administrative	\$ 440,608	\$ 121,131	\$ 319,476	
General Expense				
CIP REBATES - RESIDENTIAL	-	-	-	NA
CIP REBATES - COMMERCIAL	-	-	-	NA
CIP - ADMINISTRATION	-	-	-	NA
CIP - MARKETING	-	-	-	NA
CIP - LABOR	-	-	-	NA
CIP REBATES - LOW INCOME	-	-	-	NA
CIP - LOW INCOME LABOR	-	-	-	NA
ENVIRONMENTAL COMPLIANCE	-	-	-	NA
MISC GENERAL EXPENSE	-	-	-	NA
Total General Expense	\$ -	\$ -	\$ -	
TOTAL OPERATING EXPENSES	\$ 29,748,063	\$ 8,181,777	\$ 21,566,285	
OTHER OPERATING REVENUES				
LFG PROJECT	-	-	-	NA
DISPERSED GENERATION CREDIT	4,800	4,800	-	100% demand
CONNECTION MAINTENANCE	-	-	-	NA
CUSTOMER PENALTIES	-	-	-	NA
SECURITY LIGHTS	-	-	-	NA
CONTRIBUTIONS FROM CUSTOMERS	-	-	-	NA
TOTAL OTHER OPERATING REVENUES	\$ 4,800	\$ 4,800	\$ -	
NON-OPERATING INCOME (EXPENSES)				
Interest income	-	-	-	NA
Miscellaneous revenue	-	-	-	NA
Interest expense and other	-	-	-	total revenue requirement
Gain (Loss) on sale of capital assets	-	-	-	NA
TOTAL NON-OPERATING INCOME (EXPENSES)	\$ -	\$ -	\$ -	
TRANSFER TO CITY	\$ -	\$ -	\$ -	NA
MARGIN	\$ -	\$ -	\$ -	NA
TOTAL REVENUE REQUIREMENT	\$ 29,743,263	\$ 8,176,977	\$ 21,566,285	

Elk River Municipal Utilities
2024 Test Year Distribution Classification

REVENUE REQUIREMENT	2024 <u>Test Year</u>	<u>Demand</u>	<u>Customer Facilities</u>	<u>Classification Basis</u>
OPERATING EXPENSES				
Purchased Power	\$ -	\$ -	\$ -	NA
Production				
OPERATING SUPERVISION	137,835	137,835	-	100% Dist demand
DIESEL OIL FUEL	159	159	-	100% Dist demand
NATURAL GAS	21,926	21,926	-	100% Dist demand
ELECTRIC & WATER CONSUMPTION	58,033	58,033	-	100% Dist demand
OTHER EXP/PLANT SUPPLIES-ETC	9,756	9,756	-	100% Dist demand
MISC OTHER PWR GENERATION EXP	640	640	-	100% Dist demand
MAINTENANCE OF STRUCTURE/PLANT	13,914	13,914	-	100% Dist demand
MTCE OF ENGINES/GENERATORS-PL	4,177	4,177	-	100% Dist demand
MTCE OF PLANT/LAND IMPROVEMENT	20,339	20,339	-	100% Dist demand
Total Production	\$ 266,779	\$ 266,779	\$ -	
Transmission	\$ -	\$ -	\$ -	NA
Distribution				
REMOVE EXISTING SERV & METERS	352	-	352	100% Cust facilities
SCADA EXPENSES	51,049	36,784	14,265	Dist/Cust split
TRANSFORMER EX/OVERHD & UNDERG	17,031	-	17,031	100% Cust facilities
MTCE OF SIGNAL SYSTEMS	2,223	-	2,223	100% Cust facilities
METER EXP - REMOVE & RESET	466	-	466	100% Cust facilities
TEMP SERVICE-INSTALL & REMOVE	650	-	650	100% Cust facilities
MISC DISTRIBUTION EXPENSE	353,049	254,392	98,657	Dist/Cust split
INTERCONNECTION CARRYING CHARGE	2,416	2,416	-	100% Dist demand
MTCE OF STRUCTURES	90,596	90,596	-	100% Dist demand
MTCE OF SUBSTATIONS	26,504	26,504	-	100% Dist demand
MTCE OF SUBSTATION EQUIPMENT	88,541	88,541	-	100% Dist demand
MTCE OF OVERHD LINES/TREE TRIM	245,908	177,191	68,717	Dist/Cust split
MTCE OF OVERHD LINES/STANDBY	43,616	31,428	12,188	Dist/Cust split
MTCE OF OVERHEAD	174,965	126,072	48,893	Dist/Cust split
MTCE OF UNDERGROUND/DISTRIB	284,922	205,303	79,619	Dist/Cust split
LOCATE ELECTRIC LINES	100,233	-	100,233	100% Cust facilities
LOCATE FIBER LINES	3,182	-	3,182	100% Cust facilities
MTCE OF LINE TRANSFORMERS	65,534	-	65,534	100% Cust facilities
MTCE OF STREET LIGHTING	83,909	-	83,909	100% Cust facilities
MTCE OF SECURITY LIGHTING	24,067	-	24,067	100% Cust facilities
MTCE OF METERS	57,807	-	57,807	100% Cust facilities
VOLTAGE COMPLAINTS	6,937	-	6,937	100% Cust facilities
SALARIES/TRANS & DISTRIBUTION	31,044	22,369	8,675	Dist/Cust split
ELECTRIC MAPPING	134,998	97,274	37,724	Dist/Cust split
MTCE OF OVERHEAD SERVICE/2NDRY	21,933	-	21,933	100% Cust facilities
MTCE OF UNDERGROUND ELEC SERV	58,324	-	58,324	100% Cust facilities
LOCATE UNDERGROUND SECONDARY	-	-	-	NA
TRANSPORTATION EXPENSE	303,891	303,891	-	100% Dist demand
Total Distribution	\$ 2,274,147	\$ 1,462,761	\$ 811,386	
Utilities & Labor Donated				
UTILITIES & LABOR DONATED TO CITY	-	-	-	NA
Total Utilities & Labor Donated	-	-	-	
Depreciation & Amortization				
DEPRECIATION	2,649,693	1,909,257	740,436	Dist/Cust split
AMORTIZATION	-	-	-	NA
Total Depreciation & Amortization	\$ 2,649,693	\$ 1,909,257	\$ 740,436	
Other Operating Expenses				
EV CHARGING EXPENSE	-	-	-	NA
LOSS ON DISPOSITION OF PROPERTY	-	-	-	NA
OTHER DONATIONS	-	-	-	NA
MUTUAL AID	54,540	54,540	-	100% Dist demand
INTEREST PD ON METER DEPOSIT	-	-	-	NA
RENTAL PROPERTY EXPENSE	-	-	-	NA
PENSION EXPENSE	(196,662)	(141,706)	(54,956)	Dist/Cust split
Total Other Operating Expenses	\$ (142,122)	\$ (87,166)	\$ (54,956)	
Customer Accounts				

Elk River Municipal Utilities
2024 Test Year Distribution Classification

	2024 <u>Test Year</u>	<u>Demand</u>	<u>Customer Facilities</u>	<u>Classification Basis</u>
REVENUE REQUIREMENT				
METER READING EXPENSE	-	-	-	NA
COLLECTING EXP DISC/RECONNECT	-	-	-	NA
MISC CUSTOMER ACCTS EXP-COMP	-	-	-	NA
CUST BLSG NOT PD/SENT FOR COLL	-	-	-	NA
Total Customer Accounts	\$ -	\$ -	\$ -	
General & Administrative				
SALARIES/OFFICE & COMMISSION	632,838	421,566	211,273	total revenue requirement
TEMPORARY STAFFING	-	-	-	NA
OFFICE SUPPLIES & EXPENSE	68,450	45,598	22,852	total revenue requirement
LT & WATER CONSUMPTION/OFFICE	17,337	11,549	5,788	total revenue requirement
BANK CHARGES	2,034	1,355	679	total revenue requirement
LEGAL FEES	25,286	16,844	8,442	total revenue requirement
AUDITING FEES	13,501	8,993	4,507	total revenue requirement
INSURANCE	131,274	87,448	43,826	total revenue requirement
UTILITY SHARE DEF COMP	79,537	52,983	26,553	total revenue requirement
UTIL SH OF MEDICAL/DENTAL	592,914	394,970	197,944	total revenue requirement
UTILITY SHARE OF PERA	220,254	146,722	73,532	total revenue requirement
UTILITY SHARE OF FICA	214,643	142,985	71,658	total revenue requirement
EMPLOYEES SICK PAY	355,208	236,622	118,586	total revenue requirement
EMP HOLIDAY PAY	128,052	85,302	42,750	total revenue requirement
EMPLOYEE VACATION & PTO	237,304	158,080	79,224	total revenue requirement
UPMIC DISTRIBUTION	80,474	53,608	26,866	total revenue requirement
LONGEVITY PAY	4,979	3,317	1,662	total revenue requirement
CONSULTING FEES	28,822	19,200	9,622	total revenue requirement
TELEPHONE	22,158	14,761	7,397	total revenue requirement
ADVERTISING	10,062	6,703	3,359	total revenue requirement
DUES & SUBSCRIPTIONS - FEES	88,416	58,899	29,518	total revenue requirement
TRAVEL EXPENSE	-	-	-	NA
SCHOOLS & MEETINGS	142,686	95,050	47,636	total revenue requirement
MTCE OF GENERAL PLANT & OFFICE	7,202	4,798	2,404	total revenue requirement
Total General & Administrative	\$ 3,103,432	\$ 2,067,353	\$ 1,036,078	
General Expense				
CIP REBATES - RESIDENTIAL	-	-	-	NA
CIP REBATES - COMMERCIAL	-	-	-	NA
CIP - ADMINISTRATION	-	-	-	NA
CIP - MARKETING	-	-	-	NA
CIP - LABOR	-	-	-	NA
CIP REBATES - LOW INCOME	-	-	-	NA
CIP - LOW INCOME LABOR	-	-	-	NA
ENVIRONMENTAL COMPLIANCE	-	-	-	NA
MISC GENERAL EXPENSE	-	-	-	NA
Total General Expense	\$ -	\$ -	\$ -	
TOTAL OPERATING EXPENSES	\$ 8,151,929	\$ 5,618,984	\$ 2,532,945	
OTHER OPERATING REVENUES				
LFG PROJECT	-	-	-	NA
DISPERSED GENERATION CREDIT	-	-	-	NA
CONNECTION MAINTENANCE	-	-	-	NA
CUSTOMER PENALTIES	-	-	-	NA
SECURITY LIGHTS	-	-	-	NA
CONTRIBUTIONS FROM CUSTOMERS	690,934	690,934	-	100% Dist demand
TOTAL OTHER OPERATING REVENUES	\$ 690,934	\$ 690,934	\$ -	
NON-OPERATING INCOME (EXPENSES)				
Interest income	-	-	-	NA
Miscellaneous revenue	-	-	-	NA
Interest expense and other	(773,748)	(557,530)	(216,218)	Dist/Cust split
Gain (Loss) on sale of capital assets	-	-	-	NA
TOTAL NON-OPERATING INCOME (EXPENSES)	\$ (773,748)	\$ (557,530)	\$ (216,218)	
TRANSFER TO CITY	\$ -	\$ -	\$ -	NA
MARGIN	\$ -	\$ -	\$ -	NA
TOTAL REVENUE REQUIREMENT	\$ 8,234,743	\$ 5,485,580	\$ 2,749,162	

Elk River Municipal Utilities
2024 Test Year Customer Classification

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

Elk River Municipal Utilities
2024 Test Year Customer Classification

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

Elk River Municipal Utilities
2024 Test Year Allocation Factors

	<u>Total</u>	<u>Residential</u>	<u>Commercial Non-demand</u>	<u>Commercial Demand</u>	<u>Industrial</u>
Demand Allocation Factors					
12 Coincident Peak (kW)	620,577	227,688	62,420	227,471	102,998
12 CP	100.0%	36.7%	10.1%	36.7%	16.6%
1 Coincident Peak (kW)	70,882	32,483	6,457	22,861	9,080
1 CP	100.0%	45.8%	9.1%	32.3%	12.8%
1 Non-coincident Peak (kW)	85,306	36,913	8,940	28,878	10,575
1 NCP	100.0%	43.3%	10.5%	33.9%	12.4%
Sum of Max Demands (kW)	1,170,110	574,671	146,492	331,325	117,621
SMD	100.0%	49.1%	12.5%	28.3%	10.1%
Energy Allocation Factors					
Retail Energy Req. (kWh)	320,012,952	105,768,831	29,858,418	113,698,503	70,687,200
RE	100.0%	33.1%	9.3%	35.5%	22.1%
Customers					
Number of Customers	13,365	11,690	1,450	223	2
C	100.0%	87.5%	10.8%	1.7%	0.0%
Customer Facilities Allocation Factor					
Weighted Number of Cust	22,555	11,690	2,175	6,690	2,000
CF	100.0%	51.8%	9.6%	29.7%	8.9%
Customer Service Allocation Factor					
Weighted Number of Cust	15,020	11,690	2,175	1,115	40
CS	100.0%	77.8%	14.5%	7.4%	0.3%
Revenue Allocator					
Sum Other Rev Reqs	\$ 39,698,520	\$ 15,265,660	\$ 3,923,843	\$ 13,459,775	\$ 7,049,242
R	100.0%	38.5%	9.9%	33.9%	17.8%

Elk River Municipal Utilities
2024 Test Year Allocation of Revenue Requirements

	<u>Total</u>	<u>Residential</u>	<u>Commercial Non-demand</u>	<u>Commercial Demand</u>	<u>Industrial</u>	<u>Allocation Factor</u>
<u>Power Supply</u>						
Demand	8,176,977	3,000,104	822,475	2,997,254	1,357,145	12 CP
Energy	<u>21,566,285</u>	<u>7,127,964</u>	<u>2,012,216</u>	<u>7,662,360</u>	<u>4,763,746</u>	RE
Total Power Supply	\$ 29,743,263	\$ 10,128,067	\$ 2,834,690	\$ 10,659,614	\$ 6,120,891	
<u>Distribution</u>						
Demand	5,485,580	2,373,664	574,906	1,857,015	679,995	1 NCP
Customer Facilities	<u>2,749,162</u>	<u>1,424,860</u>	<u>265,104</u>	<u>815,424</u>	<u>243,774</u>	CF
Total Distribution	\$ 8,234,743	\$ 3,798,524	\$ 840,010	\$ 2,672,440	\$ 923,769	
<u>Customer</u>						
Customer Service	<u>1,720,514</u>	<u>1,339,069</u>	<u>249,142</u>	<u>127,721</u>	<u>4,582</u>	CS
Total Customer Service	\$ 1,720,514	\$ 1,339,069	\$ 249,142	\$ 127,721	\$ 4,582	
<u>Revenue Component</u>						
Operating Expenses	\$ 370,351	142,415	36,606	125,568	65,763	R
Other Operating Income	(873,214)	(335,786)	(86,309)	(296,063)	(155,056)	R
Non-Operating Income	(1,247,803)	(479,830)	(123,334)	(423,067)	(221,572)	R
Transfer to City	1,527,629	587,434	150,992	517,942	271,260	R
Margin	<u>2,672,669</u>	<u>1,027,748</u>	<u>264,169</u>	<u>906,168</u>	<u>474,584</u>	R
Total Revenue	\$ 2,449,632	\$ 941,981	\$ 242,124	\$ 830,547	\$ 434,980	
Total Revenue Requirements	\$ 42,148,152	\$ 16,207,641	\$ 4,165,967	\$ 14,290,322	\$ 7,484,222	
Total Revenues	\$ 42,148,152	\$ 16,583,227	\$ 4,401,535	\$ 13,875,362	\$ 7,288,029	
Percent Revenue Requirements	100.0%	38.5%	9.9%	33.9%	17.8%	
Percent Revenues	100.0%	39.3%	10.4%	32.9%	17.3%	
Percent Change	0.0%	-2.3%	-5.4%	3.0%	2.7%	
Revenue Req/kWh	0.132	0.153	0.140	0.126	0.106	
Revenue/kWh	0.132	0.157	0.147	0.122	0.103	

Section 4

Proposed Rates

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

Proposed Rates

Revenue Needs

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

Rate Design Adjustments

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

Power Cost Adjustment (PCA) Formula

ERMU utilizes its Power Cost Adjustment (PCA) to adjust retail power bills to reflect certain aspects of the wholesale power costs from MMPA. Historically, the PCA has

Section 4

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

Proposed formula:

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

Where:

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

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

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

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

It is important to recognize that the proposed rates in this report are designed to work with this PCA approach. If a different PCA approach is adopted, the rate recommendations would need to change to match the altered PCA. The PCA formula

Proposed Rates

base amount, the projected wholesale power costs per retail kWh and the resulting projected PCA charges for the Study Period are shown in Table 4-1.

Table 4-1
PCA Projections
(\$/kWh)

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

Projected Operating Results – Proposed Rates

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

Section 4

Table 4-2
Projected Operating Results
Proposed Rates

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

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

Cash Reserves – Proposed Rates

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

**Table 4-3
Projected Cash Reserves
Proposed Rates**

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

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

Competitive Analysis

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

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Table 4-4
Monthly Bill Comparisons

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

Solar Grid Access Charge

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

This additional charge is often referred to as a Solar Grid Access Charge for the solar array customer. Based on the size of the solar generation installation, a separate distribution access fee is charged to a customer. This charge is levied on a \$/kW basis to reflect the fixed expense of the distribution system. The charge is generally assessed on the total generation size less the average demand of a typical residential customer. For ERMU, the average residential customer is estimated to have an average monthly peak demand of 4 kW. As an example, a solar customer with a 10-kW system, they would be charged for 6 kW (10 kW generator capacity less the 4 kW average customer demand). This option is self-regulating from a size of generator

Proposed Rates

perspective. Larger solar installations pay more for utilizing the benefits of the fixed distribution system. Customers still receive retail credit for energy generated. This option also does not require any additional metering requirements. Customers are billed a fixed amount every month based on the installed capacity. The calculation of this charge for BMU based on this cost-of-service study is shown below. The values in this analysis are taken from Exhibits 3-E and 3-F in this report.

Allocated Residential Distribution and Customer costs - \$5,137,593
(\$3,798,524 plus \$1,339,069) (Exhibit 3-F)

Allocated Residential Revenue cost - \$941,981 (Exhibit 3-F)

Residential Revenue adjustment - $\$941,981/\$5,137,593 = 17.3\%$

Allocated Residential Distribution Demand cost - \$2,373,664 (Exhibit 3-F)

Adjusted Resid. Distribution Demand cost - $\$2,373,664 \times 1.173 = \$2,784,308$

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

Residential Distribution Demand Cost/kW - $\$2,784,308/574,671 = \$4.85/\text{kW}$

The revenue adjustment shown in the calculation above is calculated to adjust local operating costs to account for revenue-allocated cost items. This adjustment is utilized to adjust the allocated distribution system demand cost. The adjusted distribution demand cost is divided by the total estimated sum of maximum demands for the Residential class. The rate calculated above is \$4.85/kW based on 2024 costs. This rate has been rounded up to \$5.20/kW to adjust for future costs beginning in 2026. This represents a decrease from the current \$5.56/kW charge in effect for ERMU.

Elk River Municipal Utilities
Existing and Proposed Electric Rates

<u>Class</u>	<u>Current Rate</u>	<u>Proposed 2026</u>	<u>Proposed 2027</u>	<u>Proposed 2028</u>	<u>Proposed 2029</u>
Residential ER012/ERA13					
Customer (per month)	\$ 15.00	\$ 15.50	\$ 16.00	\$ 16.50	\$ 17.00
Summer Energy (per kWh)	\$ 0.13734	\$ 0.14106	\$ 0.14456	\$ 0.14467	\$ 0.14505
Non-summer Energy (per kWh)	\$ 0.12548	\$ 0.12911	\$ 0.13251	\$ 0.13262	\$ 0.13277
Off Peak Storage ERSW1					
Energy (per kWh)	\$ 0.05010	\$ 0.05343	\$ 0.05500	\$ 0.05617	\$ 0.05647
Off Peak Dual Fuel Space Heating ERDF1					
Energy (per kWh)	\$ 0.06510	\$ 0.06858	\$ 0.07055	\$ 0.07164	\$ 0.07170
Ground Heat Pump EGSW					
Energy (per kWh)	\$ 0.09830	\$ 0.10212	\$ 0.10576	\$ 0.10587	\$ 0.10605
Dual Fuel/ETS ERDSW					
Energy (per kWh)	\$ 0.05010	\$ 0.05343	\$ 0.05500	\$ 0.05617	\$ 0.05647
Cycled AC/RAC24					
Energy (per kWh)	\$ 0.04630	\$ 0.04960	\$ 0.05155	\$ 0.05190	\$ 0.05225
Electric Vehicle Charging EEVOF/EEVON					
Summer On -Peak (per kWh)	\$ 0.13733	\$ 0.14106	\$ 0.14456	\$ 0.14472	\$ 0.14505
Non-summer On-Peak (per kWh)	\$ 0.12548	\$ 0.12911	\$ 0.13251	\$ 0.13256	\$ 0.13277
Off -Peak (per kWh)	\$ 0.06510	\$ 0.06858	\$ 0.07055	\$ 0.07164	\$ 0.07170
Commercial Non-Demand ECN16/ECNAE					
Customer (per month)	\$ 32.00	\$ 33.00	\$ 34.00	\$ 36.00	\$ 38.00
Summer Energy (per kWh)	\$ 0.13304	\$ 0.13673	\$ 0.13826	\$ 0.13979	\$ 0.14002
Non-summer Energy (per kWh)	\$ 0.11141	\$ 0.11494	\$ 0.11636	\$ 0.11777	\$ 0.11801
Commercial Non-Demand Heat Pump ECGSH					
Customer (per month)	\$ 32.00	\$ 33.00	\$ 34.00	\$ 36.00	\$ 38.00
Energy (per kWh)	\$ 0.09830	\$ 0.10212	\$ 0.10576	\$ 0.10587	\$ 0.10603
Commercial Demand ECD15/EDG38					
Customer (per month)	\$ 77.00	\$ 80.00	\$ 83.00	\$ 86.00	\$ 89.00
Energy (per kWh)	\$ 0.07035	\$ 0.07353	\$ 0.07476	\$ 0.07599	\$ 0.07650
Summer Demand (per kW)	\$ 16.75	\$ 17.00	\$ 17.25	\$ 17.50	\$ 17.75
Non-summer Demand (per kW)	\$ 11.75	\$ 12.00	\$ 12.25	\$ 12.50	\$ 12.75
Commercial Demand On/Off Peak ECOP1/ECOP2					
Customer (per month)	\$ 77.00	\$ 80.00	\$ 83.00	\$ 86.00	\$ 89.00
Energy (per kWh)	\$ 0.07350	\$ 0.07643	\$ 0.07744	\$ 0.07845	\$ 0.07900
Summer Demand (per kW)	\$ 16.75	\$ 17.00	\$ 17.25	\$ 17.50	\$ 17.70
Non-summer Demand (per kW)	\$ 11.75	\$ 12.00	\$ 12.25	\$ 12.50	\$ 12.70
Off-peak Demand (per kW)	\$ 6.30	\$ 6.50	\$ 6.70	\$ 6.90	\$ 7.00
Large Industrial (Target/United Health)					
Customer (per month)	\$ 115.00	\$ 125.00	\$ 135.00	\$ 145.00	\$ 155.00
Energy (per kWh)	\$ 0.06962	\$ 0.07293	\$ 0.07429	\$ 0.07565	\$ 0.07632
Summer Demand (per kW)	\$ 16.25	\$ 16.50	\$ 16.75	\$ 17.00	\$ 17.20
Non-summer Demand (per kW)	\$ 11.25	\$ 11.50	\$ 11.75	\$ 12.00	\$ 12.20
PCA Formula Base Amount/kWh					
	n/a	\$ 0.07896	\$ 0.07896	\$ 0.07896	\$ 0.07896
Estimated PCA/kWh	\$ 0.01640	\$ 0.01663	\$ 0.01771	\$ 0.01881	\$ 0.01993
Security Lights (per month)					
Standard Low Output w/ Wood Pole	\$ 10.00	\$ 10.20	\$ 10.40	\$ 10.61	\$ 10.82
Standard Low Output	\$ 12.00	\$ 12.24	\$ 12.48	\$ 12.73	\$ 12.99
Standard Medium Output	\$ 17.00	\$ 17.34	\$ 17.69	\$ 18.04	\$ 18.40
Standard High Output	\$ 22.00	\$ 22.44	\$ 22.89	\$ 23.35	\$ 23.81
Standard Low Output w/ Decorative Pole	\$ 24.00	\$ 24.48	\$ 24.97	\$ 25.47	\$ 25.98
Decorative Med Output w/ Decorative Pole	\$ 33.00	\$ 33.66	\$ 34.33	\$ 35.02	\$ 35.72

Elk River Municipal Utilities
Electric Operating Results at Proposed Rates

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

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



Elk River Municipal Utilities

WATER COST OF SERVICE AND RATE DESIGN STUDY

Final Report

December 10, 2025



REPORT OUTLINE

Cover Letter

Section 1 - Introduction

Section 2 – Projected Operating Results – Existing Rates

Section 3 – Cost of Service

Section 4 – Proposed Rates



December 10, 2025

Elk River Municipal Utilities Commission

13069 Orono Parkway
PO Box 430
Elk River, MN 55330

Subject: Water Rate Study

Commission Members:

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

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

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

Sincerely,

Dave Berg Consulting, LLC

A handwritten signature in black ink that reads 'David A. Berg'. The signature is written in a cursive style with a long, sweeping underline.

David A. Berg, PE
Principal

Dedicated to providing personal service to consumer-owned utilities

Dave Berg Consulting, LLC | 15213 Danbury Ave W, Rosemount, MN 55068 | 612-850-2305

www.davebergconsulting.com

Section 1

Introduction

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

Section 2

Projected Operating Results Existing Rates

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

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

Estimated Revenues – Existing Rates

Operating Revenues

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

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

Projected Operating Results – Existing Rates

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

Other Operating Revenues

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

Revenue Requirements

Operating Expenses

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

Depreciation

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

Non-operating Income (Expenses)

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

Section 2

Capital Improvements

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

Table 2-1
Capital Improvements- Water Utility

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

Debt Service

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

Interfund Borrowing

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

Transfer to City

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

Projected Operating Results – Existing Rates

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

Projected Operating Results – Existing Rates

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

Table 2-2
Projected Operating Results-Water
Existing Rates

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

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

Cash Reserves

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

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

Section 2

this revised policy, the reserves decrease from 86% of the goal amount to 52% of the goal by the end of the Study Period.

Table 2-3
Projected Cash Reserves-Water
Existing Rates

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

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

Elk River Municipal Utilities
Water Operating Results at Existing Rates

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

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

Section 3

Cost-of-Service

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

Functionalization of Costs

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

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

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

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

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

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

Table 3-1
Functional Water Costs
2024 Test Year

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

Classification of Costs

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

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

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

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

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

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

Allocation of Costs

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

Demand Allocations

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

Commodity Allocations

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

Customer Facilities Allocations

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

Customer Service Allocations

The customer service allocator is for allocation of costs associated with customer service – meter reading, billing, collections and customer inquiries. As with the customer facilities allocators, weighted customer service allocators are developed

Section 3

to represent the different levels of customer service required by different size customers.

Revenue Allocations

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

Cost of Service Results

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

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

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

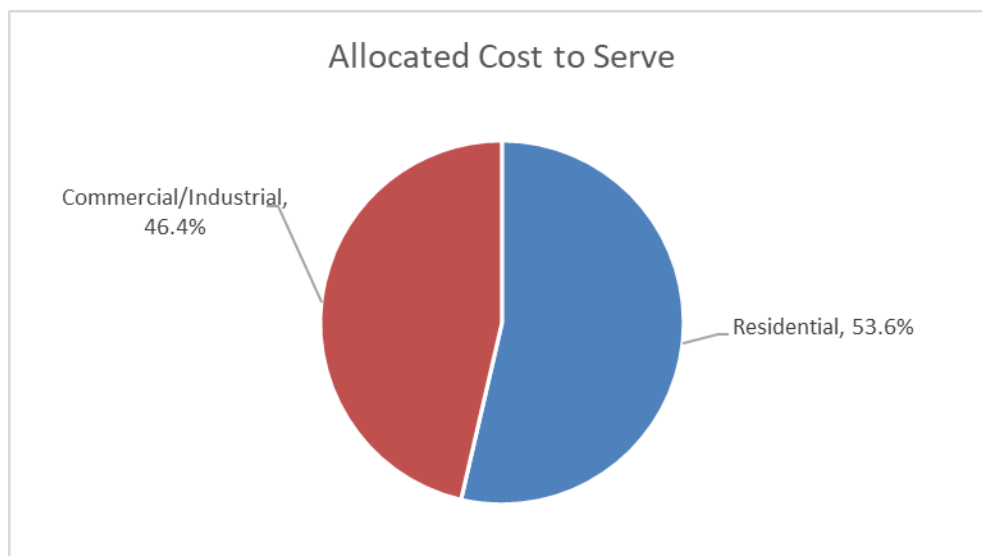
The revenue requirements and revenues as allocated to each class and summarized above are shown on a total dollar basis. Table 3-3 below makes the comparison based on percentages of total cost to serve and total revenues. The charts following Table 3-3 show a graphical comparison between allocated cost to serve and revenues as a percentage of the totals. The percentage increase/(decrease) in each class' revenue shown below is the adjustment

Cost-of-Service

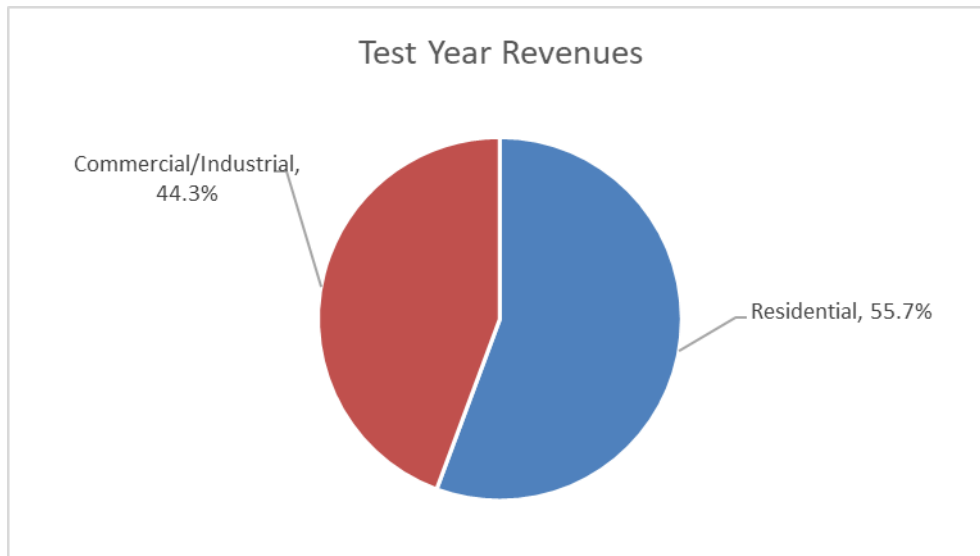
necessary to produce revenues from each class in accordance with the allocated cost to serve. The percentage adjustments do not represent the recommended change in each class' rates. The cost-of-service results are one item for consideration in rate design. It is important to note also that the adjustments shown in the table below would not change the total revenue received by the utility and are not indicative of overall revenue needs of the utility going forward. Recommendations regarding rate design are included in Section 4 of this report.

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

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



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

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

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

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

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

Elk River Municipal Utilities
2024 Test Year Water Plant Classification

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

Elk River Municipal Utilities
2024 Test Year Water Plant Classification

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

Elk River Municipal Utilities
2024 Test Year Water Distribution Classification

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

Elk River Municipal Utilities
2024 Test Year Water Distribution Classification

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

Elk River Municipal Utilities
2024 Test Year Water Customer Classification

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

Elk River Municipal Utilities
2024 Test Year Water Customer Classification

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

Elk River Municipal Utilities
2024 Test Year Allocation Factors

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

Elk River Municipal Utilities
2024 Test Year Allocation of Revenue Requirements

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

Section 4

Proposed Rates

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

Proposed Rates

Revenue Needs

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

Recommended Rates

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

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

Section 4

Projected Operating Results – Proposed Rates

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

Table 4-1
Projected Operating Results-Water
Proposed Rates

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

Cash Reserves

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

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

**Table 4-2
Projected Cash Reserves-Water
Proposed Rates**

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

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

Competitive Analysis

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

Section 4

Table 4-3
Monthly Water Bill Comparisons
Residential Monthly Usage

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

Elk River Municipal Utilities
Existing and Proposed Water Rates

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

Elk River Municipal Utilities
Water Operating Results at Proposed Rates

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

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

TO: ERMU Commission	FROM: Sara Youngs – Administrations Director
MEETING DATE: January 13, 2026	AGENDA ITEM NUMBER: 2.5
SUBJECT: Cogeneration and Small Power Production Tariff - Schedules 1 and 2	
ACTION REQUESTED: Adopt Resolution 26-1 - ERMU Cogeneration and Small Power Production Tariff – Schedules 1 and 2	

BACKGROUND:

Every municipal electric utility should have a policy reflecting the expectations and obligations of the utility and customers who seek to interconnect their own electric generation facilities with the distribution system. For ERMU these facilities consist of wind or solar photovoltaic systems that are less than 40kW.

To allow for consistency over all municipals in the state, ERMU staff continues to use models established by the Minnesota Public Utilities Commission and modified by the Minnesota Municipal Utilities Association (MMUA) and Minnesota Municipal Power Agency (MMPA). The policies were adopted by the Commission at the February 13, 2018, commission meeting, and revised policies were adopted at the May 14, 2019, commission meeting.

DISCUSSION:

The policies and rules outline that, at least annually, the Commission will review and adopt Schedules 1 and 2 of the Cogeneration and Small Power Production Tariff. The two schedules reflect the average retail rates for the applicable class of customer and the method of reimbursement selected by the customer owning the distributed generation facility. Attached as exhibits to the resolution are the updated schedules for 2026.

ATTACHMENTS:

- Resolution No. 26-1 - ERMU Cogeneration and Small Power Production Tariff – Schedules 1 and 2

RESOLUTION NO. 26-1

BOARD OF COMMISSIONERS
ELK RIVER MUNICIPAL UTILITIES

**A RESOLUTION APPROVING THE UPDATED COGENERATION AND SMALL POWER
PRODUCTION TARIFF FOR ELK RIVER MUNICIPAL UTILITIES**

WHEREAS, the Rules Governing the Interconnection of Cogeneration and Small Power Production Facilities (“Rules”) with Elk River Municipal Utilities (“ERMU”) and Minnesota Statutes Section 216B.164 (“Statute”) require ERMU to file a Cogeneration and Small Power Production Tariff with ERMU Commission annually; and

WHEREAS, the statute and the Rules require the information contained in schedules 1, 2 and 3 described in Exhibit A to this Resolution; and

WHEREAS, these filings shall be maintained at ERMU offices and shall be made available for public inspection during normal business hours.

THEREFORE, BE IT RESOLVED that the Elk River Municipal Utilities Commission approves the Cogeneration and Small Power Production Tariff attached as Exhibit A to this Resolution for transactions following the date of adoption stated below.

This Resolution Passed and Adopted this 13th day of January 2026.

John Dietz, Chair

Mark Hanson, General Manager

EXHIBIT A

COGENERATION AND SMALL POWER PRODUCTION TARIFF

TARIFF

Pursuant to its Rules Governing the Interconnection of Cogeneration and Small Power Production Facilities, Elk River Municipal Utilities (“Utility”) establishes and/or updates its Cogeneration and Small Power Production Tariff (“Tariff”) for billing and sales transactions following the date of Tariff approval as follows.

The Tariff shall consist of the following three schedules.

SCHEDULE 1.

Calculation of average retail utility energy rates for each utility customer class.

SCHEDULE 2.

Rates at which Utility purchases energy and capacity from the wholesale supplier from which purchases may first be avoided.

SCHEDULE 3.

Utility's adopted interconnection process, or “distributed generation tariff” adopted in compliance with Minnesota Statutes Section 216B.1611, subd. 3(2), including standard contract forms to be used with customers interconnecting qualifying facilities as well as general technical interconnection and interoperability requirements.

SCHEDULE 1 - AVERAGE RETAIL UTILITY ENERGY RATE

Average Retail Utility Energy Rate: Available to any Qualifying Facility of less than 40 kW capacity that does not select either Roll Over Credits, Simultaneous Purchase and Sale Billing or Time of Day rates.

Utility shall bill Qualifying Facilities for any excess of energy supplied by Utility above energy supplied by the Qualifying Facility during each billing period according to Utility's applicable rate schedule. Utility shall pay the customer for the energy generated by the Qualifying Facility that exceeds that supplied by Utility during a billing period at the "average retail utility energy rate." "Average retail utility energy rate" means, for any class of utility customer, the quotient of the total annual class revenue from sales of electricity minus the annual revenue resulting from fixed charges, divided by the annual class kilowatt-hour sales. Data from the most recent 12-month period available shall be used in the computation.

"Average retail utility energy rates" are as follows:

Customer Class	2025 Average Retail Utility Energy Rate
Residential	\$0.1397 / kWh
Commercial Non-Demand	\$0.1273 / kWh
Commercial Demand	\$0.0824 / kWh
Large Industrial Demand	\$0.0813 / kWh

Starting January 2024, a monthly Grid Access Fee will be applied to all interconnection applications. Please refer to the Elk River Municipal Utilities Fee Schedule for the approved amounts.

SCHEDULE 2 – WHOLESALE SUPPLY RATES

Wholesale Supply Rates: A “non-generating utility” must list the rates at which it purchases energy and capacity. If the utility has more than one wholesale supplier, the rates listed are of that supplier from which purchases may first be avoided.

	<u>Energy (\$/kWh)</u>	<u>Capacity (\$/kWh)</u>	<u>REC (\$/kWh)</u>
Summer Months (June-Sept)	0.0614	0	0
On Peak	0.0338	0	0
Off Peak	0.0469	0	0
All Hours		0	0
Winter Months (Oct-May)		0	0
On Peak	0.0482	0	0
Off Peak	0.0342	0	0
All Hours	0.0407	0	0
		0	0
Annual (January-December)	0.0428	0	0

SCHEDULE 3 – INTERCONNECTION PROCESS

Interconnection Process: In order to provide for coordinated interconnection of customer-owned distributed energy resources and comply with Minnesota Statutes Section 216B.1611, subd. 3(2), Utility has adopted the “Minnesota Municipal Interconnection Process (M-MIP) 2022” as recognized by the Minnesota Municipal Utilities Association Board of Directors at its February 9, 2022, meeting and made publicly available at mmua.org.

General technical requirements may be found in the Minnesota Technical Interconnection and Interoperability Requirements (TIIR) as adopted by the Minnesota Public Utilities Commission on January 22, 2020 as part of DOCKET NO. E-999/CI-16-521.

For utility-specific safety standards, required operating procedures for interconnected operations, and the functions to be performed by any control and protective apparatus, please contact Utility for its Technical Specifications Manual (TSM).

TO: ERMU Commission	FROM: Tony Mauren – Governance & Communications Manager
MEETING DATE: January 13, 2026	AGENDA ITEM NUMBER: 4.1
SUBJECT: Commission Policy Review – G.4f – Employee Interests	
ACTION REQUESTED: None	

BACKGROUND/DISCUSSION:

This month commissioners are reviewing policy G.4f – Employee Interests to make comments, ask questions, or recommend updates.

With policy G.4f, the Commission sets forth its expectations for the General Manager concerning the employment, termination of employment, management, compensation, and treatment of employees.

Staff is not recommending any updates to the policy.

ATTACHMENTS:

- ERMU Policy – G.4f – Employee Interests

Section: Governance	Category: Delegation to Management Policies
Policy Reference: G.4f	Policy Title: Employee Interests

PURPOSE:

With this policy, the Commission sets forth its expectations for the General Manager concerning the employment, termination of employment, management, compensation and treatment of employees.

POLICY:

In all ERMU interactions with and among the employees of ERMU, the General Manager shall not intentionally allow situations, processes, actions, behaviors or attitudes that are unsafe, illegal, undignified, inattentive or unresponsive to employee needs or requests, or otherwise in conflict with the organizational values advocated by the Commission. (See *Organizational Values Policy*).

Consistent with this general statement:

1. The General Manager shall not allow ERMU management or the Commission to be inadequately informed about, or fail to exercise reasonable judgment and discretion regarding appropriate and timely action on, any issue of material significance concerning employee safety and health, performance, satisfaction and morale, or employment policies and processes.
2. The General Manager shall not operate without an Employee Safety Manual.
3. The General Manager shall not operate without proactive management support for a safety culture that includes expected compliance with the Safety Manual, participation in ongoing safety training, consistent use of safe work practices and personal protective equipment, reporting of unsafe conditions and safety incidents/near misses, and accountabilities for safety at the organizational, work group, and individual level.

4. The General Manager shall not operate without documented employment policies, processes, and practices that have been adopted by the Commission and communicated to employees in the form of an ERMU Employee Handbook.
5. The General Manager shall exercise reasonable judgment and discretion to avoid operating ERMU in material contravention of the Commission-approved employment policies, processes, and practices or any applicable employment law or regulation.
6. The General Manager shall adopt a reasonable process for notifying employees of material changes to the ERMU Employee Handbook and other applicable employee policies.
7. The General Manager shall adopt a reasonable process for conducting and documenting annual employee performance planning and evaluation in a manner consistent with the nature of each employee's duties.
8. Within the financial limitations of the budget approved by the Commission, the General Manager shall provide employees with safe working conditions, adequate facilities and equipment, and other support needed to enable high levels of employee performance, job satisfaction, and career development.
9. The General Manager shall not use methods of collecting, reviewing, transmitting, or storing employee information that fail to protect the information against improper access and use, damage or loss, or unauthorized destruction.

POLICY HISTORY:

Adopted August 8, 2017

TO: ERMU Commission	FROM: Tony Mauren – Governance & Communications Manager
MEETING DATE: January 13, 2026	AGENDA ITEM NUMBER: 4.2
SUBJECT: Annual Review of Committee Charters	
ACTION REQUESTED: None	

BACKGROUND:

ERMU Commission Policy G.2g - Commission Committees, which is attached, states that “The Commission will review the committee charter and performance of any standing committee at least annually to determine if changes are required or if the committee is still required.”

DISCUSSION:

The annual review of the committee charters is an opportunity for the Commission to review the purpose for the committees and whether they are still needed. This is also an opportunity for the Commission to give direction to the committees. The schedule of this annual review is intentionally prior to March when the Commission appoints committee members.

There are currently four commission-created committees: Wage & Benefits Committee, Financial Reserves & Investment Committee, Information Security Committee, and Dispute Resolution Committee. Their respective charters are attached.

There were no changes to these policies in 2025.

ATTACHMENT:

- ERMU Policy - G.2g - Commission Committees
- ERMU Policy - G.2g1 - Wage & Benefits Committee Charter
- ERMU Policy - G.2g2 - Financial Reserves & Investment Committee Charter
- ERMU Policy - G.2g3 - Information Security Committee Charter
- ERMU Policy - G.2g4 - Dispute Resolution Committee Charter

Section: Governance	Category: Governance Policies
Policy Reference: G.2g	Policy Title: Commission Committees

PURPOSE:

With this policy, the Commission establishes and communicates its purposes and the means by which it creates and empowers committees to assist the Commission in its work. This policy applies to any group formed by Commission action, whether or not it is called a committee and whether or not the group includes Commission members. It does not apply to committees formed under the authority of the General Manager.

POLICY:

Commission committees, when created, will be used to reinforce the wholeness of the Commission and never to interfere with the delegation of authority from the Commission to the General Manager or to any officer of the Commission. Commission committees will not have direct involvement with current management and staff employee functions.

Consistent with this general statement:

1. The Commission will use committees sparingly and only for as long as required to accomplish its purposes. Committees may be appropriate in circumstances where the Commission recognizes the need for more in-depth review of information and issues, and where a committee is the best way to make effective and efficient use of available Commission member expertise and time. Committees may also be appropriate where it is necessary or desirable for the Commission to visibly demonstrate regulatory compliance or accountability to its stakeholders (e.g. Financial Reserves and Investments Committee).
2. Committees ordinarily will assist the Commission in the following specific ways by:
 - a. Monitoring organization performance metrics and related information;
 - b. Preparing policy alternatives and their implications for Commission deliberation and action;

- c. Determining the level of compliance with existing Commission policies and evaluating the results of policy compliance or non-compliance.
3. When the Commission creates a committee, it will develop and approve by resolution a written committee charter that sets forth the purposes, duration, expected outcomes, leadership, membership, delegated authority, available resources, and other information needed for the committee to function successfully. The General Manager will designate management/staff committee members if so requested. The Commission, by majority vote, will appoint Commission members to committees and remove or replace them, as appropriate. The Commission, by majority vote, will also appoint, remove, and replace a Committee Chair, Vice-Chair and any other positions of leadership that the Commission determines appropriate.
4. The Commission recognizes that appointments to a Committee provide opportunities for learning and Governance development. Accordingly, the Commission endeavors to appoint Commission members to committee leadership positions who do not already hold a Commission office.
5. The Commission will review the committee charter and performance of any standing committee at least annually to determine if changes are required or if the committee is still required.
6. Commission committees may not convene a meeting that includes a quorum of the Commission.
7. Commission committees may not speak or act for the Commission except when formally given such authority for specific and time-limited purposes. Expectations and authorities will be carefully stated in order not to conflict with authority delegated to the General Manager or Commission Chair.
8. Commission committees may not exercise authority over management and staff employees. The General Manager is accountable to the whole Commission and is not required to obtain approval of any Commission committee before taking an executive action.
9. Commission committees will avoid relating to or identifying with discrete parts of the organization rather than the whole. A Commission committee that has helped the Commission create policy on a particular subject will not be used to monitor organizational performance on that same subject, except with specific Commission approval.

POLICY HISTORY:

Adopted May 9, 2017

Section: Governance	Category: Governance Policies
Policy Reference: G.2g1	Policy Title: Wage & Benefits Committee Charter

PURPOSE:

The Wage and Benefits Committee exists to help the Commission develop and maintain a pay plan structure and benefits package that are market competitive, help promote employee retention, and to help the Commission make informed decisions which provide value to the customers through fair labor expenses. This Committee also exists to help the Commission with succession planning and review pay equity compliance.

MEMBERSHIP:

The Committee shall be comprised of two Commissioners, the General Manager, the Administrations Director, and the Operations Director. At no time shall there be a quorum of the Commission on the Committee.

The Commission shall appoint Committee members annually following the Commission election of officers during the March Regular Commission meeting. The Commission shall also appoint the Committee Chair at that time.

ROLE OF THE COMMITTEE CHAIR:

The primary role of the Committee Chair is to run the Committee meetings. The Committee will adhere to the Current edition of *Robert’s Rules of Order Newly Revised* for all situations to which they are applicable and are not inconsistent with ERMU’s bylaws, policies, and any special rules of order that the Commission may adopt. Committee meetings may be open or closed in accordance with Open Meeting Law.

AUTHORITY:

Except as established in this Committee Charter, the authority of the Committee is limited to the purpose of research and recommendation to the Commission. The Committee, at the discretion and through formal action of the Commission, may be empowered beyond the role of research

and recommendation such that it is consistent with the *Organizational Core Purpose* policies and the *Commission Committees* policy.

SPECIFIC DUTIES:

1. At the request of the Commission, research and analyze topics related to employee compensation and benefits.
2. Annually perform market benchmarking and evaluate wages. The Committee shall present options and make recommendations regarding cost of living adjustments and pay plan structure modifications to the Commission for their consideration.
3. Review insurance policies and evaluate policy renewals related to employee benefit insurances. The Committee shall present options and make recommendations regarding these insurance policies to the Commission for their consideration.
4. Evaluate wage and benefit requests from employees. Present and make recommendations to the Commission as appropriate.
5. Review submittal information pertaining to pay equity compliance requirements and present options and make recommendations to the Commission as appropriate.
6. Record minutes of Committee meetings. Committee meeting minutes shall be subject to applicable data retention law and policies.

SCHEDULE:

At a minimum, the Committee shall meet on a quarterly basis.

TERMINATION:

The Committee shall exist until at such time formal action of the Commission is taken to dissolve the Committee.

POLICY HISTORY:

Adopted	May 9, 2017
Revised	February 14, 2023
Revised	January 9, 2024

Section: Governance	Category: Governance Policies
Policy Reference: G.2g2	Policy Title: Financial Reserves & Investment Committee Charter

PURPOSE:

The Financial Reserves & Investment Committee exists to help the Commission develop and maintain industry appropriate financial reserves and investment policies.

MEMBERSHIP:

The Committee shall be comprised of two Commissioners, the General Manager, and the Finance Manager. At no time shall there be a quorum of the Commission on the Committee.

The Commission shall appoint Committee members annually following the Commission election of officers during the March Regular Commission meeting. The Commission shall also appoint the Committee Chair at that time.

ROLE OF THE COMMITTEE CHAIR:

The primary role of the Committee Chair is to run the Committee meetings. The Committee will adhere to the Current edition of *Robert's Rules of Order Newly Revised* for all situations to which they are applicable and are not inconsistent with ERMU's bylaws, policies, and any special rules of order that the Commission may adopt. Committee meetings may be open or closed in accordance with Open Meeting Law.

AUTHORITY:

Except as established in this Committee Charter, the authority of the Committee is limited to the purpose of research and recommendation to the Commission. The Committee, at the discretion and through formal action of the Commission, may be empowered beyond the role of research and recommendation such that it is consistent with the *Organizational Core Purpose* policies and the *Commission Committees* policy.

SPECIFIC DUTIES:

1. At the request of the Commission, research and analyze topics related to financial reserves and investments.
2. On a periodic basis, the Committee will review the Investment Policies, investment balances, and the various investment instruments for return, liquidity, and diversification. The Committee may present options and make recommendations to the Commission for their consideration.
3. Annually, when the Commission designates the official depository for the year, it should provide for the Finance Manager to recommend that additional depositories be designated for the purpose of investing funds.
4. On behalf of the Commission and Committee, new investments will be authorized by the Finance Manager, with the funds actually being transferred via a check produced by the A/P Specialist, and recorded in the check register detail presented at the regular Commission meetings. Investments that mature shall be reinvested by the Finance Manager. All investing will be transacted working with the investment firm(s) or bank(s) for the best rate of return within the constraints of the Management Investment Policy. In the event that the Finance Manager is unable to conduct the above investment responsibilities, the General Manager has the authority to act in his/her absence.
5. On a periodic basis, the Committee will review the Financial Reserves Policies and reserve balances. The Committee may present options and make recommendations to the Commission for their consideration.

SCHEDULE:

At a minimum, the Committee shall meet on an annual basis.

TERMINATION:

The Committee shall exist until at such time formal action of the Commission is taken to dissolve the Committee.

POLICY HISTORY:

Adopted	May 9, 2017
Revised	July 14, 2020
Revised	January 9, 2024

Section: Governance	Category: Governance Policies
Policy Reference: G.2g3	Policy Title: Information Security Committee Charter

PURPOSE:

Information security is managing risks to the confidentiality, integrity, and availability of information using administrative, physical, and technical controls.

The Information Security Committee exists to help develop and maintain industry appropriate information security policies and oversight. Because of shared hardware and resources, there exists an overlap and shared risk for ERMU and the City of Elk River (City) operations. Although governed autonomously, this shall be an advisory Committee to both the ERMU and the City.

MEMBERSHIP:

This Committee shall be comprised of equal representation from ERMU and the City. From ERMU this committee shall include a Commissioner and the General Manager. The General Manager will appoint three additional members, at least one of whom will be a manager and at least one will be an information technology employee. From the City this committee shall include a Councilmember and the City Administrator. The City Administrator will appoint three additional members, at least one of whom will be a manager and at least one will be an information technology employee. At no time shall there be a quorum of the Commission or the Council on the Committee.

The Commission shall appoint ERMU’s Committee member representatives annually following the Commission election of officers during the March Regular Commission meeting. The Council shall appoint its member annually. The Committee shall elect a chair annually. The General Manager and the City Administrator shall serve as the authorized reporting representatives for their respective governing bodies.

ROLE OF THE COMMITTEE CHAIR:

The primary role of the Committee Chair is to run the Committee meetings and act as committee secretary. The Committee will adhere to the Current edition of *Robert’s Rules of Order Newly*

Revised for all situations to which they are applicable and are not inconsistent with ERMU’s bylaws, policies, and any special rules of order that the Commission may adopt; and similarly, the Committee action shall not be inconsistent with applicable laws and policies which regulate the City of Elk River. Committee meetings may be open or closed in accordance with Open Meeting Law.

AUTHORITY:

Except as established in this Committee Charter, the authority of the Committee is limited to the purpose of research and recommendation to ERMU and the City.

SPECIFIC DUTIES:

1. **Policies and Procedures:** Assist ERMU and the City in the development of information security related policies. Review effectiveness of information security policy implementations. Identify and recommend how to handle non-compliance. Assist with the development of information security related procedures, standards, guidelines, and baselines to the ERMU and the City. At least annually, provide timely reports including recommendations regarding effectiveness of polices and procedures to ERMU and City leadership teams.
2. **Risk Assessment:** Review industry appropriate information security trends to maintain an up-to-date perspective on related risks and industry’s best practice risk mitigation methods. Identify significant threats and vulnerabilities. Assess the adequacy and coordination of the implementation of information security controls. Recommend methodologies and processes for information security. Evaluate ongoing related legal and regulatory compliance changes. Review incident information and recommend follow-up actions. At least annually, provide timely reports including recommendation regarding risks assessment to ERMU and City leadership teams.
3. **Budget Development:** Develop data needed for thorough evaluation of proposed information security initiatives for budget preparation and consideration. Information shall include options, risk evaluation, resource requirements, implementation timelines, and costs. At least annually and coordinating with their respective budgeting process schedules, provide timely reports regarding information security initiatives proposed for consideration to ERMU and City leadership teams.
4. **Education and Awareness:** Function as an information security program champion providing clear direction and unity in ERMU and City leadership teams’ support for approved security initiatives and policies. Develop and implement plans and programs to maintain information security awareness. Promote information security education, training, and awareness throughout ERMU and the City.

SCHEDULE:

At a minimum, the Committee shall meet on an annual basis.

TERMINATION:

The Committee shall exist as a joint effort between ERMU and the City until at such time either the Commission or Council dissolve the joint nature of the Committee.

POLICY HISTORY:

Established	August 8, 2017
Revised	November 12, 2019
Revised	February 14, 2023
Revised	January 9, 2024

Section: Governance	Category: Governance Policies
Policy Reference: G.2g4	Policy Title: Dispute Resolution Committee Charter

PURPOSE:

The Dispute Resolution Committee exists to provide customers an alternative dispute resolution option for circumstances which: require action beyond the authority assigned through the *Delegation to Management Policies*; require policy creation, revision, or exception; have exhausted the established utilities procedures and/or protocol; and involves customer protected data for which the customer prefers addressing the issue through a meeting closed to the public.

For qualifying customer disputes, the Committee will provide: an informal hearing in accordance with Open Meeting Law allowing the customers to communicate the concern; recess and reconvene as needed to conduct appropriate research and/or deliberate; make a determination within parameters established through the *Commission Policies* and within the authorities delegated through this policy; and report and/or make recommendations to the Commission as required.

MEMBERSHIP:

The Committee shall be comprised of five members, three appointed annually and two which vary with each dispute. The three members appointed annually shall include two Commissioners and the General Manager. At no time shall there be a quorum of the Commission on the Committee. The Committee shall also include the director and the manager most directly involved in the dispute.

The Commission shall appoint Committee members annually following the Commission election of officers during the March Regular Commission meeting. The Commission shall also appoint the Committee Chair at that time.

ROLE OF THE COMMITTEE CHAIR:

The primary role of the Committee Chair is to run the Committee meetings. The Committee will adhere to the Current edition of *Robert’s Rules of Order Newly Revised* for all situations to which they are applicable and are not inconsistent with ERMU’s bylaws, policies, and any

special rules of order that the Commission may adopt.

AUTHORITY:

Except as established in this Committee Charter, the authority of the Committee is limited to the purpose of dispute resolution within the authorities delegated to management through the Commission Policies, research related to customer disputes or complaints, and recommendations to the Commission. The Committee, at the discretion and through formal action of the Commission, may be empowered beyond the role as outlined in this policy such that it is consistent with the *Organizational Core Purpose* policies and the *Commission Committees* policy.

SPECIFIC DUTIES:

1. After a formal request is submitted for a qualifying customer dispute, the Committee will schedule a hearing, either in person or virtual, within a reasonable amount of time.
2. Through the hearing, the Committee will allow the customer to communicate relevant information and request dispute resolution which may require policy creation, revision, or exemption.
3. The Committee is required to verify all information and data; and the Committee will review the Customer's account history and other relevant information.
4. And as needed, the Committee shall research industry best practices related to the dispute.
5. The Committee is authorized to engage legal counsel for legal review and recommendations.
6. The Committee will make a determination whether resolution can be provided within the authorities assigned through this policy; and if so, the Committee will provide written summary of the dispute and the authorized resolution for implementation by management.
7. When no action is taken by the Committee toward resolution, the Committee will determine whether the request warrants further consideration by the Commission, in which case the Committee will present a summary of the dispute to the Commission and a make recommendation. In the event that no action is taken by the Committee, and the Committee has determined that the dispute does not warrant further consideration or advancement to the Commission, the Committee shall summarize their finding in a report to be provide to the customer and placed on file.
8. The Committee shall record minutes of all Committee meetings. Committee meeting minutes shall be subject to applicable data retention law and policies.

SCHEDULE:

The Committee shall meet on an as-needed basis.

TERMINATION:

The Committee shall exist until at such time formal action of the Commission is taken to dissolve the Committee.

POLICY HISTORY:

Adopted	January 12, 2021
Revised	February 14, 2023
Revised	February 13, 2024

TO: ERMU Commission	FROM: Melissa Karpinski – Finance Manager
MEETING DATE: January 13, 2026	AGENDA ITEM NUMBER: 5.1
SUBJECT: Financial Report – November 2025	
ACTION REQUESTED: Receive the November 2025 Financial Report	

DISCUSSION:

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

Electric

November year to date (YTD) electric kWh sales are up 5% from the prior year. For further breakdown:

- Residential usage is up 6%
- Small Commercial usage is up 2%
- Large Commercial usage is up 4%

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

Water

November YTD gallons of water sold are up 6% from the prior year. For further breakdown:

- Residential use is up 6%
- Commercial use is up 7%

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

ATTACHMENTS:

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

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

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

	<u>ELECTRIC</u>	<u>WATER</u>
ASSETS		
CURRENT ASSETS		
CASH	3,894,903	6,745,324
ACCOUNTS RECEIVABLE	3,106,344	5,152,800
INVENTORIES	2,147,191	45,958
PREPAID ITEMS	250,195	60,521
CONSTRUCTION IN PROGRESS	2,732,887	401,761
TOTAL CURRENT ASSETS	<u>12,131,521</u>	<u>12,406,363</u>
RESTRICTED ASSETS		
BOND RESERVE FUND	1,779,016	0
EMERGENCY RESERVE FUND	7,713,598	4,306,840
UNRESTRICTED RESERVE FUND	0	0
TOTAL RESTRICTED ASSETS	<u>9,492,613</u>	<u>4,306,840</u>
FIXED ASSETS		
PRODUCTION	795,920	17,217,448
LFG PROJECT	0	0
TRANSMISSION	2,305,024	0
DISTRIBUTION	56,003,797	30,869,561
GENERAL	26,019,883	1,632,203
FIXED ASSETS (COST)	<u>85,124,623</u>	<u>49,719,212</u>
LESS ACCUMULATED DEPRECIATION	(39,264,416)	(25,179,427)
TOTAL FIXED ASSETS, NET	<u>45,860,207</u>	<u>24,539,785</u>
INTANGIBLE ASSETS		
POWER AGENCY MEMBERSHIP BUY-IN	21,546,212	0
LOSS OF REVENUE INTANGIBLE	7,169,412	0
LESS ACCUMULATED AMORTIZATION	(4,787,152)	0
TOTAL INTANGIBLE ASSETS, NET	<u>23,928,472</u>	<u>0</u>
OTHER ASSETS AND DEFERRED OUTFLOWS	<u>322,181</u>	<u>61,420</u>
TOTAL ASSETS	<u><u>91,734,995</u></u>	<u><u>41,314,408</u></u>
LIABILITIES AND FUND EQUITY		
CURRENT LIABILITIES		
ACCOUNTS PAYABLE	4,212,883	331,250
SALARIES AND BENEFITS PAYABLE	1,239,177	191,951
DUE TO CITY	770,620	3,508
DUE TO OTHER FUNDS	0	0
NOTES PAYABLE-CURRENT PORTION	0	0
BONDS PAYABLE-CURRENT PORTION	0	0
UNEARNED REVENUE	1,610	523,565
TOTAL CURRENT LIABILITIES	<u>6,224,290</u>	<u>1,050,274</u>
LONG TERM LIABILITIES		
OPEB LIABILITY	0	0
LFG PROJECT	0	0
DUE TO COUNTY	0	0
DUE TO CITY	0	0
BONDS PAYABLE, LESS CURRENT PORTION	27,155,526	1,484,198
PENSION LIABILITIES	1,708,036	328,984
TOTAL LONG TERM LIABILITIES	<u>28,863,562</u>	<u>1,813,182</u>
TOTAL LIABILITIES	<u>35,087,852</u>	<u>2,863,456</u>
DEFERRED INFLOWS OF RESOURCES	<u>1,206,975</u>	<u>4,689,086</u>
FUND EQUITY		
CAPITAL ACCOUNT CONST COST	1,779,016	0
CONTRIBUTED CAPITAL	0	0
RETAINED EARNINGS	49,623,773	33,451,758
NET INCOME (LOSS) (THROUGH PREVIOUS MONTH)	4,037,379	310,109
TOTAL FUND EQUITY	<u>55,440,168</u>	<u>33,761,867</u>
TOTAL LIABILITIES & FUND EQUITY	<u><u>91,734,995</u></u>	<u><u>41,314,408</u></u>

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

	<u>November 30, 2025</u>	<u>October 31, 2025</u>	<u>Current Month Change from Prior Month</u>
ASSETS			
CURRENT ASSETS			
CASH	3,894,903	4,089,175	(194,272)
ACCOUNTS RECEIVABLE	3,106,344	3,808,610	(702,266)
INVENTORIES	2,147,191	2,164,260	(17,069)
PREPAID ITEMS	250,195	260,216	(10,021)
CONSTRUCTION IN PROGRESS	2,732,887	2,481,735	251,152
TOTAL CURRENT ASSETS	<u>12,131,521</u>	<u>12,803,996</u>	<u>(672,475)</u>
RESTRICTED ASSETS			
BOND RESERVE FUND	1,779,016	1,779,016	0
EMERGENCY RESERVE FUND	7,713,598	7,687,418	26,180
TOTAL RESTRICTED ASSETS	<u>9,492,613</u>	<u>9,466,434</u>	<u>26,180</u>
FIXED ASSETS			
PRODUCTION	795,920	795,920	0
TRANSMISSION	2,305,024	2,305,024	0
DISTRIBUTION	56,003,797	55,919,591	84,205
GENERAL	26,019,883	25,985,736	34,147
FIXED ASSETS (COST)	<u>85,124,623</u>	<u>85,006,271</u>	<u>118,352</u>
LESS ACCUMULATED DEPRECIATION	(39,264,416)	(39,030,918)	(233,497)
TOTAL FIXED ASSETS, NET	<u>45,860,207</u>	<u>45,975,352</u>	<u>(115,145)</u>
INTANGIBLE ASSETS			
POWER AGENCY MEMBERSHIP BUY-IN	21,546,212	21,546,212	0
LOSS OF REVENUE INTANGIBLE	7,169,412	7,169,412	0
LESS ACCUMULATED AMORTIZATION	(4,787,152)	(4,731,474)	(55,678)
TOTAL INTANGIBLE ASSETS, NET	<u>23,928,472</u>	<u>23,984,150</u>	<u>(55,678)</u>
OTHER ASSETS AND DEFERRED OUTFLOWS	<u>322,181</u>	<u>322,181</u>	<u>0</u>
TOTAL ASSETS	<u><u>91,734,995</u></u>	<u><u>92,552,113</u></u>	<u><u>(817,118)</u></u>
LIABILITIES AND FUND EQUITY			
CURRENT LIABILITIES			
ACCOUNTS PAYABLE	4,212,883	5,271,246	(1,058,363)
SALARIES AND BENEFITS PAYABLE	1,239,177	1,232,389	6,788
DUE TO CITY	770,620	991,563	(220,943)
UNEARNED REVENUE	1,610	3,220	(1,610)
TOTAL CURRENT LIABILITIES	<u>6,224,290</u>	<u>7,498,418</u>	<u>(1,274,128)</u>
LONG TERM LIABILITIES			
BONDS PAYABLE, LESS CURRENT PORTION	27,155,526	27,160,514	(4,989)
PENSION LIABILITIES	1,708,036	1,708,036	0
TOTAL LONG TERM LIABILITIES	<u>28,863,562</u>	<u>28,868,550</u>	<u>(4,989)</u>
TOTAL LIABILITIES	<u>35,087,852</u>	<u>36,366,969</u>	<u>(1,279,117)</u>
DEFERRED INFLOWS OF RESOURCES	<u>1,206,975</u>	<u>1,206,975</u>	<u>0</u>
FUND EQUITY			
CAPITAL ACCOUNT CONST COST	1,779,016	1,779,016	0
RETAINED EARNINGS	49,623,773	49,623,773	0
NET INCOME (LOSS) (THROUGH PREVIOUS MONTH)	4,037,379	3,575,381	461,998
TOTAL FUND EQUITY	<u>55,440,168</u>	<u>54,978,169</u>	<u>461,998</u>
TOTAL LIABILITIES & FUND EQUITY	<u><u>91,734,995</u></u>	<u><u>92,552,113</u></u>	<u><u>(817,118)</u></u>

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

	<u>November 30, 2025</u>	<u>October 31, 2025</u>	<u>Current Month Change from Prior Month</u>
ASSETS			
CURRENT ASSETS			
CASH	6,745,324	6,619,158	126,166
ACCOUNTS RECEIVABLE	5,152,800	5,268,177	(115,377)
INVENTORIES	45,958	49,448	(3,490)
PREPAID ITEMS	60,521	61,170	(650)
CONSTRUCTION IN PROGRESS	401,761	354,966	46,796
TOTAL CURRENT ASSETS	<u>12,406,363</u>	<u>12,352,919</u>	<u>53,445</u>
RESTRICTED ASSETS			
EMERGENCY RESERVE FUND	4,306,840	4,300,295	6,545
TOTAL RESTRICTED ASSETS	<u>4,306,840</u>	<u>4,300,295</u>	<u>6,545</u>
FIXED ASSETS			
PRODUCTION	17,217,448	17,217,448	0
DISTRIBUTION	30,869,561	30,869,561	0
GENERAL	1,632,203	1,632,203	0
FIXED ASSETS (COST)	<u>49,719,212</u>	<u>49,719,212</u>	<u>0</u>
LESS ACCUMULATED DEPRECIATION	(25,179,427)	(25,064,437)	(114,990)
TOTAL FIXED ASSETS, NET	<u>24,539,785</u>	<u>24,654,775</u>	<u>(114,990)</u>
INTANGIBLE ASSETS			
OTHER ASSETS AND DEFERRED OUTFLOWS	<u>61,420</u>	<u>61,420</u>	<u>0</u>
TOTAL ASSETS	<u><u>41,314,408</u></u>	<u><u>41,369,409</u></u>	<u><u>(55,000)</u></u>
LIABILITIES AND FUND EQUITY			
CURRENT LIABILITIES			
ACCOUNTS PAYABLE	331,250	331,683	(432)
SALARIES AND BENEFITS PAYABLE	191,951	187,901	4,050
DUE TO CITY	3,508	3,539	(31)
UNEARNED REVENUE	523,565	523,565	0
TOTAL CURRENT LIABILITIES	<u>1,050,274</u>	<u>1,046,688</u>	<u>3,586</u>
LONG TERM LIABILITIES			
BONDS PAYABLE, LESS CURRENT PORTION	1,484,198	1,484,752	(554)
PENSION LIABILITIES	328,984	328,984	0
TOTAL LONG TERM LIABILITIES	<u>1,813,182</u>	<u>1,813,736</u>	<u>(554)</u>
TOTAL LIABILITIES	<u>2,863,456</u>	<u>2,860,424</u>	<u>3,032</u>
DEFERRED INFLOWS OF RESOURCES	<u>4,689,086</u>	<u>4,689,086</u>	<u>0</u>
FUND EQUITY			
RETAINED EARNINGS	33,451,758	33,451,758	0
NET INCOME (LOSS) (THROUGH PREVIOUS MONTH)	310,109	368,141	(58,032)
TOTAL FUND EQUITY	<u>33,761,867</u>	<u>33,819,899</u>	<u>(58,032)</u>
TOTAL LIABILITIES & FUND EQUITY	<u><u>41,314,408</u></u>	<u><u>41,369,409</u></u>	<u><u>(55,000)</u></u>

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

	2025 NOVEMBER	2025 YTD	2025 YTD BUDGET	YTD Budget Variance	2025 YTD Bud Var%	2025 ANNUAL BUDGET	2024 NOVEMBER	2024 YTD	YTD VARIANCE	2024 v. 2025 Actual Var%	Variance Item
Electric Revenue											
Operating Revenue											
Elk River	3,002,550	38,240,955	38,090,152	150,803	0	41,085,728	3,048,280	35,438,974	2,801,981		8
Otsego	276,116	3,974,002	3,791,144	182,858	5	4,073,730	311,280	3,592,794	381,208		11
Rural Big Lake	13,654	204,664	211,914	(7,251)	(3)	231,863	15,587	189,347	15,317		8
Dayton	17,079	262,811	260,610	2,200	1	281,987	19,242	235,511	27,299		12
Public St & Hwy Lighting	23,887	260,769	239,250	21,519	9	261,000	21,789	239,006	21,763		9
Other Electric Sales	400	4,400	4,400	0	0	4,800	400	4,400	0		0
Total Operating Revenue	3,333,687	42,947,600	42,597,471	350,130	1	45,939,108	3,416,578	39,700,032	3,247,568		8
Other Operating Revenue											
Interest/Dividend Income	39,260	422,146	320,833	101,312	32	350,000	44,805	312,314	109,832		(1)
Customer Penalties	11,587	265,218	261,250	3,968	2	285,000	29,019	270,391	(5,173)		(2)
Connection Fees	63,575	370,246	137,500	232,746	169	150,000	18,870	297,927	72,319		(2)
Misc Revenue	79,316	1,411,918	891,875	520,043	58	972,500	131,563	1,503,575	(91,657)		(3)
Total Other Revenue	193,738	2,469,528	1,611,458	858,070	53	1,757,500	224,258	2,384,207	85,321		4
Total Revenue	3,527,425	45,417,128	44,208,929	1,208,199	3	47,696,608	3,640,835	42,084,239	3,332,889		8
Expenses											
Purchased Power	1,966,685	28,338,235	28,581,752	(243,516)	(1)	30,599,628	1,854,888	26,623,063	1,715,172		6
Operating & Mtce Expense	20,795	261,046	301,583	(40,538)	(13)	341,000	21,674	238,976	22,070		9
Transmission Expense	2,485	33,093	69,667	(36,574)	(52)	76,000	2,498	45,929	(12,837)		(28)
Distribution Expense	25,772	441,026	478,042	(37,015)	(8)	521,500	24,737	392,573	48,453		12
Maintenance Expense	115,267	1,659,692	1,940,792	(281,100)	(14)	2,144,500	106,623	1,662,888	(3,196)		(0)
Depreciation & Amortization	289,175	3,174,897	3,061,256	113,642	4	3,339,552	275,268	3,029,422	145,475		5
Interest Expense	59,983	675,086	675,086	0	0	735,069	63,258	710,490	(35,404)		(5)
Other Operating Expense	4,785	86,268	218,117	(131,849)	(60)	482,400	5,804	117,676	(31,409)		(27)
Customer Accounts Expense	32,830	379,943	430,833	(50,890)	(12)	470,000	33,864	398,383	(18,440)		(5)
Administrative Expense	366,956	4,027,119	4,373,943	(346,824)	(8)	4,783,849	323,385	3,683,984	343,135		9
General Expense	40,240	546,469	586,483	(40,014)	(7)	639,800	33,831	529,117	17,352		3
Total Expenses(before Operating Transfers)	2,924,972	39,622,873	40,717,553	(1,094,680)	(3)	44,133,298	2,745,830	37,432,502	2,190,372		6
Operating Transfer											
Operating Transfer/Other Funds	120,850	1,537,825	1,523,606	14,219	1	1,643,429	122,634	1,425,274	112,550		8
Utilities & Labor Donated	19,605	219,051	242,917	(23,865)	(10)	265,000	20,889	210,579	8,472		4
Total Operating Transfer	140,455	1,756,876	1,766,523	(9,647)	(1)	1,908,429	143,523	1,635,853	121,023		7
Net Income Profit(Loss)	461,998	4,037,379	1,724,854	2,312,526	134	1,654,881	751,482	3,015,884	1,021,495		34

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

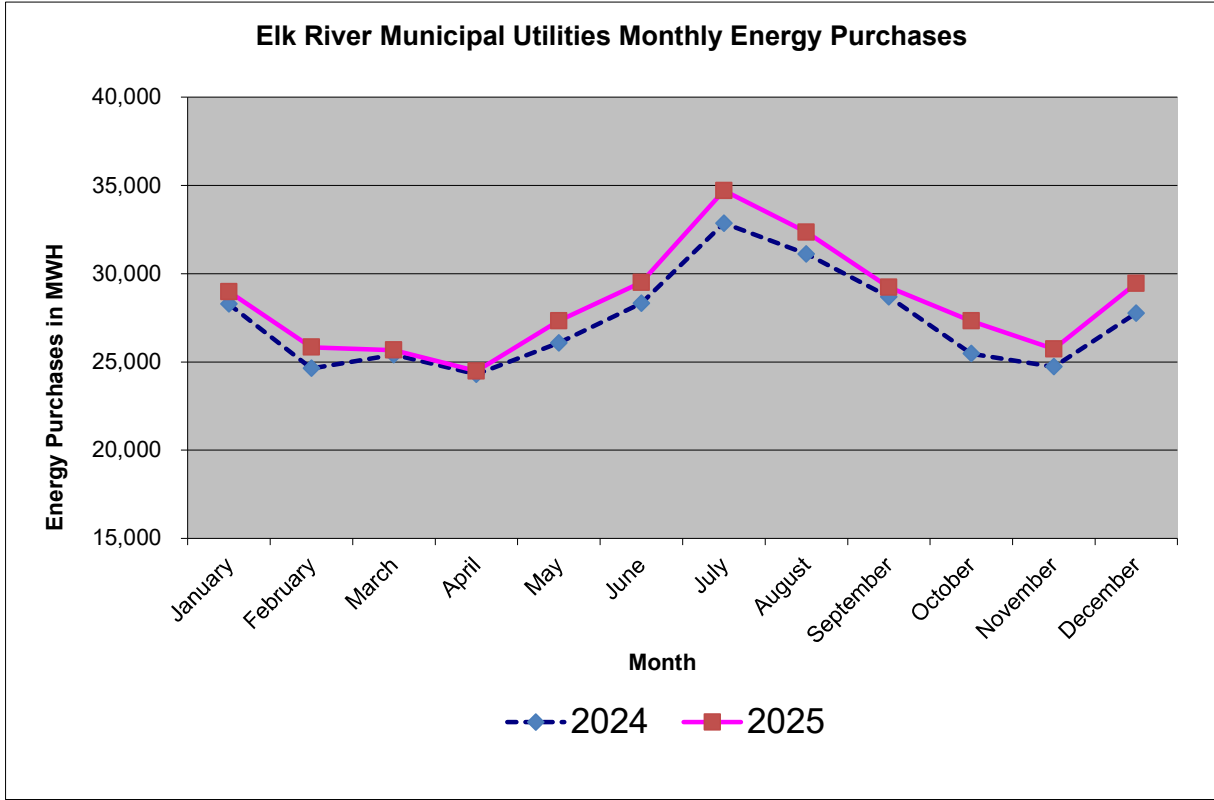
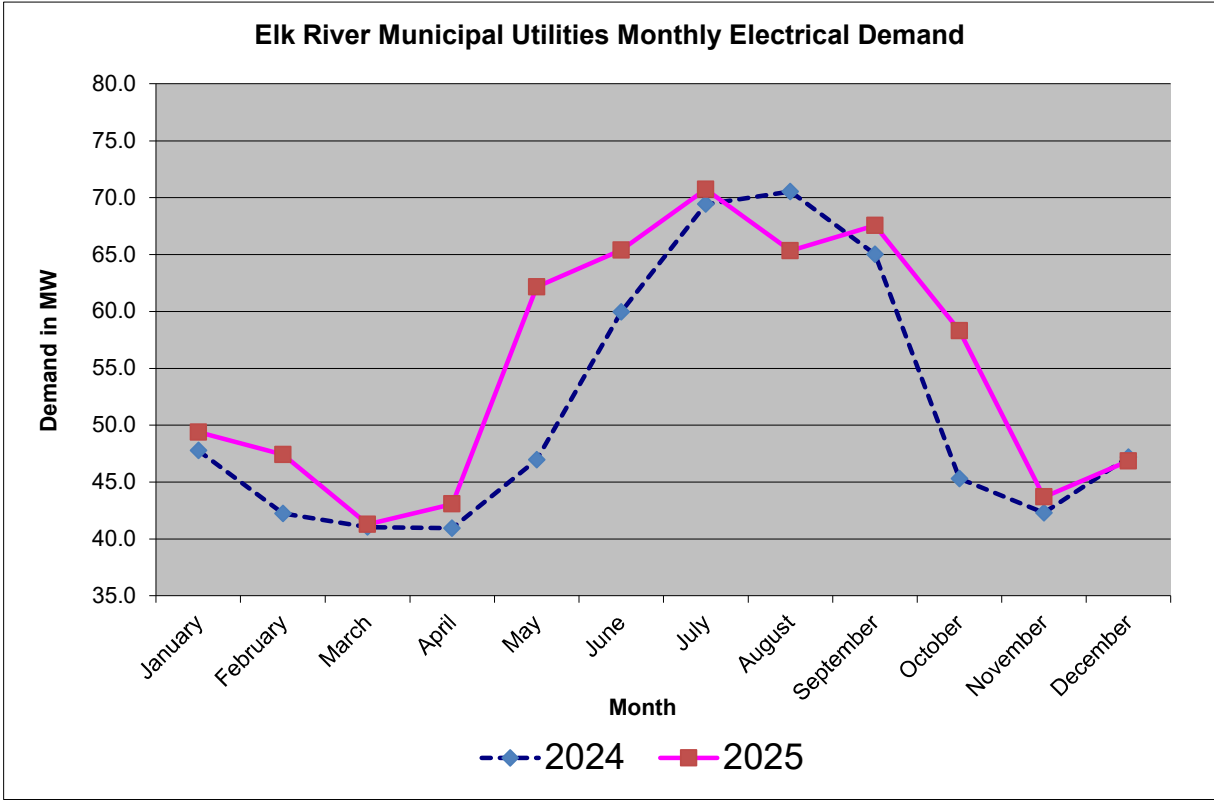
- (1) YTD budget variance is due to a conservative budget amount. PYTD variance is mainly due to more funds being invested with UBS and change in Fair Market Value.
- (2) YTD budget variance is due to a large agreements in September, November and June. PYTD variance is mainly due to large connection in September 2025.
- (3) YTD budget variance is mainly due to Contributions from Customers having large SOWs for additional service and/or upgrade and transmission investments.
- (4) YTD budget variance is due to labor expense for transmission mtce (engineer position not filled yet).
- (5) YTD budget variance is due to loss on disposition of property (disposal of assets) due to timing. PTYD variance is due to more mutual aid in 2024.

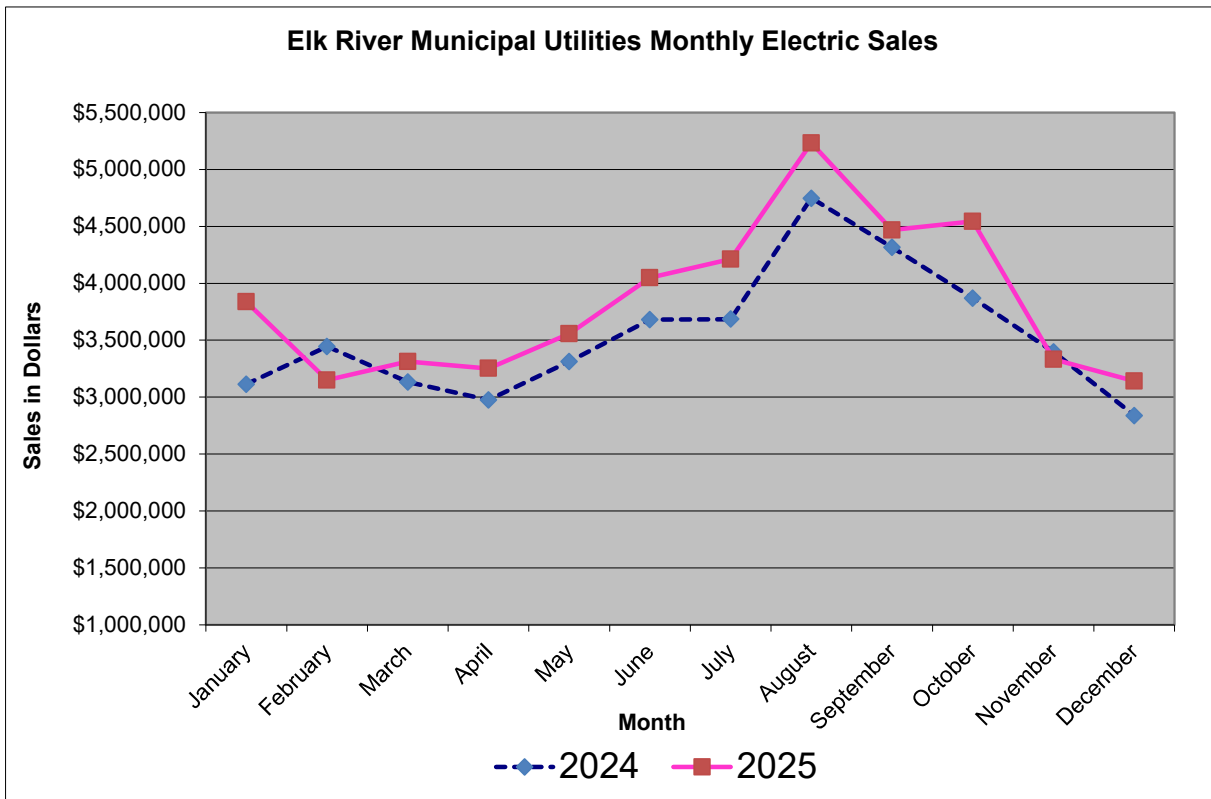
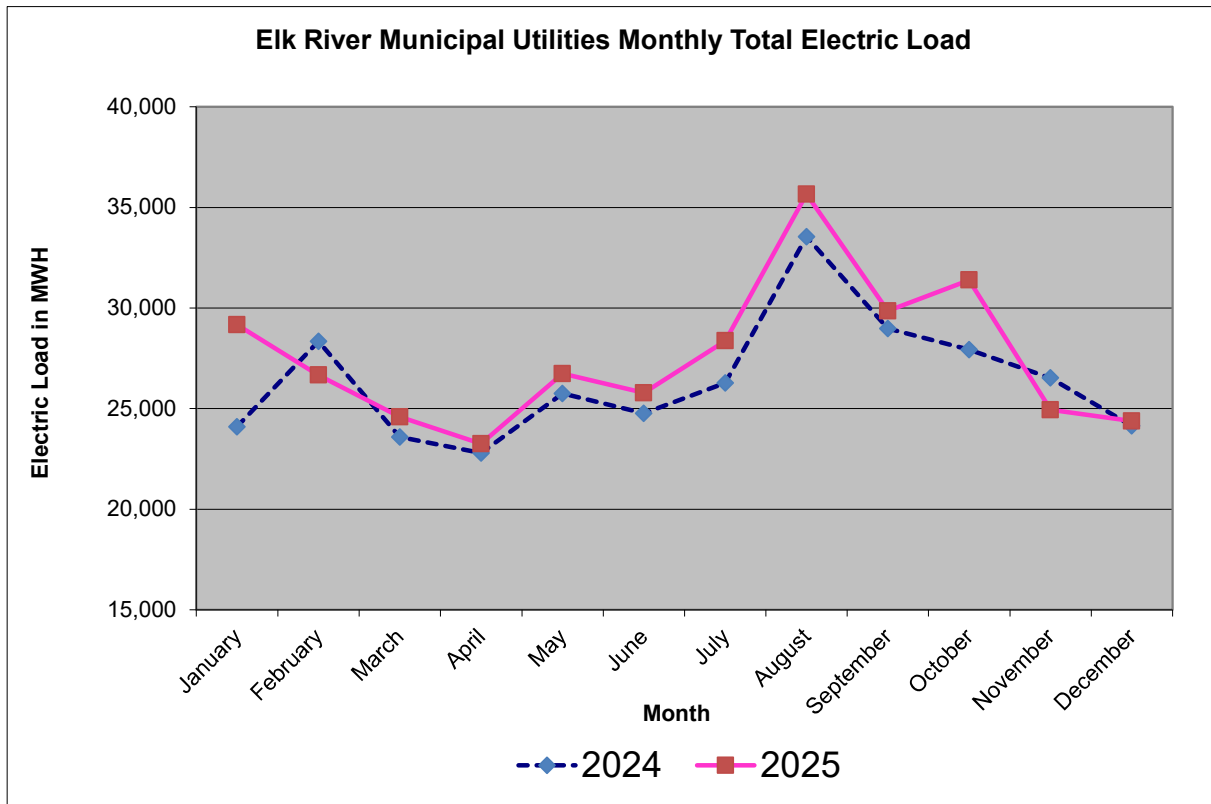
ELK RIVER MUNICIPAL UTILITIES
ELK RIVER, MINNESOTA
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR PERIOD ENDING NOVEMBER 2025

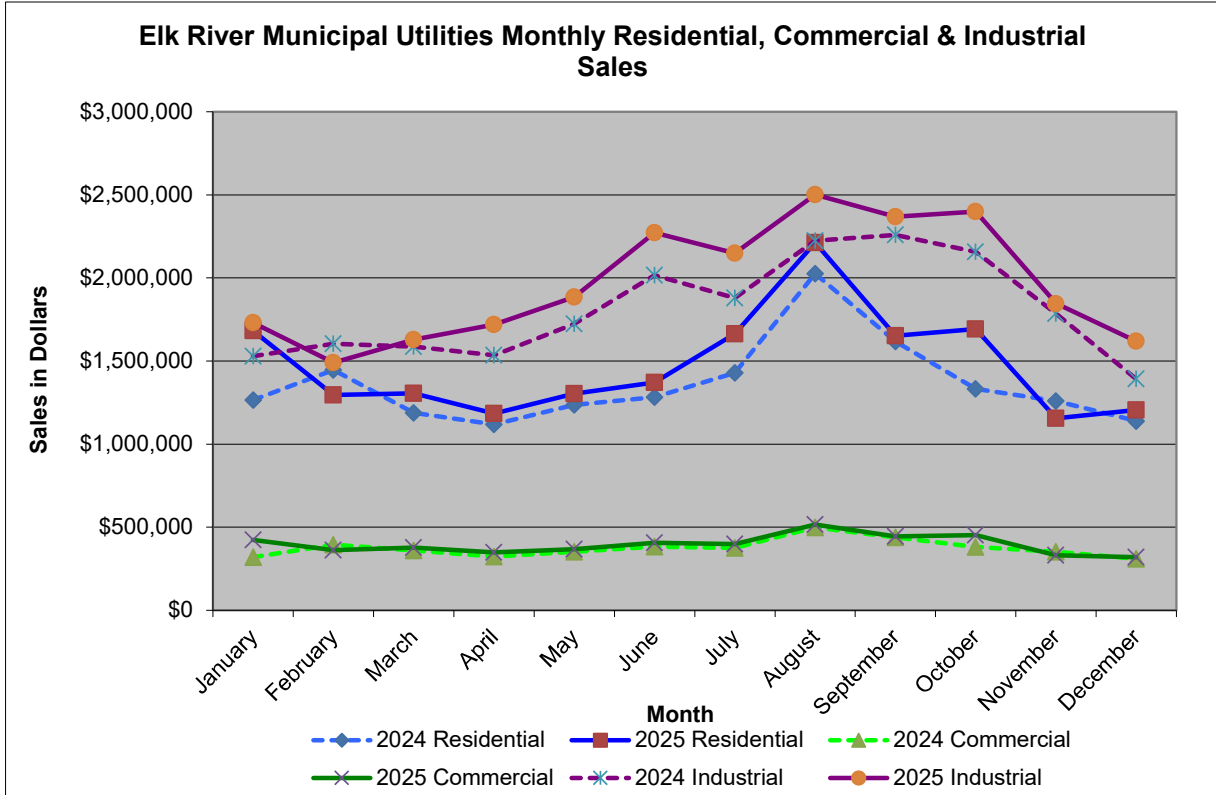
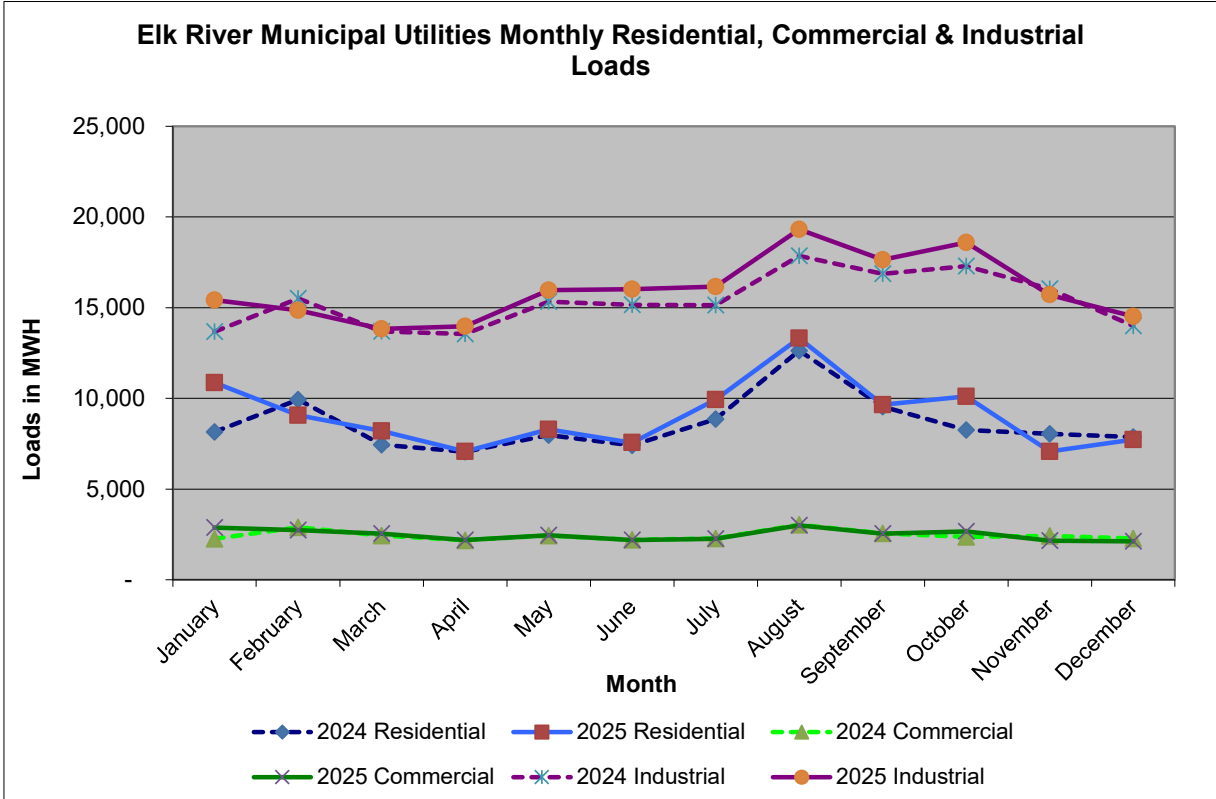
	2025 NOVEMBER	2025 YTD	2025 YTD BUDGET	YTD Budget Variance	2025 YTD Bud Var%	2025 ANNUAL BUDGET	2024 NOVEMBER	2024 YTD	YTD VARIANCE	2024 v. 2025 Actual Var%	Variance Item
Water Revenue											
Operating Revenue											
Water Sales	201,181	2,861,717	2,980,938	(119,221)	(4)	3,143,314	237,998	2,654,327	207,390	8	
Total Operating Revenue	201,181	2,861,717	2,980,938	(119,221)	(4)	3,143,314	237,998	2,654,327	207,390	8	
Other Operating Revenue											
Interest/Dividend Income	11,423	118,772	138,417	(19,645)	(14)	151,000	12,708	96,698	22,073	23	(1)
Customer Penalties	1,172	31,092	25,667	5,425	21	28,000	2,400	26,174	4,917	19	
Connection Fees	41,858	742,260	291,958	450,302	154	318,500	52,991	502,713	239,548	48	(2)
Misc Revenue	15,987	135,384	22,300	113,084	507	426,100	995	12,364	123,020	995	(3)
Total Other Revenue	70,439	1,027,507	478,342	549,166	115	923,600	69,093	637,949	389,558	61	
Total Revenue	271,621	3,889,224	3,459,280	429,945	12	4,066,914	307,091	3,292,276	596,948	18	
Expenses											
Production Expense	6,980	114,467	123,750	(9,283)	(8)	135,000	4,273	108,768	5,699	5	
Pumping Expense	64,106	597,290	616,138	(18,847)	(3)	672,150	65,153	565,127	32,164	6	
Distribution Expense	26,570	425,051	424,025	1,026	0	459,660	25,828	334,350	90,701	27	(4)
Depreciation & Amortization	114,990	1,268,719	1,215,377	53,342	4	1,325,866	100,186	1,107,338	161,382	15	
Interest Expense	2,496	28,970	28,970	0	0	31,466	2,712	31,237	(2,267)	(7)	
Other Operating Expense	52	(15,313)	16,688	(32,000)	(192)	60,750	59	1,349	(16,662)	(1,235)	(5)
Customer Accounts Expense	8,393	94,266	96,479	(2,213)	(2)	105,250	8,038	88,933	5,333	6	
Administrative Expense	105,762	1,062,213	1,104,926	(42,714)	(4)	1,199,700	88,694	903,714	158,499	18	(6)
General Expense	208	2,708	11,229	(8,521)	(76)	12,250	163	2,715	(7)	(0)	
Total Expenses(before Operating Transfers)	329,556	3,578,373	3,637,582	(59,209)	(2)	4,002,092	295,106	3,143,531	434,842	14	
Operating Transfer											
Utilities & Labor Donated	97	742	1,833	(1,091)	(60)	2,000	0	0	742	0	
Total Operating Transfer	97	742	1,833	(1,091)	(60)	2,000	0	0	742	0	
Net Income Profit(Loss)	(58,032)	310,109	(180,135)	490,244	272	62,822	11,985	148,745	161,364	108	

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

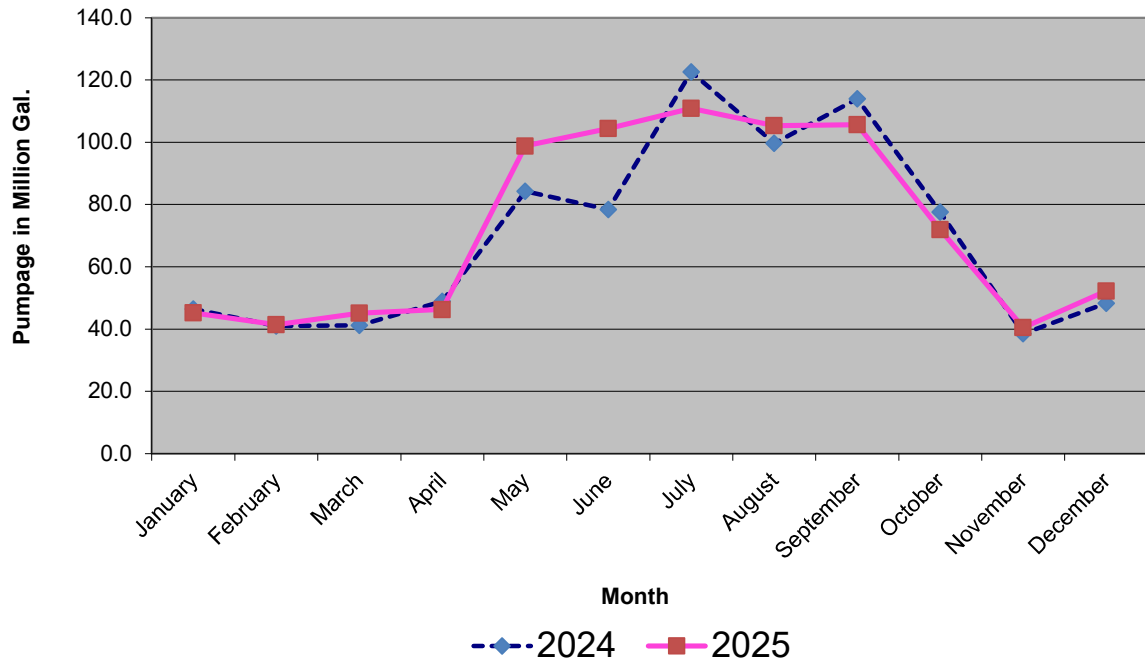
- (1) PYTD variance is mainly due to more funds being invested with UBS and change in Fair Market Value.
- (2) YTD budget variance is due to connection fees being budgeted conservatively and PYTD variance is due to more WAC fees in 2025.
- (3) YTD budget variance and PYTD variance is due to AFFF settlement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



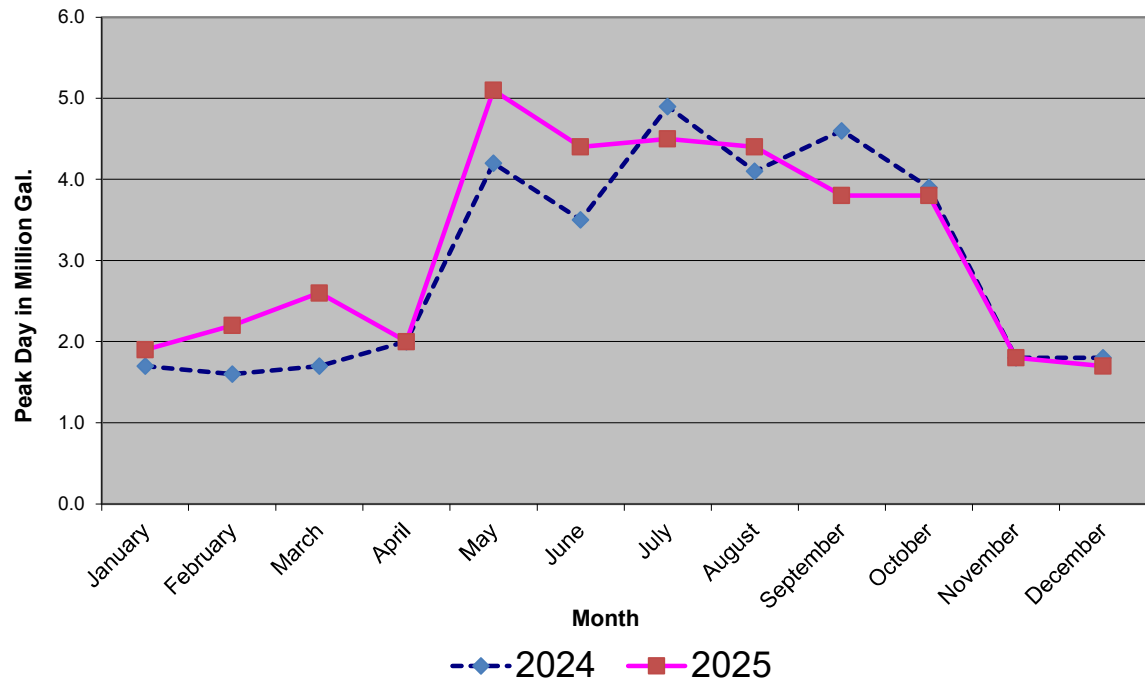




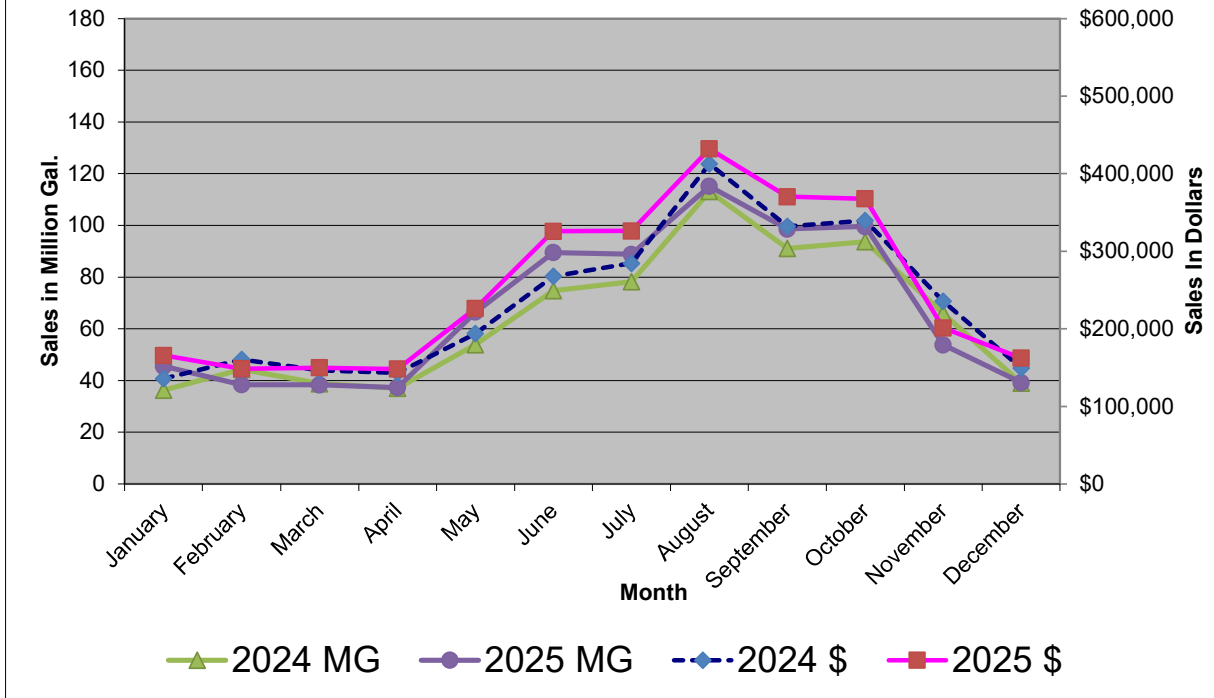
Elk River Municipal Utilities Monthly Water Pumpage



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 NOVEMBER 2025

	2025 NOVEMBER	2025 YTD	2025 YTD BUDGET	2025 ANNUAL BUDGET	2025 YTD Bud Var%	2024 NOVEMBER	2024 YTD	YTD VARIANCE	2024 v. 2025 Actual Var%
Electric Revenue									
Operating Revenue									
Elk River									
ELECT SALES - ELK RIVER RESID	913,470	12,943,154	12,947,687	14,008,158	0	1,008,697	12,248,511	694,643	6
ELECT SALES - ELK RIVER NON-D	240,816	3,200,053	3,295,459	3,561,584	(3)	258,622	3,128,332	71,721	2
ELECT SALES - ELK RIVER DEMA	1,471,860	17,429,054	17,334,087	18,661,634	1	1,471,205	16,784,848	644,205	4
PCA SALES REVENUE - ELK RIVE	103,004	1,482,051	1,406,047	1,522,421	5	91,081	1,025,603	456,448	45
PCA SALES REVENUE - ELK RIVE	30,294	385,672	390,227	423,421	(1)	25,909	281,654	104,018	37
PCA SALES REVENUE - ELK RIVE	243,103	2,800,967	2,716,641	2,908,507	3	192,763	1,970,023	830,943	42
Total For Elk River:	<u>3,002,550</u>	<u>38,240,954</u>	<u>38,090,151</u>	<u>41,085,728</u>	<u>0</u>	<u>3,048,280</u>	<u>35,438,974</u>	<u>2,801,980</u>	<u>8</u>
Otsego									
ELECT SALES - OTSEGO RESIDEN	98,738	1,481,371	1,438,299	1,546,756	3	115,537	1,401,779	79,592	6
ELECT SALES - OTSEGO NON-DEM	31,787	499,571	465,995	499,327	7	40,379	469,060	30,511	7
ELECT SALES - OTSEGO DEMAND	112,615	1,519,252	1,476,084	1,587,577	3	124,220	1,400,666	118,586	8
PCA SALES REVENUE - OTSEGO R	10,792	168,533	157,940	168,103	7	10,314	115,205	53,328	46
PCA SALES REVENUE - OTSEGO N	4,095	63,225	43,904	46,753	44	4,208	42,530	20,694	49
PCA SALES REVENUE - OTSEGO D	18,087	242,046	208,919	225,212	16	16,618	163,550	78,495	48
Total For Otsego:	<u>276,116</u>	<u>3,974,002</u>	<u>3,791,144</u>	<u>4,073,730</u>	<u>5</u>	<u>311,279</u>	<u>3,592,793</u>	<u>381,208</u>	<u>11</u>
Rural Big Lake									
ELECT SALES - BIG LAKE RESIDE	12,041	179,833	184,360	199,359	(2)	14,060	170,640	9,193	5
ELECT SALES - BIG LAKE NON-DE	224	3,751	4,625	4,810	(19)	224	4,091	(340)	(8)
PCA SALES REVENUE - BIG LAKE	1,369	20,685	19,628	21,666	5	1,287	14,317	6,368	44
PCA SALES REVENUE - BIG LAKE	19	392	3,300	6,026	(88)	15	297	95	32
Total For Rural Big Lake:	<u>13,654</u>	<u>204,663</u>	<u>211,914</u>	<u>231,863</u>	<u>(3)</u>	<u>15,586</u>	<u>189,347</u>	<u>15,316</u>	<u>8</u>
Dayton									
ELECT SALES - DAYTON RESIDEN	12,968	199,042	197,151	212,063	1	14,809	182,903	16,138	9
ELECT SALES - DAYTON NON-DE	2,429	37,192	37,443	40,465	(1)	2,861	34,853	2,339	7
PCA SALES REVENUE - DAYTON R	1,418	22,425	20,515	23,047	9	1,314	14,964	7,461	50
PCA SALES REVENUE - DAYTON	262	4,149	5,500	6,410	(25)	256	2,789	1,360	49
Total For Dayton:	<u>17,079</u>	<u>262,810</u>	<u>260,610</u>	<u>281,986</u>	<u>1</u>	<u>19,241</u>	<u>235,511</u>	<u>27,299</u>	<u>12</u>
Public St & Hwy Lighting									
ELECT SALES - SEC LTS	23,887	260,769	239,250	261,000	9	21,788	239,005	21,763	9
Total For Public St & Hwy Lighting:	<u>23,887</u>	<u>260,769</u>	<u>239,250</u>	<u>261,000</u>	<u>9</u>	<u>21,788</u>	<u>239,005</u>	<u>21,763</u>	<u>9</u>
Other Electric Sales									
SUB-STATION CREDIT	400	4,400	4,400	4,800	0	400	4,400	0	0

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

	2025 NOVEMBER	2025 YTD	2025 YTD BUDGET	2025 ANNUAL BUDGET	2025 YTD Bud Var%	2024 NOVEMBER	2024 YTD	YTD VARIANCE	2024 v. 2025 Actual Var%
Electric									
Total For Other Electric Sales:	400	4,400	4,400	4,800	0	400	4,400	0	0
Total Operating Revenue	<u>3,333,687</u>	<u>42,947,600</u>	<u>42,597,470</u>	<u>45,939,108</u>	<u>1</u>	<u>3,416,577</u>	<u>39,700,032</u>	<u>3,247,568</u>	<u>8</u>
Other Operating Revenue									
Interest/Dividend Income									
INTEREST & DIVIDEND INCOME	39,260	422,145	320,833	350,000	32	44,805	312,314	109,831	35
Total For Interest/Dividend Income:	39,260	422,145	320,833	350,000	32	44,805	312,314	109,831	35
Customer Penalties									
CUSTOMER DELINQUENT PENALT	11,587	265,217	261,250	285,000	2	29,019	270,390	(5,173)	(2)
Total For Customer Penalties:	11,587	265,217	261,250	285,000	2	29,019	270,390	(5,173)	(2)
Connection Fees									
DISCONNECT & RECONNECT CHA	63,575	370,246	137,500	150,000	169	18,870	297,927	72,319	24
Total For Connection Fees:	63,575	370,246	137,500	150,000	169	18,870	297,927	72,319	24
Misc Revenue									
MISC ELEC REVENUE - TEMP CHG	220	3,080	2,291	2,500	34	440	2,830	250	9
STREET LIGHT	13,000	63,000	7,500	10,000	740	0	23,400	39,600	169
TRANSMISSION INVESTMENTS	47,623	634,333	550,000	600,000	15	46,756	569,572	64,761	11
MISC NON-UTILITY	12,877	128,271	100,833	110,000	27	66,325	208,238	(79,967)	(38)
GAIN ON DISPOSITION OF PROPER	0	22,755	25,000	25,000	(9)	0	8,600	14,155	165
CONTRIBUTIONS FROM CUSTOME	5,595	560,477	206,250	225,000	172	18,041	690,933	(130,456)	(19)
Total For Misc Revenue:	79,315	1,411,918	891,875	972,500	58	131,563	1,503,574	(91,656)	(6)
Total Other Revenue	<u>193,738</u>	<u>2,469,528</u>	<u>1,611,458</u>	<u>1,757,500</u>	<u>53</u>	<u>224,257</u>	<u>2,384,207</u>	<u>85,320</u>	<u>4</u>
Total For Total Other Revenue:	193,738	2,469,528	1,611,458	1,757,500	53	224,257	2,384,207	85,320	4
Total Revenue	<u>3,527,425</u>	<u>45,417,128</u>	<u>44,208,929</u>	<u>47,696,608</u>	<u>3</u>	<u>3,640,835</u>	<u>42,084,239</u>	<u>3,332,889</u>	<u>8</u>
Expenses									
Purchased Power									
PURCHASED POWER	1,549,067	21,385,590	21,810,773	23,315,290	(2)	1,497,023	20,476,507	909,083	4
ENERGY ADJUSTMENT CLAUSE	417,618	6,952,644	6,770,978	7,284,337	3	357,864	6,146,555	806,088	13
Total For Purchased Power:	1,966,685	28,338,235	28,581,751	30,599,628	(1)	1,854,888	26,623,063	1,715,172	6
Operating & Mtce Expense									
OPERATING SUPERVISION	11,630	146,884	137,500	150,000	7	11,334	127,856	19,027	15
DIESEL OIL FUEL	0	0	0	0	0	0	159	(159)	(100)
NATURAL GAS	2,659	20,182	24,000	30,000	(16)	2,501	16,115	4,066	25

ELK RIVER MUNICIPAL UTILITIES
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FOR PERIOD ENDING NOVEMBER 2025

	2025 NOVEMBER	2025 YTD	2025 YTD BUDGET	2025 ANNUAL BUDGET	2025 YTD Bud Var%	2024 NOVEMBER	2024 YTD	YTD VARIANCE	2024 v. 2025 Actual Var%
Electric									
ELECTRIC & WATER CONSUMPTI	4,190	51,806	57,500	65,000	(10)	4,878	51,162	643	1
PLANT SUPPLIES & OTHER EXPEN	64	8,160	13,750	15,000	(41)	1,533	8,790	(629)	(7)
MISC POWER GENERATION EXPE	32	972	916	1,000	6	16	640	331	52
MAINTENANCE OF STRUCTURE -	232	10,718	18,333	20,000	(42)	939	13,415	(2,696)	(20)
MTCE OF PLANT ENGINES/GENER	196	952	4,583	5,000	(79)	115	4,177	(3,224)	(77)
MTCE OF PLANT/LAND IMPROVE	1,789	21,368	45,000	55,000	(53)	354	16,658	4,710	28
Total For Operating & Mtce Expense:	20,795	261,045	301,583	341,000	(13)	21,673	238,975	22,070	9
Transmission Expense									
TRANSMISSION MTCE AND EXPE	2,484	33,092	69,666	76,000	(52)	2,497	45,929	(12,836)	(28)
Total For Transmission Expense:	2,484	33,092	69,666	76,000	(52)	2,497	45,929	(12,836)	(28)
Distribution Expense									
REMOVE EXISTING SERVICE & M	0	936	1,833	2,000	(49)	0	352	583	165
SCADA EXPENSE	3,359	55,428	55,000	60,000	1	2,825	42,181	13,247	31
TRANSFORMER EXPENSE OH & U	1,068	15,309	22,916	25,000	(33)	1,530	15,969	(659)	(4)
MTCE OF SIGNAL SYSTEMS	0	3,971	2,750	3,000	44	308	1,930	2,041	106
METER EXPENSE - REMOVE & RE	0	1,110	1,375	1,500	(19)	0	466	644	138
TEMP SERVICE - INSTALL & REM	0	2,161	9,166	10,000	(76)	103	442	1,719	388
MISC DISTRIBUTION EXPENSE	21,344	362,107	385,000	420,000	(6)	19,969	331,230	30,877	9
Total For Distribution Expense:	25,771	441,026	478,041	521,500	(8)	24,737	392,573	48,453	12
Maintenance Expense									
MTCE OF STRUCTURES	7,240	83,629	84,333	92,000	(1)	4,053	78,072	5,556	7
MTCE OF SUBSTATIONS	1,987	17,534	41,250	45,000	(57)	5,224	18,118	(584)	(3)
MTCE OF SUBSTATION EQUIPME	3,881	41,641	137,500	150,000	(70)	(2,476)	80,020	(38,378)	(48)
MTCE OF OH LINES/TREE TRIM	33,445	200,491	250,000	300,000	(20)	724	215,269	(14,777)	(7)
MTCE OF OH LINES/STANDBY	2,791	39,805	45,833	50,000	(13)	3,403	39,673	131	0
MTCE OF OH PRIMARY	(1,616)	150,114	174,166	190,000	(14)	7,159	157,952	(7,837)	(5)
MTCE OF URD PRIMARY	15,285	305,290	275,000	300,000	11	16,011	270,643	34,647	13
LOCATE ELECTRIC LINES	16,620	118,174	114,583	125,000	3	8,850	95,577	22,597	24
LOCATE FIBER LINES	100	3,886	2,291	2,500	70	219	2,962	923	31
MTCE OF LINE TRANSFORMERS	882	90,423	68,750	75,000	32	16,733	60,486	29,936	49
MTCE OF STREET LIGHTING	7,354	61,668	63,250	69,000	(3)	4,875	65,642	(3,974)	(6)
MTCE OF SECURITY LIGHTING	556	13,822	22,916	25,000	(40)	800	21,081	(7,258)	(34)
MTCE OF METERS	3,865	35,074	73,333	80,000	(52)	1,479	56,563	(21,489)	(38)
VOLTAGE COMPLAINTS	253	3,167	11,000	12,000	(71)	883	6,413	(3,245)	(51)
SALARIES TRANSMISSION & DIST	2,446	32,120	33,000	36,000	(3)	2,540	28,571	3,549	12

ELK RIVER MUNICIPAL UTILITIES
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	2025 NOVEMBER	2025 YTD	2025 YTD BUDGET	2025 ANNUAL BUDGET	2025 YTD Bud Var%	2024 NOVEMBER	2024 YTD	YTD VARIANCE	2024 v. 2025 Actual Var%
Electric									
ELECTRIC MAPPING	7,365	133,188	142,083	155,000	(6)	6,845	119,928	13,260	11
FIBER MAPPING	0	0	13,750	15,000	(100)	0	0	0	0
MTCE OF OH SECONDARY	5,421	29,907	21,083	23,000	42	1,543	20,112	9,795	49
MTCE OF URD SECONDARY	2,721	74,603	68,750	75,000	9	5,953	53,604	20,999	39
TRANSPORTATION EXPENSE	4,662	225,145	297,916	325,000	(24)	21,797	272,192	(47,047)	(17)
Total For Maintenance Expense:	115,266	1,659,691	1,940,791	2,144,500	(14)	106,623	1,662,887	(3,196)	0
Depreciation & Amortization									
DEPRECIATION	233,497	2,562,440	2,448,797	2,671,415	5	219,589	2,416,964	145,475	6
AMORTIZATION	55,677	612,457	612,458	668,136	0	55,677	612,457	0	0
Total For Depreciation & Amortization:	289,175	3,174,897	3,061,255	3,339,551	4	275,267	3,029,422	145,475	5
Interest Expense									
INTEREST EXPENSE - BONDS	64,971	729,959	729,959	794,932	0	68,246	765,364	(35,404)	(5)
AMORTIZATION OF DEBT DISCOU	(4,988)	(54,873)	(54,873)	(59,863)	0	(4,988)	(54,873)	0	0
Total For Interest Expense:	59,982	675,086	675,086	735,069	0	63,257	710,490	(35,404)	(5)
Other Operating Expense									
EV CHARGING EXPENSE	80	1,567	1,283	1,400	22	197	2,451	(883)	(36)
LOSS ON DISPOSITION OF PROP (C	0	15,758	160,000	160,000	(90)	0	7,992	7,766	97
LOSS ON DISPOSITION OF PROP (N	0	15,437	0	0	0	0	0	15,437	0
OTHER DONATIONS	441	658	1,833	2,000	(64)	0	0	658	0
MUTUAL AID	0	7,012	0	0	0	719	54,540	(47,527)	(87)
PENSION EXPENSE	0	0	0	259,000	0	0	0	0	0
INTEREST EXPENSE - METER DEP	4,262	45,832	55,000	60,000	(17)	4,886	52,692	(6,860)	(13)
Total For Other Operating Expense:	4,785	86,267	218,116	482,400	(60)	5,803	117,676	(31,408)	(27)
Customer Accounts Expense									
METER READING EXPENSE	2,895	30,046	32,083	35,000	(6)	4,183	44,341	(14,294)	(32)
DISCONNECT/RECONNECT EXPEN	0	658	9,166	10,000	(93)	0	11,844	(11,185)	(94)
MISC CUSTOMER ACCOUNTS EXP	29,695	341,343	366,666	400,000	(7)	29,058	327,313	14,029	4
BAD DEBT EXPENSE & RECOVER	238	7,893	22,916	25,000	(66)	621	14,883	(6,989)	(47)
Total For Customer Accounts Expense:	32,829	379,942	430,833	470,000	(12)	33,864	398,383	(18,440)	(5)
Administrative Expense									
SALARIES OFFICE & COMMISSION	72,469	899,931	994,583	1,085,000	(10)	68,506	818,819	81,111	10
TEMPORARY STAFFING	0	0	3,666	4,000	(100)	0	0	0	0
OFFICE SUPPLIES	8,087	108,503	123,750	135,000	(12)	9,766	92,098	16,405	18
ELECTRIC & WATER CONSUMPTI	1,695	22,570	29,333	32,000	(23)	1,870	25,060	(2,489)	(10)
BANK FEES	194	2,480	2,750	3,000	(10)	352	2,631	(151)	(6)

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	2025 NOVEMBER	2025 YTD	2025 YTD BUDGET	2025 ANNUAL BUDGET	2025 YTD Bud Var%	2024 NOVEMBER	2024 YTD	YTD VARIANCE	2024 v. 2025 Actual Var%
Electric									
LEGAL FEES	2,271	15,892	27,500	30,000	(42)	3,322	32,628	(16,735)	(51)
AUDITING FEES	1,720	18,920	18,920	20,640	0	1,640	17,240	1,680	10
INSURANCE	10,087	141,089	178,750	195,000	(21)	14,904	175,398	(34,308)	(20)
UTILITY SHARE - DEFERRED COM	4,488	107,969	117,791	128,500	(8)	4,783	107,748	220	0
UTILITY SHARE - MEDICAL/DENT	63,345	828,733	873,474	942,322	(5)	56,965	773,079	55,653	7
UTILITY SHARE - PERA	25,333	301,954	294,708	321,500	2	24,693	282,056	19,898	7
UTILITY SHARE - FICA	23,312	296,033	289,208	315,500	2	23,251	274,416	21,616	8
EMPLOYEE SICK PAY	15,061	243,031	187,000	204,000	30	11,185	147,826	95,205	64
EMPLOYEE HOLIDAY PAY	48,818	159,374	161,750	194,100	(1)	45,207	148,971	10,403	7
EMPLOYEE VACATION & PTO PA	26,469	336,331	300,636	325,000	12	24,913	308,300	28,031	9
UPMIC DISTRIBUTION	0	59,534	64,500	86,000	(8)	0	75,435	(15,900)	(21)
LONGEVITY PAY	0	9,945	9,945	9,945	0	2,018	6,963	2,981	43
CONSULTING FEES	33,260	111,821	219,083	239,000	(49)	0	40,307	71,513	177
TELEPHONE	2,845	31,143	34,833	38,000	(11)	2,929	28,737	2,406	8
ADVERTISING	220	11,775	18,333	20,000	(36)	1,620	12,036	(260)	(2)
DUES & SUBSCRIPTIONS - FEES	11,968	129,496	139,341	152,009	(7)	9,766	112,471	17,025	15
SCHOOLS & MEETINGS	14,440	181,069	274,000	292,333	(34)	14,840	192,463	(11,393)	(6)
MTCE OF GENERAL PLANT & OFFI	865	9,515	10,083	11,000	(6)	845	9,295	220	2
Total For Administrative Expense:	366,956	4,027,118	4,373,942	4,783,849	(8)	323,384	3,683,983	343,135	9
General Expense									
CIP REBATES - RESIDENTIAL	10,932	97,111	83,194	90,758	17	11,740	85,139	11,971	14
CIP REBATES - COMMERCIAL	0	99,486	102,666	112,000	(3)	395	98,667	819	1
CIP - ADMINISTRATION	17,612	170,902	167,717	182,965	2	10,214	163,477	7,424	5
CIP - MARKETING	856	41,953	46,965	51,235	(11)	1,074	45,894	(3,941)	(9)
CIP - LABOR	7,250	96,145	122,670	133,822	(22)	7,514	90,943	5,201	6
CIP REBATES - LOW INCOME	0	1,578	17,160	18,720	(91)	0	3,468	(1,889)	(54)
CIP - LOW INCOME LABOR	712	9,115	9,166	10,000	(1)	741	8,539	575	7
ENVIRONMENTAL COMPLIANCE	2,912	30,074	32,083	35,000	(6)	2,023	29,426	648	2
MISC GENERAL EXPENSE	(37)	101	4,858	5,300	(98)	125	3,560	(3,458)	(97)
Total For General Expense:	40,239	546,469	586,483	639,800	(7)	33,830	529,117	17,351	3
Total Expenses(before Operating Transfers)	2,924,972	39,622,873	40,717,552	44,133,298	(3)	2,745,829	37,432,501	2,190,371	6
Operating Transfer									
Operating Transfer/Other Funds									
TRANSFER TO CITY ELK RIVER R	120,850	1,537,824	1,523,606	1,643,429	1	122,634	1,425,274	112,550	8

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Electric	2025 NOVEMBER	2025 YTD	2025 YTD BUDGET	2025 ANNUAL BUDGET	2025 YTD Bud Var%	2024 NOVEMBER	2024 YTD	YTD VARIANCE	2024 v. 2025 Actual Var%
Total For Operating Transfer/Other Funds:	120,850	1,537,824	1,523,606	1,643,429	1	122,634	1,425,274	112,550	8
Utilities & Labor Donated									
UTILITIES & LABOR DONATED TO	19,604	219,051	242,916	265,000	(10)	20,888	210,579	8,472	4
Total For Utilities & Labor Donated:	19,604	219,051	242,916	265,000	(10)	20,888	210,579	8,472	4
Total Operating Transfer									
Total For Total Operating Transfer:	140,454	1,756,875	1,766,522	1,908,429	(1)	143,523	1,635,853	121,022	7
Net Income Profit(Loss)	461,998	4,037,379	1,724,853	1,654,880	134	751,482	3,015,884	1,021,495	34

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	2025 NOVEMBER	2025 YTD	2025 YTD BUDGET	2025 ANNUAL BUDGET	2025 YTD Bud Var%	2024 NOVEMBER	2024 YTD	YTD VARIANCE	2024 v. 2025 Actual Var%
Water Revenue									
Operating Revenue									
Water Sales									
WATER SALES RESIDENTIAL	104,015	1,574,544	1,669,205	1,768,457	(6)	128,232	1,466,070	108,473	7
WATER SALES COMMERCIAL	78,818	977,260	963,431	1,024,735	1	87,452	913,216	64,043	7
WATER SALES IRRIGATION	18,347	309,912	348,300	350,120	(11)	22,312	275,040	34,872	13
Total For Water Sales:	<u>201,181</u>	<u>2,861,716</u>	<u>2,980,938</u>	<u>3,143,313</u>	<u>(4)</u>	<u>237,997</u>	<u>2,654,326</u>	<u>207,390</u>	<u>8</u>
Total Operating Revenue	<u>201,181</u>	<u>2,861,716</u>	<u>2,980,938</u>	<u>3,143,313</u>	<u>(4)</u>	<u>237,997</u>	<u>2,654,326</u>	<u>207,390</u>	<u>8</u>
Total For Total Operating Revenue:	<u>201,181</u>	<u>2,861,716</u>	<u>2,980,938</u>	<u>3,143,313</u>	<u>(4)</u>	<u>237,997</u>	<u>2,654,326</u>	<u>207,390</u>	<u>8</u>
Other Operating Revenue									
Interest/Dividend Income									
INTEREST & DIVIDEND INCOME	11,422	118,204	137,500	150,000	(14)	12,707	96,139	22,064	23
OTHER INTEREST/MISC REVENUE	0	566	916	1,000	(38)	0	558	8	1
Total For Interest/Dividend Income:	<u>11,422</u>	<u>118,771</u>	<u>138,416</u>	<u>151,000</u>	<u>(14)</u>	<u>12,707</u>	<u>96,698</u>	<u>22,073</u>	<u>23</u>
Customer Penalties									
CUSTOMER PENALTIES	1,171	31,091	25,666	28,000	21	2,399	26,174	4,917	19
Total For Customer Penalties:	<u>1,171</u>	<u>31,091</u>	<u>25,666</u>	<u>28,000</u>	<u>21</u>	<u>2,399</u>	<u>26,174</u>	<u>4,917</u>	<u>19</u>
Connection Fees									
WATER/ACCESS/CONNECTION FE	36,390	629,402	233,750	255,000	169	43,200	439,941	189,460	43
CUSTOMER CONNECTION FEES	4,605	58,227	29,791	32,500	95	5,237	37,744	20,483	54
BULK WATER SALES/HYDRANT R	862	54,630	28,416	31,000	92	4,552	25,027	29,603	118
Total For Connection Fees:	<u>41,857</u>	<u>742,260</u>	<u>291,958</u>	<u>318,500</u>	<u>154</u>	<u>52,990</u>	<u>502,712</u>	<u>239,547</u>	<u>48</u>
Misc Revenue									
MISC NON-UTILITY	0	340	91	100	271	20	95	244	255
GAIN ON DISPOSITION OF PROPER	0	0	8,000	8,000	(100)	0	0	0	0
MISCELLANEOUS REVENUE	15,011	79,728	458	500	17,308	0	716	79,011	11,020
HYDRANT MAINTENANCE PROGR	975	10,725	13,750	15,000	(22)	975	11,550	(825)	(7)
CONTRIBUTIONS FROM DEVELOP	0	44,590	0	0	0	0	0	44,590	0
WATER TOWER LEASE	0	0	0	327,500	0	0	0	0	0
LEASE INTEREST REVENUE	0	0	0	75,000	0	0	0	0	0
Total For Misc Revenue:	<u>15,986</u>	<u>135,383</u>	<u>22,300</u>	<u>426,100</u>	<u>507</u>	<u>995</u>	<u>12,363</u>	<u>123,020</u>	<u>995</u>
Total Other Revenue	<u>70,439</u>	<u>1,027,507</u>	<u>478,341</u>	<u>923,600</u>	<u>115</u>	<u>69,093</u>	<u>637,949</u>	<u>389,558</u>	<u>61</u>
Total For Total Other Revenue:	<u>70,439</u>	<u>1,027,507</u>	<u>478,341</u>	<u>923,600</u>	<u>115</u>	<u>69,093</u>	<u>637,949</u>	<u>389,558</u>	<u>61</u>

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

Water	2025 NOVEMBER	2025 YTD	2025 YTD BUDGET	2025 ANNUAL BUDGET	2025 YTD Bud Var%	2024 NOVEMBER	2024 YTD	YTD VARIANCE	2024 v. 2025 Actual Var%
Total Revenue	<u>271,620</u>	<u>3,889,224</u>	<u>3,459,279</u>	<u>4,066,913</u>	<u>12</u>	<u>307,091</u>	<u>3,292,276</u>	<u>596,948</u>	<u>18</u>
Expenses									
Production Expense									
MTCE OF STRUCTURES	6,979	114,467	123,750	135,000	(8)	4,272	108,768	5,698	5
Total For Production Expense:	<u>6,979</u>	<u>114,467</u>	<u>123,750</u>	<u>135,000</u>	<u>(8)</u>	<u>4,272</u>	<u>108,768</u>	<u>5,698</u>	<u>5</u>
Pumping Expense									
SUPERVISION	6,047	73,211	69,666	76,000	5	4,290	64,575	8,635	13
ELECTRIC & GAS UTILITIES	18,542	255,612	284,166	310,000	(10)	17,421	233,326	22,286	10
SAMPLING	1,977	23,269	22,137	24,150	5	1,120	20,127	3,142	16
CHEMICAL FEED	7,115	45,815	45,833	50,000	0	2,760	37,161	8,654	23
MTCE OF WELLS	30,189	191,509	183,333	200,000	4	39,230	199,237	(7,728)	(4)
SCADA - PUMPING	233	7,871	11,000	12,000	(28)	328	10,698	(2,827)	(26)
Total For Pumping Expense:	<u>64,105</u>	<u>597,290</u>	<u>616,137</u>	<u>672,150</u>	<u>(3)</u>	<u>65,152</u>	<u>565,126</u>	<u>32,163</u>	<u>6</u>
Distribution Expense									
MTCE OF WATER MAINS	10,648	170,194	160,416	175,000	6	4,663	94,947	75,246	79
LOCATE WATER LINES	1,750	25,533	18,333	20,000	39	1,100	13,162	12,371	94
MTCE OF WATER SERVICES	0	0	458	500	(100)	0	0	0	0
WATER METER SERVICE	5,182	71,455	64,166	70,000	11	10,820	71,982	(526)	(1)
BACKFLOW DEVICE INSPECTION	1,229	20,018	21,650	23,160	(8)	1,261	18,091	1,926	11
MTCE OF CUSTOMERS SERVICE	3,067	31,342	32,083	35,000	(2)	3,066	30,603	738	2
WATER MAPPING	73	21,986	15,583	17,000	41	1,562	17,695	4,290	24
FIBER MAPPING	0	0	13,750	15,000	(100)	0	0	0	0
MTCE OF WATER HYDRANTS - PU	816	17,679	20,166	22,000	(12)	1,409	21,955	(4,275)	(19)
MTCE OF WATER HYDRANTS - PR	616	4,817	5,500	6,000	(12)	0	4,990	(172)	(3)
WATER CLOTHING/PPE	7	11,638	13,750	15,000	(15)	76	9,528	2,109	22
WAGES WATER	688	8,341	9,166	10,000	(9)	628	7,148	1,193	17
TRANSPORTATION EXPENSE	2,489	21,660	22,000	24,000	(2)	1,240	17,988	3,672	20
WATER PERMIT	0	20,382	27,000	27,000	(25)	0	26,255	(5,873)	(22)
Total For Distribution Expense:	<u>26,569</u>	<u>425,051</u>	<u>424,025</u>	<u>459,660</u>	<u>0</u>	<u>25,828</u>	<u>334,350</u>	<u>90,701</u>	<u>27</u>
Depreciation & Amortization									
DEPRECIATION	114,990	1,268,719	1,215,376	1,325,865	4	100,185	1,107,337	161,381	15
Total For Depreciation & Amortization:	<u>114,990</u>	<u>1,268,719</u>	<u>1,215,376</u>	<u>1,325,865</u>	<u>4</u>	<u>100,185</u>	<u>1,107,337</u>	<u>161,381</u>	<u>15</u>
Interest Expense									
INTEREST EXPENSE - BONDS	3,050	35,066	35,066	38,117	0	3,266	37,333	(2,266)	(6)

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

	2025 NOVEMBER	2025 YTD	2025 YTD BUDGET	2025 ANNUAL BUDGET	2025 YTD Bud Var%	2024 NOVEMBER	2024 YTD	YTD VARIANCE	2024 v. 2025 Actual Var%
Water									
AMORTIZATION OF DEBT DISCOU	(554)	(6,096)	(6,096)	(6,651)	0	(554)	(6,096)	0	0
Total For Interest Expense:	2,495	28,970	28,969	31,466	0	2,712	31,236	(2,266)	(7)
Other Operating Expense									
LOSS ON DISPOSITION OF PROP (C	0	0	16,000	16,000	(100)	0	0	0	0
LOSS ON DISPOSITION OF PROP (N	0	(16,271)	0	0	0	0	0	(16,271)	0
DAM MAINTENANCE EXPENSE	0	388	0	0	0	0	444	(55)	(13)
PENSION EXPENSE	0	0	0	44,000	0	0	0	0	0
INTEREST EXPENSE - METER DEP	51	570	687	750	(17)	58	904	(333)	(37)
Total For Other Operating Expense:	51	(15,312)	16,687	60,750	(192)	58	1,349	(16,661)	(1,235)
Customer Accounts Expense									
METER READING EXPENSE	526	5,637	6,416	7,000	(12)	607	4,975	661	13
MISC CUSTOMER ACCOUNTS EXP	7,866	88,629	89,833	98,000	(1)	7,430	83,938	4,691	6
BAD DEBT EXPENSE & RECOVER	0	0	229	250	(100)	0	19	(19)	(100)
Total For Customer Accounts Expense:	8,393	94,266	96,479	105,250	(2)	8,037	88,933	5,333	6
Administrative Expense									
SALARIES OFFICE & COMMISSION	21,090	267,611	264,000	288,000	1	20,269	239,199	28,411	12
TEMPORARY STAFFING	0	0	916	1,000	(100)	0	0	0	0
OFFICE SUPPLIES	2,538	28,488	27,500	30,000	4	2,203	22,634	5,854	26
ELECTRIC & WATER CONSUMPTI	424	5,645	6,416	7,000	(12)	467	6,267	(622)	(10)
BANK FEES	48	631	641	700	(2)	88	673	(42)	(6)
LEGAL FEES	4,105	24,615	4,583	5,000	437	748	5,455	19,160	351
AUDITING FEES	430	5,276	6,141	6,700	(14)	410	4,856	419	9
INSURANCE	3,534	38,480	40,333	44,000	(5)	3,664	38,656	(176)	0
UTILITY SHARE - DEFERRED COM	812	18,568	22,091	24,100	(16)	854	18,067	501	3
UTILITY SHARE - MEDICAL/DENT	17,459	213,802	249,342	269,977	(14)	14,905	187,865	25,936	14
UTILITY SHARE - PERA	5,488	62,665	62,791	68,500	0	4,846	54,275	8,390	15
UTILITY SHARE - FICA	5,084	61,436	60,500	66,000	2	4,442	53,100	8,335	16
EMPLOYEE SICK PAY	3,291	44,284	32,083	35,000	38	4,115	29,543	14,740	50
EMPLOYEE HOLIDAY PAY	10,803	33,957	34,604	41,525	(2)	9,288	28,384	5,573	20
EMPLOYEE VACATION & PTO PA	5,572	64,519	61,090	66,000	6	4,385	55,905	8,613	15
UPMIC DISTRIBUTION	0	12,941	13,875	18,500	(7)	0	16,027	(3,085)	(19)
WELLHEAD PROTECTION	0	0	1,870	2,000	(100)	0	0	0	0
LONGEVITY PAY	0	2,130	2,130	2,130	0	106	836	1,293	155
CONSULTING FEES	4,151	54,808	52,616	57,400	4	0	11,391	43,417	381
TELEPHONE	719	7,649	6,875	7,500	11	651	6,546	1,103	17

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

	2025 NOVEMBER	2025 YTD	2025 YTD BUDGET	2025 ANNUAL BUDGET	2025 YTD Bud Var%	2024 NOVEMBER	2024 YTD	YTD VARIANCE	2024 v. 2025 Actual Var%
Water									
ADVERTISING	55	6,959	4,583	5,000	52	405	3,124	3,835	123
DUES & SUBSCRIPTIONS - FEES	15,872	75,276	88,461	89,961	(15)	15,288	76,445	(1,168)	(2)
SCHOOLS & MEETINGS	4,063	30,088	58,956	60,956	(49)	1,342	42,136	(12,047)	(29)
MTCE OF GENERAL PLANT & OFFI	216	2,376	2,520	2,750	(6)	211	2,321	55	2
Total For Administrative Expense:	105,761	1,062,212	1,104,926	1,199,699	(4)	88,694	903,713	158,499	18
General Expense									
CIP REBATES - RESIDENTIAL	150	771	4,583	5,000	(83)	125	970	(198)	(21)
CIP REBATES - COMMERCIAL	0	0	458	500	(100)	0	0	0	0
CIP - MARKETING	0	0	1,833	2,000	(100)	0	1,117	(1,117)	(100)
CIP - LABOR	0	0	2,291	2,500	(100)	0	0	0	0
ENVIRONMENTAL COMPLIANCE	58	1,936	1,833	2,000	6	37	628	1,308	208
MISC GENERAL EXPENSE	0	0	229	250	(100)	0	0	0	0
Total For General Expense:	208	2,708	11,229	12,250	(76)	162	2,715	(7)	0
Total Expenses(before Operating Transfers)	329,556	3,578,373	3,637,581	4,002,091	(2)	295,105	3,143,530	434,842	14
Operating Transfer									
Utilities & Labor Donated									
WATER & LABOR DONATED TO CI	96	742	1,833	2,000	(60)	0	0	742	0
Total Operating Transfer	96	742	1,833	2,000	(60)	0	0	742	0
Total For Total Operating Transfer:	96	742	1,833	2,000	(60)	0	0	742	0
Net Income Profit(Loss)	(58,032)	310,108	(180,135)	62,821	272	11,985	148,745	161,363	108



Elk River Municipal Utilities

November 2025 Financials

Report Highlights



YTD Profit & Profit Margin %

Profit & Profit Margins % January 2025 – November 2025

\$4,347,488

8.82%

Revenue
\$49,306,353

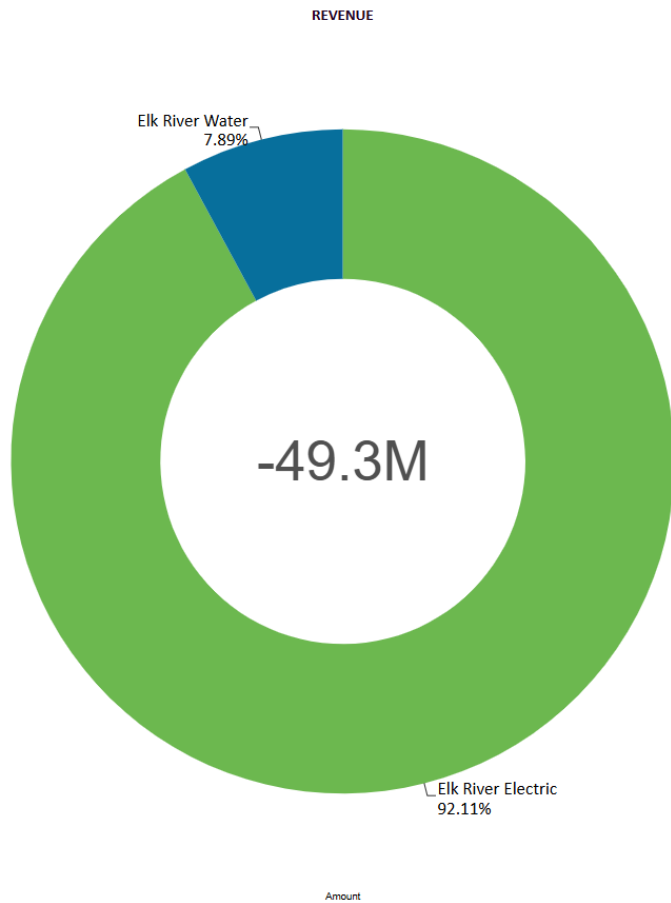
Expense
\$44,958,865

Purpose: To show the overall health of the organization.

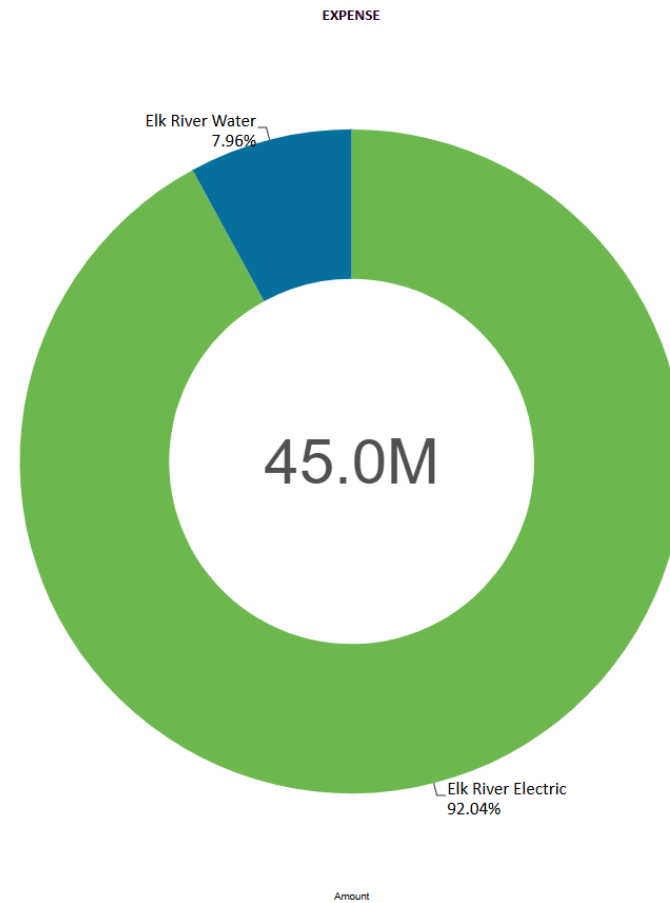
- YTD ERMU's revenue is exceeding expenses by \$4.3M
- Resulting in a profit margin of 8.8%



Revenue vs Expense (YTD)



REVENUE



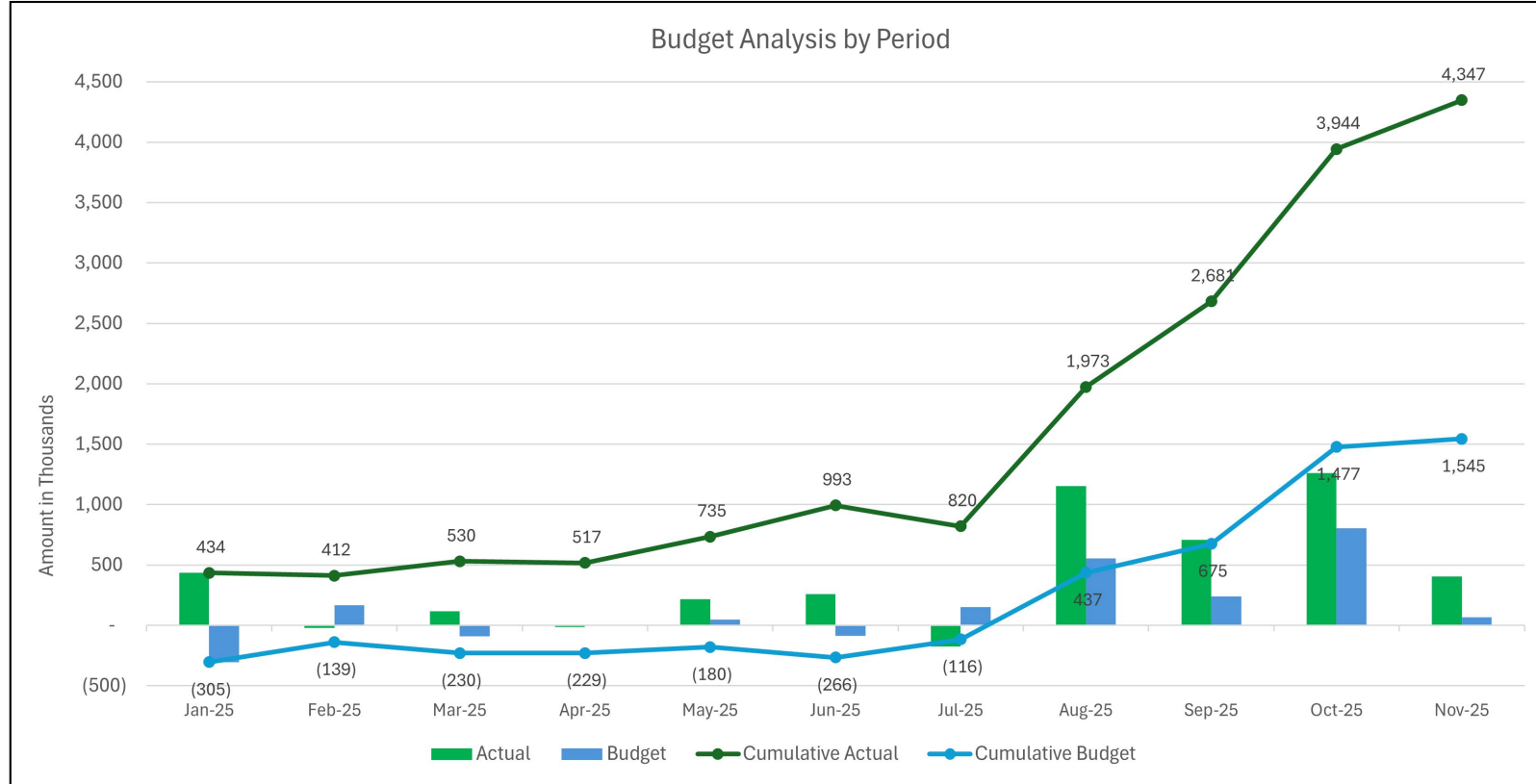
EXPENSE

Purpose: To compare revenue vs expense by utility service.

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



YTD Actuals to Budget Comparison



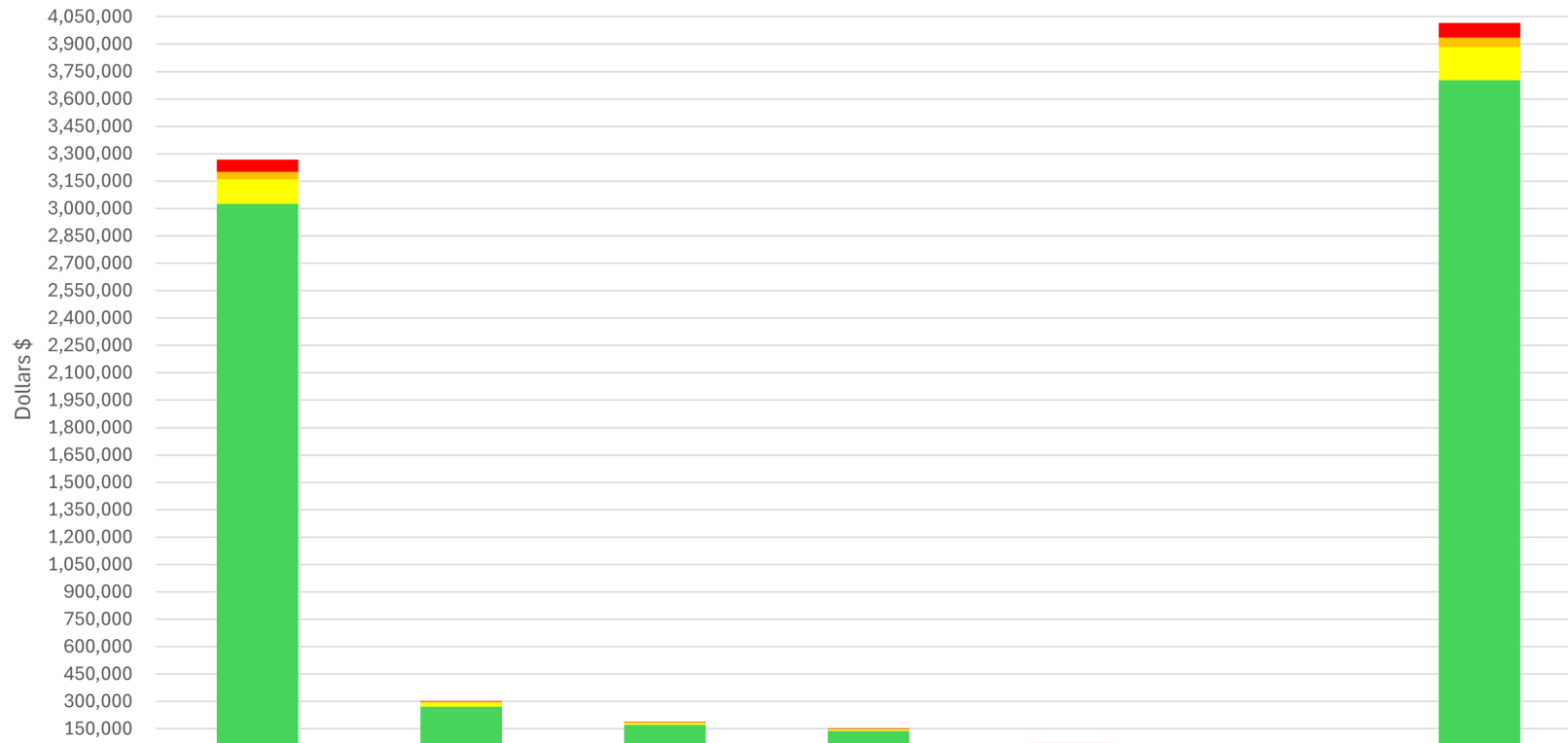
Purpose: To illustrate the combined net position actuals versus budgeted amounts.

- Overall, ERMU is favorable to budget YTD



Accounts Receivable-Utility Aging 11/30/2025

Account Receivable Aging



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

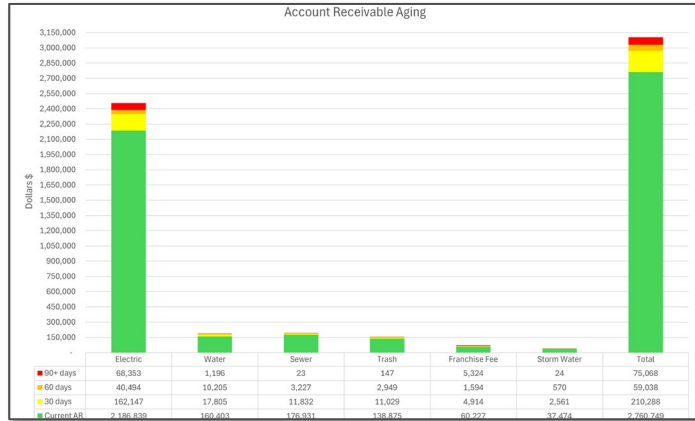
Purpose: an overview of outstanding payments from customers and how long they are past due.

- City services make up \$458k of total A/R balances of \$3.105M
- Over 90 days is only 2% of total A/R compared to 89% being current

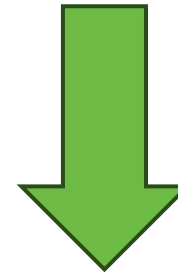
GREEN IS GOOD!



Accounts Receivable-Utility Aging 11/30/2025



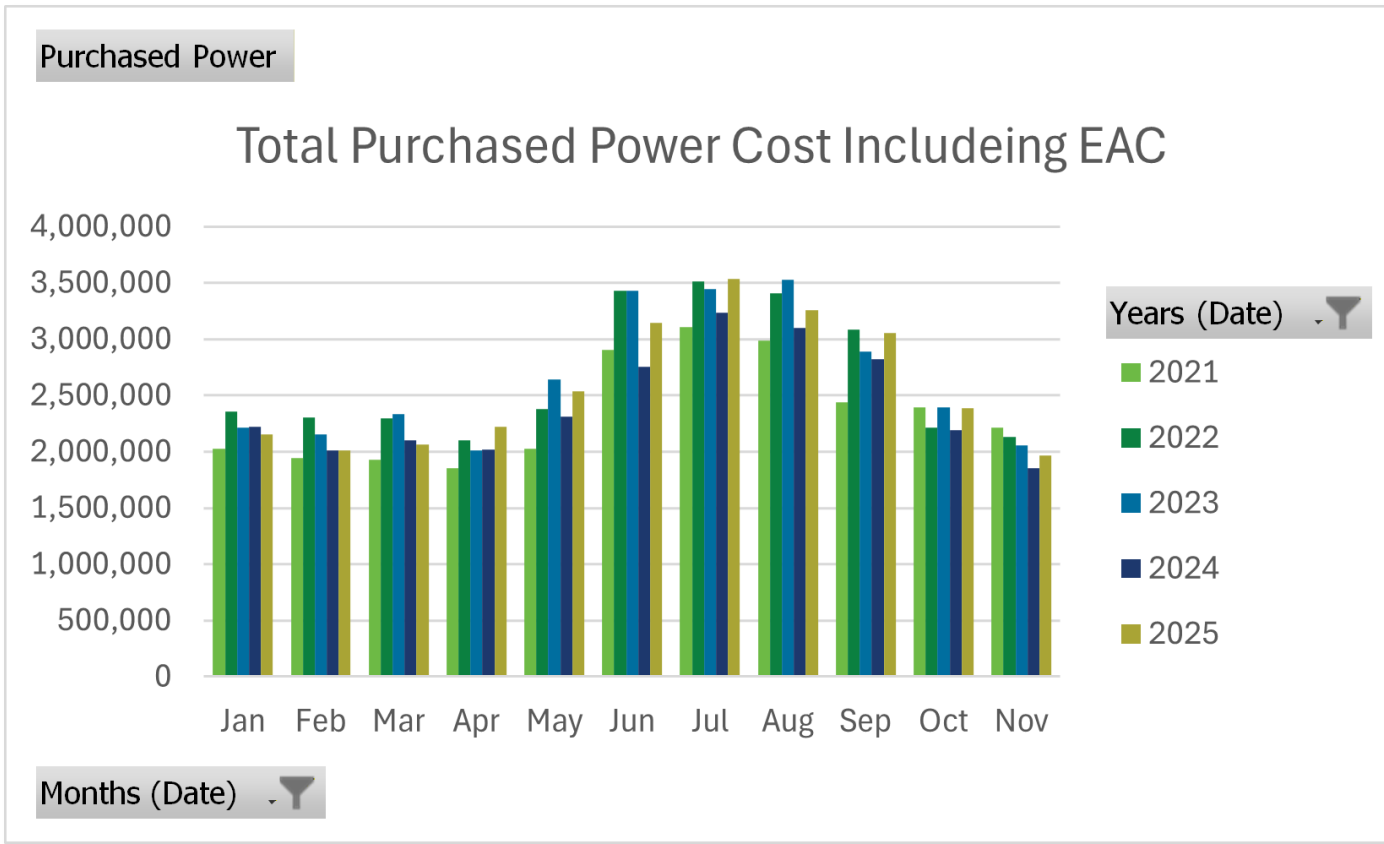
Note: Electric and water accounts receivable can be reviewed separately on the “Combined Balance Sheet” provided in the packet.



ELK RIVER MUNICIPAL UTILITIES ELK RIVER, MINNESOTA COMBINED BALANCE SHEET FOR PERIOD ENDING NOVEMBER 2025		
	<u>ELECTRIC</u>	<u>WATER</u>
ASSETS		
CURRENT ASSETS		
CASH	3,894,903	6,745,324
ACCOUNTS RECEIVABLE	3,106,344	5,152,800
INVENTORIES	2,147,191	45,958
PREPAID ITEMS	250,195	60,521
CONSTRUCTION IN PROGRESS	2,732,887	401,761
TOTAL CURRENT ASSETS	<u>12,131,521</u>	<u>12,406,363</u>



Electric Department – Purchased Power

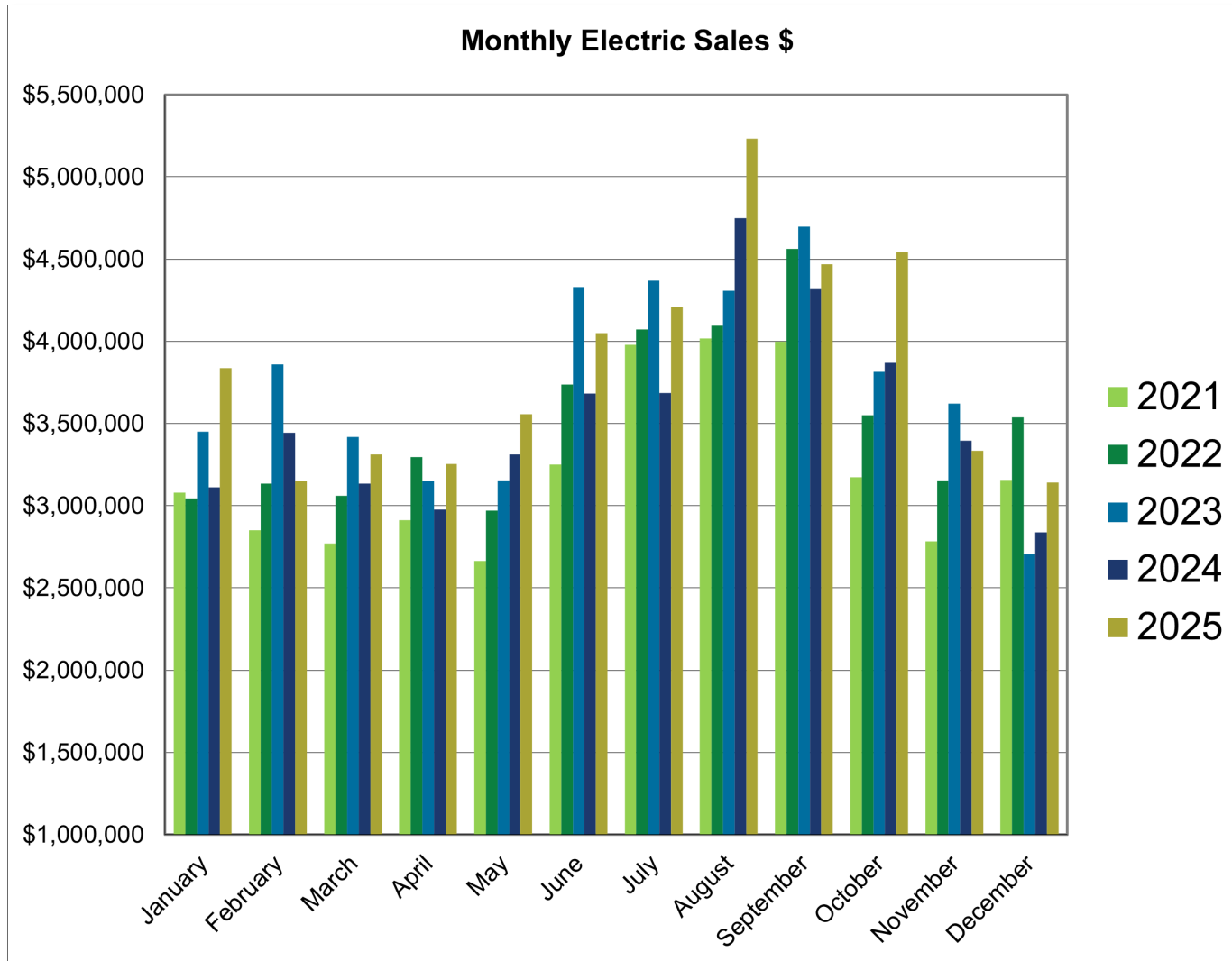


Purpose: To illustrate 5-year comparison in purchased power costs.

- Purchased power 2025 YTD is approximately 68% of total expenses.
- 2025 YTD purchased power is unfavorable to budget 1%.
- 2025 expense is 6% higher than 2024. YTD 2025 is \$1.715M more than 2024. 4% higher kWh purchased which also results in higher EAC charges.



Electric Department – Electric Usage Sales



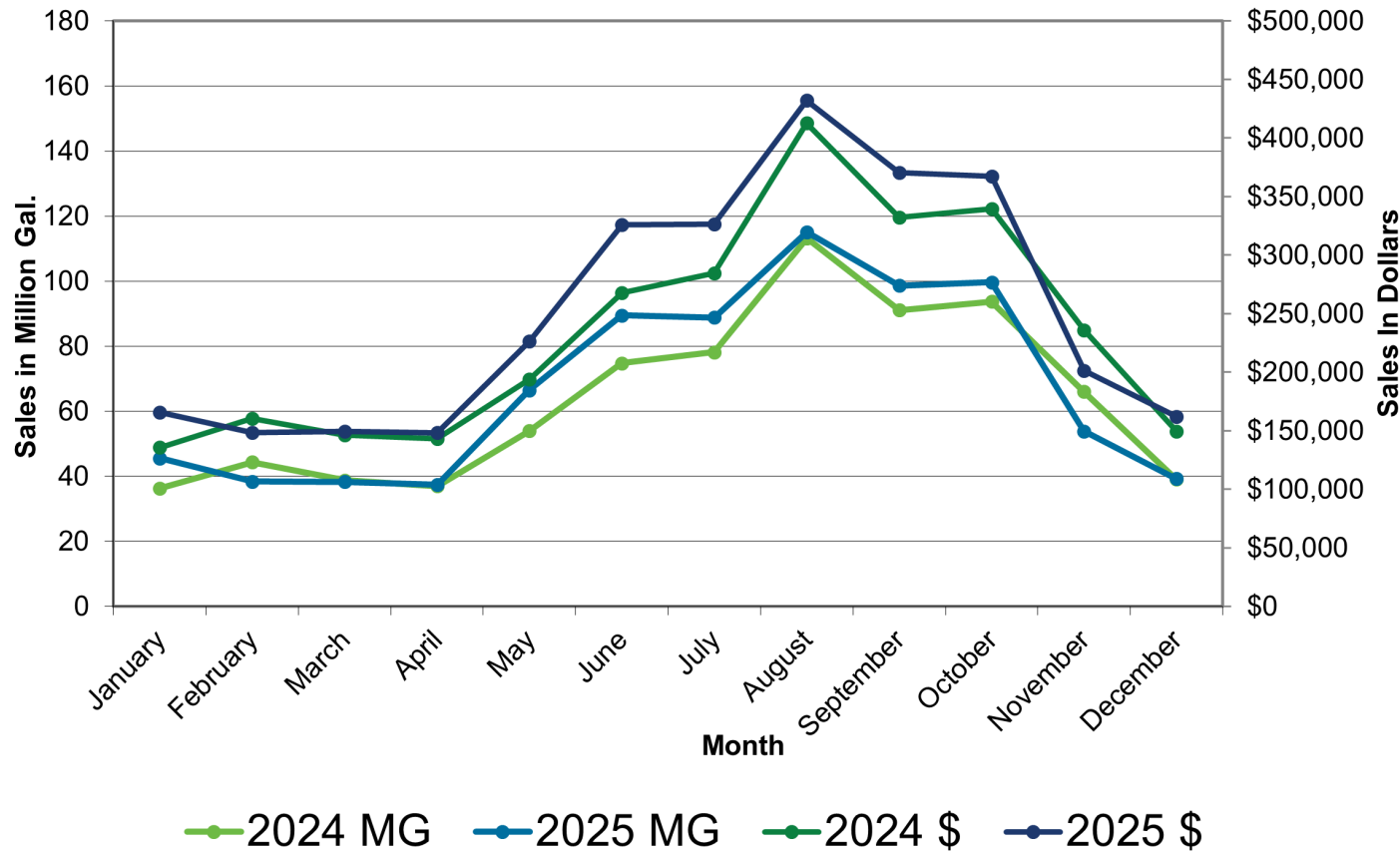
Purpose: To illustrate a 5-year comparison in electric usage sales.

- Usage can vary greatly from year to year with weather being a primary factor.
- Electric kWh usage is 4% higher in 2025 as compared to 2024.
- ***Through December 2025***



Water Department – Water Usage Sales

Elk River Municipal Utilities Monthly Water Sales



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

- Usage can vary greatly from year to year based on a variety of factors such as weather.
- The water sales graph highlights both usage and revenue dollars.
- Water usage is up YTD 6% over prior year.
- Revenue is up YTD 8% over prior year due to increased usage and rates.
- ***Through December 2025***



Thank You!

Melissa Karpinski, CPA - Finance Manager

mkarpinski@ermumn.com

TO: ERMU Commission	FROM: Parker Thiesen – IT/OT Technician Sara Youngs – Administrations Director
MEETING DATE: January 13, 2026	AGENDA ITEM NUMBER: 5.2
SUBJECT: American Public Power Association CR7 Subaward Agreement	
ACTION REQUESTED: Approve American Public Power Association CR7 Subaward Agreement, pending legal review.	

BACKGROUND:

American Public Power Association (APPA) received a grant through the Department of Energy (DOE), providing \$6 million to support the development and deployment of operational technology (OT) cybersecurity solutions for public power utilities. The program specifically targets utilities that require additional support to enhance defenses against cybersecurity threats, primarily small and medium-sized public power utilities serving 50,000 or fewer customers. These utilities often operate OT networks but lack the internal resources needed to implement comprehensive OT cybersecurity programs on their own. The project is guided by the Cybersecurity Defense Community, a working group composed of member utility representatives. This group provides ongoing technical input, validation, and strategic oversight to ensure the solutions developed align with sector needs and best practices.

DISCUSSION:

Staff are pursuing the APPA grant opportunity to strengthen our OT network capabilities. This funding would provide ERMU with the hardware and software necessary to implement a comprehensive OT cybersecurity program. Staff requests commission approval to approve the agreement, pending final legal review, as well as provision of authorization to the General Manager and ERMU’s attorney to approve any subsequent changes that are not material.

FINANCIAL IMPACT:

There will be no financial impact during the first two years of the pilot program. All costs will be handled as a pass-through expense, as we have been awarded participation in the program. APPA will cover all hardware, software, and implementation costs, totaling approximately \$60,000.

Once the pilot program is complete, staff will evaluate whether the products meet our daily business needs and determine if continuing with program supports ERMU’s goals.

ATTACHMENTS:

- The DOE's agreement document is classified "Confidential" and responses from ERMU's submission contain information the disclosure of which could compromise public safety and the electronic security of financial data. Electronic access to the agreement will be provided directly to commissioners for review.

TO: ERMU Commission	FROM: Mark Hanson – General Manager
MEETING DATE: January 13, 2026	AGENDA ITEM NUMBER: 6.1a
SUBJECT: Staff Update	
ACTION REQUESTED: None	

DISCUSSION:

- I have been working with City Administrator Cal Portner to define a path forward for ERMU’s labor, equipment, and material expenses associated with the banners, flags, and wreaths attached to streetlights. We recommend the following breakdown of responsibilities:
 - ERMU will continue donating the labor/equipment for putting up/taking down the flags for as long as the City/the American Legion is willing to provide the flags/brackets.
 - ERMU will continue donating the labor/equipment for putting up/taking down the wreaths for as long as the City’s Economic Development Authority/Downtown Elk River Business Association is willing to provide the wreaths/brackets.
 - ERMU will continue providing the labor/equipment to maintain the banners but the associated labor, materials, and equipment expenses will be invoiced to the City.
- With the revised Payment in Lieu of Taxes agreement, I’ve been working with Mr. Portner and key ERMU staff to revise the streetlight installation and maintenance agreement. The current plan is to present the revised agreement for approval at the February commission meeting.
- Verizon has submitted another proposed amendment to the water tower attachment agreement for our Johnson Tower. Their proposed terms are very similar to their last offer (a 25.7% reduction instead of a 26.5%) so I will politely decline.
- The Minnesota Municipal Power Agency Board of Directors met on December 23, 2025, at Chaska City Hall in Chaska, Minnesota, and via videoconference. Commissioner Stewart and I attended. The public summary is as follows:
 - The Board reviewed the Agency’s financial and operating performance for November 2025.

- Participation in the residential Clean Energy Choice program increased by 39 customers. Customer penetration for the program is 6.8% of residential customers.
- The Board reviewed the Agency's annual budget for 2026 and approved a 2.7% rate increase.
- The Board discussed the status of renewable projects the Agency is pursuing.

TO: ERMU Commission	FROM: Sara Youngs – Administrations Director
MEETING DATE: January 13, 2026	AGENDA ITEM NUMBER: 6.1b
SUBJECT: Staff Update	
ACTION REQUESTED: None	

DISCUSSION:

- Office walk-in traffic for December consisted of 131 customers, averaging 32 customers per week over the four-week period.
- The office served 1,743 walk-in customers in 2025, 36 fewer than in 2024.
- ERMU disconnections for December: The Cold Weather Rule was in effect, preventing customer disconnections until 30 days after a disconnection notice was issued. Additionally, due to the holidays, customers in Cycles 3 and 4 were not disconnected for past-due balances.
 - Cycle 1 – 8 disconnections
 - Cycle 2 – 3 disconnections
- During the month of December 2025, the customer service team entered 63 payment arrangements with customers. During December 2024 there were 47 payment arrangements.
- Currently there are eight active residential solar photovoltaic projects planned or under construction in the ERMU service territory.
- Staff completed year-end processing in the National Information Solutions Cooperative’s Enterprise Resource Planning system. Trash rates have been updated to reflect the 2026 rates, and all other City and utility rates will be updated for the February billing which captures activity from January.

TO: ERMU Commission	FROM: Melissa Karpinski – Finance Manager
MEETING DATE: January 13, 2026	AGENDA ITEM NUMBER: 6.1c
SUBJECT: Staff Update	
ACTION REQUESTED: None	

DISCUSSION:

- Audit fieldwork for 2025 is scheduled for February 18–20. Preparation of the required documentation and work papers for the annual audit is ongoing.
- Entry of 2026 payroll data into the iVUE Payroll/Labor module has been completed, while payroll staff continue finalizing 2025 year-end activities.
- Entry of the 2026 budget into the iVUE Budget module is currently in progress.
- Received the final PFAS Phase 1 3M Settlement payment, totaling approximately \$30k net of fees.

TO: ERMU Commission	FROM: Tony Mauren – Governance & Communications Manager
MEETING DATE: January 13, 2026	AGENDA ITEM NUMBER: 6.1d
SUBJECT: Staff Update	
ACTION REQUESTED: None	

DISCUSSION:

- In January, all customers will receive an informational flyer about SmartHub’s Auto Pay Program.
- In addition to the bill insert topic, January social media will cover holiday office closures, garbage/recycling service schedule notices, holiday/new year greetings, information about tree trimming occurring in the service territory, a commission meeting reminder, Squirrel Appreciation Day, and water conservation tips.
- As part of the Management Policy Manual item on the ERMU Strategic Initiatives Dashboard, ERMU’s Electric and Water Department Rules have been reviewed by staff and published on [our website](#) in the POLICIES accordion on the Commission Page.
- On December 17, Jenny F. successfully completed the Federal Aviation Administration's required ALC-677: Part 107 Small UAS Recurrent training and exam. Completion of this course satisfies the 24-month recency of aeronautical knowledge requirement for a part 107 remote (drone) pilot with a sUAS rating.
- Staff will be participating in its annual review of the website and updating information for 2026 as needed.
- Communications and customer service staff continue working with the administrations director to enhance the SmartHub user experience through improved branding, updated language, and other refinements.

ATTACHMENTS:

- Bill Insert – SmartHub’s Auto Pay Program



WHAT IS SMARTHUB?

SmartHub is a web and mobile app that allows you to take control of all aspects of your utility account. Pay your bill, set up automatic payments, manage your use, and contact ERMU with service issues quickly and easily online or on your mobile device.

WHAT IS SMARTHUB'S AUTO PAY PROGRAM?

SmartHub's Auto Pay Program helps you save time, avoid service interruptions, and eliminate late fees by allowing you to set up automatic payments using your preferred method (credit, debit, checking, or savings) while still letting you view your itemized bill.



EASY PROGRAM SIGN UP

Existing SmartHub users can simply go to their account, select the Auto Pay Program option, and follow the prompts, while new users can create a SmartHub account using the QR code, then follow the prompts.



CHOOSE YOUR PAYMENT METHOD

Set up your preferred secure payment method and let account management do the rest.

- Credit
- Debit
- Checking
- Savings



SAVE TIME & REDUCE STRESS

With SmartHub's Auto Pay Program, you will still be able to view an itemized bill each month, but you won't need to take time to schedule a payment. Rest assured, your bill will be taken care of on its due date.

New signups to SmartHub's Auto Pay Program will receive a one-time \$5.00 bill credit!

TO: ERMU Commission	FROM: Thomas Geiser – Operations Director
MEETING DATE: January 13, 2026	AGENDA ITEM NUMBER: 6.1e
SUBJECT: Staff Update	
ACTION REQUESTED: None	

DISCUSSION:

- Staff is working through the second round of maps for the new GIS mapping system that we plan to move forward with in the future. Maps 1 through 72 are complete.
- Still working through the lack of communication and action regarding the reclosers that were recalled. We continue to wait for our 30 units to be repaired.
- ERMU has started its copper switchgear replacement plan. We have replaced two so far.
- Staff and I attended the Minnesota Municipal Utilities Association’s (MMUA) Technical & Operations Conference, December 9-11, in St. Cloud.
- ERMU’s Water Operations Foreperson, Katy O., and GIS/Mapping Technician, Angela H., served on a panel at the MMUA Technical & Operations Conference. They discussed the personal and professional benefits of participating in industry competitions like lineworker rodeos and Hydrant Hysteria. Katy and Angela competed in the Hydrant Hysteria National Competition in Anaheim, CA, in June 2024, where teams compete to assemble a fire hydrant in the least amount of time.
- I attended the MMUA Job Training & Safety meeting at Brainard Public Utilities on January 5-6 to plan the Underground School.
- Worked on finalizing 2026 budget items.
- We are still waiting for the delivery of Bucket Truck #5 that was supposed to arrive at the end of December 2025. It is scheduled to be done mid-January.
- Carr’s Tree Service has completed work for the 2025 tree trimming season. ERMU staff will continue trimming into the 2026 season.
- Working with Minnesota Municipal Power Agency and DGR Engineering on the solar and gas project slated for the 2026 construction season.
- Working with Sherburne County on the future County Road 44 realignment and addition of a walking path project.

TO: ERMU Commission	FROM: Chris Sumstad – Electric Superintendent
MEETING DATE: January 13, 2026	AGENDA ITEM NUMBER: 6.1f
SUBJECT: Staff Update	
ACTION REQUESTED: None	

DISCUSSION:

- Installed 13 new residential services, which involves the connection of a secondary line once the customer requests service.
- Joe Schmidt, safety instructor from Minnesota Municipal Utilities Association (MMUA), was here December 29 and December 30, and held trainings for all staff to review the safety topics covered in 2025.
- Crews set the transformer and finished the underground primary work that runs to the injection site for Minnesota Municipal Power Agency’s renewable natural gas project. We will be bringing power to the plant site in spring 2026.
- Carr’s finished tree trimming for us on December 29. ERMU crews will start trimming shortly.
- Two lineworkers attended MMUA’s Transformer School in Marshall, December 15-18.
- Jake Kunz, safety instructor from MMUA, was here on December 11, and held training on chainsaw operations and maintenance as well as trimming and felling techniques.
- Crews installed primary underground north along Jarvis Street to feed two new homes in the northeast corner of our service territory.
- Crews continue the Feeder 65 overhead line rebuild along Highway 169, working towards the Elk River Landfill.
- A new switchgear was installed at County Road 33 and Joplin Street, which will feed into the new Meadowsweet Bend development.
- I attended MMUA’s Technical & Operations conference held in St. Cloud, December 9-11.
- Looking at material needs for 2026 projects.

TO: ERMU Commission	FROM: Mike Tietz – Technical Services Superintendent
MEETING DATE: January 13, 2026	AGENDA ITEM NUMBER: 6.1g
SUBJECT: Staff Update	
ACTION REQUESTED: None	

DISCUSSION:

- In December, the locators processed 119 locate tickets. These consisted of 69 normal tickets, 4 emergency tickets, 30 updated tickets, 4 meetings, 4 planning, and 8 cancellations. This resulted in a 63.3% decrease in tickets from the previous month and a 5.3% increase from the prior December. The ticket count for 2025 is up by 4.1% from 2024’s numbers. I am expecting these numbers to increase again in 2026 with more Fiber to the Home companies installing their facilities throughout ERMU’s service area. Also, due to new state requirements our locators will now be using sub-centimeter GPS locators to record our underground facilities into our ESRI mapping system.
- In December, the electrical technicians completed 307 service order tasks, updated the power bill, addressed customer meter issues and any off-peak concerns.
- The electrical technicians have been replacing three phase meters and testing current transformers of our polyphase Advanced Metering Infrastructure (AMI) meters. 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 AMI project is at an overall completion rate of 97%.
- Staff is working on the installation logistics for the replacement Otsego substation transformer, which is expected to be delivered in June. This will require a fair amount of coordination with Great River Energy and Wright Hennepin Cooperative to facilitate this installation as this is a shared substation. It will require special rigging to move the transformer into place on the existing pad.
- Staff continues to work at the East substation, wiring the relay panel and other equipment inside of the control building. We will be installing fiber in the conduits to the recloser control boxes as weather permits. Steel structures are expected to arrive in March. Commissioning of the substation is still on schedule for September 1, 2026.
- Our monthly peak was 47.45 MW on December 8, at 5:21pm.

TO: ERMU Commission	FROM: Dave Ninow – Water Superintendent
MEETING DATE: January 13, 2026	AGENDA ITEM NUMBER: 6.1h
SUBJECT: Staff Update	
ACTION REQUESTED: None	

DISCUSSION:

- Delivered a water meter, installed a Smart Point radio transceiver module, and took curb stop ties for 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 21 routine fluoride samples
 - All samples met MDH standards
 - Submitted MDH Fluoride Report
- Submitted Discharge Monitoring Report for the Diesel Generation Plant to the Minnesota Pollution Control Agency.
- The pump, motor, and pipes that were removed from Well #6 for preventive maintenance and inspection have been reinstalled. The existing sections of pipe were deteriorated due to electrolysis and needed to be replaced with new pipes. We are investigating the cause of the electrolysis to be able to prevent future corrosion issues.
- Staff continue working on switching the water SCADA system from radio communication to fiber optic communication utilizing our fiber ring. The controls for Well #6, Freeport Water Tower are now switched over to fiber communications.
- Staff have been working with Short Elliott Hendrickson and Elfering & Associates to plan rerouting raw water from Well #8 to the existing treatment plant for Wells #7 and 9. Well #8 is currently the only well that does not go through any filtration to remove iron and manganese.
- Verizon Wireless’ contractor has finished work on upgrades to their telecommunications equipment at Auburn Street Water Tower.
- Joe Hale, the City’s environmental services and projects specialist, and I met with members of the Orono Lake Improvement District (OLID) and DNR staff to discuss the lake drawdown process for the annual inspection of the dam, usually occurring the first week of October. OLID members asked for the City to modify the drawdown process to create a longer, slower drawdown of the lake. The DNR will need to approve any

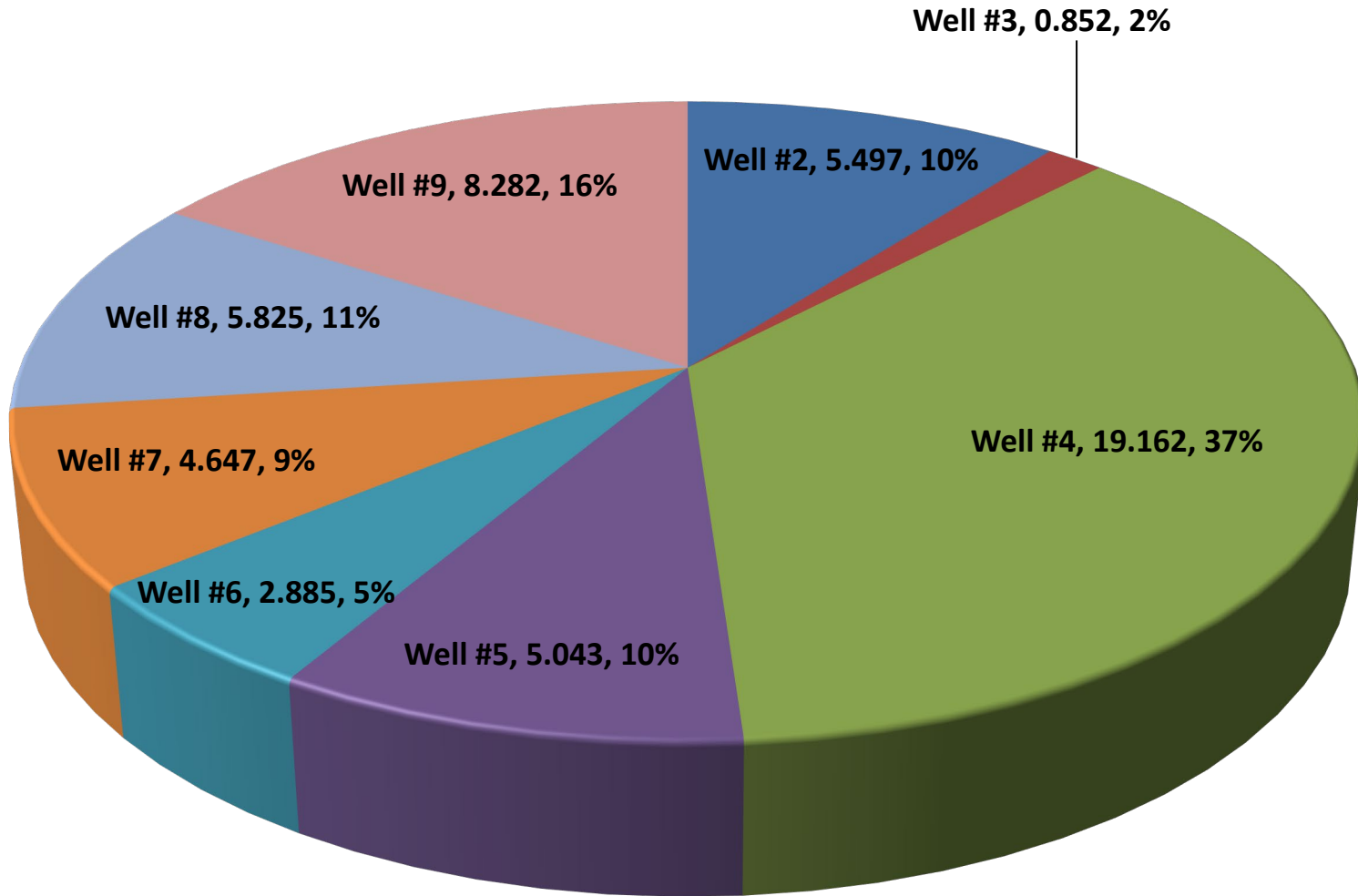
proposed changes. OLID members also asked about doing an extended or additional drawdown to kill off zebra mussels.

- The water operators continue to perform preventive maintenance on the water treatment plants, including repairing or upgrading any items requiring attention.

ATTACHMENTS:

- December 2025 Pumping by Well

December 2025 Monthly Pumping By Well



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

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