



Elk River Municipal Utilities



ANNUAL REPORT
2019

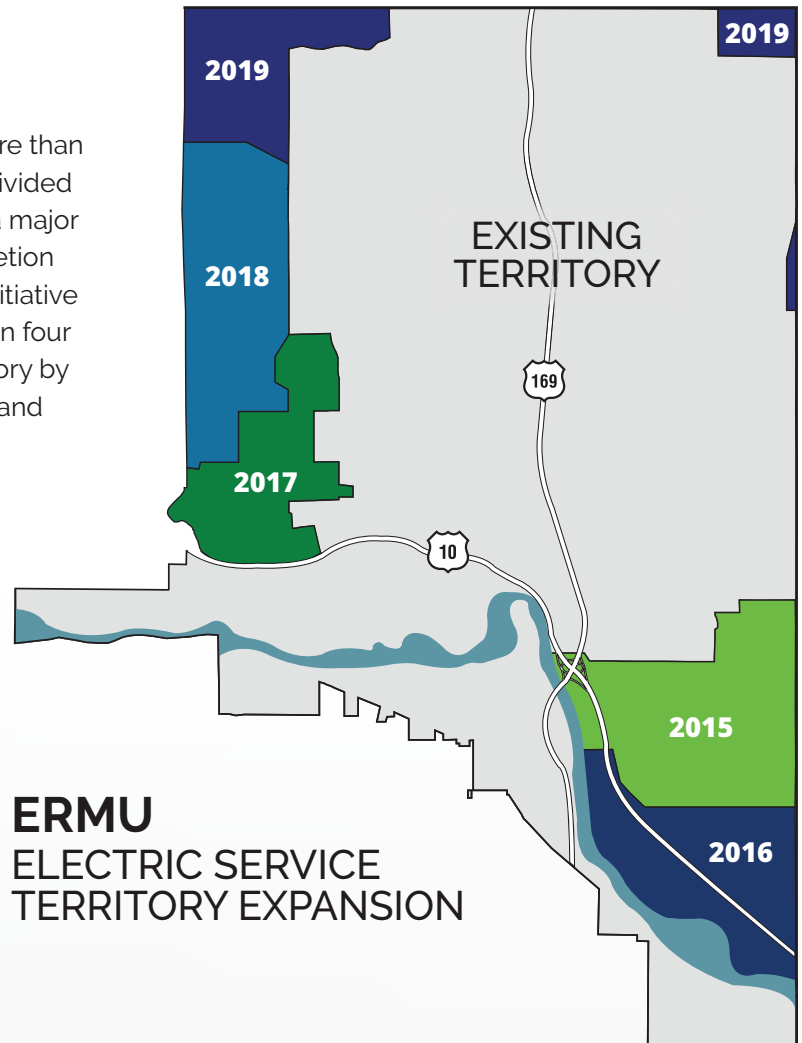
A COMMITMENT TO SERVING OUR COMMUNITY

A LETTER FROM THE GENERAL MANAGER

Since the beginning of electric utility services more than a century ago, our community has always been divided between service providers. In 2019, we reached a major milestone, eliminating that divide with the completion of a multi-year electric service territory transfer initiative that expanded our customer base by 20 percent in four years. The vision to invest in electric service territory by previous Elk River Municipal Utilities governance and leadership has helped to build the foundation for a reliable, robust, and fiscally sound utility. This foundation of providing electric services to our whole community positions our utility for the future and was a critical component for a 5 percent electric rate reduction in 2019 and no rate change for 2020.

We are excited to continue to provide exceptional services and value to those we serve: our consumer-owners, our customers, our community.

- Troy Adams, P.E.,
General Manager



*Reducing our rates by 5% in 2019 put approximately
\$1,780,000 back into the pockets of our consumer-owners.*



COMPETITIVE

Providing our community with the best value for the services we offer is a companywide effort. The ability to reduce prices while increasing our service territory required conscious attention to the efficiency and effectiveness of our systems, whether daily tasks or multiyear initiatives. Another crucial element of our rate reduction was the competitive pricing of our wholesale power provider, the Minnesota Municipal Power Agency (MMPA). Their diverse and flexible portfolio of energy sources creates the confidence to forecast future costs and appropriate margins.

A SERVICE BASED ON VALUES



QUALITY

Excellence and dependability are terms we use to describe the quality of services we provide to our community. Accordingly, ERMU was recognized in 2019 by the American Public Power Association (APPA) for excellence in reliability, significantly outperforming nationwide electric industry averages. 2019 data reports a mean outage time of 10 minutes for ERMU customers, 125 minutes shorter than the national standard.



81% of ERMU's power lines are underground, which helps reduce weather- and nature-related outages.



*In 2019, ERMU's Water Department was a finalist for the **Source Water Protection Award** from the Minnesota Department of Health and a recipient of the **Water Fluoridation Quality Award** from the Centers for Disease Control and Prevention.*



SAFETY

Our daily work is founded upon a culture of safety. This helps ensure that our employees are safe while serving the community and that our customers are more secure while living in their community. Protecting the water used in homes and businesses requires daily attention and care. ERMU regularly monitors mineral levels in the water, removes potentially harmful elements, and treats the water to ensure quality and safety.



COMMUNICATION

The expansion of our customer base has not changed the value that we place on regular engagement with our consumer-owners. Through this growth opportunity, we continue to utilize direct, personal connections while pursuing new methods to reach customers in a timely manner, such as social media and other electronic communications. We have reaffirmed our communication priorities with additional resources, including a full-time communications staff member.



*ERMU staff hand-delivered welcome bags to more than **2,500** customers who joined us through the territory transfer.*



*In 2019, ERMU provided customers with a total of **\$160,000** in rebates for conservation efforts, which resulted in a reduction of an estimated **2.9 million kWh** of energy use.*



INTEGRITY

In everything ERMU does, we know that we are accountable for the impact on our customers and on the environment. In 2019, ERMU was named a Smart Energy Provider by APPA for its commitment to energy efficiency and environmental initiatives. In our first complete year with MMPA, 290 customers signed up for their Clean Energy Choice program, which provides power from 100 percent renewable resources. Our Conservation & Key Accounts staff works every day to expand our community's understanding of opportunities to use resources better.

COMMUNITY CONNECTIONS



Night to Unite



Hometown Solar at City Hall



Hanging Flags on Memorial Day



The Tom Bovitz Memorial Scholarship Award