MOORHEAD PUBLIC SERVICE COMMISSION

MEETING AGENDA

Tuesday, March 17, 2026 - 4:30 PM

Hjemkomst Center
202 First Avenue North, Moorhead
****Auditorium****

Commissioners:
Matthew Leiseth, Chairperson
Paul Baker, Vice Chairperson
Lisa Borgen, Secretary
Amy Lammers
Steve Lindaas
Jason Ness

Travis L. Schmidt, General Manager

The Moorhead Public Service Commission welcomes and encourages customer input on issues listed on the agenda or of general water/electric utility interest—time and Commission permitting. Speakers are limited to 3-minute presentations. Customers wishing to address the Commission regarding a specific agenda item will be afforded an opportunity during the discussion of that item. Customers wishing to speak on matters not listed on the agenda will be given the opportunity to do so under the heading "Customers to Be Heard/Recognitions." Each person requesting the opportunity to speak is asked to fill out a *Request to Speak Form (*located on the table in the back of the room) and present it to the Administrative Assistant in attendance at the meeting. Any follow-up or feedback will be done by e-mail on anything that cannot be resolved this evening.

1. Call to Order

2. Approve Agenda

3. Approve Consent Agenda

All agenda items listed with an asterisk (*) are on the consent agenda and are considered routine or non-controversial. These items may be enacted by the Commission in one motion, which is a motion to approve the consent agenda. No discussion is expected for the items on the consent agenda; however, prior to approving the consent agenda, the Commission may request specific items be removed from the consent agenda for discussion and separate action.

***4. Approve Minutes of February 17, 2026**

***5. Approve Bills for Payment**

6. Customers to Be Heard/Recognitions

7. Old Business

8. **Reports**
   a. **City Council**
   b. **Public Service Commission**
   c. **General Manager's Report**

9. **Approve MPS' 2026 Watermain Replacement Projects**

*10. **Approve Specifications and Authorize Advertisement for Bids for MPS' 8th Street South Watermain Replacement Project**

11. **Close Meeting for Executive Session (if needed)**

12. **Upcoming Meetings**
   a. **Public Service Commission Meetings**
      April 7, 2026 (if needed)
      April 14, 2026 (rescheduled from April 21, 2026)
   b. **Meeting Opportunities for Commissioners**[(A)]
      - **MMUA 2026 Legislative Conference**
        March 24-26, 2026, St. Paul, MN
      - **MRES Annual Meeting**
        May 6-7, 2026, Sioux Falls, SD
      - **AWWA Annual Conference**
        June 21-24, 2026, Washington, DC
      - **APPA National Conference**
        June 26-July 1, 2026, Boston, MA

13. **Adjourn**

How to obtain Public Service Commission agendas:
View on the Internet. Any attachments that are not available online may be viewed at the offices of Moorhead Public Service. E-mail subscription: mps@mpsutility.com
Request a copy at MPS' Business Office located at 2901 S. Frontage Road, Suite 2, Moorhead, MN 56560. Upon request, accommodations for individuals with disabilities, language barriers, or other needs to allow participation in Commission meetings will be provided. To arrange assistance, call Moorhead Public Service at 218.477.8003 (voice) or 711 (TDD/TTY).****Moorhead Public Service Commission meetings are broadcast live on Channel 12-Moorhead Community Access Television in Moorhead and digital Channels 67 and 68 for the metro area.****

Some members of the Moorhead Public Service Commission may be attending today's meeting via interactive technology.

[(A)] APPA = American Public Power Association - www.publicpower.org
MMUA = Minnesota Municipal Utilities Association - www.mmua.org
MRES = Missouri River Energy Services - www.mrenergy.com
AWWA = American Water Works Association - www.awwa.org
MN AWWA = American Water Works Association-Minnesota Section - www.mnawwa.org
MRWA = Minnesota Rural Water Association - www.mrwa.com

Minutes of the Moorhead Public Service Commission
Hjemkomst Center, Auditorium
Tuesday, February 17, 2026 – 4:30 PM

MEMBERS PRESENT: Paul Baker (Interactive Technology—Personal) Lisa Borgen, Amy Lammers, Matthew Leiseth, Steve Lindaas, and Jason Ness

MEMBERS ABSENT: None

OTHERS PRESENT: General Manager Travis Schmidt; Staff Members Taylor Holte, Jake Long, Mark Moilanen, Lisa Norstad, Marc Pritchard, and James Sumba; MPS Attorney Erin Larsgaard; Assistant City Manager Mike Rietz

1. CALL TO ORDER.

Commissioner Borgen called the meeting to order at 4:31 PM. A quorum of the following members was present: Baker, Borgen, Lammers, Leiseth, Lindaas, and Ness. Commissioner Borgen introduced Commissioner Amy Lammers, who was newly appointed to the Commission by the Moorhead City Council.

2. ELECTION OF OFFICERS.

Commissioner Lindaas made a motion to nominate himself as the Commission's new Chairperson. Seconded by none. Motion failed due to lack of second.

Commissioner Baker made a motion to nominate Commissioner Leiseth to serve as the Commission's new Chairperson. Commissioner Ness seconded the motion. Commissioner Leiseth accepted the nomination. The motion passed with a 6-0 vote. Voting Yes: Baker, Borgen, Lammers, Leiseth, Lindaas, and Ness. Voting No: None.

Commissioner Leiseth made a motion to nominate Commissioner Baker to continue to serve as the Commission's Vice Chairperson. Commissioner Ness seconded the motion. Commissioner Baker accepted the nomination. The motion passed with a 6-0 vote. Voting Yes: Baker, Borgen, Lammers, Leiseth, Lindaas, and Ness. Voting No: None.

Commissioner Leiseth made a motion to nominate Commissioner Borgen to continue to serve as the Commission's Secretary. Commissioner Lindaas seconded the motion. Commissioner Borgen accepted the nomination. The motion passed with a 6-0 vote. Voting Yes: Baker, Borgen, Lammers, Leiseth, Lindaas, and Ness. Voting No: None.

Commissioner Ness made a motion to nominate Commissioner Lindaas to serve as the Commission's representative on the Economic Development Authority Board. Commissioner Lindaas declined the nomination. Commissioner Borgen made a motion to nominate Commissioner Ness to serve as the Commission's representative on the Economic Development Authority Board. Commissioner Leiseth seconded the motion. Commissioner Ness accepted the nomination. The motion passed with a 6-0 vote. Voting Yes: Baker, Borgen, Lammers, Leiseth, Lindaas, and Ness. Voting No: None.

3. APPROVE AGENDA.

Commissioner Lindaas made a motion to approve the agenda. Commissioner Lammers seconded the motion. The motion passed with a 6-0 vote. Voting Yes: Baker, Borgen, Lammers, Leiseth, Lindaas, and Ness. Voting No: None.

4. APPROVE CONSENT AGENDA.

Commissioner Ness made a motion to approve the consent agenda. Commissioner Lindaas seconded the motion. The motion passed with a 6-0 vote. Voting Yes: Baker, Borgen, Lammers, Leiseth, Lindaas, and Ness. Voting No: None.

[The consent agenda approved above includes all items shown herein with an asterisk (*). These items were considered routine or non-controversial by the Commission and were enacted by the Commission in one motion, which is the motion above to approve the consent agenda.]

*5. APPROVE MINUTES OF JANUARY 20, 2026.

Commissioner Ness made a motion to approve the minutes of January 20, 2026. Commissioner Lindaas seconded the motion. The motion passed with a 6-0 vote. Voting Yes: Baker, Borgen, Lammers, Leiseth, Lindaas, and Ness. Voting No: None.

*6. APPROVE BILLS FOR PAYMENT.

Commissioner Ness made a motion to approve the bills for payment. Commissioner Lindaas seconded the motion. The motion passed with a 6-0 vote. Voting Yes: Baker, Borgen, Lammers, Leiseth, Lindaas, and Ness. Voting No: None.

*7. APPROVE REVISED MPS ELECTRIC SERVICE RULES AND REGULATIONS.

Commissioner Ness made a motion to approve the revised Moorhead Public Service Electric Service Rules and Regulations. Commissioner Lindaas seconded the motion. The motion passed with a 6-0 vote. Voting Yes: Baker, Borgen, Lammers, Leiseth, Lindaas, and Ness. Voting No: None.

*8. APPROVE RENEWABLE ENERGY CERTIFICATES DESIGNATED ENTITY CONTRACT NO. 25-UGPR-73 WITH WESTERN AREA POWER ADMINISTRATION.

Commissioner Ness made a motion to approve the Renewable Energy Certificates Designated Entity Contract No. 25-UGPR-73 with Western Area Power Administration, designating Missouri River Energy Services to administer Moorhead Public Service's Renewable Energy Certificates, contingent upon final legal approval. Commissioner Lindaas seconded the motion. The motion passed with a 6-0 vote. Voting Yes: Baker, Borgen, Lammers, Leiseth, Lindaas, and Ness. Voting No: None.

9. CUSTOMERS TO BE HEARD/RECOGNITIONS.

There were no customers to be heard.

General Manager Travis Schmidt recognized Moorhead Public Service (MPS) Accounting Technician Meghan Wateland for reaching her 10-year milestone.

10. OLD BUSINESS.

There was no old business to discuss.

11. REPORTS.

City Council
Commissioner Borgen provided an update on recent Moorhead City Council discussions regarding U.S. Immigration and Customs Enforcement tactics and recent events that occurred in Minnesota. Borgen stated that Moorhead Mayor Shelly Carlson is forming an Ad Hoc Committee to address these issues further.

Public Service Commission.
No report was made.

General Manager's Report.
General Manager Travis Schmidt provided an introduction to the General Manager's Report, which included updates to the 2025 fourth quarter Strategic Plan and highlights of MPS' 2025 fourth quarter dashboards. Schmidt also noted the addition of the Advanced Metering Infrastructure Project updates to the dashboards. Schmidt discussed the 2025 Community Solar Garden credits, Eide Bailly's annual audit, the 2026 spring flood outlook, West Central Regional Water District's public notification, and the State legislative newsletter from Missouri River Energy Services. Schmidt informed the Commission that MPS sent two lineworkers to North Carolina to assist with cleanup efforts following Winter Storm Fern. Schmidt responded to questions of the Commission. Discussion was held.

Electric Project Engineer Taylor Holte provided detailed information on the Community Solar Garden credits that were issued to customers in 2025. Holte also addressed the 20-year plan and future maintenance of the solar panels. Holte responded to questions of the Commission. Discussion was held.

Administration and Finance Manager Mark Moilanen provided an update on the process for the annual audit with Eide Bailly scheduled for March 2026.

Water Plant Manager Marc Pritchard provided information on recent public concerns regarding taste and odor issues with MPS customers' water. Pritchard responded to questions of the Commission. Discussion was held.

Accept Report on Service Territory Payment to RRVCPA for 2025 Energy Usage.
General Manager Travis Schmidt and Administration and Finance Manager Mark Moilanen provided information on the payment to Red River Valley Cooperative Power Association for 2025 energy sales.

Commissioner Leiseth made a motion to accept the report on the electric service territory payment to Red River Valley Cooperative Power Association totaling $82,512.19 for 2025 energy sales within their former service area. Commissioner Ness seconded the motion. The motion passed with a 6-0 vote. Voting Yes: Baker, Borgen, Lammers, Leiseth, Lindaas, and Ness. Voting No: None.

12. AUTHORIZE MPS' PARTICIPATION IN THE 2026 LIGHT UP NAVAJO PROJECT.

General Manager Travis Schmidt provided information on the 2026 Light Up Navajo Project. Schmidt stated that Missouri River Energy Services (MRES) offered MPS an opportunity to send one, four-person line crew to the Navajo Nation to assist with extending electric service to homes that have waited years for connection. Discussion was held.

Commissioner Ness made a motion to authorize Moorhead Public Service to participate in the 2026 Light Up Navajo Project. Commissioner Leiseth seconded the motion. The motion passed with a 6-0 vote. Voting Yes: Baker, Borgen, Lammers, Leiseth, Lindaas, and Ness. Voting No: None.

13. AWARD BID FOR FURNISHING 115 KV IPO BREAKERS AT MPS' NORTHEAST AND SOUTHEAST SUBSTATIONS.

Electric Project Engineer Taylor Holte presented details on the Northeast and Southeast Substation Projects and the bids received for two 115 kV independent pole operation (IPO) breakers. Holte responded to questions of the Commission. Discussion was held.

Commissioner Lindaas made a motion to award the bid for furnishing two 115 kV IPO breakers at Moorhead Public Service's Northeast and Southeast Substations to Border States Industries, Inc., in the amount of $558,750, and authorize the General Manager to approve all change orders up to a cumulative maximum of 5 percent of the contract amount, contingent upon final legal approval, as shown on the Bid Summary attached hereto and made a part of these minutes. Commissioner Ness seconded the motion. The motion passed with a 6-0 vote. Voting Yes: Baker, Borgen, Lammers, Leiseth, Lindaas, and Ness. Voting No: None.

14. APPROVE REQUEST TO MAYOR AND MOORHEAD CITY COUNCIL TO APPROVE RESOLUTION OF APPLICATIONS FOR MPS' 2026 WATER DIVISION PROJECTS.

Water Distribution Manager Jake Long provided details on MPS' 2026 Water Division Projects and the request to the Mayor and Moorhead City Council to consider approving four Resolution of Applications to submit to the Minnesota Public Facilities Authority Drinking Water Revolving Fund for these projects. Long responded to questions of the Commission. Discussion was held.

Commissioner Lindaas made a motion to request the Mayor and Moorhead City Council to consider approval of Resolution of Applications for the Minnesota Public Facilities Authority Drinking Water Revolving Fund for Moorhead Public Service's 2026 Water Division Projects as follows:

1. ***2026 Lead Service Line Replacement Project***
2. ***2026 Lead Service Line Replacement – Emergency Replacement***
3. ***2026 Watermain Replacement – Distribution Phase 4***
4. ***2026 Lead Service Line Replacement – Eighth Street South***

Commissioner Ness seconded the motion. The motion passed with a 6-0 vote. Voting Yes: Baker, Borgen, Lammers, Leiseth, Lindaas, and Ness. Voting No: None.

15. APPROVE SPONSORSHIP REQUEST FROM MOORHEAD AMERICAN LEGION FOR VETERANS HONOR FLIGHT OF ND/MN SUMMER BLAST FUNDRAISER.

General Manager Travis Schmidt provided information on the sponsorship request from the Moorhead American Legion for the Veterans Honor Flight of ND/MN Summer Blast Fundraiser. Schmidt stated that the event aligns with MPS' sponsorship criteria. Schmidt responded to questions of the Commission. Discussion was held.

Commissioner Leiseth made a motion to approve the sponsorship request from the Moorhead American Legion for the 2026 Veterans Honor Flight of ND/MN Summer Blast Fundraiser in the amount of $2,500. Commissioner Lindaas seconded the motion. The motion passed with a 6-0 vote. Voting Yes: Baker, Borgen, Lammers, Leiseth, Lindaas, and Ness. Voting No: None.

16. DISCUSS SPONSORSHIP REQUEST FROM ASIAN NIGHT MARKET FOR 5TH ANNUAL EVENT.

General Manager Travis Schmidt provided information on the sponsorship request from Asian Night Market for its 5th Annual Event to be held at the Fargo Air Museum on May 30, 2026. Schmidt requested that the Commission review the details and determine funding for this event, as it is not being held in Moorhead. Schmidt responded to questions of the Commission. Discussion was held.

Commissioner Leiseth made a motion to not approve the sponsorship request from Asian Night Market for its 5th Annual Event. Commissioner Ness seconded the motion. The motion passed with a 6-0 vote. Voting Yes: Baker, Borgen, Lammers, Leiseth, Lindaas, and Ness. Voting No: None.

17. CLOSE MEETING FOR EXECUTIVE SESSION.

The meeting was not closed for executive session.

18. UPCOMING MEETINGS.

Upcoming meetings of the Moorhead Public Service Commission are scheduled for March 3, 2026 (if needed), and March 17, 2026.

19. ADJOURN.

The meeting adjourned at 5:23 PM.

The minutes herein are approved on this 17th day of March, 2026.

APPROVED BY: ***ATTEST:***

Matthew Leiseth ***Lisa Borgen***
Chairperson [i] ***Secretary*** [i]

[i] Pursuant to the Bylaws of the Moorhead Public Service Commission adopted January 18, 2022, Article 3, Section 11, states, "The Chairperson and Secretary shall sign, execute, and acknowledge all instruments authorized by the Commission or as are incident to the office. If either the Chairperson or Secretary is unavailable to execute an instrument, the Vice Chairperson may execute the instrument in place of the unavailable officer. Execution of instruments by two officers is required.

BID SUMMARY

Furnishing 115 kV IPO Breakers - Southeast & Northeast Substations
Moorhead Public Service
Moorhead, Minnesota

DGR ENGINEERING

DGR Project No. 417026
Bid Letting: January 28, 2026 - 2:00 PM
MPS

Bidder and Address	Bid Security	Bid Price	Guaranteed Delivery Date	Breaker Mftr	Mftr Location	Comments
Border States 605 25th Street Fargo, ND 58103	10% Bid Bond	**$558,750.00**	170-180 Weeks	Siemens	Jackson, MS	Firm Pricing Excluding Tarriffs and Freight
Border States (Alternate) 605 25th Street Fargo, ND 58103	10% Bid Bond	$810,200.00	156-160 Weeks ADA	GE Grid Solutions	PA, USA or Quebec, Canada	Firm Pricing Excluding Tarriffs and Freight

Quantity (2)

General Manager's Report

1. **Power Factor Assessment.**

Each year, Missouri River Energy Services (MRES) assesses whether Moorhead Public Service (MPS) has maintained an acceptable power factor. MPS is required to maintain a power factor greater than or equal to 0.95. To account for possible data errors, MPS is allowed to fall below the minimum power factor requirement for up to 10 summer hours. In 2025, MPS had zero hours below the requirement. Therefore, MPS has met the screening criteria used by MRES (see attached). This year's assessment performance was the same as in 2024. MPS has not had any hours with a power factor below the minimum acceptable level since 2019.

Since the removal of the capacitor bank at MPS' Northeast Substation during the summer of 2015, MPS staff has updated its internal power factor assessment of MPS' electric distribution system to determine whether additional capacitance is needed. Staff has also been in contact with a few of MPS' larger electric customers with low power factors to discuss options for adding capacitance on the circuits supplying power to these customers. In particular, American Crystal Sugar added capacitance at its facilities. MPS staff assisted with the design of the capacitor bank purchased by the City of Moorhead for its Wastewater Treatment Facility. These projects have contributed to MPS meeting the power factor requirements set forth by MRES.

2. **2026 Spring Flood Outlook Update.**

The flood outlook provides a summary of the weather forecast for 2026, including details for the Fargo-Moorhead area, the region, and the nation. The attached 2026 Spring Flood Outlook Report indicates that the Fargo-Moorhead area is currently experiencing below-normal snowfall. The report also analyzes more than 120 years of precipitation data, along with current hydrologic and soil conditions over the outlook period. Additionally, this outlook produces more than 50 flood-crest scenarios, ranked from lowest to highest, which are used to calculate the probabilities of exceeding the ranked crest heights and flood categories.

The risk of spring flooding has decreased since the last outlook report provided to the Commission on February 17, 2026, primarily due to recent dry conditions. Precipitation this winter has been below normal for the Red River basin. Fluctuating temperatures have caused the ground to thaw near the surface. This ground softening has allowed snowmelt and rainfall to be absorbed into the soil, lowering the risk of excessive runoff. The primary flood risk factors remain late-winter and spring precipitation, along with the timing and rate of snowpack thaw. On March 12, 2026, the National Weather Service (NWS) determined that Fargo and Moorhead could experience moderate to high flooding in 2026.

Fargo-Moorhead Flood Outlook:

- 95 percent chance of exceeding 17.4 feet
- 75 percent chance of exceeding 20.1 feet
- 50 percent chance of exceeding 23.5 feet
- 25 percent chance of exceeding 29.4 feet
- 5 percent chance of exceeding 35.3 feet

At this point, unknown factors include additional snow accumulations, the spring thaw cycle, and spring rainfall. The NWS will provide updates every two weeks until mid-March 2026. Once the flood event begins, NWS plans to provide bi-weekly updates, if needed, on thaw reports and daily deterministic forecasts until the flood event has subsided.

3. **Thank You Note from Moorhead Legacy Education Foundation.**
Attached is a thank you note from Moorhead Legacy Education Foundation thanking MPS for providing four scholarships to Moorhead High School students totaling $5,000.

4. **State Legislative Newsletter**.
As a member of MRES, MPS benefits from lobbying efforts that are in MPS' best interest. Attached is the most recent newsletter from MRES.

Division/Response Person: Travis L. Schmidt, General Manager.

MISSOURI RIVER® ENERGY SERVICES

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January 30, 2026

Travis Schmidt
Moorhead Public Service
PO Box 779
Moorhead, MN 56561

Dear Mr. Schmidt:

This letter is intended to give you an indication as to the performance of your utility with respect to maintaining an acceptable power factor. Missouri River Energy Services (MRES) performs this assessment annually to provide timely feedback to your utility so it can make plans for improving its power factor as needed.

For your reference, below is the section from your contract/transmission service agreement that states the minimum power factor requirement.

WESTERN AREA POWER ADMINISTRATION GENERAL REQUIREMENTS FOR INTERCONNECTION

> SECTION II.A.3. POWER FACTOR CORRECTION
> Western requires that the following conditions be met for all load, and transmission interconnections to Western's transmission system: (1) A power factor between 0.95 lag and 0.95 lead measured at the point of interconnection to Western's transmission system (2) Power factor correction equipment (e.g. shunt capacitors or reactors) installed by the Requestor to meet power factor requirements shall be designed to meet Western's voltage step switching criteria for reactive equipment as outlined in Western Area Power Administration, General Requirements for Interconnection - 2 Attachment C, Technical Requirements Issue Date: 07/14/2011, FINAL, Version 1.0 (Replaces September 1999 Document) Effective Date: 07/22/2011 Western's Planning Criteria Document. The Requestor can contact the appropriate Western Regional office for specific requirements. The power factor correction requirements for generation interconnections are outlined in Western's Tariff. If the power factor requirements are not met for the interconnection, Western may, after giving notice to correct the condition, install power factor correction equipment at the interconnected entity's expense.

Each municipal utility is responsible for maintaining the minimum power factor identified in its transmission service agreement. According to the half-hourly metering data analyzed, your municipal utility has met the screening criteria used by MRES for the calendar year of 2025. The screening criteria used by MRES to determine member power factor requires that your utility must be above the minimum power factor requirement for all periods. To account for possible errors in data, the criteria screened against allows your utility to drop below the minimum power factor requirement for a maximum of ten hours.

A low power factor puts added stress on the transmission system as additional current flows are required to supply the magnetizing current (for motors, transformers, etc.). A low power factor can also cause/contribute to low voltage situations and transmission line overloads. Maintaining your contractual minimum or higher power factor, maximizes transformer and line utilization,

improves voltage performance of the electrical system, as well as helps defer the need for system improvements on your distribution system. Maintaining a high power factor also helps to reduce losses on both your distribution system and the bulk transmission system, which results in a direct cost savings as it reduces the amount of supplemental power your municipality purchases from MRES. For a more detailed explanation of power factor, the benefits of maintaining a good power factor, what causes it, and how to correct it, please refer to the Power Factor Pamphlet.

Although the power factor assessment for 2025 does not show any violations of the power factor criteria, MRES is sending this letter to make sure you are aware of the importance of power factor and that it should be monitored to ensure you stay in compliance with the contract/transmission service agreement. Some situations to be aware of that may affect the power factor in your municipal utility are; proper operation of any capacitor banks presently installed on your distribution system and any new large motor loads added to your system that do not have power factor correction equipment installed. These types of loads will adversely affect your power factor. Also while criteria was met during 2025, the attached data can be useful to understand how much margin is left in your system to keep-up with the power factor performance criteria in the future.

The attached files contain the power factor assessment Excel file (including data and charts) and the Power Factor Pamphlet. Please take some time to review the materials and confirm the data is correct, and notify me if you find any data that does not appear to be correct. If you have any questions or would like any additional information, please contact me at gezahegne.debale@mrenergy.com or at (605)-330-4891.

Sincerely,
Geza Debale
Transmission Engineer I, Transmission Services

Power Factor Terminology

Alternating Current (AC) – The type of electrical power source where the flow of electrons reverses periodically in the shape of a sinusoidal wave. AC power provided by electric utilities in North America uses a frequency of 60 cycles per second or 60 Hertz (Hz).

Apparent Power (S) – The combination (Vector-sum) of the real power and reactive power to obtain the total power in an AC circuit measured in Volt-Ampere (VA). Apparent power (S) equals the square root of the real power (P) squared plus the reactive power (Q) squared: $S = \sqrt{P^2 + Q^2}$. For example, if the real power is 400 kW and the reactive power is 300 kVAR, the apparent power equals 500 kVA: $500 = \sqrt{400^2 + 300^2}$.

Current (I) – The rate of electric charge flow in an electric circuit. Current is measured in Amperes (A).

Distribution System – The system used to deliver power from the transmission system to the end user. Common distribution system voltages owned by MRES members include 2.4 kV, 4.16 kV, 7.2 kV, 12.5 kV, and 13.8 kV.

Lagging Power Factor – The ratio of real power to apparent power when the load is *consuming* VARs (inductive load).

Leading Power Factor – The ratio of real power to apparent power when the load is *producing* VARs (capacitive load).

Load – The component of an electric circuit consuming power by the end user. Loads can be resistive (consume watts), reactive (consume or produce VARs), or, most commonly, a combination of the two. Reactive loads can be either inductive (consume VARs) or capacitive (produce VARs).

Power Factor (PF) – The ratio of real power (P) to apparent power (S): $PF = \frac{P}{S}$. For example, if the real power is 400 kW and the apparent power is 500 kVA, the power factor equals 0.8: $0.8 = \frac{400}{500}$. Power Factor is expressed as either a decimal (0.8) or a percentage (80%).

Reactive Power (Q) – The component of AC power consumed or produced by the reactive component of the load. Reactive power is measured in Volt-Amperes Reactive (VARs)

Real Power (P) – The component of AC power consumed by the resistive component of the load. Real power is measured in watts (W).

Transmission System – The bulk power system used to transfer large amounts of electricity at high voltages from generating stations to the consumer's distribution system. The transmission system voltages that transfer electricity to MRES members range from 34.5 kV up to 345 kV.

Volt-Ampere Reactive (VAR) – Unit of measurement of reactive power. Commonly measured in kilovolt-amperes reactive (kVAR). 1 kVAR equals 1,000 VARs.

Volt-Ampere (VA) – Unit of measurement of apparent power. Commonly measured in kilovolt-amperes (kVA). 1 kVA equals 1,000 VA.

Voltage (V) – The electrical potential difference that drives the flow of current in electric circuits. Voltage is measured in Volts (V) or kiloVolts (kV). 1 kV equals 1,000 V.

Watt (W) – Unit of measurement of real power. Commonly measured in kilowatts (kW). 1 kW equals 1,000 W.

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Power Factor:

What is it?
Why does it matter?
What can be done about it?

What is power factor?

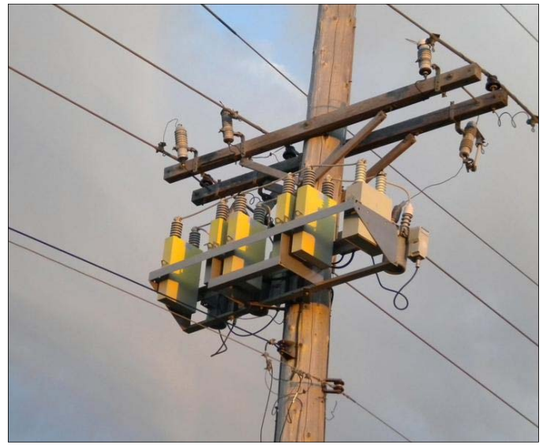
Power factor is the ratio of real power to apparent power. Real power is the amount of power that is actually consumed, while apparent power, which consists of both real and reactive power components, is the total amount of power transmitted to serve the load. The lower the amount of reactive power (and, thus, apparent power), the higher the power factor.

What are the benefits of a good power factor?

Maintaining a high power factor has many benefits to your local utility:

- A high power factor minimizes losses on the system, which saves money. It can also save money by avoiding penalties for low power factor that a transmission provider might impose.
- Supplying VARs locally using capacitor banks frees up capacity on the system, increasing its capability to deliver more real power. This can defer the need for upgrades to the transmission and distribution systems that are not required to deliver the VARs, such as transmission to distribution transformers, distribution feeders, and industrial electrical facilities.
- Maintaining a high power factor keeps voltage levels higher throughout your distribution system. It can also improve the voltage stability of the transmission system.
- A high power factor can improve negotiating leverage with the transmission provider and other utilities. The transmission provider may not be willing to implement transmission solutions for deficiencies driven by a municipal utility's low power factor if the local utility is not doing what it can to maintain an acceptable power factor.

MISSOURI RIVER® ENERGY SERVICES



What causes low power factor?

Each MRES member is contractually required by its transmission provider to maintain a certain level of power factor. A low power factor is typically caused by loads on the system that are VAR-consuming (inductive loads). High VAR-consuming loads that commonly cause low power factor include industrial load (specifically motor load), air conditioners, and transformers. If not corrected, certain lighting loads also contribute to low power factor including fluorescent, high pressure sodium, and mercury vapor lighting. A low power factor is also possible if the system contains too much capacitor bank support if too many capacitor banks are on line that overcorrect the VAR-consuming loads. For more technical information on power factor, see the ***Power Factor Technical Explanation*** in this pamphlet.

How can MRES members correct a low power factor?

The first step MRES members can take to correct low power factors would be to require industrial customers to correct their power factors to a certain level. Large industrial loads with low power factors can have a dramatic impact on the overall power factor of a member's system. To incent industrial customers to maintain a high power factor, penalties can be implemented such as charging for apparent power (kVA) instead of just for real power (kW). Many MRES member utilities already have penalties for low power factor built into contractual agreements with industrial customers, and simply enforcing the power factor penalty may significantly improve the power factor in your community.

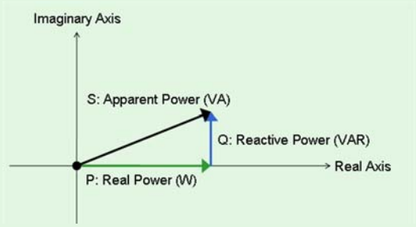
To correct power factor within a member's distribution system, capacitor banks can be added to supply VARs locally. It is most efficient to add capacitor banks where the VAR load is located (on the distribution system or at an industrial site) so the VARs do not need to be provided externally, which takes up capacity on the transmission, distribution, and, in some cases, industrial system. Depending on the profile of the VAR load, capacitor bank support can sometimes differ by season, time of day, or at times during the week such as the weekend. This may require a capacitor bank to be switched on/off as the load changes. In most instances for MRES members, correctly sized fixed capacitor banks will typically correct the power factor within acceptable criteria; however, for some members, especially those with stringent power factor criteria or large loads that switch on and off, a solution with at least some switched capacitor banks may be necessary.

For MRES members who want to add capacitor banks to correct their power factors, hiring a consultant may be helpful to design the most optimal solution. MRES has experience working with consultants in the region and could provide information if requested.

Power Factor Technical Explanation

Power factor shows the relationship between the amount of real power consumed and the apparent power delivered to serve the load. Load is comprised of both a resistive component and a reactive component. The resistive component of the load consumes real power, which is measured in W. The reactive component of the load either consumes or produces volt-amperes reactive (VARs), depending on if it is inductive or capacitive. Inductive loads, such as industrial motor load, air conditioners, transformers, and certain lighting loads, consume VARs while capacitive loads, such as a capacitor bank, produce VARs and inject them into the system. The total power required to deliver both the real and reactive power to the load is called the apparent power, and it is a function of both the real and reactive power. To illustrate the different components of power in AC systems and their relationships, Figure 1 shows the power triangle.

Figure 1: Power Triangle



In Figure 1, apparent power, measured in volt-amperes (VA), is calculated by: $S = \sqrt{P^2 + Q^2}$. Power factor (PF) is calculated by dividing the real power (P) by the apparent power (S) $PF = \frac{P}{S}$. The reactive power component of the power triangle can be positive (for inductive loads) or negative (for capacitive loads). In an inductively loaded AC circuit, the load causes a brief delay in the current with respect to the voltage in the circuit. Because the current lags the voltage, an inductive load has a lagging power factor. In a capacitive loaded AC circuit, the load causes the current to slightly lead the voltage in the circuit. Thus, a capacitive load has a leading power factor. If the load has no reactive power component, the load is entirely resistive, and the power factor is unity because the real power equals the apparent power. A unity power factor is the most efficient and an ideal operating condition because VARs do not need to be provided across the transmission, distribution, and, in some cases, industrial systems.

Case Study: Worthington Public Utilities

Worthington Public Utilities (WPU) is an MRES member located in southwestern Minnesota. For the past several years, WPU has been served through an inadequate transmission source that has the potential for low transmission voltages and thermal constraints on the facilities directly serving Worthington. To compound this problem, WPU previously had a low power factor, which contributed to low 69-kV transmission voltages serving the community. Additionally, in the late 1990s, WPU was being charged an additional fee from its transmission provider due to its low power factor. To improve its power factor, improve voltage levels, and eliminate the fee charged by its transmission provider, WPU implemented a power factor penalty on customers with peak monthly loads of 1 MW or greater that did not maintain a specified power factor criteria. This penalty resulted in a positive response as the power factor levels were improved enough to eliminate the fee charged by its transmission provider. Although WPU noticed an improvement in its power factor, the transmission voltage levels serving the community were still low. As a result, WPU decided to take steps to correct its power factor by adding capacitor banks throughout its system. WPU's consultant assessed the distribution system to determine the best locations to add capacitor banks, and locations were chosen to add capacitor banks as close to the VAR load as practical. In all, 10 capacitor banks, both fixed and switched, totaling 8400 kVAR were added to the distribution system.

By correcting its power factor, WPU has realized multiple benefits. One of the most important benefits is the improved negotiating leverage with other utilities in the area. Transmission providers are more willing to work with municipal utilities served from their systems if those municipal utilities maintain a good power factor. This has been true in discussing the transmission system serving WPU. MRES and WPU have discussed the idea of upgrading the system serving the WPU area with area transmission providers. A transmission upgrade plan is now in place, and upgrades are scheduled to be in service for the WPU area by summer/fall 2011. Another example of where correcting power factor improved negotiating leverage occurred prior to the summer of 2007 when a transmission construction outage in the area was

planned by an area transmission provider. The planned outage increased the possibility of running WPU's diesel generation to maintain service to all or part of WPU load. Prior to the summer of 2007, WPU corrected its power factor, which improved the transmission voltages. Because of this correction, the transmission provider was willing to agree to pay the incremental production cost of running WPU's diesel generation if needed during the outage.

One additional benefit WPU has received from correcting its power factor is the improved efficiency of its system. This includes a reduction of losses on the system as well as a more efficient use of distribution facilities (feeders, transformers, etc.) serving WPU's customers. This reduction of losses, although relatively minor and difficult to observe, translates directly into savings for WPU as it reduces the amount of supplemental power WPU purchases from MRES. Additionally, a more efficient system also has the potential for cost savings because a good power factor could delay the need for system upgrades.

Whether the benefit is improved negotiating leverage with other utilities, improved efficiency, reduced losses, or maintaining voltage levels to keep the lights on in Worthington, WPU has benefitted greatly from correcting its power factor.

Red River and Devils Lake Basins - 2026 Spring Flood Outlook

NWS Grand Forks • North Central River Forecast Center • March 12, 2026

This outlook is for the US portion of the basin and based on conditions through Monday, March 9, 2026. Visit our website at weather.gov/fgf/currentfloodoutlook for associated exceedance graphics, probabilities, and related discussions. An additional spring flood outlook may be issued on March 26th depending on current conditions.

Key Message: The risk for significant (moderate or higher) spring flooding has decreased with this outlook issuance, running near to below long-term historical averages for some locations across the the Red River Basin (US portion).

Key Points:

- Recent dry conditions have led to decreased probabilities since the last outlook. Minor to isolated moderate spring flooding is forecast with this issuance (50% exceedance probability).

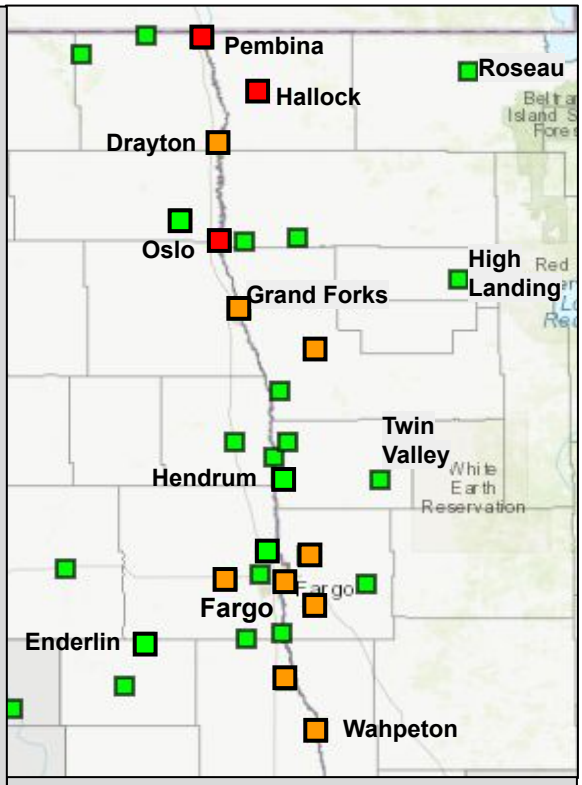
- Precipitation this winter has been below normal for much of the basin (with the exception of northeastern North Dakota).

- While frost depth values are near normal across the basin, recent warmth has allowed for some softening/thawing near the surface. Therefore, snowmelt (and rainfall) has infiltrated the top layer of soil which may increase runoff from future precipitation events.

- Additional precipitation (especially in the form of rain), along with the timing/thaw cycle of the soil and any remaining snowpack, will continue to be the most important spring flood risk factors.

Flood Risk Indicated as > 50% of category:

- Major
- Moderate
- Minor
- < 50%



Valid March 16, 2026 - June 14, 2026

Snowmelt Flood Components:

1. Fall Precipitation and Soil Moisture: Near to above normal. Overall, fall precipitation (September-November 2025) was below normal for most of the basin (exception being the far north near the international border). However, the fall season did end with November precipitation being well below normal which allowed soils to dry out a bit before freezing up. On the other hand, recent melting of the snowpack has infiltrated the top layer of soil resulting in wetter than normal soil moisture for this time of year in that top layer.

2. Base Streamflow: Near to slightly above normal. At the end of December, USGS analyses indicated that the Red River mainstem and its tributaries were flowing near normal for most while slightly above normal across the far north.

3. Frost Depth: Near normal. Frost depth values have generally stabilized and continue to range from 25-35 inches deep basin-wide. However, some thawing has already occurred near the surface, especially across the southern basin.

4. Winter Snowpack and Associated Water Content: Below normal for most. Snowfall (and associated water content) since Dec. 1st is running 50-75 percent of normal for the majority of the basin while 150-175 percent of normal in far northeastern ND. As of March 12th, little to no snowpack is present roughly along and south of Highway 2. Some snowpack still exists across the northern basin but continues to be below normal for this time of year.

5. Future Conditions: Climate outlooks lean towards above normal temperatures mid to late March which will continue to melt any remaining snowpack. Additional precipitation throughout the spring (especially in the form of rain), along with the timing/thaw cycle of any remaining snowpack, will continue to be the most important spring flood risk factors.

DEVILS LAKE AND STUMP LAKE

Valid March 9, 2026 - September 30, 2026

DEVILS LAKE	95%	90%	75%	50%	25%	10%	5%
Creel Bay	1450.8	1450.9	1451.1	1451.6	1452.0	1452.7	1453.3
Eastern Stump Lake	1450.8	1450.9	1451.1	1451.6	1452.0	1452.7	1453.3

Devils Lake and Stump Lake are currently at ~1449.0 ft (zero datum 1400.00 NGVD29).

RED RIVER AND TRIBUTARIES

Valid March 16, 2026 - June 14, 2026

RED RIVER MAINSTEM	95%	90%	75%	50%	25%	10%	5%
Wahpeton	9.0	9.1	10.3	11.6	12.9	14.1	15.0
Hickson	16.0	16.0	18.7	23.4	28.0	31.0	34.6
Fargo	17.4	17.5	20.1	23.5	29.4	33.5	35.3
Halstad	13.4	15.1	16.6	21.4	28.0	34.0	38.4
Grand Forks	24.0	25.0	27.0	32.8	39.0	43.5	47.4
Oslo	23.1	24.5	27.2	32.4	34.5	36.0	37.7
Drayton	25.6	26.4	28.7	34.3	39.1	40.8	42.3
Pembina	36.7	38.6	40.1	45.0	48.0	50.7	51.8

MINNESOTA TRIBUTARIES	95%	90%	75%	50%	25%	10%	5%
South Fork Buffalo River							
Sabin	11.2	11.6	12.7	13.5	14.8	15.6	16.4
Buffalo River							
Hawley	3.6	3.9	4.8	5.8	7.2	8.3	8.8
Dilworth	9.2	9.9	12.3	15.9	19.6	21.6	22.4
Wild Rice River							
Twin Valley	4.1	4.4	5.3	6.2	7.8	9.9	10.2
Hendrum	10.8	11.7	15.2	19.2	24.9	28.4	30.3
Marsh River							
Shelly	6.5	6.8	7.5	8.8	11.0	13.7	16.6
Sand Hill River							
Climax	10.3	10.8	11.2	11.8	15.6	21.0	26.0
Red Lake River							
High Landing	3.9	4.3	5.1	6.3	7.6	9.6	10.7
Crookston	10.4	10.9	13.0	15.2	17.3	22.0	23.4
Snake River							
Above Warren	62.9	63.2	63.8	64.5	65.4	67.2	68.1
Alvarado	101.5	101.8	103.4	105.2	107.8	108.9	109.8
Two Rivers River							
Hallock	803.4	803.6	804.7	806.3	807.8	809.1	810.3
Roseau River							
Roseau	8.3	8.8	9.3	9.9	11.5	15.6	17.7

NORTH DAKOTA TRIBUTARIES	95%	90%	75%	50%	25%	10%	5%
Wild Rice River							
Abercrombie	13.3	14.1	17.7	21.6	26.6	30.1	31.6
Sheyenne River							
Valley City	6.8	6.8	7.8	9.9	12.1	15.9	16.7
Lisbon	5.9	5.9	7.0	9.7	11.6	15.7	17.6
Kindred	7.9	7.9	8.8	11.7	13.9	19.6	20.6
West Fargo Diversion	10.8	10.8	10.9	13.0	15.1	20.2	21.3
Harwood	75.2	75.9	77.4	79.9	85.9	90.8	91.9
Maple River							
Enderlin	5.6	6.1	6.9	9.1	10.9	12.5	13.0
Mapleton	13.8	14.6	17.1	19.8	21.6	22.3	23.4
Goose River							
Hillsboro	4.4	4.5	5.0	6.2	8.9	10.8	14.1
Forest River							
Minto	3.6	4.0	4.6	5.6	7.0	8.3	9.1
Pembina River							
Walhalla	4.4	4.7	5.6	6.5	9.0	11.2	12.5
Neche	8.1	8.7	10.6	12.8	17.5	20.5	20.9

Legend:
Below Flood Stage
Minor
Moderate
Major
Flood of Record

Note:
Probabilities do not take into account effects due to ice. Higher stages than depicted may occur.

MOORHEAD
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Thank you for choosing the gift of education with your $1 5,000.— donation for your pass through scholarships. Your generosity directly impacts a student's future goals. We appreciate your continued support and investment in our Spud Students.

Jana Kasper
MLEF Board Member

MRES Legislative Line

MRES Annual Meeting

The MRES Annual Meeting will be held May 6-7, 2026, in Sioux Falls. During this time, MRES awards the **Maurice A. TePaske Public Official Award** and the **Community Leader Award**. Nominations for these two awards are open.

The **Community Leader Award** is for active service to the candidate's local utility and the local promotion of public power. The **Maurice A. TePaske Public Official Award** goes even further, recognizing outstanding individuals who are also active in supporting MRES and promoting public power throughout the state and region by serving on outside boards or committees, in addition to their local governing board.

Please submit all nominations by **Friday, March 13,** to Alex Abplanalp via mail at PO Box 88920, Sioux Falls, South Dakota 57109, or e-mail at alex.abplanalp@mrenergy.com.

Iowa

Visit the Iowa page during the session to follow bills of interest to MRES Iowa members. The 2026 Iowa Legislative Guide is also available online.

Iowa Fast Facts:

- Floor debate is the focus in both chambers.
- The House passed three bills related to electric transmission lines.
- IAMU's public bid clarification bill is headed to the governor for her signature.

Session Update

The House had a full week of debate, including a criminal justice, "three strikes" law, and a pilot program to offer select four-year degrees at the community college level. The Senate had less debate but held lengthy hearings on competing property tax reform plans.

Eminent Domain

Another week with no movement on the eminent domain issue. Both the House and Senate made their opening moves on eminent domain early in the session. HF 2104 is funnel-proof, and this will likely be one of the last issues resolved before legislators go home for the year.

Transmission Lines

Three transmission-related bills are continuing to advance:

- SF 2214 would facilitate transmission line development along highway corridors by requiring greater coordination with the Iowa DOT and reducing placement restrictions. SF 2214 passed the Senate 46-1 and passed the House last week 90-0.
- HF 2583 establishes emergency planning and coordination requirements for electric transmission line owners and utilities. This comes from the IUC, which is concerned about being able to contact potential new transmission owners under Iowa's competitive bid process. HF 2583 also passed the House last week, 90-0, and is awaiting consideration by the Senate.
- HF 2227 sets a minimum standard for restoring land after a new transmission line is built. It

codifies best practices for land restoration and passed the House last week by a vote of 90-0.

Bid Requirement Clarification
IAMU is working on HF 2558, which clarifies the exemption from competitive bid requirements for construction and equipment related to municipal electric generation projects. This was passed by the House 89-2, and last week the Senate also passed it, 45-0.

Utility Worker Protections
SF 2400 adds utility employees and contractors to the list of occupations protected by enhanced penalties while performing their job duties. The Iowa Association of Electric Cooperatives (IAEC) brought forward this legislation in response to a growing number of negative interactions between utility workers and the public. This passed the Senate 44-0 last week and must now be considered by the House.

Load Forecasting Report
SF 2301 and HSB 755, the Iowa Economic Development Authority's (IEDA) departmental bill, would require a load-forecasting report every two years. Utilities could be compelled to provide information for the report, and the data provided could be used in proceedings before the Iowa Utilities Commission (IUC). The bill also requires utilities to fund this work. Utilities have noted that the proposal duplicates work already performed by utilities and regional transmission organizations (RTOs). Other divisions of the bill unrelated to utilities have also drawn opposition from other groups. HSB 755 advanced out of subcommittee last week.

Other bills that the Legislature may still consider in the coming weeks include:

Municipal Electric Utility Confidentiality
IAMU has also worked to introduce SF 2443, which would expand the definition of "proprietary information" to include electric generation capacity planning, energy markets, prices, and information subject to nondisclosure agreements. This would help keep the early stages of the new generation project planning confidential until the process is further along.

Statewide Siting Preemption
HF 2580 and SF 376 are similar bills that would preempt local authorities from regulating the siting and operation of solar and wind generation facilities by establishing consistent statewide standards. Statewide siting standards have become a priority for many legislators.

Integrated Resource Plans (IRP) + Virtual Power Plants (VPP)
For several years, the legislature has been interested in requiring utilities to develop resource plans subject to IUC oversight. This year, the Iowa Economic Alliance (led by Google) introduced a new IRP proposal, HF 2365. This bill was amended in committee to establish an IRP process and authorize virtual power plants, which allow third parties to aggregate and monetize demand response, energy storage, and customer distributed generation.

Legislators have expressed interest in moving forward with an IRP but remain uncertain about what the final product will look like (aside from avoiding the contested case process at the IUC).

Community Solar
Solar developers have again brought a bill to authorize the creation of developer-led community solar gardens in Iowa. HF 2672 would set the framework for developers to build solar facilities and for subscribers to receive credits on their utility bills. There is still a lot of conversation surrounding this bill, but so far, it has not advanced out of the House to the Senate.

Minnesota

Visit the Minnesota pages to follow Minnesota bills of interest to MRES members. The MRES Minnesota Legislative Guide for 2026 is available for download.

Minnesota Fast Facts:

- MMUA Legislative Conference: March 24-25
- HF 3912, to be heard March 10, could limit municipal fees for disconnect/late payment
- Policy Committee Deadline: March 27

Friday, March 27, at 5 p.m., marks the deadline for committees to act favorably on bills in the house of origin **and** for committees in the other house to act favorably on companion bills. With this deadline in mind, a suite of affordability bills was introduced last week. Backed by the Citizens Utility Board (CUB), this suite of bills primarily impacts IOU rate cases. However, as noted below under the House Energy Committee section, the bills could have implications for municipal utilities' operations.

Upcoming Legislative Breaks

Eid break begins on Thursday, March 19, at 8 a.m. and runs through March 20, with the legislature reconvening at 8 a.m. The Easter/Passover break for the legislators will begin at 5 p.m. on March 27 and will run through April 7. The legislature will reconvene on Tuesday, April 8.

House Energy Finance and Policy

The House Energy Finance and Policy Committee meets on Tuesdays and Thursdays at 1 p.m. in Capitol 123.

Last Tuesday, the committee took up one bill, HF 3556, naming the community solar garden programs for the late Representative Melissa Hortman. Several witnesses noted Rep. Hortman's commitment to solar development. The bill passed on a voice vote and was sent directly to the House floor.

The committee also received a presentation from the Minnesota Pollution Control Agency (MPCA) on the state's Climate Action Framework and Greenhouse Gas Emissions Report. While it was noted that greenhouse gas emissions for electricity have decreased by 50% from 2005 to 2023, MPCA indicated that the state needs to keep pushing to meet the 100% mandate. Also, staff indicated that we need to add dispatchable clean (renewable) energy and storage.

On Thursday, House Energy took up two bills: HF 3296 and HF 3802.

HF 3296 would exclude electric sales to data centers from energy conservation and optimization calculations. Some legislators expressed concerns that this would undermine energy efficiency goals. The bill was laid over for possible inclusion in an omnibus bill.

HF 3802 would exempt upgrades of lower-voltage lines (below 100 kV) to 115 kV from going through the certificate of need process at the Public Utilities Commission (PUC). This bill was sent to the House floor on a voice vote.

The Midwest Reliability Organization (MRO) reliability presentation focused on the MRO's regional risk assessment. They pointed out that the biggest risk was having enough energy to meet growing demand. While data centers are a major driver of demand growth, electrification is as well. The MRO also noted that the decreasing diversity in fuel sources complicates this. By shifting toward inverter-based resources (wind, solar) while increasing reliance on natural gas for energy dispatchability, this lack of fuel diversification has heightened our risk of meeting energy demand across the Midwest. Additionally, the MRO observed that needed generation additions, especially dispatchable power sources, are lagging, which is also concerning.

The committee next meets on March 10. Several bills on the agenda will affect IOU rate cases but could also have implications for municipal utilities. Bills to be heard include:

- HF 3458: exempting tribal lands from the service territory laws. This arises from an ongoing dispute between one tribe and its electric cooperative provider.
- HF 3777: This is part of a suite of affordability bills supported by CUB. The bill requires the PUC to promote affordable service and consider customers' ability to pay in rate cases. While it only applies to IOUs, it is worth watching, as it could delve into what utility costs are "reasonable". For example, this could open the door to re-litigate whether the cost of an already permitted (but not yet constructed) transmission line is "reasonable".
- HF 3778: Another affordability bill. It requires IOUs and rate-regulated cooperatives to make annual, detailed revenue reports. Again, this does not apply to municipal utilities, but it is worth watching.

- HF 3912: Another CUB affordability bill**, this one would impact municipal electric utilities.** It would bar a utility from charging a reconnection fee to a residential customer who was disconnected for failure to pay the utility bill. Additionally, it would only allow late fees if the customer's delinquent amount exceeds $100, if the late fee does not exceed the utility's actual cost to carry the unpaid balance, and if the utility does not charge more than $50 cumulatively in twelve months. Finally, no late fees may be imposed if the customer is a low-income customer (as defined in 216B.16), has participated in a low-income program, or has entered into a payment plan agreement. The PUC would enforce this.

  This puts the legislature and the PUC directly between the municipal electric utility board (or city council) and the customers. Municipal utilities' customers own and operate their own utilities, and decisions regarding late payments and non-payments should be left to the local citizen boards to determine. As many municipal utilities have seen, other customers often bear the costs of nonpayment or late payment. MMUA is taking the lead on this issue at the legislature. If you have anecdotal stories or comments on how this bill would affect your municipality, please contact Deb Birgen (deb.birgen@mrenergy.com) or Kent Sulem (ksulem@mmua.org).

Bills for the House Energy Committee hearing on Thursday, March 12, have not been posted at this writing.

Senate Energy, Utilities, Environment & Climate

The Senate Energy, Utilities, Environment & Climate committee meets on Mondays and Wednesdays from 12:30 p.m. to 2:30 p.m. in room 1150 of the Minnesota Senate Building.

The Senate Energy Committee met on Monday, March 2, for the confirmation hearing for Commissioner Joe Sullivan. Commissioner Sullivan has been reappointed to another term on the MPUC and must be reconfirmed by the Senate, beginning with the Senate Energy Committee. The committee easily confirmed Sullivan. The committee also received a presentation from the Minnesota Climate Innovation Finance Authority (green bank), summarizing the various funding and grants issued for green energy programs.

The committee did not meet on Wednesday.

On Monday, March 9, the committee will hear two bills: SF 3800 (naming the Community Solar Garden program for Melissa Hortman) and SF 3477 (reimbursement program for underground petroleum storage tank systems). No bills have been posted for the March 11 meeting at this writing.

Session Update

This list does not include all of the bills tracked by MRES (please see the MRES Minnesota webpages), but here are some of the key bills being tracked.

- HF 3458 / SF 3732: Exempting tribal lands from state laws governing electric service territory.
- HF 2986 / SF 3209: Requires investor-owned utilities (IOUs) to model virtual power plants (VPPs) in their resource plans and to implement a VPP tariff. The House version was heard in committee and was held over for possible inclusion in an omnibus bill.
- HF 3555 / SF 3873: These bills would allow for plug-in solar devices of 1200 watts or less to be used for on-site energy storage for customer use. The units would be exempted from interconnection requirements and net metering requirements. The House version was heard in committee and was held over for possible inclusion in an omnibus bill. MRES is urging lawmakers to require notice to the utility of the use/installation of these units, and to require that all units be equipped with controls to prevent backfeed into downed power lines.
- HF 2928 / SF 3968: Setting permitting and compliance requirements for data centers for water use, energy conservation, and electric energy use. The House version was heard in committee in 2025 and laid over. The Senate version has not been scheduled for a hearing.
- HF 3556 / SF 3800: Naming the community solar garden program after Melissa Hortman. The House version passed the House Energy Committee on a voice vote and was sent to the

floor. The Senate version will be taken up on March 9 and will likely pass.

- HF 3733 / SF 3792: This bill prohibits campground owners from charging additional fees over and above basic electric use. The House version is set for a hearing in the House Consumer Finance and Policy Committee on March 10. The Senate version has not yet been scheduled for a hearing.
- HF 3777 / SF 3992: Requiring the PUC to consider promoting affordable service and customers' ability to pay in setting IOU rates. This is set for a hearing on March 10 in the House Energy Committee. While it does not apply to municipal electric utilities, MRES staff is closely monitoring it.
- HF 3778 / SF 4002: This requires IOUs and rate-regulated cooperatives to provide annual detailed revenue reporting. It will be heard in the House Energy Committee on March 10 as noted above. MRES is monitoring this bill.
- HF 3802 / SF 3760: Exempting certain lines from the certificate of need process when upgrading or uprating. Great River Energy is supporting this bill. The House version has passed the House Energy Committee and is on the floor.
- HF 3912 / SF 3991: As noted above, **this bill would apply to municipal electric utilities** and would limit late fees and reconnection fees charged. It is set for a hearing in the House Energy Committee on March 10.
- HF 3945 / SF 4126: These bills would set up a strict liability standard for businesses that extract or refine oil or other fossil fuels. It would allow the state to seek cost-recovery payments from these businesses for damage caused by climate change. These bills have been assigned to the House State Government Finance and Policy and the Senate Environment, Climate, and Legacy committees. Although the bill authors have stated it would not apply to utilities, we will monitor it closely.
- HF 4023/ SF 1924: The "A+ Energy Act" would require reliability to be a priority under the carbon-free and renewable energy standards, and would also remove the moratorium on nuclear power.

Minnesota Municipal Utilities Association

The Minnesota Municipal Utilities Association (MMUA) will host its 2026 Legislative Conference. It will take place at the Drury Plaza Hotel in downtown St. Paul, running from 8:30 a.m. on March 24 to noon on March 25. Registration and hotel blocks are open, and information is available on the MMUA website. If you plan to attend, please begin reaching out now to set up meetings with legislators. **There will be a reception for legislators at the Drury on March 24 from 4:30 p.m. to 7:30 p.m.** Please invite your lawmakers.

If you have already scheduled meetings, please let Deb Birgen (deb.birgen@mrenergy.com) know, and we can provide materials or talking points.

MRES will be sending out separate emails, but for members attending the MMUA Legislative Conference, please reserve the night of March 24 for MRES. After the reception, we will be hosting a dinner at Kincaid's Fish, Chop & Steakhouse for our members.

North Dakota

The next North Dakota regular legislative session convenes in January 2027. The 2025/26 legislative guide is available online on the MRES North Dakota pages.

Elections

The election process has kicked off with state party conventions. The state Democratic-NPL Party held its 2026 state convention over the weekend at Bismarck State College. The state Republican Party will hold its 2026 state convention on March 28-29 at the State Fairgrounds in Minot. The outcome of the Democratic-NPL convention will be reported in the March 16 newsletter.

South Dakota

Visit the South Dakota pages to track bills of interest to MRES members. The 2026 MRES South Dakota Legislative Guide is also available online.

South Dakota Fast Facts:

- **SB 135 "Electric Consumer Bill of Rights" passed the House and will need Senate concurrence.**
- **HB 1038 received a favorable amendment in Senate Commerce and will be voted upon in the Senate this week.**

Session Overview

This week, there was a collective sigh of relief throughout the lobby when the Senate failed (14-19) to pass House Joint Resolution 5001, which would have referred a constitutional amendment to voters to alter the use of eminent domain. The language was amended, and it did not specifically grandfather in traditional utilities long considered to serve the public good. More troubling was that the sponsor resisted the request to add clear, specific language to address the concern. Upon reconsideration, the Senate approved HB 1048, authorizing spending authority of $87 million in federal funds to deliver broadband to the remaining unserved/underserved areas of the state. The House defeated Senate Joint Resolution 508 that would have put a constitutional amendment to a vote to remove the lieutenant governor as the presiding officer of the Senate. As predicted in the opening week, data center policy will be a gavel-to-gavel debate; we remain engaged as HB 1038 and SB 135 remain in play. Additionally, a package of bills addressing property tax relief will highlight the final week before the March 12 recess.

Wildfire Mitigation

SB 36 authorizes wildfire mitigation plans and limits utility liability. The Senate passed the bill on a 29-4 vote. We support this legislation. The bill was amended in the House Commerce Committee and was passed on the House floor 63-2. The Senate concurred in the House version. The Governor will now consider lending his signature.

Data Centers / Consumer Protection

- SB 135, dubbed the "electric consumers bill of rights," seeks to protect residents from increased utility costs and utility shortages caused by data centers. We had concerns about the original language; the sponsor amended the bill, and, if not perfect, the revised legislation was an improvement. It provides a separate rate class for data centers using 10 MW or more, requiring that all costs for electric service be fairly attributed to the data center. It also prescribes some steps data centers must take regarding water usage. The legislation, sponsored by President Pro Tempore Sen. Karr (R-Sioux Falls) and Speaker Rep. Jon Hansen (R-Dell Rapids), passed the House committee without opposition and was placed on the consent calendar. However, it was pulled from the consent calendar on the House floor, but ultimately it passed 60-7. It will now return to the Senate for concurrence with the House amendments or for the appointment of a conference committee.
- HB 1038, proposed by the PUC, requires 10 MW+ data centers to pay for the rate analysis to ensure they cover the costs incurred to serve them, protecting other electric consumers from adverse rate adjustments. Senate Commerce and Energy approved the bill (7-2) after adding an amendment at the request of municipal utilities and co-ops clarifying that this statute would apply only to investor-owned utilities.

PUC / Public Safety

- SB 25 reduces the notice-of-intent period to three months and modifies the local review committee process for PUC permits. After handily passing the House Commerce Committee, the bill passed the House 61-5 and was signed by the Governor.
- HB 1049 was introduced at the PUC's request to prohibit foreign ownership of utility infrastructure. While federal statute addresses this infrastructure protection, it is acceptable to include it in state statute as well. The bill passed the House 68-0. The Senate followed suit and passed unanimously. It now proceeds to Governor Rhoden.

Cybersecurity

SB 75 makes clear that municipal utilities, cooperatives, and other nonprofit utilities, such as water districts, are eligible for cybersecurity services and grants. This is good legislation that sailed through legislative consideration, and the Governor has affixed his signature.

Survey Access

SB 88 would limit the examination of property subject to condemnation. This bill does not apply to the state or its subdivisions. The Senate and the House both passed the legislation unanimously. It is now under review by the Governor's office.

Approve MPS' 2026 Watermain Replacement Projects

RECOMMENDATION:

The General Manager respectfully requests the Commission approve Moorhead Public Service's 2026 Watermain Replacement Projects.

BACKGROUND:

Watermain asset management, especially the replacement of cast iron (CI) watermain, has become very important for Moorhead Public Service (MPS) over the past several years. To effectively manage watermain replacements, MPS staff developed the Watermain Asset Management Plan (WAMP). Since implementing the WAMP in 2013, $14 million has been spent on replacing 80,000 feet, or 15 miles, of CI watermain. Currently, the water distribution system contains approximately 20 miles of outdated CI pipe from the 1920s to 1950s that has exceeded its expected lifespan. MPS staff continues to work with City of Moorhead (City) staff to identify areas where watermain replacement could be constructed concurrently with the City's street improvement projects. To complete watermain replacement in a cost-effective manner, MPS utilizes trenchless construction and collaborates with City staff on street improvement projects whenever feasible.

MPS will self-perform several watermain replacement projects, including coordinated City projects and other infrastructure and maintenance projects that are prone to failure. In addition to those projects, MPS plans to complete the 8th Street South Watermain Replacement Project (various locations) through the competitive bidding process. The current MPS-planned watermain replacement areas are identified in Table 1 below:

Table 1: 2026 Watermain Replacement Projects

Proposed Project Location	Bid or Self-Perform	Existing Size of Watermain	Proposed Size of New Watermain	Approximate Footage	Project No.
17th Street North (1st Ave N to 8th Ave N)	Self-Perform	6-inch CI	6-inch PVC	3,000	WT-26-01
4th Avenue North (14th St N to 18th St N)	Self-Perform	6-inch CI	8-inch PVC	1,500	WT-26-01
19th Street South (5th Ave S to 6th Ave S)	Self-Perform	6-inch CI	6-inch PVC	600	WT-26-02
8th Street South - East Frontage Road (20th Ave S to 22nd Ave S)	Self-Perform	6-inch CI	6-inch PVC	600	WT-26-03
8th Street South (various locations)	Bid	12-inch CI	12-inch PVC	3,500	WT-26-04

Project No. WT-26-01—17th Street North (1st Avenue to 8th Avenue North)

Staff recommends replacing approximately 3,000 feet of 6-inch CI pipe with 8-inch polyvinyl chloride (PVC) pipe. MPS crews will complete the project using horizontal directional drilling and the open-cut trench method. This project is intended to complete the replacement of the failure-prone infrastructure that has caused several watermain breaks year after year. MPS staff will complete this project prior to the City's Street Improvement Project.

Project No. WT-26-01—4th Avenue North (14th Street to 18th Street North)
Staff recommends replacing approximately 1,500 feet of 6-inch CI pipe with 8-inch PVC pipe. MPS crews will complete the project using open-cut trenching and pipe-bursting methods. This project is intended to complete the replacement of the failure-prone infrastructure. MPS staff will complete this project prior to the City's Street Improvement Project.

Project No. WT-26-02—19th Street South (5th Avenue to 6th Avenue South)
Staff recommends replacing approximately 600 feet of 6-inch CI pipe with 6-inch PVC pipe. MPS crews will complete the project using the pipe-bursting method. This project is intended to complete the replacement of the failure-prone infrastructure prior to a future City street improvement project.

Project No. WT-26-03—8th Street South - East Frontage Road (20th Avenue to 22th Avenue South)
Staff recommends replacing approximately 600 feet of 6-inch CI pipe with 6-inch PVC pipe. MPS crews will complete the project using the pipe-bursting method. This project is intended to complete the replacement of the failure-prone infrastructure that has caused several watermain breaks year after year.

Project No. WT-26-04—8th Street South Watermain Replacement (Various Locations)
Staff recommends replacing approximately 3,500 feet of a combination of 12-inch and 6-inch CI watermain with 12-inch and 8-inch PVC pipe in various locations along Moorhead's 8th Street corridor between 3rd Avenue and 10th Avenue South. The majority of the watermain will be installed using horizontal directional drilling, with limited sections constructed using the open-cut trenching method. During this project, any identified lead service lines will be replaced from the watermain to the property line. This project is scheduled to be completed prior to a future Minnesota Department of Transportation street improvement project.

MPS' current strategic goal is to replace 1.25 miles of CI watermain annually. Coordination between MPS and the City can contribute to significant savings when watermain replacement coincides with a City street improvement project area. Overall, MPS is proposing to replace approximately 9,200 feet (1.7 miles) of watermain in 2026. MPS crews are currently scheduled to replace approximately 5,700 feet of watermain, while approximately 3,500 feet of the watermain replacement will be competitively bid. MPS' Water Division has budgeted $1.7 million to complete the design and construction of MPS' 2026 Watermain Replacement Projects.

KEY ISSUES:

- MPS staff continues to work with City staff to identify areas where watermain replacement could be constructed concurrently with the City's street improvement projects.
- MPS is proposing to replace approximately 9,200 feet (1.7 miles) of watermain in 2026.

FINANCIAL CONSIDERATIONS:

- MPS' Water Division budget includes $1.7 million to complete the design and construction of MPS' 2026 Watermain Replacement Projects.

Respectfully submitted,

Travis L. Schmidt
General Manager

Division/Response Person: Jake Long, Water Distribution Manager.

Attachments: None.

Approve Specifications and Authorize Advertisement for Bids for MPS' 8th Street South Watermain Replacement Project

RECOMMENDATION:

The General Manager respectfully requests the Commission approve the specifications and authorize advertisement for bids for Moorhead Public Service's 8th Street South Watermain Replacement Project.

BACKGROUND:

Moorhead Public Service (MPS) staff has significantly increased watermain replacement in recent years as a result of implementing the Watermain Asset Management Plan (WAMP), which identifies and prioritizes watermain replacements on an ongoing basis. Since implementing the WAMP in 2013, $14 million has been spent on the replacement of 80,000 feet, or 15 miles, of cast iron (CI) watermain. The establishment of the WAMP has allowed for the completion of watermain replacement in several key areas, including those with a history of frequent watermain breaks. When applicable, trenchless construction has been used to improve the cost competitiveness of construction. For example, over the past 10 years, many MPS projects have used trenchless construction such as horizontal directional drilling, pipe bursting, and slip-lining methods. Trenchless construction, along with coordination with the City of Moorhead's street improvement projects, can result in significant savings in the overall cost of watermain replacement projects.

In 2026, MPS is projected to replace approximately 9,200 feet of CI watermain. MPS' water distribution crews will be completing three of the four total projects, with this specific project being awarded through a competitive bidding process.

The main objective of the 8th Street South Watermain Replacement Project (Project) is to replace the failure-prone CI watermain with polyvinyl chloride (PVC) in various locations along Moorhead's 8th Street corridor between 3rd Avenue and 10th Avenue South (see map attached). This Project includes the installation of 3,500 feet of PVC watermain. The majority of the watermain will be installed using horizontal directional drilling, with limited sections constructed using open trench methods. This Project is scheduled to be completed prior to a future Minnesota Department of Transportation street improvement project.

MPS' 2026 Water Division budget includes $1.7 million for construction and engineering services for all 2026 watermain replacement projects, which includes the design and construction of this Project.

The specifications are available upon request and will be posted on QuestCDN once approved by the Commission.

Table 1: 8th Street South Watermain Replacement Project Timeline

Approve Specifications and Authorize Advertisement for Bids	March 17, 2026 (Commission)
Bid Opening	April 1, 2026
Bid Award (Pending)	April 14, 2026 (Commission); April 27, 2026 (City Council)
Construction	May-October 2026 (Substantial Completion)

KEY ISSUES:

- The main objective of this Project is to replace failure-prone CI watermain with PVC in various locations along Moorhead's 8th Street corridor between 3rd Avenue and 10th Avenue South.
- This Project includes the installation of 3,500 feet of PVC watermain.
- The majority of the watermain will be installed using horizontal directional drilling, with limited sections constructed using open trench methods.

FINANCIAL CONSIDERATIONS:

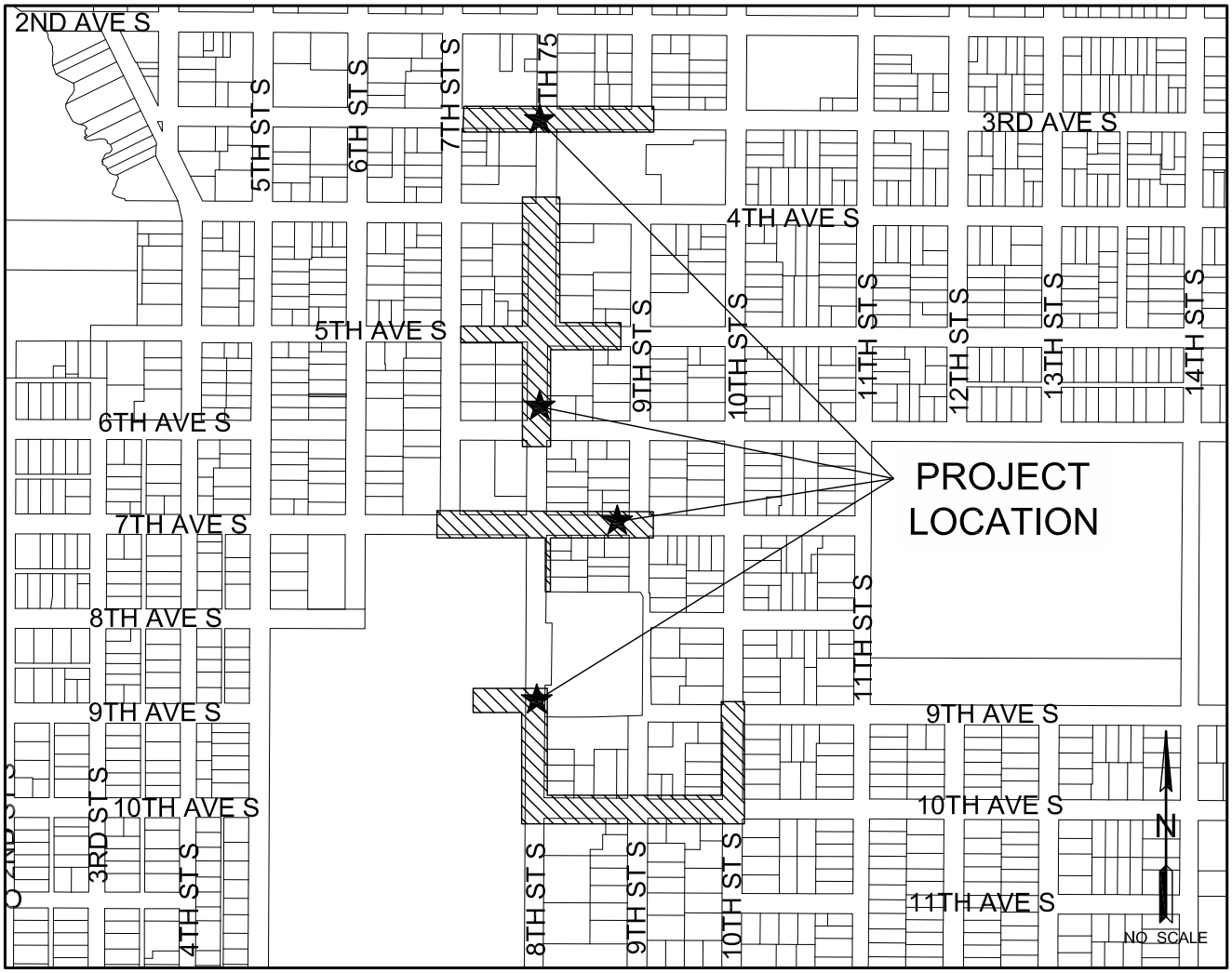
- MPS' 2026 Water Division budget includes $1.7 million for construction and engineering services for all 2026 watermain replacement projects, which includes the design and construction of this Project.

Respectfully submitted,

Travis L. Schmidt
General Manager

Division/Response Person: Jake Long, Water Distribution Manager.

Attachments:
Map of Project Area



LOCATION MAP