



MOORHEAD PUBLIC SERVICE COMMISSION

MEETING AGENDA

Tuesday, September 22, 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 August 25, 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**
- d. Accept Report on Contract Extension for Hauling and Beneficial Use Services for Lime Residuals from MPS' Water Treatment Plant**

***9. Approve Specifications and Authorize Advertisement for Bids for 2026/2027 Tree Trimming**

10. Approve BTMG Capacity Letter Agreement with Missouri River Energy Services

***11. Approve Easement Agreement with EIP Holdings IV, LLC, for Access to MPS' Moorhead Substation Property**

***12. Accept Petition for Installation of Water and Electric Services for Partridge Creek 2nd Addition**

***13. Approve Specifications and Authorize Advertisement for Bids for 2027 Water Treatment and Wastewater Treatment Chemicals**

***14. Approve Task Order No. 15 with Apex Engineering Group for MPS' 20th Avenue Ground Storage Reservoir Improvements Project**

15. Approve Amended Policy on Expenditures, Contract Change Orders, Work Change Directives, and Supplemental Agreements and Rescind Policies on Expenditures and Purchasing

16. Close Meeting for Executive Session (if needed)

17. Upcoming Meetings

- a. Public Service Commission Meetings**
 - October 6, 2026 (if needed)**
 - October 20, 2026 (with Rate Hearings)**
- b. Meeting Opportunities for Commissioners^(A)**
 - **Public Power Week**
October 4-10, 2026
 - **Imagine a Day Without Water**
October 15, 2026

18. 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, August 25, 2026 – 4:30 PM

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

MEMBERS ABSENT: Lisa Borgen and Jason Ness

OTHERS PRESENT: General Manager Travis Schmidt; Staff Members Adam Benhardt, Taylor Holte, Jake Long, Mark Moilanen, Lisa Norstad, Marc Pritchard, Alison Skansgaard, and James Sumba; MPS Attorney John Boulger

1. CALL TO ORDER.

Chairperson Leiseth called the meeting to order at 4:30 PM. A quorum of the following members was present: Baker, Lammers, Leiseth, and Lindaas.

2. APPROVE AGENDA.

Commissioner Lindaas made a motion to approve the agenda. Commissioner Lammers seconded the motion. The motion passed with a 4-0 vote. Voting Yes: Baker, Lammers, Leiseth, and Lindaas. Voting No: None.

3. APPROVE CONSENT AGENDA.

Commissioner Lindaas made a motion to approve the consent agenda. Commissioner Lammers seconded the motion. The motion passed with a 4-0 vote. Voting Yes: Baker, Lammers, Leiseth, and Lindaas. 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.]

***4. APPROVE MINUTES OF JULY 21, 2026.**

Commissioner Lindaas made a motion to approve the minutes of July 21, 2026. Commissioner Lammers seconded the motion. The motion passed with a 4-0 vote. Voting Yes: Baker, Lammers, Leiseth, and Lindaas. Voting No: None.

***5. APPROVE BILLS FOR PAYMENT.**

Commissioner Lindaas made a motion to approve the bills for payment. Commissioner Lammers seconded the motion. The motion passed with a 4-0 vote. Voting Yes: Baker, Lammers, Leiseth, and Lindaas. Voting No: None.

***6. APPROVE SPECIFICATIONS AND AUTHORIZE ADVERTISEMENT FOR BIDS FOR FURNISHING THE KV1A TRANSFORMER AT MPS' MOORHEAD DOE SUBSTATION.**

Commissioner Lindaas made a motion to approve specifications and authorize advertisement for bids for furnishing the KV1A Transformer Replacement at MPS' Moorhead DOE Substation, contingent upon final legal approval. Commissioner Lammers seconded the motion. The motion passed with a 4-0 vote. Voting Yes: Baker, Lammers, Leiseth, and Lindaas. Voting No: None.

***7. APPROVE TASK ORDER NO. 5 WITH TERRACON CONSULTANTS FOR GEOTECHNICAL ENGINEERING SERVICES AT MPS' SOUTHEAST SUBSTATION.**

Commissioner Lindaas made a motion to approve Task Order No. 5 with Terracon Consultants, Inc., in the amount of \$8,750 for geotechnical engineering services at Moorhead Public Service's Southeast Substation, contingent upon final legal approval. Commissioner Lammers seconded the motion. The motion passed with a 4-0 vote. Voting Yes: Baker, Lammers, Leiseth, and Lindaas. Voting No: None.

***8. APPROVE TASK ORDER AGREEMENT FOR PROFESSIONAL SERVICES WITH GEOGRAPH TECHNOLOGIES, LLC, TASK ORDER NO. 1 FOR MISCELLANEOUS GIS SERVICES, AND TASK ORDER NO. 2 FOR MPS' FIBER CONVERSION PROJECT.**

Commissioner Lindaas made a motion to approve the Task Order Agreement for Professional Services with GeoGraph Technologies, LLC, Task Order No. 1 for Miscellaneous GIS Services, and Task Order No. 2 for MPS' Fiber Conversion Project, contingent upon final legal approval. Commissioner Lammers seconded the motion. The motion passed with a 4-0 vote. Voting Yes: Baker, Lammers, Leiseth, and Lindaas. Voting No: None.

9. CUSTOMERS TO BE HEARD/RECOGNITIONS.

There were no customers to be heard.

General Manager Travis Schmidt recognized Administrative and Finance Manager Mark Moilanen for reaching his 15-year milestone anniversary with Moorhead Public Service (MPS).

10. OLD BUSINESS.

There was no old business to discuss.

11. REPORTS.

City Council

No report was made.

Public Service Commission.

Commissioner Lindaas provided an overview of MMUA's Summer Conference, which he and General Manager Travis Schmidt attended August 17-19, 2026, in St. Cloud, Minnesota.

General Manager's Report.

General Manager Travis Schmidt provided an introduction to the General Manager's Report, which included the 2026 second quarter Strategic Plan updates and quarterly dashboard reports for the second quarter. MPS hosted a free community swim at the Moorhead Municipal Pool and participated in the Moorhead Area Public Schools Pre-Back-to-School 5th Annual District Showcase. Water Plant Manager Marc Pritchard and Schmidt responded to questions of the Commission. Discussion was held.

Accept Report on Regional Electric Rates.

Construction Manager Adam Benhardt provided an overview of this report and explained how electric rates determine our competitive standing relative to surrounding utilities. General Manager Travis Schmidt and Benhardt responded to questions of the Commission. Discussion was held.

Commissioner Lammers made a motion to accept the report on regional electric rates. Commissioner Lindaas seconded the motion. The motion passed with a 4-0 vote. Voting Yes: Baker, Lammers, Leiseth, and Lindaas. Voting No: None.

12. AWARD BIDS FOR 2027 ELECTRICAL MATERIALS.

Construction Manager Adam Benhardt provided an overview of the 2027 electrical materials bids, noting that some materials continue to experience supply chain issues due to long lead times. General Manager Travis Schmidt and Benhardt responded to questions of the Commission. Discussion was held.

Commissioner Lindaas made a motion to award the bids for 2027 electrical materials to the lowest qualified bidders meeting the specifications, as shown on the Bid Tabulation Sheet attached hereto and made a part of these minutes. Commissioner Lammers seconded the motion. The motion passed with a 4-0 vote. Voting Yes: Baker, Lammers, Leiseth, and Lindaas. Voting No: None.

13. AWARD BID FOR MPS' 115 KV TRANSMISSION LINE UPGRADE PROJECT FROM THE FARGO SUBSTATION TO THE SHEYENNE DIVERSION.

General Manager Travis Schmidt gave a brief history of the project details. Electric Project Engineer Taylor Holte provided details regarding the bids MPS received for this project. General Manager Travis Schmidt and Holte responded to questions of the Commission. Discussion was held.

Commissioner Lindaas made a motion requesting the Commission award the bid for Moorhead Public Service's 115 kV Transmission Line Upgrade Project from the Fargo Substation to the Sheyenne Diversion to Key Contracting, Inc., in the amount of \$161,675, contingent upon final approval, and authorize the General Manager to approve all change orders up to a cumulative maximum of 5 percent of the contract amount. Commissioner Lammers seconded the motion. The motion passed with a 4-0 vote. Voting Yes: Baker, Lammers, Leiseth, and Lindaas. Voting No: None.

14. APPROVE SPONSORSHIP REQUEST FROM COMMUNITY ACTION PARTNERSHIP-LAKES AND PRAIRIE FOR THE LONGEST TABLE MOORHEAD AND DILWORTH.

General Manager Travis Schmidt provided information on the sponsorship request from Community Action Partnership-Lakes and Prairie for The Longest Table event.

Commissioner Lindaas made a motion to approve the sponsorship request from Community Action Partnership-Lakes and Prairies for The Longest Table Moorhead and Dilworth in the amount of \$3,500. Commissioner Lammers seconded the motion. The motion passed with a 4-0 vote. Voting Yes: Baker, Lammers, Leiseth, and Lindaas. Voting No: None.

15. REVIEW PRELIMINARY 2027 BUDGET TIMETABLE AND SET DATE FOR WATER AND ELECTRIC RATE HEARINGS.

Administration and Finance Manager Mark Moilanen provided information on MPS' 2027 budget timetable, upcoming rate hearings, and the process for determining the proposed 2027 electric and water rates.

Commissioner Lammers made a motion to set Tuesday, October 20, 2026, as the date for the water and electric rate hearings. For reference, Commissioners Paul Baker, Matt Leiseth, and Jason Ness were appointed to the Budget Working Group, and Commissioners Lisa Borgen, Amy Lammers, and Steve Lindaas were appointed to the Human Resources Working Group at the Commission meeting on March 17, 2026. Commissioner Lindaas seconded the motion. The motion passed with a 4-0 vote. Voting Yes: Baker, Lammers, Leiseth, and Lindaas. Voting No: None.

16. CLOSE MEETING FOR EXECUTIVE SESSION.

The meeting was not closed for executive session.

17. UPCOMING MEETINGS.

Upcoming meetings of the Moorhead Public Service Commission are scheduled for September 8, 2026 (if needed), and September 22, 2026.

18. ADJOURN.

The meeting adjourned at 5:04 PM.

The minutes herein are approved on this 22nd day of September 2026.

APPROVED BY:

ATTEST:

Matthew Leiseth
Chairpersonⁱ

Paul Baker
Vice Chairpersonⁱ

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 Tabulation Sheet
for
2027 Electrical Materials**

August 11, 2026, at 3:00 pm

		121,500	22,000	4,500	10,000	25	50
BIDDER	CHECK OR BID BOND	BID ITEM #1: 1/0 AWG, 15 kv Dist. Cable, 220 mil Insulation (45 reels) Price/Foot	BID ITEM #2: 500 MCM, 15 kv Primary Feeder Cable, 220 mil (10 reels)	BID ITEM #3:² 750 MCM, 15 kv Primary Feeder Cable, 220 mil (3 reels)	BID ITEM #4: 250-3/0-250 AWG, 600 Volt Underground Service Cable (10 reels)	BID ITEM #5: 25 kVA, Single- Phase Padmount Transformer, 12.47/7.2 Volt Primary, 240/120 Volt Secondary Price Each	BID ITEM #6: 50 kVA, Single- Phase Padmount Transformer, 12.47/7.2 Volt Primary, 240/120 Volt Secondary Price Each
Border States	Bid Bond	\$ 578,864.88	\$ 226,867.52	\$ 145,579.10	\$ 38,415.80	\$ -	\$ -
Border States (Alternate)		\$ 504,161.82	\$ 176,572.44	\$ 161,746.50	\$ 31,868.50	\$ -	\$ -
RESCO	Bid Bond	\$ 510,907.50	\$ 178,970.00	\$ 163,935.00	\$ 32,300.00	\$ 105,618.25	\$ 254,839.00
WESCO	Bid Bond	\$ 432,297.00	\$ 158,290.00	\$ 58,356.00	\$ 33,820.00	\$ 71,975.00 ¹	\$ 163,200.00 ¹
WESCO (Altnerate)		\$ 410,670.00	\$ 179,608.00	\$ 56,911.50	\$ -	\$ -	\$ -
Stuart C. Irby	Bid Bond	\$ 413,100.00	\$ 163,900.00	\$ 45,675.00	\$ 36,600.00	\$ -	\$ -

¹Did not meet specifications.

²Not awarded because project is being delayed.



**Bid Tabulation Sheet
for
2027 Electrical Materials
August 11, 2026, at 3:00 pm**

	2	1	1
BIDDER	BID ITEM #7: 1000 kVA, Three- Phase Padmount Transformer, 12.47/7.2 Volt Primary, 208Y/120 Volt Secondary Price Each	BID ITEM #8: 1000 kVA, Three- Phase Padmount Transformer, 12.47/7.2 Volt Primary, 480Y/277 Volt Secondary Price Each	BID ITEM #9: 1500 kVA, Three- Phase Padmount Transformer, 12.47/7.2 Volt Primary, 480Y/277 Volt Secondary Price Each
Border States	\$ -	\$ -	\$ -
Border States (Alternate)	0	0	0
RESCO	\$ 50,326.14	\$ 45,219.32	\$ 51,554.52
WESCO	\$ 88,238.00	\$ 44,242.00	\$ 45,131.00
WESCO (Alternate)	\$ -	\$ -	\$ -
Stuart C. Irby	\$ -	\$ -	\$ -

WAPA West Fargo Sub - FM Diversion

Owner: Moorhead Public Service

Solicitor: MBN Engineering, Inc.

08/04/2026 02:00 PM CST

215 Highway 75 N, Moorhead, MN 56561-0779

Item	Contractor	U of M	Quantity	Unit Price	Extension
1	Key Contracting, Inc. *	LS	1	\$161,675.00	\$161,675.00

*** Received one (1) bid.**

*** Signed Bid Bond in the amount of 10% of the bid was included with Bid.**

General Manager's Report

1. Update on Statewide Electric Rate Comparisons.

As requested at the August 25, 2026, Commission meeting, the attached graphs compare Moorhead Public Service (MPS) with other utilities across Minnesota. The utilities included in this rate comparison represent a mix of municipal, cooperative, and investor-owned utilities throughout the state. While rates varied widely among the utilities used in the comparisons, the analysis was conducted using the same methodology as our regional rate comparisons. The graphs illustrate the average monthly cost for each customer category based on each utility's average level of service. Overall, MPS has the lowest average monthly cost in three of the four categories examined and ranks second lowest in the remaining category.

2. 2026 OSHA Process Safety Management and U.S. EPA Risk Management Program Compliance Audit.

Since 1999, MPS has been required to maintain a Chlorine Risk Management Program due to the hazardous nature and quantity of liquid chlorine on site. The U.S. Environmental Protection Agency (EPA) and the Occupational Safety and Health Administration (OSHA) require that a compliance audit be conducted every three years of MPS' Risk Management Program (RMP) by a certified compliance firm. In 2025, MPS engaged Municipal H2O to provide professional services to help maintain the RMP and ensure continued compliance with evolving EPA requirements. On August 27, 2026, Municipal H2O conducted its audit and identified no action items other than a minor deviation in the way maintenance personnel training records were maintained. Municipal H2O was very impressed with MPS' RMP and requested permission to use portions of it as a reference for other utility programs. MPS will remain in full compliance until the next Hazardous Review/Analysis, which is scheduled for 2027.

3. Backflow and Cross-Connection Program for MPS.

In 1974, the Safe Drinking Water Act (SDWA) was established. The SDWA is designed to protect public drinking water supplies nationwide by setting standards for drinking water quality. The SDWA authorizes the EPA to establish national, legally binding standards for safe drinking water, placing responsibility for enforcing these standards and for supervising public water supply systems on the states through their individual primacy agencies. The water purveyor (supplier) is responsible for compliance with the SDWA and for ensuring that treated water is delivered without compromising quality all the way to the consumer's free-flowing outlet. These protections and responsibilities include oversight of the installation and maintenance of backflow devices. The State of Minnesota has relied on the Minnesota Plumbing Code to ensure that backflow and mitigation plumbing are correct at the time of construction for the degree of hazard, and owners test installed devices annually.

During MPS' most recent Sanitary Survey in 2025, the Minnesota Department of Health (MDH) inquired whether MPS had established a formal Backflow and Cross-Connection Program and whether any unprotected cross-connections existed within its distribution system. As part of its responsibilities as a water purveyor, MPS must maintain an inventory of protected cross-connections, identify and eliminate any unknown or unprotected cross-connections, and track the annual testing of backflow prevention devices. The Water Division has begun developing a formal Backflow and Cross-Connection Program and has researched options for identifying cross-connections, conducting inspections, and tracking the annual testing of backflow prevention devices connected to MPS' distribution system. Recommendations and potential action items for the Commission will be presented at future meetings.

4. Red River Basin Commission Tour of MPS' Water Treatment Plant.

On September 2, 2026, MPS hosted a tour of its Water Treatment Plant for members of the Red River Basin Commission (RRBC). The RRBC is a not-for-profit, multinational organization focused on the shared use of the Red River and collaboration among North Dakota, South Dakota, Minnesota, and Manitoba. Approximately 30 RRBC members toured MPS' facilities, as well as the City of Moorhead's Wastewater Treatment Facility, the City of Fargo's Water Treatment Plant, and the Tharaldson Ethanol facility, among others.

5. MPS Participated in Teachers' Wish Lists School Supply Drive.

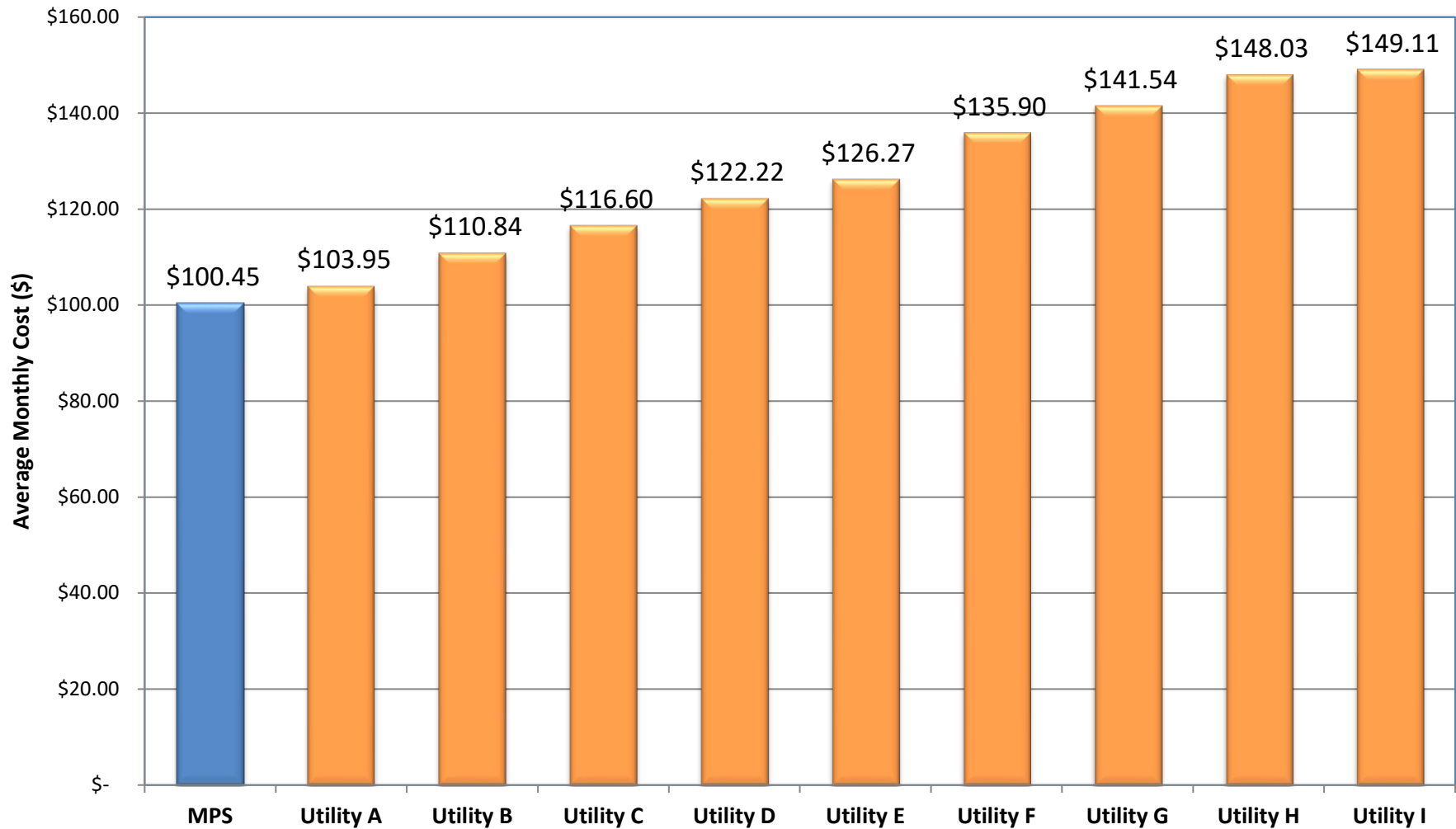
MPS employees participated in a school supply drive, donating items from Moorhead elementary teachers' classroom wish lists. The supplies were delivered to participating teachers to help support their classrooms and students as they begin the new school year.

6. MPS Participated in Greater Moorhead Days Parade.

MPS employees and their families participated in the Greater Moorhead Days Parade that was held on September 4, 2026. As the grand marshal and parade sponsor, MPS judged the parade entries based upon the parade's theme, workmanship, and creativity. Staff presented the winners with a trophy to display on their float during the parade. MPS employees distributed approximately 150 mini footballs, 960 Rice Krispie Treats, and 136 pounds of candy to spectators attending this event.

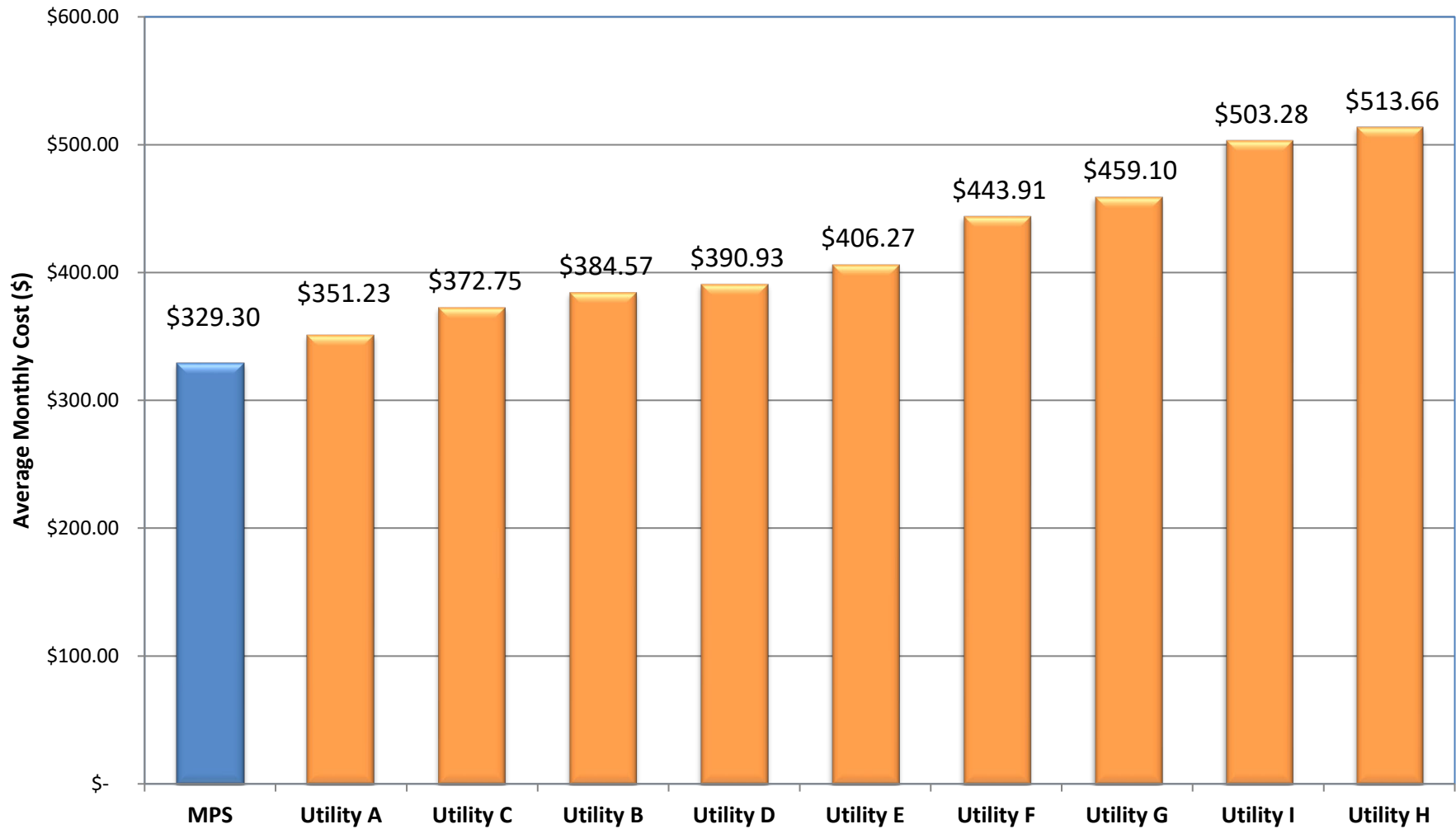
Division/Response Person: Travis L. Schmidt, General Manager.

2026 Residential Electric Service Average Monthly Cost Comparison MPS and Other MN Utilities Using 850 kWh Per Month



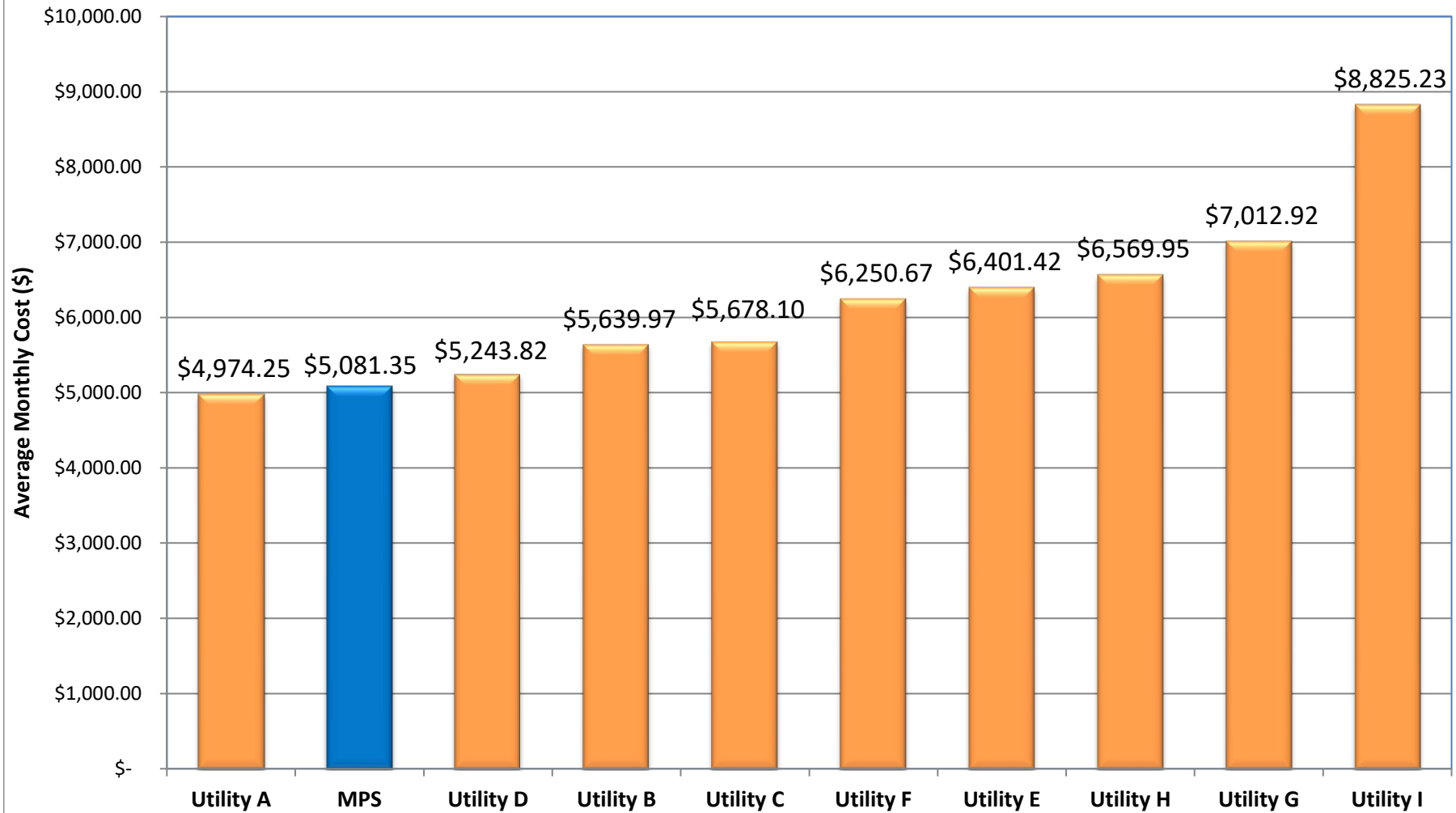
Values reflect rates and adjustments at time of graph preparation.
Values include monthly meter charges, other resource adjustments and interim rates as may apply.

**2026 Small General Service Average Monthly Cost Comparison
MPS and Other MN Utilities Using 3,000 kWh Per Month**



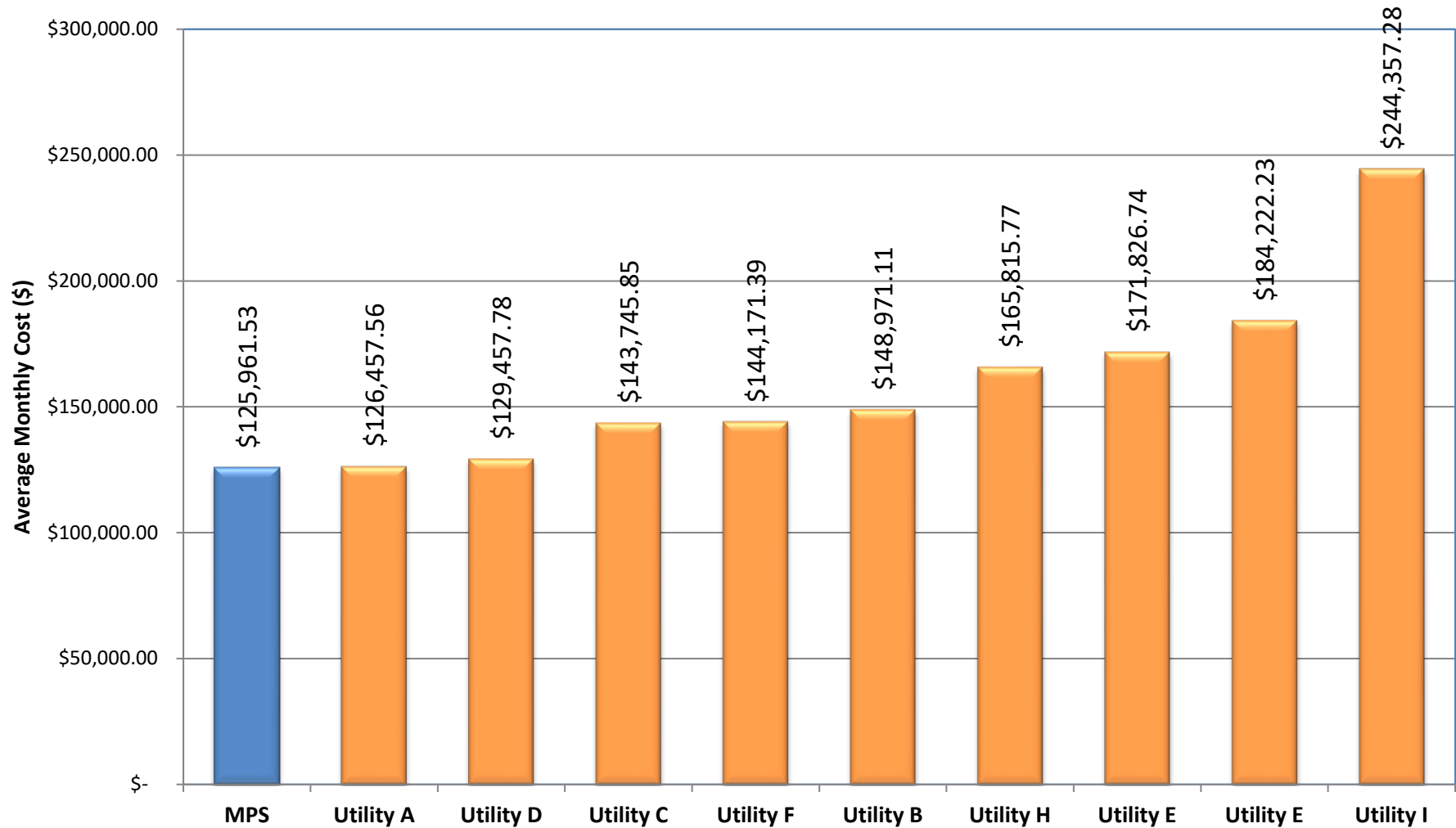
Values reflect rates and adjustments at time of graph preparation.
Values are averaged over seasons and may include various resource adjustments and interim rates.

**2026 Secondary General Service Average Monthly Cost Comparison
MPS and Other MN Utilities Using 55,400 kWh and 140 kW Per Month**



Values reflect rates and adjustments at time of graph preparation.
Values are averaged over seasons and may include various resource adjustments and interim rates.

**2026 Primary General Service Average Monthly Cost Comparison
MPS and Other MN Utilities Using 1,587,400 kWh and 3,270 kW Per Month**



Values reflect rates at time of graph preparation.
Values are averaged over seasons and may include various resource adjustments and interim rates.

Accept Report on Contract Extension for Hauling and Beneficial Use Services for Lime Residuals from MPS' Water Treatment Plant

RECOMMENDATION:

The General Manager respectfully requests the Commission accept a report on the one-year contract extension for hauling and beneficial use services for lime residuals from Moorhead Public Service's Water Treatment Plant to the Successor in Interest of Border States Paving, Inc., Evergreen ND, LLC, with tiered pricing updates of \$35.00, \$65.00, and \$85.00 per cubic yard for 2027.

BACKGROUND:

Moorhead Public Service (MPS) utilizes lime softening to remove hardness from raw water sources. A by-product of the lime softening process is lime sludge. Contract hauling services for the dewatered lime by-product are required to fulfill the Minnesota Pollution Control Agency's (MPCA's) mandate to either land apply or dispose of the lime by-product materials without relying on indefinite storage in MPS' ponds. On December 3, 2024, the Commission approved the original contract with Border States Paving, Inc. (Border States), for lime sludge hauling and disposal services. This contract covered hauling activities for 2025 and included optional one-year extensions for 2026 and 2027.

MPS has thoroughly assessed the existing contract performance, market conditions, and other factors, and is satisfied with the performance of Border States and its Successor in Interest, Evergreen ND, LLC (Evergreen). Based on this information, MPS staff is exercising the option for a one-year contract extension in accordance with the specifications and award of the original contract in 2024. As part of this one-year extension, Border States wishes to continue its primary responsibilities through Evergreen, the Successor in Interest under the existing contract, to provide existing services, including applying lime solids to land, as well as other newly identified activities. Attorney John Boulger has reviewed and approved the Contract Extension (available upon request).

During the third-quarter contract extension negotiations in 2026, MPS and Border States/Evergreen staff agreed to a 2027 contract extension using a new tiered pricing system with short, medium, and long-haul tiers at \$35.00, \$65.00, and \$85.00 per cubic yard of material, respectively.

As new and more efficient uses for the dewatered lime sludge material become available, MPS and Border States/Evergreen continue to discuss updates and potential change-order reductions to the contract. MPS and the contractor have worked on a variety of alternative use scenarios for the dewatered material, which are beginning to take form. MPS staff continue to explore a range of options to enhance the economic outlook for lime sludge material handling.

In 2026, MPS expects to dewater approximately 12,000 cubic yards of lime material. Production levels fluctuate based on the quality of the raw water being treated and the amount of chemicals used to soften it to meet MPS' quality standards. In 2027, MPS also expects to dewater approximately 12,000 cubic yards of lime material. Based on Border States' recent tiered pricing system for lime sludge hauling, MPS staff has adjusted the 2027 budgeted cost of \$1,018,730 to reflect estimated cost savings of approximately \$200,000. Staff is also evaluating whether these cost savings are expected to continue and should be incorporated into the budget forecasts for future years.

KEY ISSUES:

- Contract hauling services for the dewatered lime by-product are required to fulfill MPCA's mandate to either land apply or dispose of lime by-product materials without relying on indefinite storage in MPS' ponds.

- MPS has thoroughly assessed the existing contract performance, market conditions, and other factors, and is satisfied with the performance of Border States and its Successor in Interest, Evergreen. Based on this information, MPS staff is exercising the option for a one-year contract extension in accordance with the specifications and award of the original contract in 2024.
- MPS staff continues to pursue a range of options to enhance the economic outlook for lime sludge material handling.

FINANCIAL CONSIDERATIONS:

- During the third-quarter contract extension negotiations in 2026, MPS and Border States/Evergreen staff agreed to a 2027 contract extension using a new tiered pricing system with short, medium, and long-haul tiers at \$35.00, \$65.00, and \$85.00 per cubic yard of material, respectively.
- MPS staff has adjusted the 2027 budgeted cost of \$1,018,730 to reflect estimated cost savings of approximately \$200,000.

Respectfully submitted,



Travis L. Schmidt
General Manager

Division/Response Person: Marc Pritchard, Water Plant Manager.

Attachments: Available upon request.

Approve Specifications and Authorize Advertisement for Bids for 2026/2027 Tree Trimming

RECOMMENDATION:

The General Manager respectfully requests the Commission approve the specifications and authorize advertisement for bids for 2026/2027 tree trimming.

BACKGROUND:

For safety and reliability purposes, the trees on Moorhead's south side are scheduled to be trimmed. The north and south sides of the city are trimmed in alternating years. Trimming is done during the winter season to minimize damage to the trees and backyard lawns.

In 2024/2025, tree trimming costs were \$263,895 to trim the south side. Moorhead Public Service (MPS) staff estimates that one-half of the cost of tree trimming will be spent in 2026, and the remaining cost will be expended in 2027 for the rest of the trimming. The bid opening is tentatively scheduled for October 8, 2026, provided the Commission authorizes advertisement for bids.

By OSHA rules, only line workers or certified tree trimmers can work on trees around electric powerlines. Bidders are required to meet certain requirements and provide the proper documentation to MPS to ensure that their trained workers meet the standards. The work is to be completed by March 26, 2027.

The specifications are available for review upon request and will be posted on QuestCDN upon approval by the Commission.

KEY ISSUES:

- The north and south sides of the city are trimmed in alternating years. Trimming is done during the winter season to minimize damage to the trees and backyard lawns.
- The bid opening is tentatively scheduled for October 8, 2026, provided the Commission authorizes advertisement for bids.

FINANCIAL CONSIDERATIONS:

- MPS staff estimates that one-half of the cost of tree trimming will be spent in 2026, and the remaining cost will be expended in 2027 for the rest of the trimming.

Respectfully submitted,



Travis L. Schmidt
General Manager

Division/Response Person: Adam Benhardt, Construction Manager.

Attachments: Available upon request.

Approve BTMG Capacity Letter Agreement with Missouri River Energy Services

RECOMMENDATION:

The General Manager respectfully requests the Commission approve the Behind-the-Meter Generation Capacity Letter Agreement with Missouri River Energy Services, contingent upon final legal approval, and authorize the General Manager to execute the Capacity Letter Agreement.

BACKGROUND:

The proposed Northeast Generating Station is planned as an 11.3-megawatt facility adjacent to the future Northeast Substation, which is currently being designed and will be located north of American Crystal Sugar. The Behind-the-Meter Generation Capacity Letter Agreement (BTMG Agreement) (available upon request) is a letter of commitment between Missouri River Energy Services (MRES) and Moorhead Public Service (MPS). If MPS continues with the design and construction of the Northeast Generating Station, MRES will honor its current reimbursement levels or provide higher reimbursement, as stated in the Reserved Capacity Agreement (RCA) between MPS and MRES. Once the Northeast Generating Station is operational, Exhibit A of the RCA will be amended to reflect the new generating facility and additional capacity.

Due to the cost of new generation, MRES is providing credits to member-owned BTMG at a rate of \$5.00 per kilowatt (kW) per month for both existing and new generation, and an additional \$4.00 per kW per month for 10 years. These rates were part of the financial analysis presented to the Commission at its July 21, 2026, meeting.

Originally, the RCA was structured for MRES to pay approximately two-thirds of the cost of the generation capacity and the facility. However, that share has increased to approximately 75 percent, reflecting the greater value the facility provides to MRES under its Integrated Resource Plan. The RCA is the same agreement MRES enters into with its other member utilities.

The most significant and favorable change for MPS is the increase in the monthly credit MRES pays to MPS for having the generation available when needed. In addition to increasing generation capacity in Moorhead, having this generation available offers an added benefit during major weather events.

KEY ISSUES:

- The BTMG Agreement is a letter of commitment between MRES and MPS.
- If MPS continues with the design and construction of the Northeast Generating Station, MRES will honor its current reimbursement levels or provide higher reimbursement, as stated in the RCA between MPS and MRES.
- Once the Northeast Generating Station is operational, Exhibit A of the RCA will be amended to reflect the new generating facility and additional capacity.
- The most significant and favorable change for MPS is the increase in the monthly credit MRES pays to MPS for having the generation available when needed.

FINANCIAL CONSIDERATIONS:

- Due to the cost of new generation, MRES is providing credits to member-owned BTMG at a rate of \$5.00 per kW per month for both existing and new generation, and an additional \$4.00 per kW per month for 10 years.

- Originally, the RCA was structured for MRES to pay approximately two-thirds of the cost of the generation capacity and the facility. However, that share has increased to approximately 75 percent, reflecting the greater value the facility provides to MRES under its Integrated Resource Plan.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Travis L. Schmidt".

Travis L. Schmidt
General Manager

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

Attachments: Available upon request.

Approve Easement Agreement with EIP Holdings IV, LLC, for Access to MPS' Moorhead Substation Property

RECOMMENDATION:

The General Manager respectfully requests the Commission approve an Easement Agreement with EIP Holdings IV, LLC, for providing access to Moorhead Public Service's Moorhead Substation property, contingent upon final legal approval.

BACKGROUND:

Moorhead Public Service (MPS) staff has been working with EIP Holdings IV, LLC (EIP), staff and their consultants regarding an easement to provide access for the installation of communications and electrical services at a monopole structure located directly south of the Moorhead Substation. EIP has requested an easement on MPS' Moorhead Substation property to utilize the structure it purchased from Western Area Power Administration.

MPS staff and Attorney John Boulger are currently negotiating the final terms of the Easement Agreement (available upon request). Attorney Boulger will review and approve the final form prior to its execution by the Commission.

KEY ISSUES:

- EIP has requested an easement on MPS' Moorhead Substation property to utilize the structure it purchased from Western Area Power Administration.

FINANCIAL CONSIDERATIONS:

- MPS staff and Attorney John Boulger are currently negotiating the final terms of the Easement Agreement.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Travis L. Schmidt".

Travis L. Schmidt
General Manager

Division/Response Person: Taylor Holte, Electric Project Engineer.

Attachments: Available upon request.

Accept Petition for Installation of Water and Electric Services for Partridge Creek 2nd Addition

RECOMMENDATION:

The General Manager respectfully requests the Commission accept the petition for installation of water and electric services for Partridge Creek 2nd Addition in the city of Moorhead in accordance with Minnesota Statute §429.031, Subdivision 2.

BACKGROUND:

Minnesota Statute §429.031, Subdivision 2, states that, “A resolution ordering an improvement of the water, sewer, steam heating, street lighting, or other facility over which a utilities commission has jurisdiction shall also be approved by the utilities commission.”

The property owner has signed the attached petition for water and electric services, which is on file with Moorhead Public Service’s Business Office.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Travis L. Schmidt".

Travis L. Schmidt
General Manager

Division/Response Person: Taylor Holte, Electric Project Engineer, and Jake Long, Water Distribution Manager.

Attachments:

Petition for Installation of Water and Electric Services
General Location Map

**PETITION TO THE MOORHEAD PUBLIC SERVICE COMMISSION
AND THE CITY OF MOORHEAD
PURSUANT TO M.S.A. 429.031, SUBD. 2
FOR INSTALLATION OF WATER AND ELECTRIC SERVICES**

The signator(s) shown on Exhibit A, which Exhibit is attached hereto and incorporated herein by reference, being Owner(s) of the property described as: Partridge Creek 2nd Addition.

Hereby petition the City of Moorhead for installation and construction of local improvements consisting of electric and water systems to serve the above-described property.

I/We request that the City of Moorhead, subject to the approval of the Moorhead Public Service Commission and Moorhead Public Service as to design, location, installation, and estimated cost, authorize the installation of a water system to the above-described property.

The undersigned Owner(s) agrees/agree to the following:

1. That the watermain may be looped to the Owner's property;
2. To provide all easements required for utility placement, installation, and servicing;
3. That 100 percent of the cost of the petitioned-for improvements shall be proportionately assessed against the property of each owner; and

4. _____

Petitioner(s) further requests/request that the Moorhead Public Service Commission authorize installation of an electric system to serve the above-referenced property. Said electric system to be installed by Moorhead Public Service. Owner(s) agrees/agree to provide all easements required for utility placement, installation, or servicing.

EXHIBIT A

Signature of Owner (Property owned jointly must be signed by all owners)	Legal Description or Clay County Auditor/Treasurer Property Description and Parcel No.	Date
--	---	------

1. [Signature] Partridge Creek 2nd Addition 8.18.2026
Rob Jordahl
Meridian Mortgage, LLC
2. _____
3. _____
4. _____

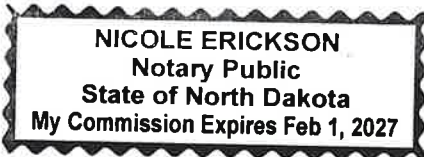
Subscribed and sworn to before me this 18 day of August, 2026, in the
State of Minnesota, County of Cass
North Dakota

(SEAL)

[Signature]
Notary Public

I HEREBY CERTIFY that I have examined the foregoing Petition and
appropriate real estate records and find that said Petition is in proper form and is
signed by all the owners of property abutting said improvement.

Dated this 18th day of Aug, 2026

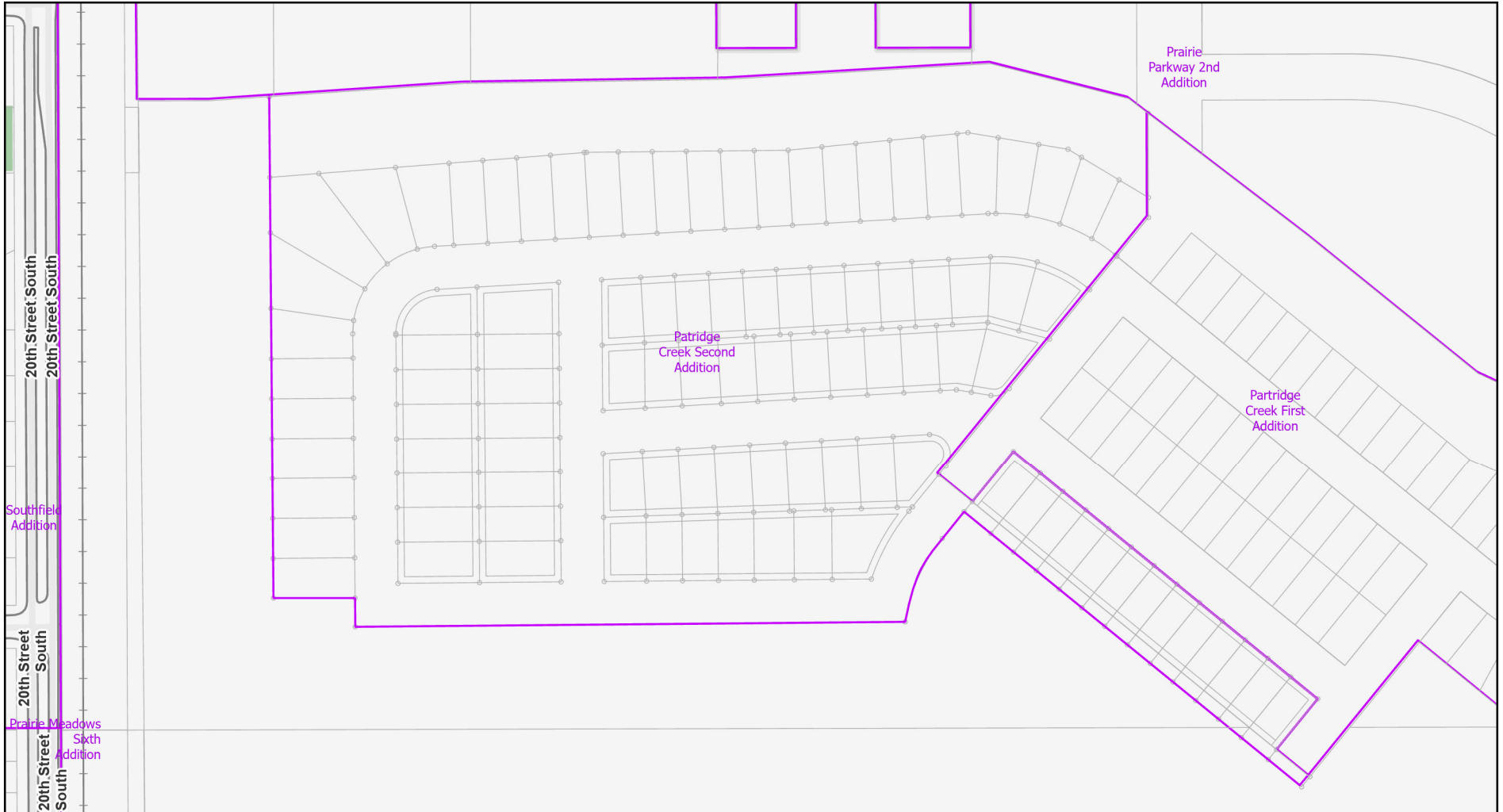


[Signature]
City Clerk
City of Moorhead

(blanks:waterpet)

General Location Map Partridge Creek Second Addition

- Subdivisions
- Moorhead Parcels



Approve Specifications and Authorize Advertisement for Bids for 2027 Water Treatment and Wastewater Treatment Chemicals

RECOMMENDATION:

The General Manager respectfully requests the Commission approve the specifications and authorize advertisement for bids for 2027 Water Treatment and Wastewater Treatment Chemicals.

BACKGROUND:

Moorhead Public Service (MPS) requests bids for water treatment and wastewater treatment chemicals each year, in collaboration with the City of Moorhead's Wastewater Treatment Plant.

The contracts will be in effect from January 1, 2027, until December 31, 2027. The 2027 budget is based on the final 2026 budget, which appears to be on track with expectations of the actual cost through July 2026. MPS' 2027 budget for water treatment chemicals is \$2,142,450. The bid opening is tentatively scheduled for October 21, 2026, provided the Commission authorizes advertisement for bids.

The specifications are available for review upon request and will be posted on QuestCDN upon approval by the Commission.

KEY ISSUES:

- MPS requests bids for water treatment and wastewater treatment chemicals each year, in collaboration with the City of Moorhead's Wastewater Treatment Plant.
- The bid opening is tentatively scheduled for October 21, 2026, provided the Commission authorizes advertisement for bids.

FINANCIAL CONSIDERATIONS:

- MPS' 2027 budget for water treatment chemicals is \$2,142,450.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Travis L. Schmidt".

Travis L. Schmidt
General Manager

Division/Response Person: Marc Pritchard, Water Plant Manager.

Attachments: Available upon request.

Approve Task Order No. 15 with Apex Engineering Group for MPS' 20th Avenue Ground Storage Reservoir Improvements Project

RECOMMENDATION:

The General Manager respectfully requests that the Commission approve Task Order No. 15 with Apex Engineering Group, Inc., for professional services for Moorhead Public Service's 20th Avenue Ground Storage Reservoir Improvements Project in an amount not to exceed \$49,893.

BACKGROUND:

Moorhead Public Service (MPS) has long taken proactive steps to ensure that assets in its Water Treatment Plant and distribution network are operated, maintained, improved, or replaced as needed to maximize reliability and resiliency while meeting all regulatory requirements for safe, reliable drinking water. One of several storage facility assets that supply water to our customers is MPS' 20th Avenue Ground Storage Reservoir (20th Avenue Reservoir). Originally constructed in 1965, the 20th Avenue Reservoir is a finished water storage reservoir and booster station with a capacity of 500,000. Many of the structural and equipment components remain original to the facility.

In 2018, MPS contracted with Apex Engineering Group, Inc. (Apex), to prepare a technical memorandum estimating the improvement costs for the 20th Avenue Reservoir. The memorandum was used to support MPS' application for a Minnesota Drinking Water Revolving Fund loan and the Project Priority Listing for the proposed improvements. Since 2018, MPS has not received notice of selection or award from the Public Facilities Authority. As a result, MPS must proceed with the necessary structural, electrical, piping, and pump capacity improvements at the site.

In August 2026, MPS again engaged Apex to discuss Task Order No. 15. The scope of work includes leveraging MPS' extensive distribution system model to plan and prepare for the 20th Avenue Reservoir to be out of service for several weeks at a time, as well as preparing improvement plans and specifications for State approval. Task Order No. 15 also includes activities for the bidding phase. MPS plans to self-perform portions of the work, including electrical updates and other improvements.

MPS has allocated \$305,000 in the 2026 budget for this project. During the Water Division's first 2027 budget preparation meeting, staff determined that, if necessary, additional funds could be reallocated from other projects to complete the work.

MPS and Apex anticipate completing the 20th Avenue Reservoir improvements throughout 2027, as system demand allows.

KEY ISSUES:

- MPS has long taken proactive steps to ensure that assets in its Water Treatment Plant and distribution network are operated, maintained, improved, or replaced as needed to maximize reliability and resiliency while meeting all regulatory requirements for safe, reliable drinking water.
- In August 2026, MPS engaged Apex to discuss Task Order No. 15.
- The scope of work includes leveraging MPS' extensive distribution system model to plan and prepare for the 20th Avenue Reservoir to be out of service for several weeks at a time, as well as preparing improvement plans and specifications for State approval.
- Task Order No. 15 also includes activities for the bidding phase.

FINANCIAL CONSIDERATIONS:

- MPS has allocated \$305,000 in the 2026 budget for this project.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Travis L. Schmidt".

Travis L. Schmidt
General Manager

Division/Response Person: Marc Pritchard, Water Plant Manager.

Attachments: Available upon request.

Approve Amended Policy on Expenditures, Contract Change Orders, Work Change Directives, and Supplemental Agreements and Rescind Policies on Expenditures and Purchasing

RECOMMENDATION:

The General Manager respectfully requests the Commission approve and rescind the following Commission policies:

1. Approve amended Policy on Expenditures, Contract Change Orders, Work Change Directives, and Supplemental Agreement (fka Policy on Contract Change Orders, Work Change Directives, and Supplemental Agreements).
2. Rescind Policy on Expenditures.
3. Rescind Policy on Purchasing.

BACKGROUND:

During a review of Commission policies, staff identified duplicate policies related to purchasing, expenditures, change orders, work change directives, and supplemental agreements. The Commission currently has the attached Policy on Expenditures (approved October 26, 2004), the attached Policy on Purchasing (approved January 11, 2005), and the Policy on Contract Change Orders, Work Change Directives, and Supplemental Agreements (approved March 8, 2016). After further review, it was determined that all three policies could be consolidated into a single policy to eliminate duplication and provide better clarity regarding purchasing and expenditure requirements.

The proposed amended Policy on Expenditures, Change Orders, Work Change Directives, and Supplemental Agreements (attached) incorporates applicable language from the existing policies and revises the section addressing change orders and work change directives. The proposed language in this section states, “For each contract awarded by the Commission, the General Manager may approve change orders and work change directives up to, and not to exceed, either 5 percent of the construction contract amount or an alternative fixed-dollar amount, as specified in the Commission’s award of the contract. After either the 5 percent threshold or the alternative fixed-dollar amount threshold has been met, all subsequent change orders and work change directives must be approved by the Commission.”

Attorney John Boulger reviewed the proposed amended Policy on Expenditures, Change Orders, Work Change Directives, and Supplemental Agreements and provided legal guidance and recommendations during staff’s review of the policies.

Staff also reviewed Administrative Policy No. 3.0 – Expenditures, Purchasing, and Contracts and made revisions related to levels of authority and approval authority. The revised Administrative Policy is attached for reference.

KEY ISSUES:

- During a review of Commission policies, staff identified duplicate policies related to purchasing, expenditures, change orders, work change directives, and supplemental agreements.
- The proposed amended Policy on Expenditures, Change Orders, Work Change Directives, and Supplemental Agreements incorporates applicable language from the existing policies and revises the section addressing change orders and work change directives.
- Staff also reviewed Administrative Policy No. 3 – Expenditures, Purchasing, and Contracts, and made revisions related to levels of authority and approval authority.

FINANCIAL CONSIDERATIONS: None.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Travis L. Schmidt".

Travis L. Schmidt
General Manager

Division/Response Person: Travis Schmidt, General Manager

Attachments:

Policy on Expenditures, Contract Change Orders, Work Change Directives, and Supplemental Agreements
(clean and strike-and-underline versions)

Policy on Expenditures

Policy on Purchasing

Administrative Policy No. 3.0 – Expenditures, Purchasing, and Contracts

MOORHEAD PUBLIC SERVICE COMMISSION POLICY	
Category: Financial Viability	Policy Title: Expenditures, Contract Change Orders, Work Change Directives, and Supplemental Agreements
Explanation: This policy describes the authorization process for expenditures, contract change orders, work change directives, and supplemental agreements.	
Date of Adoption: 03/08/2016	Amended: 09/22/2026

Policy:

It shall be the policy of the Moorhead Public Service Commission (Commission) to ensure all expenditures, construction change orders, work change directives, and supplemental agreements are reviewed and approved in a timely manner without unnecessary project delays or potential increases in project costs.

Accordingly,

- A. The expenditure must be made for a legitimate public purpose.
- B. The expenditure must have specific or implied authorization under applicable statutes, the Commission's Bylaws, or the Moorhead City Charter.
- C. The Commission shall follow the competitive bidding requirements of Minnesota Statute 471.345, Uniform Municipal Contracting Law, "for the sale or purchase of supplies, materials, equipment, or the rental thereof, or the construction, alteration, repair, or maintenance of real or personal property."
- D. The Commission shall require the General Manager to establish policies and procedures for all other expenditures that are made in the course of utility operations.
- E. For each contract awarded by the Commission, the General Manager may approve change orders and work change directives up to, and not to exceed, either 5 percent of the construction contract amount or an alternative fixed-dollar amount, as specified in the Commission's award of the contract. After either the 5 percent threshold or the alternative fixed-dollar amount threshold has been met, all subsequent change orders and work change directives must be approved by the Commission.
- F. The General Manager shall periodically provide the Commission with a report enumerating the total of all change orders and work change directives approved for each construction contract.
- G. For modifications that involve more than minor additional work, the required contract changes must be documented through a supplemental agreement approved by both the Commission and the contractor before the additional work is authorized.

AMENDED BY THE MOORHEAD PUBLIC SERVICE COMMISSION ON SEPTEMBER 22, 2026.

Matthew Leiseth, Chairperson
Moorhead Public Service Commission

Travis L. Schmidt, General Manager
Moorhead Public Service

MOORHEAD PUBLIC SERVICE COMMISSION POLICY

Category: Financial Viability

Policy Title: Purchasing Expenditures,
Contract Change Orders, Work
Change Directives, and
Supplemental Agreements

Explanation: This policy describes the authorization process for Purchasing expenditures, contract change orders, ~~work~~ work change directives, and supplemental agreements.

Date of Adoption: 03/08/2016

Amended: 09/22/2026

Policy:

It shall be the policy of the Moorhead Public Service Commission (Commission) to ~~assure~~ ensure all ~~expenditures—purchases,~~ construction change orders, work change directives, and supplemental agreements are reviewed and approved in a timely manner without unnecessary project delays ~~and/or~~ potential increase ~~as in~~ project costs.

Accordingly,

A. The expenditure must be made for a legitimate public purpose.

B. The expenditure must have specific or implied authorization under applicable statutes, the Commission's Bylaws, or the Moorhead City Charter.

C. ~~A.~~ The Moorhead Public Service Commission shall follow the competitive bidding requirements of Minnesota Statute 471.345, Uniform Municipal Contracting Law, "for the sale or purchase of supplies, materials, equipment, or the rental thereof, or the construction, alteration, repair, or maintenance of real or personal property."

~~A.~~

D. ~~The Moorhead Public Service Commission shall require the General Manager to establish policies and procedures for all other purchases expenditures that are made in the course of utility operations.~~

E. ~~B.~~ For each ~~individual~~ contract awarded by the Commission, the General Manager may ~~approve change~~ approve change orders and work change directives up to, and not to exceed, ~~the lesser of~~ either 5 percent of the construction contract amount or ~~\$100,000~~ an alternate ~~fixed-dollar amount,~~ as specified ~~in~~ the Commission's award of the contract. After either the 5 percent ~~threshold~~ or ~~\$100,000~~ the alternative fixed-dollar amount threshold has been met, all subsequent change orders and work change directives must be approved by the Commission.

F. ~~C.~~ The General Manager shall periodically provide ~~a report to~~ the Commission with a report enumerating the ~~sum total~~ of all change orders and work change directives approved for each ~~individual~~ construction contract.

G. ~~D.~~ For modifications that involve more than minor ~~are more substantial than minor~~ extra ~~additional~~ work, the required contract changes must be documented through a ~~shall be made through the execution of~~ by executing a ~~ss~~ supplemental agreement approved by both, ~~which must be approved by~~ the Commission and the contractor before the additional work ~~may be is~~ authorized.

**PASSED~~AMENDED~~ BY THE MOORHEAD PUBLIC SERVICE COMMISSION ON ~~MARCH~~
~~8~~SEPTEMBER 22, 2012~~26~~.**

~~Kenneth J. Norman~~
Matthew Leiseth, ~~President~~Chairperson
Moorhead Public Service Commission

~~William E. Schwandt~~
Travis L. Schmidt, General Manager
Moorhead Public Service

MOORHEAD PUBLIC SERVICE COMMISSION POLICY

Category: Administrative/Financial Viability

Policy Title: Expenditures

Explanation: Sets forth the Moorhead Public Service Commission's policy of spending money for legal, authorized purposes

Date of Adoption: 10/26/04

Amended:

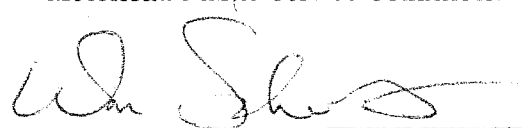
Policy:

It shall be the policy of the Moorhead Public Service Commission to spend money only for authorized purposes that meet the "legal expenditure" standards:

- A. Public Purpose: There must be a public purpose for the expenditure.
- B. Authority: There must be specific or implied authority for the expenditure in statute or the Moorhead Public Service Commission's bylaws and policies.
- C. Proper Procedure: In addition to the expenditure qualifying as a proper use of public funds, it must also be properly approved and authorized by the Moorhead Public Service Commission.

PASSED BY THE MOORHEAD PUBLIC SERVICE COMMISSION OCTOBER 26, 2004.


Kenneth J. Norman, President
Moorhead Public Service Commission


William E. Schwandt, General Manager
Moorhead Public Service

MOORHEAD PUBLIC SERVICE COMMISSION POLICY

Category: Financial Viability

Policy Title: Purchasing

Explanation: This policy describes the Moorhead Public Service Commission's responsibilities for purchasing and instructs the General Manager to establish policies and procedures for purchases made in the course of utility operations

Date of Adoption: 1/11/05

Amended:

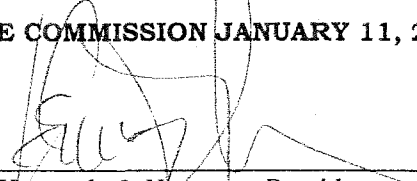
Policy:

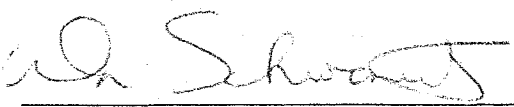
It shall be the policy of the Moorhead Public Service Commission to act within the scope of its authority that it has been granted by the Moorhead City Charter, Section 12.05, Subdivision 4, with respect to entering into contracts.

Accordingly,

- A. The Moorhead Public Service Commission shall follow the competitive bidding requirements of Minnesota Statute 471.345, Uniform Municipal Contracting Law, "for the sale or purchase of supplies, materials, equipment, or the rental thereof, or the construction, alteration, repair, or maintenance of real or personal property.
- B. The Moorhead Public Service Commission shall require the General Manager to establish policies and procedures for all other purchases that are made in the course of utility operation.

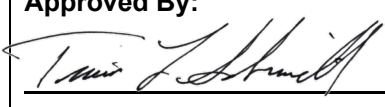
PASSED BY THE MOORHEAD PUBLIC SERVICE COMMISSION JANUARY 11, 2005.


Kenneth J. Norman, President
Moorhead Public Service Commission


William E. Schwandt, General Manager
Moorhead Public Service



ADMINISTRATIVE POLICY

Policy No.: 3.0	Policy Title: Expenditures, Purchasing, and Contracts
Policy Purpose: Outlines the policies and procedures that ensure expenditures, purchasing, and contracts serve a public purpose, comply with applicable authority, and follow proper procedures.	
Date of Adoption: December 7, 2004	Reviewed By: 
Amended: January 12, 2010 February 3, 2016 August 1, 2018 December 23, 2019 July 19, 2021 September 17, 2026	Approved By: 

Moorhead Public Service Commission Authority Reference:

The basis of this administrative policy is the Moorhead Public Service Commission's (Commission's) Policy on Expenditures, Contract Change Orders, Work Change Directives, and Supplemental Agreements. This policy shall apply to all expenditures, purchases, and contracts made in the course of utility operations. Moorhead Public Service's (MPS') division managers are responsible for ensuring that all expenditures comply with public purpose, authority, and proper procedure. For purchases that require entering into a contract, MPS employees shall follow the Uniform Municipal Contracting Law in the Minnesota Statutes (§471.345) and the requirements outlined in this policy. The League of Minnesota Cities' (LMC's) Information Memos listed below should be used as a reference for this policy and are located on LMC's website as follows:

- Public Purpose Expenditures
 - <https://www.lmc.org/resources/public-purpose-expenditures/>
- Expenditures, Purchasing, and Contracts
 - <https://www.lmc.org/resources/handbook-for-minnesota-cities-chapter-22-expenditures-purchasing-and-contracts/>
- Competitive Bidding Requirements in Cities
 - <https://www.lmc.org/resources/competitive-bidding-requirements-in-cities/>

Moorhead Public Service Policy Guidelines:

The purpose of this administrative policy is to ensure that public purpose, authority, and proper procedure are followed for expenditures, purchasing, and contracts.

A. The following requirements must be met for all expenditures:

1. **Public Purpose.** There must be a public purpose for the expenditure, including:
 - a. The expenditure will benefit the utility/community as a whole.

- b. The expenditure is directly related to MPS functions.
 - c. The expenditure does not have, as its primary objective, the benefit of a private interest.
 - 2. Authority. There must be specific or implied authority for the expenditure in Minnesota Statutes, Moorhead City Charter, or the Commission's Bylaws and policies.
 - 3. Proper Procedure. In addition to the expenditure qualifying as a proper use of public funds, it must also be properly approved and authorized by the Commission (and Moorhead City Council when necessary), including:
 - a. Comply with the competitive bidding requirements of Minnesota Statutes §471.345, Uniform Municipal Contracting Law, "for the sale or purchase of supplies, materials, equipment or the rental thereof, or the construction, alteration, repair or maintenance of real or personal property;"
 - b. Comply with the Commission's Policy on Legal Counsel when engaging legal services; and
 - c. Comply with MPS' Administrative Policy No. 26.0 – Budgeting and Budget Adjustments.
- B. For expenditures/purchases that require entering into a contract, MPS shall follow the guidelines outlined in Minnesota Statutes §471.345, Uniform Municipal Contracting Law, as well as the following requirements:
 - 1. Contract defined. A "contract" means an agreement entered into by MPS for the sale or purchase of supplies, materials, equipment, or the rental thereof, or the construction, alteration, repair, or maintenance of real or personal property.
 - 2. Contracts over \$175,000. If the amount of the contract is estimated to exceed \$175,000, it is subject to the State of Minnesota's competitive bidding requirement (refer to LMC Information Memo on Competitive Bidding Requirements) and must be approved by the Commission and the Moorhead City Council.
 - 3. Contracts exceeding \$25,000, but not \$175,000. If the amount of the contract is estimated to exceed \$25,000 but not to exceed \$175,000, the contract may be made by sealed bids or by direct negotiation, by obtaining two or more quotations for the purchase or sale when possible, and without advertising for bids or otherwise complying with the competitive bidding requirements. The General Manager has the authority to accept the lowest, responsible bid that meets the specifications. The General Manager may delegate responsibility for reviewing and approving quotations, but retains final responsibility to ensure that purchases comply with this policy, the Commission's Bylaws, the Moorhead City Charter, and MPS' annual budget. All quotations obtained shall be kept on file for a period of at least one year.
 - 4. Contracts \$25,000 or less. If the amount of the contract is estimated to be \$25,000 or less, the contract may be made by direct quotation from two or more vendors or in the open market. The General Manager has the authority to accept the lowest, responsible bid that meets the specifications. The General Manager may delegate responsibility for reviewing and approving quotations, but retains final responsibility to ensure that purchases comply with this policy, the

Commission's Bylaws, the Moorhead City Charter, and MPS' annual budget. All quotations obtained shall be kept on file for a period of at least one year.

5. Contract Change Orders and Work Change Directives. For each construction contract awarded by the Commission, the General Manager may approve all change orders and work change directives up to, and not to exceed, either 5 percent of the construction contract amount or an alternative fixed-dollar amount, as specified in the Commission's award of the contract.

The General Manager shall periodically provide the Commission with a report enumerating the total of all change orders and work change directives approved for each construction contract. If the cumulative cost of such change orders and work change directives exceeds either 5 percent of the construction contract amount or the alternative fixed-dollar amount established in the Commission's award of the contract, the General Manager shall present the change order or work change directive for Commission approval. For modifications that involve more than minor additional work, the required contract changes must be documented through a supplemental agreement approved by both the Commission and the contractor before the additional work is authorized.

6. Contracts for Professional Services. The Commission will approve all contracts for professional services.

- C. For the purchase, approval, receipt, and payment of materials, supplies, and equipment, employees shall use the following guidelines:

1. No purchase shall be made by non-management staff without the approval of a supervisor, unless noted in Sections C.4. and C.5. of this policy.
2. Some vendors require a purchase order number before fulfilling a purchase. A purchase order number can be obtained by calling MPS' Accounting staff. The purchase order number is used to track a purchase from the order date through the payment date, to verify pricing, etc. If a physical purchase order is required by the vendor and signed by an MPS employee, the employee acknowledges that the materials being purchased meet MPS' quality and/or technical specifications.
3. Employees who receive shipments of purchased goods or purchase items over the counter should verify that the items received are correct by quantity and should make note of any differences or damages. After the verification is made, the employees should do the following:
 - a. Stamp the packing list or purchase invoice with a receiving stamp.
 - b. Fill in the receiving blanks titled: "date rec'd" and "rec'd by."
 - c. Deliver the document(s) to the supervisory authority for payment approval.

4. Materials that are received should be stored and placed into inventory, or they should be separated to be allocated to a specific project or expense account. Generally, each operational group has several employees responsible for this task. In most cases, those responsibilities are handled as follows:
 - a. Chemicals and Non-Laboratory Supplies Lead WP Operators and WP Chemist
 - b. Water Distribution Materials and Supplies Water Distribution and Field Technician Employees
 - c. Water Plant Laboratory Supplies WP Chemist
 - d. Electric Meters Electric Meter Technician
 - e. Water Meters Water Distribution Employees
 - f. Electrical Materials and Supplies PSO/Dispatchers, Linemen, and Field Technician
 - g. Communication/Marketing Supplies Administrative Assistants
 - h. Office Supplies Executive Administrative Assistant
 - i. Computer Hardware, Software, IT Supplies IT Administrator
5. Authorization to approve invoices for payment and/or purchase orders for items used within an employee's areas of operation is as follows:

Employee Group	Authorization/Approval Limit	Secondary Approval Needed
<u>Level 1</u> LWPO, EAA, WP Chemist, AA, P&S Staff, Field Technicians, Meter Technicians, CMES Generalist, HR Generalist	Up to \$2,500	If \$2,500 or more, need approval from an employee in Level 2, 3, or 4.
<u>Level 2</u> Accountant, Controller, Construction Manager, Engineers, WP Supervisors, WP Lab Supervisor, HR Coordinator	Up to \$50,000	If \$50,000 or more, need approval from an employee in Level 3 or 4.
<u>Level 3</u> Managers, Division Managers	Up to \$100,000	If \$100,000 or more, need approval from General Manager (Level 4). If the General Manager is not available, then need approval from Finance Division Manager or Administration and Finance Manager.
<u>Level 4</u> General Manager	Up to \$175,000	Need secondary approval from Finance Division Manager or Administration and Finance Manager.

6. Approved invoices should be submitted to the Accounting and/or Accounts Payable staff as soon as possible. Invoices should include:
 - a. Inventory item numbers if added to tracked inventory, a project identification number, and/or a general ledger expense account number(s).
 - b. A non-technical description of each item on the invoice when numbers and/or letters are provided as an item description. For example, an *8057 MANCO DX660 ECONOMY* from Mac's Hardware should be described as duct tape. If a special description is necessary for the list of bills provided to the Commission for approval, please include it in "quotes" on the invoice.
 - c. Record of receipt and approval of the amount via initials or e-mail.
7. Employees reviewing packing lists and/or invoices shall:
 - a. Match packing slips and purchase invoices to original documents, when applicable.
 - b. Verify arithmetic.
 - c. Verify that Inventory Item Numbers are coded for items to be entered into the inventory system, or a project or expense account number is assigned to work orders or invoices for non-inventory items.
 - d. Accounts Payable staff will enter the invoice in the accounts payable system.
 - e. Accounts Payable staff will review vendor accounting records to identify documents that may be duplicates of previously paid or posted invoices.
8. The Electric Operations Manager, Electric Distribution Supervisor, Construction Manager, Water Distribution Manager, Water Distribution Supervisor, Water Plant Manager, Water Plant Supervisor, and Water Plant Lab Supervisor are responsible for completing work orders and documenting the usage of materials maintained in inventory, assigning the materials to the appropriate project(s) and/or maintenance expense account(s), managing the inventory of materials for their respective areas of operation, and providing materials/inventory information to Accounting staff as needed.