PRINCETON PUBLIC UTILITIES
Electricity — Water

907 FIRST STREET / PRINCETON, MN 55371-1559
TEL: 763-389-2252 / FAX: 763-389-2273

PRINCETON PUBLIC UTILITIES COMMISSION
REGULAR MEETING AGENDA
Mille Lacs Historical Society Amdall Room
101 10th Avenue South
Princeton, MN 55371
August 26, 2026 at 1:00 PM

A video of the proceedings will be available the next business day at www.PrincetonUtilities.com/public-utilities-commission.

1. **Call to Order / Roll Call**
2. **Approval of Agenda** *(No item of business shall be considered unless it appears on the agenda for the meeting. Commission members may add items prior to adoption of the agenda.)*
3. **Public Comment** *(Individuals may address the Commission about any item not contained on the regular agenda. A maximum of three (3) minutes is allotted per person. If multiple people wish to speak on the same topic, they are to designate a spokesperson to speak on all their behalf. The Commission will take no official action on items discussed at the forum and will not speak to legal matters or issues that impact individual privacy rights. The Commission may refer to staff for a future report.)*
4. **Consent Agenda** *(Those items listed under Consent Agenda are considered to be routine by the Commission and will be acted upon by one motion. There will be no separate discussion of these items, unless a Commission Member so requests, in which event, the item will be removed from the consent agenda and considered immediately after the adoption of the consent agenda.)*
   a. Public Utilities Commission Regular Meeting Minutes – July 23, 2026
   b. Public Utilities Commission Closed Meeting Minutes – July 23, 2026
   c. Certification of Accounts Payable
5. **Reports**
   a. General Manager Report
      i. Office Manager Report
         1. Newsletter
      ii. Water/Power Plant Superintendent Report
      iii. Electric Superintendent Report
   b. City Report (Taylor)
   c. Other Reports
      i. MPCA Air Compliance Evaluation
      ii. Pay Estimate #3 – Phase II Distribution Improvements
6. **Regular Agenda**
   a. 2025 Audit Presentation (CohnReznick)
   b. Utility Bill Updates
      i. Memo 26-27: Bill Re-Design
      ii. Concept Bill

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- iii. Memo 26-28: 2027 Sewer Billing Fee Update
- c. New Production Well Discussion (Butcher/Schmit)
  - i. Memo 26-29: Future Production Well
  - ii. Letter to the City of Princeton
- d. 2027 Water Engineering Services Discussion (Butcher)
  - i. Memo 26-30: Water Engineering Services
  - ii. Request for Proposals - Draft
- e. ECA Update (Butcher)
  - i. Memo 26-31: ECA Update
- f. Request to move 9/23 Commission meeting to 3pm.

7. CLOSED SESSION: Service Territory Negotiations Update

8. Adjournment

PUBLIC UTILITIES COMMISSION

REGULAR MEETING

July 22, 2026, 1:00 P.M.

Pursuant to due call and notice thereof, the Regular Meeting of the Public Utilities Commission, City of Princeton, was held at the Mille Lacs County Historical Society Depot Museum in the Amdall Room, 202 10th Avenue South, on July 22, 2026, at 1:00 p.m.

Meeting was called to order by Chair Nowak at 1:00 p.m.

1. CALL TO ORDER / ROLL CALL

Commissioners: Nick Nowak, Tom Jackson, and Richard Schwartz.

Absent: None

PPU Staff: General Manager Keith Butcher, Electric Superintendent Jeremy Linden, Water/Power Plant Superintendent Scott Schmit, Office Manager Christina Cunningham, and Secretary/Treasurer Kathy Ohman.

Others: City of Princeton Administrator Michele McPherson, City Councilor Liaison Nick Taylor, Ed Yost, George Eilertson from Northland Securities, Princeton Residents Daniel Erickson and Jack Edmonds.

2. APPROVAL OF AGENDA

Mr. Nowak called for additions or deletions to the agenda. There were none.

Mr. Schwartz made a motion to approve the agenda of the July 22, 2026, Regular PUC Meeting. Mr. Jackson seconded. Motion carried.

3. PUBLIC COMMENTS:

There were no Public Comments.

4. CONSENT AGENDA:

- **a.** Public Utilities Commission Regular Meeting Minutes – June 17, 2026
- **b.** Public Utilities Commission Closed Meeting Minutes – June 17, 2026
- **c.** Certification of Accounts Payable
- **d.** Electric Distribution Improvements – Phase II: Pay Estimate #2
- **e.** Memo 26-24: M-MIP Update
- **f.** Locating Services
    - i. Memo 26-25: 2026 Locating Assistance
    - ii. Premier Locating Agreement

Mr. Schwartz made a motion to approve the Consent Agenda of the July 22, 2026 Regular PUC Meeting. Mr. Jackson seconded. Motion carried.

5. REPORTS:

a. General Manager Report
   i. Office Manager Report
   ii. Water/Power Plant Superintendent Report
   iii. Electric Superintendent Report

b. Financial Reports – Q2 Reports and Cash Reserves

c. Other Reports
   i. SMMPA and EV Reports

6. REGULAR AGENDA

a. 2026 BONDING DISCUSSION
George Eilertson from Northland Securities presented to the PUC Commission a finance plan for 2026 for Phase II of the Capital Improvements Plan along with the proposed schedule for bonding.

Mr. Schwartz made a motion to accept the timeline schedule and to proceed with the bonding for Phase II of the CAP Plan. Mr. Jackson seconded. Motion carried unanimously.

b. CITY REPORT
City Councilor Liaison Nick Taylor reported on activities with the City of Princeton.

Discussion.

7. CLOSED SESSION: GENERAL MANAGER REVIEW
Mr. Jackson made a motion to close the regular meeting of the Public Utilities Commission at 1:58 p.m. for the purpose of completing the performance and evaluation review of the General Manager. Mr. Schwartz seconded. Motion carried.

The regular session of the Public Utilities Commission was resumed at 3:05 p.m.

8. CLOSED MEETING RECAP
Mr. Jackson made a motion to approve a step increase for General Manager Keith Butcher. Mr. Schwartz seconded. Motion carried.

There being no further business, Mr. Schwartz made a motion to adjourn the meeting at 3:07 p.m. Mr. Jackson seconded. Motion carried.

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Chair

____
Secretary/Treasurer

PUBLIC UTILITIES COMMISSION

CLOSED MEETING

July 22, 2026, 1:58 P.M.

Pursuant to due call and notice thereof, the Work Study Session Meeting of the Public Utilities Commission, City of Princeton, was held at the Mille Lacs County Historical Society Depot Museum in the Amdall Room, 202 10th Avenue South, on July 22, 2026, at 1:58 p.m.

Present: Chair Nick Nowak and Commissioners Tom Jackson and Richard Schwartz.

Also present was General Manager Keith Butcher.

Absent: None

Closed meeting was called to order by Chair Nowak at 1:58 p.m.

The purpose of the closed meeting was to complete the performance and evaluation review of the general manager.

There was a discussion on the performance and evaluation of the general manager.

Mr. Jackson made a motion to adjourn the closed portion of the Closed Meeting of the Public Utilities Commission at 3:05 p.m. Mr. Schwartz seconded. Motion carried unanimously.

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Chair

Report Criteria:
Summary report type printed

Vendor Number	Name	Invoice Number	Description	Invoice Date	Invoice Amount	Check Amount	Check Number	Check Issue Date
7	ADP, INC.	724560612	6-26-26 Payroll Processing Fees	06/26/2026	197.62	197.62	7032026	07/03/2026
		725728625	7-10-26 Payroll Processing Fees	07/10/2026	219.32	219.32	7172026	07/17/2026
		726992868	7-24-26 Payroll Processing Fees	07/24/2026	205.23	205.23	7312026	07/31/2026
Total 7:					622.17	622.17		
19	ALTERNATIVE TECHNOL	59463	Transformer Oil Testing 9 Samples	06/30/2026	759.00	759.00	45807	07/10/2026
Total 19:					759.00	759.00		
29	AMARIL UNIFORM COMP	IV300599	FR Rated Clothing S. Patrin	07/07/2026	409.96	409.96	20260153	07/14/2026
		IV300691	FR Rated Clothing J. Linden	07/08/2026	367.10	367.10	20260153	07/14/2026
		IV301015	FR Rated Clothing Z. Stamp	07/16/2026	1,487.52	1,487.52	20260169	07/31/2026
Total 29:					2,264.58	2,264.58		
46	ANGIE SANDERS	12195	Res. Energy Star Appliance Rebate Dehu	07/30/2026	15.00	15.00	45831	07/30/2026
Total 46:					15.00	15.00		
56	ARC IRRIGATION	32249	Fertilization & Weed Control Gen. Plant O	06/19/2026	202.65	202.65	45771	06/30/2026
		32250	Fertilization & Weed Control WTP #1	06/19/2026	112.35	112.35	45771	06/30/2026
Total 56:					315.00	315.00		
60	AT&T MOBILITY	2873130172	Monthly Cell Phones	06/25/2026	459.68	459.68	45808	07/10/2026
Total 60:					459.68	459.68		
65	AUTO VALUE PRINCETO	27354177	Battery for Truck #22	06/25/2026	166.99	166.99	20260154	07/14/2026
Total 65:					166.99	166.99		
95	BOLTON & MENK, INC.	0398108	Engineer Fees PFAS Management/Reduct	06/15/2026	1,865.00	1,865.00	20260170	07/31/2026
Total 95:					1,865.00	1,865.00		
138	ELAN FINANCIAL SERVIC	5749-062026	Supplies	06/10/2026	103.78	103.78	45780	06/30/2026
		7274-062026	Office Supplies	06/10/2026	2,890.00	2,890.00	45781	06/30/2026
		7318-062026	Supplies	06/30/2026	4,227.08	4,227.08	45782	06/30/2026
Total 138:					7,220.86	7,220.86		
148	CASTREJON, INC.	PAY EST. #2	CAP Plan (Ph2) Distribution Improvements	07/08/2026	106,557.94	106,557.94	20260155	07/14/2026
Total 148:					106,557.94	106,557.94		
153	CENTERPOINT ENERGY	10856562-3-	6-26 Natural Gas 101 S 9th Ave	06/23/2026	64.65	64.65	45809	07/10/2026
		5848750-5-0	6-26 Natural Gas Gen. Plant O&M	06/23/2026	1,045.75	1,045.75	45810	07/10/2026
		7559455-6-0	6-26 Natural Gas 1001 S Rum River Dr.	06/23/2026	300.85	300.85	45811	07/10/2026
		9481273-2-0	6-26 Natural Gas Shop	06/23/2026	32.75	32.75	45812	07/10/2026
Total 153:					1,444.00	1,444.00		

Vendor Number	Name	Invoice Number	Description	Invoice Date	Invoice Amount	Check Amount	Check Number	Check Issue Date
175	CITY OF PRINCETON	12200	6-26 Sewer Billing & Late Charges	07/30/2026	140,198.70	140,198.70	20260171	07/31/2026
Total 175:					140,198.70	140,198.70		
176	CITY OF PRINCETON	578	6-26 IT Support Services	07/10/2026	1,012.48	1,012.48	20260156	07/14/2026
Total 176:					1,012.48	1,012.48		
177	CITY OF PRINCETON	12201	4-26 to 6-26 City of Princeton Franchise F	07/30/2026	22,292.27	22,292.27	20260172	07/31/2026
Total 177:					22,292.27	22,292.27		
186	COMPLETE MERCHANT	5430930900	Monthly Credit Card Fees	06/30/2026	27.95	27.95	722026	07/02/2026
Total 186:					27.95	27.95		
188	CONNEXUS ENERGY	44352-29721	Monthly Utilities 1100 Watertower Dr. S	06/15/2026	198.25	198.25	45777	06/30/2026
		444352-2972	Monthly Power for Pumping 1001 Rum Riv	06/15/2026	3,743.19	3,743.19	45777	06/30/2026
Total 188:					3,941.44	3,941.44		
228	DEHN OIL COMPANY	102708	1 Load #2 Red Diesel Fuel O&M	07/07/2026	25,224.40	25,224.40	20260157	07/14/2026
		35430	1 Load #2 Red Diesel Fuel O&M	07/16/2026	29,111.91	29,111.91	20260174	07/31/2026
Total 228:					54,336.31	54,336.31		
236	DEPUTY REGISTRAR #13	12183	Tax & Transfer Fee 2025 BHNK Trailer for	07/15/2026	1,478.00	1,478.00	45830	07/15/2026
Total 236:					1,478.00	1,478.00		
251	DRILLWORX, LLC	70603-70604	Drill Lube & Pulling Socks CAP (Ph2)	06/04/2026	503.72	503.72	45779	06/30/2026
		71460	Bucket of Poly Pull Line CAP (Ph2)	06/30/2026	41.88	41.88	45814	07/10/2026
Total 251:					545.60	545.60		
274	ENVIRON. SYSTEMS RE	900270660	ARC/GIS Online Support 5-Users 9-5-26 t	06/09/2026	3,455.00	3,455.00	45815	07/10/2026
Total 274:					3,455.00	3,455.00		
301	FINKEN WATER SOLUTIO	35302TP	Bottled Water	06/18/2026	40.95	40.95	20260147	06/30/2026
Total 301:					40.95	40.95		
304	FP MAILING SOLUTIONS	7272026	Postage for Postage Machine	07/27/2026	900.00	900.00	7272026	07/27/2026
Total 304:					900.00	900.00		
324	GOPHER STATE ONE CA	6061396	Monthly Locates	06/30/2026	139.05	139.05	20260158	07/14/2026
Total 324:					139.05	139.05		
329	GREAT AMERICA FINANC	42402345	Postage Meter Rental	07/02/2026	164.95	164.95	45816	07/10/2026
Total 329:					164.95	164.95		
330	GREAT RIVER OFFICE P	002252-0620	Monthly Supplies	06/30/2026	190.85	190.85	20260159	07/14/2026

Vendor Number	Name	Invoice Number	Description	Invoice Date	Invoice Amount	Check Amount	Check Number	Check Issue Date
Total 330:					190.85	190.85		
338	HAWKINS, INC.	7456512	Chemicals Chlorine & Fluoride	06/09/2026	3,154.22	3,154.22	20260148	06/30/2026
Total 338:					3,154.22	3,154.22		
339	HEALTHPARTNERS	0412838663	7-26 Employe Health Insurance	06/05/2026	26,415.32	26,415.32	712026	07/01/2026
Total 339:					26,415.32	26,415.32		
362	INSTRUMENTAL RESEAR	7233	Monthly Water Testing	07/06/2026	135.40	135.40	45817	07/10/2026
Total 362:					135.40	135.40		
402	JIM'S MILLE LACS DISPO	3940154-062	Monthly Trash Service	06/30/2026	241.37	241.37	20260160	07/14/2026
Total 402:					241.37	241.37		
493	LINCOLN FINANCIAL GR	4981027767	7-26 Employee Disability Insurance	06/11/2026	460.74	460.74	20260150	06/30/2026
Total 493:					460.74	460.74		
501	LOCATORS & SUPPLIES,	0327830-IN	Red Locating Paint	06/25/2026	547.26	547.26	20260161	07/14/2026
Total 501:					547.26	547.26		
523	MARV'S TRUE VALUE	2252-062026	Spray Paint Truck #6 Dump Retro	06/30/2026	129.40	129.40	45818	07/10/2026
Total 523:					129.40	129.40		
550	METRO SALES INCORPO	CW5678	6-26 Managed Technical Services	06/03/2026	3,236.92	3,236.92	45790	06/30/2026
		INV3117660	Reconfigure Existing VPN Solution	06/19/2026	675.00	675.00	45790	06/30/2026
Total 550:					3,911.92	3,911.92		
562	MIDCONTINENT COMMU	13072950115	Monthly Internet	07/01/2026	225.74	225.74	45819	07/10/2026
		13096360115	Monthly Telephone WTP #1	07/01/2026	54.04	54.04	45820	07/10/2026
Total 562:					279.78	279.78		
575	MILLE LACS CTY HISTOR	1948	7-26 to 12-26 MLC Historical Society Amd	07/01/2026	3,600.00	3,600.00	20260162	07/14/2026
Total 575:					3,600.00	3,600.00		
583	MN DEPT. OF COMMERC	1000055386	1st Qtr. FY 2027 Indirect Assessments	06/01/2026	1,288.49	1,288.49	45760	06/11/2026
Total 583:					1,288.49	1,288.49		
588	MN DEPT. OF REVENUE	8024684-052	5-26 State Sales Tax Billed	07/21/2026	29,406.00	29,406.00	40532072	07/21/2026
Total 588:					29,406.00	29,406.00		
591	MN MUNICIPAL UTILITIES	69164	3rd Qtr. 2026 JT&S Programs	07/01/2026	855.00	855.00	20260163	07/14/2026
		69206	3rd Qtr. 2026 Electric Utility Dues	07/01/2026	3,040.25	3,040.25	20260163	07/14/2026

Vendor Number	Name	Invoice Number	Description	Invoice Date	Invoice Amount	Check Amount	Check Number	Check Issue Date
Total 591:					3,895.25	3,895.25		
594	MN STATE RETIREMENT	P07102026	7-10-26 Payroll MNDCP Contribution	07/10/2026	50.00	50.00	12247211	07/14/2026
		P07242026	7-24-26 Payroll MNDCP Contribution	07/24/2026	50.00	50.00	12331535	07/28/2026
		S07052026	6-2026 HCSP PUC Contributions	07/24/2026	4,751.65	4,751.65	12331608	07/28/2026
Total 594:					4,851.65	4,851.65		
605	NAPA CENTRAL MN	321-679400	O-Rings WTP #2	06/30/2026	1.64	1.64	20260164	07/14/2026
Total 605:					1.64	1.64		
610	NCPERS GROUP LIFE IN	7016020720	6-26 Employee Life Insurance	06/01/2026	64.00	64.00	45795	06/30/2026
Total 610:					64.00	64.00		
614	NEON LINK	3375	Monthly Online Management Fees	06/02/2026	574.00	574.00	20260134	06/15/2026
		3396	Monthly Online Management Fees	07/01/2026	566.40	566.40	20260165	07/14/2026
Total 614:					1,140.40	1,140.40		
637	ONLINE INFORMATION S	1399449	Monthly Online Credit & ID Checks	06/30/2026	143.92	143.92	20260166	07/14/2026
Total 637:					143.92	143.92		
638	OPTUM	06262026	6-26-26 Payroll Employee HSA Contributio	06/26/2026	2,894.25	2,894.25	7012026	07/01/2026
		071026	7-10-26 Payroll Employee HSA Contributio	07/10/2026	2,756.40	2,756.40	7152026	07/15/2026
		072426	7-24-26 Payroll Employee HSA Contributio	07/24/2026	2,756.40	2,756.40	7282026	07/28/2026
Total 638:					8,407.05	8,407.05		
651	PERA	7016-02-626	6-26-26 Payroll PERA	06/26/2026	6,974.34	6,974.34	856671	07/01/2026
		701602-7102	7-10-26 Payroll PERA	07/10/2026	6,116.38	6,116.38	858156	07/14/2026
		701602-7242	7-24-26 Payroll PERA	07/24/2026	6,826.57	6,826.57	860168	07/27/2026
Total 651:					19,917.29	19,917.29		
661	POSTMASTER	072926	Monthly Billing	07/29/2026	1,163.91	1,163.91	7302026	07/30/2026
Total 661:					1,163.91	1,163.91		
682	PUBLIC UTILITIES COMM	06302026	Monthly Utilities	06/30/2026	2,327.73	2,327.73	7132026	07/13/2026
Total 682:					2,327.73	2,327.73		
699	RELIABLE FIRE PROTEC	21011	Service Fire Extinguishers	06/18/2026	1,052.50	1,052.50	45821	07/10/2026
Total 699:					1,052.50	1,052.50		
783	SMMPA	INV2200	6-26 Purchased Power	06/30/2026	.00	.00	626	07/27/2026
		INV-2200	6-26 Purchased Power	06/30/2026	466,086.47	466,086.47	62026	07/27/2026
Total 783:					466,086.47	466,086.47		
793	STEVE WHITCOMB	12182	Refund Collections from Renter Michael W	07/10/2026	152.43	152.43	45822	07/10/2026

Vendor Number	Name	Invoice Number	Description	Invoice Date	Invoice Amount	Check Amount	Check Number	Check Issue Date
Total 793:					152.43	152.43		
796	STUART C. IRBY CO.	115155-0620	PO 365523, 9499884 Inventory Wire, Pad	06/30/2026	266,382.82	266,382.82	45823	07/10/2026
Total 796:					266,382.82	266,382.82		
813	TASC	IN3790740	9-1-26 to 9-30-26 COBRA Admin Fees	07/18/2026	32.50	32.50	45854	07/30/2026
Total 813:					32.50	32.50		
858	U.S. BANK EQUIPMENT F	585576606	Monthly Ricoh IM4510 Color Copier Lease	07/01/2026	470.00	470.00	45824	07/10/2026
Total 858:					470.00	470.00		
860	ULTEIG ENGINEERS, INC	ARIV109249	GIS Web App Migration	06/08/2026	2,262.50	2,262.50	20260151	06/30/2026
Total 860:					2,262.50	2,262.50		
867	VERICHECK	063026	Monthly eCheck Charges	06/30/2026	294.55	294.55	782026	07/08/2026
Total 867:					294.55	294.55		
868	VERIZON WIRELESS	6147544912	Remote Internet WTP #1 & WTP #2 Scad	07/01/2026	415.49	415.49	45826	07/10/2026
Total 868:					415.49	415.49		
869	VESTIS - VS FINANCING,	220844240-0	Cleaning Supplies O&M	06/30/2026	444.86	444.86	20260167	07/14/2026
Total 869:					444.86	444.86		
873	VOYANT COMMUNICATIO	010558-0620	Monthly Telephones	07/01/2026	424.87	424.87	45827	07/10/2026
Total 873:					424.87	424.87		
889	WEX BANK	113415510	Vehicle Fuel	06/25/2026	1,348.20	1,348.20	20260168	07/14/2026
Total 889:					1,348.20	1,348.20		
897	GRAINGER, INC.	9936840652	Bulbs for WTP	06/02/2026	116.02	116.02	20260152	06/30/2026
Total 897:					116.02	116.02		
929	CASELLE, LLC	INV-19752	7-1-26 to 12-31-26 Maintenance & Suppor	06/02/2026	3,211.84	3,211.84	20260141	06/30/2026
Total 929:					3,211.84	3,211.84		
934	ULINE	210041137	Fuel Sampling Bottles for Fuel Testing O&	06/30/2026	53.79	53.79	45825	07/10/2026
Total 934:					53.79	53.79		
968	FIRST UNUM LIFE INSUR	0989162-001	7-26 Employee Life Insurance	06/19/2026	666.93	666.93	45784	06/30/2026
Total 968:					666.93	666.93		
1011	DACIA MCCHESNEY	12194	Stop Payment Fee Ck #45722 dated 5/29/	07/30/2026	20.00-	20.00-	45839	07/30/2026

Vendor Number	Name	Invoice Number	Description	Invoice Date	Invoice Amount	Check Amount	Check Number	Check Issue Date
Total 1011:					20.00-	20.00-		
1042	COHN REZNICK LLP	90286963	Accounting Services 2025 Year End	06/24/2026	14,595.00	14,595.00	45813	07/10/2026
Total 1042:					14,595.00	14,595.00		
1043	ANTHONY WALLACE	12187	F/B Customer Meter Deposit Refund 305	07/30/2026	56.51	56.51	45832	07/30/2026
Total 1043:					56.51	56.51		
1044	ASHLEY JACKMAN	12192	F/B Customer Meter Deposit Refund 1400	07/30/2026	219.22	219.22	45833	07/30/2026
Total 1044:					219.22	219.22		
1045	CRYSTAL WILCOX-PICI	12190	F/B Customer Meter Deposit Refund 226	07/30/2026	242.32	242.32	45838	07/30/2026
Total 1045:					242.32	242.32		
1046	ERICA NELSON	12186	F/B Customer Meter Deposit Refund 103	07/30/2026	134.51	134.51	45843	07/30/2026
Total 1046:					134.51	134.51		
1047	FAITH KROH	12185	F/B Customer Meter Deposit Refund 107	07/30/2026	230.76	230.76	45844	07/30/2026
Total 1047:					230.76	230.76		
1048	ISAIAH BROSZKO	12189	F/B Customer Meter Deposit Refund 601	07/30/2026	335.34	335.34	45846	07/30/2026
Total 1048:					335.34	335.34		
1049	PAM CABLE	12191	F/B Customer Meter Deposit Refund 923	07/30/2026	219.89	219.89	45852	07/30/2026
Total 1049:					219.89	219.89		
1050	TRACIA GLOUDEMANS	12188	F/B Customer Meter Deposit Refund 901	07/30/2026	287.26	287.26	45855	07/30/2026
Total 1050:					287.26	287.26		
1051	COLTON MEYER	12198	Refund Collections from Renter Nicole Hin	07/30/2026	57.79	57.79	45836	07/30/2026
Total 1051:					57.79	57.79		
1052	ERIC ENGLUND	12199	Refund Collections from Renter Samantha	07/30/2026	155.45	155.45	45842	07/30/2026
Total 1052:					155.45	155.45		
1053	JEREMY BARDEN	12184	Refund Overpayment on Final Bill 1113 S	07/30/2026	52.45	52.45	45847	07/30/2026
Total 1053:					52.45	52.45		
1054	LORETTA LEITH	12197	Refund Overpayment on Final Bill 1400 N	07/30/2026	.14	.14	45848	07/30/2026
Total 1054:					.14	.14		
1055	SHAWN HOLBROOK	12196	Refund Overpayment on Final Bill 305 S 4	07/30/2026	.01	.01	45853	07/30/2026

Vendor Number	Name	Invoice Number	Description	Invoice Date	Invoice Amount	Check Amount	Check Number	Check Issue Date
Total 1055:					.01	.01		
Grand Totals:					1,221,878.93	1,221,878.93		

Report Criteria:
Summary report type printed

REPORT GM-26-08

TO: Princeton Public Utilities Commission
FROM: Keith R. Butcher, General Manager
SUBJECT: General Manager Report
DATE: August 21, 2026

I am pleased to present this monthly report to the Princeton Public Utilities Commission. It provides an overview of the significant activities and developments that took place since our last meeting that are not included in the proposed agenda. Also included are the Monthly Department Reports from each of PPU's Senior Leadership Team.

<u>FINANCIAL UPDATE</u>

Commercial Rebates

Chair Nowak and I joined Pat Devine and Jason Oldenkamp for a Big Check picture. The article has been posted and the feedback has been overwhelmingly positive.

Bonding

We are moving forward with the bonding effort and have scheduled a ratings call with Moody's for September 2. With the bonds being sold on September 23, we will be asking the Commission to begin the meeting at 3pm in order for the results to be compiled for Commission authorization.

Finance Review

Over the last year, I have had several conversations with Beth Fondell, Director of Finance and Accounting and Chief Financial Officer at SMMPA, about industry best practices. Beth is retiring from SMMPA at the end of the year and I will miss her counsel and guidance. Fortunately for PPU, SMMPA has offered her expertise to conduct a Strategic Finance Review for us before her last day. This is included in SMMPA's overall mission to serve its members so there would be no charge.

The objectives would be to: identify gaps in current operations, assess opportunities for improvements, review oversight practices, recommend key metrics, outline policy directives, share tools, and provide overall practical observations and recommendations for future action.

To conduct the review, Beth will conduct one on-site visit and conduct follow up interviews and analysis remotely. A final presentation would be given to staff on her findings.

We greatly appreciate SMMPA's offer to help us review our process to ensure that we meet the needs of our consumers. Beth's experience at SMMPA, as well as with Owatonna Public Utilities before that, will be invaluable as we continue to improve our internal finance efforts.

2027 Health Insurance

In working with our insurance broker, Bill Singer from A.T. Group, we have received a premium increase of 17.31% for next year. In reviewing cost comparisons amongst our current provider, HealthPartners, and others, Bill and I believe that HealthPartners still provides us with the overall best value and are therefore planning to stay with our current provider. This increase will be included in the budget proposal scheduled for later this year.

SAFETY

The Safety Committee had their quarterly meeting on July 23. The Committee will look into filling an open seat before the next meeting in October.

COMMUNITY INVOLVEMENT

We remain committed to being active members of the Princeton community and maintaining our industry partnerships.

Customer Relationships

- Big Check picture with the School District on July 30
- We continue to meet with our C&I customers on various topics

Industry Partnerships

- Attended the MMUA Board Meeting (virtually) on August 5
- Attended the SMMPA Board Meeting on August 12
- Meghan Brockman, Bolton & Menk, and I presented at the MMUA Summer Conference on 8/19 on Princeton's experience in addressing PFAS. Attached are some handouts from the event.

City Activities

- Gave a tour of our facilities to the City's interns on July 30
- I am planning to meet with Lisa Lovering, the new City Emergency Manager and give her a tour of our facilities on August 25.

CONCLUSION

Let me know if you have any questions or require additional information on any of the topics mentioned in this report.

Thank you for your continued trust in our team and supporting our mission to serve the Princeton community.

Future Meetings and Special Events

September 22: SMMPA Budget and Rates Workshop
September 23: Commission Meeting
October 7: Public Power Week / PPU 115th Celebration
October 15-16: SMMPA Annual Meeting
October 28: Commission Meeting
November 18: Commission Meeting (one week earlier than usual due to the holiday)

REPORT OM-8

TO: Keith Butcher, General Manager
FROM: Christina Cunningham, Office Manager
SUBJECT: August Office Manager Report
DATE: August 26, 2026

I am pleased to present the monthly update report for the month of August. This report summarizes key activities and developments in various departments within our organization.

CUSTOMER SERVICE

Customer Satisfaction: Our team continues to prioritize customer satisfaction. During the past 30 days, 705 phone calls have been taken. With the weather being great we have been seeing more lobby traffic. We love seeing and talking with our customers!

Since our conversion to a new billing software has completed we have been able to do some clean up and internal audits. We have currently completed verifying deposits on accounts and are working on franchise fees. We have been able to identify if any data transferred during the conversion did not fully transfer over. We have not discovered any issues and will continue to self audit.

BILLING

Payment Processing: Payments were processed as due date was 8/12/26. Penalties were applied and payments continue to be processed as they come in.

Last month, 34% of our customers received their bills electronically. We have customers who have chosen to get bills both by mail and electronically.

MARKETING / PUBLIC RELATIONS

No activities this month.

We are gearing up for Public Power Week (10/5-10/9) and have been working with Barry at the Mille Lacs County Historical Society (MLCHS) to start planning. The MLCHS was able to secure a travelling display from the MN Historical Society, “Electrifying Minnesota”. We are holding a larger than usual event on October 7, 2026 in conjunction with the MLCHS and will offer tours of the power plant, our equipment and food. The Depot will be open as well so that people can tour and see the drisplay.

CONCLUSION

We remain committed to upholding our standards of excellence in customer service, billing accuracy, financial management, and marketing.

The Source

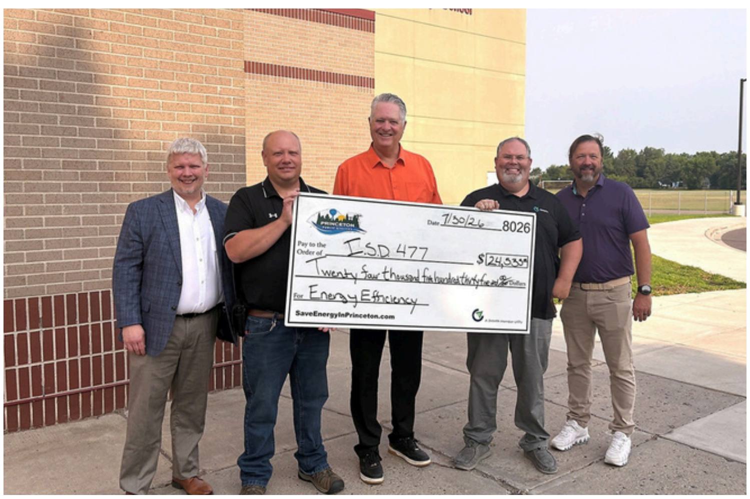
Reliable Service. Local Decisions. Community Focus.

August 2026

ISD 477 benefits big from Princeton Public Utilities rebates

ISD 477 recently received nearly $25,000 from Princeton Public Utilities for energy efficiency building improvements made during the past year. By partnering with the utility to take advantage of energy efficiency rebate programs, Princeton Public Schools upgraded air conditioning, lighting, motors, and VFDs throughout its four school buildings. Those improvements reduced the school district's overall electric consumption and ultimately resulted in lower electric bills, which is a win-win for everyone!

Princeton Public Utilities offers rebate programs to help its residential and business customers use energy wisely and lower their electric bills. In each of the last two years, the utility has paid more than $100,000 in rebates to help customers purchase energy-saving products. Pictured (left to right) are Princeton Public Utilities General Manager Keith Butcher, ISD 477 Building & Grounds Director Jason Oldenkamp, ISD 477 Superintendent Pat Devine, SMMPA Energy Services Representative Brian Hammarsten and Princeton Public Utilities Commission Chair Nick Nowak.



To learn more about the Commission, watch past meetings and view meeting minutes click below.

Rebates! Lower Your Utility Bills and Get Money Back

Princeton Public Utilities has award-winning Energy Efficiency Programs—and you could be eligible for rebates! From your home to your business, we offer rebates on dozens of energy-efficient technologies and improvements that can help you save energy and put money back in your pocket. Before you buy, check the rebates! You might be surprised at what's available.

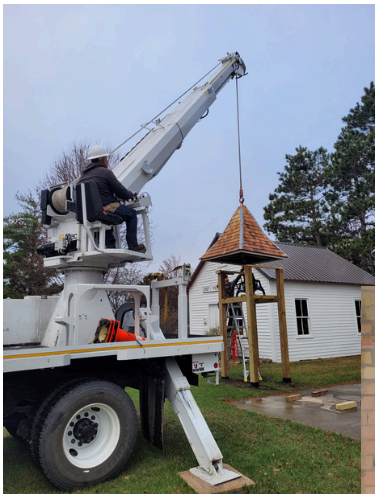
🏠 Residential Rebates
🏢 Business Rebates
💵 Money Back for Energy Efficiency

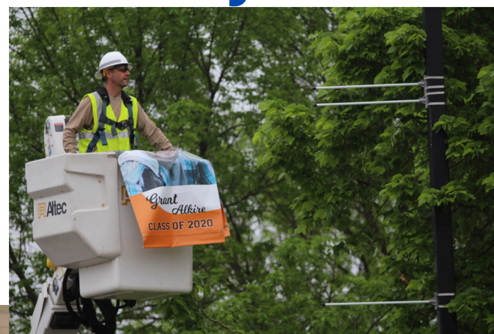
Save Energy. Save Money. Make a Difference.
Find out what's available at www.SaveEnergyInPrinceton.com

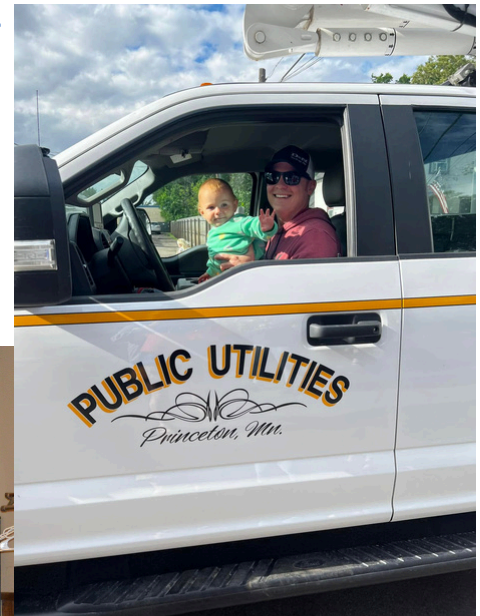
The Reliability Princeton Has Come To Count On

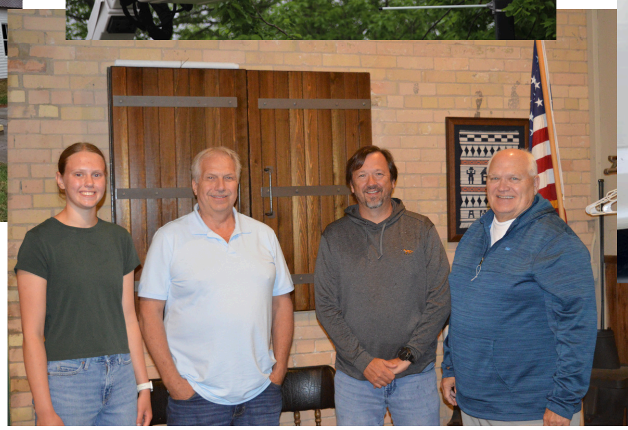
August 2026

Community Moments



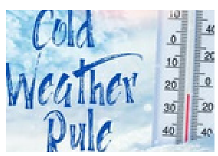






Photos, left to right, top row: Assisting the Mille Lacs County Historical Society, 2025; Lineman Berg hanging banners, 2020; PPU Water Department employee Patrin and daughter, 2023; bottom row: 2026 PPU Commissioners and scholarship winner

COLD WEATHER RULE



Notice of Residential Customer Rights and Responsibilities
The Cold Weather Rule, Section 216B.096 in Minnesota State Statutes, provides that from October 1st through April 30th that a public utility cannot disconnect a residential consumer for non-payment if the disconnection affects the primary heat source and **ALL** of the following conditions are met:

1. **The household income of the customer is at or below 50% of the state median.** A customer is deemed to meet the income requirements of this clause if the customer receives any form of public assistance, including energy assistance, that uses an income eligibility threshold set at or below 50% of the state median household income.

2. A customer enters into and makes reasonably timely payments under a payment agreement that considers the financial resources of the household.

Upcoming Events

Public Power Week Celebration– October 7, 2026
3:30pm - 6:30pm

Join Princeton Public Utilities and the Mille Lacs County Historical Society as we celebrate Public Power Week!

Step back in time with "Electrifying Minnesota," a traveling exhibit from the Minnesota Historical Society. Explore artifacts and stories from Minnesota's electric history while learning more about the community's own utility.
Visitors will have the opportunity to tour:

- Electrifying Minnesota traveling exhibit
- Mille Lacs County Depot
- Princeton Public Utilities power plant and facilities

Enjoy food, tours and so much more!
We hope to see you there!

Future Commission Meetings

September 23, 2026 3:00pm
October 28, 2026 1:00 pm
November 18, 2026 1:00 pm

Meetings are held in the Amdall Room located at the Mille Lacs County Historic Depot
101 10th Avenue South

REPORT WPPS 8-19-2026

TO: Keith R. Butcher, General Manager
FROM: Scott Schmit, Water & Power Plant Superintendent
SUBJECT: Water & Power Plant Report
DATE: August 19, 2026

I am pleased to provide you with a monthly update. This report outlines key activities and developments.

WATER DEPARTMENT

Water quality testing

- The 6 Monthly Bacti/Total Chlorine residual testing samples were collected and submitted to MN Dept. of Health for testing.
- Annual THM/HAAS samples we collected for MDH.
- Staff performed daily iron, manganese, fluoride and chlorine testing and daily plant chemical usage logs.
- Staff performed monthly filter testing and well draw down logs.

Other activities

- 3rd Street construction is under way. Currently residents from 7th Avenue to 10th Avenue are on temporary water service while the new water is being installed.
- Attended weekly construction meetings for 3rd Street and the 1st Street construction projects.
- Staff finished preparing the new to us dump box for sand blasting and paint to finish up the conversion.
- Field staff with the help of the office have continued to monitor and contact customers that are flagged on the leak report.
- Staff continue to stay busy locating We currently have Midco, CenterPoint, Electric undergrounding, and 3rd Street ongoing for larger projects along with the normal locate tickets.
- Staff attended safety training with Safe Assure.
- Staff continues to work with Bolton & Menk on the PFAS project.

POWER PLANT DEPARTMENT

- All generating units are in service.
- All units have had SMMPA production runs.
- Substation monthly battery maintenance was completed.
- All monthly reporting was completed.
- SMMPA staff were on site for the annual calibration of the emissions monitors.
- Staff are working on sourcing parts or services for the spare injector pump for unit 4 and for a leaky fuel pump on unit 6.

REPORT ES-26-08

TO: Keith R. Butcher, General Manager
FROM: Jeremy Linden, Electric Superintendent
SUBJECT: August Electric Superintendent Report
DATE: August 18, 2026

I am pleased to present the monthly update report for August 2026, highlighting the activities and developments for the Electric Department.

ELECTRIC CAPITAL IMPROVEMENTS PLAN (CAP PLAN) UPDATE

- Castrejon has completed all the work they can do on the North end of town, with exception of the 750MCM feeder.
- We have received the survey documents for the easements and have forwarded them to the proper people.
- We continue to set and terminated multiple transformers, cabinets, switches and pedestals North of 12th St.
- Continue to work through the permit processes (DOT, DNR, etc) for Phase 2.
- We continue to transfer services to the new lines.

PROJECTS

- Installing cable/phasing identification tags on UG Primary in our dist. System.
- Daily service orders for lights and miscellaneous repairs.
- Installed services for new home construction

OUTAGE REPORT

Outage Response: We have had 2 outages since the last meeting, the first was due to burnt up elbows in a cabinet on First Street and 13th Ave N and the second was due to a squirrel in a primary 3 phase riser pole.

CONCLUSION

In summary, the Electric Department continues to make strides in enhancing our infrastructure, ensuring dependable service, and expanding service coverage to new customers. Our dedication to safety, customer service, and infrastructure development remains steadfast.

Looking forward, our focus remains on improving reliability metrics, advancing projects within the Capital Improvements Plan, and investing in staff training to maintain our high standards.

MINNESOTA POLLUTION CONTROL AGENCY

520 Lafayette Road North | St. Paul, Minnesota 55155-4194 | 651-296-6300

800-657-3864 | Use your preferred relay service | info.pca@state.mn.us | Equal Opportunity Employer

Inspection Follow-up

July 28, 2026

Jim Bigger
Princeton Public Utilities Commission
907 1st St
Princeton, MN 55371-1559

RE: MPCA Air Compliance Evaluation
Princeton Public Utilities Commission, Princeton, Mille Lacs County

Dear Jim Bigger:

On June 23, 2026, the Minnesota Pollution Control Agency (MPCA) completed a Compliance Evaluation of Princeton Public Utilities Commission located in Princeton, Mille Lacs County. No requirements were found to be noncompliant at the time of the compliance evaluation

If you have any questions about the Compliance Evaluation Report or additional information that addresses any noncompliant requirement, please contact Ryan Maisano at 651-757-2787, ryan.maisano@state.mn.us, or at the address listed above.

Thank you for your time and attention to this matter.

Sincerely,

Ryan Maisano

This document has been electronically signed.

Ryan Maisano
Environmental Specialist
Industrial Division

Activity ID INS20260001 @ 2115

PAY ESTIMATE NO. 3
PHASE 2 ELECTRIC DISTRIBUTION IMPROVEMENTS
PRINCETON PUBLIC UTILTIES
PRINCETON, MINNESOTA
DGR Project Number 427606

For Period From: 7/7/2026 To: 8/5/2026
Contractor: CASTREJON, INC.
Bid Date: 1/14/2026

DGR ENGINEERING

SUMMARY

VALUE OF WORK COMPLETED TO DATE	$457,284.45	ORIGINAL CONTRACT PRICE	$1,510,850.00
LESS RETAINAGE (5%)	$22,864.22	EXPECTED FINAL CONTRACT COST (w/C.O.s, Additions & Deletions)	$1,510,850.00
TOTAL AMOUNT DUE INCLUDING THIS PAYMENT	$434,420.23	LESS TOTAL PAYMENTS, INCLUDING THIS PAYMENT	$434,420.23
LESS ESTIMATES PREVIOUSLY APPROVED: Pay Estimate No. 1	$155,365.85	EXPECTED CONTRACT BALANCE AFTER THIS PAYMENT	$1,076,429.77
Pay Estimate No. 2	$106,557.94	% OF EXPECTED FINAL CONTRACT PRICE PAID, INCL. THIS PAYMENT	29%
Pay Estimate No. 3			
Pay Estimate No. 4			
Pay Estimate No. 5			
Pay Estimate No. 6			
Pay Estimate No. 7			
Pay Estimate No. 8			
Pay Estimate No. 9			
Pay Estimate No. 10			
Pay Estimate No. 11			
TOTAL AMOUNT DUE THIS ESTIMATE	$172,496.44		

The undersigned Contractor hereby certifies that payment has been made in full for all labor and materials incorporated in the project to date, in accordance with the terms of the Construction Contract.

CASTREJON, INC., Contractor

By [signature] Date 08.07.2026

CERTIFICATE

THE AMOUNT OF $ $172,496.44 IS APPROVED FOR PAYMENT ACCORDING TO THE TERMS OF THE CONTRACT.

PRINCETON PUBLIC UTILITIES, Owner	DGR ENGINEERING, Engineer
By	By [signature]
Title	Title Design Technician
Date	Date 8/10/2026

p:\04\276\06\sprdsht\pay estimates\pay estimate #3.xlsm

PAY ESTIMATE NO. 3
PHASE 2 ELECTRIC DISTRIBUTION IMPROVEMENTS
PRINCETON PUBLIC UTILTIES
PRINCETON, MINNESOTA
DGR Project Number 427606

For Period From: 7/7/2026 To: 8/5/2026
Contractor: CASTREJON, INC.
Bid Date: 1/14/2026

			UNIT PRICE				WORK COMPLETED TO DATE (Including this Pay Period)			WORK COMPLETED THIS PERIOD		
Unit No.	Name and Description of Construction Unit	No. of Units	Labor	Material	L & M	Ext. Price L & M	Units Comp.	% Comp.	Value of Comp. Work	Units Comp.	% Comp.	Value of Comp. Work
UD-1/0	Primary cable, 15 kV, 1/0 Sol. Al. (Mft.)	61.400	$1,750.00		$1,750.00	$107,450.00	18.876	31%	$33,033.00	11.128	18%	$19,474.00
UD-4/0	Primary cable, 15 kV, 4/0 Str. Al. (Mft.)	4.110	1,750.00		1,750.00	7,192.50	0.636	15%	$1,113.00	0.636	15%	$1,113.00
UD-750	Primary cable, 15 kV, 750 MCM Str. Al. (Mft.)	77.400	3,000.00		3,000.00	232,200.00	10.922	14%	$32,766.00	5.684	7%	$17,052.00
UD-4/0 TPLX	Secondary cable, 600 V, 2-#4/0, 1-#2/0 Str. Al. (Mft.)	17.750	1,250.00		1,250.00	22,187.50	10.667	60%	$13,333.75	4.492	25%	$5,615.00
UD-350 TPLX	Secondary cable, 600 V, 2-#350, 1-#4/0 Str. Al. (Mft.)	0.700	4,000.00		4,000.00	2,800.00	0.560	80%	$2,240.00			
UD-4/0 QPLX	Secondary cable, 600 V, 3-#4/0, 1-#2/0 Str. Al. (Mft.)	0.280	4,000.00		4,000.00	1,120.00						
UG-BP	1Ø transformer box pad (ea.)	57	525.00		525.00	29,925.00	30	53%	$15,750.00	13	23%	$6,825.00
UG3-BP	3Ø transformer box pad (ea.)	7	800.00		800.00	5,600.00	1	14%	$800.00	1	14%	$800.00
UM3-30GS	1Ø sectionalizing enclosure ground sleeve (ea.)	7	600.00		600.00	4,200.00	3	43%	$1,800.00			
UM33-66GS	3Ø sectionalizing cabinet ground sleeve (ea.)	11	600.00		600.00	6,600.00	1	9%	$600.00	1	9%	$600.00
UPS-BP	Padmount switch box pad (ea.)	15	700.00		700.00	10,500.00	3	20%	$2,100.00	1	7%	$700.00
UK5	Secondary pedestal (ea.)	47	125.00		125.00	5,875.00	30	64%	$3,750.00	9	19%	$1,125.00
UR3-(42)	Trenching-special backfill, 42" Deep (Mft.)	0.050	30,000.00		30,000.00	1,500.00						
UR3R-(42)	Trenching-rock, shale or limestone, 42" deep (Mft.)	0.050	30,000.00		30,000.00	1,500.00						
UR4-(1)1.5P	Conduit in trench/bore, (1)1.5" (Mft.)	4.930	3,000.00		3,000.00	14,790.00	1.793	36%	$5,379.00	0.618	13%	$1,854.00
UR4-(1)2P	Conduit in trench/bore, (1)2" (Mft.)	5.550	4,000.00		4,000.00	22,200.00	4.050	73%	$16,200.00	1.888	34%	$7,552.00
UR5-(1)1.5P	Bore with conduit, (1)1.5" (Mft.)	4.050	12,000.00		12,000.00	48,600.00	1.647	41%	$19,764.00	0.741	18%	$8,892.00
UR5-(1)2P	Bore with conduit, (1)2" (Mft.)	5.970	13,000.00		13,000.00	77,610.00	3.481	58%	$45,251.70	1.475	25%	$19,173.70
UR5-(3)2P	Bore with conduit, (3)2" (Mft.)	1.230	23,000.00		23,000.00	28,290.00						
UR5-(6)2P	Bore with conduit, (6)2" (Mft.)	0.340	32,000.00		32,000.00	10,880.00						
UR5-(1)3P	Bore with conduit, (1)3" (Mft.)	0.730	20,000.00		20,000.00	14,600.00	0.440	60%	$8,800.00			
UR5-(3)3P	Bore with conduit, (3)3" (Mft.)	3.800	28,000.00		28,000.00	106,400.00	0.382	10%	$10,696.00	0.322	8%	$9,016.00
UR6-(30)	Bore without conduit, 30" deep (Mft.)	6.510	12,000.00		12,000.00	78,120.00	4.362	67%	$52,344.00	1.014	16%	$12,168.00
UR6-(42)	Bore without conduit, 42" deep (Mft.)	50.990	11,000.00		11,000.00	560,890.00	13.498	26%	$148,478.00	6.157	12%	$67,727.00
UR8-(6)	Core drill, 6" diameter (ea.)	7	120.00		120.00	840.00	3	43%	$360.00	2	29%	$240.00
UR9-S	Shallow crossing (Mft.)	0.050	100,000.00		100,000.00	5,000.00						
UR-LDS	Lawn damage seeding (Mft.)	2.960	3,250.00		3,250.00	9,620.00	0.920	31%	$2,990.00	0.490	17%	$1,592.50
UR-PIT	Splice/Grounding connection pit (ea.)	8	500.00		500.00	4,000.00	1	13%	$500.00			
ASP-REM	Asphalt pavement removal (sq. yd.)	20.0	280.00		280.00	5,600.00	0.2	1%	$56.00	0.2	1%	$56.00
ASP-REP	Asphalt replacement (ton)	5.0	330.00		330.00	1,650.00						
PCC-REM	Concrete pavement removal (sq. yd.)	15.0	150.00		150.00	2,250.00						
PCC-REP	Portland cement concrete replacement (cu. yd.)	5.0	330.00		330.00	1,650.00						
FV	Fiber vault (ea.)	1	850.00		850.00	850.00						
MOB	Mobilization (as req'd)	1	78,360.00		78,360.00	78,360.00	0.5	50%	$39,180.00			
					TOTAL CONTRACT PRICE:	$1,510,850.00		TOTAL TO DATE:	$457,284.45		TOTAL THIS PERIOD:	$181,575.20

Princeton Public Utilities Commission

Financial Statements
(With Supplementary Information)
and Independent Auditor's Report

December 31, 2025

CohnReznick

Princeton Public Utilities Commission

Index

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Princeton Public Utilities Commission

Introductory Section

December 31, 2025

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Princeton Public Utilities Commission

List of Elected and Appointed Officials

December 31, 2025

Public Utilities Commission

Jack Edmonds	Chair
Nick Nowak	Commissioner
Tom Jackson	Commissioner
Keith R. Butcher	General Manager

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Independent Auditor's Report

To the Commissioners
Princeton Public Utilities Commission

Opinion

We have audited the financial statements of the business-type activities and each major fund of Princeton Public Utilities Commission, a component unit of the City of Princeton, Minnesota, as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise Princeton Public Utilities Commission's basic financial statements as listed in the index.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the business-type activities and each major fund of Princeton Public Utilities Commission, a component unit of the City of Princeton, Minnesota, as of December 31, 2025, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Princeton Public Utilities Commission and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 1, the financial statements of Princeton Public Utilities Commission, a component unit of the City of Princeton, Minnesota, are intended to present the financial position, changes in net position and cash flows that are attributable to transactions of the Commission. They do not purport to, and do not, present fairly the financial position of the City of Princeton, Minnesota, as of December 31, 2025, and the changes in its net position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

The financial statements of the Princeton Public Utilities Commission for the year ended December 31, 2024 were audited by another auditor who expressed an unmodified opinion on those statements on June 25, 2025.

Responsibilities of Management for the Financial Statements

Princeton Public Utilities Commission's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Princeton Public Utilities Commission's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Princeton Public Utilities Commission's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Princeton Public Utilities Commission's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 12 through 16, Schedule of Commission Pension Contributions, and Schedule of Commission and Non-Employer Proportionate Share of Net Pension Liability as listed in the index be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Princeton Public Utilities Commission's basic financial statements. The introductory section and supplementary information listed in the index are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Operating Revenues and Schedule of Operating Expenses are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare basic the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the report. The other information comprises the introductory section but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 20, 2026 on our consideration of Princeton Public Utilities Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Princeton Public Utilities Commission's internal control over financial reporting and compliance.

Report on Summarized Comparative Information

The financial statements of Public Utilities Commission of Spring Valley, Minnesota for the year ended December 31, 2024, were audited by other auditors whose report, dated February 26, 2025, expressed unmodified opinions on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

CohnReznick LLP

Minneapolis, Minnesota
July 20, 2026

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Princeton Public Utilities Commission

Required Supplementary Information
Management's Discussion and Analysis (MD&A)

December 31, 2025

Princeton Public Utilities Commission
Management's Discussion and Analysis

As management of the Princeton Public Utilities Commission we offer readers of the Commission's financial statements this narrative overview and analysis of the financial activities of the Commission for the fiscal year ended December 31, 2025.

Financial Statements

The financial statements are prepared using proprietary fund (enterprise fund) accounting that uses the same basis of accounting as private-sector business enterprises. Under this method of accounting the economic resources measurement focus and the accrual basis of accounting is used.

Revenue is recorded when earned and expenses are recorded when incurred. The financial statements include balance sheets, statements of revenues, expenses and changes in net position, and statements of cash flows. These statements are followed by the notes to the financial statements.

Following is a summary of the information included in the various financial statements:

- The balance sheet presents information on the Commission's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Commission is improving or deteriorating.

- The statement of revenues, expenses, and changes in net position reports the operating and non-operating revenues and expenses of the Commission for the fiscal year. The net income or loss for the year combined with the previous year-end net position reconciles to the net position at the end of the year.

- The statement of cash flows reports cash and cash equivalents activity for the year resulting from operating activities, non-capital financial activities, capital and related financing activities, and investing activities. The net result of these activities added to the beginning of the year cash and cash equivalents balance reconciles to the cash and cash equivalents balance at the end of the year.

- The notes to the financial statements include all required disclosures under applicable accounting standards.

Condensed Financial Information – Electric Fund

Condensed financial information from the Electric Fund's balance sheets and statements of revenues, expenses and changes in net position is presented below.

Electric fund	2025	2024
Assets		
Current assets	$ 9,106,301	$ 9,998,725
Capital assets, net	10,346,617	9,937,642
Noncurrent assets (restricted)	732,063	693,000
Total assets	20,184,981	20,629,367
Deferred outflows of resources		
Deferred outflows from pension activity	97,071	93,828
Total assets and deferred outflows of resource	$ 20,282,052	$ 20,723,195
Liabilities		
Current liabilities	$ 1,323,757	$ 1,449,347
Net pension liability	314,270	360,093
Noncurrent liabilities	6,072,059	6,303,902
Total liabilities	7,710,086	8,113,342
Deferred inflows of resources		
Deferred credits rate stabilization	1,182,906	1,334,123
Deferred inflows from pension activity	355,854	334,024
Deferred solar subscriptions	2,907	4,232
Total deferred inflows of resources	1,541,667	1,672,379
Net position		
Net investment in capital assets	5,244,963	4,813,695
Restricted for debt service	732,063	693,000
Unrestricted	5,053,273	5,430,779
Total net position	11,030,299	10,937,474
Total liabilities, deferred inflows of resources and net position	$ 20,282,052	$ 20,723,195
Operating revenues	$ 8,142,415	$ 7,927,962
Operating expenses, excluding depreciation	7,299,542	7,008,530
Depreciation expense	737,433	707,206
Operating income	105,440	212,226
Nonoperating revenue (expenses) including transfers	(12,615)	66,148
Change in net position	92,825	278,374
Net position, beginning	10,937,474	10,659,100
Net position, ending	$ 11,030,299	$ 10,937,474

Financial Highlights – Electric Fund

- The electric fund's net position totaled $11,030,299, at December 31, 2025. Net position increased by $92,825 in fiscal year 2025.

- The electric fund's total operating revenues were $8,142,415. The total cost of operating the electrical system, including purchased power and depreciation was $8,036,975.

- For the year, the electric fund reported operating income of $105,440, a decrease of $106,786 from the previous year.

- Operating expenses increased by 4% from 2024 to 2025.

Capital Assets and Debt Administration – Electric Fund

Capital Assets

At the end of fiscal year 2025, the electric fund had $10,346,617 invested in various capital assets, including land, buildings and improvements, generation and distribution systems, transportation equipment, and other equipment, net of accumulated depreciation.

Capital asset additions totaled $1,146,408 mainly due to electric capital improvement planned expenditures.

Debt

As of December 31, 2025, Electric Revenue Note, 2023A totaling $6,250,000 was outstanding. This note is repayable at interest rates ranging from 4.00% to 5.00% through 2043 and the proceeds are being used to finance improvements to the electrical distribution system

Deferred Inflows/Deferred Outflows – Electric Fund

Deferred outflows of resources reported by the electric fund are pension plan deferments for PERA, which increased $3,243 during 2025. The electric fund's balance is a result of differences between expected and actual economic experience, changes of actuarial assumptions, changes in proportion, and from contributions to the plan subsequent to the measurement date and before the end of the reporting period.

Deferred inflows of resources reported by the electric fund decreased by $130,712 during 2025. Deferred credits (revenue), which represent rate stabilization, decreased by $151,217 from the prior year. Rate stabilization is a result of deposits made to the Commission's rate stabilization account, which may be used to meet unanticipated increases in revenue requirements in subsequent periods. Another type of deferred inflow of resources reported by the electric fund are pension plan deferments for PERA, which increased by $21,830 during 2025. The last type of deferred inflow of resources reported by the electric fund are deferred solar subscriptions, which decreased by $1,325.

Condensed Financial Information – Water Fund

Condensed financial information from the Water Fund's balance sheets and statements of revenues, expenses and changes in fund net position is presented below.

Water fund	2025	2024
Assets		
Current assets	$ 3,225,752	$ 2,691,243
Capital assets, net	6,037,024	5,682,838
Noncurrent assets (leases)	68,543	39,314
Noncurrent assets (restricted)	22,602	14,050
Total assets	9,353,921	8,427,445
Deferred outflows of resources		
Deferred outflows from pension activity	32,575	31,751
Total assets and deferred outflows of resources	$ 9,386,496	$ 8,459,196
Liabilities		
Current liabilities	$ 223,434	$ 240,804
Net pension liability	104,998	121,841
Noncurrent liabilities	595,056	315,000
Total liabilities	923,488	677,645
Deferred inflows of resources		
Deferred inflows from pension activity	119,480	113,019
Deferred inflows from leasing activity	112,538	57,001
Total deferred inflows of resources	232,018	170,020
Net Position		
Net investment in capital assets	5,355,511	5,257,152
Restricted for debt service	22,602	14,050
Unrestricted	2,852,877	2,340,329
Total Net Position	8,230,990	7,611,531
Total liabilities, deferred inflows of resources and net position	$ 9,386,496	$ 8,459,196
Operating revenues	$ 1,242,855	$ 1,225,407
Operating expenses, excluding depreciation	716,191	639,873
Depreciation expense	451,357	426,893
Operating income (loss)	75,307	158,641
Nonoperating revenue (expenses) including transfers	544,152	553,284
Change in net position	619,459	711,925
Net position, beginning	7,611,531	6,899,606
Net position, ending	$ 8,230,990	$ 7,611,531

Financial Highlights – Water Fund

- The water fund's net position totaled $8,230,990 at December 31, 2025. Total net position increased by $619,459 in fiscal year 2025.
- The water fund's total 2025 operating revenues were $1,242,855. The total cost of operating the water system during 2025 was $1,167,548.
- For the year, the water fund reported an operating income of $75,307, a decrease of $83,334 from the previous year.
- Operating expenses increased by 9% from 2024 to 2025.

Capital Assets and Debt Administration – Water Fund

Capital Assets

At the end of fiscal year 2025, the water fund had $6,037,024 invested in various capital assets, including land, buildings and improvements, wells, towers, generation and distributions systems, transportation equipment and other equipment, net of accumulated depreciation.

Total capital asset additions were $805,543, related mainly to infrastructure improvements and water tower restoration.

Debt

At December 31, 2025, Water General Obligation Revenue Bonds, 2008A totaling $315,000 and Water General Obligation Revenue Bonds, 2025A totaling $420,000 were outstanding. These bonds are repayable at interest rates ranging from 4.00% to 5.00% through 2036.

Deferred Inflows/Deferred Outflows – Water Fund

Deferred outflows of resources reported by the water fund are pension plan deferments for PERA, which increased $824 during 2025. The water fund's balance is a result of differences between expected and actual economic experience, changes of actuarial assumptions, changes in proportion, and from contributions to the plan subsequent to the measurement date and before the end of the reporting period.

Deferred inflows of resources from pension activity reported by the water fund increased by $6,461 during 2025. Deferred inflow of resources from pension activity reported by the water fund are pension plan deferments for PERA. Deferred inflows of resources from lease activity reported by the water fund increased by $55,537 during 2025 due to lease payments during the year. Deferred inflows of resources from lease activity reported by the water fund are equal to present value of water tower lease revenues.

Princeton Public Utilities Commission

Financial Statements

December 31, 2025

Princeton Public Utilities Commission

Balance Sheets
December 31, 2025 and 2024

Assets and deferred outflows of resources

	Electric Fund		Water Fund	
	2025	2024	2025	2024
Current assets				
Cash and cash equivalents	$ 2,327,221	$ 3,188,277	$ 835,228	$ 447,494
Cash and cash equivalents - capital improvements	1,767,398	1,496,869	1,602,850	1,425,787
Investments	3,365,776	3,220,848	610,248	636,755
Customer accounts receivable	688,433	722,398	66,275	84,413
Other accounts receivable	121,985	83,006	1,602	960
Inventories	824,755	1,277,456	69,352	76,603
Lease receivable	-	-	40,197	19,231
Prepaid insurance	10,733	9,871	-	-
Total current assets	9,106,301	9,998,725	3,225,752	2,691,243
Noncurrent assets				
Lease receivable, noncurrent	-	-	68,543	39,314
Capital assets				
Non-depreciable	25,000	25,000	8,162	8,162
Depreciable	26,945,794	25,799,385	13,813,646	13,012,645
Less accumulated depreciation	16,624,177	15,886,743	7,784,784	7,337,969
Total noncurrent assets	10,346,617	9,937,642	6,105,567	5,722,152
Restricted assets				
Cash and cash equivalents				
Reserve fund	493,125	493,125	-	-
Debt retirement	238,938	199,875	22,602	14,050
Total restricted assets	732,063	693,000	22,602	14,050
Deferred outflows of resources				
Deferred outflows from pension activity	97,071	93,828	32,575	31,751
Total assets and deferred outflows of resources	$ 20,282,052	$ 20,723,195	$ 9,386,496	$ 8,459,196

See Notes to the Financial Statement

Liabilities, deferred inflows of resources and net position

	Electric Fund		Water Fund	
	2025	2024	2025	2024
Current liabilities				
Due to City	$ 162,546	$ 156,698	$ -	$ -
Accounts payable	592,253	705,105	23,632	55,954
Accrued payroll	29,856	24,712	11,879	10,062
Accrued compensated absences	-	77,213	-	-
Customer meter deposits	242,664	241,994	-	-
Unearned revenue	-	-	23,238	23,238
Total current liabilities	1,027,319	1,205,722	58,749	89,254
Current liabilities payable from restricted assets				
Accrued interest	66,438	68,625	9,685	1,550
Current maturities of bonds, loans and capital lease	230,000	175,000	155,000	150,000
Total current liabilities payable from restricted assets	296,438	243,625	164,685	151,550
Other liabilities				
Net pension liability	314,270	360,093	104,998	121,841
Bonds, notes, and loan payable, net of current maturities and premiums	6,072,059	6,303,902	595,056	315,000
Total other liabilities	6,386,329	6,663,995	700,054	436,841
Deferred inflows of resources				
Deferred credits rate stabilization	1,182,906	1,334,123	-	-
Deferred inflows from pension activity	355,854	334,024	119,480	113,019
Deferred inflows from leasing activity	-	-	112,538	57,001
Deferred solar subscriptions	2,907	4,232	-	-
Total deferred inflows of resources	1,541,667	1,672,379	232,018	170,020
Total liabilities and deferred inflows of resources	9,251,753	9,785,721	1,155,506	847,665
Net position				
Net investment in capital assets	5,244,963	4,813,695	5,355,511	5,257,152
Restricted for debt service	732,063	693,000	22,602	14,050
Unrestricted	5,053,273	5,430,779	2,852,877	2,340,329
Total net position	11,030,299	10,937,474	8,230,990	7,611,531
Total liabilities, deferred inflows of resources and net position	$ 20,282,052	$ 20,723,195	$ 9,386,496	$ 8,459,196

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Princeton Public Utilities Commission

Statements of Revenues, Expenses, and Changes in Net Position
For the Years Ended December 31, 2025 and 2024

	Electric Fund		Water Fund	
	2025	2024	2025	2024
Operating revenues	$ 8,142,415	$ 7,927,962	$ 1,242,855	$ 1,225,407
Operating expenses				
Production, plant and purchased power	5,702,663	5,589,822	147,706	141,324
Distribution system	580,934	522,309	168,629	156,104
Customer service	179,081	165,006	98,108	90,971
General and administrative	836,864	731,393	301,748	251,474
Depreciation	737,433	707,206	451,357	426,893
Total operating expenses	8,036,975	7,715,736	1,167,548	1,066,766
Operating income	105,440	212,226	75,307	158,641
Nonoperating revenues (expenses)				
Interest income	224,879	310,525	56,885	52,197
Change in fair value of investments	3,263	12,741	1,437	4,386
Gain on sale of assets	-	-	-	5,491
Lease revenue	-	-	36,634	41,462
Other income	36,243	31,874	475,496	480,354
Interest expense	(277,000)	(288,992)	(26,300)	(30,606)
Total nonoperating revenues (expenses)	(12,615)	66,148	544,152	553,284
Change in net position	92,825	278,374	619,459	711,925
Net position, beginning	10,937,474	10,659,100	7,611,531	6,899,606
Net position, ending	$ 11,030,299	$ 10,937,474	$ 8,230,990	$ 7,611,531

See Notes to the Financial Statements

Princeton Public Utilities Commission

Statements of Cash Flows
For the Years Ended December 31, 2025 and 2024

	Electric Fund		Water Fund	
	2025	2024	2025	2024
Cash flows from operating activities				
Receipts from customers	$ 8,136,746	$ 7,943,042	$ 1,302,327	$ 1,275,139
Cash paid to suppliers	(5,851,931)	(5,505,851)	(309,109)	(225,845)
Cash paid to employees	(1,353,298)	(1,189,337)	(441,542)	(406,315)
Net cash provided by operating activities	931,517	1,247,854	551,676	642,979
Cash flows from noncapital financing activities				
Other income	36,243	31,874	475,496	480,354
Cash flows from capital and related financing activities				
Proceeds from sale of capital assets	-	-	-	5,491
Net proceeds from issuance of bonds	-	-	435,496	-
Acquisition of capital assets	(1,146,408)	(2,422,688)	(805,543)	(719,388)
Interest paid	(281,030)	(345,474)	(18,605)	(32,061)
Principal paid on bonds	(175,000)	(85,000)	(150,000)	(345,000)
Net cash (used in) capital and related financing activities	(1,602,438)	(2,853,162)	(538,652)	(1,090,958)
Cash flows from investing activities				
Net sales (purchases) of investments	(141,665)	(1,828,937)	27,944	(287,577)
Investment income received	224,879	310,525	56,885	52,197
Net cash provided by (used in) investing activities	83,214	(1,518,412)	84,829	(235,380)
Net increase (decrease) in cash and cash equivalents	(551,464)	(3,091,846)	573,349	(203,005)
Cash and cash equivalents, beginning	5,378,146	8,469,992	1,887,331	2,090,336
Cash and cash equivalents, end	$ 4,826,682	$ 5,378,146	$ 2,460,680	$ 1,887,331
Cash and cash equivalents	$ 2,327,221	$ 3,188,277	$ 835,228	$ 447,494
Cash and cash equivalents - capital improvements	1,767,398	1,496,869	1,602,850	1,425,787
Cash and cash equivalents - reserve fund	493,125	493,125	-	-
Cash and cash equivalents - debt retirement	238,938	199,875	22,602	14,050
Total cash and cash equivalents on balance sheets	$ 4,826,682	$ 5,378,146	$ 2,460,680	$ 1,887,331

See Notes to the Financial Statements

	Electric Fund		Water Fund	
Continued	2025	2024	2025	2024

Reconciliation of Operating Income to Net Cash Provided By Operating Activities

	Electric Fund 2025	Electric Fund 2024	Water Fund 2025	Water Fund 2024
Operating Income	$ 105,440	$ 212,226	$ 75,307	$ 158,641
Adjustments to reconcile operating income to net cash provided by operating activities				
Depreciation	737,433	707,206	451,357	426,893
Pension related activity	(27,236)	(114,741)	(11,206)	9,967
Change in lease receivable and deferred inflows	-	-	5,342	514
Lease revenue - included in nonoperating revenues	-	-	36,634	41,462
(Increase) decrease in				
Customer accounts receivable	33,965	50,395	18,138	4,525
Other accounts receivable	(38,979)	(32,901)	(642)	3,231
Inventories	452,701	310,683	7,251	(24,919)
Prepaid insurance	(862)	17,832	-	-
Increase (decrease) in				
Due to City	5,848	(225)	-	-
Accounts payable	(112,852)	95,844	(32,322)	22,421
Accrued payroll	5,144	694	1,817	244
Customer meter deposits	670	(1,088)	-	-
Accrued compensated absences	(77,213)	3,255	-	-
Deferred solar subscriptions	(1,325)	(1,326)	-	-
Net cash provided by operating activities	$ 931,517	$ 1,247,854	$ 551,676	$ 642,979

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Princeton Public Utilities Commission

Notes to Financial Statements
December 31, 2025

Note 1 – Summary of significant accounting policies

Organization and accounting method
The Princeton Public Utilities Commission (the Commission) is a municipal utility engaged in the generation, transmission and distribution of electric power and the supply, purification, and distribution of water.

The accounting policies of Princeton Public Utilities Commission conform to generally accepted accounting principles applicable to governmental units.

This report includes only the Electric and Water Funds which are under the jurisdiction of the Princeton Public Utilities Commission, organized under the City of Princeton, Minnesota.

The financial statements of the Princeton Public Utilities Commission, organized under the City of Princeton, Minnesota are intended to present the financial position, results of operations and cash flows, of only that portion of the City that is attributable to the transactions of the Commission. They do not purport to, and do not, present fairly the financial position of the City of Princeton, Minnesota, and its results of operations and its cash flows, where applicable, in conformity with accounting principles generally accepted in the United States of America.

The Commission applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available. Depreciation and interest expenses can be specifically identified by function and are included in the direct expenses of each function.

Government-wide and fund financial statements
The Government-wide financial statements (i.e., the statement of net position and the statement of activities) required under Statement of Governmental Accounting Standards (GASB) No. 34 and the fund basis financial statements for the Electric and Water Funds of the Commission are identical and therefore the accompanying financial statements include just one set of financial statements and no reconciliation is required.

Measurement focus and basis of accounting
The Commission is comprised of proprietary funds, the Electric Enterprise and Water Enterprise Funds of the City of Princeton, Minnesota. The accounting and financial reporting treatment applied is determined by its measurement focus and basis of accounting. The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Cash and cash equivalents
For the purpose of reporting cash flows, the Commission considers all demand accounts, savings accounts, and money market funds to be cash and cash equivalents.

Investments
Investments consist primarily of negotiable certificates of deposit and municipal bonds. Investments with an original maturity of less than one year are recorded at amortized cost, which approximates fair value. Investments with an original maturity of more than one year are recorded at fair value based on quoted market prices.

Accounts receivable
Accounts receivable are recorded at the original invoice amount. Management determines bad debts by regularly evaluating individual customer accounts receivable and considering a customer's financial condition, credit history, and current economic conditions. Accounts receivable are written off when deemed uncollectible. It is the Commission's policy to charge uncollectibles directly to operations as accounts become worthless. No material losses are anticipated from present receivable balances; therefore, no allowance for uncollectibles is reflected in the accompanying financial statements.

Inventory
Inventories, which consist of supplies and replacement parts for the electrical and water systems, are stated at lower of average cost or market and are reported on the consumption method.

Interfund transactions
Interfund transactions, including sales and transfers between funds (if any), are not eliminated for financial statement purposes.

Capital assets
Capital assets include property, plant and equipment, and are recorded at cost. Capital assets are defined by the Commission as assets with an initial, individual cost of more than $1,500 and an estimated useful life greater than one year.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is expensed as incurred.

Property, plant, and equipment are capitalized when acquired, and depreciation is provided using the straight-line method applied over the following estimated useful lives of the assets.

	Useful Life in Years
Buildings and building improvements	5 - 40
Generation and distribution system	30 - 33
Wells and related equipment	5 - 20
Transportation equipment	6 - 8
Software and other equipment	3 - 15
Water tower and tank	10 – 33

Leases
For leases with a term exceeding 12 months, the Commission recognizes a lease liability and a right to use lease asset in the government-wide financial statements.

The right to use lease asset is calculated at the initial amount of the lease liability plus any lease payments made to the lessor before the lease commencement date, plus certain initial direct costs incurred, minus any lease incentives received. Subsequently, the right to use lease asset is amortized on a straight-line basis over its useful life. The Commission initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of the lease payments made. Remeasurement of the right to use lease asset and lease liability occurs when certain changes occur that are likely to have a significant impact on the lease liability.

Right to use lease assets, if any, are reported with capital assets and lease liabilities, if any, are reported with long-term debt on the statement of net position.

The Commission leases cell tower space to external parties. Lease receivables and deferred inflows of resources are recorded based on the present value of expected receipts over the term of the respective leases. The expected payments and receipts are discounted using the interest rate charged on the lease, if available, and are otherwise discounted using the risk free rate. Variable payments are excluded from the valuations unless they are fixed in substance. For leases featuring payments tied to an index or market rate, the valuation is based on the initial index or market rate. The Commission does not have any leases subject to a residual value guarantee.

Compensated absences
The Commission recognize a liability for employee’s compensated absences if the leave is attributable to services already rendered, if the leave accumulates, and if it is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means.

Sick leave is earned up to twelve days per year with unlimited accumulation. Employees are not compensated for unused sick leave upon termination of employment. Prior to 2025, certain employees with ten years of service were paid for their unused sick leave upon termination of employment, up to a maximum of 60 days. The liability for compensated absences for the five employees eligible at December 31, 2024 totaled $77,213.

Employees earn vacation days based upon the number of completed years of service. The Commission does not compensate for unused vacations upon termination of employment, other than for the current year's unused portion.

Revenue recognition
Revenue is recognized when electricity or water is used by the customer. Usage is billed on a monthly basis.

Taxes
In accordance with certain provisions of the United States Internal Revenue Code and related federal and state governing laws and regulations, the Commission is exempt from federal and state income taxes, and local property taxes.

Net position
In the financial statements, net position is classified in the following categories:

<u>Net investment in capital assets</u> – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt attributed to the acquisition, construction or improvement of the assets.

<u>Restricted for debt service</u>– This amount is restricted by external creditors, grantors, contributors, laws or regulations of other governments.

<u>Unrestricted net position</u> – This amount is all net position that does not meet the definition of "net investment in capital assets" or “restricted net position”.

Deferred outflows of resources
In addition to assets, the financial statements will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenses) until that time. The Commission has one item that qualifies for reporting in this category. The Commission presents deferred outflows of resources on the Balance Sheets for deferred outflows of resources in relation to the activity of the pension funds in which Commission employees participate.

Deferred inflows of resources
In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Commission has four items that qualify for reporting in this category. The Commission presents deferred inflows of resources for deferred inflows of resources related to pensions which result from actuarial calculations. The Commission also presents deferred credits (revenue), which represent rate stabilization as a deferred inflow of resources. Rate stabilization is a result of deposits made to the Commission's rate stabilization account, which may be used to meet unanticipated increases in revenue requirements in subsequent periods. The Commission presents deferred inflows of resources related to water tower lease revenues. The last type of deferred inflow of resources reported by the Commission are deferred solar subscriptions. The Commission gives customers an option to purchase solar panel subscriptions for 5, 10 or 20 years for which they pay the entire subscription in the first year.

Pensions
For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Concentration of credit risk
Financial instruments which expose the Commission to a concentration of credit risk consist primarily of cash, investments, and accounts receivable. Accounts receivable are concentrated geographically as amounts are due from individuals residing in and businesses located in the City of Princeton.

Use of estimates
The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates that affect amounts reported in the financial statements during the reporting period. Actual results could differ from such estimates.

Subsequent events
In preparing these financial statements, the Commission has evaluated events and transactions for potential recognition or disclosure through July 20, 2026, the date the financial statements were available to be issued.

Note 2 – Cash and investments

The Commission follows State statutes requiring that all deposits be protected by insurance, surety bonds or collateral. The market value of collateral pledged must equal or exceed 110% of the deposits not covered by insurance.

Authorized collateral includes U.S. government treasury bills, notes or bonds; issues of U.S. government agencies; certain rated general and revenue obligations of state and local governments; certain types of stand-by letters of credit and insured certificates of deposit. State statues require that securities pledged as collateral be held in safekeeping by the Commission or in a financial institution other than the institution furnishing the collateral.

Custodial credit risk is the risk that in the event of failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party.

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Utilities' investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated.

Investments
The Commission does not have an investment policy and is permitted to invest its idle funds as authorized by Minnesota Statutes as follows:

- Direct obligations or obligations guaranteed by the United States or its agencies.
- General obligations rated "A" or better.
- Revenue obligations rated "AA" or better.
- General obligations of the Minnesota Housing Finance Agency rated "A" or better.
- Any security which is an obligation of a school district with an original maturity not exceeding 13 months, and rated in the highest category by a national bond rating service or enrolled in the credit enhancement program.
- Commercial paper issued by United States corporations or their Canadian subsidiaries, rated of the highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less.
- Time deposits that are fully insured by the Federal Deposit Insurance Corporation or bankers' acceptances of United States banks.
- General obligation temporary bonds of the same governmental entity issued under section 429.091, subdivision 7; 469.178, subdivision 5; or 475.61, subdivision 6.
- Funds held in a debt service fund may be used to purchase any obligation, whether general or special, of an issue which is payable from the fund, at such price, which may include a premium, as shall be agreed to by the holder, or may be used to redeem any obligation of such an issue prior to maturity in accordance with its terms.
- Repurchase or reverse purchase agreements and securities lending agreements with financial institutions qualified as a "depository" of public funds by the government entity, with banks that are members of the Federal Reserve System with certain capitalization requirements, with a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or with a securities broker-dealer properly licensed, regulated by the SEC and with certain capitalization requirements.
- Shares of Minnesota joint powers investment trusts whose investments are restricted to securities described in A-J above or negotiable certificates of deposit; or units of a short- term investment fund established and administered pursuant to regulation 9 of the Office of the Comptroller of the Currency in which investments are restricted to securities described in A-J above; or shares of investment companies registered under the Federal Investment Company Act of 1940 which hold themselves out as money market funds meeting the conditions of rule 2a-7 of the SEC and rated in one of the two highest rating categories for money market funds by at least one nationally recognized statistical rating organization; or shares of investment companies registered under the Federal Investment Company Act of 1940 that receive the highest credit rating, are rated in one of the two highest rating categories by a statistical rating agency, and all of the investments have a final maturity of 13 months or less.
- Guaranteed Investment Contracts guaranteed by a United States commercial bank, domestic branch of a foreign bank, or a United States insurance company, or their Canadian subsidiaries, or the domestic affiliates of any of the foregoing and with a credit quality in one of the top two highest categories by a nationally recognized rating agency.

Princeton Public Utilities Commission

Notes to Financial Statements
December 31, 2025

The Princeton Public Utilities Commission's investments are potentially subject to various risks including the following:

- Custodial credit risk - The risk that in the event of a failure of the counterparty to an investment transaction (typically a brokerage firm or financial institution) the government would not be able to recover the value of its investments or collateral securities. Although the Commission's investment policies do not directly address custodial credit risks, it typically limits its exposure by purchasing insured or registered investments or by the control of who holds the securities.
- Credit risk - The risk that an issuer or other counterparty to an investment will not fulfill its obligations.
- Concentration risk - This is the risk associated with investing a significant portion of the Commission's investments (considered 5 percent or more) in the securities of a single issuer, excluding U.S. guaranteed investments (such as treasuries), investment pools, and mutual funds.
- Interest rate risk - The risk of potential variability in the fair value of fixed rate investments resulting from changes in interest rates (the longer the period for which an interest rate is fixed, the greater the risk). The Commission's investment policies do not limit the maturities of investments; however, the Commission considers such things as interest rates and cash flow needs when purchasing investments.

The following table presents the Commission's cash and investment balances at December 31, 2025 and 2024, and information relating to potential investment risks:

December 31, 2025

Cash/Investments	Maturity Date	Over 5% of Portfolio	Carrying Value Electric	Carrying Value Water	Carrying Value Total
Cash on hand	N/A	N/A	$ 2,135	$ -	$ 2,135
Deposits	N/A	N/A	3,948,830	2,241,751	6,190,581
Money Market	N/A	N/A	875,717	218,929	1,094,646
Certificate of deposits	1/26-6/30	100%	3,365,776	610,248	3,976,024
Total cash and investments			$ 8,192,458	$ 3,070,928	$ 11,263,386

December 31, 2024

Cash/Investments	Maturity Date	Over 5% of Portfolio	Carrying Value Electric	Carrying Value Water	Carrying Value Total
Cash on hand	N/A	N/A	$ 2,135	$ -	$ 2,135
Deposits	N/A	N/A	4,581,168	1,688,620	6,269,788
Money Market	N/A	N/A	794,843	198,711	993,554
Certificate of deposits	5/25-8/29	100%	3,220,848	636,755	3,857,603
Total cash and investments			$ 8,598,994	$ 2,524,086	$ 11,123,080

N/A – Not applicable

Capital improvements
In 1986 the Commission resolved that any surplus monies in the electric and water funds be transferred to a reserve account to be used for emergencies, improvements and equipment replacements. Activity in the account for 2025 and 2024 was as follows:

	2025	2024
Beginning Balance	$ 2,922,656	$ 2,483,667
Additions	447,592	438,989
Ending Balance	$ 3,370,248	$ 2,922,656

Fair value measurement
Fair value measurements are determined utilizing the framework established by the Governmental Accounting Standards Board. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Commission has the ability to access.
- Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data. Inputs to the valuation methodology include:
  - Quoted prices for similar assets or liabilities in active markets
  - Quoted prices for identical assets or liabilities in inactive markets
  - Inputs other than quoted prices that are observable for the asset or liability
  - Inputs that are derived principally from or corroborated by observable market data by correlation or other means

  If the asset or liability has a specific (contractual) term, Level 2 input must be observable for substantially the full term of the asset or liability
- Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The Commission's investments within the fair value hierarchy at December 31, 2025 were as follows:

	December 31, 2025			
	Assets	Fair Value Hierarchy Level		
	Measured at	Level 1	Level 2	Level 3
Certificate of Deposits	$ 3,976,024	$ -	$ 3,976,024	$ -

The Commission's investments within the fair value hierarchy at December 31, 2024 were as follows:

	December 31, 2024			
	Assets	Fair Value Hierarchy Level		
	Measured at	Level 1	Level 2	Level 3
Certificate of Deposits	$ 3,857,603	$ -	$ 3,857,603	$ -

Note 3 – Capital assets

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

Electric Fund	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	$ 25,000	$ -	$ -	$ 25,000
Total capital assets, not being depreciated	25,000	-	-	25,000
Capital assets, being depreciated:				
Buildings and improvements	2,193,112	52,043	-	2,245,155
Generation and distribution system	22,217,993	1,020,210	-	23,238,203
Transportation equipment	741,305	64,697	-	806,002
Other equipment	646,976	9,458	-	656,434
Total capital assets, being depreciated	25,799,386	1,146,408		26,945,794
Less: accumulated depreciation	15,886,744	737,433	-	16,624,177
Total capital assets, being depreciated, net	9,912,642	408,975	-	10,321,617
Capital assets, net	$ 9,937,642	$ 408,975	$ -	$ 10,346,617

Water Fund	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	$ 8,162	$ -	$ -	$ 8,162
Total capital assets, not being depreciated	8,162	-	-	8,162
Capital assets, being depreciated:				
Buildings and improvements	29,765	798	-	30,563
Generation and distribution system	10,084,853	301,021	-	10,385,874
Wells	558,324	10,465	4,543	564,246
Transportation equipment	118,899	64,570	-	183,469
Other equipment	336,256	9,900	-	346,156
Water tower and tank	1,884,549	418,789	-	2,303,338
Total capital assets, being depreciated	13,012,646	805,543	4,543	13,813,646
Less: accumulated depreciation	7,337,970	451,357	4,543	7,784,784
Total capital assets, being depreciated, net	5,674,676	354,186	-	6,028,862
Capital assets, net	$ 5,682,838	$ 354,186	$ -	$ 6,037,024

Princeton Public Utilities Commission

Notes to Financial Statements
December 31, 2025

Note 4 – Long-term debt

Following is a summary of debt outstanding at December 31, 2025:

Revenue Bonds	Range of Interest Rates	Final Maturity	Balance December 31, 2025
Water General Obligation Bonds, 2008A - interest due semiannually in June and December and principal due annually in December	4.00-4.05%	2027	$ 315,000
Water General Obligation Bonds, 2025A - interest due semiannually in February and August and principal due annually in February	5.00%	2036	420,000
Electric Revenue Bonds, 2023A - interest due semiannually in April and October and principal due annually in April	4.00-5.00%	2043	6,250,000
	Total Debt Outstanding		$ 6,985,000

Following is a summary of the activity in the Commission's debt during December 31, 2025:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Business-type activities					
Electric					
Electric Revenue Note, 2023A	$6,425,000	$ -	$ 175,000	$ 6,250,000	$ 230,000
Compensated Absences	77,213	-	77,213	-	-
Unamortized premium	166,319	-	5,687	160,632	-
Less: unamortized (discount)	(112,417)	-	(3,844)	(108,573)	-
Electric Total	6,556,115	-	254,056	6,302,059	230,000
Water					
General Obligation Water Revenue, 2008A	465,000	-	150,000	315,000	155,000
General Obligation Water Revenue, 2025A	-	420,000	-	420,000	-
Unamortized premium	-	15,496	440	15,056	-
Water Total	465,000	435,496	150,440	750,056	155,000
Combined Total	$7,021,115	$ 435,496	$ 404,496	$ 7,052,115	$ 385,000

The annual requirements to amortize all long-term debt outstanding as of December 31, 2025 were as follows:

	Water Revenue Bonds		
Years	Principal	Interest and Fees	Total
2026	$ 155,000	$ 33,388	$ 188,388
2027	185,000	26,855	211,855
2028	35,000	18,875	53,875
2029	35,000	17,125	52,125
2030	40,000	15,250	55,250
2031-2035	230,000	43,750	273,750
2036	55,000	1,375	56,375
Totals	$ 735,000	$ 156,618	$ 891,618

	Electric Revenue Bonds		
Years	Principal	Interest and Fees	Total
2026	$ 230,000	$ 260,000	$ 490,000
2027	245,000	248,125	493,125
2028	255,000	235,625	490,625
2029	270,000	222,500	492,500
2030	280,000	208,750	488,750
2031-2035	1,615,000	839,375	2,454,375
2036-2040	1,975,000	479,500	2,454,500
2041-2043	1,380,000	84,400	1,464,400
Totals	$ 6,250,000	$ 2,578,275	$ 8,828,275

The following restrictions on assets have been established to comply with agreements related to the outstanding revenue bonds:

Reserve fund
Bond and note covenants require a reserve account in the amount of $493,125 be established in the electric fund.

Debt retirement
The 2008 water revenue bond and note indentures require the water fund to set aside an amount equal to not less than one-sixth of the interest due within the next six months and monthly to set aside an amount equal to not less than one-twelfth of the principal due within the next twelve months. The total set aside as of December 31, 2025 and 2024 was $22,602 and $14,050, respectively.

The 2023 electric revenue bond and note indenture requires the electric fund to set aside an amount equal to not less than one-sixth of the interest due within the next six months and monthly to set aside an amount equal to not less than one-twelfth of the principal due within the next twelve months. The total set aside at December 31, 2025 and 2024 was $238,938 and $199,875, respectively.

Note 5 – Commitments

SMMPA capacity and purchase agreement

The Commission purchases power from Southern Minnesota Municipal Power Agency (SMMPA) under a power sales contract, which runs through April 2050 and thereafter unless terminated by either party upon one years' notice. Under the terms of the contract, the Commission is obligated to purchase from SMMPA all the electrical power and energy needed to operate the electric utilities through the term of the contract, unless the Commission elects to exercise an option under the contract to establish a fixed Contract Rate of Delivery upon seven years notice.

In addition, on January 2, 2001, the Commission entered into an Amended and Restated Capacity Purchase Agreement (amending the original 1995 Capacity Purchase Agreement) with SMMPA, whereby SMMPA is entitled to the exclusive use of the net electric generating capability, and associated energy, of the Diesel Generating Facilities. Under the terms of this agreement, SMMPA is responsible for all costs of operations and maintenance, including certain costs associated with generating plant personnel and renewal and replacement costs. This agreement is cancelable by either party upon a five-year notice, or by SMMPA with a one-year notice if renewal and replacement costs are deemed to make continued operation of the generation uneconomic.

SMMPA quick-start capacity and energy purchase agreement

On December 20, 2001, the Commission entered into a Quick-Start Capacity and Energy Purchase Agreement with SMMPA. Under the terms of this 20-year agreement, SMMPA pays to the Commission a monthly payment for the exclusive right to all capacity and associated energy from the quick-start generating plant (specified generation facilities that do not include the Diesel Generating Facilities referred to above) and is responsible for the cost of fuel when the plant is operated. SMMPA exercised their right under the contract to extend the terms of the contract an additional five years in 2019 and again in 2023. The Commission is responsible for all operating, maintenance, renewal and replacement costs associated with quick-start generation.

Note 6 – Leases

The Commission has entered into several lease agreements with cell phone providers. Under the agreements, the cell phone providers pay the Commission annual payments of approximately $44,000 in exchange for providing cell services to the City residents with antennas on top of the water towers. The receivable for these leases has been recorded in the water fund and is measured as the present value of the future rent payments expected to be received during the lease terms. The discount rates used in calculation of the receivable are 1.47% and 4.36%, which were the risk free rates in effect at the dates the leases were signed or extended.

Note 7 – Due to City

Due to City represents amounts owing to the City of Princeton and consisted of the following at December 31, 2025 and 2024:

	2025	2024
Sewer collections	**$ 140,343**	$ 135,179
Franchise fee	**22,203**	21,519
Total	**$ 162,546**	$ 156,698

Note 8 – Risk management

The Commission is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees or others; and natural disasters. In order to protect against these risks of loss, the Commission purchases commercial insurance through the League of Minnesota Cities Insurance Trust, a public entity risk pool. This pool currently operates common risk management and insurance programs for municipal entities. The Commission pays an annual premium to the League for its insurance coverage. The League of Minnesota Cities Insurance Trust is self-sustaining through commercial companies for excess claims. The Commission is covered through the pool for any claims incurred but unreported, however, retains risk for the deductible portion of its insurance policies. The amounts of these deductibles are considered immaterial to the financial statements. During the years ended December 31, 2025 and 2024, there were no significant reductions in insurance coverage from the prior year. Settled claims have not exceeded the Commission's commercial coverage in any of the past three years.

Note 9 – Rate stabilization provision

The Princeton Public Utilities Commission designed its electric service rates to recover costs of providing power supply services. In order to minimize possible future rate increases, each year the Commission determines a rate stabilization amount to be charged or credited to revenues. For the year ended December 31, 2025 there was an adjustment of $151,217 to recognize revenue and reduce the rate stabilization deferred inflow of resources. During the year ended December 31, 2024, there was no adjustment for rate stabilization.

Note 10 – Defined benefit pension plans

Plan description

The Princeton Public Utilities Commission participates in the following cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees Retirement Association of Minnesota (PERA). PERA’s defined benefit pension plans are established and administered in accordance with *Minnesota Statutes*, Chapters 353, 353D, 353E, 353G, and 356. Minnesota Statutes chapter 356 defines each plan's financial reporting requirements. PERA’s defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

General employees retirement plan

Membership in the General Plan includes employees of counties, cities, townships, schools in non-certified positions, and other governmental entities whose revenues are derived from taxation, fees, or assessments. Plan membership is required for any employee who is expected to earn more than $425 in a month, unless the employee meets exclusion criteria.

Benefits provided

PERA provides retirement, disability, and death benefits. Benefit provisions are established by state statute and can only be modified by the state Legislature. Vested, terminated employees who are entitled to benefits, but are not receiving them yet, are bound by the provisions in effect at the time they last terminated their public service. When a member is “vested,” they have earned enough service credit to receive a lifetime monthly benefit after leaving public service and reaching an eligible retirement age. Members who retire at or over their Social Security full retirement age with at least one year of service qualify for a retirement benefit.

General Employees Plan requires three years of service to vest. Benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for General Plan members. Members hired prior to July 1, 1989, receive the higher of the Step or Level formulas. Only the Level formula is used for members hired after June 30, 1989. Under the Step formula, General Plan members receive 1.2 percent of the highest average salary for each of the first 10 years of service and 1.7 percent for each additional year. Under the Level formula, General Plan members receive 1.7 percent of highest average salary for all years of service. For members hired prior to July 1, 1989 a full retirement benefit is available when age plus years of service equal 90 and normal retirement age is 65. Members can receive a reduced requirement benefit as early as age 55 if they have three or more years of service. Early retirement benefits are reduced by .25 percent for each month under age 65. Members with 30 or more years of service can retire at any age with a reduction of .25 percent for each month the member is younger than age 62. The Level formula allows General Plan members to receive a full retirement benefit at age 65 if they were first hired before July 1, 1989 or at age 66 if they were hired on or after July 1, 1989. Early retirement begins at age 55 with an actuarial reduction applied to the benefit.

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50 percent of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1 percent and a maximum of 1.5 percent. The 2025 annual increase was 1.25 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a prorated increase.

Contributions
Minnesota Statutes Chapter 353, 353E, 353G, and 356 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state Legislature.

General Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2025 and the Commission was required to contribute 7.50 percent for General Plan members. The Commission's contributions to the General Employees Fund for the year ended December 31, 2025, were $88,823. The Commission's contributions were equal to the required contributions as set by state statute.

Pension costs
At December 31, 2025, the Commission reported a liability of $419,268 for its proportionate share of the General Employees Fund's net pension liability. The Commission's net pension liability reflected a reduction due to the State of Minnesota's contribution of $16 million. The State of Minnesota is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the Commission totaled $10,114.

Commission's proportionate share of net pension liability	$	419,268
State of Minnesota's proportionate share of the net pension liability associated with the Commission		10,114
Total	$	429,382

The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Commission's proportion of the net pension liability was based on the Commission's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2024, through June 30, 2025, relative to the total employer contributions received from all of PERA's participating employers. The Commission's proportionate share was 0.0127 percent at the end of the measurement period and 0.0130 percent for the beginning of the period.

For the year ended December 31, 2025, the Commission recognized pension expense (benefit) of $(38,442) for its proportionate share of the General Employees Plan's pension expense. In addition, the Commission recognized an additional $2,024 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of $16 million to the General Employees Fund.

At December 31, 2025, the Commission reported its proportionate share of the General Employees Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 66,715	$ -
Changes in actuarial assumptions	-	216,592
Net difference between projected and actual earnings on pension plan investments	-	191,210
Changes in proportion	15,840	67,532
Employer contributions subsequent to the measurement date	47,091	-
Total	$ 129,646	$ 475,334
Reported in the financial statements as:		
Electric Fund	$ 97,071	$ 355,854
Water Fund	32,575	119,480
Total	$ 129,646	$ 475,334

The $47,091 reported as deferred outflows of resources related to pensions resulting from the Commission's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability during the year ending December 31, 2026. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending December 31:	Pension Expense Amount
2026	$ (99,365)
2027	(144,986)
2028	(106,718)
2029	(41,710)

Long-term expected return on investment
The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness on a regular basis of the long-term expected rate of return using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	33.5%	5.10%
International equity	16.5%	5.30%
Fixed income	25.0%	0.75%
Private markets	25.0%	5.90%
Total	100%	

Actuarial methods and assumptions
The total pension liability for each of the cost-sharing defined benefit plans was determined by an actuarial valuation as of June 30, 2025, using the entry age normal actuarial cost method. The long-term rate of return on pension plan investments used to determine the total liability is 7%. The 7% assumption is based on a review of inflation and investment return assumptions from a number of national investment consulting firms. The review provided a range of investment return rates considered reasonable by the actuary. An investment return of 7% is within that range.

- Inflation is assumed to be 2.25% for the General Employees Plan.
- Benefit increases after retirement are assumed to be 1.50% for the General Employees Plan.

Salary growth assumptions in the General Employees Plan range in annual increments from 11.5% after one year of service to 3% after 27 years of service.

Mortality rates for the General Employees Plan are based on the Pub-2010 General Employee Mortality Table. The tables are adjusted slightly to fit PERA's experience.

Actuarial assumptions for the General Employees Plan are reviewed every four years. The General Employees Plan was last reviewed in 2022. The assumption changes were adopted by the Board and became effective with the July 1, 2023 actuarial valuation. The assumption changes were adopted by the board and became effective with the July 1, 2025 actuarial valuation.

The following changes in actuarial assumptions and plan provisions occurred in 2025:

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions

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

Discount rate

The discount rate used to measure the total pension liability in 2025 was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at the rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the General Employees Fund was projected to be available to make all projected future benefit payments of current plan members. The long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Pension liability sensitivity

The following presents the Commission's proportionate share of the net pension liability for all plans it participates in, calculated using the discount rate disclosed in the preceding paragraph, as well as what the Commission's proportionate share of the net pension liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate:

Sensitivity Analysis

Net Pension Liability (Asset) at Different Discount Rates

	General Employees Fund	
1% Lower	6.00%	$ 1,018,337
Current Discount Rate	7.00%	419,268
1% Higher	8.00%	(66,711)

Pension plan fiduciary net position

Detailed information about each pension plan's fiduciary net position is available in a separately issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained on the Internet at www.mnpera.org.

Princeton Public Utilities Commission

Required Supplementary Information

December 31, 2025

Princeton Public Utilities Commission
Schedule of Commission Pension Contributions
PERA General Employees Retirement Fund
Last Ten Years (presented prospectively)

Year Ended December 31	Statutorily Required Contribution (a)	Contributions in Relation to Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll (d)	Contributions as a Percentage of Covered Payroll (b/d)
2016	$ 85,248	$ 85,248		$ 1,136,646	7.50%
2017	82,805	82,805		1,104,062	7.50%
2018	86,249	86,249		1,149,985	7.50%
2019	89,748	89,748		1,196,640	7.50%
2020	90,121	90,121		1,201,613	7.50%
2021	79,680	79,680		1,062,402	7.50%
2022	79,263	79,263		1,056,837	7.50%
2023	84,446	84,446		1,125,950	7.50%
2024	83,454	83,454		1,112,723	7.50%
2025	88,823	88,823		1,184,307	7.50%

Princeton Public Utilities Commission
Schedule of Commission and Non-Employer Proportionate Share of Net Pension Liability
PERA General Employees Retirement Fund
Last Ten Years (presented prospectively)

Fiscal Year Ended June 30	Employer's Proportionate Share (Percentage) of Net Pension Liability (Asset)	Employer's Proportionate Share (Amount) of the Net Pension Liability (Asset) (a)	State's Proportionate Share (Amount) of the Net Pension Liability Associated with the Utilities (b)	Employer's Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability Associated with the Utilities (a+b)	Covered Payroll (c)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll (a+b)/c	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2016	0.0181%	$ 1,469,630	$ 19,156	$ 1,488,786	$ 1,122,267	132.66%	68.91%
2017	0.0177%	1,129,957	14,210	1,144,167	1,140,253	100.34%	75.90%
2018	0.0163%	904,258	29,600	933,858	1,092,933	85.45%	79.53%
2019	0.0166%	917,778	28,499	946,277	1,176,240	80.45%	80.23%
2020	0.0167%	1,001,243	31,027	1,032,270	1,190,453	86.71%	79.06%
2021	0.0165%	704,624	21,513	726,137	1,184,691	61.29%	87.00%
2022	0.0133%	1,053,363	30,904	1,084,267	996,522	108.81%	76.70%
2023	0.0141%	788,455	21,752	810,207	1,118,792	72.42%	83.10%
2024	0.0130%	481,934	12,462	494,396	1,113,848	44.39%	89.10%
2025	0.0127%	419,268	10,114	429,382	1,196,764	35.88%	90.80%

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PRINCETON PUBLIC UTILITIES COMMISSION

SUPPLEMENTARY INFORMATION

December 31, 2025

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Princeton Public Utilities Commission

Schedules of Operating Revenues
For the Years Ended December 31, 2025 and 2024

	Electric Fund		Water Fund	
	2025	2024	2025	2024
Operating revenues				
Residential services	$ 2,647,478	$ 2,510,856	$ 622,207	$ 624,650
Commercial and industrial sales	683,078	642,331	453,849	455,334
Power and lighting	2,666,122	2,666,718	-	-
Security lights	21,403	19,977	-	-
Life-of-unit diesel	460,821	432,729	-	-
Quick start	174,240	174,240	-	-
Penalties and connection charges	148,059	160,507	129,737	82,570
Rate stabilization	151,217	-	-	-
Intermediate power service	1,025,590	967,606	-	-
Other operating revenues	164,407	352,998	37,062	62,853
Total operating revenues	$ 8,142,415	$ 7,927,962	$ 1,242,855	$ 1,225,407

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Princeton Public Utilities Commission

Schedules of Operating Expenses
For the Years Ended December 31, 2025 and 2024

	Electric Fund		Water Fund	
	2025	2024	2025	2024
Operating expenses				
Production Plant				
Salaries and wages	$ 208,428	$ 177,871	$ 65,754	$ 57,120
Repairs and maintenance	201,736	215,736	41,183	45,991
Natural gas	18,163	14,301	7,946	7,965
Purchased power and for pumping	5,274,336	5,181,914	32,823	30,248
Total production plant	5,702,663	5,589,822	147,706	141,324
Distribution system				
Salaries and wages	402,679	386,499	127,867	116,730
Supplies and maintenance	178,255	135,810	40,762	39,374
Total distribution system	580,934	522,309	168,629	156,104
Customer service				
Salaries and wages	152,680	139,011	85,794	79,561
Supplies and maintenance	22,974	23,490	12,002	11,179
Bad debts	3,427	2,505	312	231
Total customer service	179,081	165,006	98,108	90,971
General and Administrative				
Salaries and wages	118,349	113,128	64,726	59,290
Employee pensions and benefits	371,857	262,036	88,012	103,825
Outside services	78,333	81,206	34,447	40,292
Office supplies and expense	40,943	36,006	15,915	13,677
Dues and subscriptions	11,703	11,723	2,076	2,070
Insurance	25,827	28,177	15,972	15,757
Telephone	3,730	3,975	1,453	1,432
Miscellaneous administrative	186,122	195,142	79,147	15,131
Total general and administrative	836,864	731,393	301,748	251,474
Depreciation expense	737,433	707,206	451,357	426,893
Total operating expenses	$ 8,036,975	$ 7,715,736	$ 1,167,548	$ 1,066,766

CohnReznick

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

To the Commissioners
Princeton Public Utilities Commission

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of each major fund of Princeton Public Utilities Commission, as of and for the year ended December 31, 2025, and the related notes to financial statements, which collectively comprise the Princeton Public Utilities Commission's basic financial statements and have issued our report thereon dated July 20, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Princeton Public Utilities Commission's internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Princeton Public Utilities Commission's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Princeton Public Utilities Commission's internal control over financial reporting.

A *deficiency in internal control over financial reporting* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Princeton Public Utilities Commission's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

CohnReznick

Minnesota Legal Compliance

In connection with our audit, nothing came to our attention that caused us to believe that Princeton Public Utilities Commission failed to comply with provisions of the contracting – bid laws, depositories of public funds and public investments, conflicts of interest, public indebtedness, claims and disbursements, and miscellaneous provisions sections of the *Minnesota Legal Compliance Audit Guide for Other Political Subdivisions*, promulgated by the State Auditor pursuant to Minn. Stat. Sec. 6.65, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Commission's noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the provisions of the *Minnesota Legal Compliance Audit Guide for Other Political Subdivisions* and the results of that testing, and not to provide an opinion on the effectiveness of the Commission's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control over financial reporting and compliance. Accordingly, this communication is not suitable for any other purpose.

CohnReznick LLP

Minneapolis, Minnesota
July 20, 2026

CohnReznick

Independent Member of Nexia

cohnreznick.com

MEMORANDUM 26-27

TO: Princeton Public Utilities Commission
FROM: Keith Butcher, General Manager
SUBJECT: Bill Redesign
DATE: August 26, 2026

ITEM SUMMARY

Staff are requesting Commission direction on a potential utility bill redesign intended to make City and utility charges clearer for consumers.

BACKGROUND

At a previous meeting, the Commission discussed future billing strategies and reached consensus to continue providing sewer billing services to the City. However, given existing consumer confusion and the possibility of future requests to add items to the bill, the Commission directed staff to explore a billing redesign.

DISCUSSION

Staff developed a preliminary concept bill using a basic image-editing tool to illustrate one possible approach: separating City charges on one side of the bill and utility charges on the other. The mock-up is preliminary so the final design may differ significantly. This mock-up has been shared with our billing software provider and they are confident that this approach is a viable alternative.

The concept design removes the comparator graphs to create enough space to separate charges more clearly. Staff discussed this potential change with SMMPA, which originally advocated for the graphs to help meet statutory goals. SMMPA indicated support for members pursuing the billing format that best serves their communities and does not require that the comparator graphs remain. If the graphs are removed, staff will continue to work with SMMPA to meet and exceed statutory goals through other consumer efforts.

This proposal is offered regardless of the city's plans for stormwater management fees. At this time the city has not approved the fee nor has it been determined that the fee must be added to the existing utility bill. It is staff's understanding that many options exist and implemented by cities for stormwater management fees beyond utility bills such as inclusion on property tax statements, issuing their own independent city invoices (annually, semi-annually, or quarterly), and/or utilizing an external contractor. There does, however, remain the continued consumer confusion regarding the responsibility and authority differences between city sewer and PPU's utilities for which this billing redesign could help address.

NEXT STEPS

Staff are seeking Commission direction on whether to proceed with obtaining a quote and implementation schedule, and whether to ask the City to fund all or a portion of the consultant’s cost with utility staff providing all the labor.

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907 1ST STREET
Princeton, MN 55371-0218
Phone: 763.389.2252 • Fax Number: 763.389.2273

ABC COMPANY
123 MAIN STREET
PRINCETON, MN

ACCOUNT NO.	0-00-000-000
ON OR BEFORE	02/12/2026
PAY THIS AMOUNT	$214.80
AFTER	02/12/2026
PAY THIS AMOUNT	$235.24
AMOUNT ENCLOSED	

City of PRINCETON Minnesota

City of Princeton
705 NORTH 2ND STREET Princeton, MN 55371-0218
Phone: 763-389-2040

Description	Mult	Meter Reading Previous	Present	Usage	Amount
CITY OF PRINCETON 763-389-2040					
SEWER					$50.00
FRANCHISE FEE					$2.50
PENALTY SEWER					$4.69
TOTAL CITY OF PRINCETON CHARGES					$57.19

PRINCETON PUBLIC UTILITIES

Princeton Public Utilities
907 1ST STREET Princeton, MN 55371-0218
Phone: 763.389.2252 • Fax Number: 763.389.2273

Description	Mult	Meter Reading Previous	Present	Usage	Amount
Balance Forward					$-21.20
ELECTRIC					
ELECT		38453	38861	408	$51.61
ELECT		55195	55752	557	$70.46
ELECTRIC DEMAND					$0.00
ELECTRIC BASE					$23.85
PENALTY ELECTRIC					$4.69
Electric Subtotal					$150.61
WATER					
WATER		310	312	2	$9.30
WATER BASE					$15.50
Water Subtotal					$24.80
STATE TAX					$11.91
COUNTY TAX					$0.87
TOTAL PRINCETON PUBLIC UTILITIES CHARGES					$188.19

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Let the light in.
Select ENERGY STAR approved skylights to reduce indoor lighting needs while minimizing heat loss.

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ACCOUNT NO.	DUE DATE	TOTAL DUE
0-00-000-000	02/12/2026	$214.80

PREVIOUS: 12/15/25 PRESENT: 1/15/26 AFTER 02/12/2026: $235.24

CUSTOMER NAME: ABC COMPANY 123 MAIN R INC

THANK YOU FOR YOUR PAYMENT

SERVICE ADDRESS: Yes •

10% LATE PENALTY CHARGE

Princeton Public Utilities helps to provide our electric customers with a variety of programs to help them reduce energy consumption and get money back on saving purchases. A full list of eligible items can be found at www.princetonutilities.com. Princeton Public Utilities will be closed Monday, September 1st in observance of Labor Day. Cold Weather Rule runs October 1st, 2025 thru April 30th, 2026

MEMORANDUM 26-28

TO: Princeton Public Utilities Commission
FROM: Keith Butcher, General Manager
SUBJECT: Sewer Billing Fee
DATE: August 26, 2026

ITEM SUMMARY
The sewer billing fee charged to the City has not changed since 2012. Staff are requesting Commission direction.

BACKGROUND
The last time the sewer billing charge was changed was in April of 2012 when the fee was set to $0.75 / customer-month.

DISCUSSION
Given the length of time since the fee was last updated, staff felt it was appropriate to revisit the City's cost-share for billing expenses. In 2025 the Utility began work with the City and the City's selected contractor on a long-term fiscal plan that was intended to include a sewer rate study, a water rate study (paid for by the Utility), and help determine the appropriate cost allocations to each utility service for billing. The Utility provided the information requested for both utilities (water and sewer).

That 2025 effort was specifically mentioned in an MOU when it states:

> In consideration of the services to be performed by the Utility, the City agrees to pay a Service Fee per monthly bill. Both parties acknowledge that the Service Fee has remained unchanged for many years. The parties agree to include an evaluation of the Service Fee as part of the planned 2025 Water and Wastewater Rate Study and all future Rate Studies. The Service Fee will be published in the Utility's Fee Schedule.

That work remains incomplete. While utility staff recognize that the delay is not solely within city staff's control as they must respond to changing City Council priorities, continuing to charge the unchanged 2012 fee shifts a portion of sewer billing costs onto PPU ratepayers. To avoid that subsidy, the Commission could apply an inflationary adjustment to the original 2012 fee effective January 2027 should the council not complete the study before the end of the year. Assuming 3% annual inflation since 2012, the 2027 fee would be $1.17 per customer-month.

NEXT STEPS
Staff are seeking direction.

MEMORANDUM 26-29

TO: Princeton Public Utilities Commission
FROM: Keith Butcher, General Manager
SUBJECT: Future Production Well
DATE: August 26, 2026

ITEM SUMMARY
Discussion of drilling a new production well.

BACKGROUND
Several years ago PPU enlisted the assistance of WSB to conduct a Water Resource Study. That study found that the PPU system was adequate to meet the communities' needs through 2050 without any major adjustments. Since that time, elevated PFAS levels were found in Wells 8 and 9. Using a grant from the Minnesota Pollution Control Agency, PPU has been working with Bolton and Menk to come up with options to address these new findings.

The two primary options are treatment or finding a new source. Estimated treatment for Water Treatment Plant #2 (WTP#2) is around $25-30 million dollars. Given an investment of this size, Bolton and Menk helped PPU to do further testing and identify other alternatives, if any.

KEY INFRASTRUCTURE CHARACTERISTICS
WTP#2
WTP#2 has been well-maintained and, as indicated in the Water Resource Study, should be able to continue to operate for another 20+ years. As a result, staff are reluctant to abandon such a valuable asset. In addition, WTP#2 was designed for expansion and has availability for future upgrades if needed.

Well #7
The samples from Well 7 do not indicate the same situation as in Wells 8 and 9.

Testing Results
Ongoing testing of Wells 8 and 9 indicate levels hovering around the federal MCL of 4 ng/L (some higher, some lower). After conducting a couple of test scenarios, it has been noted that results seem to vary depending upon draws from the aquafer.

APPROACH
Given the relatively low impact on Wells 8 and 9, the results from Well 7, and the hydrogeologic work completed by Bolton and Menk, indications are that a new production well could be constructed in an area away from the area and pumped as a raw water feed to WTP#2. This would eliminate the need for expensive treatment with an estimated cost between $2 – 3 million.

NEXT STEPS

The goal is to identify a feasible location for a new production well. Staff (along with Bolton and Menk) met with City staff on August 20 to discuss four possible test well locations. Based on these results, Bolton and Menk hope to recommend a site and begin engineering design. This activity is all funded through the MPCA grant that PPU received.

Attached is a copy of the letter sent to the City along with a map of the proposed test well locations.

BOLTON & MENK

Real People. Real Solutions.

PRINCETON PUBLIC UTILITIES

August 14, 2026

Michele McPherson, City Administrator
City of Princeton, MN
705 N 2nd St.
Princeton, MN 55371

RE: Exploratory Test Wells on City Property
Princeton Public Utilities
Bolton & Menk, Inc.

Dear Ms. McPherson,

Princeton Public Utilities has been evaluating PFAS detected in the Utility's water supply wells. This work includes assessing current impacts to the water system and reviewing practical alternatives for reducing PFAS levels in finished water supplied to our consumers.

As a part of that effort, a hydrogeologic study was completed to better understand the extent of the contamination and identify potential locations for replacement wells with lower PFAS levels. If suitable replacement water sources can be developed, PPU may be able to avoid or reduce the need for PFAS treatment at existing wells, which could substantially reduce capital costs and long-term operational impacts. Current estimates indicate potential capital cost savings of approximately $25 million.

We appreciate the City's collaboration as PPU continues to evaluate options for maintaining a safe, reliable, and cost-effective water supply.

The exploratory test wells would be completed by a licensed well driller under the supervision of Bolton & Menk and Spheros, the hydrogeologist that completed the aquifer analysis. Each test well would involve drilling an approximately 6-inch diameter borehole to an estimated depth of 200 feet below ground surface using either a mud-rotary or sonic drilling method. If field observations indicate favorable geology, a temporary test pump may be used to estimate the hydraulic capacity of the aquifer. After testing is complete, each borehole would be sealed in accordance with applicable Minnesota requirements, and the site would be restored to its prior condition.

The full process, from drill rig mobilization through site restoration, is estimated to take approximately two weeks, or less if field conditions allow. During drilling activities, the well driller would use an estimated 20-foot by 20-foot work area. The driller would be responsible for maintaining a safe and secure work area during operations and at the end of each workday.

PPU has identified four sites for the proposed exploratory test wells. The first site is located at 45°32'21.44"N, 93°35'24.31"W, approximately 700 feet north along the City-owned trail between 313th Avenue and S. Rum River Drive, near the motorcross track. Based on the hydrogeologic review, this site appears to have strong potential for a high-production well with lower PFAS impacts and is also located near existing PPU infrastructure. The trail is expected to remain available during drilling, although cones or other temporary safety boundaries may be used around the work area at the driller's discretion.

The second site is located at 45°34'9.31"N, 93°34'42.00"W, near the Princeton library off 4th Avenue S. This area also appears to have strong potential for a high-production well with lower PFAS impacts, and wells in this area have previously been used successfully. No closure of the library is anticipated. Only a limited portion of the open area near the library would be used for drilling activities, and the site would be restored to its prior condition after completion of the test well work.

The third site is located at 45°33'57.07"N, 93°35'14.83"W, near the water tower. Data on the hydrogeology of the immediate area is unavailable, and this test will help determine if a future well could be installed on the site. If so, the location is favorable for connection to the existing PPU water system.

The fourth site is located at 45°33'57.76"N, 93°36'28.40"W, near the police department building north of the airport. Data on the hydrogeology of the immediate area is unavailable, and this test will help determine if a future well could be installed on the site. This would provide further evidence in PPU's consideration of purchasing land in this area, and would further develop the hydrogeologic database to assist in further groundwater modeling for well siting.

A visual showing the proposed sites is included with the attached materials. No City labor or financial contribution is requested; PPU and its consultants would coordinate and oversee the work and provide updates to City staff upon request.

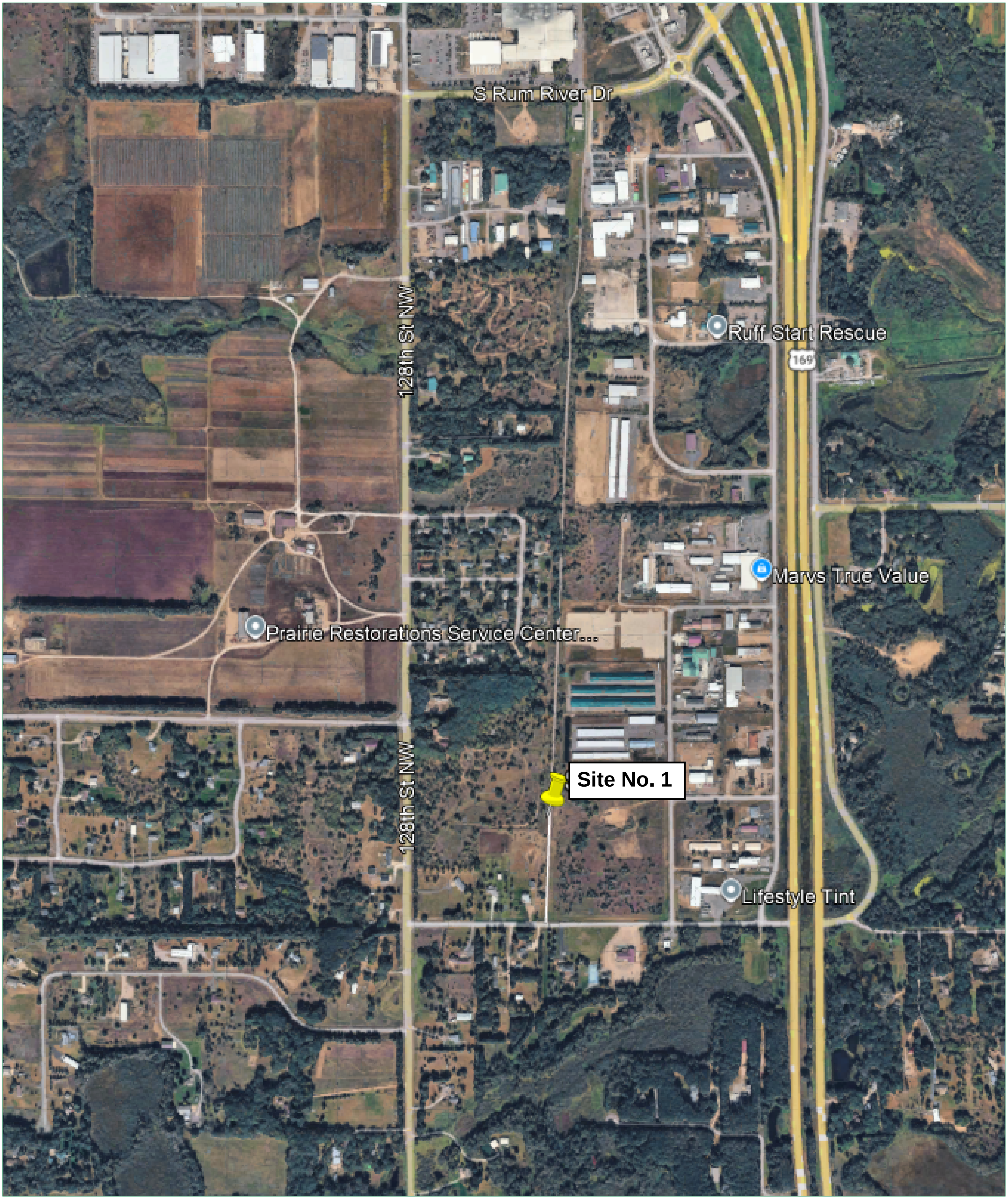
PPU values its working relationship with the City and appreciates the shared commitment to providing safe, sustainable, and affordable services to the Princeton community. We would be glad to discuss the proposal in more detail or provide any additional information the City may need.

Sincerely,

Keith Butcher

General Manager
Princeton Public Utilities

Cc: Meghan Brockman, P.E., PhD

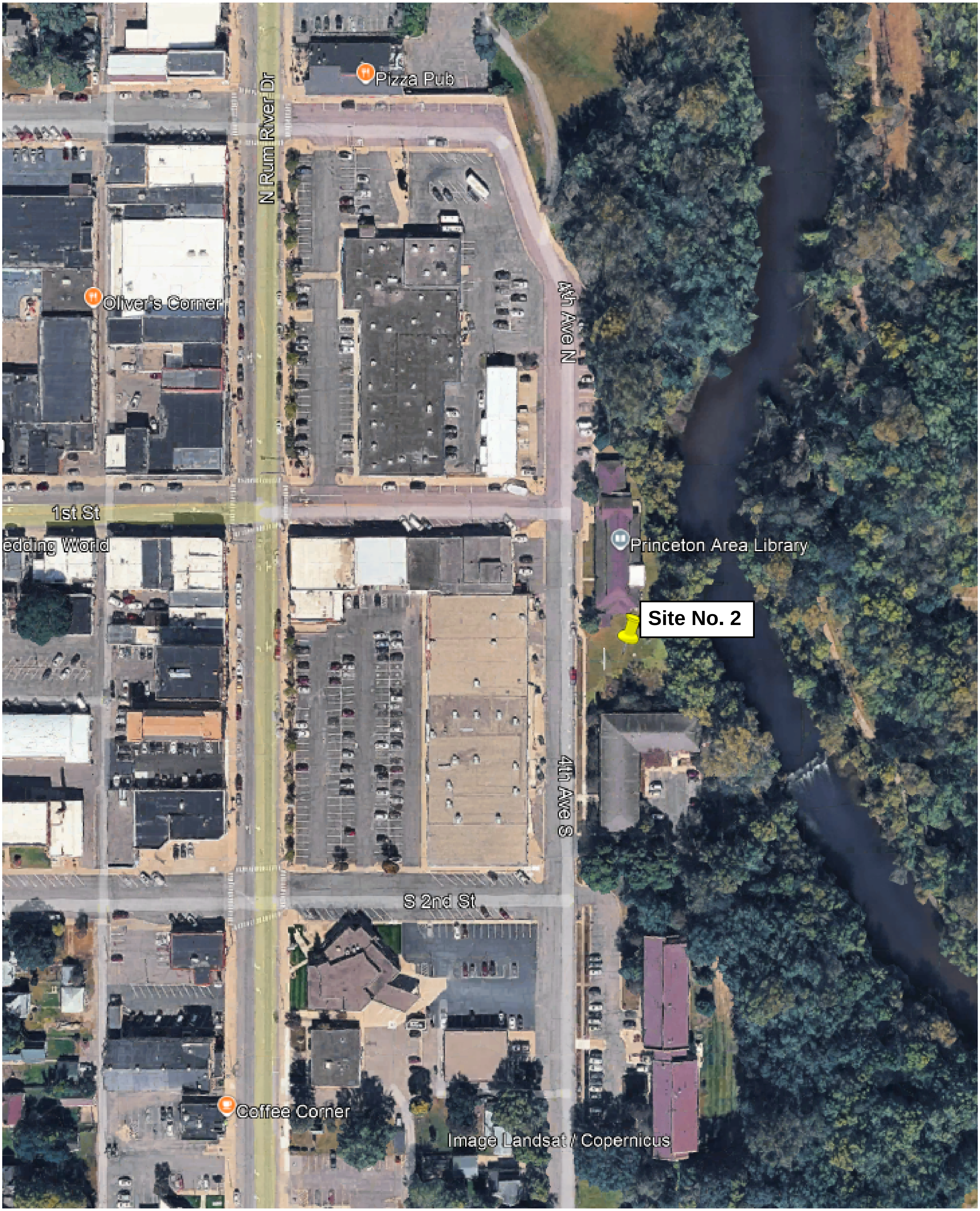


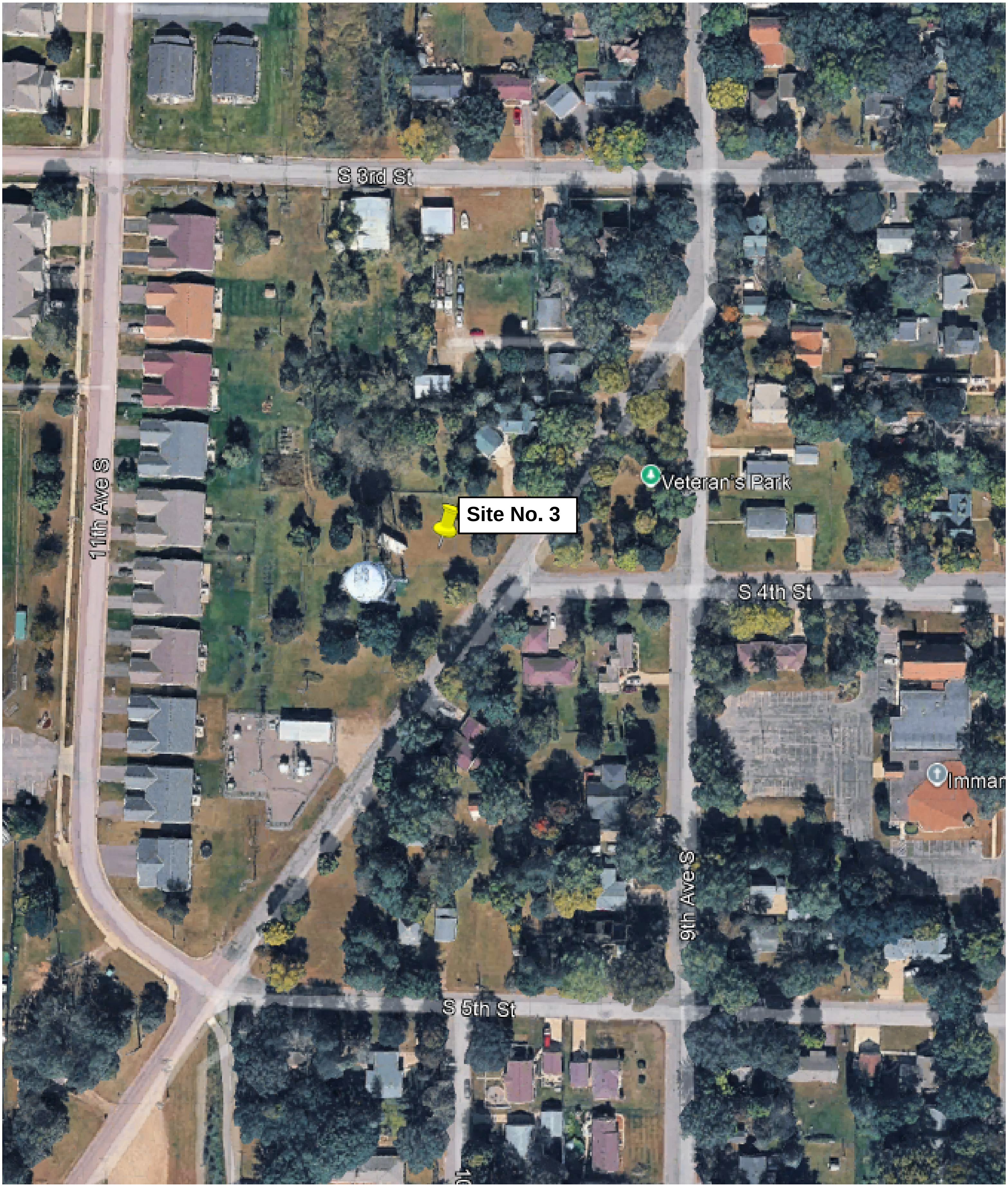
S Rum River Dr
128th St NW
Ruff Start Rescue
169
Marvs True Value
Prairie Restorations Service Center...
Site No. 1
128th St NW
Lifestyle Tint

Test Well Location No. 2

City of Princeton, MN

August 2026





S 3rd St
11th Ave S
Veteran's Park
Site No. 3
S 4th St
9th Ave S
S 5th St

100th Ave
Walmart Sup
1st St
Site No. 4
100th Ave

MEMORANDUM 26-30

TO: Princeton Public Utilities Commission
FROM: Keith Butcher, General Manager
SUBJECT: Water Engineering Services
DATE: August 26, 2026

ITEM SUMMARY
RFP for Engineering Services for the Water Department

BACKGROUND
It is common practice to solicit RFPs for outside consulting services periodically. Upon review, staff could not determine the last time that PPU conducted an RFP for Engineering Services for the Water Department. It has been at least over 10 years, if not much, much longer.

RFP
Staff have drafted the attached RFP for the Commission to review. It is anticipated that a winner would be selected this fall with a start date of January 1, 2027.

RECOMMENDATION
Staff recommends adoption.

RESOLUTION
"Authorize staff to conduct an RFP for ongoing Engineering Services for the Water Department."

Request for Proposals

Engineering Consulting Services for the Princeton Public Utilities' Water Department

Issued by: Princeton Public Utilities, 907 First Street South, Princeton, Minnesota 55371

Issue Date: August 31, 2026 **Proposal Due Date:** September 30, 2026

1. INTRODUCTION AND PURPOSE

Princeton Public Utilities invites qualified engineering consulting firms to submit proposals to provide professional engineering services for its Water Department, with the primary focus on water distribution system work, especially water main replacement, relocation, rehabilitation, and related improvements. The selected consultant will support planning, design, regulatory compliance, project development, construction administration, and related technical services for the utility's water distribution system.

The intent of this Request for Proposals is to establish a professional services relationship with a firm that has demonstrated experience serving municipal water utilities in Minnesota and the technical capacity to provide timely, practical, and cost-effective engineering support.

2. BACKGROUND

Princeton Public Utilities provides electric and water services to customers in Princeton, Minnesota. The Water Department requires professional engineering assistance to maintain reliable service, plan system improvements, address regulatory requirements, and support capital projects.

Consultants should be familiar with public utility operations, Minnesota municipal procurement practices, Minnesota Department of Health drinking water requirements, asset management, water distribution systems, water main replacement and rehabilitation, utility coordination during street reconstruction, service connections, valves, hydrants, meters, emergency response considerations, and funding or grant-related engineering documentation.

3. SCOPE OF SERVICES

The selected consultant may be requested to provide services on an as-needed basis, including but not limited to the following:

- General consulting and technical advisory services for water utility operations and capital planning.
- Water system planning, modeling, capacity analysis, and infrastructure condition assessment.
- Preliminary engineering reports, feasibility studies, cost estimates, schedules, and alternatives analysis.

- Design, bidding, permitting, and construction-phase services for water distribution projects such as mains, services, and related improvements.
- Regulatory assistance, including coordination with applicable state and federal agencies and preparation of required engineering documentation.
- Asset management support, capital improvement planning, rate or funding support materials, and long-term system renewal recommendations.
- Emergency or urgent engineering support related to water system failures, service disruptions, contamination concerns, or other operational issues.
- Grant, loan, and funding application support, including technical exhibits, cost opinions, and project narratives.
- Public meeting attendance, presentations, reports, and coordination with Princeton Public Utilities staff, the Public Utilities Commission, City representatives, contractors, the City of Princeton's designated engineering firm, and other stakeholders, including coordination on overlapping projects such as road reconstruction, utility relocations, and other City-led infrastructure improvements.

Princeton Public Utilities works with multiple engineering firms to provide cost-effective service for its customers. This RFP is intended primarily for water distribution system engineering, with an emphasis on water main replacement, relocation, and related utility work associated with City of Princeton road reconstruction projects. Princeton Public Utilities currently uses separate engineering firms for water tower maintenance and water treatment plant matters; those services are not the primary focus of this RFP.

4. TERM OF SERVICES

Princeton Public Utilities anticipates selecting one firm for an initial term of three years, with the option to extend the agreement upon mutual written consent. Work will be authorized through written task orders, work orders, or other written approvals issued by Princeton Public Utilities.

5. PROPOSAL CONTENT REQUIREMENTS

Proposals should be clear, concise, and organized in the order listed below:

1. **Cover Letter:** Include firm name, address, primary contact, phone number, email address, and a statement of interest.
2. **Firm Qualifications:** Describe the firm's history, ownership, office locations, municipal water utility experience, and ability to serve Princeton Public Utilities.
3. **Project Team:** Identify the proposed project manager, key staff, subconsultants, professional registrations, relevant experience, and availability.
4. **Relevant Experience:** Provide examples of comparable water utility projects, preferably for Minnesota municipalities or public utilities.
5. **Approach to Services:** Describe how the firm will manage task assignments, communication, quality control, scheduling, budgeting, regulatory coordination, emergency response, and coordination with the City of Princeton's designated engineering firm on overlapping City and utility projects.

6. **Fee Proposal:** Provide hourly rates, reimbursable expenses, anticipated annual rate adjustments, and any proposed contract terms.
7. **References:** Provide at least three public-sector references for similar services.
8. **Required Forms and Certifications:** Include any required insurance, conflict-of-interest disclosure, non-collusion statement, and other forms requested by Princeton Public Utilities.

6. SUBMISSION INSTRUCTIONS

Proposals must be received no later than 4pm on September 30, 2026. Late proposals may not be considered. Submit proposals electronically in PDF format to:

Contact: Keith Butcher, General Manager
Email: KButcher@PrincetonUtilities.com
Phone: 763-284-2405

Questions regarding this RFP must be submitted in writing to the contact listed above by September 16, 2026. Responses, if issued, will be distributed in writing to all known prospective proposers.

7. TENTATIVE SCHEDULE

Milestone	Date
RFP issued	August 31, 2026
Deadline for questions	September 16, 2026
Proposal due date	September 30, 2026
Interviews, if conducted	Week of October 5
Anticipated selection	October 28, 2026
Anticipated start date	January 1, 2026

8. EVALUATION CRITERIA

Proposals will be evaluated based on the criteria below. Princeton Public Utilities may select the proposal deemed most advantageous to the utility and may conduct interviews, request clarifications, or negotiate scope and fees with one or more firms.

Evaluation Factors
Qualifications and experience with municipal water systems
Experience and availability of proposed project manager and key staff
Understanding of Princeton Public Utilities' needs and proposed approach

Quality of comparable project experience and references
Responsiveness, communication plan, coordination with the City of Princeton's designated engineering firm, and ability to provide timely service
Fee proposal and overall value

9. MINIMUM QUALIFICATIONS

- Licensed professional engineering staff authorized to practice in the State of Minnesota.
- Demonstrated experience providing engineering services to municipal water systems.
- Knowledge of applicable drinking water regulations, permitting requirements, funding programs, and public-sector project delivery.
- Ability to provide responsive support for routine assignments, urgent operational issues, and commission or public meeting needs.
- Insurance coverage acceptable to Princeton Public Utilities, including professional liability coverage.

10. GENERAL TERMS AND CONDITIONS

- Princeton Public Utilities reserves the right to reject any and all proposals, waive informalities, request additional information, and accept the proposal deemed to be in the best interest of the utility.
- This RFP does not obligate Princeton Public Utilities to award a contract or pay costs incurred in preparing a proposal.
- All submitted materials may be subject to applicable public records laws.
- The selected consultant will be required to enter into a professional services agreement acceptable to Princeton Public Utilities.
- Consultants must disclose any actual or potential conflicts of interest.
- Work must be performed in compliance with applicable federal, state, and local laws, rules, and regulations.
- Princeton Public Utilities may negotiate final scope, schedule, rates, and contract terms before award.

MEMORANDUM 26-31

TO: Princeton Public Utilities Commission
FROM: Keith Butcher, General Manager
SUBJECT: ECA Review
DATE: August 24, 2026

ITEM SUMMARY
Review of ECA impacts on financial reserves.

BACKGROUND
The YTD ECA impacts from SMMPA are shown in the table below.

	SMMPA ECA	Rate Stabilization Fund Balance (EOM)
End of 2025		$1,238,054
May	$0.001749 / kWh	$1,009,230
June	$0.006117 / kWh	$1,017,451
July	$0.010003 / kWh	$984,717

The Average YTD ECA for neighboring utilities are

	PPU	Connexus	East Central Energy
Average Actual ECA 2026 YTD	$0.001192	$0.003403	$0.014000
Average Residential Bill 2026 YTD (calc.)	$92.17	$94.74	$122.85

POTENTIAL ADJUSTMENT

	Additional ECA	Total ECA
Average	$0.005956 / kWh	$0.009134 / kWh
Status quo	No additional ECA	$0.003178 / kWh

This rate could begin with the September billing and remain through December (four months).

POTENTIAL MOTION
"The Commission approves an ECA as detailed in Option <Fill in the blank> for the remainder of 2026."