

MARSHALL MUNICIPAL UTILITIES
ANNUAL REPORT
2024/2025

TO: Board of Public Works
City Council

This annual report summarizes many of the improvements, accomplishments, and challenges to Marshall's publicly owned utility systems during the fiscal year ending September 30, 2025. Many of the accomplishments made in 2025 are not only important to provide reliable service to our community, but necessary for Marshall to develop and grow.

As a publicly owned utility, MMU is an Executive Department of the City governed by a 4-member Board of its customers/owners. These members are appointed by the Mayor, confirmed by the City Council, and are responsible for the overall operation of Water, Wastewater, Electric, and Broadband services for Marshall. MMU has been in operation for over 100 years and developed into an award-winning utility, providing above-average service at below-average costs under the guidance of its Board.

2024/2025 Improvement Highlights:

The largest project that began last year, and will continue for the next several years, is the Missouri Joint Municipal Electric Utility Commission's (MJMEUC) construction of the Marshall Energy Center. This project will provide energy and capacity for 52 municipal electric systems in Missouri. Construction of the first phase is well underway, with MJMEUC's acquisition of the property and construction starting in 2025. Early work involved moving a section of MMU's 10" natural gas transmission line, installation of footings, and associated underground infrastructure. Turbines and generators for the first phase have been set, and building erection is scheduled to start in February 2026, with completion of this phase in September 2026. Work is anticipated to continue into 2028 when completion of the second phase is scheduled.

Total projected costs for the entire project are approximately \$190 million dollars. In addition to the benefits of the added capacity and energy, MMU will receive revenue on its natural gas transmission line, additional electric revenue from serving the facility, and MJMEUC will contract with MMU to provide on-site maintenance for the four (4) turbines and the substation that will be added for the second phase. There may also be revenue from MMU's 161kV transmission line and a franchise fee paid to the City of Marshall. This is a huge investment in our community, and MMU is very happy to be able to have this project located in Marshall.

Several other large projects completed were the replacement of the water mains on W. College Street and the extension of the dead-end water main on Park Ave. Materials for both these projects were paid for with grant funds from the State of Missouri. In addition to these projects, material purchased with these grant funds will support the replacement of water mains for several years.

Approximately 2,600' feet of 6-inch cast iron water main on W. College Street were replaced with 6" C900 plastic pipe. Most of the old main was installed in the 1930's with a small section installed in 1954. Replacement of the main included the transfer of 31 water services and multiple tie-ins at intersections. Once the main replacement was completed, street repairs were made with a total of 308 yards of concrete.

This is one of the largest main replacement projects ever completed, and MMU used in-house labor for this project.

A second water main project completed was the extension of the 12” water main on Park Ave. The existing dead-end main was installed in 1971, and this project completed the loop, improving water flows in the surrounding areas. This project consisted of installing approximately 1,600’ of new C900 plastic pipe from the dead end to an existing main on E. Vest St.

The MMU IT & Broadband Department continued its work to extend high-speed internet services to rural areas of Saline County, utilizing USDA ReConnect Grant funding. MMU completed the construction of infrastructure for Round 1 and has reached its revenue and subscriber targets. We have received all reimbursements for the 50% grant and are now paying down the 50% loan amount. Contractors have installed approximately 270 miles (of 450 miles total) of conduit, pull boxes, and pedestals required for Round 2 of grant funding. Another 60 miles has already been contracted out to two contractors and is progressing. MMU crews have been installing fiber, splicing, and installing service drops where conduit installation is completed. We are running approximately 8-10 months behind the contractors installing conduit. This has grown since last year, since we have had as many as 3 contractors installing conduit at the same time, and we also had almost 2 months of downtime with broken equipment. We will soon be down to just 1 contractor, so the time delay should start going back in the other direction this summer. We will send out bids for another 60-90 miles of conduit, pull box, and pedestal installation in the spring of 2026 and the remainder in early 2027. At this stage, our cost projections are holding up pretty well, and our subscriber and revenue targets are in line with the portion of the project that is complete. When we have about \$900,000 in expenses in completed areas, we send off reimbursement requests. So far, we have sent off three requests and received two payments, less our 25% match.

Other Notable Projects:

- MMU contracted with Burns & McDonnell to provide an updated water system master plan, and work began in early 2025. This will be a comprehensive plan that includes the water distribution mains, pumping stations, and water transmission mains from the Marshall Water Plant to Marshall. Results of this will be coupled with a recently completed evaluation of the Water Treatment plant to develop a long-range plan for MMU’s entire water system. We anticipate several large capital improvements will be needed as a result of these evaluations, both at our Water Treatment Plant and the water transmission line used to transport water to Marshall. The completion of the water system master plan is anticipated in March 2026.
- MMU also began work on a new facility for the IT and Broadband department, which will also house administration. MMU's internet service has grown to over 4,600 customers, and the need for a facility to support the customers and employees is long overdue. In addition to supporting our internet customers, the new facility will have a “hardened” room for the IT equipment that not only provides internet service but also supports the operation of ALL utility departments.

MMU Mission Statement

It is our responsibility to provide for the current needs and to plan for the future needs of Marshall’s citizens. We must never forget that Marshall’s citizens are the owners of MMU. The citizens of Marshall can be assured that the employees of MMU are committed to continuing the efforts necessary to fulfill our mission, which is to:

Provide reliable utility service for our owners at the lowest reasonable cost; Maintain and operate facilities that will assure safe, dependable electricity, potable water, wastewater treatment, broadband services, and natural gas transportation, giving due consideration to conservation and environmental impacts; Plan for the future to assure adequate resources with progressive but sound economic reasoning.

Department information

The following information provides a glimpse of some of the challenges, accomplishments, and operations during the 2024-2025 fiscal year.

Electric Distribution

- Miami 1 Switchgear Replacement: The first switchgear order had to be cancelled due to unforeseen circumstances. The switchgear lineup was rebid and ordered with an expected delivery date of March 2027 to coincide with the delivery of the new power transformer that will assist in delivering power from the Marshall Energy Center.
Overhead to underground project: We completed the overhead to underground project in the 900, 1000, and 1100 blocks of S. Fairlawn and Stonehaven. We also completed the 800 block of Rea St., Sunrise Ct., and Watermill Rd. The crew buried approximately 2,300' of primary and secondary lines and approximately 50 house services.
- Contractors completed the HVAC replacement in the Electric Distribution building.
- Responded to 1,029 Missouri One Call locate requests.
- Replaced or installed 47 new utility poles.
- Connected 7 new net metering installations, bringing the total net meter installations connected to 43.

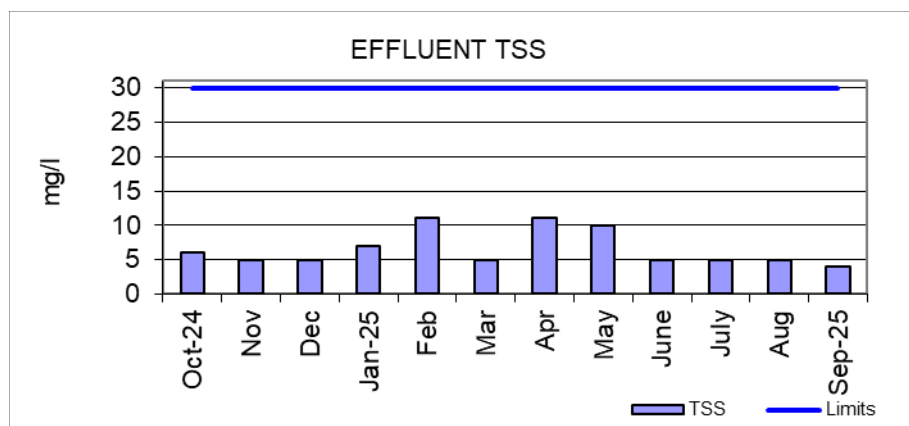
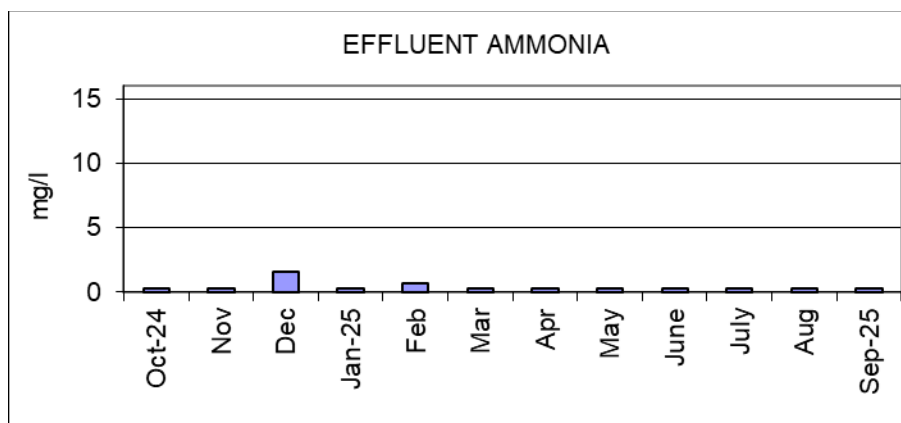
Water Treatment Plant

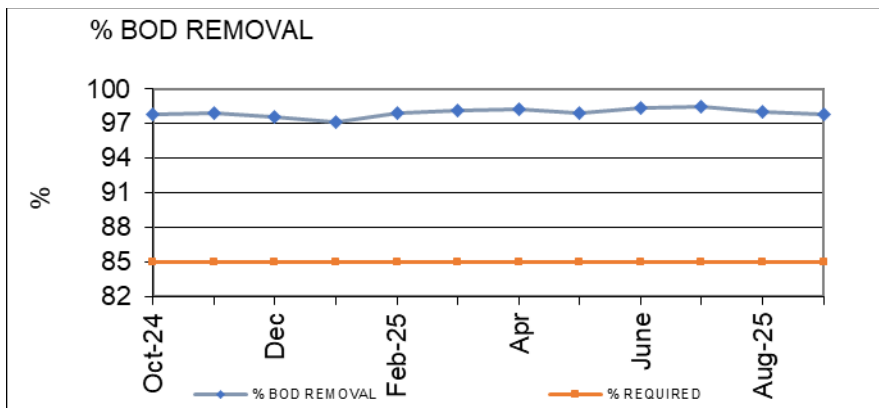
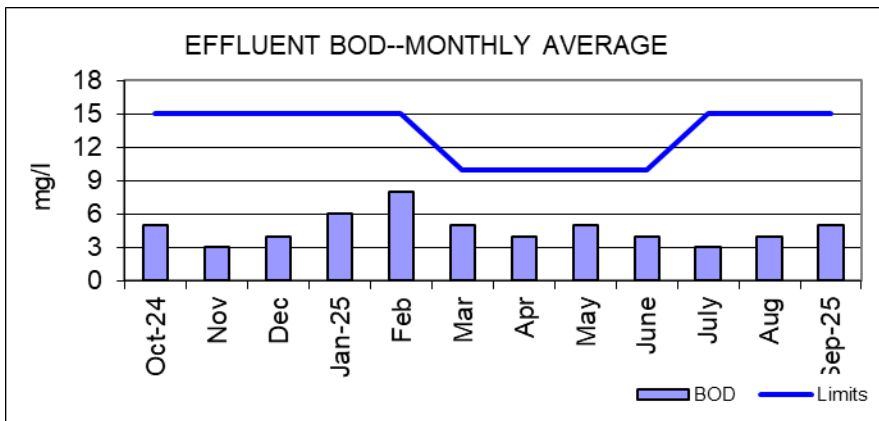
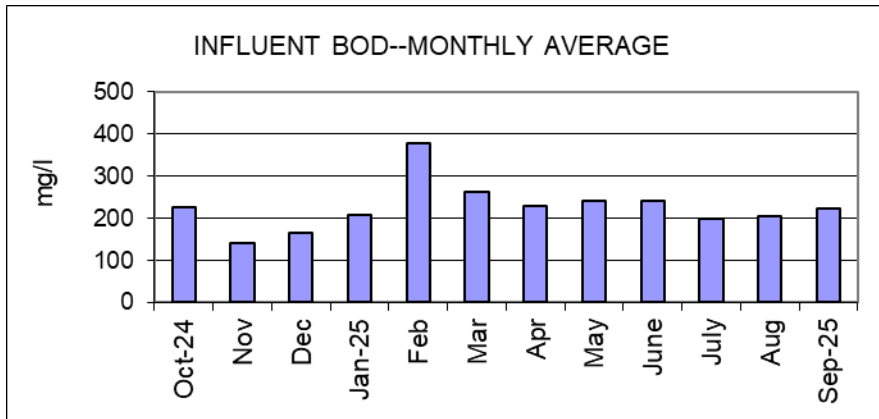
- The plant produced 923,425,000 gallons of water in FY2025
- Daily average water produced was 2.523 million gallons per day
- Max day of production was 4.789 MGD on September 8, 2025
- Completed annual well treatment of 5 wells
- Removed accumulated lime sludge from Lagoon 2
- Replaced air compressors and air dryers
- Replaced drain valves & actuators on 5 filters
- Replaced surface wash valves & actuators on 5 filters
- Disposed of expired acid from the plant
- Started LED lighting upgrade at the plant
- Land applied 947.9 dry tons of lime sludge on 662 acres

Wastewater Treatment Plant

- The plant treated approximately 882,414,000 gallons of wastewater, down from 936,791,000 last year. We applied roughly 330 tons of sludge to local farmland.
- The plant replaced the existing driveway north of the UV Building with asphalt.
- Replaced the windows on the Waste Aeration Building.
- The new UV was in operation for the recreational season with no problems.

The following are charts showing the wastewater treatment plant's effluent sampling results for FY24/25. The plant continues to stay below the limits set by DNR.





BOD – biochemical oxygen demand
 TSS – total suspended solids
 mg/l – milligrams per liter or parts per million

There currently is no discharge limit, only a monitoring requirement, for ammonia.

Electric Production

- The unit 6 overhaul that carried over from 2024 was completed. The unit ran very well after the overhaul. Several months after the overhaul, we began having some issues with the voltage regulator. Turbine Controls Consulting Services came in and found the problem and is currently working on replacing the voltage regulator. We are currently able to run the unit in manual mode.
- We received the new baler for the recycling facility that was purchased using the 60/40 grant that we received from the Solid Waste Management District Region F.
- MMU also received another 85/15 grant from the Solid Waste Management District Region F this year, which was used to purchase a new skid steer loader for the recycling facility.
- We replaced two after coolers on unit 11 that were badly corroded. The old ones were original to the machine that was installed in 1993.
- Replaced both touch screens used for running units 10 & 11.
- Replaced the HVAC system in the Benton building.
- Replaced the heating boiler in the recycling building.

Underground Facilities

- A water main on East College Street was approved by the Board in November of 2024. The project consisted of replacing approximately 2,600' of cast iron main with a 6" C900 PVC main. The project was completed in September 2025.
- A second water main project was approved by the Board in August of 2025. It consisted of approximately 1,600' of a new 12" C900 PVC main from Vest Street north on Park Avenue to the Sand Hollow area. The project was completed in November 2025.
- MMU has approximately 100 miles of distribution mains, some of which are over 100 years old. Last year, we had a total of 23 main failures in the distribution system and 7 on the transmission line. We have a very well-maintained distribution system and have demonstrated that we can endure droughts and maintain water for major fires without having to curtail consumption. There were 4 new services installed in 2025.
- Inspection and cleaning of sewer mains continue throughout the collection system. The sewer camera was used to video inspect over 15,840' of sewer mains. These video inspections reveal areas that need to be repaired, totally replaced, or reconditioned, as well as identifying other potential problems in the collection system. There were 4 new sewer services installed.
- The cured-in-place-pipe (CIPP) sewer main rehabilitation was awarded for approximately 4,000' of sewer main in the areas of North Lake Drive, South Lake Drive, and Highlander Street; work was completed in the Summer of 2025.
- The second round of the EPA-mandated lead service line inventory was completed in October 2025. All known lead lines in MMU's distribution system were removed in the 1990's. The private service inventory continues. To date, 1,891 services have been identified, consisting of 7 lead and 79 galvanized, leaving 3,936 service lines not identified.
- Relocation of the natural gas line from units #10 and #11 to the regulator station was completed in the fall of 2025. This relocation is in relation to the Marshall Energy Center project.
- MMU, with assistance from Burns & McDonnell Engineering, conducted smoke testing. A brochure and letter were sent informing customers where problems were found. A total of 568 defects were found, of which 366 were public and 202 were private.

IT & Broadband

- We have over 4,600 customers, including 250 in the first grant area and 230 in the second.
- The 2019 USDA Broadband Grant is finished. We will have reporting requirements for the next several years.
- The 2020 (Round 2) USDA Broadband Grant is progressing nicely. We have about 60% of the conduit installed, and MMU crews have installed about 40% of the fiber. We have until January 2028 to finish.
- We are working with Mallory Place management to get fiber to those apartments. There is one other apartment complex that has refused us access. Other than that, fiber is available just about everywhere in town.

Administration

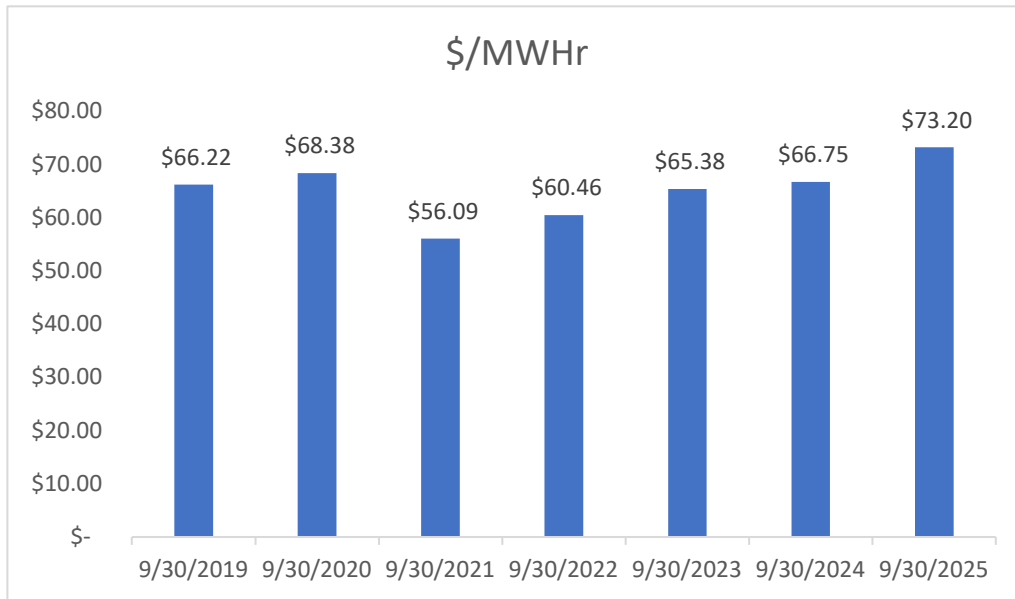
- MMU introduced an optional Time-of-Use electrical rate for residential customers effective October 1, 2024.
- MMU billing implemented a text-to-pay option, which allows customers to receive bill notifications and pay their utility bill through text message.

Wholesale Energy

MMU's wholesale energy costs averaged approximately \$76.84/MWh in fiscal year 2024/2025, compared to \$69.92/MWh in fiscal year 2023/2024, representing an increase of approximately \$6.92/MWh.

The primary driver of this increase was higher net energy costs, which reflect the cost to purchase energy from the market to serve the load, net of energy margins earned from market sales. MoPEP is generally a net purchaser of energy; therefore, higher market prices result in higher overall costs. Market prices increased in 2025, largely due to higher natural gas prices. Although MoPEP generated more megawatt-hours from its resource portfolio in 2025, the additional generation was not sufficient to offset the higher market prices. Increased transmission costs also contributed to the overall increase.

MMU's generation credits totaled \$619,336 in FY 2024/2025, compared to \$520,230 in FY 2023/2024, resulting in an all-in cost of \$73.20/MWh for the year. While MoPEP anticipates all-in costs to increase by approximately 5% in 2026, MMU is also expected to receive higher capacity credits, which will more than offset the projected increase.



Net Metering

In 2003, MMU adopted net metering in compliance with the Consumer Clean Energy Act. For fiscal year 2025, MMU reported a total of 43 net metering customers with a total capacity of 565 kW. During fiscal year 2025, those net metering customers produced 673,230 kWh, of which 196,346 kWh was fed back to the electric grid.

People, Risk & Outreach

In fiscal year 2025, a total of five (5) people were hired. All were hired to fill vacancies created by departing or transferring personnel. During the year:

- Three people were hired for Underground Facilities (General Maintenance/Meter Reader); and
- Two people were hired for IT & Broadband (one Fiber Optic Technician and one General Maintenance/Groundman).

At year’s end, we have one (1) vacancy created by retiring personnel. The information and statistics above are intended to give you a feel for what was accomplished this last year, but these statistics do not begin to convey the importance of the utility services provided to the citizens of Marshall by the citizens of Marshall. This local ownership yields many hometown advantages, not the least of which is having the business office right here in town and having decisions made by citizen owners.

Jeff Bergstrom
General Manager

JB/jm

TABLE A

Free Services
Fiscal Year 2024/2025

ELECTRIC:	
Steet Lighting Energy	\$ 56,427
Steet Lighting Maintenance	30
Depreciation of Street Lighting	34,211
Labor and Material Donated	5,116
Marshall-Saline Development Corp.	30,000
Utilities Donated to City	120,802
	<u>246,586</u>
WATER:	
Fire Hydrant Maintenance	3,556
Depreciation of Fire Hydrants	6,762
Labor and Material Donated	3,130
Utilities Donated to City	32,533
	<u>45,981</u>
WASTEWATER:	
Labor and Material Donated	58
Utilities Donated to City	18,262
	<u>18,320</u>
IT BROADBAND:	
Labor and Material Donated	1,036
Utilities Donated to City	12,877
	<u>13,913</u>
TOTAL	
	<u>\$ 324,800</u>

Payments in Lieu of Taxes

Electric Transfers to City General Fund	\$1,674,162
Water Transfers to City General Fund	212,781
	<u>\$1,886,943</u>

TABLE B

Operating Statistics

	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025
Average # Elec. Customers	5,949	5,979	6,018	6,023	6,023
Average # Water Customers	5,025	5,024	5,110	5,133	5,123
Average # IT Broadband Customers	3,266	3,543	4,004	4,227	4,494
Average Residential Bill (monthly)					
Water	\$31.82	\$32.13	\$31.89	\$31.25	\$31.23
Electric	\$94.05	\$95.22	\$91.49	\$97.86	\$98.92
Wastewater	\$37.13	\$39.29	\$41.71	\$42.02	\$42.29
IT Broadband	\$36.82	\$38.68	\$37.33	\$37.90	\$38.30
Uncollectable (Bad Debts)	\$83,053	\$65,570	\$90,207	\$115,275	\$60,637
Customers Assisted	677	538	1026	1324	1579
MVCAA	\$94,588	\$124,623	\$156,669	\$113,374	\$141,469
Other*	\$17,735	\$0	\$95,727	\$129,586	\$162,311
Peak Day Water (on production) (1,000,000 gal.)	10/19 4.42	7/7 4.71	6/5 4.95	10/2 4.77	9/8 4.79
Water Sold (1,000,000 gal.)					
Residential	204	209	219	211	211
Commercial	59	59	57	55	57
Small General	43	51	41	41	40
Large General	63	59	60	52	78
Industrial	229	233	218	237	251
Wholesale	228	208	251	219	247
TOTAL	826	819	846	815	884
Total Annual Water from Wells (1,000,000 gal.)	909	855	868	881	923
Water % Losses	9.21%	4.25%	2.61%	7.57%	4.31%
Tons Waste Lime (land applied)	44	900	214	4,946	1,900
# Acres	44	0	79	1,533	1,266

*Includes churches and Salvation Army.

TABLE B - Operating Statistics (cont.)

	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025
Peak Day Wastewater (1,000,000 gal.)	30-Jun 11	23-Mar 5.87	16-Aug 5.69	5-Jul 8.06	22-Apr 9.44
Total Annual Wastewater (1,000,000 gal.)	1,113	771	738	937	936
Tons Wastewater Sludge	350	335	200	409	473
# Acres	466	430	730	730	1358
Golf Course Irrigation Water 04-000429-01 (1,000,000 gal.)					
Potable	6,687	7,589	5,997	3,368	1,832
Peak Load KW	37,781	36,790	38,666	37,320	36,300
Date	8/11	6/16	8/24	7/31	8/19
MWH sold					
General Lighting - Included in below in 2022.	104	74	0	0	0
Residential	49,850	51,446	50,851	50,473	51,246
Residential - TOU	0	0	0	0	106
Commercial	12,982	13,243	12,893	12,132	13,387
Small General	18,263	16,081	15,388	17,205	17,912
Large General	25,526	30,870	29,290	22,080	20,524
Industrial	65,276	60,451	54,796	64,205	63,761
Interruptible - Included with SM General in 2022.	65	36	0	0	0
Area Light	203	114	115	90	106
Street Lights - Split out from above in 2022.	0	0	538	522	522
TOTAL	172,269	172,315	163,871	166,707	167,564
Total MWH Purchased	179,030	174,431	167,427	169,555	171,577
Total MWH Generated *	11,840	7,341	1,885	403	1,298
% Losses	3.71	1.62	2.12	1.68	2.34
Natural Gas Burned (MCF)	144,803	106,383	21,353	3,276	14,526
#2 Fuel Oil Burned (gal)	263,088	6,704	5,591	4,836	5,656
Paper Sold (tons)	172	175	67	178	111
Cardboard Sold (tons)	2,706	429	172	396	261

*

Beginning in June 2006, all energy generated is sold to MoPEP.

TABLE C

Cash Transaction Report
Fiscal Year 2024/2025

	<u>ELECTRIC</u>	<u>WATER</u>	<u>SEWER</u>	<u>INTERNET</u>	<u>GAS</u>	<u>TOTAL</u>
Fund Balance (10/1/24)*	\$ 9,798,470	\$ 94,619	\$ 4,390,647	\$ 1,593,973	\$ 388,392	\$ 16,266,101
Revenues	\$ 22,358,622	\$ 4,733,349	\$ 5,040,398	\$ 2,248,767	\$ 291,054	\$ 34,672,190
Grant Revenues	\$ -	\$ 3,540,284	\$ -	\$ 1,291,120	\$ -	\$ 4,831,404
Total Revenue	\$ 22,358,622	\$ 8,273,633	\$ 5,040,398	\$ 3,539,887	\$ 291,054	\$ 39,503,594
Disbursements	\$ 25,371,124	\$ 6,822,443	\$ 4,644,554	\$ 4,411,322	\$ 67,979	\$ 41,317,422
Net Transfers	\$ 400,000	\$ -	\$ -	\$ -	\$ (400,000)	\$ -
Fund Balance (9/30/25)*	\$ 7,185,968	\$ 1,545,809	\$ 4,786,491	\$ 722,538	\$ 211,467	\$ 14,452,273
Investments (9/30/25)	\$ -	\$ -	\$ 245,000	\$ -	\$ -	\$ 245,000

* Includes Investments

TABLE D

Water, Wastewater, and IT & Broadband Debt
(Subject to interest rate change semi-annually)

Estimated payments due for year ending:

Principal & Interest	Water	Wastewater	IT Broadband
9/30/2026	\$ 160,976	\$ 760,181	\$ 309,472
9/30/2027	\$ -	\$ 760,181	\$ 309,472
9/30/2028	\$ -	\$ 760,181	\$ 309,472

TABLE E-1

Cash and Investments
9/30/2025

	<u>TOTAL</u>	<u>CASH</u>	<u>INVESTMENTS</u> <u>(at cost)</u>
ELECTRIC			
Operating	1,414,908	1,414,908	-
Consumer Deposits	772,469	772,469	-
Equipment Reserve	3,755,642	3,755,642	-
Genset Reserves	287,308	287,308	-
Interdepartment Loan Fund	785,641	785,641	-
Economic Development	170,000	170,000	-
	<u>7,185,968</u>	<u>7,185,968</u>	<u>-</u>
WATER			
Operating	79,742	79,742	-
Water Reserve	1,466,067	1,466,067	-
	<u>1,545,809</u>	<u>1,545,809</u>	<u>-</u>
WASTEWATER			
Operating	489,125	489,125	-
Inflow & Infiltration	1,701,850	1,456,850	245,000
Main Replacement	1,589,399	1,589,399	-
Equipment Reserve	1,006,117	1,006,117	-
	<u>4,786,491</u>	<u>4,541,491</u>	<u>245,000</u>
INTERNET			
Operating	526,280	526,280	-
Equipment Reserve	196,258	196,258	-
	<u>722,538</u>	<u>722,538</u>	<u>-</u>
NATURAL GAS			
Operating	205,123	205,123	-
Equipment Fund	6,344	6,344	-
	<u>211,467</u>	<u>211,467</u>	<u>-</u>
	\$ 14,452,273	\$ 14,207,273	\$ 245,000

TABLE E-2
(Detail of Table E-1)

Investments
9/30/2025

	<u>COST</u>	<u>FACE VALUE</u>	<u>% YIELD</u>
WASTEWATER (Community Bank) Certificate of Deposit 12/17/2025	\$ 245,000	\$ 245,000	2.75%
	<u>\$ 245,000</u>	<u>\$ 245,000</u>	

MMU RECYCLE CENTER

	<u>9/30/2025</u>
Operating Revenue	
Sales - Cardboard	\$ 27,489
Sales - Mixed Paper	5,980
Sales - Other	6,236
	<u>39,705</u>
Operating Expense	
Salaries & Benefits	80,203
Utilities	13,089
Maintenance	6,184
Supplies	9,635
Depreciation	38,739
	<u>147,850</u>
Net Income Surplus (Deficit)	<u><u>\$ (108,145)</u></u>