

A Community Update on Electric Rates

Working together to keep local electric service safe, reliable, and financially responsible

Algona Municipal Utilities is sharing information about a planned electric rate adjustment for late 2026 as part of our ongoing commitment to keeping local electric service strong, reliable, and financially responsible. The update is based on AMU's annual cost-of-service review, which helps us plan ahead for maintenance, equipment needs, rising energy costs, and future system improvements while continuing to manage costs carefully for our customers. This notice explains the reason for the proposed change, what it may mean for different customer groups, and how AMU is working to support dependable service and long-term value for the community we serve.

Why We Review Rates

Just like households and businesses, AMU reviews its costs from time to time to make sure we can continue to operate responsibly. These reviews help us plan for system maintenance, equipment needs, financial obligations, and future improvements while keeping rates as fair as possible for all customer groups.

AMU updates its cost-of-service analysis on an ongoing basis; however, the proposed change would be the first electric rate adjustment since October 2020. The recently completed rate study helps provide a clear, cost-based roadmap for keeping rates fair, stable, and aligned with the needs of a reliable local utility. The study was completed by DGR Engineering, a firm recognized for its cost-of-service and rate study expertise.

One of the biggest pressures on electric rates is the continued increase in the cost of energy, which makes up approximately 70% of AMU's electric utility expenses. The Board's foresight in investing in a diverse mix of generation and electric transmission assets helps serve as a hedge against rising energy costs and supports AMU's ability to plan for the long term.

AMU is taking a firm and disciplined approach to new, larger electric loads, including data centers and other high-density computing operations such as Bitcoin mining: these customers will pay 100% of their interconnection costs, along with their proportionate share of any system investments required to serve them. AMU is using this same approach for its current new Bitcoin-related high-density computing load. This policy ensures existing customers are protected, requires new large loads to pay their fair share, and positions AMU to grow electric usage in a way that spreads fixed system costs across more kilowatt-hours—strengthening long-term control over energy and capital improvement costs.

Based on the study, AMU is proposing an overall electric rate adjustment of about 5%. The goals are to help maintain adequate reserves, support continued reliability through investments in electric

distribution, transmission, and generation, and keep the electric utility financially strong for the community we serve.

What This Means for Customers

Because different types of customers use electricity in different ways, the proposed changes will not affect every customer the same. Some customer groups are expected to see an increase, while others are expected to see a decrease.

Residential customers: An average residential customer using 809 kWh per month would see an increase of approximately \$10.24 per month.

Small commercial customers: An average small commercial customer using 1,000 kWh per month would see a decrease of approximately \$22 per month.

Large commercial customers: Monthly impacts will vary based on each customer's usage, demand, and load factor. The average monthly impact of the increase for large commercial customers using 16,000 kWh and 54 kW of demand is approximately \$122.00.

Industrial customers: Monthly impacts will vary widely based on each customer's usage, demand, and load factor.

Proposed 2026 Electric Rates

Proposed 2026 Electric Rates Effective for bills on or about November 30, 2026		
Class	Current	Proposed
Residential	Energy 12.4¢/kWh Customer \$23/month	Energy 12.8¢/kWh Customer \$30/month
Small Commercial	Energy 15.8¢/kWh Customer \$25/month	Energy 12.8¢/kWh Customer \$33/month
Large Commercial	Demand \$20.75/kW Energy 2.8¢/kWh Customer \$94.40/month	Demand \$19.95/kW Energy 3.8¢/kWh Customer \$99.25/month
Industrial	Demand \$20.65/kW Energy 2.8¢/kWh Customer \$94.40/month	Demand \$20.10/kW Energy 3.8¢/kWh Customer \$99.25/month
School/Fairgrounds	Demand \$20.75/kW* Energy 2.8¢/kWh Customer \$94.40/month	Demand \$19.95/kW* Energy 3.8¢/kWh Customer \$99.25/month
Street Lighting	Energy 5.9¢/kWh	No change
Security Lights	No change	

* School/Fairgrounds demand rate has no demand ratchet.

Why Bills Can Vary

Electric bills are based on multiple factors, including how much electricity is used, when it is used, and the demand placed on the system. Since every home and business uses electricity a little differently, individual bill impacts may vary from the examples shown above.

Reliability and System Investment

AMU's 2024 reliability results compare very favorably with national utility benchmarks, underscoring the value of continued investment in Algona's local electric system.

- AMU customers experienced an average outage duration of 28.3 minutes in 2024.
- AMU achieved service availability of 99.9%.
- AMU's results were substantially stronger than national comparison data: 120 minutes reported by the American Public Power Association and 377 minutes reported by the U.S. Energy Information Administration for all electric utilities in the United States.
- AMU's reliability, safety, and infrastructure investment helped earn the Reliable Public Power Provider (RP3) designation from the American Public Power Association.
- AMU is one of only about 250 public power utilities nationwide to receive this recognition.

Reliable service also provides real customer value. Fewer and shorter outages help reduce the hidden costs customers can face from lost time, disrupted business operations, spoiled food, or damaged equipment. AMU's ongoing investment in poles, wires, transformers, substations, technology, and outage response helps keep service dependable today while reducing the risk of larger, more expensive replacements in the future.

Thank You for Being Part of Our Local Utility

AMU is proud to serve Algona and the surrounding area with locally operated electric service. As we plan for the future, we remain committed to maintaining reliable service, managing costs carefully, and making decisions that support the long-term strength of our community and our community-owned utility.