

RESIDENTIAL FACT SHEET



2026 Electric and Water Rate Proposals for Residential Customers

1. What is being proposed for 2026 electric and water rates?

For 2026, the Moorhead Public Service Commission (Commission) currently anticipates an overall net increase of 2.0 percent in electric rates and 5.5 percent in water rates.

As a result of these rate changes, the combined increase for electric and water charges to an average residential account will total approximately \$4.68, or 3.15 percent, per month.

2. Why are the rate changes and increases needed?

Moorhead Public Service (MPS) takes pride in ensuring the City of Moorhead, its residents, and its business partners have a financially solid electric and water utility capable of providing reliable services. The proposed electric and water rate increases are intended to recover increasing operating expenses, to fund planned infrastructure improvements, and to maintain sufficient cash reserves to comply with the Commission's Policy on Financial Strength.

Electric Rate Increase

The proposed 2.0 percent overall rate increase is in response to proposed 7.5 percent increases that occurred in 2025, and a 6.0 percent planned increase for 2026 for power purchased from Western Area Power Administration (WAPA), as well as proposed rate increases of 5.0 percent in 2026, and the same is proposed for 2027 for power purchased from Missouri River Energy Services (MRES).

For reference, WAPA provides approximately 52 percent of MPS' purchased power needs, with the remainder purchased from MRES. Because WAPA is one of four power marketing administrations within the U.S. Department of Energy, whose role is to market and transmit wholesale electricity, the electricity is purchased at a lower rate than power purchased from MRES. However, MPS is restricted to a set purchased power allowance from WAPA each month, and any power purchased over the allowance is self-produced or purchased from MRES.

Water Rate Increase

The 5.5 percent proposed water rate increase for 2026 is intended to cover increased operating and debt costs, as well as to partially fund a number of planned infrastructure improvements in MPS' Water Division. In addition, cash reserves that are in excess of the Commission's Policy on Financial Strength will also be used toward infrastructure improvement costs.

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In addition to anticipated increases in operating costs for materials and chemicals, MPS' Water Division is projected to undertake \$31.3 million in proposed new capital projects over the next five years. New capital projects totaling \$4.7 million are included in the 2026 budget. Plans for 2026 include the following:

- \$1.7 million to replace aging cast-iron watermain to be completed throughout the city of Moorhead in conjunction with the City of Moorhead's street mill and overlay construction projects. The replacements will be completed as part of MPS' long-term Watermain Asset Management Plan (WAMP).
- \$675,000 for the final completion cost to install new ozone purification system components purchased at a cost of \$1.575 million in late 2025. The expected total cost for the project will be approximately \$2.25 million.
- \$350,000 to begin work on a new multi-year well field construction project to serve as a supplemental water source to ensure that Moorhead has sufficient and safe water resources for the future.
- \$305,000 to modify and update MPS' existing underground water storage tanks and related distribution mains.
\$400,000 to complete the second phase of replacing lead-based water lines with copper or PVC lines. MPS is expecting reimbursement from the State of Minnesota in the amount of \$300,000.
- \$170,000 for fleet vehicle replacements.

3. How would the electric rate increase affect my utility bill?

Under the 2026 proposed rate structure, the monthly customer charge for residential customers will increase from \$17.50 per month to \$18.00 per month, and the per-kilowatt-hour (kWh) rate during the summer months of June, July, and August will increase from 10.8¢ per kWh to 10.9¢ per kWh. The per kWh rate for all other months will increase from 9.2¢ to 9.3¢.

Examples of how the proposed electric rate increase would affect monthly residential bills are shown in the following table:

Proposed Electric Rate Increase Impact to Average Residential Consumer*

	2025	Proposed 2026	Net Impact
Customer Charge	\$ 17.50	\$ 18.00	\$ 0.50
Electric Consumption	\$ 81.60**	\$ 82.45***	\$ 0.85
Total	\$ 99.10	\$ 100.45	\$ 1.35

Overall increase of \$1.35 per month

* Based on Residential meter charge and usage of 850 kWh per month

** Based on average of 3 months at \$0.108/kWh and 9 months at \$0.092/kWh.

*** Based on average of 3 months at \$0.109/kWh and 9 months at \$0.093/kWh.

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The table below presents the proposed changes in the monthly customer charges and the electric volume usage charges:

Type of Service	2025	Proposed 2026	Percent Change
Single-Phase Residential			
Customer Charge	\$ 17.50	\$ 18.00	2.86%
Energy Charge (June-August)	\$ 0.1080	\$ 0.1090	0.93%
Energy Charge (September-May)	\$ 0.0920	\$ 0.0930	1.09%

4. How would the water rate increase affect my water bill?

As a result of this change, the monthly customer charge for 5/8-inch and 3/4-inch meters commonly used for residential water service will increase from \$20.60 per month to \$21.35 per month for 2026.

For actual water used in 2026 during the months of May through October, residential customers living within the city limits would pay a rate of \$5.60 per 100 cubic feet for usage up to 150 percent of their winter average (November through April). This compares to the 2025 rate of \$5.24 per 100 cubic feet.

To encourage conservation, residents with usage during this period that exceeds 150 percent of their winter average will pay a higher rate of \$7.25 per 100 cubic feet for all usage above 150 percent of their winter average. This compares to the 2025 rate of \$7.00 per 100 cubic feet.

During the remainder of the year, residential customers within the city limits would pay a rate of \$4.95 per 100 cubic feet. This compares to the 2025 rate of \$4.45 per 100 cubic feet.

An average residential customer using 600 cubic feet of water each month and a 3/4-inch meter could expect to see a monthly increase of \$3.33 when averaged over the year. Examples of how the proposed water rates would affect monthly residential bills are shown in the following table:

Proposed Water Rate Increase Impact to Average Residential Consumer*

	2025	Proposed 2026	Net Impact
Customer Charge (3/4" Meter)	\$ 20.60	\$ 21.35	\$ 0.75
Commodity Charge	\$ 29.07**	\$ 31.65***	\$ 2.58
Total	\$ 49.67	\$ 53.00	\$ 3.33

Overall increase of \$3.33 per month

* Based on 3/4" meter and usage of 600 cubic feet (4,500 gallons) per month

** Based on 6 months of 600 c.f. at \$4.45 and 6 months of 600 c.f. at \$5.24

*** Based on 6 months of 600 c.f. at \$4.95 and 6 months of 600 c.f. at \$5.60

Residential Fact Sheet (continued)

The tables below present the proposed changes in the monthly customer charges and the water volume usage charges:

Monthly Customer Charge (Based on Size of Meter Used)			
Meter Size	2025	Proposed 2026	Percent Increase
5/8"	\$ 20.60	\$ 21.35	3.64%
3/4"	\$ 20.60	\$ 21.35	3.64%
1"	\$ 37.00	\$ 37.00	0.00%
1 1/2"	\$ 70.00	\$ 70.00	0.00%
2"	\$ 110.00	\$ 110.00	0.00%

Monthly Volume Rates			
Entity Type	2025	Proposed 2026	Percent Increase
Residential			
May-Oct - Up to 150% of winter avg.	\$ 5.24	\$ 5.60	6.87%
May-Oct - Over 150% of winter avg.(Conservation Rate)	\$ 7.00	\$ 7.25	3.57%
Residential Irrigation Meters	\$ 7.00	\$ 7.25	3.57%
Nov-April - All usage	\$ 4.45	\$ 4.95	11.24%

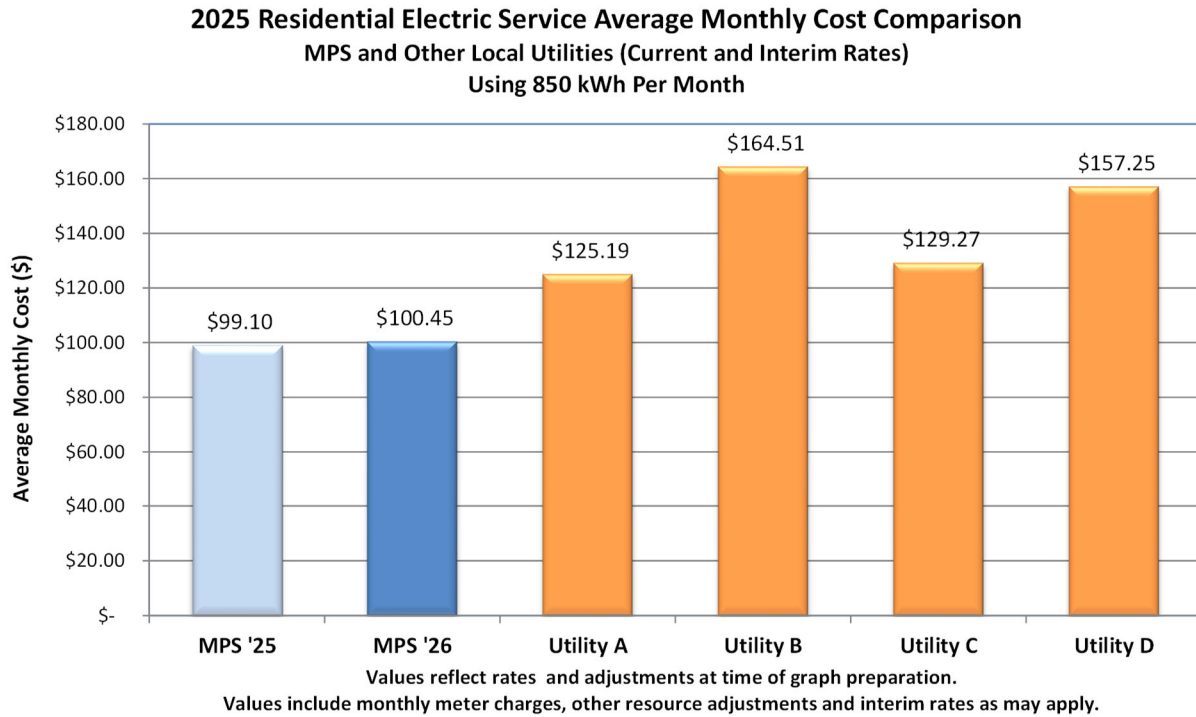
5. How would MPS' residential water customers outside the city limits be affected by the proposed water rate increases for 2026?

For customers located outside the city limits of Moorhead, water rates will be 1½ times those charged within the city limits. The proposed 2026 summer water rates for residents outside city limits would be \$8.40 per 100 cubic feet for usage up to 150 percent of their winter average, and \$10.88 per 100 cubic feet for all usage exceeding 150 percent of their winter average. The winter water rate would be \$7.43 per 100 cubic feet.

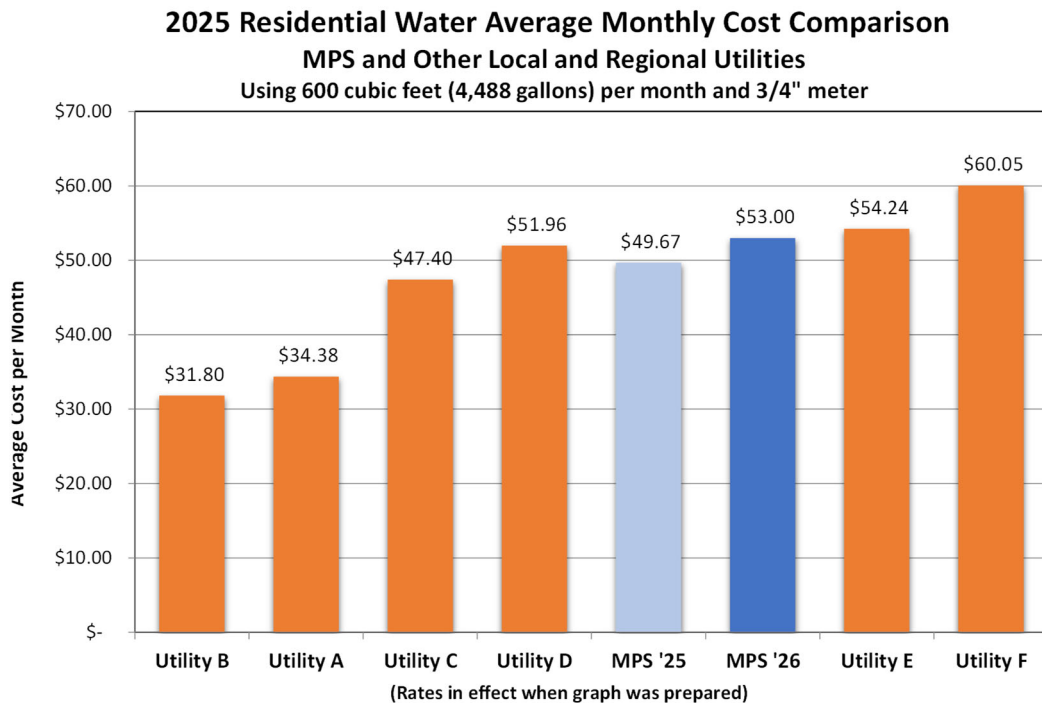
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6. How do MPS' electric and water rates compare with those in nearby communities?

The graph below shows how MPS' current and proposed electric rates compare regionally:



The graph below shows how MPS' current and proposed water rates compare regionally:



Residential Fact Sheet (continued)

7. How will the electric and water rate proposals be decided?

The Commission will hold a public hearing on the proposed electric and water rate increases at 5:30 PM on Tuesday, October 21, 2025, in the Auditorium at the Hjemkomst Center, 202 First Avenue North, Moorhead, Minnesota.

For thirty (30) days subsequent to the closing of the hearing and prior to the adoption of a rate change, written testimony will be received and considered by the Commission. To be considered by the Commission, written comments should be e-mailed to mps@mpsutility.com or be postmarked no later than Thursday, November 20, 2025, and mailed to the Moorhead Public Service Commission, P.O. Box 779, Moorhead, MN 56561-0779. The person providing the comments must provide her/his name and address along with the comments.

The Commission will review all verbal and written comments and/or concerns from its customers. A formal decision regarding MPS' 2026 rate structure will be determined at the Commission's meeting on or about December 16, 2025.

8. If approved, when would new rates go into effect?

If the Commission approves the rate proposals, bills issued after January 1, 2026, would reflect the new electric and water rates.

For additional information regarding the proposed 2026 electric and water rates, visit www.mpsutility.com.