

RESIDENTIAL FACT SHEET



2023 Electric and Water Rate Proposals for Residential Customers

1. What is being proposed for 2023 electric and water rates?

For 2023, the Moorhead Public Service Commission (Commission) currently anticipates an overall net increase of 2 percent in electric rates and 4.5 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 \$3.90, or 2.86 percent, per month.

2. Why are the rate changes and increases needed?

Moorhead Public Service takes pride in ensuring the City of Moorhead (City), its residents, and its business partners have a financially solid electric and water utility capable of providing reliable services. The proposed water rate increase is 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 Changes

Within electric rates, the rate increase is in response to an anticipated 16 percent increase in power purchased from the Western Area Power Administration (WAPA). WAPA provides approximately 49 percent of MPS' purchased power needs with the remainder purchased from Missouri River Energy Services (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 that purchased from MRES. However, MPS is restricted to a set purchased power allowance each month and everything above the allowance is self-produced or purchased from MRES.

Water Rate Increase

The 4.5 percent proposed water rate increase for 2023 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 to cover costs.

In addition to anticipated increases in operating costs for materials and chemicals, MPS' Water Division is projected to undertake \$32 million in new capital projects over the next five years. New capital projects totaling \$4.1 million are included in the 2023 budget. Plans for 2023 include the following:

- \$2 million to replace aging cast-iron watermains to be completed throughout the city in conjunction with City street mill and overlay construction projects. The replacements will be completed as part of MPS' long-term Watermain Asset Management Plan (WAMP).

Residential Fact Sheet (continued)

- \$330,000 to update and rehabilitate underground storage tanks.
- \$310,000 for fleet vehicle replacements and the purchase of a new unit for lime sludge residual hauling.
- \$200,000 to re-route existing watermains in advance of the Minnesota Department of Transportation’s planned 11th Street Underpass Project.

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

Under the 2023 proposed rate structure, the monthly customer charge for residential customers will increase from \$14.40 per month to \$15.40 per month, and the per kilowatt hour (kWh) rate during the summer months of June, July, and August will increase from 10.4¢ per kWh to 10.5¢ per kWh. The per kWh rate for all other months will increase from 8.9¢ to 9.0¢.

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

**Proposed Electric Rate Increase
Impact to Average Residential Consumer***

	2022	Proposed 2023	Net Impact
Customer Charge	\$ 14.40	\$ 15.40	\$ 1.00
Electric Consumption	\$ 78.84**	\$ 79.69***	\$ 0.85
Total	\$ 93.24	\$ 95.09	\$ 1.85

Overall increase of \$1.85 per month

- * Based on Residential meter charge and usage of 850 kWh per month
- ** Based on average of 3 months at \$0.104/kWh and 9 months at \$0.089/kWh.
- *** Based on average of 3 months at \$0.105/kWh and 9 months at \$0.09/kWh.

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

Type of Service	2022	Proposed 2023	Percent Change
Single-Phase Residential			
Customer Charge	\$ 14.40	\$ 15.40	6.94%
Energy Charge (June-August)	\$ 0.1040	\$ 0.1050	0.96%
Energy Charge (September-May)	\$ 0.0890	\$ 0.0900	1.12%

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

Under the 2023 proposed rate structure, during the months of May through October, residential customers living within the city limits would pay a rate of \$4.84 per 100 cubic feet for usage up to 150 percent of their winter average (November through April). To encourage conservation, residents with usage during this period that exceeds 150 percent of their winter average will pay a higher rate of \$6.44 per 100 cubic feet for all usage above 150 percent of their winter average.

During the remainder of the year, residential customers within the city limits would pay a rate of \$4.09 per 100 cubic feet.

Residential Fact Sheet (continued)

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 \$1.60 when averaged over the year. Examples of how the proposed water rates would affect monthly residential bills are shown in the following tables:

**Proposed Water Rate Increase
Impact to Average Residential Consumer***

	2022	Proposed 2023	Net Impact
Customer Charge (3/4" Meter)	\$ 15.00	\$ 15.95	\$ 0.95
Commodity Charge	\$ 25.74*	\$ 26.79**	\$ 1.05
Fire Protection Infrastructure [#]	\$ 2.35	\$ 2.40	\$ 0.05
Total	\$ 43.09	\$ 45.14	\$ 2.05

Overall increase of \$2.05 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 \$3.92 and 6 months of 600 c.f. at \$4.66
- *** Based on 6 months of 600 c.f. at \$4.09 and 6 months of 600 c.f. at \$4.84

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	2022	Proposed 2023	Percent Increase
5/8"	\$ 15.00	\$ 15.95	6.33%
3/4"	\$ 15.00	\$ 15.95	6.33%
1"	\$ 23.00	\$ 24.40	6.09%
1 1/2"	\$ 43.00	\$ 45.75	6.40%
2"	\$ 67.00	\$ 71.00	5.97%
3"	\$ 133.00	\$ 141.00	6.02%
4"	\$ 216.00	\$ 228.00	5.56%
6"	\$ 428.00	\$ 451.00	5.37%
8"	\$ 685.00	\$ 721.00	5.26%

Monthly Volume Rates			
Entity Type	2022	Proposed 2023	Percent Increase
Residential			OVERALL 4.0%
May-Oct - Up to 150% of winter avg.	\$ 4.66	\$ 4.84	3.86%
May-Oct - Over 150% of winter avg. (Conservation Rate)	\$ 6.20	\$ 6.44	3.87%
Residential Irrigation Meters	\$ 6.20	\$ 6.44	3.87%
Nov-April - All usage	\$ 3.92	\$ 4.09	4.34%

In 2023, residential customers will be assessed a fire protection fee of \$2.40 per month. This represents a \$0.05 per month increase over 2022 rates.

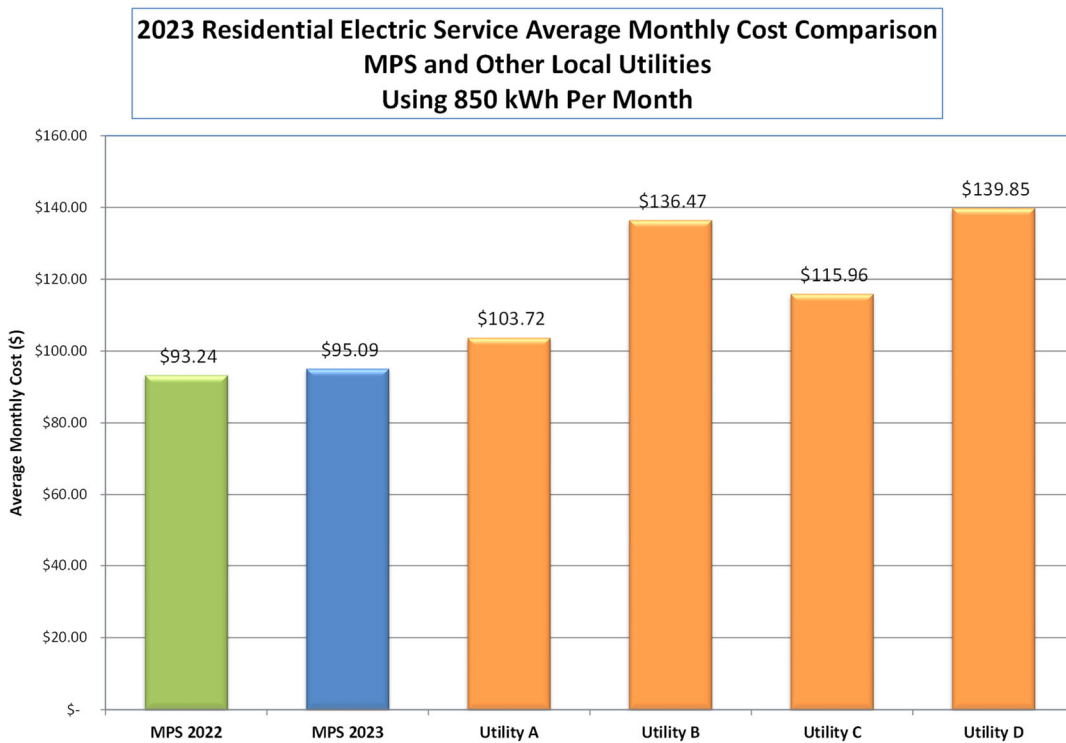
Residential Fact Sheet (continued)

5. How would MPS’ residential water customers outside the city limits be affected by the proposed water rate increases for 2023?

For customers located outside the city limits of Moorhead, water rates will be 1½ times those charged within the city limits. The 2023 proposed summer water rates for residents outside city limits would be \$7.26 per 100 cubic feet for usage up to 150 percent of their winter average, and \$9.66 per 100 cubic feet for all usage above 150 percent of their winter average. The winter water rate would be \$6.14 per 100 cubic feet.

6. How do Moorhead’s electric and water rates compare with those in nearby communities?

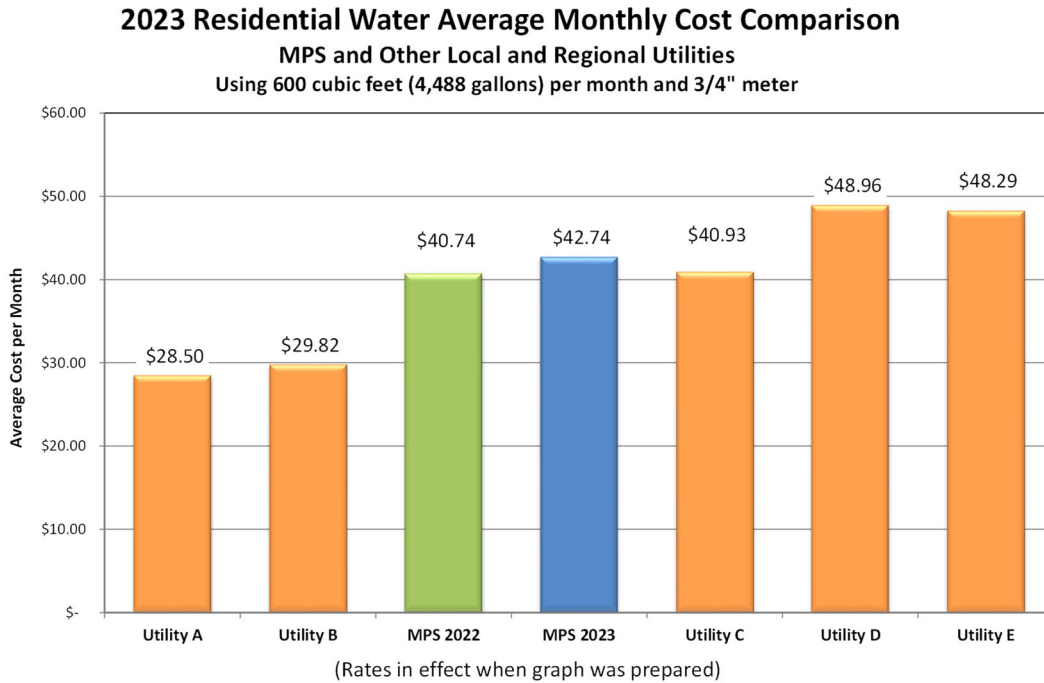
The graph below shows how Moorhead’s current and proposed electric rates compare regionally:



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

Residential Fact Sheet (continued)

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



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 18, 2022, 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 postmarked no later than Friday, November 18, 2022, and mailed to: Moorhead Public Service Commission, P.O. Box 779, Moorhead, MN 56561-0779.

The Commission will review all verbal and written comments and/or concerns from its customers. A formal decision regarding MPS' 2023 rate structure will be determined at the Commission's meeting on or about December 20, 2022.

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

If the Commission approves the rate proposals, bills issued after January 1, 2023, would reflect the new water rates.

For additional information regarding the proposed 2023 electric and water rates, visit www.mpsutility.com.