

COMMERCIAL / INDUSTRIAL FACT SHEET



2023 Electric and Water Rate Proposals for Commercial / Industrial 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.

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).

- \$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 proposed 2023 electric rates affect commercial and industrial customers?

The following table summarizes the proposed 2023 electric rates for MPS commercial and industrial electric customers. The rates for monthly metering and volume charges are shown below:

Type of Service	2022	Proposed 2023	Percent Change
Small General Service (average under 6,000kWh or 25kW)			
Customer Charge	\$ 19.60	\$ 21.00	7.14%
Energy Charge (per kWh) (June-August)	\$ 0.1050	\$ 0.1060	0.95%
Energy Charge (per kWh) (September-May)	\$ 0.0930	\$ 0.0940	1.08%
Excess Demand (over 25 kW)	\$ 17.35	\$ 17.50	0.86%
General Service			
Customer Charge	\$ 55.00	\$ 55.00	0.00%
Energy Charge - Primary	\$ 0.0353	\$ 0.0353	0.00%
Energy Charge - Secondary	\$ 0.0360	\$ 0.0360	0.00%
Secondary Demand (June-August)	\$ 21.20	\$ 21.90	3.30%
Secondary Demand (September -May)	\$ 18.00	\$ 18.70	3.89%
Primary Demand (June-August)	\$ 20.78	\$ 21.46	3.27%
Primary Demand (September -May)	\$ 17.64	\$ 18.33	3.91%

4. How would the proposed 2023 water rates affect commercial and industrial customers?

The tables on the following page summarize the proposed 2023 water rates for MPS commercial and industrial water customers. Monthly customer charges would change as shown in the Monthly Customer Charge table. The customer charge covers the cost of the meters, meter reading, maintenance overhead, and billing.

The rates for various meter sizes and volume charges are shown in the following tables:

2023 PROPOSED WATER RATES

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%

Beginning in 2013, MPS began assessing seasonal water rates to meet the State of Minnesota's requirement for conservation rates. As a result, usage from May through October is charged at a higher rate than usage from November through April.

Volume Charge (Based on Every 100 Cubic Feet Used)
(Rate for locations outside city limits is 1.5 times the base rate)

Entity Type	2022	Proposed 2023	Percent Increase
Apartment			Overall 4.0%
May-Oct - All usage	\$ 3.84	\$ 3.99	3.91%
Nov-April - All usage	\$ 3.33	\$ 3.47	4.20%
Commercial			Overall 2.8%
May-Oct - All usage	\$ 5.15	\$ 5.29	2.72%
Nov-April - All usage	\$ 3.81	\$ 3.92	2.89%
Industrial			Overall 6%
May-Oct - All usage	\$ 3.55	\$ 3.78	6.48%
Nov-April - All usage	\$ 3.14	\$ 3.31	5.41%

In 2023, customers will be assessed a fire hydrant facility charge as proposed in the following table:

Fire Hydrant Facility Charge - Monthly Charge
(formerly listed as Fire Protection)

Classification	2022	Proposed 2023	Percent Increase
Residential	\$ 2.35	\$ 2.40	2.13%
Commercial	\$ 29.50	\$ 30.00	1.69%
Apartments	\$ 22.40	\$ 23.20	3.57%
Industrial	\$ 815.00	\$ 855.00	4.91%

5. 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.

6. 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.