

RESIDENTIAL FACT SHEET



2025 Electric and Water Rate Proposals for Residential Customers

1. What is being proposed for 2025 electric and water rates?

For 2025, the Moorhead Public Service Commission (Commission) currently anticipates an overall net increase of 2 percent in electric rates and 4 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 \$4.05, or 2.81 percent, per month.

2. Why are the rate changes and increases needed?

Moorhead Public Service (MPS) 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 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 percent overall rate increase is in response to proposed 7.5 percent increases that will occur in 2025 and 2026 for power purchased from the Western Area Power Administration (WAPA), as well as a 3.45 percent increase in 2025 with proposed rate increases of 3.5 percent in both 2026 and 2027 for power purchased from Missouri River Energy Services (MRES).

For reference, WAPA provides approximately 49 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 4 percent proposed water rate increase for 2025 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.

In addition to anticipated increases in operating costs for materials and chemicals, MPS' Water Division is projected to undertake \$49 million in proposed new capital projects over the next five years. New capital projects totaling \$7.8 million are included in the 2025 budget. Plans for 2025 include the following:

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- \$2.0 million for Phase 2 of a two-phase project to upgrade all water meters from those that use aging Automated Meter Reading (AMR) technology to meters that utilize newer Advanced Metering Infrastructure (AMI) technology. Unlike AMR, AMI does not require utility personnel to collect the data. Instead, the system automatically transmits the data directly to the utility at predetermined intervals.
- \$1.6 million to replace aging cast-iron watermains to be completed throughout the city of Moorhead in conjunction with City of Moorhead street mill and overlay construction projects. The replacements will be completed as part of MPS’ long-term Watermain Asset Management Plan (WAMP).
- \$1.6 million to purchase new ozone purification system components in late 2025 with the expected installation to be completed in 2026 for an additional \$700,000.
- \$650,000 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.
- \$400,000 to modify equipment and staging areas for the extraction and disposal of lime waste generated as part of MPS’ water treatment process.
- \$400,000 to complete the first phase of replacing lead-based water lines with copper or PVC lines with expected reimbursement from the State of Minnesota for \$300,000.
- \$340,000 for fleet vehicle replacements and the purchase of a new unit for lime sludge residual hauling that was postponed in 2023 and 2024.
- \$270,000 to update and rehabilitate underground storage tanks that was postponed in 2023 and 2024.

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

Under the 2025 proposed rate structure, the monthly customer charge for residential customers will increase from \$16.60 per month to \$17.50 per month, and the per kilowatt hour (kWh) rate during the summer months of June, July, and August will increase from 10.7¢ per kWh to 10.8¢ per kWh. The per kWh rate for all other months will increase from 9.1¢ to 9.2¢.

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***

	2024	Proposed 2025	Net Impact
Customer Charge	\$ 16.60	\$ 17.50	\$ 0.90
Electric Consumption	\$ 80.75**	\$ 81.60***	\$ 0.85
Total	\$ 97.35	\$ 99.10	\$ 1.75

Overall increase of \$1.75 per month

* Based on Residential meter charge and usage of 850 kWh per month
 ** Based on average of 3 months at \$0.107/kWh and 9 months at \$0.091/kWh.
 *** Based on average of 3 months at \$0.108/kWh and 9 months at \$0.092/kWh.

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

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Type of Service	2024	Proposed 2025	Percent Change
Single-Phase Residential			
Customer Charge	\$ 16.60	\$ 17.50	5.42%
Energy Charge (June-August)	\$ 0.1070	\$ 0.1080	0.93%
Energy Charge (September-May)	\$ 0.0910	\$ 0.0920	1.10%

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

Under the 2025 proposed rate structure, the monthly flat fire protection fee that was added to the rate structure in 2013 would be eliminated for all customer classes and the cost for fire protection infrastructure will instead be included the overall monthly flat meter-size and volume-based rates for water. The removal of a separate charge for fire protection infrastructure will eliminate any misunderstanding of the charges, and MPS’ water rate structure will then be consistent with the structure used by the vast majority of water utilities.

As a result of this change, the monthly customer charge for 5/8” and 3/4” meters commonly used for residential water service will increase from \$16.80 per month to \$20.50 per month for 2025.

For actual water used in 2025 during the months of May through October, residential customers living within the city limits would pay a rate of \$5.19 per 100 cubic feet for usage up to 150 percent of their winter average (November through April). This compares to the 2024 rate of \$5.01 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 \$6.97 per 100 cubic feet for all usage above 150 percent of their winter average. This compares to the 2024 rate of \$5.68 per 100 cubic feet.

During the remainder of the year, residential customers within the city limits would pay a rate of \$4.41 per 100 cubic feet. This compares to the 2024 rate of \$4.24 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 \$2.30 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***

	2024	Proposed 2025	Net Impact
Customer Charge (3/4" Meter)	\$ 16.80	\$ 20.50	\$ 3.70
Commodity Charge	\$ 27.75*	\$ 28.80***	\$ 1.05
Fire Protection Infrastructure#	\$ 2.45	\$ -	\$ (2.45)
Total	\$ 47.00	\$ 49.30	\$ 2.30

Overall increase of \$2.30 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 \$4.24 and 6 months of 600 c.f. at \$5.01
- *** Based on 6 months of 600 c.f. at \$4.41 and 6 months of 600 c.f. at \$5.19
- # Final year of 8-year phase-in of cost-study true cost adjustments

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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	2024	Proposed 2025	Percent Increase
5/8"	\$ 16.80	\$ 20.50	22.02%
3/4"	\$ 16.80	\$ 20.50	22.02%
1"	\$ 25.65	\$ 36.00	40.35%
1 1/2"	\$ 48.20	\$ 68.00	41.08%
2"	\$ 74.65	\$ 106.00	42.00%

Monthly Volume Rates			
Entity Type	2024	Proposed 2025	Percent Increase
Residential			
May-Oct - Up to 150% of winter avg.	\$ 5.01	\$ 5.19	3.59%
May-Oct - Over 150% of winter avg.(Conservation Rate)	\$ 6.68	\$ 6.97	4.34%
Residential Irrigation Meters	\$ 6.68	\$ 6.97	4.34%
Nov-April - All usage	\$ 4.24	\$ 4.41	4.01%

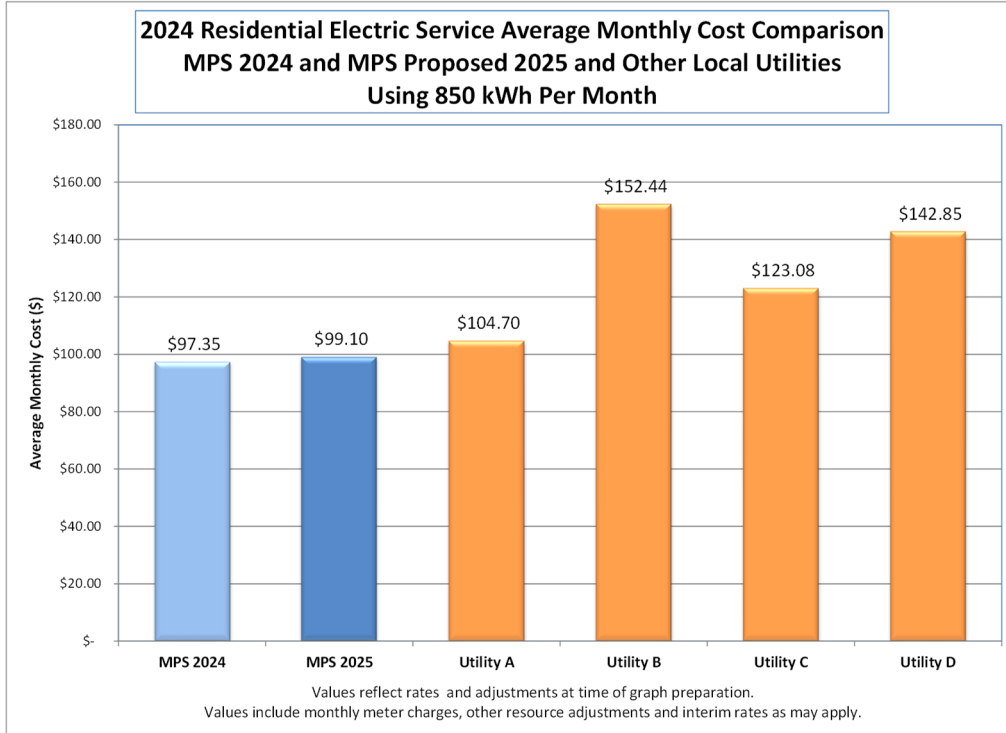
5. How would MPS’ residential water customers outside the city limits be affected by the proposed water rate increases for 2025?

For customers located outside the city limits of Moorhead, water rates will be 1½ times those charged within the city limits. The 2025 proposed summer water rates for residents outside city limits would be \$7.79 per 100 cubic feet for usage up to 150 percent of their winter average, and \$10.46 per 100 cubic feet for all usage above 150 percent of their winter average. The winter water rate would be \$6.62 per 100 cubic feet.

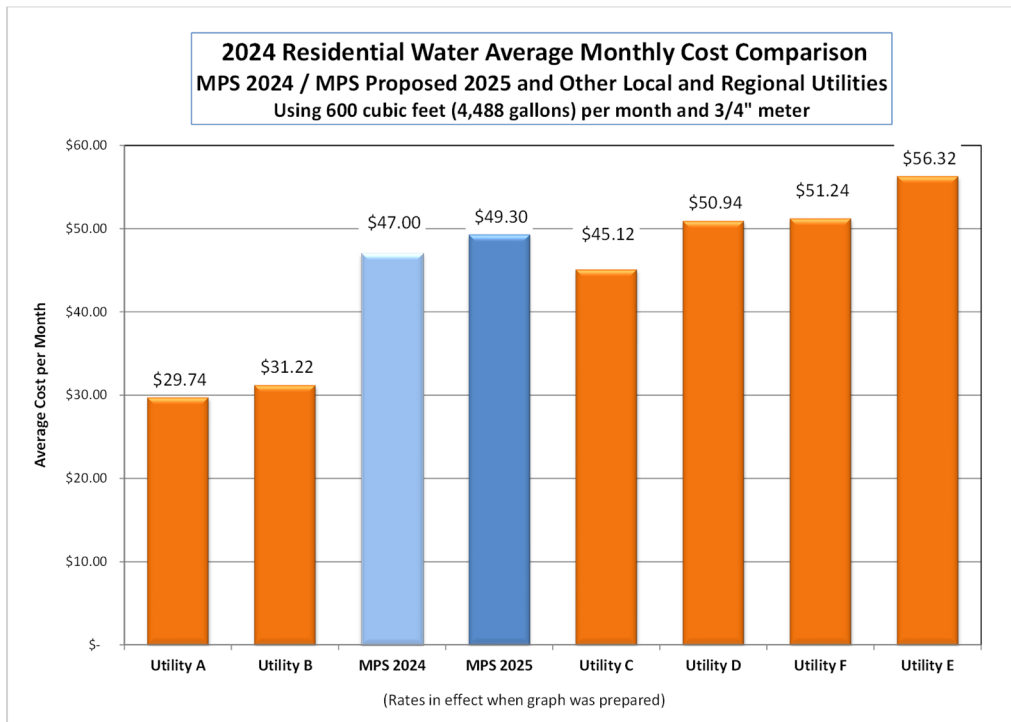
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6. How do Moorhead’s electric and water rates compare with those in nearby communities?

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



The graph below shows how Moorhead’s 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 Monday, October 14, 2024, 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 Wednesday, November 13, 2024, 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' 2025 rate structure will be determined at the Commission's meeting on or about December 17, 2024.

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

If the Commission approves the rate proposals, bills issued after January 1, 2025, would reflect the new electric and water rates.

For additional information regarding the proposed 2025 electric and water rates, visit www.mpsutility.com.