

COMMERCIAL / INDUSTRIAL FACT SHEET



2025 Electric and Water Rate Proposals for Commercial / Industrial 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.

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 to be made in 2025 and 2026 for power purchased from the Western Area Power Administration (WAPA), as well as an upcoming 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:

- \$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 proposed 2025 electric rates affect commercial and industrial customers?

The following table summarizes the proposed 2025 electric rates for MPS commercial and industrial electric customers. The rates for monthly metering and volume charges are shown below:

2025 ELECTRIC RATES - 2.0% OVERALL RATE INCREASE

Type of Service	2024	Proposed 2025	Percent Change
Small General Service (average under 6,000kWh or 25kW)			
Customer Charge	\$ 23.00	\$ 24.65	7.17%
Energy Charge (per kWh) (June-August)	\$ 0.1090	\$ 0.1110	1.83%
Energy Charge (per kWh) (September-May)	\$ 0.0950	\$ 0.0960	1.05%
Excess Demand (over 25 kW)	\$ 17.80	\$ 18.10	1.69%
General Service			
Customer Charge	\$ 60.00	\$ 65.00	8.33%
Energy Charge - Primary	\$ 0.0363	\$ 0.0372	2.48%
Energy Charge - Secondary	\$ 0.0370	\$ 0.0380	2.70%
Secondary Demand (June-August)	\$ 22.40	\$ 22.75	1.56%
Secondary Demand (September -May)	\$ 19.05	\$ 19.25	1.05%
Primary Demand (June-August)	\$ 21.95	\$ 22.30	1.59%
Primary Demand (September -May)	\$ 18.67	\$ 18.87	1.07%

4. How would the proposed 2025 water rates affect commercial and industrial customers?

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 in 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.

The following tables summarize the proposed 2025 water rates for MPS commercial and industrial water customers. Monthly customer charges would change as shown in the Monthly Customer Charge table below. The customer charge covers the cost of the meters, meter reading, maintenance overhead, and billing.

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

2025 PROPOSED WATER RATES - OVERALL 4.0% INCREASE

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%
3"	\$ 148.10	\$ 202.00	36.39%
4"	\$ 238.60	\$ 325.00	36.21%
6"	\$ 471.50	\$ 640.00	35.74%
8"	\$ 753.00	\$ 1,020.00	35.46%
MN Water Service Connection Fee (\$9.72 annual)	\$ 0.81	\$ 0.81	0.00%

Volume Charge (Based on Every 100 Cubic Feet Used = 748 Gallons)
(Rate for locations outside city limits is 1.5 times the base rate)

Entity Type	2024	Proposed 2025	Percent Increase
Apartment			
May-Oct - All usage	\$ 4.14	\$ 4.47	7.97%
Nov-April - All usage	\$ 3.59	\$ 3.90	8.64%
Commercial			
May-Oct - All usage	\$ 5.42	\$ 5.99	10.52%
Nov-April - All usage	\$ 4.04	\$ 4.55	12.62%
Industrial			
May-Oct - All usage	\$ 3.98	\$ 4.32	8.54%
Nov-April - All usage	\$ 3.48	\$ 3.77	8.33%

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.

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 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.

6. 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 water rates.

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