

RESIDENTIAL FACT SHEET



2027 Electric and Water Rate Proposals for Residential Customers

1. What is being proposed for 2027 electric and water rates?

For 2027, the Moorhead Public Service Commission (Commission) currently anticipates an overall net increase of 2.5 percent in electric rates and 5.25 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 \$5.70, or 3.71 percent, per month.

2. Why are the rate changes and increases needed?

Moorhead Public Service (MPS) takes pride in ensuring that 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 rising 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 overall rate increase of 2.5 percent is driven by anticipated rate increases for power purchased from Missouri River Energy Services (MRES) of 4.2 percent in 2027 and 4.5 percent for 2028. No rate increase is currently planned for power purchased from Western Area Power Administration (WAPA) in 2027; however, future increases could affect MPS' rates.

For reference, in 2025, WAPA supplied approximately 53.8 percent of MPS' purchased power needs, with the remaining 46.2 percent purchased from MRES. WAPA, one of four power marketing administrations within the U.S. Department of Energy, markets and transmits wholesale electricity. The cost of power purchased from WAPA is lower than that of power purchased from MRES. However, MPS is subject to a monthly purchased power allowance from WAPA. Any power needs exceeding that allowance must be met through MPS' own generation or additional purchases from MRES.

Water Rate Increase

The proposed overall rate increase of 5.25 percent is intended to cover increases in operating and debt service costs and to partially fund planned infrastructure improvements for MPS' Water Division. In addition, cash reserves exceeding the levels established by the Commission's Policy on Financial Strength will also be used to help fund these improvements.

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In addition to anticipated increases in operating costs for materials and chemicals, MPS' Water Division anticipates approximately \$30.2 million in new capital projects over the next five years. The proposed 2027 budget includes \$4.1 million for new capital projects. Planned projects for 2027 include the following:

- \$1.45 million to replace aging cast-iron watermain to be completed throughout 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).
- \$1 million for projects to update or upgrade equipment at MPS' Water Treatment Plant and laboratory, as well as related equipment throughout the system.
- \$430,000 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 a \$350,000 reimbursement from the State of Minnesota).
- \$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.
- \$300,000 to complete the multi-year project to convert all water meters to Automated Metering Infrastructure (AMI) meters.
- \$220,000 to update fleet vehicles and physical security equipment.

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

Under the proposed 2027 rate structure, the monthly customer charge for residential customers will increase from \$18.00 to \$18.85. The energy charge during the summer months of June, July, and August will increase from 10.9¢ to 11.1¢ per kilowatt-hour (kWh). For all other months, the energy charge will increase from 9.3¢ to 9.5¢ per kWh.

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

Proposed Electric Rate Increase Impact to Average Residential Consumer*

	2026	Proposed 2027	Net Impact
Customer Charge	\$ 18.00	\$ 18.85	\$ 0.85
Electric Consumption	\$ 82.45**	\$ 84.15***	\$ 1.70
Total	\$ 100.45	\$ 103.00	\$ 2.55

Overall increase of \$2.55 per month

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

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

*** Based on average of 3 months at \$0.111/kWh and 9 months at \$0.095/kWh.

Residential Fact Sheet (continued)

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

Type of Service	2026	Proposed 2027	Percent Change
Single-Phase Residential			
Customer Charge	\$ 18.00	\$ 18.85	4.72%
Energy Charge (June-August)	\$ 0.1090	\$ 0.1110	1.83%
Energy Charge (September-May)	\$ 0.0930	\$ 0.0950	2.15%

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

Under the proposed 2027 water rates, the monthly customer charge for residential customers with commonly used 5/8-inch and 3/4-inch meters will increase from \$21.35 to \$22.10.

For water usage from May through October, residential customers within the city limits will pay \$5.95 per 100 cubic feet for usage up to 150 percent of their winter average consumption (November through April). This represents an increase from the 2026 rate of \$5.60 per 100 cubic feet.

To encourage water conservation, usage exceeding 150 percent of a customer's winter average will be charged at a higher rate of \$7.50 per 100 cubic feet, an increase from the 2026 rate of \$7.25.

During the remainder of the year, residential customers within the city limits will pay \$5.40 per 100 cubic feet, compared with the 2026 rate of \$4.95.

An average residential customer using 600 cubic feet of water per month with a 3/4-inch meter can expect an average monthly bill increase of approximately \$3.15 over the year.

An example of how the proposed water rates would affect the average monthly residential bill is shown in the table below:

Proposed Water Rate Increase

Impact to Average Residential Consumer*

	2026	Proposed 2027	Net Impact
Customer Charge (3/4" Meter)	\$ 21.35	\$ 22.10	\$ 0.75
Commodity Charge	\$ 31.65 ^{**}	\$ 34.05 ^{***}	\$ 2.40
Total	\$ 53.00	\$ 56.15	\$ 3.15

Overall increase of \$3.15 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 \$4.95 and 6 months of 600 c.f. at \$5.60

*** Based on 6 months of 600 c.f. at \$5.40 and 6 months of 600 c.f. at \$5.95

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	2026	Proposed 2027	Percent Increase
5/8"	\$ 21.35	\$ 22.10	3.51%
3/4"	\$ 21.35	\$ 22.10	3.51%
1"	\$ 37.00	\$ 38.00	2.70%
1 1/2"	\$ 70.00	\$ 72.00	2.86%
2"	\$ 110.00	\$ 113.00	2.73%

Monthly Volume Rates

Entity Type	2026	Proposed 2027	Percent Increase
Residential			
May-Oct - Up to 150% of winter avg.	\$ 5.60	\$ 5.95	6.25%
May-Oct - Over 150% of winter avg. (Conservation Rate)	\$ 7.25	\$ 7.50	3.45%
Residential Irrigation Meters	\$ 7.25	\$ 7.50	3.45%
Nov-April - All usage	\$ 4.95	\$ 5.40	9.09%

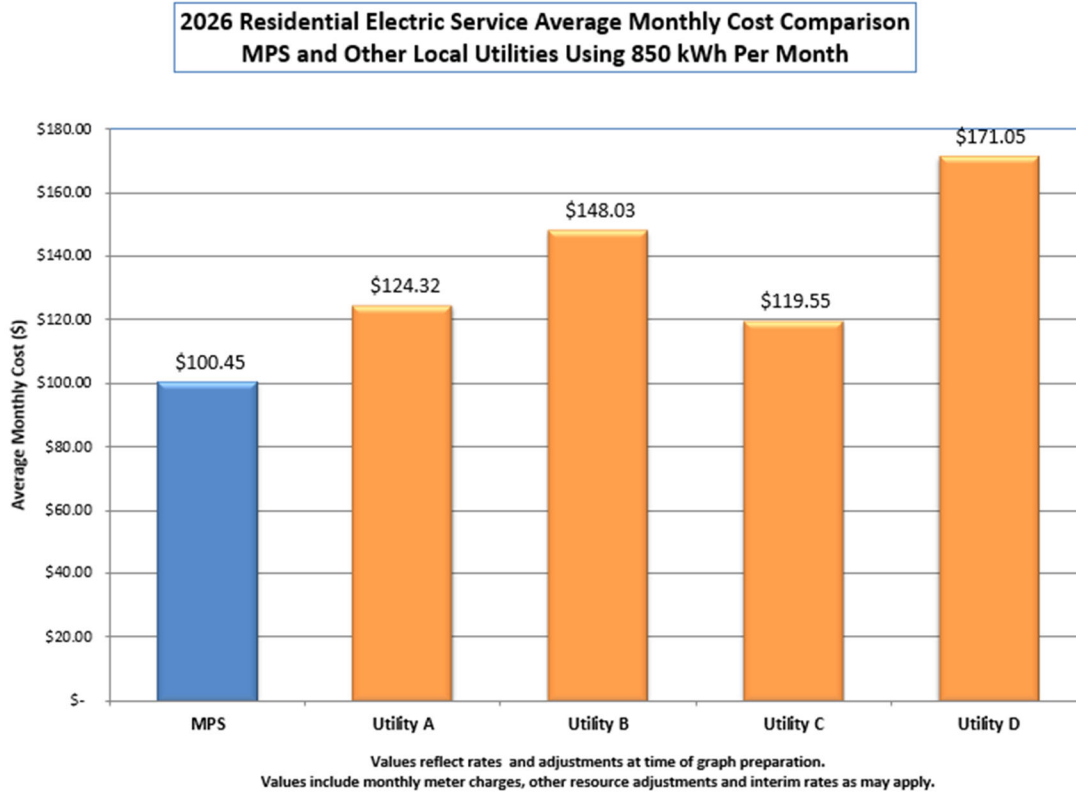
5. How would MPS' residential water customers outside the city limits be affected by the proposed water rate increases for 2027?

For customers residing outside the city limits of Moorhead, water rates will be 1.5 times the rates charged to customers within the city limits. Under the proposed 2027 rate structure, summer water rates will be \$8.93 per 100 cubic feet for usage up to 150 percent of the customer's winter average and \$11.25 per 100 cubic feet for usage above 150 percent of the customer's winter average. The proposed winter water rate will be \$8.10 per 100 cubic feet.

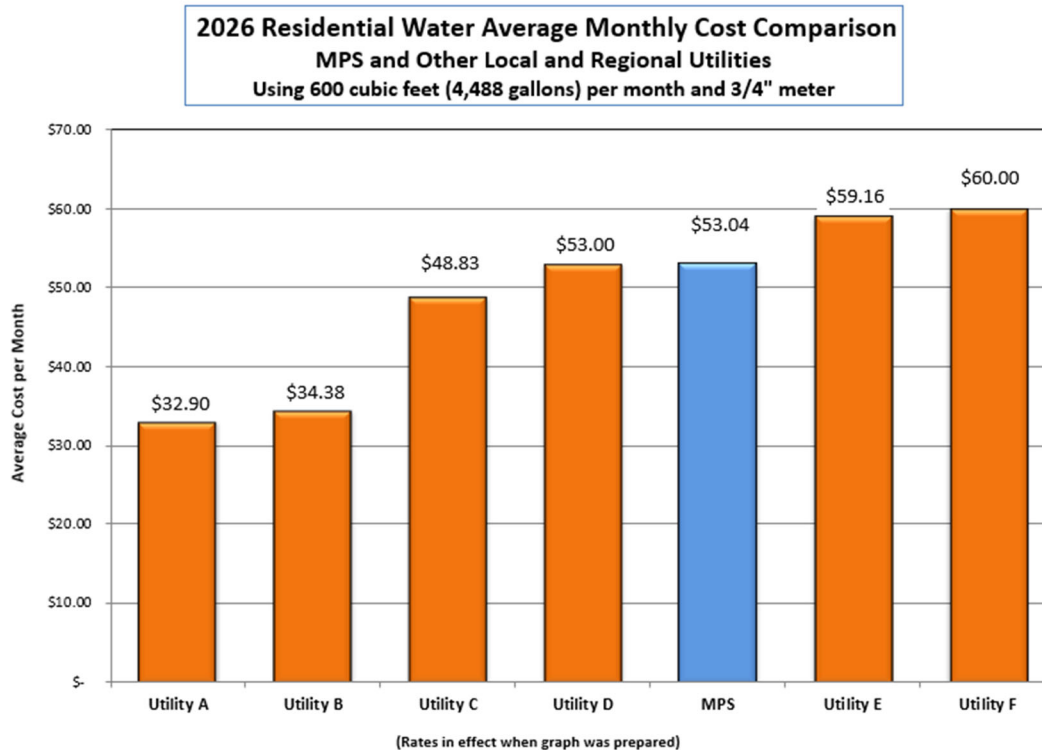
Residential Fact Sheet (continued)

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:



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 20, 2026, in the Auditorium at the Hjemkomst Center, 202 First Avenue North, Moorhead, Minnesota.

For thirty (30) days after the hearing closes, 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 19, 2026, and mailed to the Moorhead Public Service Commission, P.O. Box 779, Moorhead, MN 56561-0779. The person providing the comments must provide their name and address along with the comments.

The Commission will review all written comments and/or concerns from its customers. A formal decision regarding MPS' 2027 rate structure will be determined at the Commission's meeting on or about December 22, 2026.

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

If the Commission approves the rate proposals, bills issued after January 1, 2027, would reflect the new electric and water rates.

For additional information regarding the proposed 2027 electric and water rates, visit www.mpsutility.com.