



Moorhead Public Service Rate Hearing: 2027 Water Rates

Tuesday, October 20, 2026

5:30 PM

How Are Water Rates Determined?

- **Cost-of-Service Based**
 - 2025 Water Rate Study for 2026-2029. Next Rate Study 2029?
- **Considers Long-Range Planning (10 Years)**
 - Operating Expenses including Chemical Pricing Estimations
 - Capital Improvement Plans
 - Reserve Requirements
- **Annual In-Depth Review**
 - Four-Month Process
- **Rate Increase Proposal (Budget Working Group)**
- **Public Hearing (October 20, 2026)**
- **Final Approval (December 22, 2026)**



What Rates and Fees are Changing?

Water Rates

- Net overall rate increase of 5.25% for 2027

Projected Future Rate Increases 2028-2031

<u>2028</u>	<u>2029</u>	<u>2030</u>	<u>2031</u>
5.25%	5.25%	5.25%	5.25%

Cost-of-Service Rate Restructure

- No changes – customer classes to remain the same

What is the Rate Increase Funding?

Capital Improvements - \$30.2 Million Over Five Years

2027 Budget Items

- \$1.45 million for watermain replacements will be completed as part of MPS' long-term Watermain Asset Management Plan (WAMP).
- \$1 million for various projects to update or upgrade equipment connected to or located at the MPS' Water Treatment Plant and laboratory.
- \$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.
- \$300,000 to complete the multi-year project to convert all water meters to Automated Metering Infrastructure (AMI) meters.
- \$220,000 for fleet vehicle replacements and to enhance physical security.

2027 Proposed Water Rates = 5.25% Increase

2027 PROPOSED WATER RATES

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%
3"	\$ 210.00	\$ 215.00	2.38%
4"	\$ 335.00	\$ 343.00	2.39%
6"	\$ 655.00	\$ 672.00	2.60%
8"	\$ 1,040.00	\$ 1,065.00	2.40%

2027 Proposed Water Rates

5.25% Overall Increase

Rates presented include a conversion to Gallons as Unit of Measurement as new AMI meters are installed.

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

CONVERSION TO GALLONS FOR BILLING

Entity Type	2026	Proposed 2027	Percent Increase	Proposed 2027	2026	Proposed 2027	Proposed 2027
Residential				Per CF	Bill per 1 Gal	Bill per 1 Gal	Bill per 1000 Gal
May-Oct - Up to 150% of winter avg.	\$ 5.60	\$ 5.95	6.25%	\$ 0.0595	\$ 0.00749	\$ 0.00795	\$ 7.95
May-Oct - Over 150% of winter avg. (Conservation Rate)	\$ 7.25	\$ 7.50	3.45%	\$ 0.0750	\$ 0.00969	\$ 0.01003	\$ 10.03
Residential Irrigation Meters	\$ 7.25	\$ 7.50	3.45%	\$ 0.0750	\$ 0.00969	\$ 0.01003	\$ 10.03
Nov-April - All usage	\$ 4.95	\$ 5.40	9.09%	\$ 0.0540	\$ 0.00662	\$ 0.00722	\$ 7.22
Apartment							
May-Oct - All usage	\$ 4.75	\$ 5.00	5.26%	\$ 0.0500	\$ 0.00635	\$ 0.00668	\$ 6.68
Nov-April - All usage	\$ 4.15	\$ 4.35	4.82%	\$ 0.0435	\$ 0.00555	\$ 0.00582	\$ 5.82
Commercial							
May-Oct - All usage	\$ 6.25	\$ 6.50	4.00%	\$ 0.0650	\$ 0.00836	\$ 0.00869	\$ 8.69
Nov-April - All usage	\$ 5.40	\$ 5.65	4.63%	\$ 0.0565	\$ 0.00722	\$ 0.00755	\$ 7.55
Industrial							
May-Oct - All usage	\$ 4.75	\$ 5.18	9.05%	\$ 0.0518	\$ 0.00635	\$ 0.00693	\$ 6.93
Nov-April - All usage	\$ 4.10	\$ 4.48	9.27%	\$ 0.0448	\$ 0.00548	\$ 0.00599	\$ 5.99

2027 Proposed Water Rates = 5.25% Increase

Average Residential Customer Will See an Increase of \$3.15 per Month

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

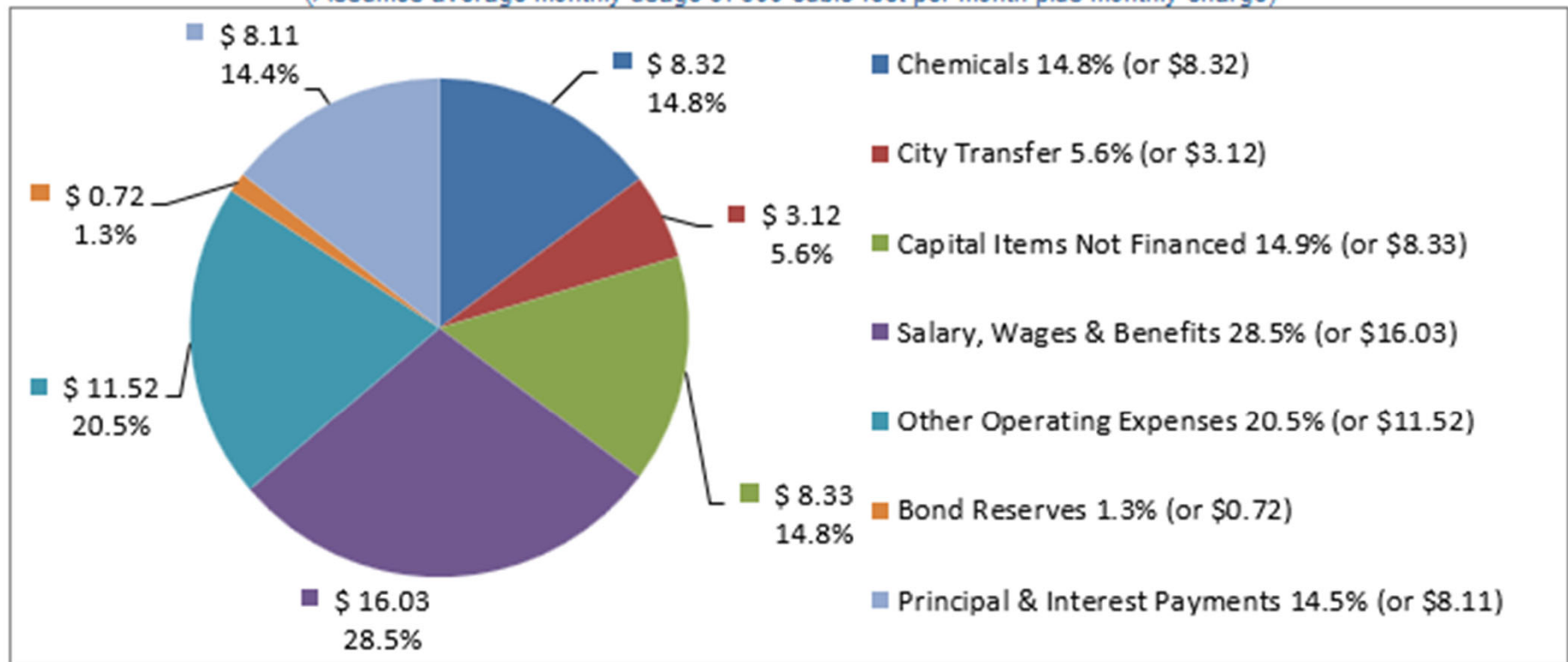
Overall increase of \$3.15 per month

- * 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

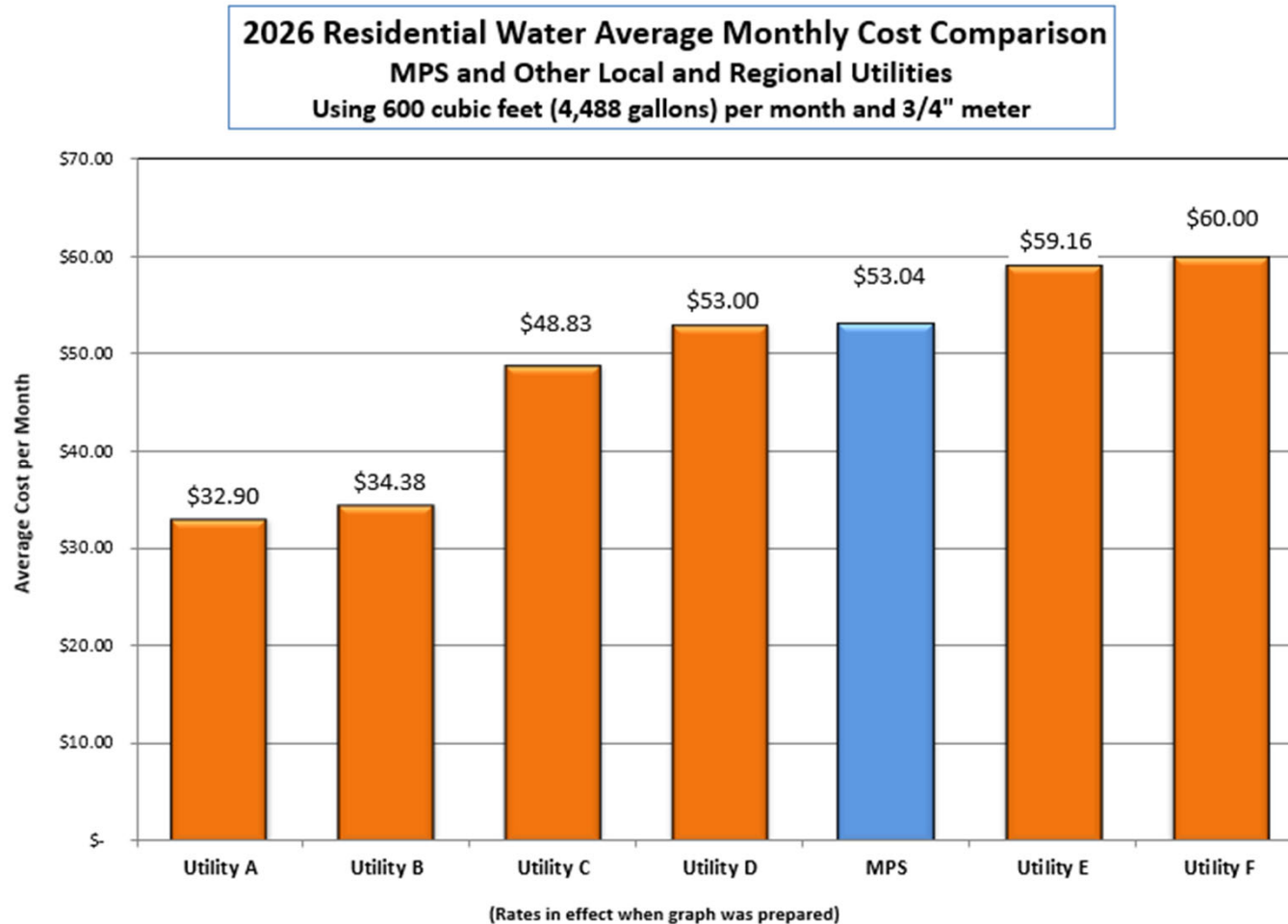
Where Does Your Money Go?

Where Will the Average Monthly Water Payment of \$56.15 Go?

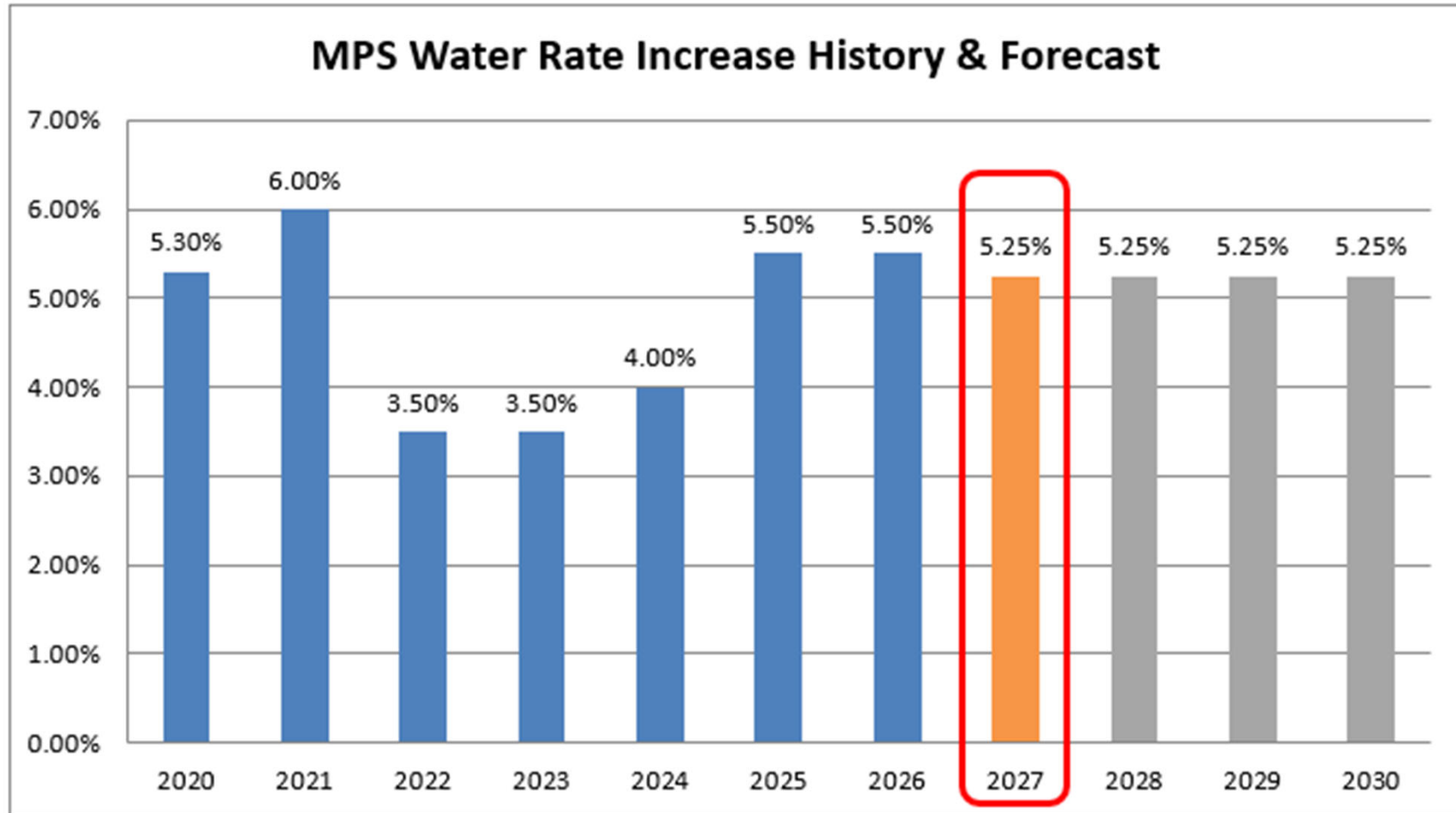
(Assumes average monthly usage of 600 cubic feet per month plus monthly charge)



How Do MPS' Water Rates Compare to Other Utilities?



How Does the Proposed 2027 Water Rate Increase Compare Historically?



2027 Proposed MPS Water Rates Per 2025 Rate Study

The 2025 Rate Study for years 2026 through 2029 determined that the following annual percentage increases were appropriate for each MPS rate class to align with the actual cost of service for that class.

The next rate study is projected to occur in late 2029 for the service years 2030 through 2033.

Rate Changes by Class (Includes Customer Charge and Volume Charges)				
Class	2026	2027	2028	2029
Overall Revenue Change	5.5%	5.5%	5.5%	5.5%
Residential	6.0%	5.9%	5.8%	5.9%
Apartments	5.0%	4.9%	5.0%	4.9%
Commercial	3.3%	3.2%	3.4%	3.3%
Industrial	8.5%	9.3%	9.0%	8.7%
Regional (Dilworth)	7.5%	7.5%	7.2%	7.2%

2027 Proposed MPS Electric and Water Rates Impact

Proposed Overall 2027 Utility Bill Rate Changes Impact

Impact to Average Residential Consumer

MPS Charges	2026	Proposed 2027	\$ Net Impact	% Net Impact
Electric Charges	\$ 100.45	\$ 103.00	\$ 2.55	2.54%
Water Charges	\$ 53.00	\$ 56.15	\$ 3.15	5.94%
Total MPS Charges	\$ 153.45	\$ 159.15	\$ 5.70	3.71%

Electric Usage - 850 kWh (Average Residential Home/Apartment)
Water Usage - 600 cubic feet (4488 gallons) through 3/4" water meter

2027 Water Rate Hearing

Questions?

Comments?

www.mpsutility.com

Thank you for attending.

