

COMMERCIAL / INDUSTRIAL FACT SHEET



2024 Electric and Water Rate Proposals for Commercial / Industrial Customers

1. What is being proposed for 2024 electric and water rates?

For 2024, the Moorhead Public Service Commission (Commission) currently anticipates an overall net increase of 2.5 percent in electric rates and 4 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 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

Within electric rates, the rate increase is in response to a 16 percent increase made in 2023 for power purchased from the Western Area Power Administration (WAPA), and an upcoming 2.7 percent increase in 2024 and rate increases of 5 percent in 2025 and 2026 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 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 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 2024 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 \$47 million in proposed new capital projects over the next five years. New capital projects totaling \$7.6 million are included in the 2024 budget. Plans for 2024 include the following:

- \$2.5 million for Phase 1 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.
- \$1.9 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 million to complete work to modify equipment and staging areas for the extraction and disposal of lime waste generated as part of MPS' water treatment process.
- \$330,000 to update and rehabilitate underground storage tanks that was postponed in 2023.
- \$325,000 for fleet vehicle replacements and the purchase of a new unit for lime sludge residual hauling that was postponed in 2023.
- \$300,000 to complete the first phase of replacing lead-based water lines with copper or PVC lines.

3. How would the proposed 2024 electric rates affect commercial and industrial customers?

The following table summarizes the proposed 2024 electric rates for MPS commercial and industrial electric customers. The rates for monthly metering and volume charges are shown below:

Type of Service	2023	Proposed 2024	Percent Change
Small General Service (average under 6,000kWh or 25kW)			
Customer Charge	\$ 21.00	\$ 23.00	9.52%
Energy Charge (per kWh) (June-August)	\$ 0.1060	\$ 0.1090	2.83%
Energy Charge (per kWh) (September-May)	\$ 0.0940	\$ 0.0950	1.06%
Excess Demand (over 25 kW)	\$ 17.50	\$ 17.80	1.71%
General Service			
Customer Charge	\$ 55.00	\$ 60.00	9.09%
Energy Charge - Primary	\$ 0.0353	\$ 0.0363	2.83%
Energy Charge - Secondary	\$ 0.0360	\$ 0.0370	2.78%
Secondary Demand (June-August)	\$ 21.90	\$ 22.40	2.28%
Secondary Demand (September -May)	\$ 18.70	\$ 19.05	1.87%
Primary Demand (June-August)	\$ 21.46	\$ 21.95	2.28%
Primary Demand (September -May)	\$ 18.33	\$ 18.67	1.85%

4. How would the proposed 2024 water rates affect commercial and industrial customers?

The following tables summarize the proposed 2024 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:

2024 PROPOSED WATER RATES
2023 PROPOSED WATER RATES - OVERALL 4.0% INCREASE

Monthly Customer Charge (Based on Size of Meter Used)			
Meter Size	2023	Proposed 2024	Percent Increase
5/8"	\$ 15.95	\$ 16.80	5.33%
3/4"	\$ 15.95	\$ 16.80	5.33%
1"	\$ 24.40	\$ 25.65	5.12%
1 1/2"	\$ 45.75	\$ 48.20	5.36%
2"	\$ 71.00	\$ 74.65	5.14%
3"	\$ 141.00	\$ 148.10	5.04%
4"	\$ 228.00	\$ 238.60	4.65%
6"	\$ 451.00	\$ 471.50	4.55%
8"	\$ 721.00	\$ 753.00	4.44%
MN Water Service Connection Fee (\$9.72 annual)	\$ 0.81	\$ 0.81	0.00%

Entity Type	2023	Proposed 2024	Percent Increase
Apartment			Overall 4.0%
May-Oct - All usage	\$ 3.99	\$ 4.14	3.76%
Nov-April - All usage	\$ 3.47	\$ 3.59	3.46%
Commercial			Overall 2.5%
May-Oct - All usage	\$ 5.29	\$ 5.42	2.46%
Nov-April - All usage	\$ 3.92	\$ 4.04	3.06%
Industrial			Overall 5.3%
May-Oct - All usage	\$ 3.78	\$ 3.98	5.29%
Nov-April - All usage	\$ 3.31	\$ 3.48	5.14%

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.

In 2024, 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	2023	Proposed 2024	Percent Increase
Residential	\$ 2.40	\$ 2.45	2.08%
Commercial	\$ 30.00	\$ 30.50	1.67%
Apartments	\$ 23.20	\$ 23.80	2.59%
Industrial	\$ 855.00	\$ 885.00	3.51%

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 17, 2023, 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 17, 2023, 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' 2024 rate structure will be determined at the Commission's meeting on or about December 19, 2023.

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

If the Commission approves the rate proposals, bills issued after January 1, 2024, would reflect the new water rates.

For additional information regarding the proposed 2024 electric and water rates, visit www.mpsutility.com.