



GRAND RAPIDS PUBLIC UTILITIES COMMISSION AGENDA ITEM

AGENDA DATE: July 23, 2025

AGENDA ITEM: Consider a motion to approve the procurement contract with Dave Berg Consulting LLC to update to the electric and water/wastewater cost of service studies and authorize the General Manager to sign the contract in the amount of \$29,000.

PREPARED BY: Julie Kennedy, General Manager

BACKGROUND:

An update to our 2022 Cost of Service Study and Rate Design Report is needed to reflect operational and financial changes implemented since the prior study. The last report provided a comprehensive review of utility costs and rate structures, serving as the foundation for the current five-year rate plan. However, changes in operational priorities, staffing models, and the Capital Improvement Plan (CIP) now require an updated financial forecast to ensure continued rate stability and alignment with long-term infrastructure needs.

Several factors necessitate this update. First, adjustments to GRPU's operating structure such as the addition of disinfection at the Water Treatment Plant as well as internal resource allocations have shifted the functionalization and classification of costs. Second, GRPU has developed a revised 10-year CIP with significant reinvestments in water, wastewater, and electric infrastructure. These planned capital projects impact projected revenue requirements and debt service schedules, which in turn affect the financial outlook for each utility fund.

An updated rate study will allow GRPU to evaluate the equity and adequacy of current rates under the revised assumptions and develop a new rate forecast that reflects these realities. The updated report will also support transparent communication with stakeholders, regulatory and funding agencies, and the public regarding future rate needs.

RECOMMENDATION:

Approve the procurement contract with Dave Berg Consulting LLC to update to the electric and water/wastewater cost of service studies and authorize the General Manager to sign the contract in the amount of \$29,000.