



GRAND RAPIDS PUBLIC UTILITIES COMMISSION AGENDA ITEM

AGENDA DATE: December 15, 2021

AGENDA ITEM: Consider a motion to approve the 2022 Electric, Water, and Wastewater rate schedules.

PREPARED BY: Julie Kennedy, General Manager

BACKGROUND:

The Commission previously approved the Electric Cost of Service and Rate Design Study finalized December 10, 2019. The study included a proposed electric rate schedule increase for five years starting in 2020. Best practices for a rate strategy are to (1) review the revenue requirements in the rate study during annual budget preparation, (2) discuss any deviations between the Rate Design Study and the proposed annual electric revenue budget; and (3) approve or change the proposed electric rates as part of final budget adoption. The 2022 proposed electric rates do not deviate from those projected for 2022 in the Rate Design Study and have an average increase of 1.9% over 2021 rates.

Additionally, as a result of the proposed ESA with MP for wholesale power having a significantly different cost structure, staff recommends working with a consultant to update the Electric Cost of Service and Rate Design Study in 2022. A future Request for Commission action is intended in Q1 of 2022.

The 2021 budget included a water and wastewater cost of service rate study. Unfortunately, COVID delayed the AMI node install schedule which in turn delayed the rate study. The study is scheduled to get started in Q1 of 2022. The revenue requirements in the 2022 budget include the attached proposed water and wastewater rates beginning in February. The proposed rates add approximately \$30,000 to each utility and add approximately 2% to customer bills. An example of customer bill impacts is attached.

Staff recommends adoption of the attached rate schedules for electric services in April 2022 and water and wastewater services in February 2022.

RECOMMENDATION:

Consider a motion to approve the 2022 Electric, Water and Wastewater rate schedules.