



GRAND RAPIDS PUBLIC UTILITIES COMMISSION AGENDA ITEM

AGENDA DATE: December 15, 2021

AGENDA ITEM: Consider a motion to adopt the GRPU 2022 Operations and Capital Budget as presented.

PREPARED BY: Jean Lane, Business Services Manager

BACKGROUND:

The Commission met in a work session on November 30 to review the draft 2022 operations and capital budget for GRPU. Key budget items which were discussed and are included in the final 2022 operations and capital budgets:

- Projected net income for the electric and water utilities
- Establish a new electric rate stabilization fund
- Projected net loss for the wastewater collections department
- Projected breakeven for the wastewater treatment department
- Proposed average electric rate increases of 1.9% starting with April revenue
- Proposed water and wastewater collection rate increases of 2% starting with February revenue
- Proposed impact of new wholesale purchasing power contract for 2022
- Proposed purchasing power adjustment pass-through to customers of base energy adjustment and some MISO charges which is stable through-out 2022 at approximately \$0.01583 based on usage
- Wage expenses increase of 2.5%
- New Maintenance III position – personnel expense increase
- Wastewater collection mains expense increased due to jetting and televising 90% of mains
- Wastewater treatment plant production similar to 2021
- Wastewater collection domestic service center costs increased from 7% to 12.5%
- Wastewater collection domestic sludge disposal costs increased to \$44,000 approximately 8% of costs

- Proposed capital budget of \$7,533,027 with \$3,614,312 funding from revenue sources other than customer rates.

Also discussed during the November 30 work session was the development and reporting of key financial indicators. Chris Flannigan has updated a report with some of the previously tracked key indicators. The FINANCIAL HEALTH INDICATORS from 2011 to 2020 report is attached for your review and is a great base to start a more in-depth discussion on what key performance indicators would be useful to you in making informed decisions.

RECOMMENDATION:

Consider approving the GRPU 2022 final operations and capital budget as presented.