



GRAND RAPIDS PUBLIC UTILITIES COMMISSION

2024 OPERATIONS & CAPITAL BUDGET

The preparation of the GRPU 2024 operations and capital budgets was a team approach. The managers, directors, and key team positions were involved in budget preparation discussions and on-going actual versus budget discussions in 2023, which will continue into 2024. The 2024 budget was developed using the Budget and Financial Planning Policy 3.3.001.

The 2024 operations and capital budgets include reliable projections of operations and capital expenses and revenue requirements with proposed planned rate adjustments based on each utility cost of service/rate study.

The electric and wastewater collection utilities are showing a net income in the 2024 operating budget, while water displays a net loss per the 2024 Budget Summary worksheet. Wastewater treatment revenue is collected from GRPU major customer (UPM-Blandin) and equals the operation expenses, except for depreciation. Depreciation is required under GAAP and considered a book-entry which has no effect on the operating cash flow.

Rate increases as proposed in each utility cost of service/rate study have been included in the budgeted revenues for 2024; including, no increase for electric rates, increase in the purchase power rate, 10% increase for water rates, and 5% increase for domestic wastewater rates.

Operating expenses include known costs; for example, average insurance increases of 5%, some labor contract increases, bond interest and PILOT payments. There are some one-time expenses which are included in the 2024 expense budget: including, consulting services for ERP implementation, and preventative maintenance repairs on utility operating equipment, and engineering consulting services for domestic wastewater collection.

The 2024 Expenses by Category pie chart illustrates GRPU three largest cost categories are: (1) purchased power at \$11.2 million, (2) production at \$4.3 million, and (3) distribution at \$2.1 million.

The proposed capital purchases/projects for 2024 are \$13.9 million per the Capital Plan 2024 through 2028 Department Summary report. The water utility has 2024 capital proposed at \$5.8 million, domestic wastewater collection at \$1.8 million, and wastewater treatment at \$2.7 million. Capital purchases/projects of \$38.9 million are proposed over the next five years.