



December 14, 2022

Grand Rapids Public Utilities Commission

500 SE 4th Street
Grand Rapids, MN 55744

Subject: Electric, Water and Domestic Wastewater Rate Studies

Commission Members:

Dave Berg Consulting, LLC has undertaken a study of the retail rates GRPUC charges its customers for electric, water and domestic wastewater service. Reports have been provided for each utility summarizing the analyses undertaken and the resulting recommendations for changes to the existing rates.

The first year (2023) rate recommendations result in a reduction in average electric bills of 5.4% and increases of 15% for water and 5% for domestic wastewater. Table 1 below summarizes the combined impact on an average residential customer’s combined monthly bills utilizing 700 kWh electric and 3000 gallons for water and wastewater. As shown, the total monthly proposed bill for 2023 is essentially equal to the existing monthly bill.

Table 1
2023 Residential Bill Impact

Utility	Current	2023	Increase (\$)	Increase (%)
Electric (700 kWh)	\$88.61	\$84.39	(\$4.22)	(4.8%)
Water (3000 gallons)	20.04	22.98	2.94	14.7%
Wastewater (3000 gallons)	<u>24.34</u>	<u>25.54</u>	<u>1.20</u>	<u>4.9%</u>
Total	\$132.99	\$132.91	(\$0.08)	0.0%

Table 2 below summarizes the combined impact on an average commercial customer’s combined monthly bills utilizing 2000 kWh electric and 17,000 gallons for water and wastewater. As shown, the total monthly bill for 2023 increases slightly by \$3.65 or 0.9%.

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Table 2
2023 Commercial Bill Impact

Utility	Current	2023	Increase (\$)	Increase (%)
Electric (2000 kWh)	\$262.51	\$250.56	(\$11.95)	(4.6%)
Water (17,000 gallons)	68.69	80.78	12.09	17.6%
Wastewater (17,000 gallons)	<u>94.32</u>	<u>97.83</u>	<u>3.51</u>	<u>3.7%</u>
Total	\$425.52	\$429.17	\$3.65	0.9%

Table 3 shows the combined end-of-year reserves for all three utilities assuming implementation of the recommended rate adjustments.

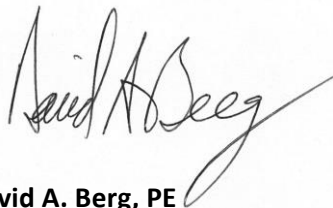
Table 3
Projected EOY Cash Reserves
Proposed Rates

Utility	2022	2023	2024	2025	2026	2027
Electric	\$4,118,902	\$4,716,083	\$5,506,199	\$5,934,009	\$6,231,949	\$6,523,763
Water	178,992	(611,112)	789,624	249,105	(7,577)	(408,427)
Wastewater	<u>280,237</u>	<u>1,025,670</u>	<u>577,164</u>	<u>234,045</u>	<u>(145,995)</u>	<u>(119,038)</u>
Total	\$4,578,131	\$5,130,641	\$6,872,987	\$6,417,159	\$6,078,378	\$5,996,298

Each report contains more detailed information regarding the recommendations for each utility. Thank you for the opportunity to be of service to GRPUC through the conduct of this study.

Sincerely,

Dave Berg Consulting, LLC



David A. Berg, PE
Principal