

# MUNICIPAL SERVICES COMMISSION

CITY OF NEW CASTLE, DELAWARE 19720-0208

P.O. BOX 208

<http://newcastlemsc.delaware.gov/>

Office: 302 323-2330 Utility Building: 302-323-2333 Fax: 302-323-2337

## NEWS RELEASE

Contact: Scott Blomquist  
Phone: 302-323-2330  
E-mail: [sblomquist@newcastlemsc.delaware.gov](mailto:sblomquist@newcastlemsc.delaware.gov)

For Immediate Release  
01/23/24

## ELECTRIC AND WATER RATE INCREASES

The Municipal Services Commission (MSC) completed a Cost-of-Service Study and rate designs with Utility Financial Solutions (UFS) a national firm specializing in rate designs and cost projections for municipally owned utilities. The cost to serve our customers continues to increase due to increasing regulations and energy policies set at the state and federal level. The study showed a need for an additional 7.2% revenue for the electric utility and 8.0% increase in water utility revenues in order to maintain the system and levels of service the Commission's customers have come to expect.

MSC has worked with UFS to design rates to minimize the impact to residential customers while ensuring commercial rates remain competitive in comparison to other utilities in the State.

The electric rate increase is a 6% increase and the water rate increase is an 8% increase for residential customers. For the average residential customer, the combined impact of the changes would result in an increase in residential utility bills of \$10.46 per month or 6.7% overall.

About half of the increase in electric rates is related solely to increased power supply costs. These costs are increasing due to a lack of generation on the Delmarva Peninsula, which is outside the control of MSC. This is a cost that every electric customer on the peninsula regardless of their electric utility will be having to pay.

MSC is working with the Delaware Municipal Electric Corporation (DEMEC) to explore opportunities to increase electricity generation in the State to help bring down costs for customers in the long term. In addition, DEMEC is advocating for customers at the State and federal levels to educate elected and appointed officials about sustainable energy policies.

Currently MSC's residential electric rate is the lowest in the state. With this increase, the Commission expects to have the second or third lowest cost in Delaware. However, other utilities are also adjusting their rates which may result in MSC's rate remaining the

# **MUNICIPAL SERVICES COMMISSION**

CITY OF NEW CASTLE, DELAWARE 19720-0208

P.O. BOX 208

<http://newcastlemsc.delaware.gov/>

Office: 302 323-2330 Utility Building: 302-323-2333 Fax: 302-323-2337

lowest in Delaware. The residential rate would still be 22% less than the current cost of electricity for Delmarva Power's customers outside the city.

MSC is sensitive to the needs of our customers. We remain committed to keeping our rates low while providing electric and water systems with very low incidence of disruptions or outages.

These rate increases will take effect for the February 2025 utility bills.

If you have any questions regarding the rate increases, please reach out to our customer service department at 302-323-2330.