



City of San Marcos

FY 2024 Electric Utility Rate Adjustment

September 19, 2023

Electric Utility



ELECTRIC UTILITY FUND	FY 2022 ACTUALS	FY 2023 BUDGET	FY 2023 ESTIMATE	FY 2024 PROPOSED
Beginning Fund Balance	\$ 14,222,675	\$ 13,892,861	\$ 13,892,861	\$ 12,302,059
Revenues	\$ 66,296,364	\$ 65,127,871	\$ 64,459,494	\$ 72,749,545
Electric Services	59,565,580	60,947,985	59,910,009	69,350,335
Other Revenue	6,730,784	4,179,886	4,549,485	3,399,210
Expenses	\$ 66,626,178	\$ 67,491,283	\$ 66,050,296	\$ 73,971,594
Personnel	6,115,920	8,283,928	6,872,941	8,684,169
Operating	51,564,217	50,479,541	50,449,541	57,118,093
Debt Service	5,135,693	6,311,583	6,311,583	6,946,357
One-time	3,810,348	2,416,231	2,416,231	1,222,975
Change in Fund Balance	\$ (329,814)	\$ (2,363,412)	\$ (1,590,802)	\$ (1,222,049)
Ending Fund Balance	\$ 13,892,861	\$ 11,529,449	\$ 12,302,059	\$ 11,080,010

Days of Cash on Hand 55

Fund Balance Reserve Requirement for 90 Days \$ 18,187,155

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Electric Utility Major Revenue Changes



- Electric services base rate
 - Citizen Utility Advisory Board received a presentation on July 27, 2023 on user rates for the electric system
 - Board voted unanimously for a minimum of a 5% rate adjustment to electric base rates
 - Board asked for a minimum of 5%, realizing the challenges to asking the community for a 10% rate adjustment to electric base rates
 - A 5% rate adjustment = 2% increase for the average monthly residential customer
 - A 10% rate adjustment = 3% for the average monthly residential customer

Electric Utility Major Expense Changes



 **Strategic Goal:** *Public Safety, Core Services, & Fiscal Excellence*

Cost Drivers – Personnel

- Compensation study implementation = \$504K
- New Position Proposed in FY24 = \$109K
 - Meter Data Specialist

Cost Drivers – One-time

- Replacing +2 bucket trucks with 3-year lead time = \$715K

Cost Drivers – Debt Service

- Estimated new debt service for FY 2023 CIP = \$640K

FY24 Financial Status

- Current rates are not adequate to cover budgeted expenses for FY24.

Category (FY24 Budget)		FY24	Base Rate Revenue Increase			
		Current Rates	5%	10%	15%	20%
Estimated Base Rate Revenues	<i>a</i>	\$ 22,228,856	\$ 23,340,298	\$ 24,451,741	\$ 25,563,184	\$ 26,674,627
PCRF Revenues	<i>b</i>	44,613,440	44,613,440	44,613,440	44,613,440	44,613,440
Total Retail Revenues	<i>c = a + b</i>	66,842,296	67,953,739	69,065,181	70,176,624	71,288,067
Other Revenues	<i>d</i>	5,642,026	5,642,026	5,642,026	5,642,026	5,642,026
Total Revenues at Current Rates	<i>e = c + d</i>	72,484,322	73,595,765	74,707,207	75,818,650	76,930,093
Purchased Power (Recovered in PCRF)	<i>f</i>	44,613,440	44,613,440	44,613,440	44,613,440	44,613,440
O&M Expense	<i>g</i>	16,501,650	16,501,650	16,501,650	16,501,650	16,501,650
Transfers Out	<i>h</i>	2,008,000	2,008,000	2,008,000	2,008,000	2,008,000
Franchise Fee (8% of Base and PCRF Revenues)	<i>i</i>	5,347,384	5,436,299	5,525,215	5,614,130	5,703,045
Total Expenses Excl. Debt Service	<i>j = f + g + h + i</i>	68,470,473	68,559,389	68,648,304	68,737,220	68,826,135
Available for Debt Service	<i>k = e - j</i>	4,013,849	5,036,376	6,058,903	7,081,431	8,103,958
Debt Service	<i>l</i>	7,000,888	7,000,888	7,000,888	7,000,888	7,000,888
Revenue (Deficiency)/Sufficiency	<i>m = k - l</i>	(2,987,040)	(1,964,512)	(941,985)	80,543	1,103,070
DSC Coverage	<i>n = k / l</i>	0.57	0.72	0.87	1.01	1.16

Proposed Rate Comparison

Residential Electric Comparison

Utility	500 kWh	1,000 kWh	1,500 kWh
College Station (Oct. '22)	\$ 73.38	\$ 139.75	\$ 206.13
New Braunfels Utilities (Aug. '23)	78.62	137.24	195.86
Austin (Nov. '23)	67.81	126.94	195.33
Pedernales Electric Coop. (Oct. '23)	74.38	126.27	178.15
CPS (San Antonio, Mar. '22)	63.48	126.09	190.77
Bluebonnet Electric Coop. (June '23)	70.49	118.48	166.47
Seguin (Oct. '22)	61.79	109.07	156.36
San Marcos (Proposed)	59.43	108.10	156.77
San Marcos (Current)	58.20	106.15	154.10

Proposed Rate Comparison

Commercial Electric Comparison (5 kW)

Utility	500 kWh	1,000 kWh	1,500 kWh
College Station (Oct. '22)	\$ 86.25	\$ 163.50	\$ 343.20
New Braunfels Utilities (Aug. '23)	84.29	139.53	305.25
Pedernales Electric Coop. (Oct. '23)	86.17	134.84	280.84
Bluebonnet Electric Coop. (June '23)	80.08	130.15	280.38
Austin (Nov. '23)	80.74	126.47	263.68
Seguin (Oct. '22)	79.27	123.54	256.35
CPS (San Antonio, Mar. '22)	62.44	121.98	269.02
San Marcos (Proposed)	61.43	110.26	256.76
San Marcos (Current)	60.10	108.20	252.51

Electric Utility Rate History



	FY18	FY19	FY20	FY21	FY22	FY23	FY24 PROPOSED
<u>Electric - Residential</u>		0.0%	0.0%	0.0%	*5.0%	0.0%	5.0%
Minimum Charge	9.29	9.29	9.29	9.29	10.25	10.25	10.76
Cost per kWh	0.02080	0.02080	0.02080	0.02080	0.02885	0.02885	0.03029
<u>Electric - Small General</u>		0.0%	0.0%	0.0%	9.9%	0.0%	5.0%
Minimum Charge	10.92	10.92	10.92	10.92	12.00	12.00	12.60
Cost per kWh	0.02080	0.02080	0.02080	0.02080	0.02915	0.02915	0.03061
<u>Electric - Medium General</u>		0.0%	0.0%	0.0%	1.8%	0.0%	5.0%
Minimum Charge	49.14	49.14	49.14	49.14	50.00	50.00	52.50
Cost per kWh	0.01020	0.01020	0.01020	0.01020	0.0114	0.0114	0.01197
Cost per kW (Demand Threshold >50kW)	3.61	3.61	3.61	3.61	5.50	5.50	5.78
<u>Citizen Utility Advisory Board (CUAB) Recommendations</u>							
Electric		0%	0%	0%	*5%	0%	5.0%

*Actual amount between the rates is 10%; however, the wholesale rate was reduced at the same time equaling an overall rate adjustment of 5% sanmarcostx.gov

Thank You



Stephanie Reyes

City Manager

Jon Locke

Director of Finance

Joe Pantalione

Assistant City Manager

Ismael Garcia

Assistant Director of Finance

Laurie Moyer

Assistant City Manager

Trisha Patek

Budget Manager

Chase Stapp

Assistant City Manager

Brigette Clack

Financial/Budget Analyst