



# **City of San Marcos**

## **Electric Utility Rate Adjustment**

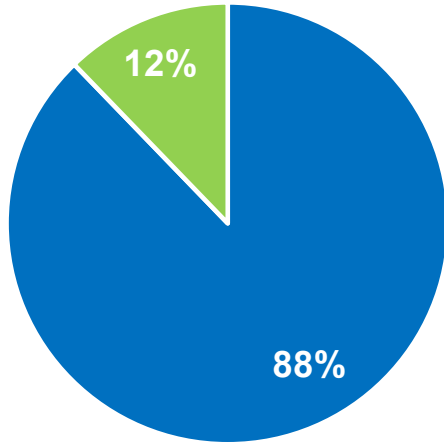
### **Fiscal Year 2026**

September 16, 2025

# Electric Utility Overview

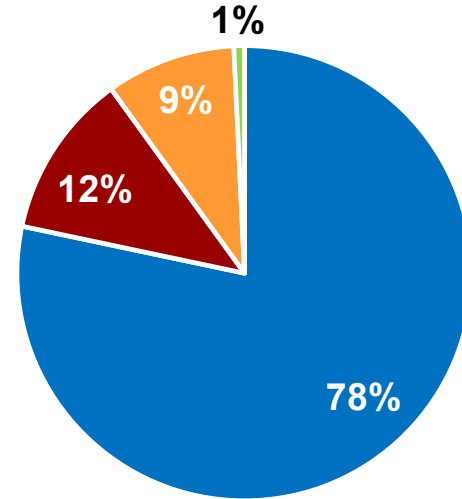


Total Revenues = \$85.1M



■ Electric Utility Bills ■ Other Revenue

Total Expenses = \$84.4M



■ Operating ■ Personnel ■ Debt Service ■ One-time

[sanmarcostx.gov](http://sanmarcostx.gov)

# Electric Utility Fund



UTILITIES FUND - ELECTRIC	FY 2024 ACTUALS	FY 2025 BUDGET	FY 2025 ESTIMATE	FY 2026 PROPOSED
<b>Beginning Fund Balance</b>	<b>\$ 17,316,538</b>	<b>\$ 31,457,145</b>	<b>\$ 31,457,145</b>	<b>\$ 32,963,378</b>
<b>Revenues</b>	<b>\$ 83,251,789</b>	<b>\$ 81,309,572</b>	<b>\$ 81,309,572</b>	<b>\$ 85,103,463</b>
Electric Utility Bills	67,987,763	75,813,519	75,813,519	74,708,991
Other Revenue	15,264,026	5,496,053	5,496,053	10,394,472
<b>Expenses</b>	<b>\$ 69,111,182</b>	<b>\$ 79,768,752</b>	<b>\$ 79,803,339</b>	<b>\$ 84,430,378</b>
Personnel	7,753,221	9,318,838	8,603,703	9,890,923
Operating	54,356,160	62,359,853	62,316,326	66,121,739
Debt Service	6,946,110	7,456,749	7,456,749	7,782,936
One-time	55,691	633,312	1,426,561	634,780
<b>Ending Fund Balance</b>	<b>\$ 31,457,145</b>	<b>\$ 32,997,965</b>	<b>\$ 32,963,378</b>	<b>\$ 33,636,463</b>
Days of Cash on Hand				145
<b>Fund Balance Reserve Requirement for 150 Days</b>				<b>\$34,914,833</b>

# Electric Utility Major Increases



Public Safety, Core Services & Fiscal Excellence

## **Cost Drivers – Personnel & Other Costs**

- 3% Increase in personnel costs = \$280K
- New Electrical Engineering Design Supervisor = \$167K

## **Cost Drivers – Operational**

- Customer Software for Utility Billing = \$235K
- Professional Services = \$350K

## **Cost Drivers – Debt Service**

- FY 2026 CIP Debt Service payment increase = \$326K

# CUAB Recommendations



- Electric – 4.4% Effective Rate increase
- Proposed FY26 Debt Service Coverage is at 1.22, above the legal minimum required of 1.20

# Electric Utility Rating Reports



- September 2022:  
Downgrade from A- to  
BBB+



- September 2023:  
Affirmed BBB+ rating

Credit Rating Scales by Agency, Long-Term

Moody's	S&P	Fitch	
Aaa	AAA	AAA	Prime
Aa1	AA+	AA+	High grade
Aa2	AA	AA	
Aa3	AA-	AA-	
A1	A+	A+	Upper medium grade
A2	A	A	
A3	A-	A-	
Baa1	BBB+	BBB+	Lower medium grade
Baa2	BBB	BBB	
Baa3	BBB-	BBB-	
Ba1	BB+	BB+	Non-investment grade speculative
Ba2	BB	BB	
Ba3	BB-	BB-	
B1	B+	B+	Highly speculative
B2	B	B	
B3	B-	B-	
Caa1	CCC+	CCC	Substantial risk
Caa2	CCC		Extremely speculative
Caa3	CCC-		Default imminent with little prospect for recovery
Ca	CC	CC	
	C	C	
/	D	D	In default
/			

"Junk"



# Rate Comparison – Residential Electric



Utility	500 kWh	1,000 kWh	1,500 kWh
College Station	\$ 75.35	\$ 143.70	\$ 212.05
Pedernales Electric Cooperative	81.68	130.86	180.03
New Braunfels	74.58	129.16	183.74
<b>San Marcos Proposed</b>	<b>70.42</b>	<b>126.52</b>	<b>182.63</b>
CPS	65.35	124.77	184.20
Average	70.50	124.86	180.59
<b>San Marcos Current</b>	<b>66.32</b>	<b>120.03</b>	<b>173.74</b>
Bluebonnet	70.49	118.48	166.47
Seguin	62.79	110.07	157.36

# Rate Comparison – Commercial Electric



Utility	500 kWh	1,000 kWh	2,500 kWh
College Station	\$ 86.95	\$ 164.90	\$ 346.70
Pedernales Electric Cooperative	81.68	130.86	180.03
Bluebonnet	80.08	130.15	280.38
<b>San Marcos Proposed</b>	<b>73.08</b>	<b>129.39</b>	<b>298.33</b>
New Braunfels	74.58	129.16	183.74
Average	77.57	127.69	267.29
CPS	65.17	126.60	300.80
Seguin	79.27	123.54	256.35
<b>San Marcos Current</b>	<b>68.66</b>	<b>122.56</b>	<b>284.24</b>



# Electric Utility Rate History



	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26 PROPOSED
<b><u>Electric - Residential</u></b>	0.0%	0.0%	0.0%	0.0%	0.0%	3.4%	0.0%	1.7%	5.5%	4.4%
Minimum Charge	9.29	9.29	9.29	9.29	9.29	10.25	10.25	10.76	12.61	14.31
Cost per kWh	0.02080	0.02080	0.02080	0.02080	0.02080	0.02885	0.02885	0.03029	0.03550	0.04029
<b><u>Electric - Small General</u></b>	0.0%	0.0%	0.0%	0.0%	0.0%	3.4%	0.0%	1.7%	5.5%	4.4%
Minimum Charge	10.92	10.92	10.92	10.92	10.92	12.00	12.00	12.60	14.77	16.76
Cost per kWh	0.0208	0.02080	0.02080	0.02080	0.02080	0.02915	0.02915	0.03061	0.03587	0.04071
<b><u>Electric - Medium General</u></b>	0.0%	0.0%	0.0%	0.0%	0.0%	3.4%	0.0%	1.7%	5.5%	4.4%
Minimum Charge	49.14	49.14	49.14	49.14	49.14	50.00	50.00	52.50	61.53	69.84
Cost per kWh	0.0102	0.01020	0.01020	0.01020	0.01020	0.0114	0.0114	0.01197	0.01403	0.01592
Cost per kW (Demand Threshold >50kW)	3.61	3.61	3.61	3.61	3.61	5.50	5.50	5.78	6.77	7.68

All electric rate adjustments shown as effective rate increases.



**Stephanie Reyes**  
City Manager

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Assistant City Manager

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Assistant City Manager

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Assistant City Manager

**Jon Locke**  
Finance Director/CFO

**Trisha Patek**  
Budget Manager

**Thank You**