



Citizen Utility Advisory Board

Chairperson: Mayor John Thomaides (*ex-officio*)

Members: Mr. Gabriel Garcia, Ms. Keely Sonlitner, Ms. Heather Baca

May 22, 2018

The Honorable Mayor John Thomaides and Members of the City Council
630 East Hopkins Street
San Marcos, Texas 78666

RE: Citizen Utility Advisory Board Utility Fee Recommendation

Dear Honorable Mayor Thomaides and Members of Council:

The Citizen's Utility Advisory Board ("CUAB") has received presentations and materials related to FY 19 including, creation of an electric Standby Service Rate, creation of an electric Redundant Service Rate, proposed user fee increases in both water and wastewater utility service fees, restructuring of the electric rate tariffs, and an increase in funding for emergency assistance programs for both water and electric utility services.

Information on the proposed Large Distributed Generation Standby Service Rate (see attachment A) was presented to CUAB on September 20, 2017 and April 18, 2018. The new rate will apply to customers who have greater than 1,000 MW demand, have the ability to generate a significant portion of their load requirement, but also desire to have City of San Marcos infrastructure and capacity available to them to supply their full load(s), without interruption, when their own generation is off line. CUAB recommends the new rate as a measure to equitably provide the service(s) requested while also ensuring the City is compensated for the necessary infrastructure in order to ensure that additional costs are not passed on to other City customers.

Information on a proposed Large General Services Independent Redundant Service Rate (see attachment B) was discussed on April 18 and May 22, 2018. The rate will apply to customers who have greater than 1,000 MW demand and desire to have multiple, independent service connections available from the City. Similar to the above Large Distributed Generation Standby Service Rate, this rate allows the City to provide the requested service(s) while ensuring the City is compensated for the necessary infrastructure and capacity in order to ensure that additional

costs are not passed on to other City customers. CUAB recommends that this rate be developed by City staff and considered by Council.

Information was presented at the May 22, 2018 CUAB meeting related to user rates for electric, water, and wastewater utility services. CUAB has reviewed the rate model presented by staff, discussed the proposed FY19 budget, and recommends (i) no general rate increase for electric service; (ii) adjustments in energy and demand charges in the LGS rates per below referenced study; (iii) a 5% rate adjustment for water service; and (iv) a 2% rate adjustment for wastewater service. These rate adjustments are consistent with the multi-year plan comprised of small periodic adjustments recommended by CUAB to City Council beginning in FY15. This steady approach benefits City Utility customers by ensuring adequate funding levels to recover utility costs, continuing a high level of service delivery, and achieving future water supply security while minimizing the financial impact on customers.

City staff presented information on September 20, 2017 and April 18, 2018 to CUAB on a proposal to consolidate five Rate Classes into two Large General Services (LGS) rate tariffs. Elimination of the Texas State University Cogeneration contract and Primary / Secondary Key Accounts rates by moving these accounts into the existing LGS rates in accord with the recommendations in the Schneider Engineering "Key Account Elimination Cost of Service and Rate Impacts" study dated March 14, 2018 (see attachment C). Per the study, the LGS energy and demand charges will be slightly reduced to more closely match actual cost of providing service. The result is a projected revenue reduction of approximately \$240,000, less than 0.5% of the anticipated revenue per annum. Residential, small commercial, and medium commercial rates would remain unchanged. CUAB recommends the rate consolidation and LGS rate adjustments.

CUAB also recommends that consideration be given for increasing the annual budget amounts for emergency payment assistance from \$30,000 each for electric and water utility bills to \$60,000 for each utility. These emergency assistance funds, administered by the Southside Community Center, provide temporary financial assistance to qualified individuals for paying utility bills. The Emergency Assistance Program funding level has remained at its current level since 2012.

We sincerely appreciate the opportunity to serve our community and respectfully request you consider these recommendations.

Sincerely,
Citizen Utility Advisory Board

Gabriel Garcia

Keely Sonlitner

Heather Baca

**SAN MARCOS ELECTRIC UTILITY
ELECTRIC RATE SCHEDULES**

**Large Distributed Generation Standby Service
Rate Schedule - LDGS**

Effective: _____

The City of San Marcos (the "City") shall charge and collect for Large Distributed Generation Standby Service on the basis of this Rate Schedule – LDGS. City of San Marcos Electric Utility Rules and Regulations are incorporated by reference as a part of this rate schedule.

AVAILABILITY

This rate schedule is available throughout the entire territory served by the San Marcos Electric Utility System (the "City System").

APPLICABILITY

This rate schedule is applicable to all electric service required by Customer for lighting, power and any other purpose, other than residential service as defined in Rate Schedule – RS, as defined hereinafter, where the Customer's maximum metered kW demand is 1,000 kW or greater, for which no specific rate schedule is available, and where the customer is capable of generating a significant portion or the totality of their load requirement.

CHARACTER OF SERVICE

Service under this rate schedule shall be alternating current, 60 Hertz, three phase and delivered at City primary voltage or at the standard secondary voltages 120/208 or 277/480.

MONTHLY RATE

Power Cost Charge

The customer's power cost charge will be a direct pass through of generation, transmission and other charges billed to San Marcos Electric Utility by the Lower Colorado River Authority, GenTex Power Corporation, and other wholesale power suppliers for generation services provided to the customer.

Distribution Standby Charge

The Distribution Standby Charge is the sum of the Customer Charge and the Demand Charge, what are calculated as follows:

Customer Charge
\$ 5.16 multiplied by the CONTRACT DEMAND per month

Demand Charge
\$ 5.11 per BILLING DEMAND

The amount computed at the MONTHLY RATE shall be subject to taxes, assessments or surcharges imposed by any governmental authority which assessed on the basis of revenues from electric service or volumes of electricity purchased or sold by the City.

MINIMUM MONTHLY CHARGE

The monthly minimum charge shall be the sum of the CUSTOMER CHARGE, the DEMAND CHARGE (as applicable) and all applicable rate adjustments.

**MARCOS ELECTRIC UTILITY
ELECTRIC RATE SCHEDULES**

**Large Distributed Generation Standby Service
Rate Schedule - LDGS**

Effective: _____

PAYMENT

The due dates, penalty dates, and disconnection dates for bills shall be linked to the Customers' billing cycles in accordance with the following table of dates for each cycle:

Cycle #	Billing Date	Due Date and Penalty Date	Disconnection Date
1	16 th	3 rd of the following month	14 th of the following month
2	24 th	11 th of the following month	21 st of the following month
3	1 st	18 th of the same month	28 th of the same month
4	8 th	25 th of the same month	4 th of the following month

Any and all amounts not paid before the penalty date shall be assessed a charge in the amount of 10% of the unpaid amount.

Payments from state agencies must be received within 30 days from receipt of bill, and any unpaid amount will be subject to a 1.0% per month interest charge following the procedures set forth in the Prompt Payment Act.

CONTRACT DEMAND

Service under this rate schedule requires the Customer execute a standard contract for a minimum term of 12 months for a specified Contract Demand (kW) to be used in the determination of the BILLING DEMAND, as described hereinafter.

DETERMINATION OF BILLING DEMAND

The BILLING DEMAND each month for shall be the greater of:

- a. The highest metered kW demand less the CONTRACT DEMAND, established during any 15 minute interval during the month; or
- b. The highest kW demand less the CONTRACT DEMAND established during any 15 minute interval during the immediately preceding 11 months.

POWER FACTOR ADJUSTMENT

The monthly highest metered kW demand may be adjusted to an equivalent 97.0% power factor for the purpose of establishing the monthly BILLING DEMAND when the power factor at the point of delivery to the Customer is determined to be less than 97.0%. Such adjustment will be deferred for 6 months at a new point of delivery to allow for corrective action by the Customer.

**SAN MARCOS ELECTRIC UTILITY
ELECTRIC RATE SCHEDULES**

**Large Independent, Redundant Service
Rate Schedule - LIRS**

Effective: _____

The City of San Marcos (the "City") shall charge and collect for Large Independent, Redundant Service on the basis of this Rate Schedule – LIRS. The City of San Marcos Electric Utility Rules and Regulations are incorporated by reference as a part of this rate schedule.

AVAILABILITY

This rate schedule is available throughout the entire territory served by the San Marcos Electric Utility System (the "City System").

APPLICABILITY

This rate schedule is applicable to all electric service required by Customer for lighting, power and any other purpose, other than residential service as defined in Rate Schedule - RS, where the Customer's maximum metered kW demand is 1,000 kW or greater, and where the customer requires two or more independent, redundant services.

CHARACTER OF SERVICE

Service under this rate schedule shall be alternating current, 60 Hertz, three phase and delivered at City primary voltage or at the standard secondary voltages 120/208 or 277/480.

MONTHLY RATE

Power Cost Charge

The customer's power cost charge will be a direct pass through of generation, transmission and other charges billed to San Marcos Electric Utility by the Lower Colorado River Authority, GenTex Power Corporation, and other wholesale power suppliers for generation services provided to the customer.

Distribution Standby Charge

The Distribution Standby Charge is the sum of the Customer Charge and the Demand Charge, which are calculated as follows:

Customer Charge
\$ 5.16 multiplied by the CONTRACT DEMAND per month

Demand Charge
\$ 5.11 per BILLING DEMAND

The amount computed at the MONTHLY RATE shall be subject to taxes, assessments or surcharges imposed by any governmental authority which assessed on the basis of revenues from electric service or volumes of electricity purchased or sold by the City.

MINIMUM MONTHLY CHARGE

The monthly minimum charge shall be the sum of the CUSTOMER CHARGE, the DEMAND CHARGE (as applicable) and all applicable rate adjustments.

**SAN MARCOS ELECTRIC UTILITY
ELECTRIC RATE SCHEDULES**

**Large Independent, Redundant Service
Rate Schedule - LIRS**

Effective: _____

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POWER FACTOR ADJUSTMENT

The monthly highest metered kW demand may be adjusted to an equivalent 97.0% power factor for the purpose of establishing the monthly BILLING DEMAND when the power factor at the point of delivery to the Customer is determined to be less than 97.0%. Such adjustment will be deferred for 6 months at a new point of delivery to allow for corrective action by the Customer.

Next Steps

Recommended Changes for Consideration

1. Adjust TX. State Univ. Rate Structure to Reflect Addition of Central Heat and Power (CHP)	• Design rate to ensure SMEU recovers cost of service revenue requirements based on new operating environment
2. Move "key accounts" into their respective commercial rate classes	• Current Key Account rate classes are skewing cost of service results by having multiple, small rate classes with similar usage characteristics • Classes could benefit from consolidation and resulting economies of scale
3. Consider rebalancing rates to meet cost of service and the City's strategic goals	• Slight rate reductions for large commercial and industrial customers • Slight increase for residential customers
4. Consider implementation of higher fixed fees	• As distributed generation and load shedding become increasingly prevalent, electric utilities will need to recover more revenue through fixed fees than variable charges