



# 2023 Residential Rate Report

*Utilities are often natural monopolies because of the large investment that is required to produce, maintain and deliver electricity, natural gas, and water to our communities. This report is being provided to educate customers on our rates. Rates are reviewed and set annually based on the income needed to cover the cost to serve.*

**Mark Nibaur**  
General Manager



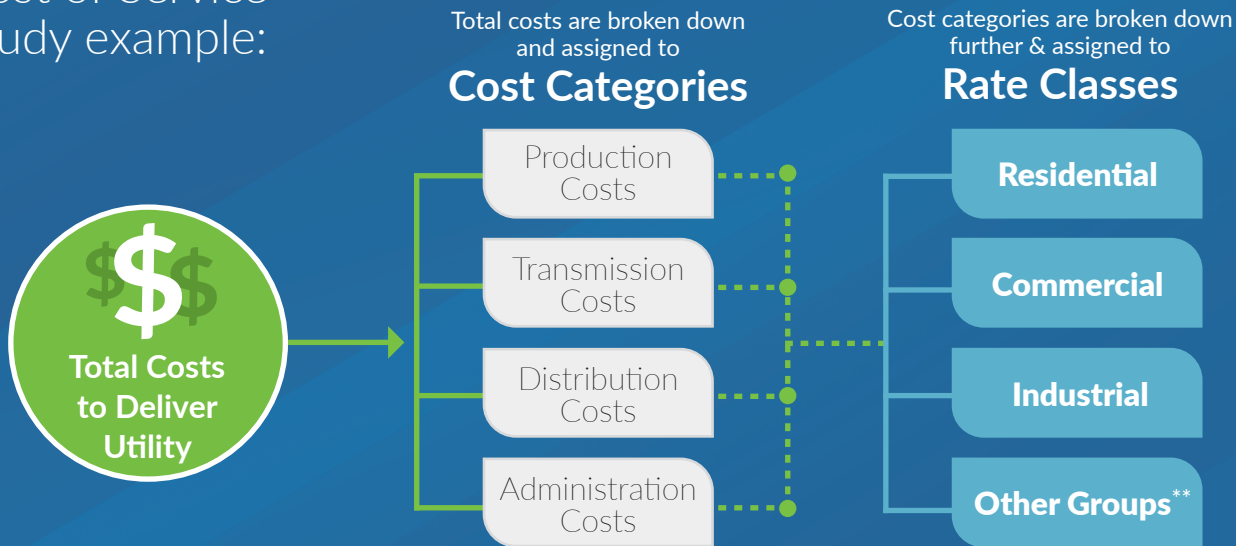
Many of our customers are interested in how we determine our rates, so we are providing information to help customers understand how rates are established. This information is being provided as the result of a customer satisfaction survey identifying the need to provide rate education.

# Cost of Service Study – the first step

A cost of service study is the tool typically used by public utilities\* to ensure the rates they charge their customers match the cost to provide service to those customers. A cost of service study involves analyzing historical expenses and projecting future cash flow needs to arrive at a revenue requirement. During a cost of service study, costs are allocated to different customer classifications such as residential or commercial.

**Austin Utilities performed their last study in 2020 which recommended rates through 2023.**

Cost of Service Study example:



\* A public utility is an organization that maintains the infrastructure and provides the service for public good instead of profit.

\*\* Other Groups includes street and security lighting, hydrant meters, etc.

## Rate Design

Rates are designed to recapture the costs associated with each customer class: residential, commercial, and industrial. Rate designs typically include a Service Availability Charge (to cover fixed costs) and a Usage Charge (to cover variable costs).



### Service Availability – FIXED COSTS

Service Availability covers the cost of our distribution system which is how we connect with your home. It does not fluctuate with consumption but is a necessary cost to be sure you have service when you want it. Many customers are confused by this charge because when consumption is low it can sometimes cost more than the usage charge. This charge covers costs such as:

- Meters
- Customer Service
- Meter Reading
- Administration
- Billing and Collections
- Poles and Pipes

### Usage Charge – VARIABLE COSTS

Usage costs are calculated according to the metered amount of usage consumed during the billing period. Meters are read monthly for each service provided and the amount consumed is multiplied by the current rate. This charge covers costs such as:

- Electric Commodity
- Water Pumping
- Water Treatment
- Water System Maintenance
- Natural Gas Commodity
- Natural Gas System Maintenance
- Electric System Maintenance



# 2023 Residential Rates

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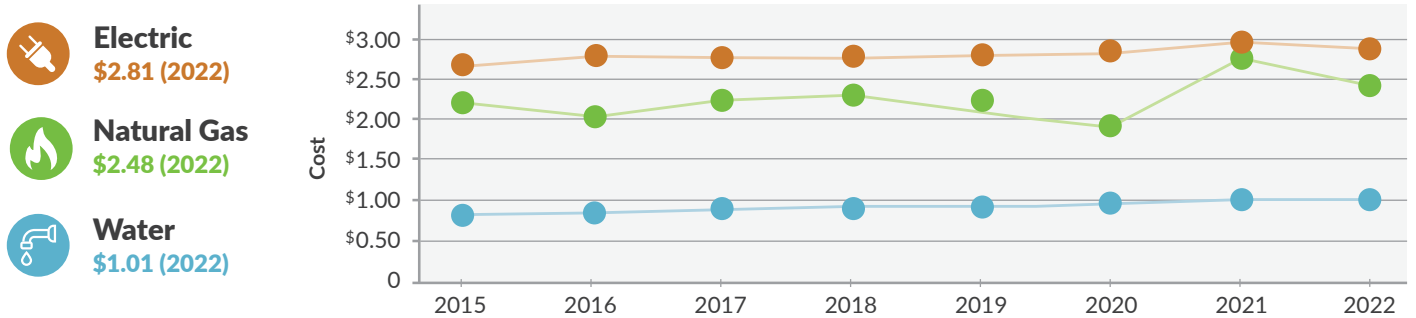
In 2022, customers of Austin Utilities (AU) said they would be willing to pay 4.95% more for their utility bill for AU to deliver more renewable energy. Customers ranked the importance of AU's efforts to provide renewable energy a 7.7 out of 10.

| 2023 Austin Utilities Residential Rates                             |                                     |   |
|---|-------------------------------------|---|
| 2023 rate changes: Electric 7% / Natural Gas 0% / Water 9% increase |                                     |   |
|   | Monthly Service Availability Charge | Usage                                       |
| <b>Electric</b>   | \$14                                | \$0.12145 (kWh)                             |
| <b>Natural Gas</b>  | \$17                                | \$0.6074 Apr-Oct,<br>\$0.8032 Nov-Mar (ccf) |
| <b>Water</b>  | \$17.20                             | \$1.75 May-Oct,<br>\$1.40 Nov-Apr (ccf)     |

One kWh of electricity = 3,412 British Thermal Unit (Btu)    One ccf of gas = 100,000 Btu  
One ccf of water = 748 gallons

33.8% of the electricity delivered by AU in 2022 was provided from **Renewable Energy Sources**.

## Historical Utility Cost Per Day (Based on average AU residential use)



- Electric**  
\$2.81 (2022)
- Natural Gas**  
\$2.48 (2022)
- Water**  
\$1.01 (2022)



# 2023 City of Austin Service Rates

As a convenience we also bill some services provided by the City of Austin.

## 2023 City of Austin Residential Rates

2022 rate changes: Sewer 15% increase  
Storm Water Fee 0% increase  
Hydrant Fee 0% increase

|                        | Monthly Fixed Charge | Usage        |
|------------------------|----------------------|--------------|
| <b>Sewer</b>           | \$17.31              | \$4.43 (ccf) |
| <b>Hydrant Fee</b>     | \$1.00               | —            |
| <b>Storm Water Fee</b> | \$5.50               | —            |



**Sewer rates are increasing to pay for the \$100M Wastewater Treatment Plant expansion.** It is being funded by residential and industrial user fees, loans, and state grants.



Every sewer customer is charged a hydrant fee, regardless of their proximity to a fire hydrant.



Every sewer customer is charged a storm water fee, regardless of whether you live on an urban roadway with curbs, or a rural roadway with ditches.

Funds collected go toward citywide improvements, such as storm sewer, culverts, waterways, dams, and flood control.

► **Any questions about these charges** should be directed to the City of Austin by calling **(507) 437-9940**.

# Annual Cost Comparison to other local communities

based on rates from Jan-Dec 2022

Compared to utility costs in other surrounding communities, Austin Utilities rates are average. As your local public not-for-profit utility, we strive to keep rates competitive. For more information about our rates check out our full 2023 Residential Rate Report available online.

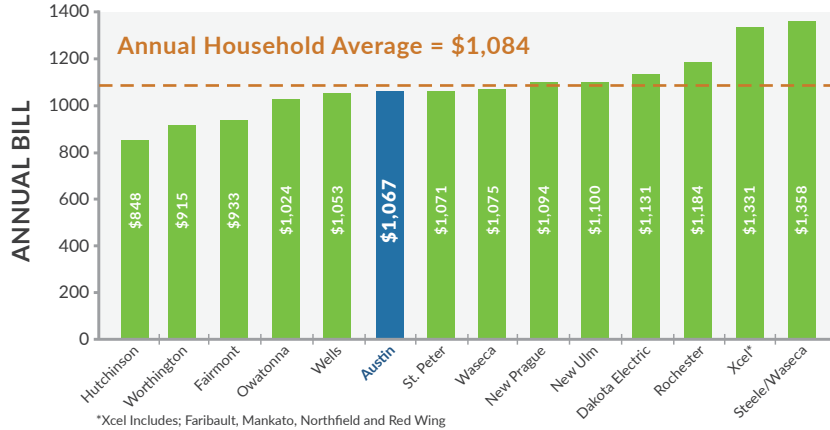


American Public Power Association

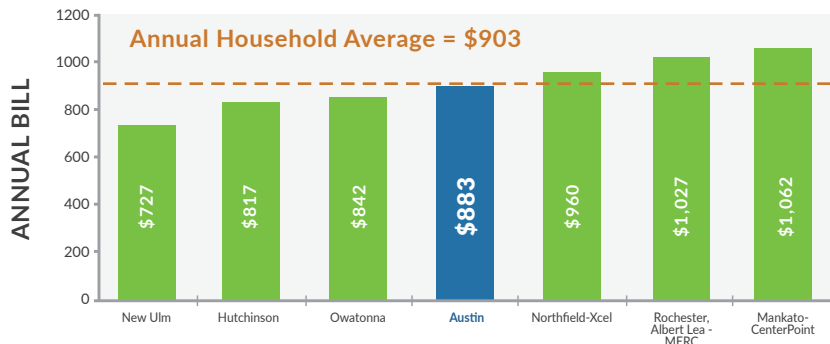
Austin Utilities received the American Public Power Association's Reliable Public Power Provider (RP3) Diamond Level award by earning a score of 100%. APPA's RP3 program is based on industry-recognized leading practices in four important disciplines: Reliability, Safety, Workforce Development, and System Improvement. An RP3 designation is a sign of a utility's dedication to operating an efficient, safe, and reliable distribution system and represents a utility's commitment to its employees, customers, and community.

## Safe. Reliable. Responsible.

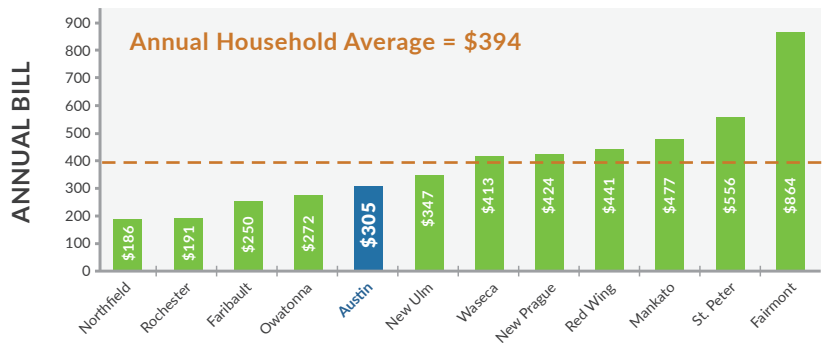
### Residential Electric Cost Comparison



### Residential Gas Cost Comparison



### Residential Water Cost Comparison



Austin Utilities has earned the System Operational Achievement Recognition (SOAR) Bronze Level. We take great pride in our ability to deliver natural gas safely and efficiently. Attaining the APGA SOAR shows board members, community leaders, service providers and customers the utility's commitment to operational excellence. SOAR honors natural gas distribution utilities that demonstrate commitment to excellence in four areas: System integrity, System improvement, Employee safety, and Workforce development.



American Public Power Association

Austin Utilities received the Smart Energy Provider which is a best practices designation for utilities that show commitment to and proficiency in energy efficiency, distributed generation, renewable energy, and environmental initiatives. The program recognizes utility efforts to incorporate energy efficiencies and sustainability while providing affordable electric service.

We welcome comments at  
[talk2AU@AustinUtilities.com](mailto:talk2AU@AustinUtilities.com)  
 or by calling **507.433.8886**.



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