**Connections**

**June 2020 Customer Newsletter**

**AU IN THE COMMUNITY**

The Austin Utilities lobby has been closed to the public since March 17th. At the time of this writing we are unsure of when our lobby will be open, but plans are in the works to safely reopen the lobby with protective measures in place. Customers can expect to see some changes that include plexi-glass partitions at the customer service counter, floor decals to maintain social distancing between customers, and limits on the number of customers in the lobby at one time.

One thing that hasn’t changed is the reliable delivery of power and clean safe water with little to no disruption, and our connections for better living. Here are some of the ways our staff has found to make a difference...

**LITTLE FOOD PANTRIES**

Little book shelves located in front of several local elementary schools were converted to little food pantries to help with the community’s need for food, especially with kids at home instead of school. The pantries are stocked regularly and available to anyone in need. AU staffer Larry Sunderman led a campaign to help keep the little food pantries stocked with donations made by his fellow AU employees. Thanks Larry!

**MEALS ON WHEELS**

The Austin Utilities lobby has been closed to the public since March 17th. At the time of this writing we are unsure of when our lobby will be open, but plans are in the works to safely reopen the lobby with protective measures in place. Customers can expect to see some changes that include plexi-glass partitions at the customer service counter, floor decals to maintain social distancing between customers, and limits on the number of customers in the lobby at one time.

One thing that hasn’t changed is the reliable delivery of power and clean safe water with little to no disruption, and our connections for better living. Here are some of the ways our staff has found to make a difference...

**RED CROSS BLOOD DRIVE**

At a time when there are restrictions and limits for public gatherings in place, AU was able to hold a blood drive in a safe manner to help provide blood that is so desperately needed. Donations were made by appointment only and all the appointments were filled well in advance. Even if the lobby is closed you can still reach us at:

**MEALS ON WHEELS**

Demand for Meals on Wheels has skyrocketed in the wake of COVID-19 meaning more volunteers are needed to deliver the meals. AU has helped fill that void by having staff take on some of those deliveries.

**AU staffer, Jess Dunlap, loads up boxed meals for delivery to area residents.**

**AU annual costs are average compared to other local communities, but our reliability exceeds industry standards. Austin Utilities is in the top 25% of utilities for System Average Interruption Duration Index (SAIDI) based on EIA data, qualifying us for the 2019 Certificate of Excellence in Reliability from the American Public Power Association.**

**MN customers depend on natural gas for water heating. AU investments in our propane air plant in 2019 provide additional reliability to our system. As a public utility, AU continues to offer services not available from other gas companies such as lighting gas appliance pilots and installing thermocouples.**

**AU was able to make major investments in the Ellis water tower, yet continue to maintain lower water rates. Operating costs remain low in part due to the high-quality water supply. Little treatment is needed before water is delivered to our customers.**

**We welcome comments at talk2AU@AustinUtilities.com or by calling 507-433-8886.**

**1908 14th Street NE
Austin, MN 55912
www.AustinUtilities.com
(507) 433-8886**

**04/2020 ©D**
**2020 RESIDENTIAL RATE REPORT**

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 rate study in 2016 and will be performing a rate study in 2020 which will recommend rates through 2023.

**Cost of Service Study example:**

**Total Costs to Deliver Utility**

- **Total costs are broken down and assigned to**
  - Production Costs
  - Transmission Costs
  - Distribution Costs
  - Administration Costs

- **Cost categories are broken down further & assigned to**
  - Residential
  - Commercial
  - Industrial
  - Other Groups

**Rate Design**

Once costs are allocated to a customer class, rates are designed to recapture the costs associated with each customer class. 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

**2020 Residential Rates**

Rates are reviewed and set annually based on the income needed to cover the cost to serve.

**2020 Austin Utilities Residential Rates**

<table>
<thead>
<tr>
<th>Service</th>
<th>Monthly Service Availability Charge</th>
<th>Usage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electric</td>
<td>$1.4</td>
<td>$0.11350 (kWh)</td>
</tr>
<tr>
<td>Natural Gas</td>
<td>$1.7</td>
<td>$0.6074 Apr-Oct, $0.8032 Nov-Mar (ccf)</td>
</tr>
<tr>
<td>Water</td>
<td>$15.30</td>
<td>$1.56 May-Oct, $1.11 Nov-Apr (cf)</td>
</tr>
</tbody>
</table>

One kWh of electricity = 1,000 watts used for one hour
One ccf of gas = 100 cubic feet
One ccf of water = 748 gallons

13% of the electricity delivered by AU in 2019 was provided from Renewable Energy Sources

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

- Electric $2.75 (2019)
- Natural Gas $2.20 (2019)
- Water $0.92 (2019)

**Tip:** Smart Usage, Smart Connections, SmartHub

Managing your energy just got easier.

Track your usage and take the guesswork out of your bill with SmartHub. Through detailed graphs, you’ll be able to monitor usage 24/7 and track your consumption, finding ways to reduce and save on mobile and online.

**2020 City of Austin Service Rates**

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

<table>
<thead>
<tr>
<th>Service</th>
<th>Monthly Fixed Charge</th>
<th>Usage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sewer</td>
<td>$13.14</td>
<td>$3.36 (cu ft)</td>
</tr>
<tr>
<td>Storm Water Fee</td>
<td>$4.00</td>
<td>$ -</td>
</tr>
</tbody>
</table>