

City of Smithville Electric Rate Discussion

August 14, 2023

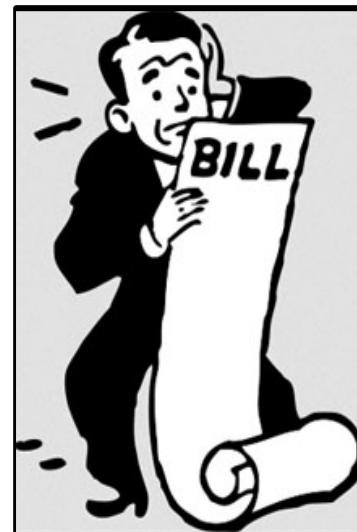


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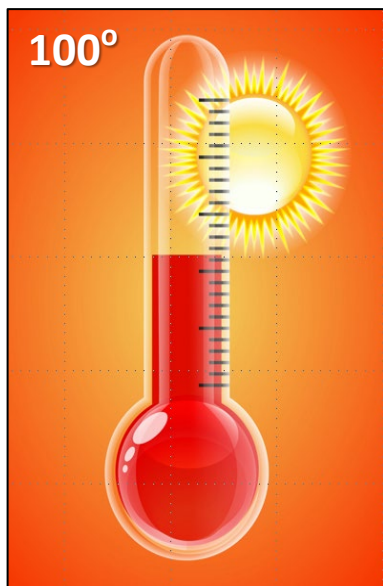
August 14, 2023

CURRENT SITUATION:

- Citizens expressed frustration / concern about high electric bills in JULY on multiple social media outlets.
- Utility Bill vs Electric Bill



WHAT HAPPENED & WHY:



- Increase PCRF Cost / TIMING!
- 34 Days in Billing Cycle – Manual Reads
- Increased Demand and Consumption
- 35+ Consecutive Days of 100°F or Greater Temps
- **3X to 5X Increase in Residential and Commercial Usage**

HOW IS COST / kWh CALCULATED:

- Current LCRA Bill / Prior Month Consumption = $+$ \$0.05 / kWh Distribution Fee $=$ **\$COST / kWh ELECTRIC BILL**
- Next Month F&PCRF

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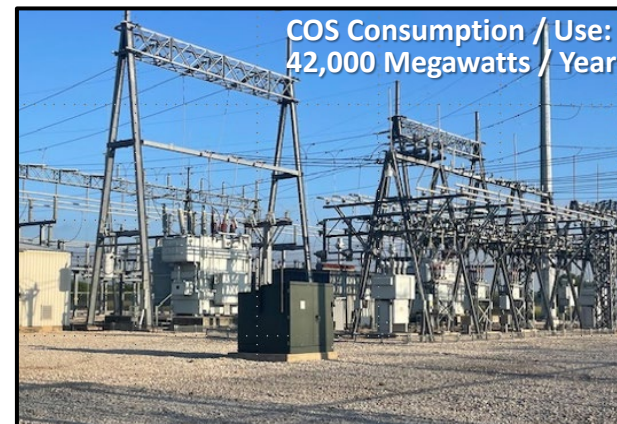
BACKGROUND:

- Wholesale Power Agreement w/ LCRA.
- 30-year Contract Expires 2041.
- COS – Utilizes Variable Billing Model:

VARIABLE F&P C F

- Generation Fee
- Transmission Fee
- Admin / Service Fees (e.g., Uri)
- Distribution Fee* (\$0.05 / kWh) **FIXED**
Set by Smithville Council

***Distribution Fee** helps pay for the materials, supplies, equipment, and personnel required to maintain the 47 miles of utility lines in Smithville.



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FUEL COST CALCULATIONS:

JUNE = CURRENT BILL (MAY) / PRIOR MONTH CONSUMPTION* (APRIL) + DIST. FEE = JUNE kWh RATE

\$237,466.78 / 2,729,053 kWh = \$0.08701 / kWh + \$0.050 = **\$0.13701 / kWh**

JULY = CURRENT BILL (JUNE) / PRIOR MONTH CONSUMPTION (MAY) + DIST. FEE = JULY kWh RATE

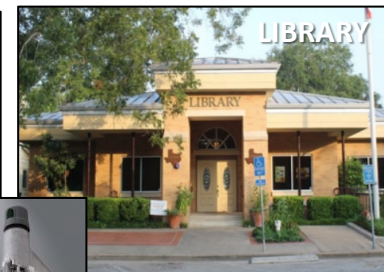
\$276,605.43 / 2,467,983 kWh = \$0.11207 / kWh + \$0.050 = **\$0.16207 / kWh**

AUG = CURRENT BILL (JULY) / PRIOR MONTH CONSUMPTION (JUNE) + DIST. FEE = AUG kWh RATE

\$329,170.30 / 5,025,005 kWh = \$0.06551 / kWh + \$0.050 = **\$0.11551 / kWh**

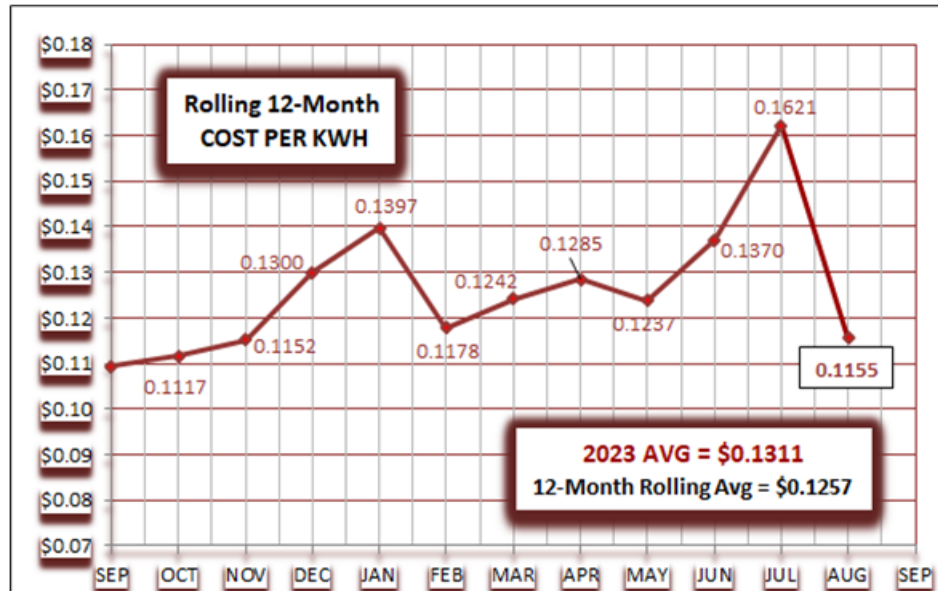
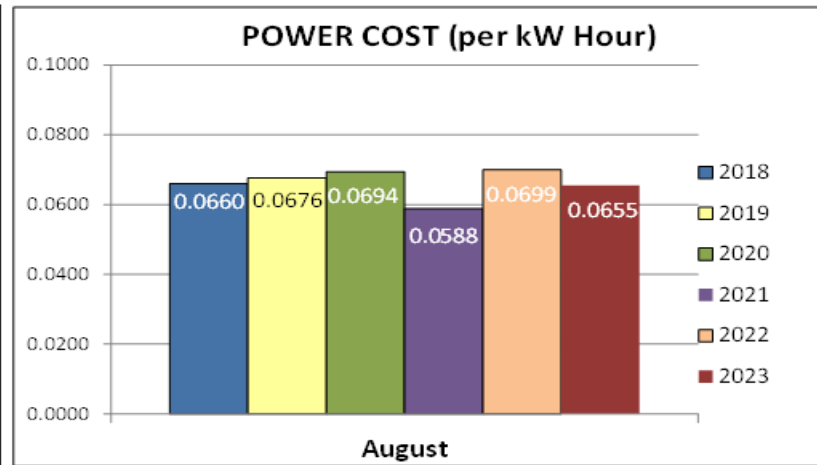
*CONSUMPTION INCLUDES:

- Residential Customers – 1950
- Commercial Customers – 302
- Public Lighting – (Unmetered)
- Public Buildings - 53
- Line Loss – 7%



Residential Power Cost Per kWh - City of Smithville (2018-2023)

Billing Month	2018	2019	2020	2021	2022	2023
January	0.0879	0.0709	0.0716	0.0755	0.0862	0.0897
February	0.0642	0.0664	0.0628	0.0620	0.0814	0.0678
March	0.0560	0.0598	0.0679	0.0829	0.0646	0.0742
April	0.0724	0.0666	0.0694	0.0539	0.0699	0.0785
May	0.0700	0.0733	0.0695	0.0855	0.0778	0.0737
June	0.0910	0.0881	0.0769	0.0896	0.0888	0.0870
July	0.0653	0.0673	0.0676	0.0965	0.0709	0.1121
August	0.0660	0.0676	0.0694	0.0588	0.0699	0.0655
September	0.0609	0.0625	0.0595	0.0778	0.0594	
October	0.0433	0.0527	0.0465	0.0550	0.0617	
November	0.0577	0.0517	0.0664	0.0663	0.0652	
December	0.0733	0.0675	0.0619	0.0708	0.0800	
Avg	0.0673	0.0662	0.0658	0.0729	0.0730	0.0811



- 1 LCRA F&PCRF = Fuel Cost
COS kWh Sold
- 2 Fuel Cost + Dist. Rate
= Electric Rate
- 3 Electric Rate X kWh
Used =

Electric Bill

2023 Cost / kW Hour	
January	\$0.1397
February	\$0.1178
March	\$0.1242
April	\$0.1285
May	\$0.1237
June	\$0.1370
July	\$0.1621
August	\$0.1155
September	
October	
November	
December	
Avg	\$0.1311

Note: Fuel & Power Cost Recovery Factor + City Distribution Fee* (\$0.0500) = Cost / kWh

*Residential Distribution Fee = \$0.0500/kWh. Non-Resident (i.e., service outside city limit) Distribution Fee = \$0.0650/kWh Effective October 1, 2019

Residential Power Cost Per kWh - City of Smithville (2018-2023)

2018 Cost / kW Hour	
January	0.1379
February	0.1142
March	0.1060
April	0.1224
May	0.1200
June	0.1410
July	0.1153
August	0.1160
September	0.1109
October	0.0933
November	0.1077
December	0.1233
Avg	0.1173

2017 Cost / kW Hour	
January	0.1245
February	0.1095
March	0.1080
April	0.1231
May	0.1147
June	0.1197
July	0.1153
August	0.1122
September	0.1016
October	0.1067
November	0.1057
December	0.1144
Avg	0.1135

2016 Cost / kW Hour	
January	0.1363
February	0.1089
March	0.1129
April	0.1148
May	0.1235
June	0.1344
July	0.1186
August	0.1135
September	0.1026
October	0.1039
November	0.0997
December	0.1008
Avg	0.1142

2015 Cost / kW Hour	
January	0.1267
February	0.1030
March	0.0948
April	0.1112
May	0.1088
June	0.1298
July	0.1041
August	0.1048
September	0.0997
October	0.0883
November	0.1027
December	0.1183
Avg	0.1077

2014 Cost / kW Hour	
January	0.1214
February	0.1033
March	0.0993
April	0.1285
May	0.1273
June	0.1189
July	0.1249
August	0.1232
September	0.1115
October	0.1095
November	0.1077
December	0.1145
Avg	0.1158

2019 Cost / kW Hour	
January	0.1209
February	0.1164
March	0.1098
April	0.1166
May	0.1233
June	0.1381
July	0.1173
August	0.1176
September	0.1125
October	0.1027
November	0.1017
December	0.1175
Avg	0.1162

2020 Cost / kW Hour	
January	0.1216
February	0.1128
March	0.1179
April	0.1194
May	0.1195
June	0.1269
July	0.1176
August	0.1194
September	0.1095
October	0.0965
November	0.1164
December	0.1119
Avg	0.1158

2021 Cost / kW Hour	
January	0.1255
February	0.1120
March	0.1329
April	0.1039
May	0.1355
June	0.1396
July	0.1465
August	0.1088
September	0.1278
October	0.1050
November	0.1163
December	0.1208
Avg	0.1229

2022 Cost / kW Hour	
January	0.1362
February	0.1314
March	0.1146
April	0.1199
May	0.1278
June	0.1388
July	0.1209
August	0.1199
September	0.1094
October	0.1117
November	0.1152
December	0.1300
Avg	0.1230

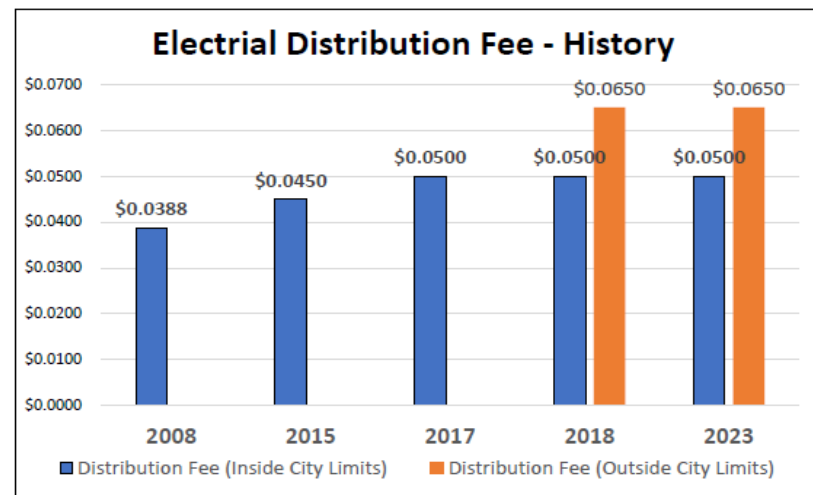
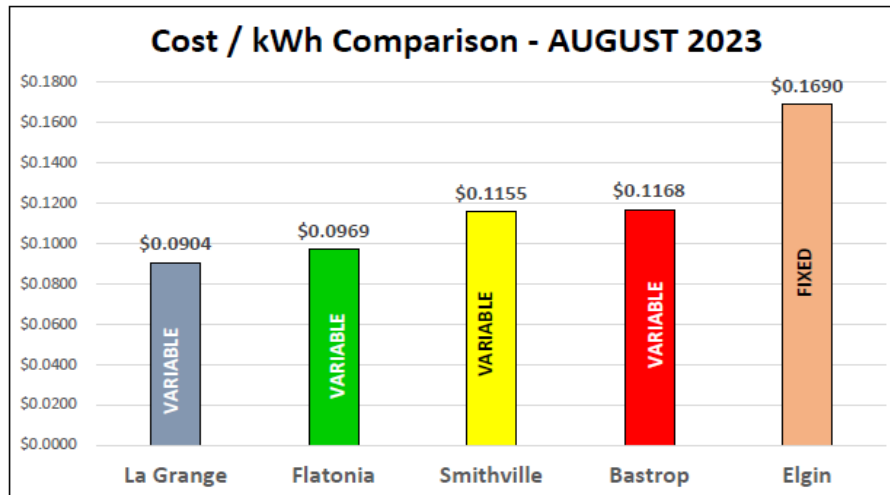
2023 Cost / kW Hour	
January	0.1397
February	0.1178
March	0.1242
April	0.1285
May	0.1237
June	0.1370
July	0.1621
August	0.1155
September	
October	
November	
December	
Avg	0.1311

AUGUST	Total % Fuel Cost DECREASE	-41.55%
	Total % kWh DECREASE	-28.73%

RESIDENTIAL COST / KWH COMPARISON (MONTHLY)

As of August 2023

City of Smithville			City of La Grange			City of Bastrop			City of Flatonia			City of Elgin		
Service Provider	LCRA		Service Provider	LCRA		Service Provider	LCRA		Service Provider	LCRA		Service Provider	TXU	RELIANT
Base Rate	\$10.00	per mo	Base Rate	\$15.50	per mo	Base Rate	\$10.00	per mo	Base Rate	\$8.00	per mo	Base Rate	\$9.95	None
Cost / kWh*	\$0.0655	per kWh	Cost / kWh*	\$0.0604	per kWh	Cost / kWh*	\$0.0840	per kWh	Cost / kWh*	\$0.0668	per kWh	Cost / kWh*	\$0.1720	\$0.1690
Distribution Fee	\$0.0500	per kWh	Distribution Fee			Distribution Fee	\$0.0328	per kWh	Distribution Fee	\$0.0301	per kWh	Distribution Fee	None	None
			< 500 kWh	\$0.0400	per kWh									
			> 500 kWh	\$0.0300	per kWh									
Total	\$0.1155	per kWh	Total	\$0.0904	per kWh	Total	\$0.1168	per kWh	Total	\$0.0969	per kWh	Total	\$0.1720	\$0.1690
*F&PCRF	Variable		*F&PCRF	Variable		*F&PCRF	Variable		*F&PCRF	Variable		*F&PCRF	Fixed	Fixed
Month-to-Month Plans Available														



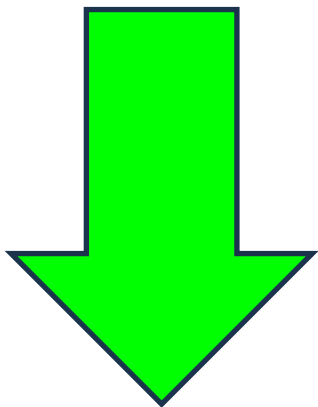
F&PCRF is a PASS Through Based on Consumption

Base Rate and Distribution Fee Helps Pay for Equipment, Vehicles, and Utility Personnel & Allows Transfer of Approximately \$1M to GENERAL FUND

OUTLOOK FOR AUGUST:

- 29% REDUCTION
in cost / kWh

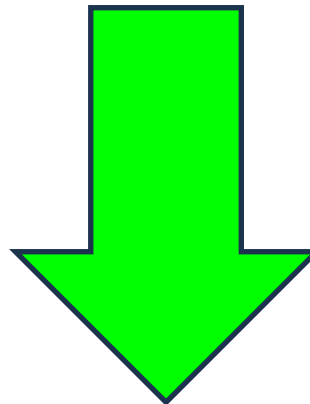
\$0.1621 / kWh



\$0.1155 / kWh

- 27-Days in
Billing Cycle

34-Days



27-Days*

Applies to customers billed
34-days in June/July.
(June 8 to July 12)

- Continued
Heat Wave



*Next Billing Cycle is July 13 to August 8th

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SUMMARY:

- Seasonal demand has increased consumption.
- # of Days in July billing cycle and PCRf calculation methodology exacerbated situation.
- Expect significantly lower cost / kWh for August.
- Implement energy conservations guidelines.
- Average cost / kWh for residential electric service in Smithville is **12-13 cents**.



RECOMMENDATIONS / OPTIONS:

- Continue calculating PCRf using Variable kWh Rate.
- Evaluate Fixed Billing Model (Flat kWh Rate)

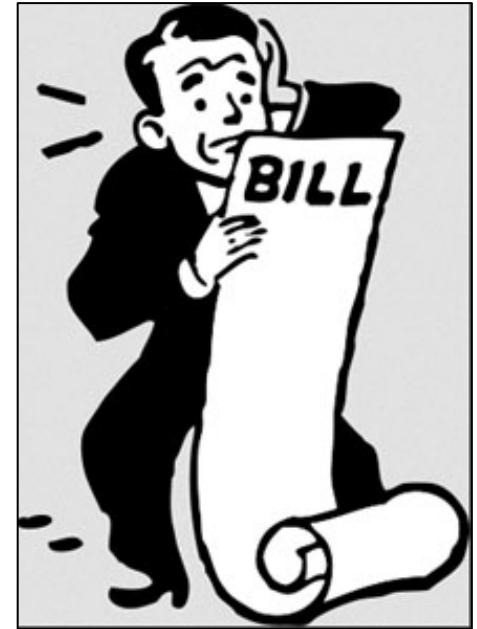
Questions???



BACK-UP

Understanding Your Utility Bill:

- Customers Only Pay for What They Use
- Payments are Due by the 10th of the Month
- Pay on-time to Avoid Penalty and/or Disruption of Service:
 - 10% Penalty on Total Bill for Late Payments
 - Service Disconnect after 30 Days Late
 - Reconnect Fee - \$50 (during normal business hours)
 - Reconnect Fee - \$100 (after-hours, weekends, or Holidays)
- **Payment arrangements can be made due to adverse circumstance but you must contact the City and honor commitment.**
- St. Vincent de Paul, Combined Community Action (CCA) and local Churches offer financial assistance.



City of Smithville Utility Assistance

Salvation Army

512-409-3474

St. Vincent DePaul

512-718-2614

Ministerial Alliance

(First Baptist Church)

512-237-2176

Advocacy Outreach

512-281-4180

Texzas Utility Help

TexasUtilityHelp.com

855-566-2057

Combined Community Action (CCA)

Application at City Hall

www.ccaction.com

800-688-9065



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ARTICLE 13.07 – ELECTRIC SERVICE

☐ § 13.07.002 **Rates.**

Electric rates are set by resolution of the city council and are on file with the city secretary.

(1987 Code, ch. 10, sec. 6B; 2001 Code, sec. 13.602)

☐ § 13.07.003 **Fuel cost adjustment clause.**

The energy charge per kilowatt-hour (KWH) shall be adjusted upward or downward each month by a fuel cost factor determined in accordance with the provisions set forth below:

- (1) A preliminary estimate of the cost of fuel per KWH of sales based on the best information available shall be calculated on or about the twentieth (20th) of each month and shall be applied to the number of KWH billed for the billing cycle of each subsequent month. Total kilowatt-hours sold during the month will be adjusted for appropriate line losses for use in the fuel cost adjustment clause. It is anticipated that an adjustment will follow later as set forth in subsection (2) below.
- (2) The adjustment to the estimate will be calculated for each month when the information is available and will reflect variances in the estimated and actual costs of all fuel used by the city's wholesale supplier in its generating plants and variances in the estimated and actual fuel cost components of power and energy purchased by the city.
- (3) The new fuel cost billing factor shall be used on the next bill rendered to each customer following determination and shall continue to be used until subsequent change is determined by test to be appropriate.
- (4) The purpose of this clause is to reflect accurately changes in the cost of fuel. Therefore, from time to time the total amount which was to have been recovered since the last fuel factor change will be compared with the amount actually recovered in the same period. Any difference will be considered in establishing the fuel cost billing factor for use in a subsequent period.

(1987 Code, ch. 10, sec. 6C; 2001 Code, sec. 13.603)

THANK YOU!

Robert Tamble, CSP / CET



City Manager

317 Main Street

Smithville, TX 78957

(512) 237-3282 - office

(512) 423-9390 - cell

City of Smithville Website → <https://www.ci.smithville.tx.us/>

Link to Current Utility Rates → <https://www.ci.smithville.tx.us/city-departments/utilities/rates/>