

SCHNEIDER ENGINEERING, LLC



## SB182 RATE BENCHMARK

PREPARED FOR  
CITY OF FREDERICKSBURG

APRIL 27, 2021

## **INTRODUCTION**

SB 182, filed by Senator Schwertner, is a bill that targets municipally owned utilities to force them into the retail market. It does this through a mechanism that would compare the average rate of the municipal utility over the past five years and comparing it to the retail market. If the utility's rate exceeds the retail average by more than 10%, then the municipal utility would be forced into retail competition under the law. This bill puts municipal utilities at a distinct disadvantage, given their long-term contract positions and the disparate differences between the operations of retail electric providers and municipally owned utilities.

Schneider Engineering (SE) performed a benchmarking study, evaluating your utility's current rates with the retail market. Additionally, SE prepared an additional analysis, evaluating municipal utility and electric cooperative rates across Texas. This is the first step to evaluating what risk SB182 poses to you and your customers, given that this is only a snapshot of your current rates and not the 5-year average prescribed by the legislation. SE can support you and your utility as additional phases are identified that will serve to mitigate potential exposure to this and other potential legislation.

## **RETAIL RATE COMPARISON**

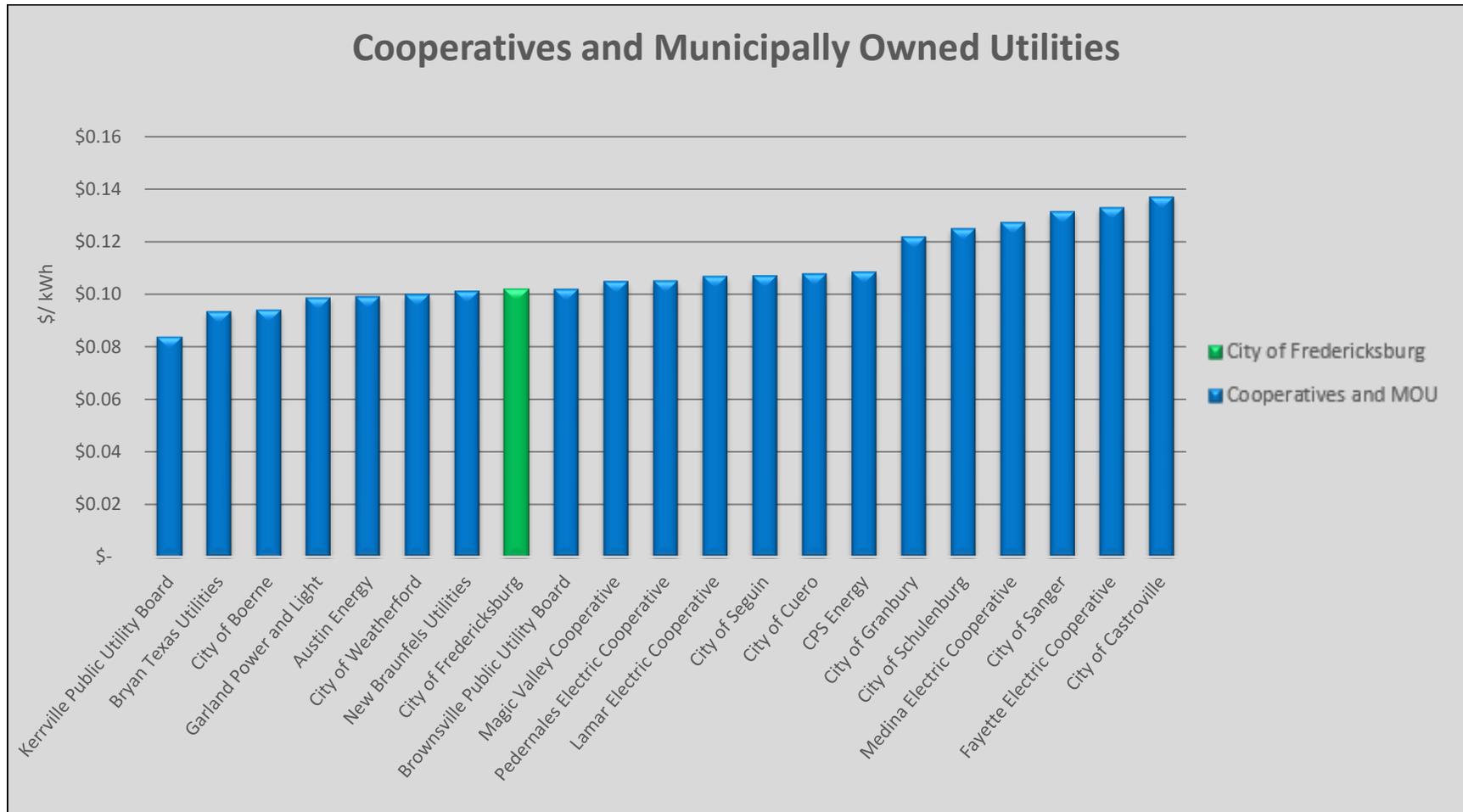
On March 17, 2021, SE called your billing department to validate your published residential retail rates and determine any pass-through charges, such as power costs, transmission costs, or ERCOT fees. On March 18, 2021, SE evaluated 20 different retail plans in your geographic area. To provide as reasonable a comparison as possible, SE only analyzed retail rates that were fixed price, non-time of use, were not pre-paid, and 36 months or longer in contract term. In some instances, SE was unable to develop a rate comparison with 20 REPs that met the aforementioned criteria; when that occurred, SE expanded the geographic search area until 20 REPs were evaluated. For your utility, SE focused on the 76950 and 78833 zip codes on the Power to Choose website.

Your rate was determined to be \$0.1019/kWh. Comparing that to the retail rate, the average REP rate was \$0.0987/kWh. Using the 10% bandwidth proposed under SB182, you are 6.13% inside the threshold of \$0.1086/kWh.

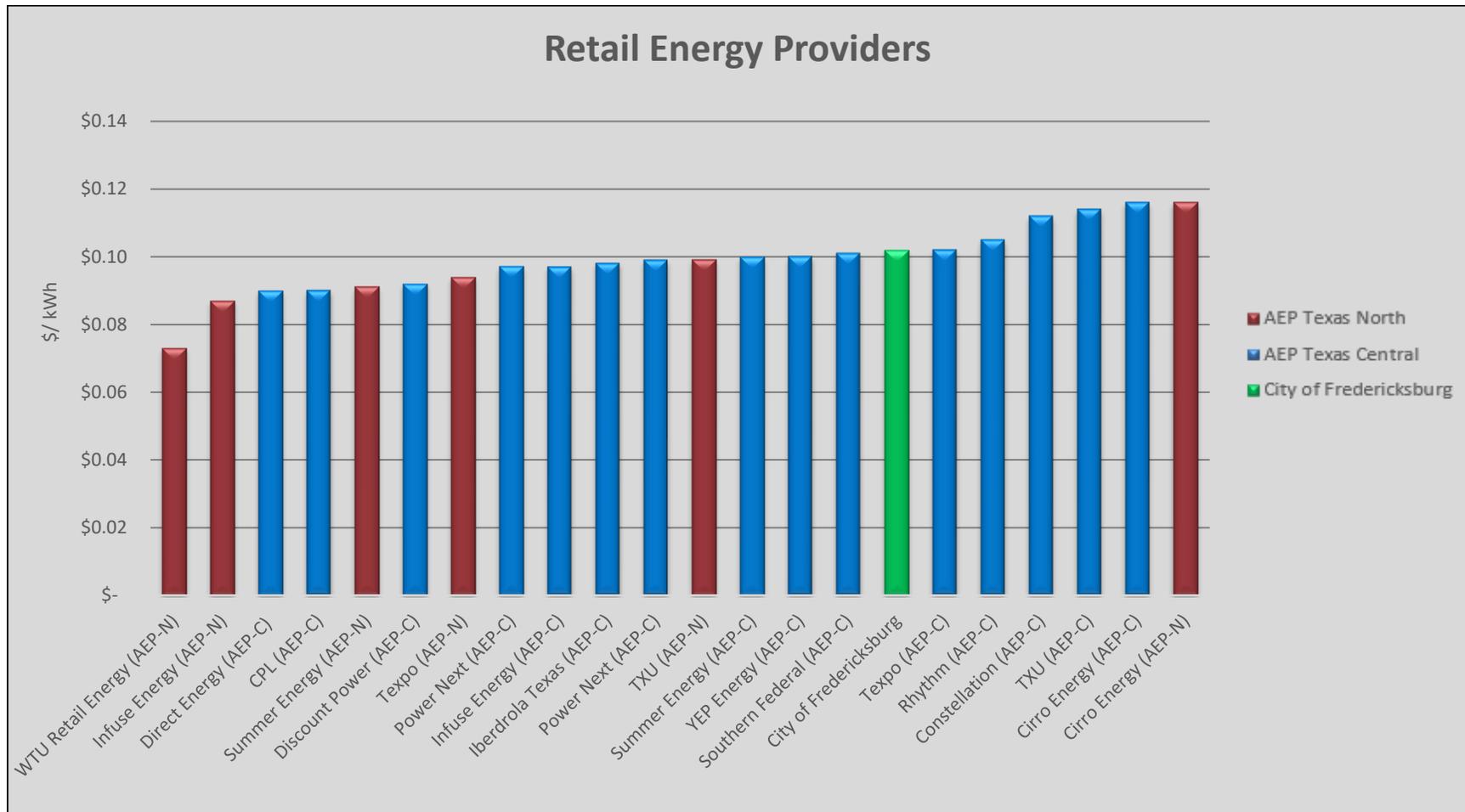
## **MUNICIPAL AND COOPERATIVE RATE COMPARISON**

Additionally, SE prepared a comparison between you and other non-opt-in entities in Texas, both municipals and cooperatives. SE prepared this rate comparison between March 17 and March 18, 2021. All rates were validated by calling the billing department for each utility.

Your rates ranked 8<sup>th</sup> lowest out of 21 public power utilities. The average is \$0.1091/kWh for 1,000 kWh, with a range from \$0.0837/kWh to \$0.1370/kWh. Of your billing components, your customer charge was 22% lower than the average compared to other utilities, while the sum of your variable charges was 4.25% lower than the average compared to other utilities. This indicates that there is a greater share of revenue generated from your variable charges compared to other municipals and electric cooperatives surveyed.



- Data polled on March 17, 2021
- Data provided by individual utility
- Price includes all fixed and variable charges



- Data compiled March 18, 2021
- Price based on 1000 kWh usage
- Data compiled from PowertoChoose.com
- Pricing includes all fixed and variable charges
- All pricing is from fixed rate plans for contracts over 36 months