Electric Rate Study

Seguin Council Meeting

WE GIVE YOU THE **POWER TO PERFORM**

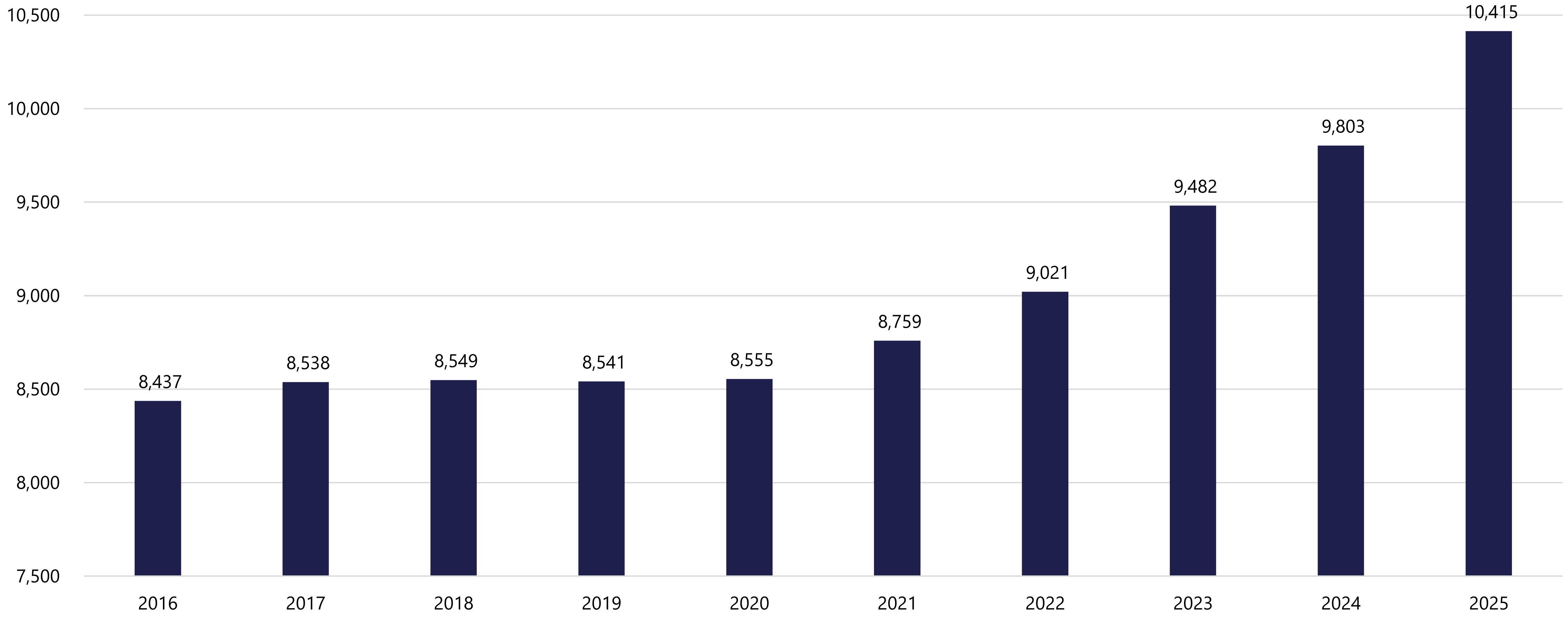
SENERGY™

POWERED BY **SCHNEIDER ENGINEERING**

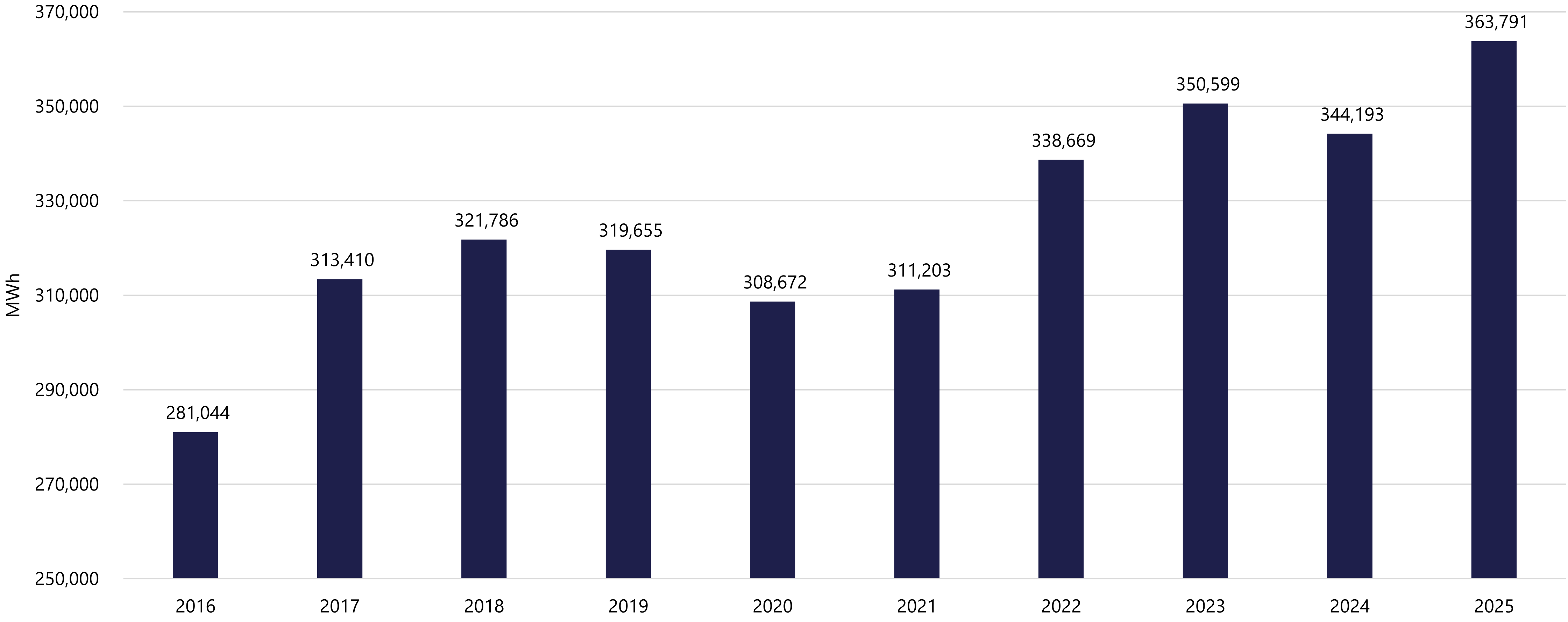
BACKGROUND

- Full cost of service & rate study last completed in 2024
  - Rate study updated in 2025
- 2024 proposed adjustments:
  - Marginal adjustment to Residential customer charge
  - No changes to Small Commercial rate
  - Increase demand rates for Large Commercial and Industrial
    - Offset increased demand rates with reduced energy charge
- 2025 proposed adjustments:
  - 6% increase to customer charge, energy charge, and demand charge for all rate classes

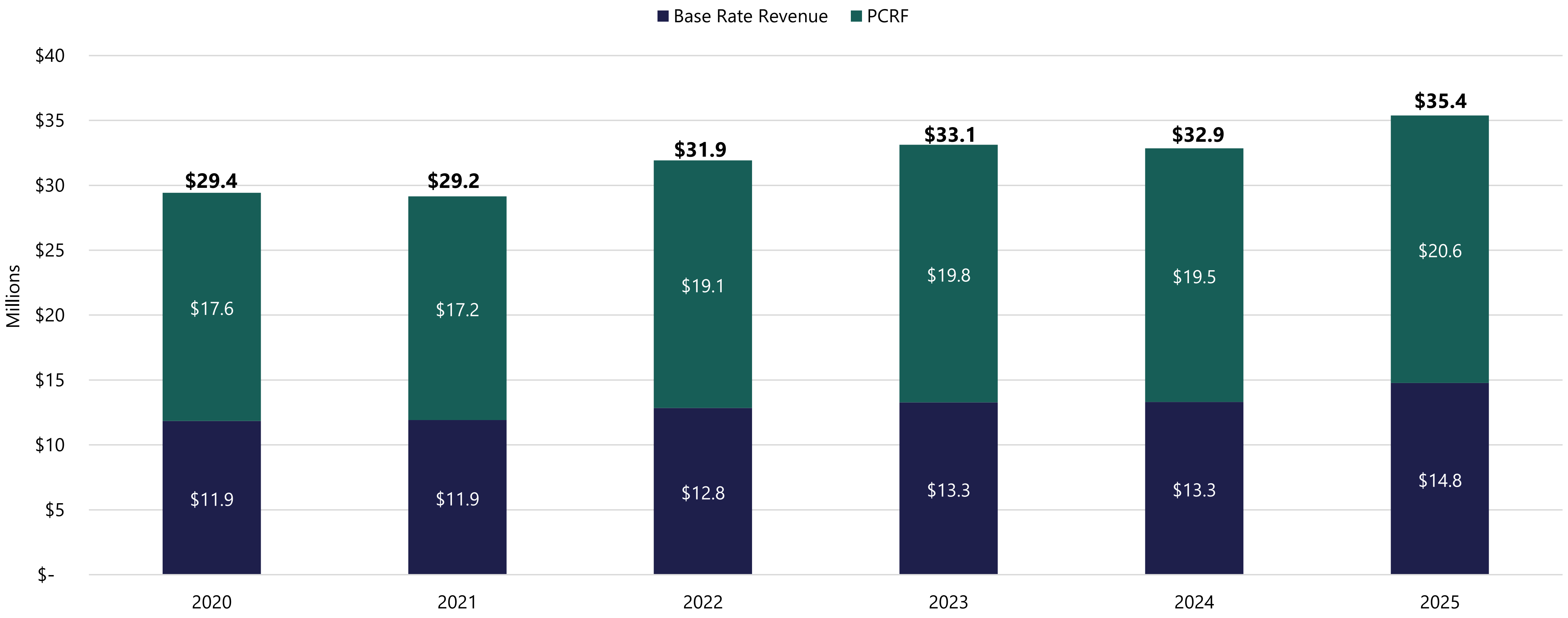
Annual Meter Growth



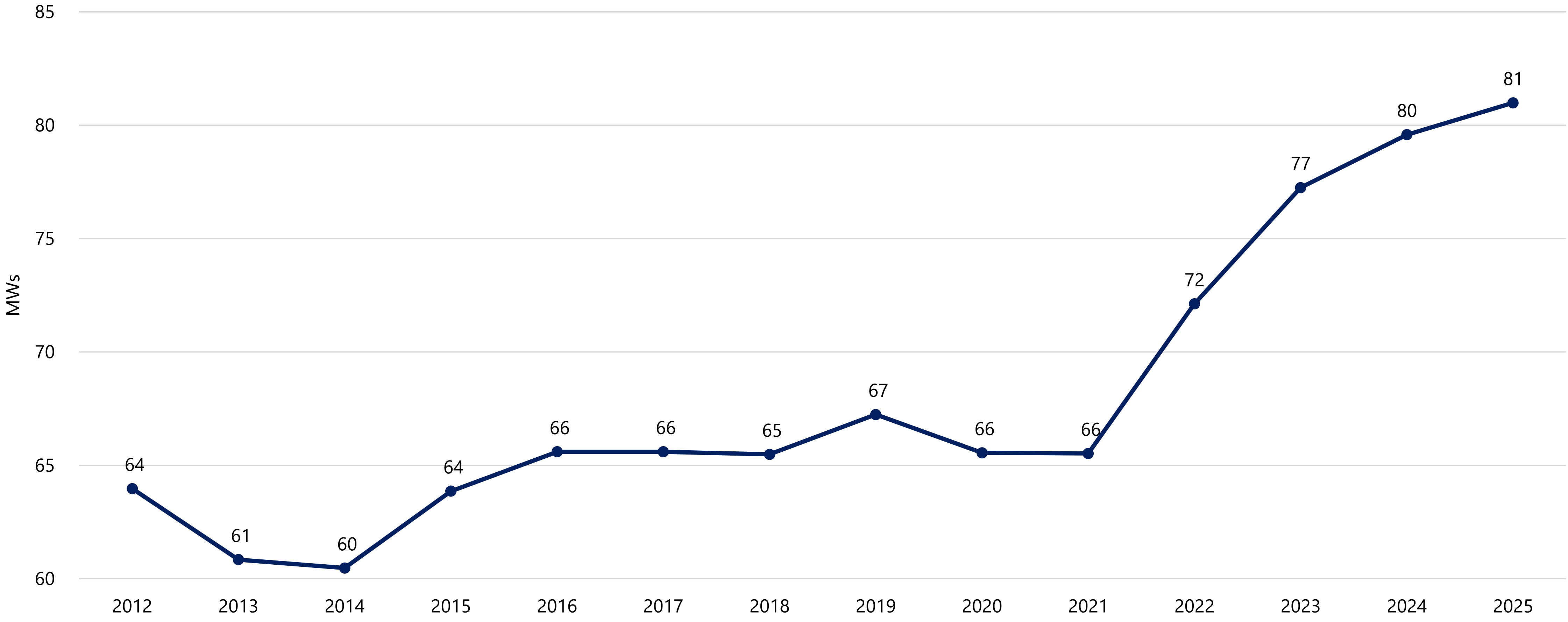
Annual Energy Sales Quantity



TOTAL ENERGY SALES REVENUE



Seguin Peak System Growth



Financial Forecast Overview

- Facilitates evaluation of future costs, rates, and revenue impacts
  - Covers operational expenses and capital investments
  - Incorporates projected demand and customer growth
- Data Collection
  - Compiled historical financial data and performance metrics
  - Incorporated capital projects and planned investments
- Analysis
  - Projected revenue based on consumption trend, customer growth, and rate changes
  - Estimated future operational and administrative expenses

Financial Forecast Key Takeaways

- Deficit in the later years of the forecast are primarily driven by:
  - Inflationary Pressures:
    - Operating and Maintenance
      - Fuel
      - Parts & materials
    - Administrative Expenses
      - New personnel
      - Salaries and benefits
  - Capital Expenditures
  - Debt Service
  - Direct and Indirect Transfers

Growth Rate Assumptions for Forecast Years	
O&M Expenses	2%
Salaries & Benefits	5%
Health Insurance	15%

BASE FINANCIAL FORECAST

	Audit Report				Budget		Forecast			
	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
	FY 2021/2022	FY 2022/2023	FY 2023/2024	FY 2024/2025	FY 2025/2026	FY 2026/2027	FY 2027/2028	FY 2028/2029	FY 2029/2030	FY 2030/2031
Revenues										
Residential	$ 10,569,487	$ 11,187,311	$ 11,072,019	$ 12,114,300	$ 12,356,775	$ 12,773,188	$ 12,984,859	$ 13,219,963	$ 13,413,627	$ 13,615,999
Commercial	$ 2,098,794	$ 2,192,496	$ 2,216,339	$ 2,243,769	$ 2,390,074	$ 2,470,544	$ 2,511,504	$ 2,556,988	$ 2,594,476	$ 2,633,648
Large Power	$ 8,178,070	$ 8,165,110	$ 8,135,007	$ 8,483,894	$ 8,820,624	$ 9,113,328	$ 9,236,898	$ 9,381,210	$ 9,489,150	$ 9,604,781
Industrial	$ 9,901,946	$ 10,416,874	$ 10,769,045	$ 11,309,813	$ 12,313,599	$ 12,530,102	$ 12,628,987	$ 12,667,256	$ 12,689,014	$ 12,696,930
City	$ 996,938	$ 1,065,846	$ 1,144,992	$ 1,146,128	$ 1,301,174	$ 1,328,856	$ 1,330,103	$ 1,333,767	$ 1,331,971	$ 1,330,862
Rio Nogales				$ 87,004	$ 110,899	$ 84,456	$ 94,120	$ 96,491	$ 91,689	$ 94,100
Total	**$ 31,745,235**	**$ 33,027,637**	**$ 33,337,402**	**$ 35,384,909**	**$ 37,293,146**	**$ 38,300,474**	**$ 38,786,470**	**$ 39,255,674**	**$ 39,609,928**	**$ 39,976,320**
Est. PCRF Rev.	**$ 19,043,804**	**$ 19,864,196**	**$ 19,543,261**	**$ 20,605,600**	**$ 22,299,471**	**$ 23,120,658**	**$ 23,360,657**	**$ 23,597,891**	**$ 23,718,047**	**$ 23,841,141**
System Rev.	**$ 12,701,431**	**$ 13,163,441**	**$ 13,794,141**	**$ 14,779,309**	**$ 14,993,675**	**$ 15,179,815**	**$ 15,425,814**	**$ 15,657,783**	**$ 15,891,880**	**$ 16,135,179**
Expenses										
Wholesale Power	$ 17,230,342	$ 17,421,755	$ 20,857,150	$ 21,145,587	$ 22,044,653	$ 23,120,658	$ 23,360,657	$ 23,597,891	$ 23,718,047	$ 23,841,141
Base	$ 16,660,970	$ 16,530,112	$ 19,054,232	$ 19,583,398	$ 20,673,809	$ 21,056,101	$ 21,242,657	$ 21,440,546	$ 21,531,305	$ 21,630,713
Renewables	$ 569,372	$ 891,643	$ 1,802,918	$ 1,562,188	$ 1,370,843	$ 2,064,558	$ 2,118,000	$ 2,157,346	$ 2,186,742	$ 2,210,428
O&M	$ 8,598,085	$ 9,315,054	$ 9,336,769	$ 9,866,230	$ 10,056,606	$ 10,644,821	$ 10,804,385	$ 10,967,139	$ 11,133,148	$ 11,302,478
Debt Schedule			$ 632,766	$ 481,270	$ 515,932	$ 553,163	$ 703,785	$ 722,649	$ 746,587	$ 761,340
Administrative	$ 1,866,223	$ 2,110,668	$ 2,572,461	$ 3,078,924	$ 3,248,061	$ 3,525,740	$ 3,731,325	$ 3,951,020	$ 4,186,104	$ 4,438,008
Capital Expenditure	$ (4,261)	$ 1,510,000	$ 1,000,000	$ 900,000	$ 729,568	$ 470,000	$ 450,000	$ 300,000	$ 400,000	$ 400,000
Total Expenses	**$ 27,690,389**	**$ 30,357,477**	**$ 34,399,146**	**$ 35,472,011**	**$ 36,594,819**	**$ 38,314,383**	**$ 39,050,151**	**$ 39,538,699**	**$ 40,183,887**	**$ 40,742,967**
Total Expenses Less Power	**$ 10,460,047**	**$ 12,935,722**	**$ 13,541,996**	**$ 14,326,424**	**$ 14,550,167**	**$ 15,193,725**	**$ 15,689,495**	**$ 15,940,808**	**$ 16,465,839**	**$ 16,901,826**
Total System Net Margin	$ 2,241,384	$ 227,719	$ 252,145	$ 452,885	$ 443,508	$ (13,909)	$ (263,681)	$ (283,025)	$ (573,959)	$ (766,647)
% of Revenue	12.77%	8.08%	-3.18%	-0.25%	1.87%	-0.04%	-0.68%	-0.72%	-1.45%	-1.92%

RATE RECOMMENDATIONS

- Apply 2% base rate increase annually to all customer classes, except Rio Nogales, from FY 2027 to FY 2031

Year	Rate Class	Proposed Rates				PCRF (Passthrough)
		Customer Charge	Energy Charge - Secondary	Energy Charge - Primary	Demand Charge	PCRF
Current	Residential	$16.43	$0.03982	-	-	$0.0602
Current	Commercial	$37.10	$0.03343	-	-	$0.0602
Current	Large Power/Light	$132.50	$0.02882	$0.02796	$3.71	$0.0602
Current	Industrial	$371.00	$0.01067	$0.01035	$5.30	$0.0602
Proposed	Residential	$16.76	$0.04062	-	-	$0.0613
Proposed	Commercial	$37.84	$0.03410	-	-	$0.0613
Proposed	Large Power/Light	$135.17	$0.02940	$0.02852	$3.79	$0.0613
Proposed	Industrial	$378.42	$0.01089	$0.01056	$5.40	$0.0613

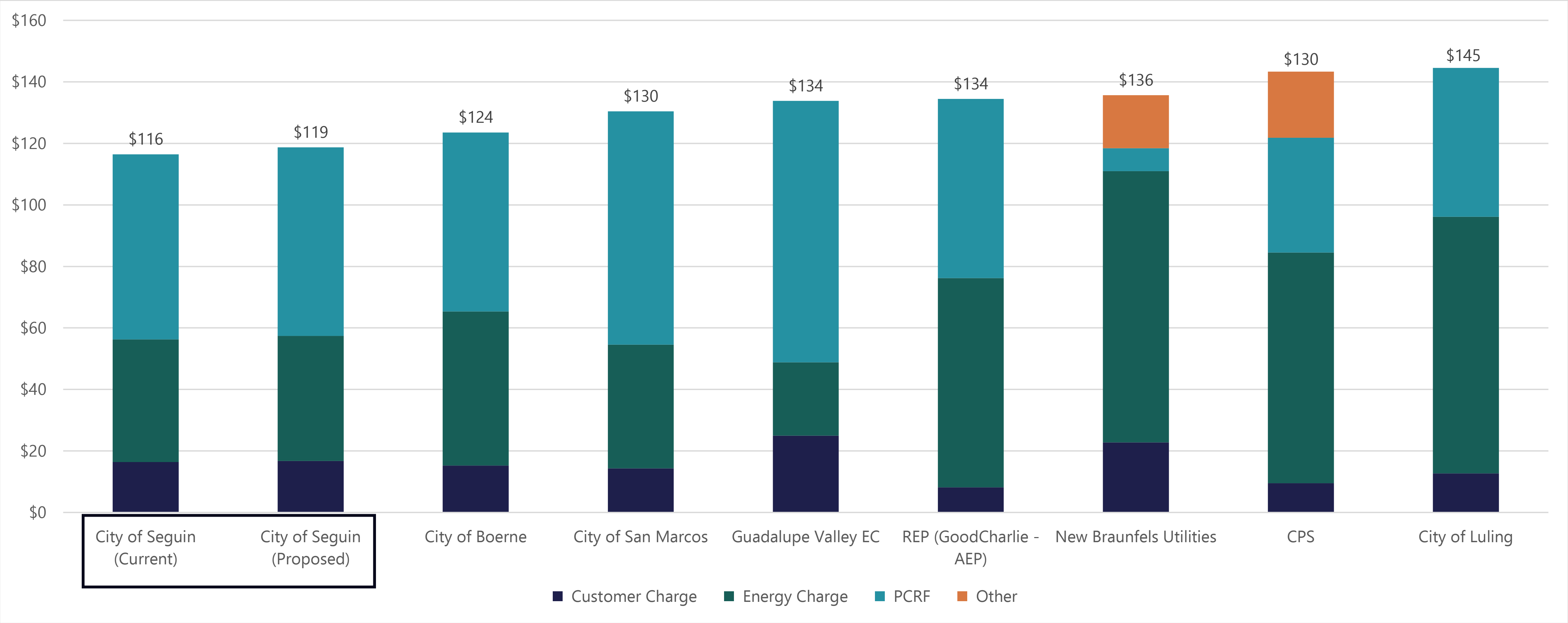
Financial Forecast with Rate Changes

	Audit Report				Budget		Forecast			
	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
	FY 2021/2022	FY 2022/2023	FY 2023/2024	FY 2024/2025	FY 2025/2026	FY 2026/2027	FY 2027/2028	FY 2028/2029	FY 2029/2030	FY 2030/2031
Revenues										
Residential	$ 10,569,487	$ 11,187,311	$ 11,072,019	$ 12,114,300	$ 12,356,775	$ 12,895,914	$ 13,237,448	$ 13,609,804	$ 13,949,571	$ 14,306,096
Commercial	$ 2,098,794	$ 2,192,496	$ 2,216,339	$ 2,243,769	$ 2,390,074	$ 2,494,237	$ 2,560,317	$ 2,632,488	$ 2,698,212	$ 2,767,086
Large Power	$ 8,178,070	$ 8,165,110	$ 8,135,007	$ 8,483,894	$ 8,820,624	$ 9,191,779	$ 9,399,626	$ 9,631,905	$ 9,831,174	$ 10,042,016
Industrial	$ 9,901,946	$ 10,416,874	$ 10,769,045	$ 11,309,813	$ 12,313,599	$ 12,597,443	$ 12,767,493	$ 12,876,576	$ 12,972,224	$ 13,055,690
City	$ 996,938	$ 1,065,846	$ 1,144,992	$ 1,146,128	$ 1,301,174	$ 1,338,777	$ 1,350,203	$ 1,364,432	$ 1,373,469	$ 1,383,448
Rio Nogales				$ 87,004	$ 110,899	$ 84,456	$ 94,120	$ 96,491	$ 91,689	$ 94,100
Total	**$ 31,745,235**	**$ 33,027,637**	**$ 33,337,402**	**$ 35,384,909**	**$ 37,293,146**	**$ 38,602,606**	**$ 39,409,207**	**$ 40,211,697**	**$ 40,916,338**	**$ 41,648,436**
Est. PCRF Rev.	**$ 19,043,804**	**$ 19,864,196**	**$ 19,543,261**	**$ 20,605,600**	**$ 22,299,471**	**$ 23,120,658**	**$ 23,360,657**	**$ 23,597,891**	**$ 23,718,047**	**$ 23,841,141**
System Rev.	**$ 12,701,431**	**$ 13,163,441**	**$ 13,794,141**	**$ 14,779,309**	**$ 14,993,675**	**$ 15,481,947**	**$ 16,048,550**	**$ 16,613,805**	**$ 17,198,291**	**$ 17,807,295**
Expenses										
Wholesale Power	$ 17,230,342	$ 17,421,755	$ 20,857,150	$ 21,145,587	$ 22,044,653	$ 23,120,658	$ 23,360,657	$ 23,597,891	$ 23,718,047	$ 23,841,141
Base	$ 16,660,970	$ 16,530,112	$ 19,054,232	$ 19,583,398	$ 20,673,809	$ 21,056,101	$ 21,242,657	$ 21,440,546	$ 21,531,305	$ 21,630,713
Renewables	$ 569,372	$ 891,643	$ 1,802,918	$ 1,562,188	$ 1,370,843	$ 2,064,558	$ 2,118,000	$ 2,157,346	$ 2,186,742	$ 2,210,428
O&M	$ 8,598,085	$ 9,315,054	$ 9,336,769	$ 9,866,230	$ 10,056,606	$ 10,644,821	$ 10,804,385	$ 10,967,139	$ 11,133,148	$ 11,302,478
Debt Schedule			$ 632,766	$ 481,270	$ 515,932	$ 553,163	$ 703,785	$ 722,649	$ 746,587	$ 761,340
Administrative	$ 1,866,223	$ 2,110,668	$ 2,572,461	$ 3,078,924	$ 3,248,061	$ 3,525,740	$ 3,731,325	$ 3,951,020	$ 4,186,104	$ 4,438,008
Capital Expenditure	$ (4,261)	$ 1,510,000	$ 1,000,000	$ 900,000	$ 729,568	$ 470,000	$ 450,000	$ 300,000	$ 400,000	$ 400,000
Total Expenses	**$ 27,690,389**	**$ 30,357,477**	**$ 34,399,146**	**$ 35,472,011**	**$ 36,594,819**	**$ 38,314,383**	**$ 39,050,151**	**$ 39,538,699**	**$ 40,183,887**	**$ 40,742,967**
Total Expenses Less Power	**$ 10,460,047**	**$ 12,935,722**	**$ 13,541,996**	**$ 14,326,424**	**$ 14,550,167**	**$ 15,193,725**	**$ 15,689,495**	**$ 15,940,808**	**$ 16,465,839**	**$ 16,901,826**
Total System Net Margin	$ 2,241,384	$ 227,719	$ 252,145	$ 452,885	$ 443,508	$ 288,223	$ 359,055	$ 672,997	$ 732,452	$ 905,469
% of Revenue	12.77%	8.08%	-3.18%	-0.25%	1.87%	0.75%	0.91%	1.67%	1.79%	2.17%

PROPOSED RATES BILL IMPACT

	Residential	Commercial	Large Power Secondary	Large Power Primary	Industrial Secondary	Industrial Primary
Current Rates	$116.48	$182.06	$2,063	$3,513	$59,107	$70,526
2027	$118.71	$185.54	$2,102	$3,580	$60,225	$71,851
2028	$119.86	$187.35	$2,121	$3,611	$60,704	$72,261
2029	$121.03	$189.21	$2,140	$3,642	$61,176	$72,663
2030	$122.23	$191.10	$2,160	$3,673	$61,662	$73,074
2031	$123.45	$193.01	$2,179	$3,706	$62,156	$73,493

Residential Rate Comparison (1,000 kWh)



QUESTIONS

APPENDIX

PROPOSED RATES

Year	Rate Class	Proposed Rates				PCRF (Passthrough)
		Customer Charge	Energy Charge - Secondary	Energy Charge - Primary	Demand Charge	PCRF
Current	Residential	$16.43	$0.03982	-	-	$0.0602
Current	Commercial	$37.10	$0.03343	-	-	$0.0602
Current	Large Power/Light	$132.50	$0.02882	$0.02796	$3.71	$0.0602
Current	Industrial	$371.00	$0.01067	$0.01035	$5.30	$0.0602
2027	Residential	$16.76	$0.04062	-	-	$0.0613
2027	Commercial	$37.84	$0.03410	-	-	$0.0613
2027	Large Power/Light	$135.17	$0.02940	$0.02852	$3.79	$0.0613
2027	Industrial	$378.42	$0.01089	$0.01056	$5.40	$0.0613
2028	Residential	$17.10	$0.04143	-	-	
2028	Commercial	$38.60	$0.03478	-	-	
2028	Large Power/Light	$137.85	$0.02999	$0.02909	$3.86	
2028	Industrial	$385.99	$0.01110	$0.01077	$5.52	

PROPOSED RATES

Year	Rate Class	Proposed Rates				PCRF (Passthrough)
		Customer Charge	Energy Charge - Secondary	Energy Charge - Primary	Demand Charge	PCRF
2029	Residential	$17.44	$0.04226	-	-	
2029	Commercial	$39.37	$0.03548	-	-	
2029	Large Power/Light	$140.61	$0.03059	$0.02967	$3.94	
2029	Industrial	$393.71	$0.01132	$0.01098	$5.63	
2030	Residential	$17.79	$0.04311	-	-	
2030	Commercial	$40.16	$0.03619	-	-	
2030	Large Power/Light	$143.42	$0.03120	$0.03026	$4.02	
2030	Industrial	$401.58	$0.01155	$0.01120	$5.74	
2031	Residential	$18.15	$0.04397	-	-	
2031	Commercial	$40.96	$0.03691	-	-	
2031	Large Power/Light	$146.29	$0.03182	$0.03087	$4.10	
2031	Industrial	$409.61	$0.01178	$0.01143	$5.85	