

AUSTIN UTILITIES



AU
AUSTIN
UTILITIES



2022 ANNUAL REPORT

SUSTAINABILITY FOR ALL.
A BETTER FUTURE FOR YOU.



A message from ...

Mark Nibaur

General Manager

Sustainability is about balance, fulfilling the needs of current generations without compromising the needs of future generations. In 2022, Austin Utilities earned the Smart Energy Provider award given to utilities who show a commitment to and proficiency in energy efficiency, distributed generation, renewable energy, and environmental initiatives. In our industry, sustainability is often looked at as green energy, but this annual report highlights the ways we contribute to sustainability and carbon reduction in other ways, including our energy mix.

As a municipal utility we believe it is important to meet the needs of our customers. In fact, we survey customers on a regular basis to ask them what is important. We have learned that interest in carbon reduction is growing. The new Minnesota Carbon-Free Standard, signed by the governor in February 2023, requires electric utilities to be 100% carbon-free by 2040. As we plan for the future, this will be a part of our decision making. I hope you appreciate reading how your utility works to balance sustainability at Austin Utilities now and in the future.



**SMART
ENERGY
PROVIDER**

American Public Power Association

In 2022, Austin Utilities earned the Smart Energy Provider award given to utilities who show a commitment to and proficiency in energy efficiency, distributed generation, renewable energy, and environmental initiatives.

LEADERSHIP

Our leadership team has the right mix of skills and knowledge to move our organization forward. They will be challenged to meet standards for carbon reduction in a quickly changing utility environment. Austin Utilities is governed by a five-member board of elected commissioners who represent our community. As community members, they care about the sustainability of Austin. They gather monthly in meetings that are open to the public. They are the voice of the community for making utility decisions, and are kept informed by our leadership team.



Austin Utilities Leadership Team

- Alex Bumgardner – Utility Operations Director
- Mark Nibaur – General Manager
- Dan Ulland – Employee Relations Director
- Tom Tylutki – Electric Distribution Director

Austin Utilities

2022 Board of Commissioners



Kristin Johnson
Term: 4/20/20–12/31/24



Jeanne Sheehan
Term: 9/2/03–12/31/26



Tom Baudler
Term: 10/12/99–12/31/24



Steve Greenman
Term: 8/20/18–12/31/26



Jay Lutz
Term: 1/1/21–12/31/24

SUSTAINABLE ENERGY

You may not realize you already use renewable energy when you turn on the lights at home. That's because it's included in the mix of energy we deliver.

▶ **In 2022, 33.8% of energy generated was from renewable resources** mostly comprised of wind power but also includes some solar power.

We know this is important to our customers because we asked them.

In 2022 we surveyed our customers on the importance of renewable energy, and this is what they said . . .

On a scale of 0 to 10, where 10 is highly important, respondents gave renewable energy a:

▶ **7.3 rating**

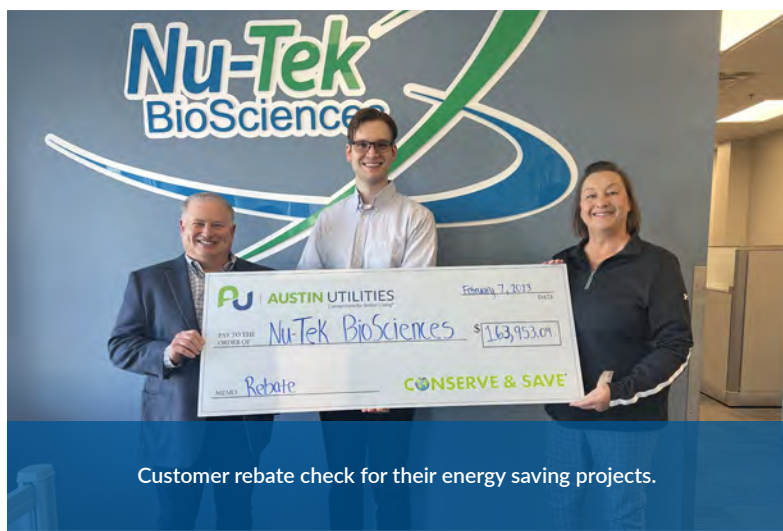
When asked if they were willing to pay more for utilities that were generated by renewable energy, respondents said, on average, they'd pay

▶ **4.1% more**





Kelly Lady, Marketing & Energy Services Manager, educates customers about energy efficiency at Austin Utilities 2022 Open House.






Customer rebate check for their energy saving projects.




ENERGY EFFICIENCY

Most organizations don't encourage their customers to use less of their product, but we do. We provide Conserve & Save® rebates to customers who purchase energy saving equipment. Energy efficiency is one of the easiest and most cost-effective ways to combat climate change and reduce energy costs for consumers. Energy costs are on the rise and we want customers to use it wisely. That's good for their pocketbook, good for the environment, and good for building a sustainable future.

Customer Savings:

-  **1,322,000 Kwh** of electricity
-  **233,180 Ccf** of Natural Gas
-  **385,952 Gallons** of Water

Carbon Reduction Benefits Equivalent to:

-  The carbon sequestered by 6,767 acres of forests.
-  720 homes' energy use for one year.
-  1,232 gasoline power passenger vehicles driven for one year.

In 2022, we processed 1,383 Conserve & Save® rebates saving customers energy and money. These programs have benefited customers and the environment.



In 2022, 416 fourth grade students learned about energy conservation and took home kits of energy saving devices to install at their home.

DRIVING THE FUTURE



When it comes to carbon emissions, transportation accounts for about 27 percent of total U.S. greenhouse gas emissions, making it the largest contributor of U.S. GHG emissions. That is why the future of driving electric vehicles is so important in a sustainable future. Austin Utilities is leading the community along the way with electric vehicle charging stations located throughout the community. One of our community charge stations is **offset by a 1.3 kW solar array onsite** making it an even more sustainable solution. We provide education on electric vehicles and even have a club for local electric vehicle owners who help us promote EVs throughout the year.

▶ In 2022 our Electric Vehicle Owners Club had 11 members who helped us promote the benefits of owning an electric vehicle at a few events including the Fourth Avenue Festival, the Cedar River Farmers Market and to grade nine students at AHS.

▶ In 2022, our electric vehicle charging stations were used 161 times, which is a 26% increase from 2021.



BIRDS & BUTTERFLIES

Sustainability is associated with projects that support the environment in positive ways. In the NW corner of our property is a butterfly garden planted by our staff to support the decline in the Monarch Butterfly caused in part by a decline in habitat suitable for feeding and breeding. We thank the Shooting Sport and Wildlife Mower County 4-H group for the great work they do maintaining our Butterfly Garden.

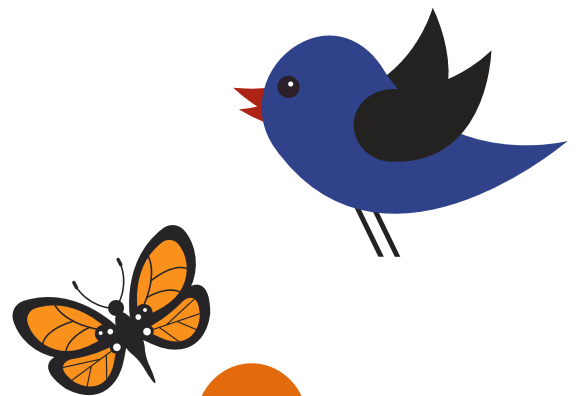


In 2022 our garden size was doubled by planting additional local plant species and teaching 4-H kids the importance of this project.

Purple martins are another example of a species in decline. This non-aggressive bird has grown so used to birdhouses, they no longer know how to search for nests out in nature. With the assistance of local Isaac Walton members and AU staff we have been able to install several Purple Martin houses and monitor the occupants.

In 2022, these Purple Martins laid approximately 77 eggs, 64 hatched, and 60 fledged (flew).

In 2022 we installed a Purple Martin Webcam so people can view bird activity online.



OUR EMPLOYEES...

*Serving Customers Today and Every Day;
Connections You Can Trust!*

Administration – **Mark Nibaur** (General Manager)
Sarah Douty

Accounting/Finance/Storeroom – **Ann Christianson** (Manager)
Pete Klingfus, Joan Maxfield, Jamie Millam, Dana Steichen

Customer Service – **Melissa Swenson** (Supervisor)
Dar Duholm, Michelle Orozco, Audra Smalley, Ashley Stadheim,
Dave Thompson, Wendy Whalen, Kara Wollschlager

Information Systems – **Butch Goergen** (Manager)
James Burke, Jonas Morehouse

Marketing and Energy Services – **Kelly Lady** (Manager), Taylor Arndt

Employee Relations – **Dan Ulland** (Director)

Electric Distribution – **Tom Tylutki** (Director)

Electric Department – **Bill Bumgarner** (Supervisor)
Pat Andera, Pat Donovan, Gilbert Ferguson, Jr., Mark Gerstner, Trevor Herfindahl, Jeff Martinson,
Kurt Regenscheid, Colin Roberts, Doug Rysavy, Dillon Sprague, Steve Tiegs, Tyler Underdahl, Garitt Wytaske

Utility Operations – **Alex Bumgardner** (Director)
Jenny Loucks

Engineering Services – **Keven Maxa** (Supervisor)
Derek Berndt, Brandon Schaefer, Curtis Webb, Craig Weis

Gas & Water Construction – **Jeff Majerus** (Supervisor)
Matt Ball, Rob Cabeen, Garrett Gilster, Willie Granholm, Brian Gunderson, Wayne Guyette, Adam Heimer,
Brandon Hemry, Carson Hjelman, Matias Martin, John Maxfield, Wade Nelson, Justin Peterson, Hunter Yocom

Gas & Water Services – **Rob Gleason** (Supervisor)
Joe Bartholomew, Samantha Bekaert, Ryan Bell, Jason Cummings, Jessie Dumais, Marty Johnson,
Dave Maloney, John Troupe, Scott Wangen

Utility Operations – **Jess Dunlap** (Supervisor)
Steve Bissett, Mike Johnson, Jay Kohnke, Corey Kreutzbender, Duane McGonigle, Brad Sistek,
Kevin Spinler, Dave White



In 2022, Austin Utilities earned the Best Places to Work-SE MN award for the fifth year in a row.

BUILDING A TEAM to Serve a Community

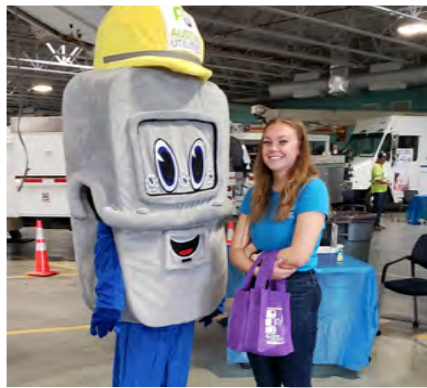


The utility world is changing for reasons ranging from technology to carbon reduction issues. Austin Utilities is dedicated to moving forward with training and education needed to prepare our staff to meet these changes.

Austin Utilities and our staff are committed to Austin. This is where we live and raise our families. The choices we make that allow Austin Utilities to be a great place to work and the choices our staff make to serve our community help keep Austin sustainable into the future.



▶ In 2022 Austin Utilities launched an Employee Volunteer Program to give our staff more time and opportunities to serve our community.



2022 FINANCIAL HIGHLIGHTS

The following graph depicts the percent of revenue spent for each major category of expense. Sixty-five percent of revenues are spent on purchased power costs and natural gas purchases. Operating expenses are the next highest expense at 29%. Depreciation and Contributions in Lieu of Taxes make up 6.5% with an Operating Loss of 0.5%.



- **65%** Purchased Power & Natural Gas Purchases
- **29%** Operating Expenses
- **2.5%** Contributions in Lieu of Taxes
- **4.0%** Depreciation
- **0.5%** Operating Loss

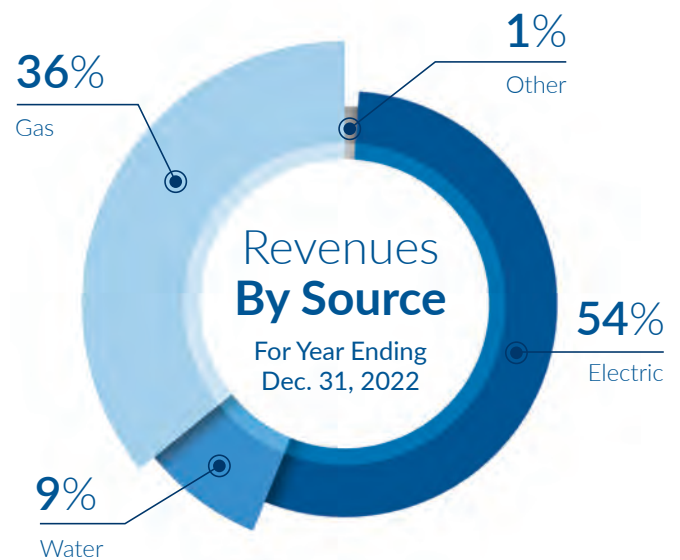
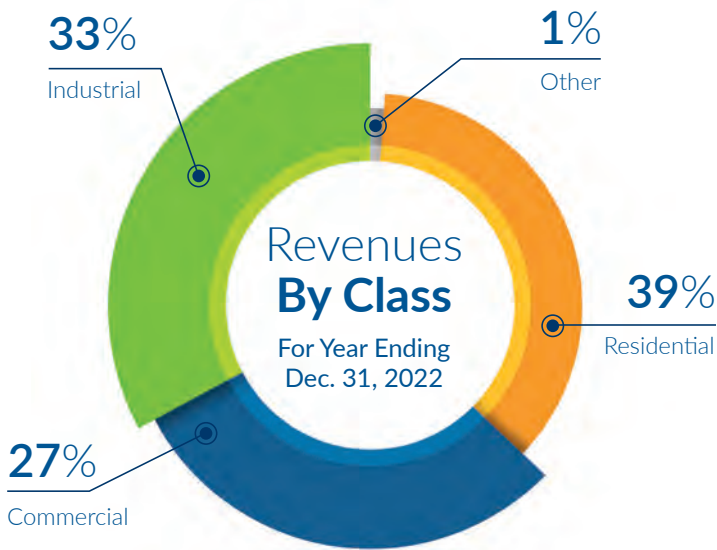
In 2022, the world was still being impacted from the aftereffects of the COVID-19 Pandemic. Some resources were still difficult to get, resulting in AU keeping higher inventory levels. High cost of commodity and materials were among the other reasons Austin Utilities did not meet operating targets in 2022.

Operating costs were higher than previous years, and total assets increased with our improved infrastructure. As we look ahead to 2023, we will continue to diligently manage our costs in order to mitigate rate impacts to our customers.

	2022	2021
Total Assets	\$ 112.8 Million	\$ 112.3 Million
Equity	\$ 58.9 Million	\$ 61.3 Million
Revenue	\$ 65.0 Million	\$ 64.1 Million
Operating & Fixed (Expenses)	(\$ 65.4) Million	(\$ 63.4) Million
Other Income (Expenses)	(\$ 2.0) Million	(\$ 0.4) Million
Margins	(\$ 2.4) Million	\$ 0.3 Million

Audited financial statements are available on our website at www.austinutilities.com.

2022 REVENUES BY CLASS AND SOURCE



Changing Rates

Despite the economic situation, Austin Utilities' strong financial position allowed us to hold rates steady for electric and natural gas in 2022, with only a small two percent increase applied to water rates.



Sustainability for a better future...

In February 2023, Governor Walz signed legislation establishing SF4, a Minnesota carbon-free electricity standard. The bill will impact electric utilities by requiring utilities to provide 55% renewable energy by 2035 and be 100% carbon free in 2040.

Austin Utilities continues to take steps to minimize our impact on the environment. We understand the decisions we make today can help shape our energy future for generations to come.



AU **AUSTIN UTILITIES**
Connections for Better Living®

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