Utilities are often natural monopolies because of the large investment that is required to produce, maintain and deliver electricity, natural gas, and water to our communities. This report is being provided to educate customers on our rates. Rates are reviewed and set annually based on the income needed to cover the cost to serve.

Mark Nibaur
General Manager

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.
Total costs are broken down and assigned to Cost Categories:

- Production Costs
- Transmission Costs
- Distribution Costs
- Administration Costs

Cost categories are broken down further & assigned to Rate Classes:

- Residential
- Commercial
- Industrial
- Other Groups**

Cost of Service Study example:

- **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

* A public utility is an organization that maintains the infrastructure and provides the service for public good instead of profit.
** Other Groups includes street and security lighting, hydrant meters, etc.
2023 City of Austin Service Rates

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

Sewer rates are increasing to pay for the $100M Wastewater Treatment Plant expansion. It is being funded by residential and industrial user fees, loans, and state grants.

Every sewer customer is charged a hydrant fee, regardless of their proximity to a fire hydrant.

Every sewer customer is charged a storm water fee, regardless of whether you live on an urban roadway with curbs, or a rural roadway with ditches.

Funds collected go toward citywide improvements, such as storm sewer, culverts, waterways, dams, and flood control.

Any questions about these charges should be directed to the City of Austin by calling (507) 437-9940.
Annual Cost Comparison to other local communities
based on rates from Jan–Dec 2022

Compared to utility costs in other surrounding communities, Austin Utilities rates are average. As your local public not-for-profit utility, we strive to keep rates competitive. For more information about our rates check out our full 2023 Residential Rate Report available online.

Safe. Reliable. Responsible.

Residential Electric Cost Comparison

Annual Household Average = $1,084

Residential Gas Cost Comparison

Annual Household Average = $903

Residential Water Cost Comparison

Annual Household Average = $394

Austin Utilities has earned the System Operational Achievement Recognition (SOAR) Bronze Level. We take great pride in our ability to deliver natural gas safely and efficiently. Attaining the APGA SOAR shows board members, community leaders, service providers and customers the utility’s commitment to operational excellence. SOAR honors natural gas distribution utilities that demonstrate commitment to excellence in four areas: System integrity, System improvement, Employee safety, and Workforce development.

Austin Utilities received the Smart Energy Provider which is a best practices designation for utilities that show commitment to and proficiency in energy efficiency, distributed generation, renewable energy, and environmental initiatives. The program recognizes utility efforts to incorporate energy efficiencies and sustainability while providing affordable electric service.