The Rising Cost of Energy, A Message from General Manager, Mark Nibaur

It is always difficult to announce rate increases. It is especially difficult when we know many customers are still struggling to manage higher costs due to inflation. The wholesale costs for the commodities we purchase for our customers, electricity and natural gas, are very volatile. Over the past year, on days with extreme weather, we have seen gas market prices that typically averaged $3.67 per million BTU in 2021 as high as $8.94 in 2022. We have also seen electric wholesale prices that averaged $40 per megawatt hour in 2021 as high as $175.26. Wholesale energy costs account for as much as 70% of our budget. We are also seeing higher prices for equipment and materials we need to maintain our system.

The natural gas market price follows supply and demand and is also driving increases in electricity and water. The higher cost of natural gas in the global market has created an increase in liquefied natural gas exports. Increased demand is also coming from electric power generation moving away from coal to natural gas as a way to lower emissions because natural gas is cleaner. With almost 40 percent of power being generated by natural gas, electricity costs are rising as a result. Water is pumped using electricity so these higher costs are impacting the cost of water. Federal regulations and policies are stalling projects to bring more natural gas to the market and issues related to carbon reduction and global warming are driving some of the changes impacting costs.

More than ever we encourage customers to conserve to save on energy costs and ensure energy dollars are spent wisely. The Austin Utilities Conserve & Save® rebate program offers a full range of rebates on equipment designed to help customers reduce their energy bills. The House Call home energy audit is a low cost way to learn ways to save energy and money specific to your home. If you are struggling to pay your utility bill, we encourage you to call our customer service department. Our team can provide resources to our customers who anticipate having difficulties with winter heating bills.

We are your hometown utility and AU employees are customers as well. We will be working together to do everything we can to reduce the impact of these energy challenges for all of us.

NEED HELP WITH YOUR UTILITY BILLS?
APPLY FOR MINNESOTAS ENERGY ASSISTANCE PROGRAM

The Energy Assistance Program pays towards heat, electricity, and past due water costs. Energy Assistance is free for all eligible households.

XAV TAU KEV PAB RAU KOJ COV NQI HLUAV TAWS XOB?
THOV RAU MINNESOTA QHOV KEV PAB CUAM LUB ZOG
Qhov Kev Pab Cuam Hluav Taws Xob them rau ntawm cov cua sov, hluav taws xob thiab cov nqi dej yaw dhau los. Kev Pab Cuam Hluav Taws Xob pub dawb rau tag nrho tsev neeg yog tsim nyog.

¿NECESITA AYUDA CON SUS FACTURAS DE SERVICIOS PÚBLICOS?
SOLICITE EL PROGRAMA DE ASISTENCIA ENERGÉTICA DE MINNESOTA
El Programa de Asistencia Energética paga la calefacción, la electricidad y los gastos de agua vencidos. La asistencia energética es gratuita para todos los hogares que retiran los requisitos necesarios.

MA U BAAHAHNAH TAHAY IN LAGAA CAAWIYO BIILASHAADHA UTILITY?
GODSO BARNAA MIKA KAALMA TAMARTA EE MINNESOTA
Barnaamijka Kaalmada Tamarta wuxu bixiyya kharashada kuleyinta, korontada, iyo kharashka biyaha ee muddo dhaafay. Kaalmada Tamartu waa u bilaash dhammaan qoysaska u qalma.

Apply at mn.gov/energyassistance
The Austin Utilities Board of Commissioners approved the 2023 Austin Utilities budget and related rate adjustments at the December board meeting. The annual budget is used to set rates along with Cost of Service and Rate Studies performed every few years.

Costs of providing energy have gone up dramatically over the last few years. Reasons behind these increases include increased cost of material, increases in natural gas commodity, increases in pipeline transportation and issues related to the war on Ukraine.

**Electric Rates** – Electric rates will see a 7% increase across all rate classes. The average residential customer will see an increase of $5.05 per month, small to mid-sized business customers can expect to see monthly increases in the range of $9.69 to $172.80 depending on the size of their meter and usage. About 85% of Austin Utilities' current customers are residential. A 15.6% increase in energy costs from our wholesale electric provider, caused by the high cost of natural gas to produce power, is driving electric rate increases. The cost to purchase wholesale power is 75% of the electric operating budget. AU continues to work with its electric provider to manage high market costs.

**Water Rates** – Water rates will increase by 9% for all customer classes. The average residential water customer will see a bill increase of $3.06 per month. Small to mid-sized business customers can expect to see monthly water increases in the range of $6.61 to $47.32 depending on the size of their meter and usage. Higher costs to pump water and increased costs of materials are driving water rate increases.

**Gas Rates** – Austin Utilities will not make changes to the natural gas rate but will use a Purchased Gas Adjustment mechanism (PGA) to address gas increases on a month-by-month basis. We anticipate increases will range from 9-12%. The average residential natural gas customer will see a bill increase of $4.25-$14.38 per month. Small to mid-sized business customers can expect to see monthly increases in the range of $16 to $639.38 depending on the size of their meter and usage.

For questions on AU rate adjustments, please call our office at 433-8886.

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An anticipated increase of 35-45% for gas transportation along with commodity costs ranging 30-35% higher are driving increases. These increases are having a sizeable impact on energy costs across the country.
Sanitary Sewer Rates – A 15% rate increase will be implemented to all residential and commercial customers. This rate increase was adopted to cover costs associated with improvements to the collection system and planned major upgrades to the Wastewater Treatment Plant. The City will be initiating a $100 million Wastewater Treatment Plant expansion to accommodate community growth and meet MPCA water quality standards. This will result in a $7.00 monthly increase to the average residential customer.

Storm Sewer Rates – No changes will be made at this time, the rate will be maintained at $5.50 per month for residential and associated commercial rates. Storm water funds are used to upgrade the stormwater collection system, maintain ditches and ponds and improve water quality.

Hydrant Fee – No changes will be made at this time, the rate will be maintained at $1.00 per month.

**Employee Spotlight**

**Marty Johnson**

**Gas/Water Service Technician**

Marty Johnson joined Austin Utilities in May of 2011 as a Light Equipment Operator. He had previous experience as a construction superintendent for a general contractor. After a few years in the trenches he was promoted to Gas/Water Service Technician in May of 2017. In that position Marty gets to meet AU customers regularly. He says he enjoys meeting new people and loves when he can help a customer fix their equipment.

Marty’s oldest daughter, 25 year old Karlee, goes to school and works at the Edge Salon. His 21 year old daughter, Kayla, works at Epicor in St. Louis Park. Mitchel, age 17, is in high school and plays on the basketball team and works at Berg’s Nursery. Mitchel is also in the process of applying to lineman school in Idaho.

Marty, real name Martin, boasts he has lots of Bohemian in his blood and lists his hobbies as working, building things, snowmobiling, old cars, boating, and fishing. When he eventually retires he says he’ll be going somewhere HOT and taking advantage of whatever comes his way because he’s always looking forward and never behind.
United Way & AU

Austin Utilities employees have been long time supporters of the United Way of Mower County. This year was no exception. Through their yearly pledge drive and loose change challenge collection $8,548.92 was raised for local charities. All donations to the United Way of Mower County go towards their purpose of proactively moving our region forward to meet community goals while providing for individuals’ basic needs by connecting community members with community resources.

NOTICE

In compliance with the Code of Federal regulation #49, Part 192.16, Austin Utilities must notify each customer who owns buried natural gas piping after the meter.
1. Austin Utilities does not maintain the customer’s buried piping.
2. If the customer’s buried piping is not maintained, it may be subject to the potential hazards of corrosion and leakage.
3. Buried gas piping should be:
   (a) periodically inspected for leaks.
   (b) periodically inspected for corrosion if the piping is metallic.
   (c) repaired if any unsafe condition is discovered.
4. When excavating near buried gas piping, the piping should be located in advance, and the excavation done by hand.
5. Austin Utilities and plumbing and heating contractors, can assist in locating, inspecting, and repairing the customer’s buried piping.

Customers with buried natural gas piping should feel free to contact Austin Utilities at 433-8886. You can also find information at www.austinutilities.com.

Round Up a Little, Help Out a Lot!

IT’S EASY TO GIVE FROM THE HEART, BY SETTTING UP A HEATSHARE AUTOMATIC MONTHLY ROUND UP. YOUR DONATION STAYS RIGHT HERE IN OUR COMMUNITY TO HELP NEIGHBORS IN NEED.

HeatShare is a voluntary program administered by The Salvation Army. It helps those in need survive our long winters by providing funds for heating bills and heating-related repairs.

Austin Utilities will be Closed
Monday, Jan. 16th
Martin Luther King Jr. Day

To contact or find more information on AU’s elected Commissioners visit www.austinutilities.com/pages/board