AUSTIN UTILITIES Board Approves Rate Changes for 2023

AUSTIN, Minn. — 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 Study’s 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.

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. To minimize the impact of natural gas commodity price spikes to customers, Austin Utilities will use several tools:

- A Natural Gas Hedge program that locks in cost for 65-75% of our anticipated usage.
- Two pre-pay gas transactions that discount the cost of natural gas.
- A plan to increase winter hedge by up to 90% on a month-by-month basis to avoid volatility.
- A Propane Air Plant that can displace natural gas load and avoid purchasing high-priced gas.
- A commercial gas interruptible program in which customers switch to an alternate fuel.
- Peak Gas Alerts to warn customers when costs are high, and conservation should be practiced.

“Our team is constantly looking for ways to manage these costs, however the cost of the actual commodity we purchase to deliver to customers is very volatile. Increases in natural gas are impacting our rates as more energy is generated using natural gas as coal power plants are decommissioned.” says Mark Nibaur, General Manager.
 Portions of the bill related to sewer charges and storm water fees are controlled and administered by the City of Austin. Changes to these costs are not reported by Austin Utilities.

AU customer service representatives can provide resources to customers who anticipate having difficulties with winter heating bills. Austin Utilities continues to offer ways for customers to save on energy costs and ensure energy dollars are spent wisely. Their Conserve & Save® rebate program offers a full range of rebates on equipment designed to help customers reduce their energy bills. Customers may also be eligible for budget billing which allows for even payments each month. You can contact Austin Utilities at (507) 433-8886 for more information.

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Austin Utilities is a municipal utility serving approximately 12,300 electric customers, 10,300 natural gas customers, and 9,000 water customers. Their mission is to offer utility products and services in a safe, reliable and responsible manner in order to enhance the quality of life in our community. Austin Utilities’ Board of Commissioners are elected by the consumer-owners of Austin to represent their best interest. For more information about Austin Utilities visit www.austinutilities.com.