

# Understanding the Cost of Power

August 8, 2022



# Why are electric bills higher this summer?

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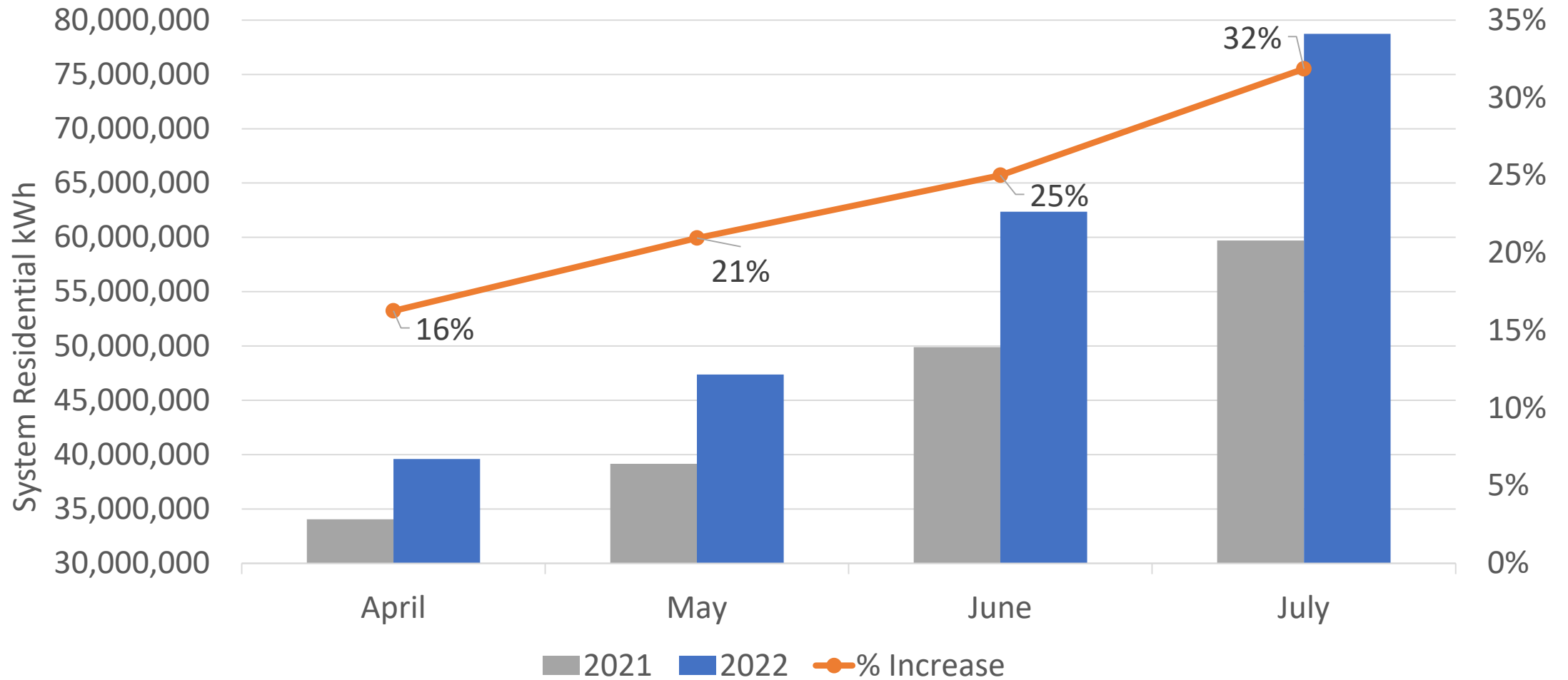
May, June and July - hottest on record

- **32% more electricity used in July**

Electricity prices have risen in ERCOT and across the nation

- ERCOT **prioritizing reliability over price**
- **Increased costs of natural gas** due to global supply and demand disruption

# NBU Residential Electric Usage 2021 vs 2022



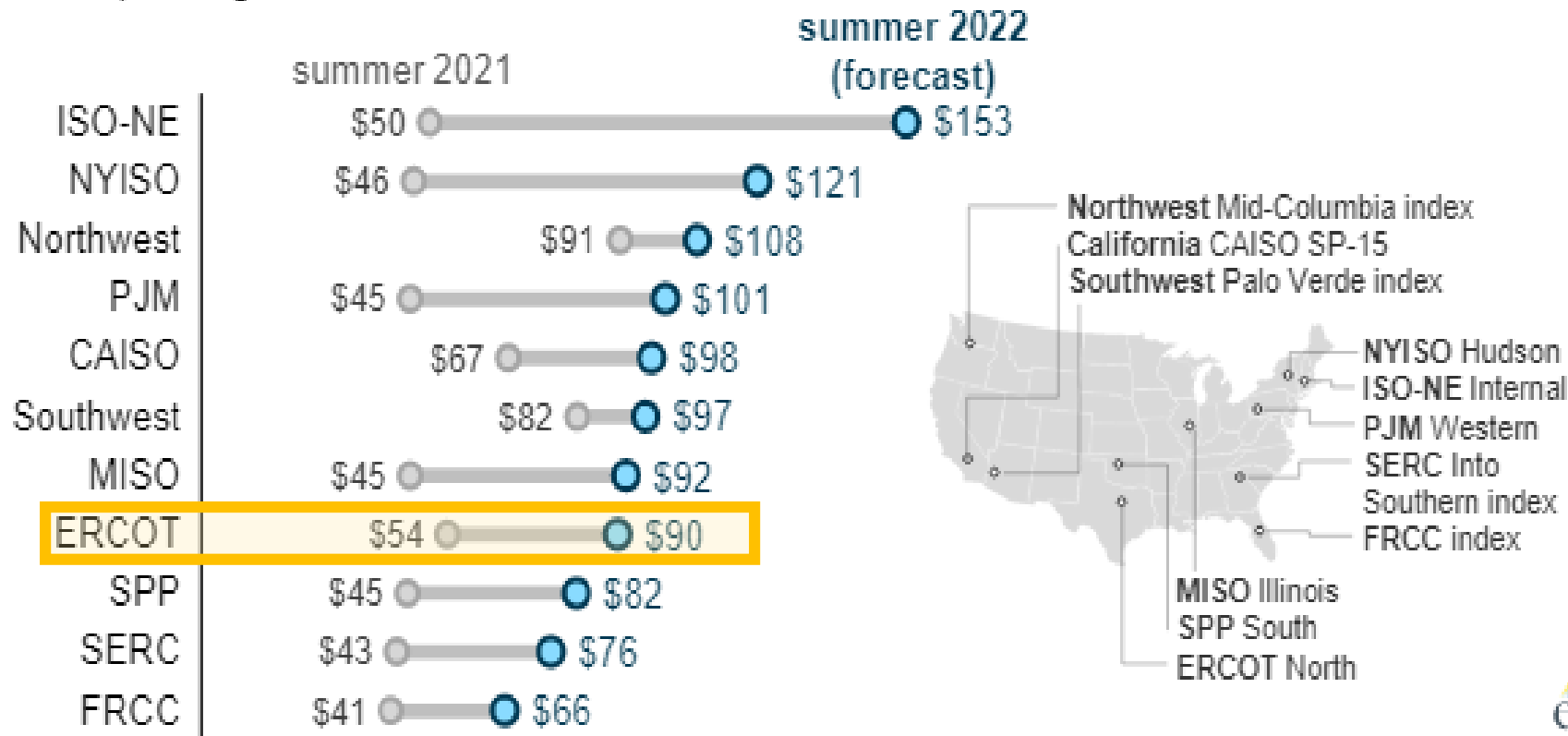
# State of Texas Response to Winter Storm Uri



The Public Utility Commission of Texas and ERCOT are prioritizing reliability over price.

# Electricity Prices Up Across the U.S.

Summer average wholesale electricity prices at selected price hubs (Jun–Aug, 2021–2022)  
dollars per megawatthour



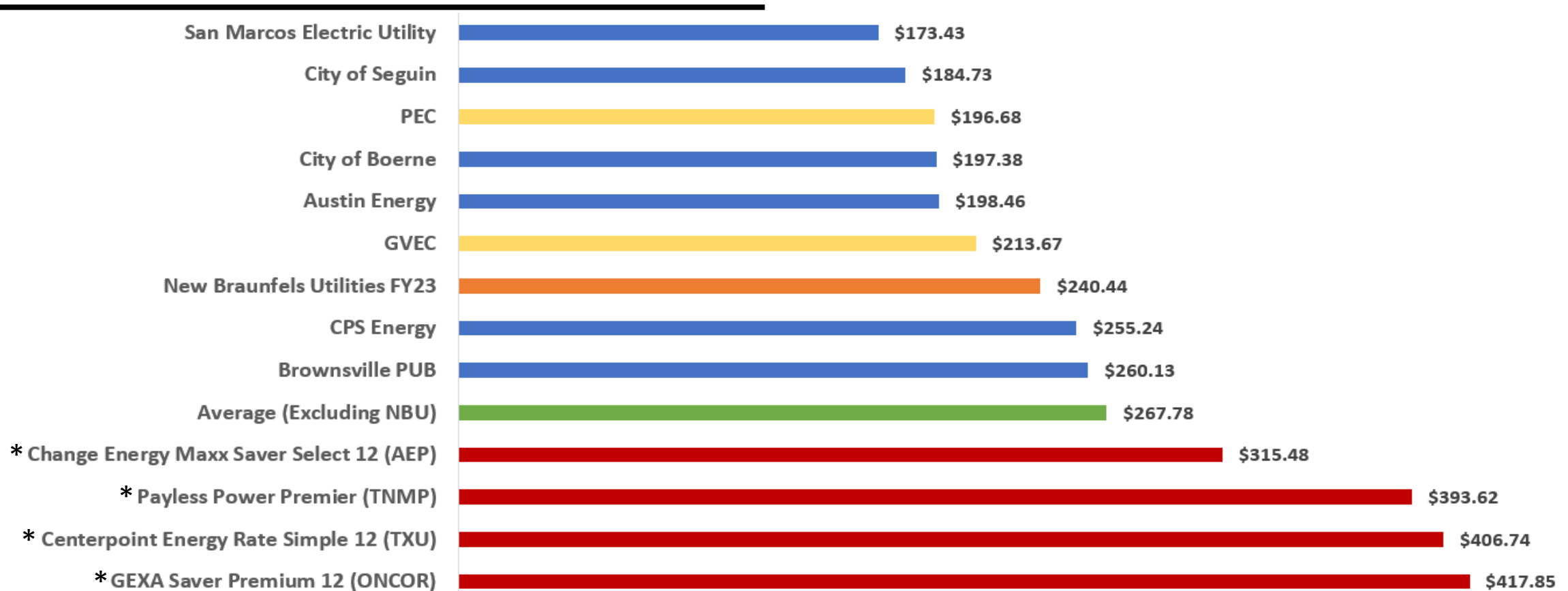
**Primary Driver:  
Cost of Fossil Fuel**

Data source: U.S. Energy Information Administration, [Short-Term Energy Outlook](#), June 16, 2022



# How does NBU's electric bill compare?

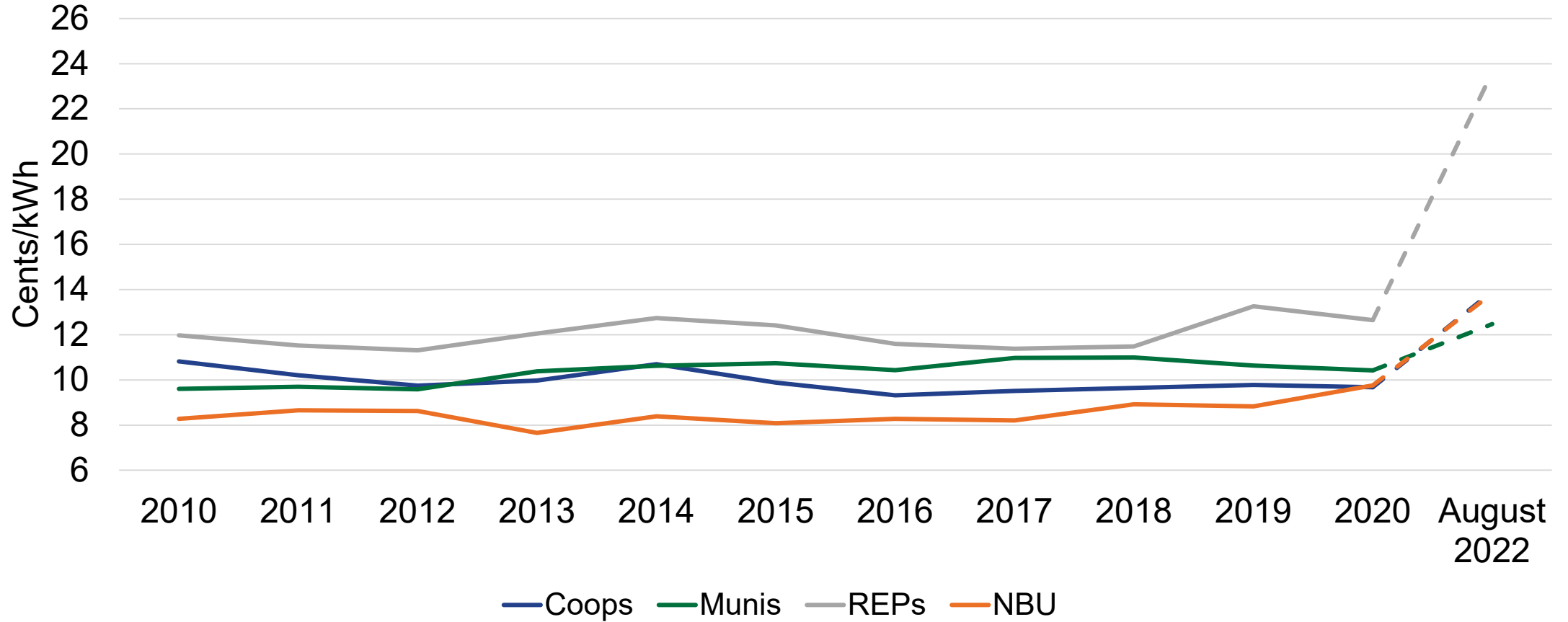
(Average Residential - 1,800 kWh, August 2022)



■ Retail Energy Provider (REP) \* ■ Average (Excluding NBU) ■ Muni ■ NBU ■ Coop

# NBU's Historical Price Comparison

Top Four in Texas - Annual Averages

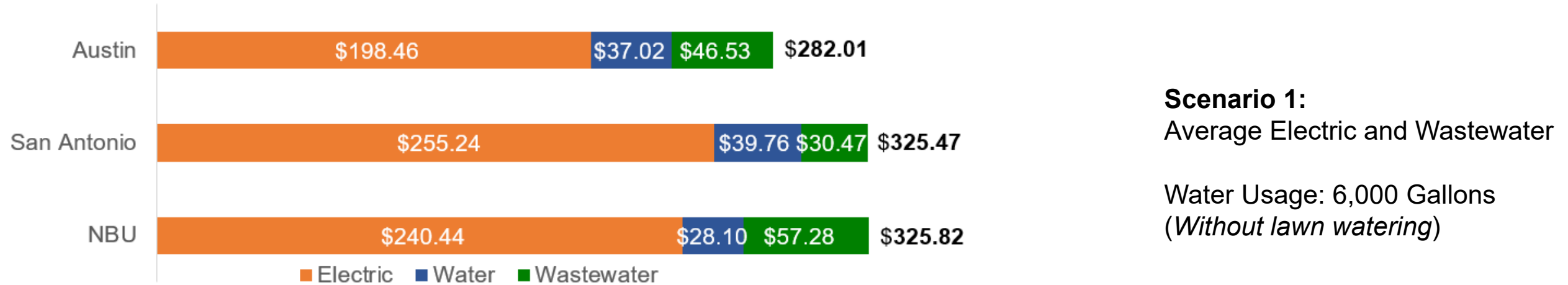


\* Costs include Availability and Delivery charges

\*Data from U.S. Energy Information Administration and respective utility websites

# Residential Bill Comparison - August 2022

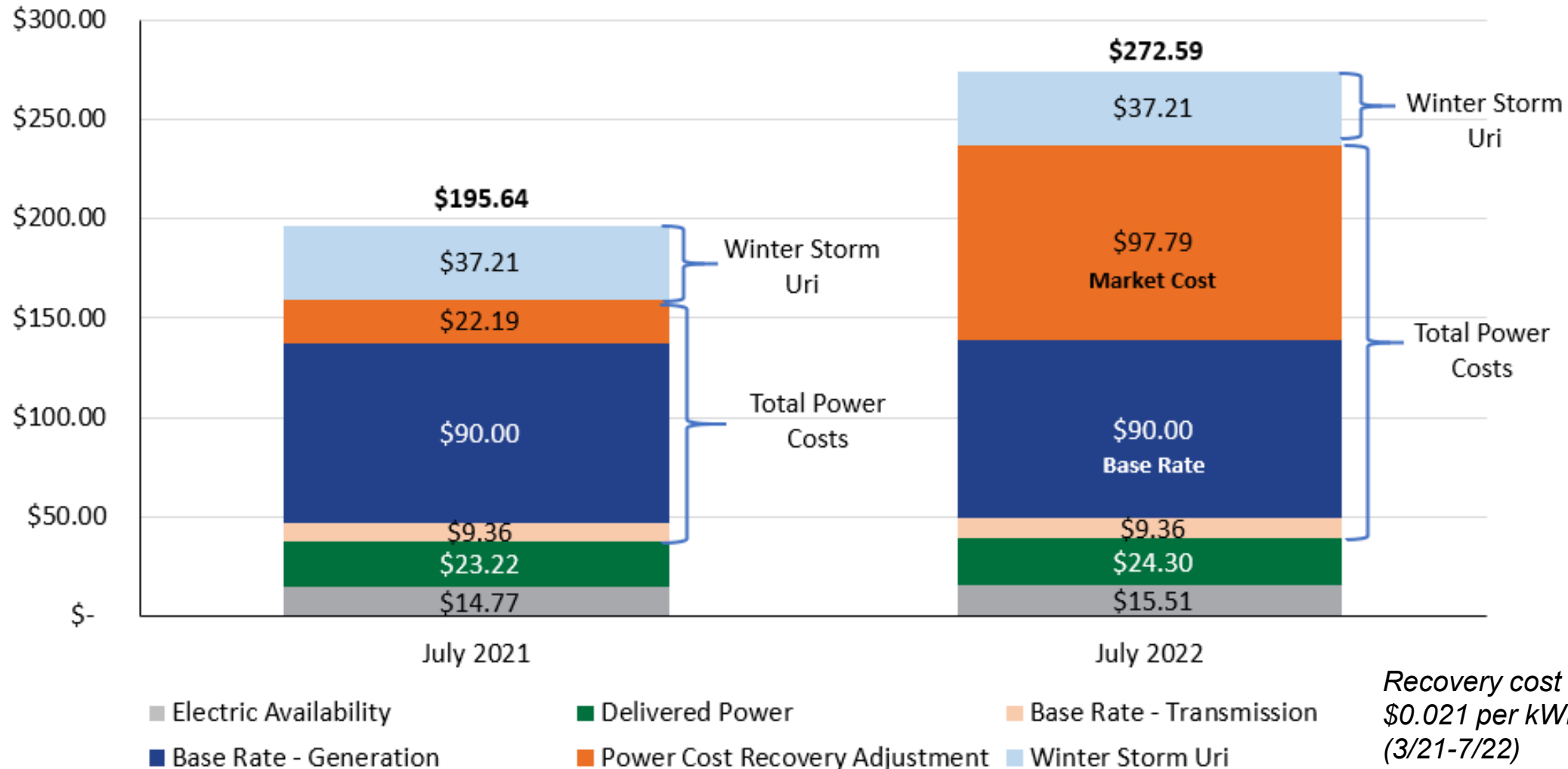
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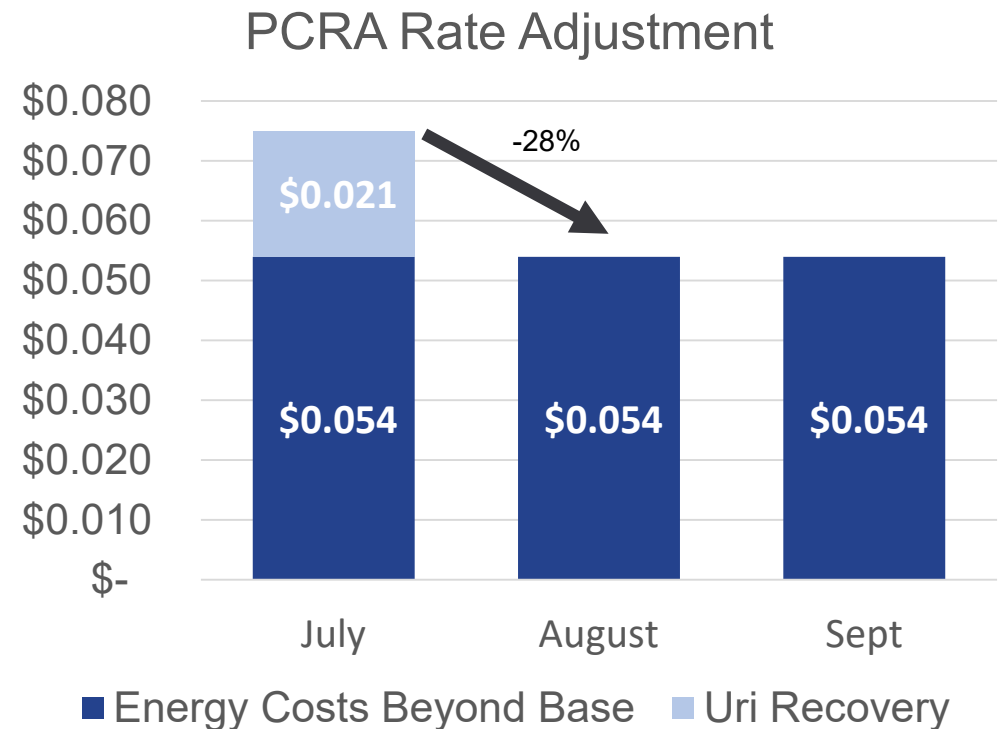
# How has PCRA changed – 2021 vs 2022?

(Average Residential - 1,800 kWh, July 2022)



# What is NBU doing to address high prices in ERCOT?

- For August and September 2022, the PCRA has been adjusted down \$0.021 cents. This portion of the PCRA is for the recovery of Winter Storm Uri.
- The recollection of costs for Winter Storm Uri is the only portion of the PCRA that can be reduced.  
All other costs are actual power costs.



# What are power costs as a percentage of operating costs?

FY 2022 Total Estimated Expenses (August 1, 2021 - July 31, 2022)

<b>NBU Operating Expenses</b>		
<b>Purchased Power Costs (Base Cost + PCRA)</b>	<b>\$ 120,637,000</b>	<b>62%</b>
Depreciation Expense	\$ 30,033,000	15%
Personnel	\$ 26,329,000	14%
Operating Expenses (Non-personnel)	\$ 10,945,000	6%
Purchased Water Costs	\$ 6,595,000	3%
<b>Total Operating Expenses</b>	<b>\$ 194,539,000</b>	<b>100%</b>

- Power cost is the largest item in NBU's operating expenses, annually
- NBU budgeted power cost for the same period at \$86.6M

# What is NBU doing to help our customers?

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We care about our customers and are working one-on-one to assist in any way we can

- **PCRA:** Lowered PCRA rate for August and September
- **Late fees:** Late Fees will be waived through September
- **Extension Plans:** NBU is offering flexible payment plans and extensions
- **Disconnections:** No disconnects for non-payment

**Help for those in need:** The New Braunfels Food Bank manages the NBU Utility Bill Assistance Program. It is a resource that may be able to assist customers who are experiencing hardship and financial need.

# Other Resources Available

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- **Automatic Alerts:** From the NBU website, customers can set automated alerts based on usage and dollar triggers.
- **Conservation:** Tips and videos are available to take control of energy usage.
- **Home Assessments:** Free home energy and water assessments are available, to include a detailed usage analysis and ways to save.
- **Rebates:** NBU offers energy-saving rebates such as \$40 towards an AC checkup or up to \$1,150 for an AC and heat pump installation.



# What is The Role of the Rate Advisory Committee (RAC) and Who Serves on it?

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- The role of the RAC is to review, discuss, and analyze rate design alternatives and provide comments to the NBU Board of Trustees and City Council.
- The RAC consists of:
  - Total of eighteen community members appointed by the NBU Board of Trustees
  - Eleven members, nominated by the NBU Board of Trustees
  - Seven members, nominated by each member of City Council
- RAC members represents a cross section of customer types
- RAC members serve on a voluntary basis.