



KERRVILLE PUBLIC UTILITY BOARD

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KPUB PRESENTS LONG-TERM PLAN TO COUNCIL TO MINIMIZE POTENTIAL RATE IMPACT & MAINTAIN COMPETITIVE RATES

March 5, 2021—At a special called meeting yesterday, the Kerrville Public Utility Board (KPUB) presented a plan to the Kerrville City Council that entailed options to minimize potential rate impacts to the utility’s customers after drastic natural gas price spikes during the events surrounding the ERCOT outages and Winter Storm Uri. A week prior to the storm, natural gas prices were hovering around \$3 per MMBtu—during the storm, prices for KPUB rose to \$400 per MMBtu.

“KPUB still has not received our power supply bills from this event, but like many others in the utility industry, we expect them to be an amount comparable to what we normally pay over the course of an entire year,” said Mike Wittler, KPUB General Manager & CEO. “I am very confident KPUB will have a plan in place to spread potential costs and protect our customers—we will do everything in our power to prevent financial hardships for our community and maintain competitive, low rates.”

Officials from KPUB stated that the utility expects to receive the significantly higher bills from its suppliers around March 10, providing them with the final financial impacts from these natural gas price surges. In anticipation of this, KPUB has been proactively planning and working diligently to assess and calculate these costs that could not have been foreseen, considering empirical research over the past twenty years shows the maximum charged per MMBtu under \$20. While KPUB’s exposure is significant due to the unprecedented price spikes by natural gas producers, the utility assures its customers they will not receive astronomical “surprise” bills for thousands of dollars that have been reported in other media outlets.

KPUB stands firm in its position and mission to provide reliable, low-cost power to its customers. The electric utility’s plan presented to the Council is to stretch the costs incurred from the natural gas pricing over a period of time to minimize impacts on customers’ bills.

KPUB offers some of the most competitive rates in Texas and remains confident they will continue to maintain one of the strongest financial positions of any municipally-owned electric utility in the state. Its current rate is just 8.5 cents per kWh based on 1,000 kWh usage for our residential consumers—the current state average hovers between 10-12 cents per kWh. While the length of time is unknown at this point, the



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utility is confident that the financial impact from these events would result in a penny or less increase per kWh.

“It’s unacceptable for our customers to potentially bear the costs on their monthly bills—but as a not-for-profit utility company, we will have no choice but to stretch these costs and pass them down long-term to our customers if there is no outside relief,” said Wittler. “KPUB is working on many fronts to protect and fight for our customers and is actively pursuing every available legal regulatory, legislative and political remedy.”

For a typical residential KPUB customer, a household uses an average of 1,200 kWh per bill cycle. That means—with no outside relief—an everyday customer could eventually see a monthly increase of around \$12, resulting in a bill being \$112 that was previously \$100. This would vary for each customer individually based on their actual energy consumption per month.

No action was taken by the Council or the KPUB Board of Trustees at the meeting, and the utility’s rates remain frozen at their current rates. Any official rate increase will be transparent and communicated clearly in advance to KPUB’s customers.

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About KPUB

The Kerrville Public Utility Board (KPUB) was acquired by the City of Kerrville in 1987 and serves approximately 23,250 customers throughout its 146 square mile service area, including Kerrville, Center Point, Ingram, Hunt, and surrounding areas in Kerr County. KPUB is overseen by a five-member board of trustees who serve without compensation and who are responsible to the City of Kerrville for the management and control of the system. KPUB is a responsive and efficient locally-owned provider of reliable, high-quality utility service at the lowest responsible price.