

Information & Discussion on Rate Proposal

Jeffrey Stewart, Director

August 24, 2022

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125 YEARS



LAFAYETTE UTILITIES SYSTEM

Presentation Team



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EXCELLENCE
TOP 5%
TOP 500
DESIGN
FIRMS

DEPTH
50+
OFFICES
WORLDWIDE

COMMITMENT
100%
EMPLOYEE-
OWNED

STRENGTH
MORE THAN
7,000
PROFESSIONALS

Who We Are

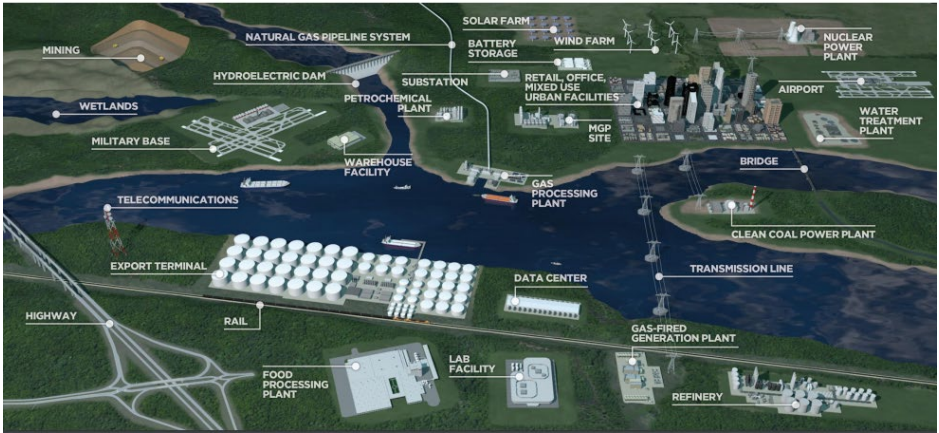
BURNS & MCDONNELL

Where We Are



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Key Industries and Markets We Serve



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Agenda

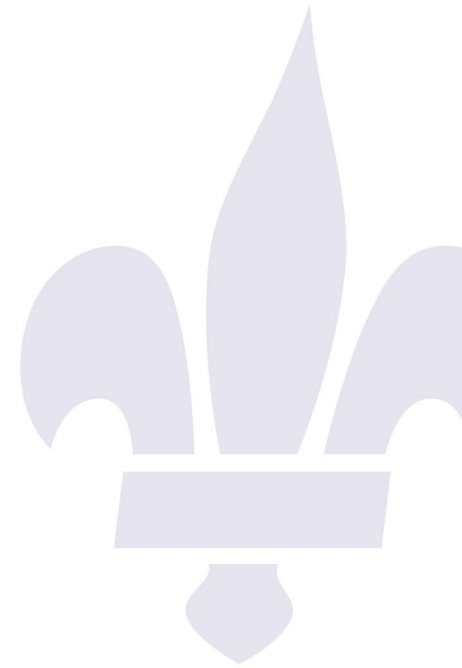
- Overview
- Process
- Financial Overview & Grants
- New Rate Class Proposals
- Rate Overview

“As a publicly owned utilities system, we provide high quality, competitively priced services that exceed our customers’ expectations and contribute to the Consolidated Government to support other community needs.”



Overview

- **Cost of Service/Rate Study began June 2021**
 - **Completed July 2022**
 - **Revised August 2022**
- **Data included audited financials, adopted budget, and projected revenue requirements for capital and operating needs**
- **Water Sector Program Funding requires a Cost of Service study to retain the funding**
- **State Bond Commission requires a Cost of Service study**
- **Component of RP³ designation**

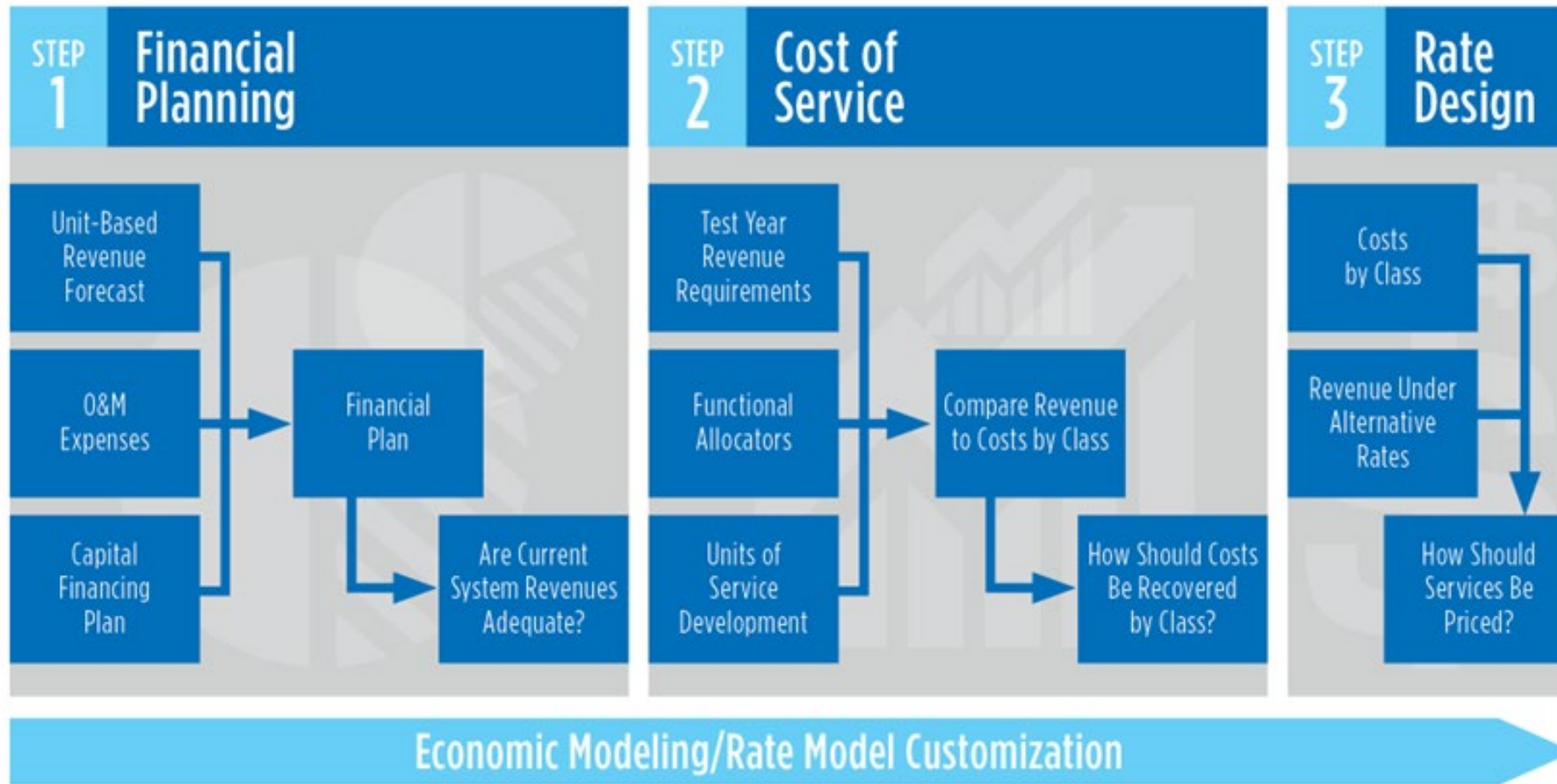




Process

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Cost of Service & Rate Proposal Process



Rate Design

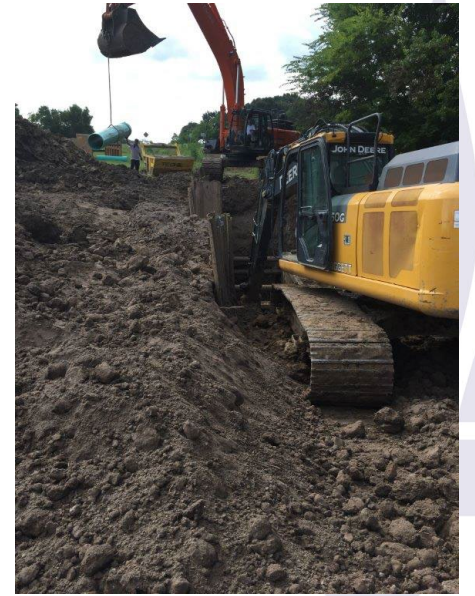
- Rate proposals are developed to meet cost of service evaluation to align costs and revenues
- All rate classes were reviewed
- Rate design changes and levels were reviewed with LUS staff
- Each utility's retail rate changes were analyzed for the impact to an average customer's bill
- Followed best utility practices

Proposed rate change effective on November 1, 2022

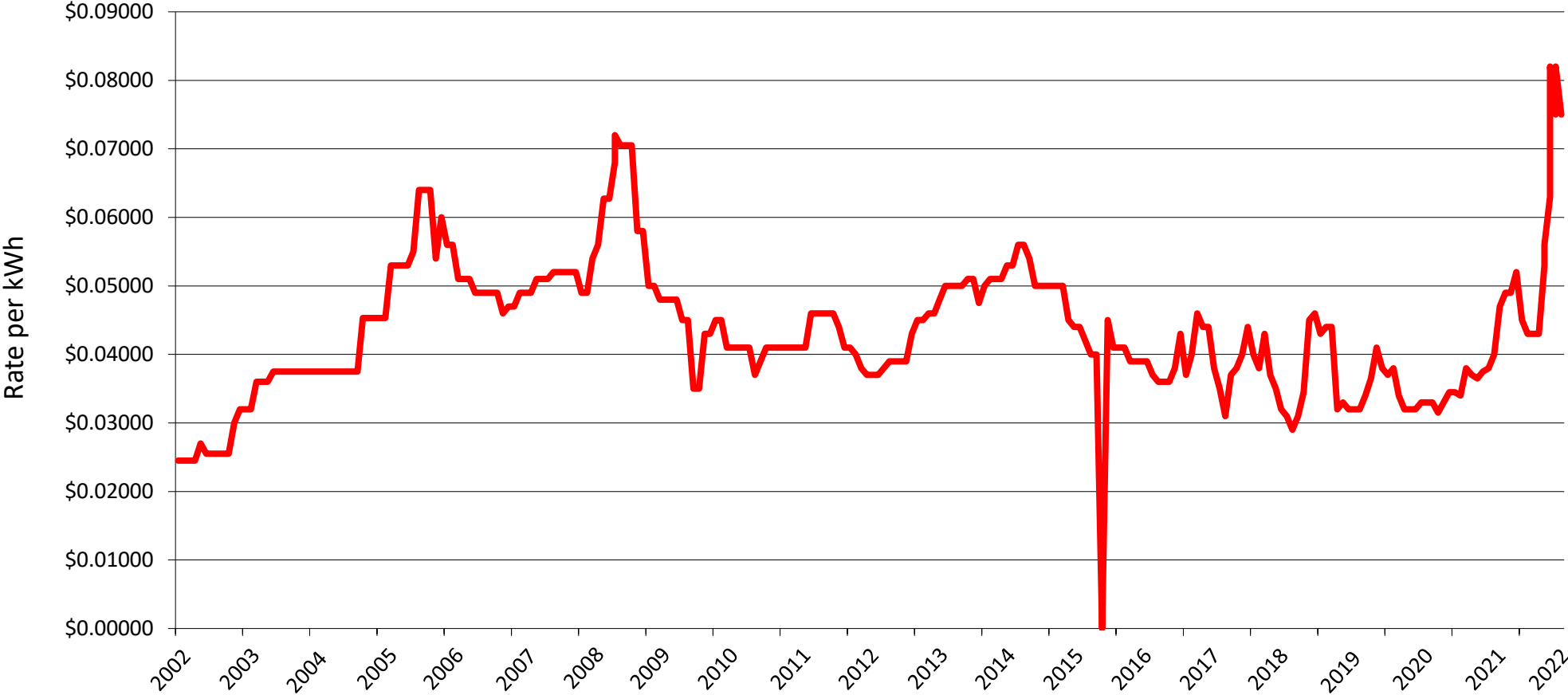


Current Challenges

- Scarcity of supplies, materials, and vendors
- Workforce shortages and increased labor costs
- Increased material costs and lead times
 - Example - transformer costs:
 - FY 2021 - \$1,370,569
 - Lead time 3-4 months
 - FY 2022 - \$2,210,500
 - Lead time 25 months
- Regulatory compliance
 - CMOM
 - Lead and Copper
 - NERC
- Investing in aging infrastructure
- Volatile fuel markets



LUS Fuel Adjustment Charge History



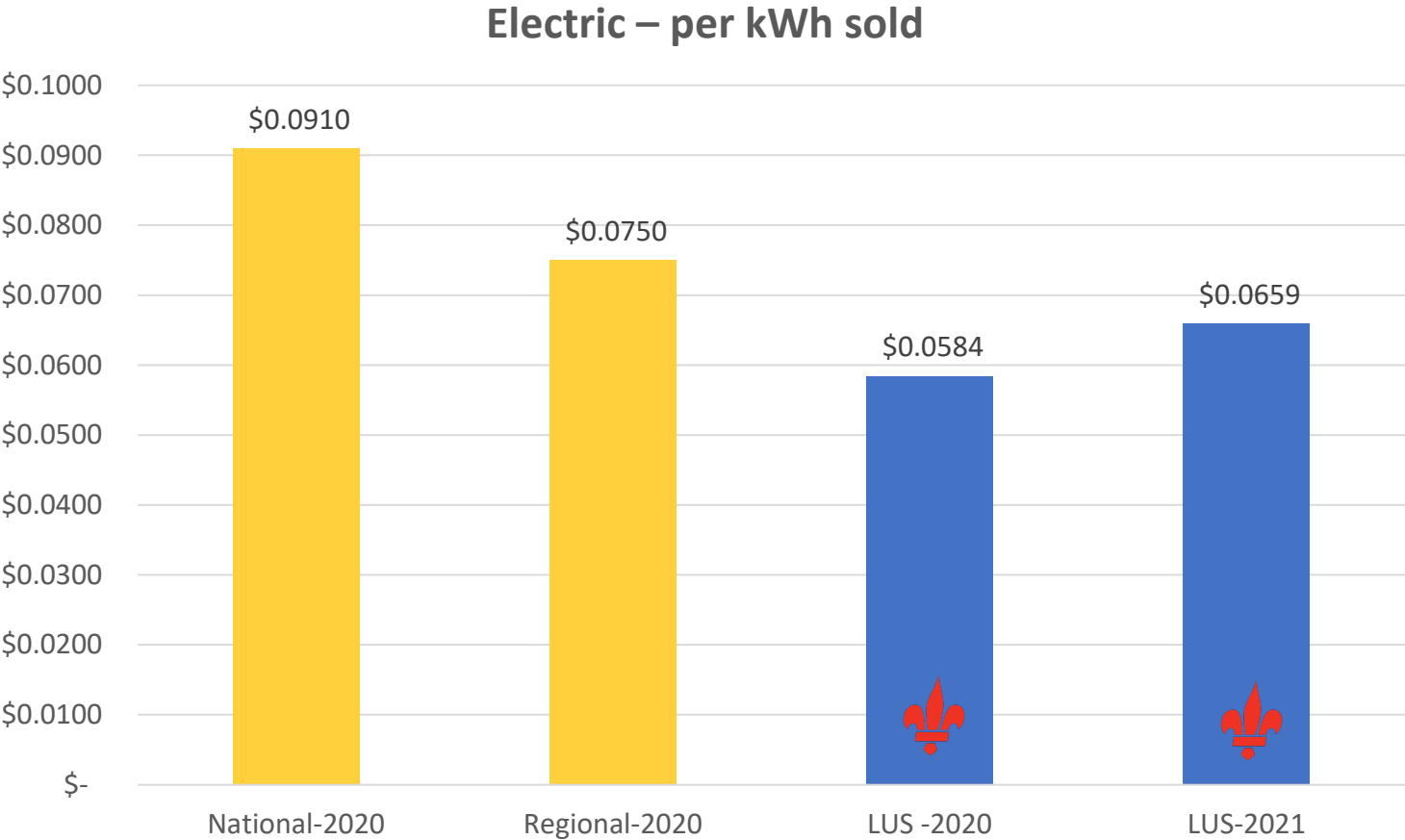
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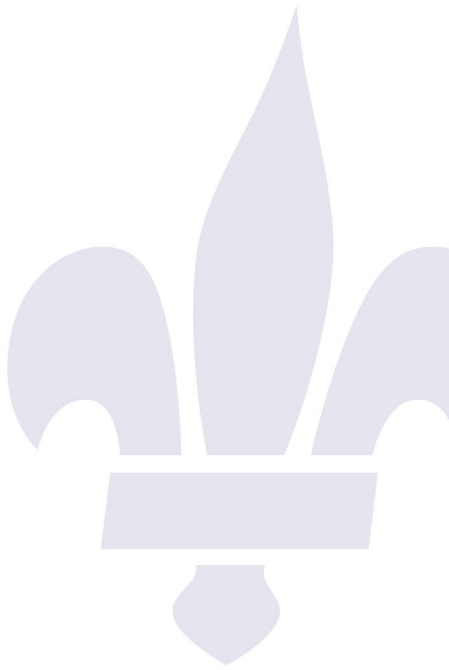
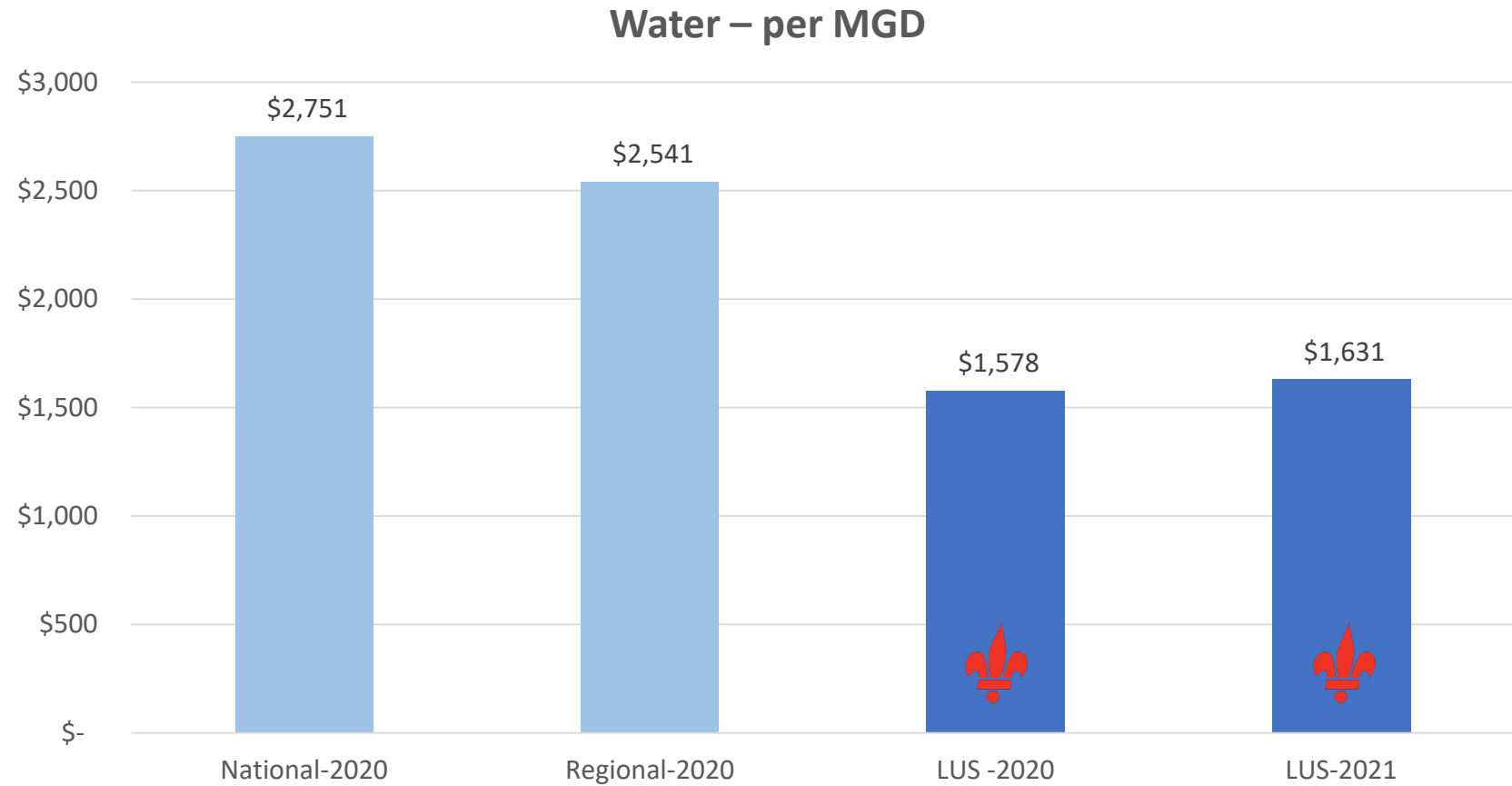


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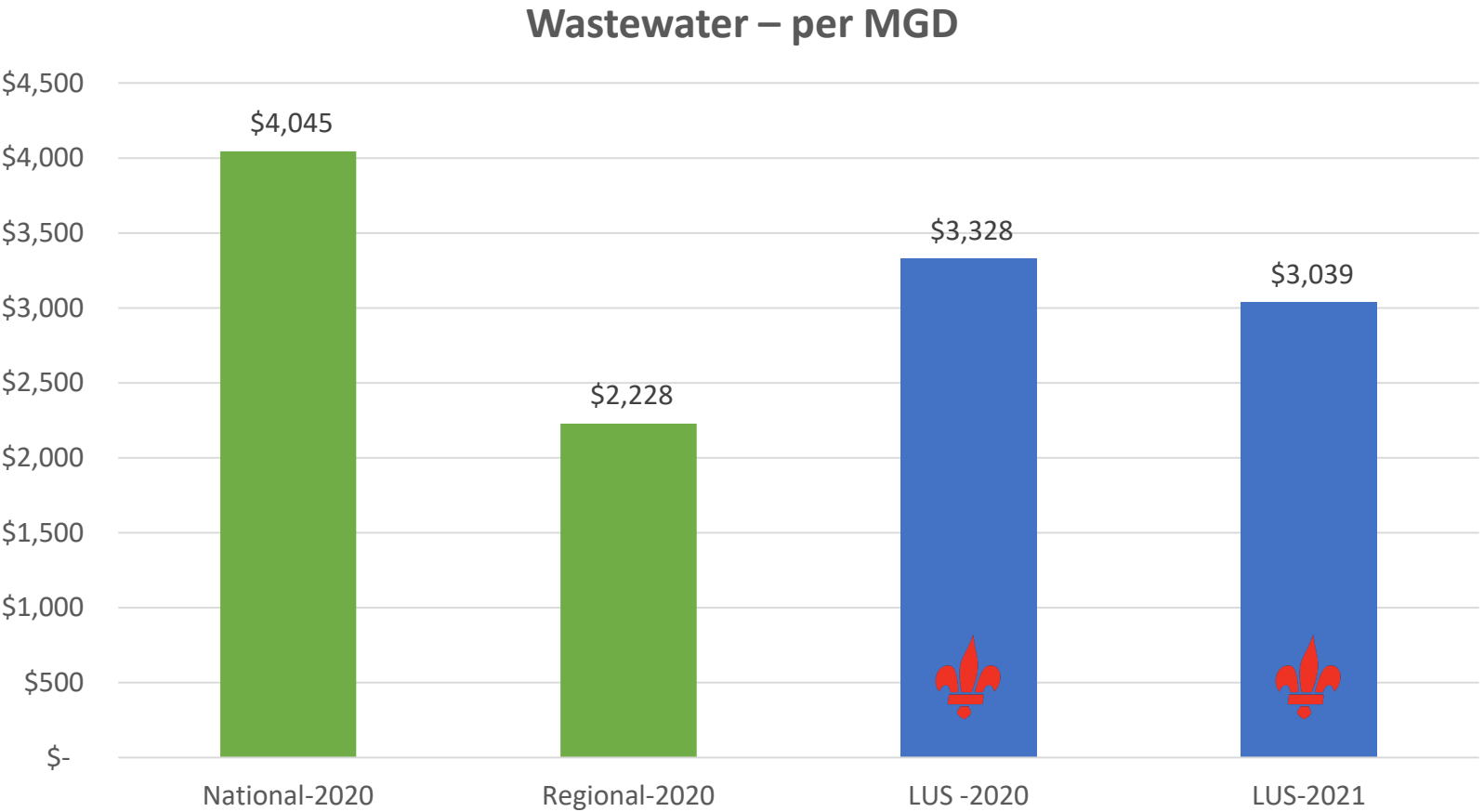
Benchmarked Operating Costs - Electric



Benchmarked Operating Costs - Water

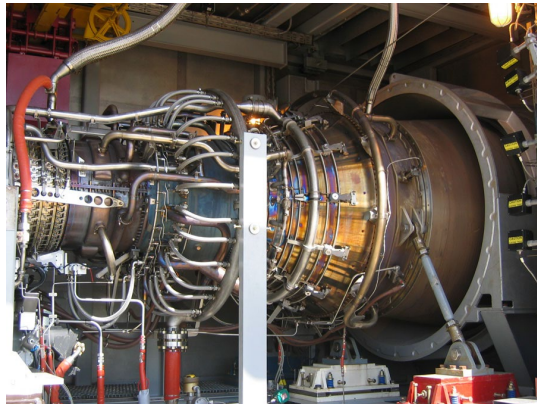
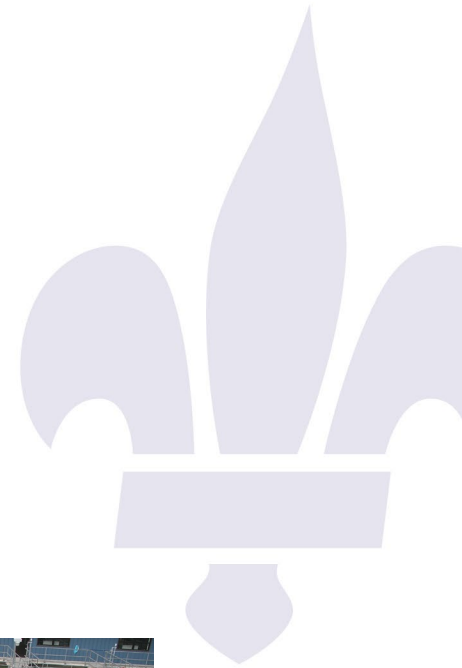


Benchmarked Operating Costs - Wastewater



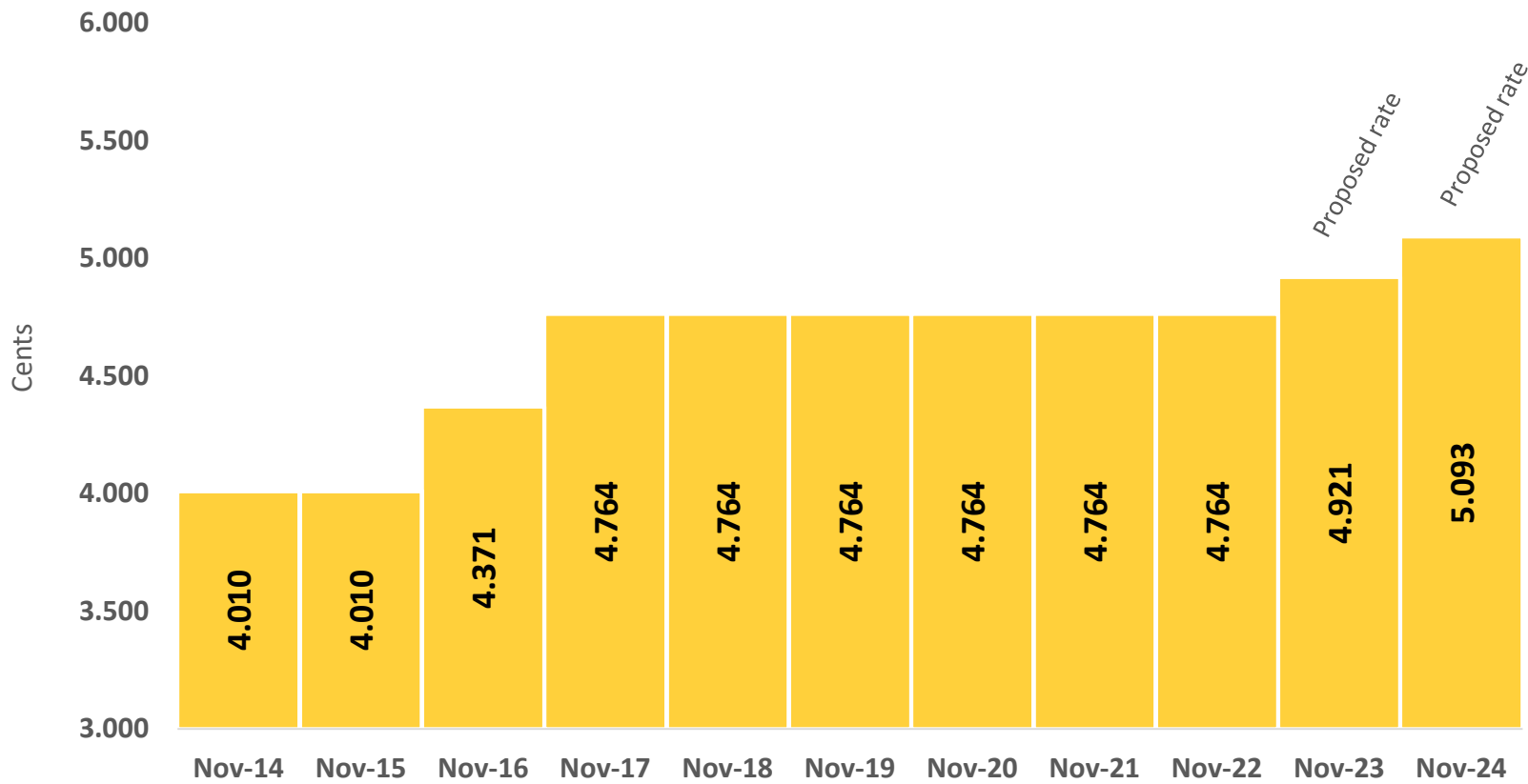
Proposed Base Rate Revenue Changes

- Electric: +3.0% per year in FY 24 & 25
- Water: +8.0% per year in FY 23, 24, & 25
- Wastewater: +9.5% per year in FY 23, 24, & 25



LUS Electric Base Rate History

Residential Base Rate - Cents per kWh

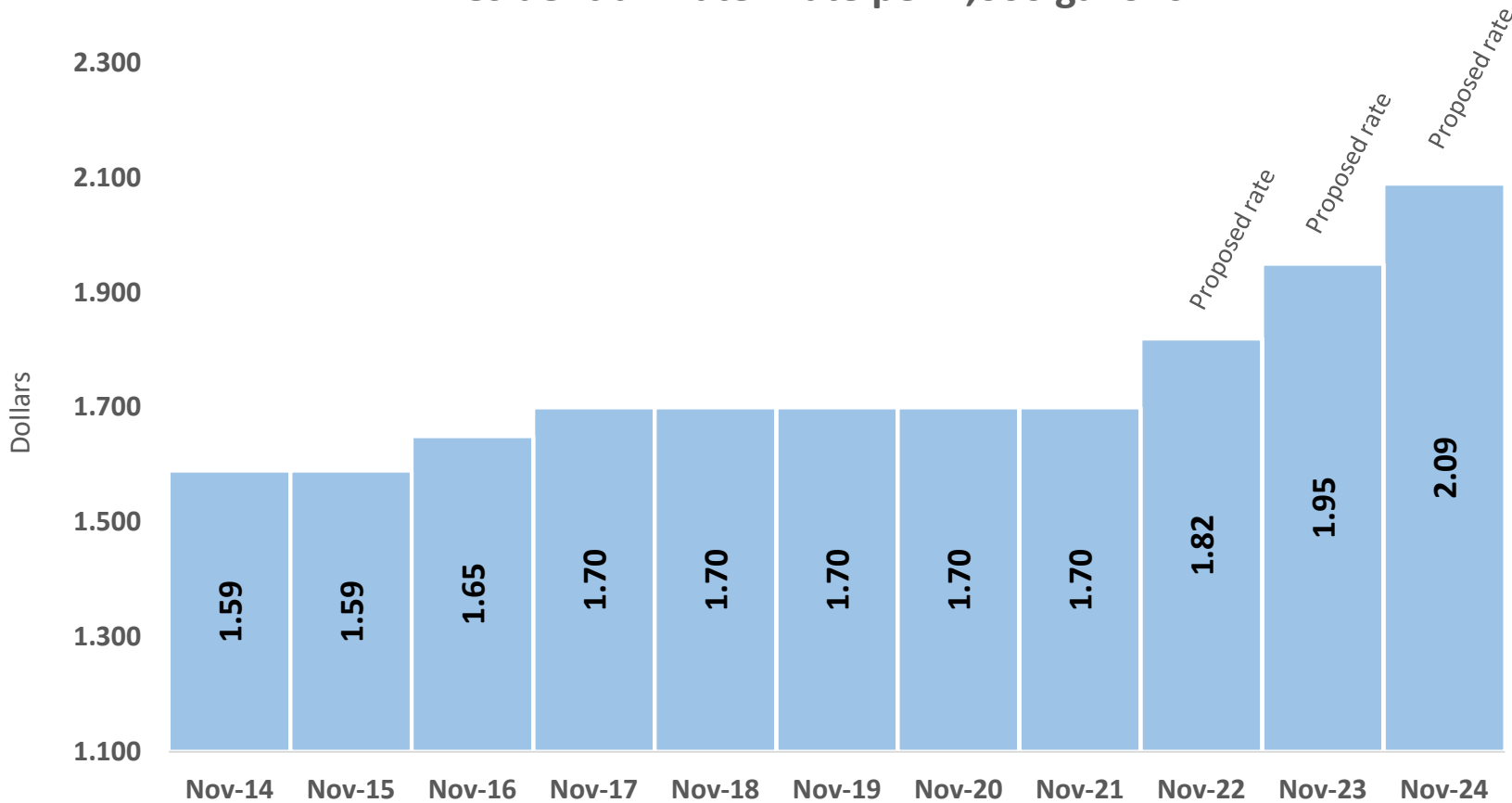


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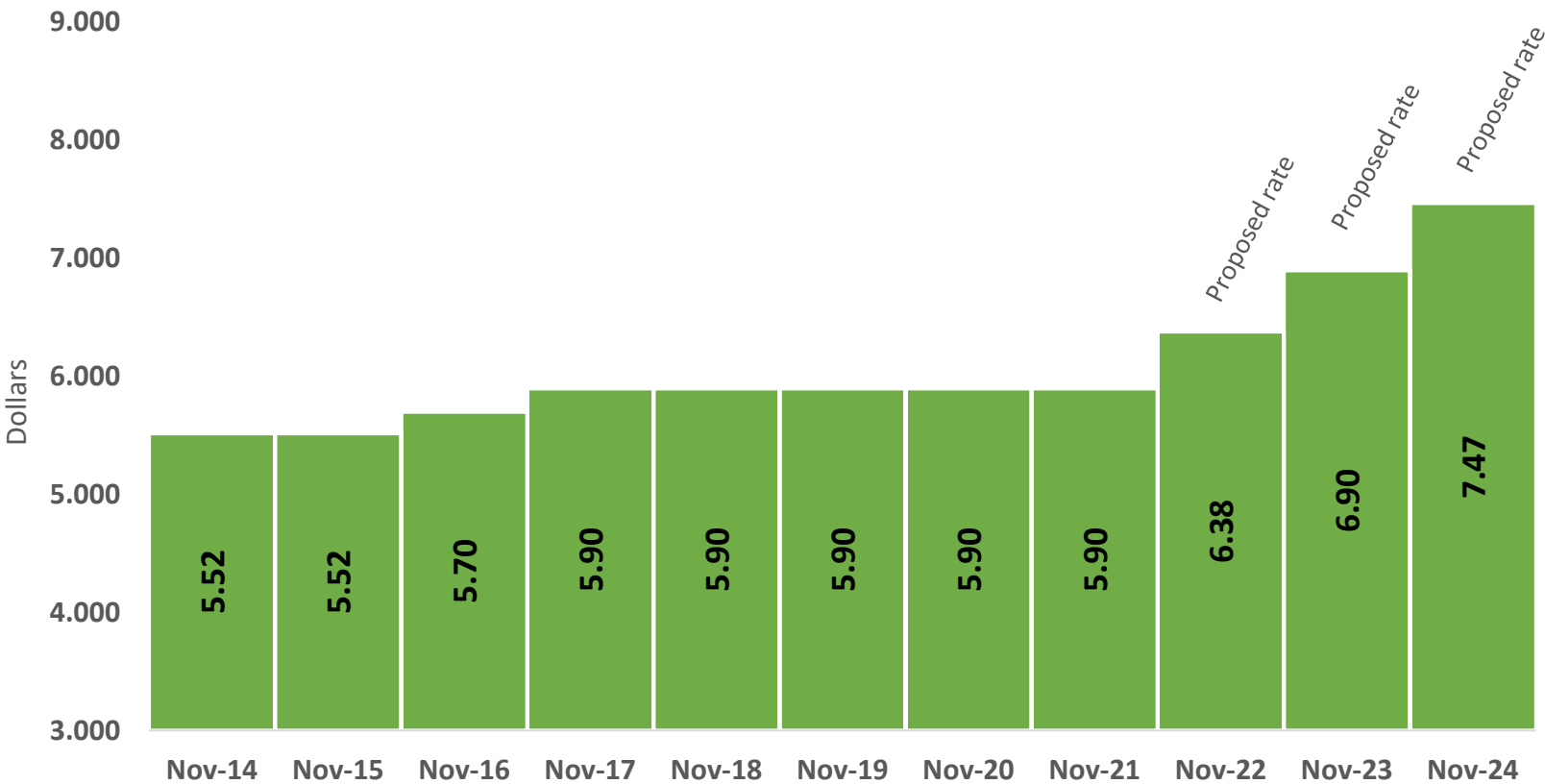
LUS Water Volumetric Rate History

Residential Water Rate per 1,000 gallons



LUS Wastewater Volumetric Rate History

Residential Wastewater Rate per 1,000 gallons



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Financial Overview & Grants

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Combined Cash Flow – without rate increase

	FY 22-23	FY 23-24	FY 24-25	FY 25-26
Total Operating Revenue	257,277,431	260,755,699	263,743,726	267,267,200
Total Operating Expenses	194,901,246	201,422,860	210,106,147	219,194,868
Balance Available for Debt Service	62,376,185	59,332,839	53,637,579	48,072,332
Total Debt Service: Cash Basis	23,650,100	23,632,550	23,624,300	24,114,250
Debt Service Coverage Ratio (before ILOT)	2.64	2.51	2.27	1.99
Total Other Income (Expenditures)	(34,687,595)	(32,664,827)	(32,651,784)	(32,638,223)
Balance Available for Retained Earnings & Capital	4,038,490	3,035,462	(2,638,505)	(8,680,141)
Capital Expenditures	32,880,000	20,775,000	23,125,000	31,875,000
Change in Cash	(28,841,510)	(17,739,538)	(25,763,505)	(40,555,141)



Combined Cash Flow – with rate increase

	FY 22-23	FY 23-24	FY 24-25	FY 25-26
Total Operating Revenue	262,051,216	273,788,419	284,772,383	288,011,876
Total Operating Expenses	194,901,246	201,422,860	210,106,147	219,194,868
Balance Available for Debt Service	67,149,970	72,365,559	74,666,236	68,817,008
Total Debt Service: Cash Basis	23,650,100	23,632,550	23,624,300	24,114,250
Debt Service Coverage Ratio (before ILOT)	2.84	3.06	3.16	2.85
Total Other Income (Expenditures)	(34,687,595)	(32,664,827)	(32,651,784)	(32,138,223)
Balance Available for Retained Earnings & Capital	8,812,275	16,068,182	18,390,152	12,564,535
Capital Expenditures	32,880,000	20,775,000	23,125,000	31,875,000
Change in Cash	(24,067,725)	(4,706,818)	(4,734,848)	(19,310,465)



Water Sector Program Grants

LUS was awarded approximately \$9.5 million from the Water Sector Program (WSP).

	WSP Grant	LUS	Project Total
Water	\$4,669,867	\$3,561,360	\$8,231,227
Ambassador Caffery Sewer Treatment Plant	\$1,841,063	\$1,407,529	\$3,248,592
East Sewer Treatment Plant	\$1,314,800	\$993,151	\$2,307,951
Northeast Sewer Treatment Plant	\$1,677,424	\$1,267,568	\$2,944,992
Total	\$9,503,154	\$7,229,608	\$16,732,762

Additional Grant Applications

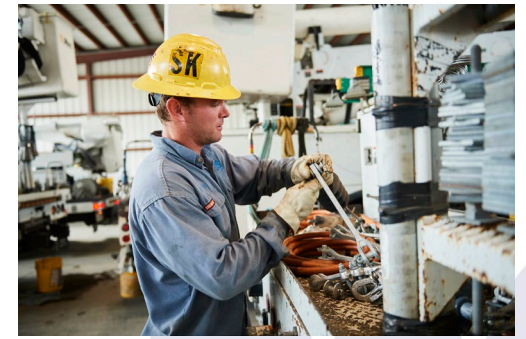
LUS has requested \$5 million in Federal funding for sewer expansion projects.

- Downtown Lift Station
- Downtown Force Main

LUS will be applying for additional grants during the second application session of the Water Sector Program.

Capital Budget – FY 2023 to 2027

Electric:	\$ 33,770,000
Water:	\$ 17,505,000
Sewer:	\$ 64,135,000
General:	\$ 10,945,000
Total:	\$126,355,000



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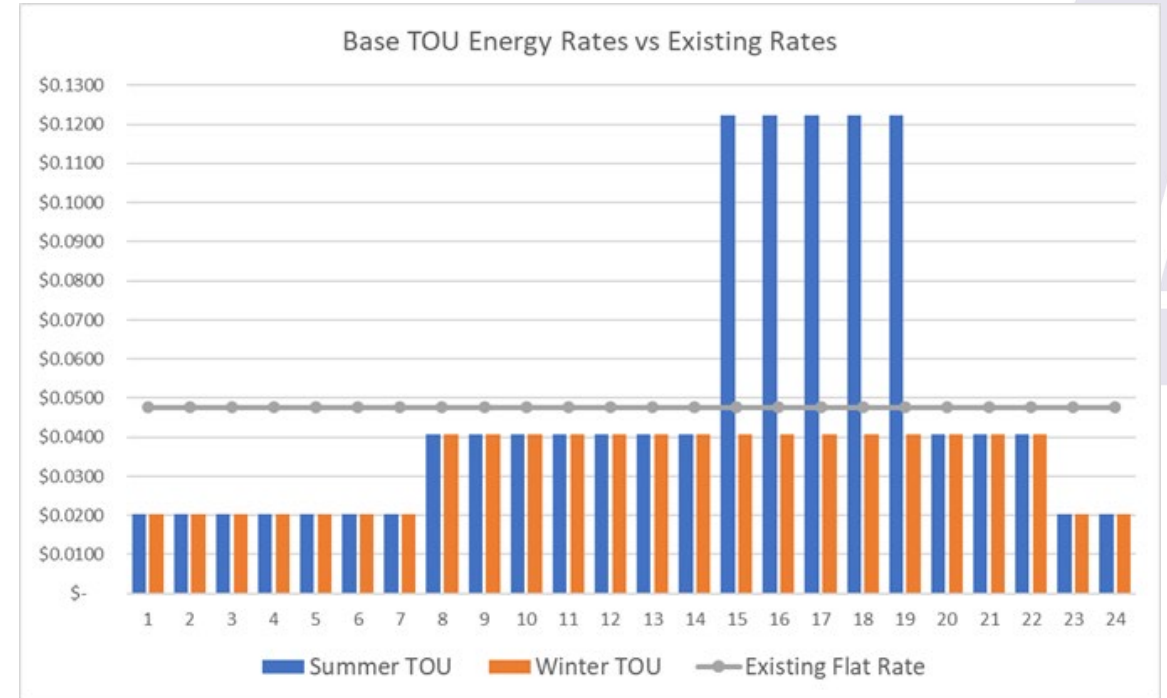
New Rate Class Proposals

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Time of Use Pilot – Effective FY 22-23

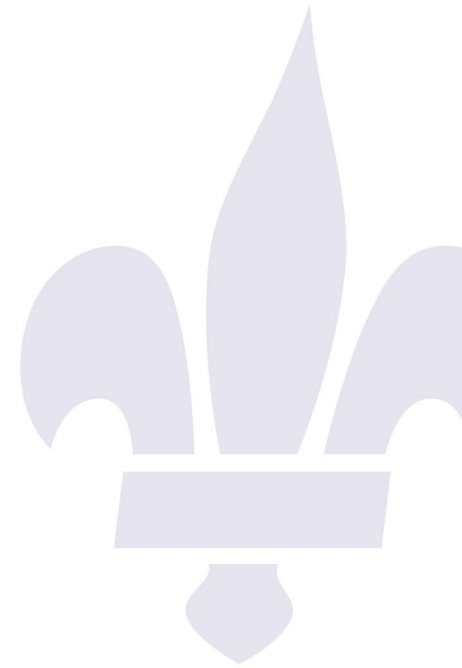
Rate structure of time-varying rates to incentivize customers to consume energy when demand is lower, and costs are lower, to balance energy demand throughout the day.

- Residential customers only – Optional
- Ability for customers to change their habits and potentially save money
- TOU rate for low-cost, off-peak EV charging
- Time of Use Periods
 - On-Peak hours: 8 a.m. – 10 p.m.
 - Super Peak hours: 2 p.m. – 7 p.m. (Summer only)
 - Off-Peak hours: 10 p.m. – 8 a.m.



Transmission Service Rate

Charge	FY 21-22	FY 22-23	FY 23-24
Customer Charge	-	\$ 50.00	\$ 50.00
Energy Charge	-	\$0.02055	\$0.02076
Demand Charge	-	\$ 2.00	\$ 2.02





Rate Overview

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Comparative Residential Rates

August 2022 Rates

	New Orleans	New Iberia	Baton Rouge	Shreveport	Lake Charles	LUS	Alexandria
Electricity ¹	\$125.41	\$154.81	\$141.10	\$112.37	\$141.10	\$130.64	\$140.49
Water ²	\$68.52	\$39.68	\$31.58	\$26.56	\$27.05	\$18.45	\$22.32
Wastewater ²	\$86.93	\$37.89	\$50.35	\$79.44	\$32.15	\$49.90	\$27.02
Total	\$280.86	\$232.38	\$223.02	\$218.37	\$200.30	\$198.99	\$189.83

1 1,000 kWh

2 7,000 gallons

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Proposed Comparative Residential Rates

Based on August 2022 Rates

	New Orleans	New Iberia	Baton Rouge	Shreveport	LUS FY 22-23	Lake Charles	Alexandria
Electricity ¹	\$125.41	\$154.81	\$141.10	\$112.37	\$130.64	\$141.10	\$140.49
Water ²	\$68.52	\$39.68	\$31.58	\$26.56	\$19.65	\$27.05	\$22.32
Wastewater ²	\$86.93	\$37.89	\$50.35	\$79.44	\$54.70	\$32.15	\$27.02
Total	\$280.86	\$232.38	\$223.02	\$218.37	\$204.99	\$200.30	\$189.83

1 1,000 kWh

2 7,000 gallons

Proposed Comparative Residential Rates

Based on August 2022 Rates

	New Orleans	New Iberia	Baton Rouge	Shreveport	LUS FY 23-24	Lake Charles	Alexandria
Electricity ¹	\$125.41	\$154.81	\$141.10	\$112.37	\$132.21	\$141.10	\$140.49
Water ²	\$68.52	\$39.68	\$31.58	\$26.56	\$20.95	\$27.05	\$22.32
Wastewater ²	\$86.93	\$37.89	\$50.35	\$79.44	\$59.90	\$32.15	\$27.02
Total	\$280.86	\$232.38	\$223.02	\$218.37	\$213.06	\$200.30	\$189.83

1 1,000 kWh

2 7,000 gallons

Proposed Comparative Residential Rates

Based on August 2022 Rates

	New Orleans	New Iberia	Baton Rouge	LUS FY 24-25	Shreveport	Lake Charles	Alexandria
Electricity ¹	\$125.41	\$154.81	\$141.10	\$133.93	\$112.37	\$141.10	\$140.49
Water ²	\$68.52	\$39.68	\$31.58	\$22.35	\$26.56	\$27.05	\$22.32
Wastewater ²	\$86.93	\$37.89	\$50.35	\$65.60	\$79.44	\$32.15	\$27.02
Total	\$280.86	\$232.38	\$223.02	\$221.88	\$218.37	\$200.30	\$189.83

1 1,000 kWh

2 7,000 gallons

Regional Residential Electric Base Rate Comparison

Utility	Average Rate (\$/kWh)*	LUS FY 23-24	LUS FY 24-25
Entergy	\$0.04092		
Alexandria	\$0.04420		
LUS	\$0.04764	\$0.04921	\$0.05093
Slemco	\$0.06005		
Cleco	\$0.06977		
Entergy New Orleans	\$0.07956		

Source: Rates as of August 2022

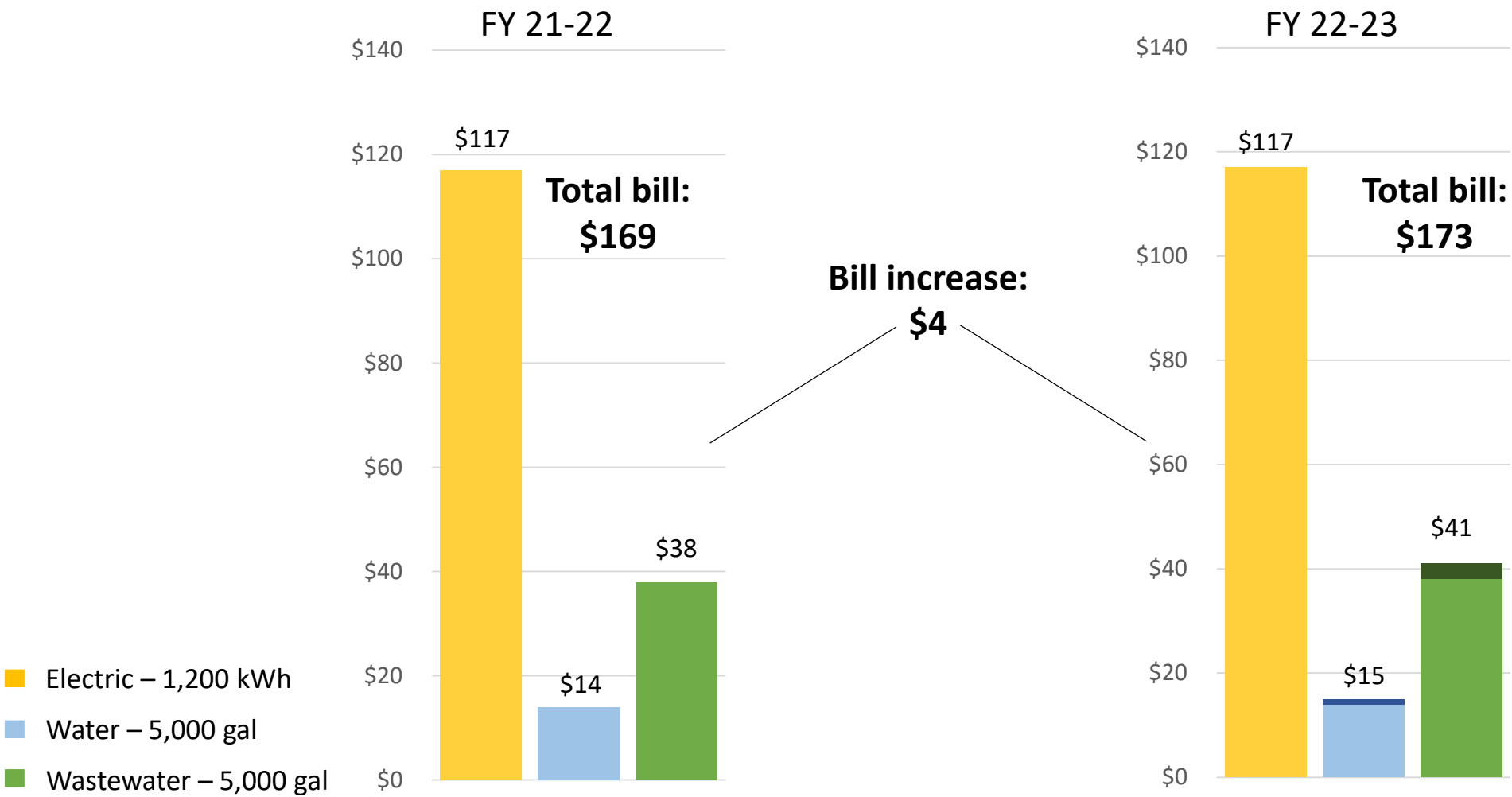
*Excluding Fuel Adjustment Charge



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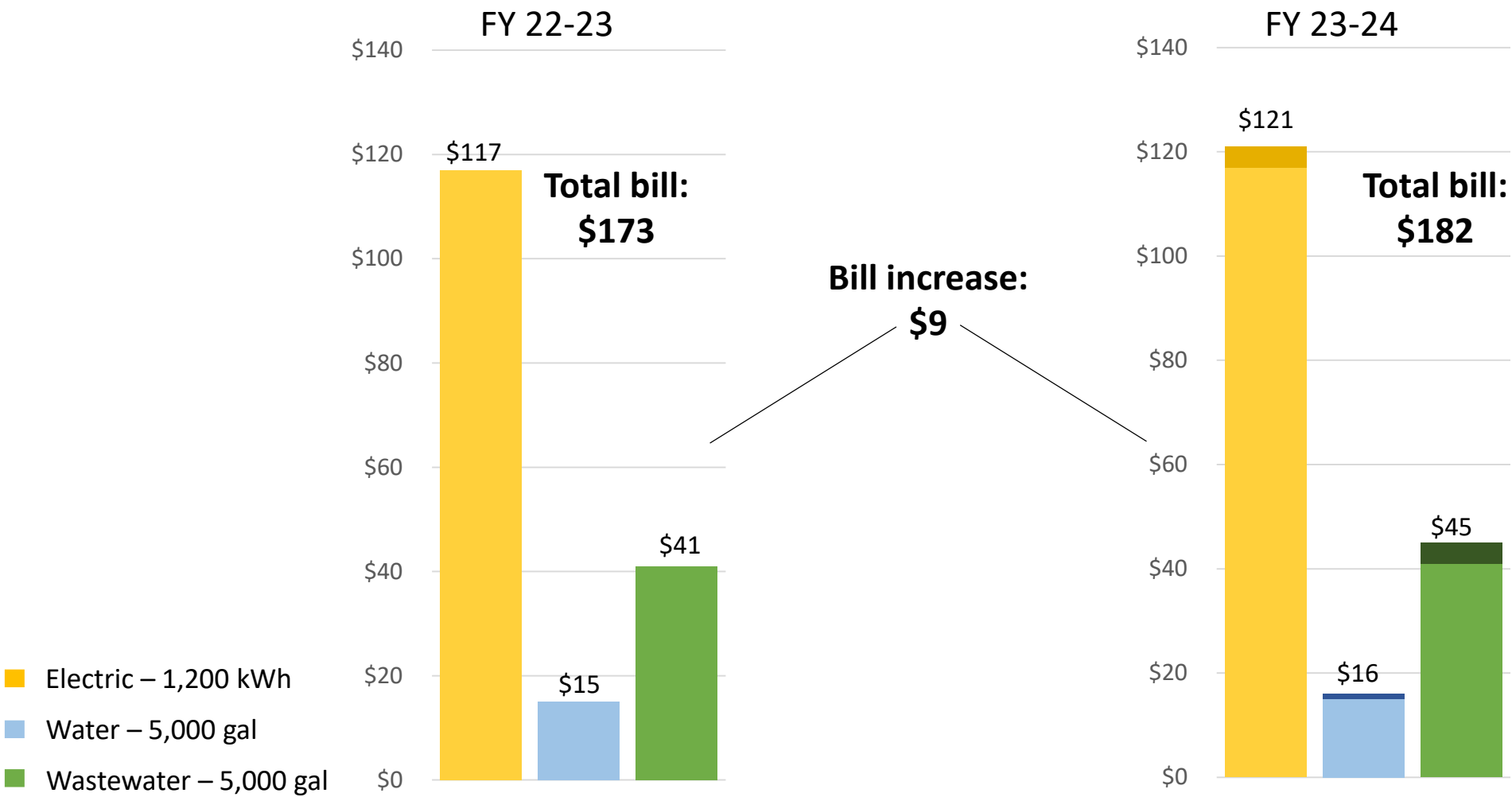
Average Monthly Bill Impacts - Residential



*Electric fuel charge held constant at \$0.04300 for analysis



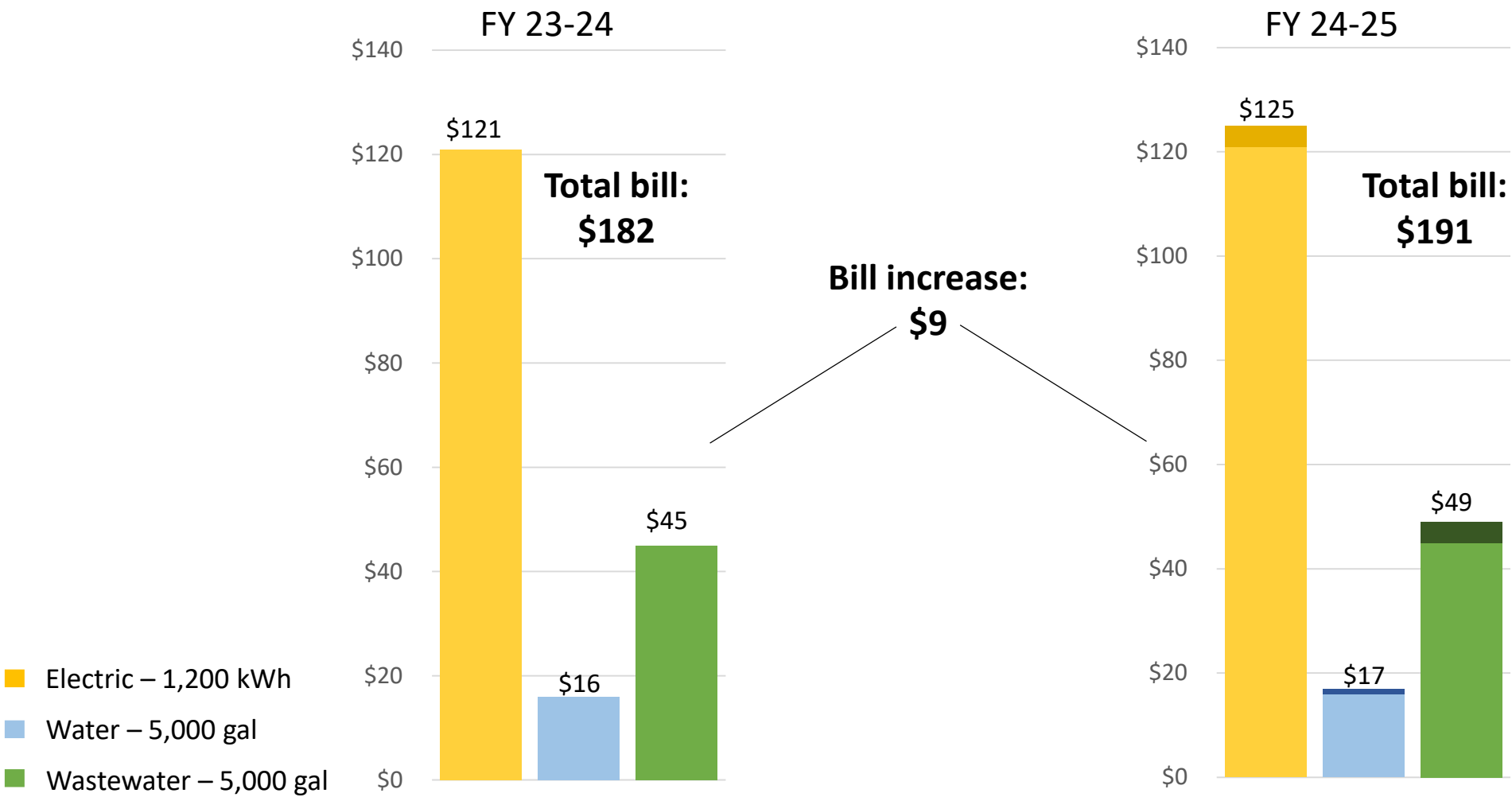
Average Monthly Bill Impacts - Residential



*Electric fuel charge held constant at \$0.04300 for analysis



Average Monthly Bill Impacts - Residential



*Electric fuel charge held constant at \$0.04300 for analysis



Upcoming Meetings

- **Final Adoption**
 - Tuesday, September 6, 2022
- **Rates Effective**
 - Tuesday, November 1, 2022





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THANK YOU!





Appendix

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Benchmarked Operating Costs

	National	Regional	LUS	LUS
	2020	2020	2020	2021
Electric - per kWh sold	\$0.0910	\$0.0750	\$0.0584	\$0.0659
Water - per MGD	\$2,751	\$2,541	\$1,578	\$1,631
Wastewater - per MGD	\$4,045	\$2,228	\$3,328	\$3,039

Average Monthly Bill Impacts - Residential

		Existing		Proposed			
		FY21-22	FY22-23	FY23-24	FY24-25	FY25-26	FY26-27
Electric (1,200 kWh usage)	\$/month	\$117	\$117	\$121	\$125	\$125	\$125
Water (5,000 Gal. usage)	\$/month	\$14	\$15	\$16	\$17	\$17	\$17
Wastewater (5,000 Gal. usage)	\$/month	<u>\$38</u>	<u>\$41</u>	<u>\$45</u>	<u>\$49</u>	<u>\$49</u>	<u>\$49</u>
Total Bill	\$/month	\$169	\$173	\$182	\$191	\$191	\$191
Total Increase	\$/month		\$4	\$9	\$9	\$ -	\$ -

*Electric fuel charge held constant for analysis

Residential Existing & Proposed Rates

Rate Class	Charge	FY21-22	FY22-23	FY23-24	FY24-25
Electric	Customer Charge	\$ 8.00	\$ 8.00	\$ 10.00	\$ 12.00
	Energy Charge	\$ 0.04764	\$ 0.04764	\$ 0.04921	\$ 0.05093
Water – In-city	Customer Charge – ¾ in	\$ 5.55	\$ 5.99	\$ 6.47	\$ 6.99
	Winter	\$ 1.70	\$ 1.82	\$ 1.95	\$ 2.09
	Summer (Tier 1/Tier 2)	\$ 1.70/\$ 2.70	\$1.82/\$ 2.89	\$ 1.95/\$ 3.09	\$ 2.09/\$ 3.31
Water – Non-city	Customer Charge – ¾ in	\$ 11.10	\$ 11.98	\$ 12.94	\$ 13.98
	Winter	\$ 3.40	\$ 3.64	\$ 3.90	\$ 4.18
	Summer (Tier 1/Tier 2)	\$ 3.40/\$ 5.40	\$ 3.64/\$ 5.78	\$ 3.90/\$ 6.18	\$ 4.18/\$ 6.62
Wastewater – In-city	Customer Charge	\$ 8.60	\$ 9.42	\$ 10.31	\$ 11.29
	Volumetric Charge	\$ 5.90	\$ 6.38	\$ 6.90	\$ 7.47
Wastewater – Non-city	Customer Charge	\$ 10.30	\$ 11.28	\$ 12.35	\$ 13.52
	Volumetric Charge	\$ 7.10	\$ 7.68	\$ 8.30	\$ 8.99

Commercial Existing & Proposed Rates

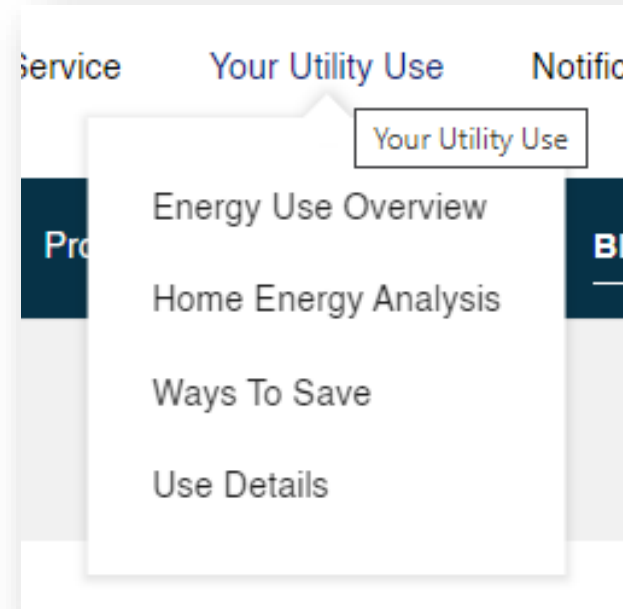
Rate Class	Charge	FY21-22	FY22-23	FY23-24	FY24-25
Electric – Small	Customer Charge	\$ 10.00	\$ 10.00	\$ 12.00	\$ 14.00
	Energy Charge	\$ 0.06176	\$ 0.06176	\$ 0.06157	\$ 0.06157
Electric – Large	Customer Charge	\$ 50.00	\$ 50.00	\$ 50.00	\$ 50.00
	Energy Charge	\$ 0.02098	\$ 0.02098	\$ 0.02119	\$ 0.02140
	Demand Charge	\$ 8.50	\$ 8.50	\$ 8.60	\$ 8.70
Water – In-city	Customer Charge - ¾ in	\$ 5.55	\$ 5.99	\$ 6.47	\$ 6.99
	Volumetric Charge	\$ 1.95	\$ 2.13	\$ 2.32	\$ 2.53
Water – Non-city	Customer Charge - ¾ in	\$ 11.10	\$ 11.98	\$ 12.94	\$ 13.98
	Volumetric Charge	\$ 3.90	\$ 4.26	\$ 4.64	\$ 5.06
Wastewater – In-city	Customer Charge	\$ 16.15	\$ 17.68	\$ 19.36	\$ 21.20
	Volumetric Charge	\$ 6.15	\$ 6.83	\$ 7.58	\$ 8.41
Wastewater – Non-city	Customer Charge	\$ 24.20	\$ 26.49	\$ 29.01	\$ 31.77
	Volumetric Charge	\$ 7.40	\$ 8.22	\$ 9.12	\$ 10.12



Customer Tools

MyAccount

- Customers can see their daily use, monthly (billing cycle) use, and yearly use for electric, water, and wastewater
- Customers can access their cost/energy use (kWh) on an hourly and daily basis with information such as daily temperatures
- Customers can compare their kWh use from last year and the previous 12 months



MyAccount

12 Month View of Energy Cost



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MyAccount

24-Hour View of Energy Consumption

