



December 01, 2017

Council,

A study by Schneider Engineering has been conducted to create a rate plan based off the 2017/2018 budget. The model will allow staff to input approved budget needs and propose rates that will fulfill revenue requirements. A .5 cent decrease has been proposed for residential customers. In actual revenue this is a decrease of almost \$210,000.00. Customers can expect average savings of \$ 7.50 to their light bill. Should you have any questions feel free to call or stop by my office before the meeting. I have also attached a comparison chart that adds water and sewer to the equation. I expect that we should be able to continue to lower rates year by year as long as there are no major shortfalls in our distribution system.

Best Regards,

John Naron
City Manager
Hearne, Texas

Proposed Rate Decrease for Residential Customers

Rate Class	Residential	Residential 3ph	Small General	Small 3-ph	Medium General	Large General	Contract 1	Contract 2	City Residential	City Department	City 3-ph
Customer Charge	\$ 9.50000	\$ 14.50000	\$ 9.50000	\$ 14.50000	\$ 15.50000	\$ 15.50000	\$ 25.50000	\$ 25.50000	\$ 9.50000	\$ 9.50000	\$ 14.50000
Energy Supply	\$ 0.06450	\$ 0.06450	\$ 0.06450	\$ 0.06450	\$ 0.06450	\$ 0.06450	\$ 0.06450	\$ 0.06450	\$ 0.06450	\$ 0.06450	\$ 0.06450
Transmission/Distribution	\$ 0.04599	\$ 0.04899	\$ 0.05099	\$ 0.05399	\$ 0.05399	\$ 0.05399	\$ 0.05399	\$ 0.05399	\$ 0.03419	\$ 0.03419	\$ 0.03419
Reserve Account	\$ 0.00300	\$ 0.00300	\$ 0.00300	\$ 0.00300	\$ 0.00300	\$ 0.00300	\$ 0.00300	\$ 0.00300	\$ 0.00300	\$ 0.00300	\$ 0.00300
\$/KWh	\$ 0.11349	\$ 0.11649	\$ 0.11849	\$ 0.12149	\$ 0.12149	\$ 0.12149	\$ 0.12149	\$ 0.12149	\$ 0.10169	\$ 0.10169	\$ 0.10169

Rate Comparison with other Cities

	Bryan	Marlin**	Giddings	Franklin	Hearne	Brenham	College Station	Lampasas	Hempstead
RESIDENTIAL									
ELECTRICAL	107.4	76.85	110.12	117.5	118.41	126	128.9	115.58	130.15
WATER	12.63	45.69	17.7	17.12	22.15	17.23	12.59	28.37	28.13
WASTEWATER	12.16	22.12	17.05	18.06	17.75	18.04	24.59	26.42	27.62
Total	132.19	144.66	144.87	152.68	158.31	161.27	166.08	170.37	185.9
COMMERCIAL									
ELECTRICAL	119.91	132.31	143.26	117.5	118.41	126	128.9	115.58	130.15
WATER	19.04	27.75	17.23	17.12	22.15	17.23	12.59	28.37	28.13
WASTEWATER	16.24	16	18.04	18.06	17.75	18.04	24.59	26.42	27.62
Total	155.19	176.06	178.53	152.68	158.31	161.27	166.08	170.37	185.9