



Regulatory/Policy Committee

THURSDAY, FEBRUARY 8, 2024





Call Meeting To Order



Public Comments

Items for Presentation and Discussion

1. Presentation and Discussion of Revisions to the Brownsville Public Utilities Board Personnel Policies & Procedures Policy No. 17 Outside Employment Policy - Dr. Emilia Guerra
2. Presentation and Discussion of Revisions to the Brownsville Public Utilities Board Personnel Policies & Procedures Policy No. 18 Discipline Policy - Dr. Emilia Guerra
3. Presentation and Discussion of Addition to the Brownsville Public Utilities Board Personnel Policies & Procedures Policy No. 42 BPUB Employee Debt Collection Policy - Dr. Emilia Guerra
4. Presentation and Discussion of Addition to the Brownsville Public Utilities Board Personnel Policies & Procedures Policy No. 43 Confidentiality and Non-Disclosure Policy - Dr. Emilia Guerra
5. Presentation and Discussion on Updating the Brownsville Public Utilities Board Sponsorship Policy - Ryan Greenfeld
6. Update on the Brownsville Public Utilities Board Electric Service Policies - Eli Alvarez
7. Regulatory Framework Update: Rate and Bill Analysis - Mark Dombroski





Policy No. 17 – Outside Employment or Business Activity Policy

PRESENTATION AND DISCUSSION OF REVISIONS TO THE BROWNSVILLE PUBLIC
UTILITIES BOARD PERSONNEL POLICIES & PROCEDURES – DR. EMILIA GUERRA

● ● ● R E G U L A T O R Y / P O L I C Y C O M M I T T E E

Current Policy

Last revised & approved by the Board on December 8, 2003.

Establishes BPUB's provisions related to an employee's outside employment or business activity.

Proposed Policy Changes

General Changes:

The policy was reviewed and updated to ensure it is current and in compliance with federal, state, and local regulations.

Created a general provision section to elaborate or address:

- Engagement in outside employment while scheduled to work for BPUB
- Restriction of use of sick leave while performing work for outside employment
- Restriction in the use of BPUB property or resources for purposes of outside employment

Proposed Policy Changes

Redefined approval criteria to include the following:

- Employee's job performance
- Type of outside employment or business activities (e.g., offering electrical or plumbing services)
- Interference or conflict with the employee's ability or availability to fulfill their BPUB job

Created a section on the revocation of the outside employment



Policy No. 18 – Discipline Policy

PRESENTATION AND DISCUSSION OF REVISIONS TO THE BROWNSVILLE PUBLIC UTILITIES BOARD PERSONNEL POLICIES & PROCEDURES – DR. EMILIA GUERRA

● ● ● R E G U L A T O R Y / P O L I C Y C O M M I T T E E

Current Policy

Last revised & approved by the Board on June 14, 2021.

Establishes BPUB's behavior and performance expectations, and the effects of failing to satisfy these standards.

Proposed Policy Changes

General Changes:

The policy was reviewed and updated to ensure it is current and in compliance with federal, state, and local regulations.

Progressive disciplinary process language was included along with language reserving the right to combine or omit steps, depending on the nature of the offense.

Language was added under forms of discipline in order to not limit actions to those listed.

Proposed Policy Changes

Under grounds for discipline, reasons were expanded, simplified, combined or added. New examples include language about:

- Information, records and documents
- Employee's unresolved debt to BPUB
- Acting without permission as an official spokesperson
- Misuse, abuse or wasteful use of resources
- Abuses of work time



Policy No. 42 – BPUB Employee Debt Collection Policy

PRESENTATION AND DISCUSSION OF ADDITION TO THE BROWNSVILLE PUBLIC
UTILITIES BOARD PERSONNEL POLICIES & PROCEDURES – DR. EMILIA GUERRA

● ● ● R E G U L A T O R Y / P O L I C Y C O M M I T T E E

Proposed Policy

The policy was created to ensure accountability of the employee in providing payment to BPUB when a debt is incurred.

Policy sets expectations for the debt repayment as well as the right of BPUB to terminate employment when the debt is not paid.



Policy No. 43 – Confidentiality and Non-Disclosure Policy

PRESENTATION AND DISCUSSION OF ADDITION TO THE BROWNSVILLE PUBLIC UTILITIES BOARD PERSONNEL POLICIES & PROCEDURES – DR. EMILIA GUERRA

● ● ● R E G U L A T O R Y / P O L I C Y C O M M I T T E E

Proposed Policy

The policy was created to establish guidelines on information that may not be shared when an employee is speaking on public matters.

Examples of prohibited activities include:

- Releasing confidential information when it:
 - Gives other parties an unfair advantage
 - Is in violation of laws
 - Causes loss of business, damages reputation or compromises information security
 - Interferes/compromises an investigation
- Defaming BPUB, including its employees, customers or representatives
- Intentional misrepresentation of information



BPUB Sponsorship Policy

**PRESENTATION AND DISCUSSION OF REVISED AND
COMBINED POLICIES**

● ● ● R E G U L A T O R Y / P O L I C Y C O M M I T T E E

Current Policies

CPR-1100 Last revised & approved by the Board on June 9, 2014.

CPR-1101 Last revised & approved by the Board on March 12, 2019

- Established BPUB's provisions related to sponsoring events.
- Established separate funding sources based on type of sponsorship.
- Established separate responsibilities for the managing departments (General Manager's Office/ Comm. & PR departments).

Proposed Policy Changes

General Changes include language to:

- Require “return benefit” for all sponsorship types.
- Set definitions for community, civic and industry/professional sponsorships.
- Establish an expenditure limit on civic/industry sponsorships.
- Require sponsors to sign an agreement limiting types of images or messages used in ads or promotions.
- Require BPUB ensures sponsorship funds are spent on stated purpose.
- Allow BPUB to request documents from sponsors on how funds were spent.





BPUB ELECTRIC SERVICE POLICIES

FEBRUARY 8, 2024

● ● ● R E G U L A T O R Y / P O L I C Y C O M M I T T E E

OUTLINE

- BACKGROUND
- WHY ELECTRIC SERVICE POLICY UPDATES ARE NEEDED
- A SUMMARY OF SIGNIFICANT CHANGES
- NEXT STEPS
- QUESTIONS

BACKGROUND

- The Electric, Water, and Wastewater Service Policies were last approved by the BPUB Board of Directors in August of 2009.
- The approval of the BPUB Electric Policy document will effectively unbundle (bifurcate) the Electric, Water, and Wastewater Service Policies.
 - Efficient policy documentation
 - Faster revisions when laws and other industry factors dictate changes
- The last Regulator/Policy Committee Update was in June 2023.

WHY ELECTRIC SERVICE POLICY UPDATES ARE NEEDED

Electric Services Policies Updates are needed to ensure:

- **The BPUB Electric System remains self-sustaining**
 - State statute does not permit impact fees for electric systems
- **Current business practices align with BPUB's policies**
 - Example: Meter Enclosures responsibilities
 - Example: Safety, Equipment, and Best Practices
- **Reducing rate pressure associated with new customer-related costs**
 - BPUB has seen an increase in new service requests
 - Larger companies are attracted to the RGV
 - Higher service costs
 - Materials and labor costs have increased as high as 30% in the last 5-years
 - Existing customers should not bear the cost of new customer connections
- **Improve Electric System Reliability**
 - New policies need to be created to improve reliability

A SUMMARY OF SIGNIFICANT CHANGES

- Line Extension Policy (*Electric Service Policy, Pg. 24*)
 - Developers will be responsible for the cost to extend electric facilities.
 - Consistent with water/wastewater policy and general electric industry practice
- Updated Streetlights Light-Emitting Diode (LED) Rates (*Electric Service Policy, Appendix J*)
- Specification of specific customer-related responsibilities
 - Meter enclosures (*Electric Service Policy, Pg. 23-24*)
 - Contributions in aid of construction (*Electric Service Policy, Pg. 29*)
 - Other customer responsibilities (*Electric Service Policy, Pg. 23-24*)

A SUMMARY OF SIGNIFICANT CHANGES (cont.)

- New Reliability Improvements Section (*Electric Service Policy, Pg. 18*)
 - BPUB may assume all or a portion of the cost of reliability improvements justified by reliability studies.
- Customers will be responsible for paying all costs associated with overhead to underground service wire conversions. (*Electric Service Policy, Pg. 29*)
 - Exception for BPUB-initiated reliability improvements when undergrounding is the least cost alternative to addressing reliability.
- Large Load/Generation interconnections (*Electric Service Policy, Pg. 55-57*)
- Updated Distribution standards (*Electric Service Policy, Appendix B-F*)

NEXT STEPS

- Regulatory/Policy Committee review and comment period
- BPUB staff to present a draft for consideration and approval for the March or April regular BPUB Board Meeting

QUESTIONS?



Rate Comparison of Texas Electric Utilities

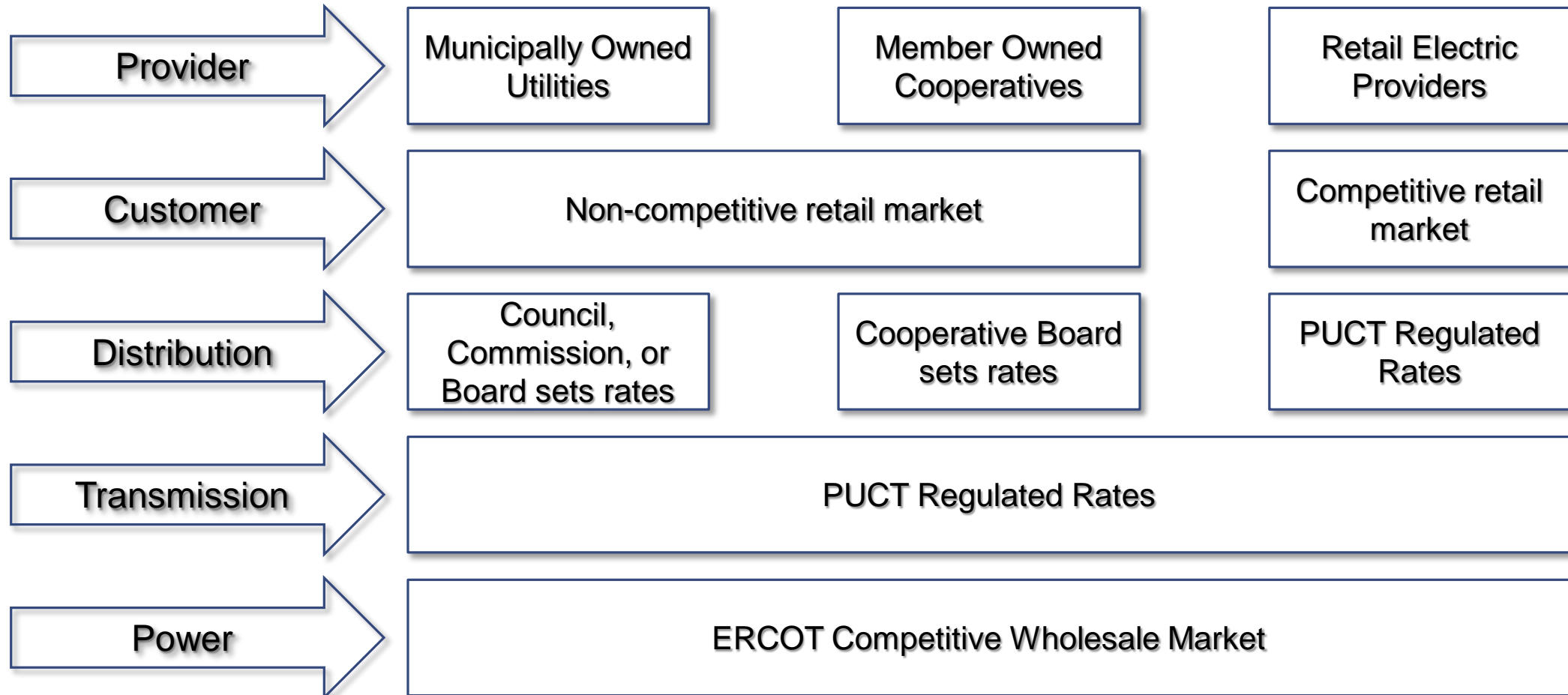
CHALLENGES AND RESULTS

● ● ● R E G U L A T O R Y / P O L I C Y C O M M I T T E E

Rate Comparison of Texas Electric Utilities

- Comparing rates between electric utilities is imprecise and doesn't necessarily represent what customers spend on electricity
- Utilities don't calculate rates in a uniform manner
- Level of consumption can have a significant impact on rates and bills
- Average electric bills are a better comparison of what customers spend on electricity
- Energy Information Administration Form 861 provides the best source of data for average rate and bill comparison across the industry

Structure of Electric Providers in ERCOT Impacts How Rates Are Set and Reported



Challenges with Rate Comparisons

- There are rate-making principles and “best practices” but no legal regulations on the specific rate structure, components, or billing basis (e.g., kWh, kW, fixed, variable)
- Electric utilities and providers do not develop rates in uniformity
 - Customer charge – usually a fixed amount
 - Base rates – usually a rate per kWh
 - Demand Charge – usually a rate per kW
 - Fuel or Power Supply – usually a rate per kWh
- Electric utilities and providers do not have uniform energy rate designs
 - Inclining or declining tiered rates based on consumption
 - Block rates
 - Seasonal rates
 - Minimum bills
- Electric utilities and providers do not change rates at the same time

Challenges with Residential Rate Comparisons

- Majority of Texas residential customers are served by Retail Electric Providers (REPs)
- REPs do not have published rates
- REPs have published contracts for residential customers with various terms and conditions
 - The rate for energy (kWh) varies based on actual consumption vs contract plan
 - Contract periods vary – usually from 12 to 36 months
 - Most have early termination fees – some are as high as \$300
 - Availability of contracts varies based on location and customer's credit
- Wholesale power producers and regulated transmission & distribution providers bill the REPs and the REPs package with their charges and bill the customer
- Comparing BPUB's published rates to currently available contract rates is imprecise at best

Examples of Contracts Available in Brownsville Competitive Retail Area

www.choosetexaspower.org

1 Home Size	Apartment 500-999 sq. ft.	Small Home 1,000–1,999 sq. ft.	Large Home 2,000+ sq. ft.
Usage Amount	500 kWh	1,000 kWh	2,000 kWh
Monthly Bill Estimate	\$100	\$155	\$382
Average price per kWh	20.0¢	15.5¢	19.1¢
<ul style="list-style-type: none"> • 12 months term • 0% renewable energy • \$150 early termination fee 		<ul style="list-style-type: none"> • automatic \$30 bill credit each month when you use 800 kWh or more 	

3 Home Size	Apartment 500-999 sq. ft.	Small Home 1,000–1,999 sq. ft.	Large Home 2,000+ sq. ft.
Usage Amount	500 kWh	1,000 kWh	2,000 kWh
Monthly Bill Estimate	\$119	\$133	\$362
Average price per kWh	23.8¢	13.3¢	18.1¢
<ul style="list-style-type: none"> • 36 months term • 0% renewable energy • \$20 early termination fee 		<ul style="list-style-type: none"> • Receive a \$100 refund when your usage exceeds 999 kWh each month 	

2 Home Size	Apartment 500-999 sq. ft.	Small Home 1,000–1,999 sq. ft.	Large Home 2,000+ sq. ft.
Usage Amount	500 kWh	1,000 kWh	2,000 kWh
Monthly Bill Estimate	\$130	\$129	\$378
Average price per kWh	25.9¢	12.9¢	18.9¢
<ul style="list-style-type: none"> • 24 months term • 100% renewable energy • \$295 early termination fee 		<ul style="list-style-type: none"> • \$125 usage credit if usage is at least 1,000 kWh 	

4 Home Size	Apartment 500-999 sq. ft.	Small Home 1,000–1,999 sq. ft.	Large Home 2,000+ sq. ft.
Usage Amount	500 kWh	1,000 kWh	2,000 kWh
Monthly Bill Estimate	\$112	\$214	\$418
Average price per kWh	22.4¢	21.4¢	20.9¢
<ul style="list-style-type: none"> • Month to month • 7% renewable energy • \$0 early termination fee 		<ul style="list-style-type: none"> • Receive 3% cash back loyalty rewards 	

BPUB Published Residential Rates

BPUB provides published rates available to all customers within our service territory.

- No term length or cancelation fees
- No credit requirements
- Two inclined block rates breaking at 500 kWh to encourage conservation
- Fuel & Purchased Energy Charge recover the costs of electricity

Residential

Residential electric service is available for residential purposes in private dwellings and in separately metered individual family apartments.

Monthly Fee		Existing Rate	
Customer Service Charge		6.94	
Consumption Charges			
Energy Charge	0-500 kwh	\$0.04862 per kWh	
	over 500 kwh	\$0.05964 per kWh	
Fuel Charges			
F&PEC Fuel & Purchased Energy factor is the cost of generation as it pertains to the purchase of fuel, or the cost of purchasing electricity from other generation companies.		Variable (see chart)	

	2018	2019	2020	2021	2022	2023	2024
Jan	\$0.02952	\$0.02952	\$0.02952	\$0.02952	\$0.03779	\$0.07360	\$0.07841
Feb	\$0.02952	\$0.02952	\$0.02952	\$0.02952	\$0.04055	\$0.07360	
Mar	\$0.02952	\$0.02952	\$0.02952	\$0.02952	\$0.04055	\$0.06613	

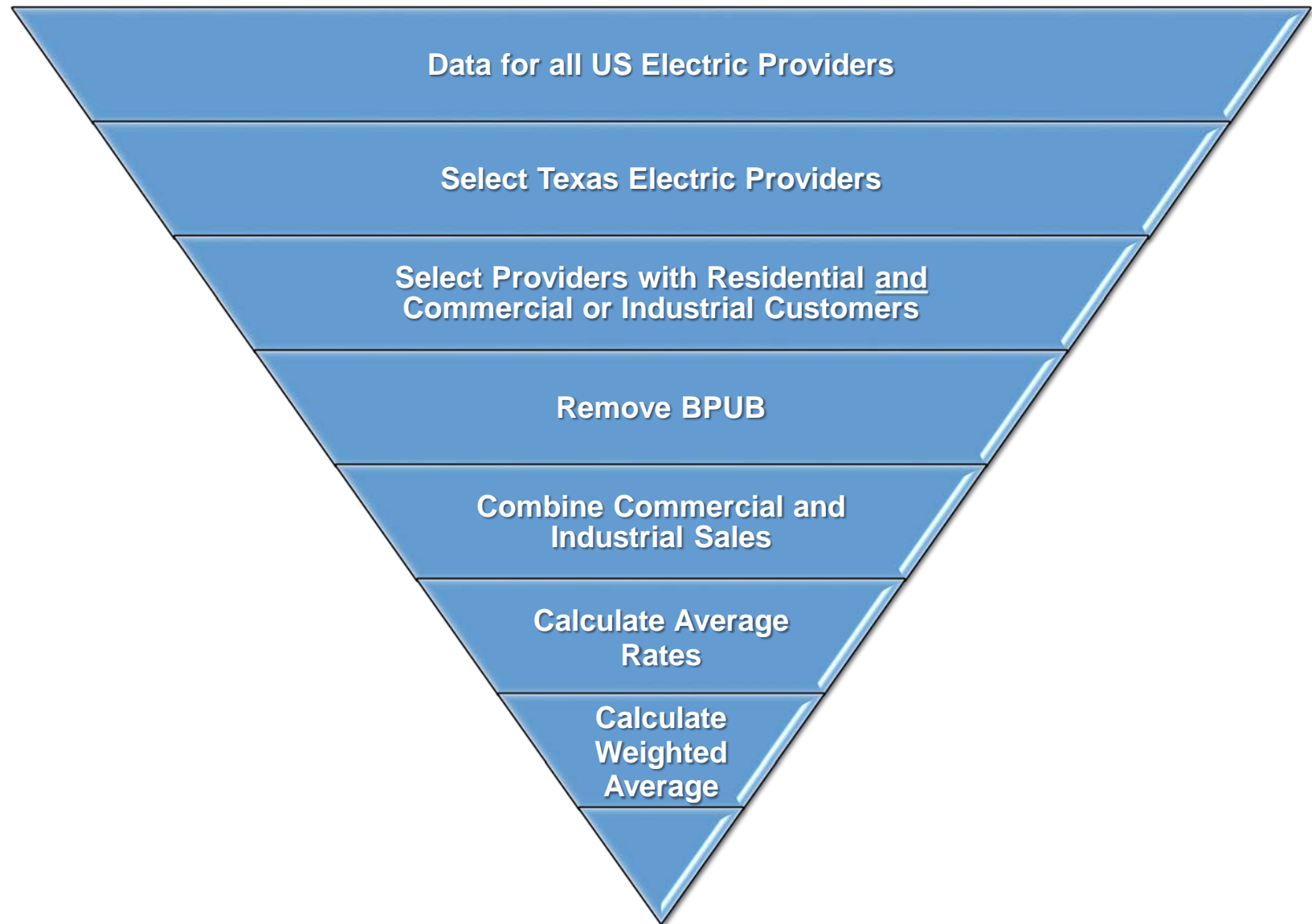
Energy Information Administration

- Form EIA-861, *Annual Electric Power Industry Report*, collects information on the status of electric power industry participants involved in generating, transmitting, distributing, and selling electric energy in the United States and its territories
- Reporting is mandatory by federal law
- Best available source for system average rate and bill comparison across the industry
- Data is usually made available in October for the preceding calendar year



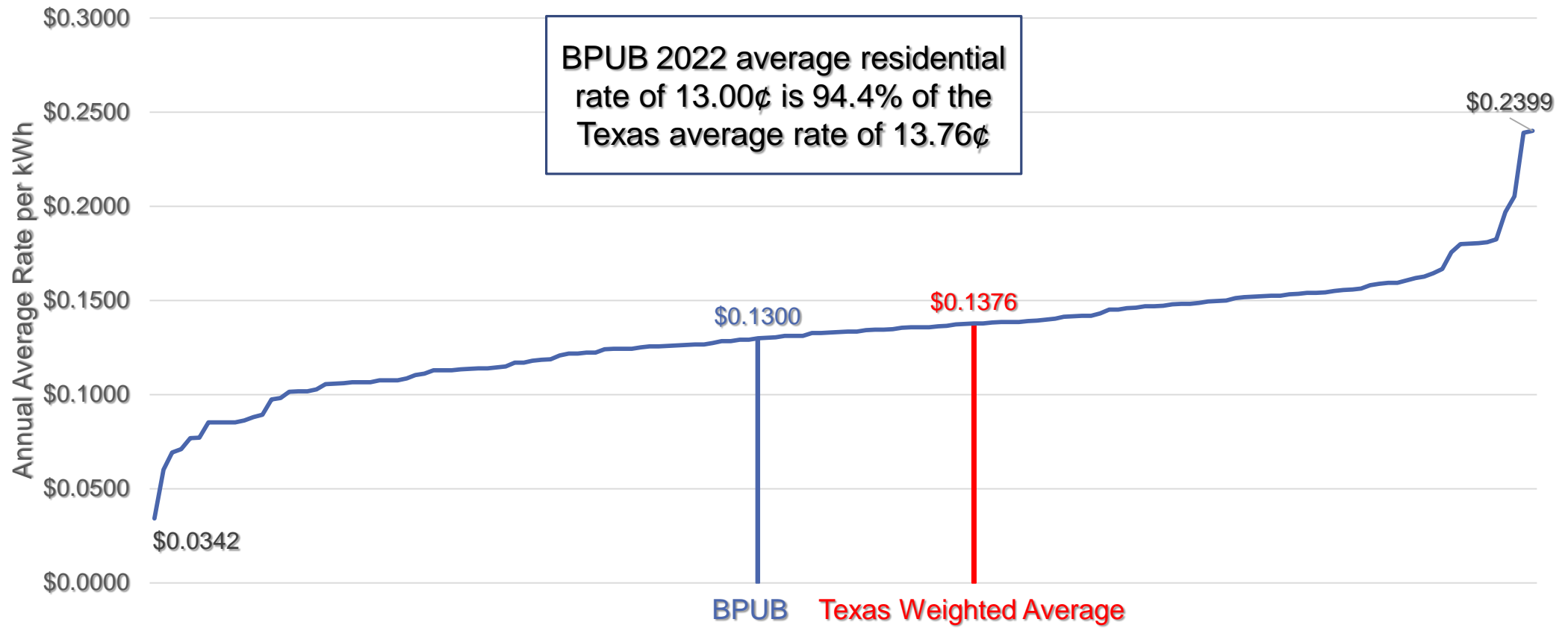
Form EIA-861, *Annual Electric Power Industry Report*

BPUB must filter the reported data to perform a comparison of rates and bills for similar utilities and providers in Texas



$\text{Total Retail Revenue \$} / \text{Total Retail Sales in kWh} = \text{Average Rate per kWh}$

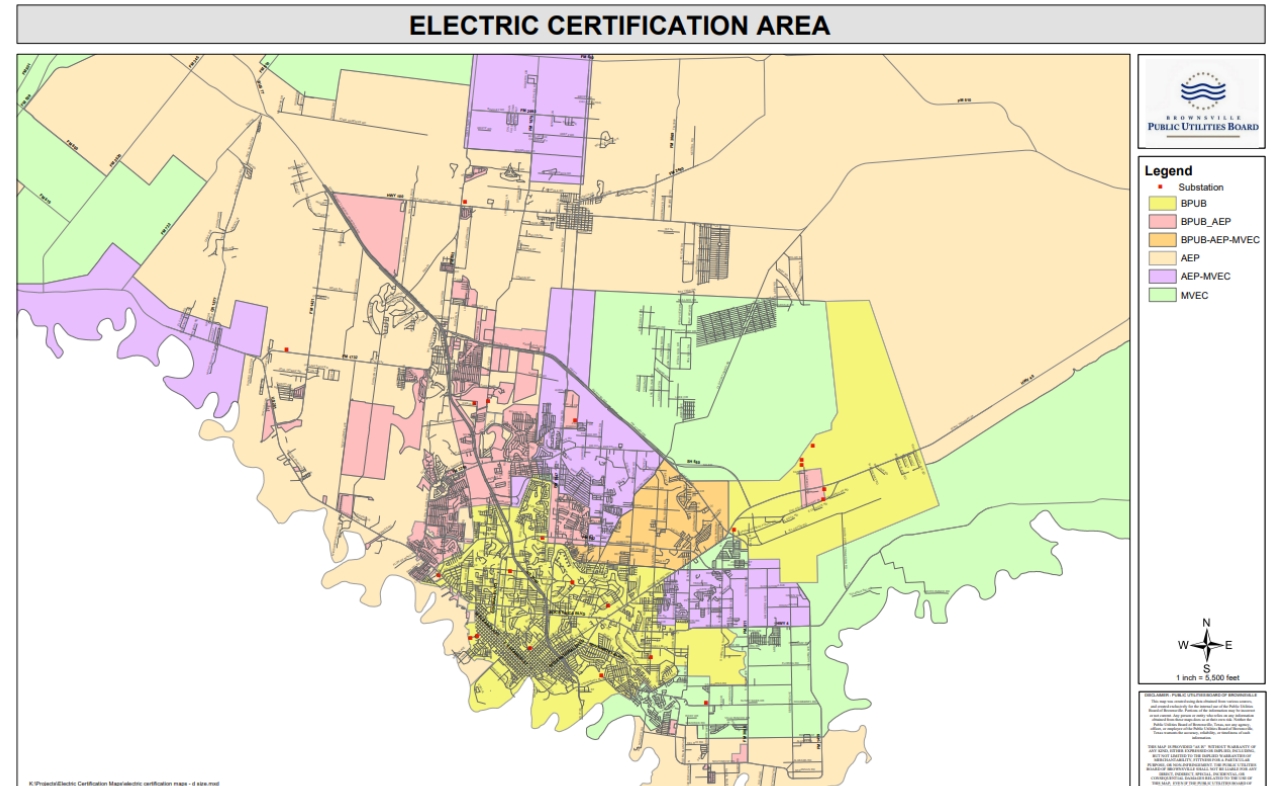
Texas Residential Rates Calendar Year 2022



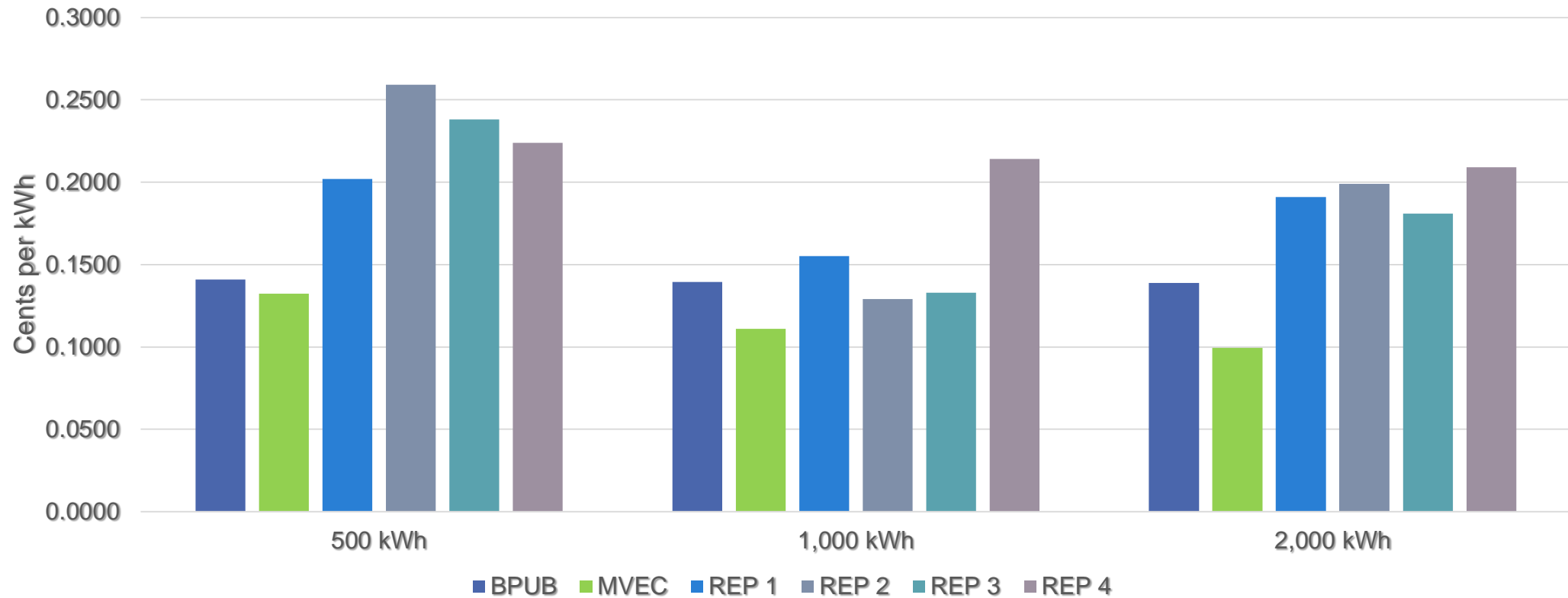
Source: CY 2022 EIA Form 861 Data <https://www.eia.gov/electricity/data/eia861/>

Electric Certification in Brownsville Area

- BPUB is one of the few municipally-owned utilities in Texas that shares its service territory with other providers
- Customers in different service areas of Brownsville have different choices
- Many customers can choose between MVEC, BPUB, and REPs (AEP distribution system)



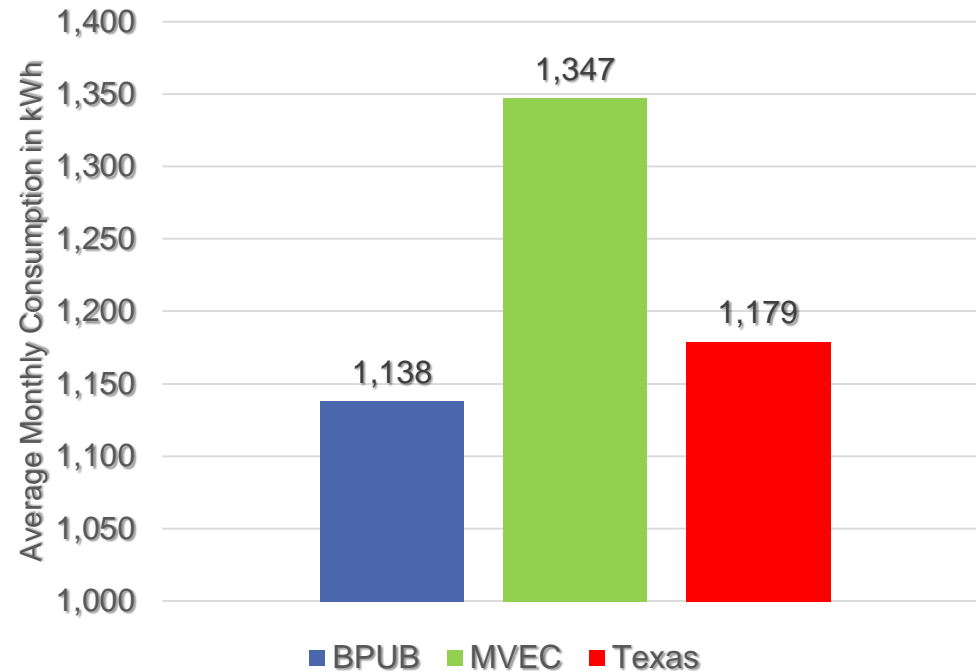
Brownsville Residential Area December 2023 Rate Comparison



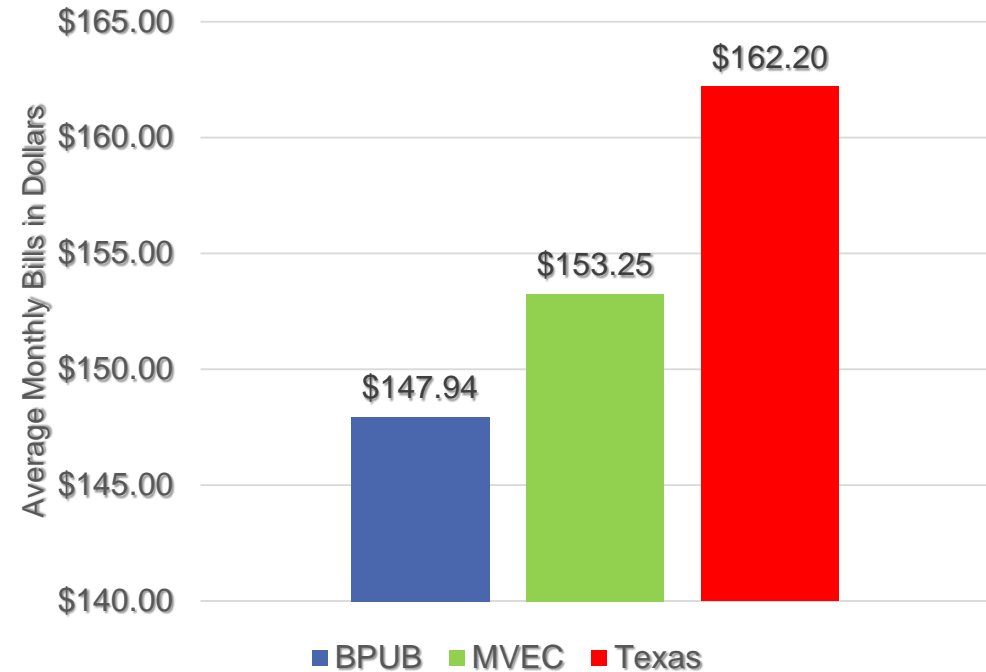
Sources: BPUB Published Residential Rates, Magic Valley Published Rates, <https://www.choosetexaspower.org/>

Consumption Significantly Impacts Customer Bills

AVERAGE MONTHLY RESIDENTIAL CONSUMPTION
CALENDAR YEAR 2022

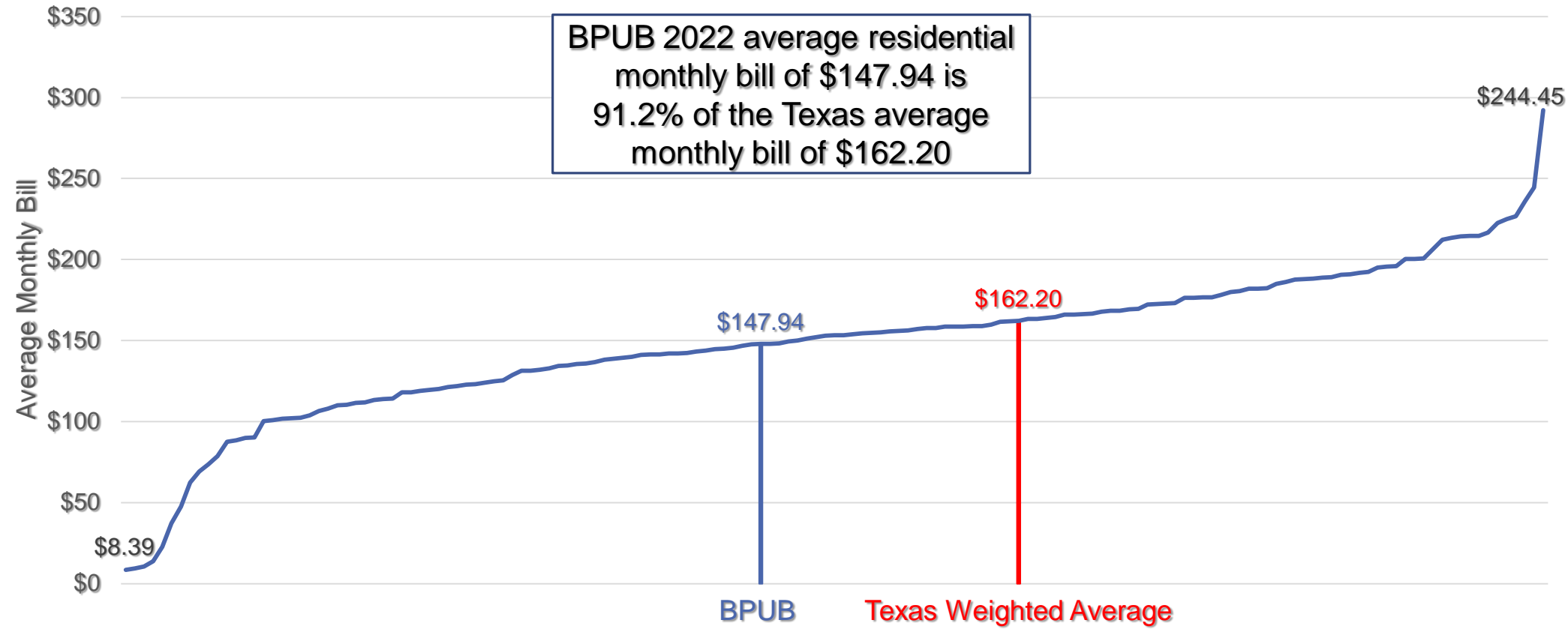


AVERAGE RESIDENTIAL MONTHLY BILL
CALENDAR YEAR 2022



Source: CY 2022 EIA Form 861 Data <https://www.eia.gov/electricity/data/eia861/>

Texas Average Residential Monthly Bills Calendar Year 2022



Source: CY 2022 EIA Form 861 Data <https://www.eia.gov/electricity/data/eia861/>



Adjournment
