



Current

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2022 Report Reveals End-of-Year Position

FELPS Operations and Financial Report Shows Continued Strength

The 2022 financial and operations report for FELPS shows the utility is positioned to continue providing competitively priced, high-quality service to its growing customer base.

The number of FELPS customers continued to increase, reaching 17,372 at the end of 2022, an increase of 391 or 2.3 percent from the number at the end of 2021. When the cities of Floresville, Stockdale and Poth purchased FELPS in 1943, the utility had 802 customers.

During 2022, FELPS invested \$9,234,603 in capital projects to serve new customers and continue serving existing customers with reliable electricity. Additionally, cash and bonds funded the purchase of two bucket trucks, a digger truck and substation transformer for the Floresville Substation. The utility tested and replaced poles throughout the system, added electronic components to enhance system control capabilities and developed a five-year plan to identify future construction projects. FELPS also performed a system-wide study that will reduce customer outages.

Additional projects begun in 2022 will be completed this year, including work at the Eagle Creek and Floresville substations and addition of distribution lines to several new subdivisions. During 2023, FELPS also expects to purchase

several fleet vehicles, upgrade security at substations and upgrade existing single phase distribution lines to three phase distribution lines.

FELPS issued revenue bonds in 2022 to continue funding capital projects. Standard & Poor's assigned FELPS an A+ rating on the 2022 bonds, affirmed the A+ rating on the senior-lien debt, affirmed an A rating on the junior-lien debt and revised the outlook to stable. The outlook improved because of the wholesale power contract with CPS Energy, natural gas hedging and liquidity sufficient to offset exposure to cost volatility.

FELPS continues to purchase wholesale power from CPS Energy, which has a diverse portfolio of power sources. The current wholesale agreement began Jan. 1, 2016, and was renegotiated during 2016 to include a cost reduction and extension through Dec. 31, 2025. The renegotiated contract began Jan. 1, 2021, and changed the pricing structure for fuel charges from being tied to the CPS Energy system rate to one tied to heat rate.

In August 2021, FELPS and CPS Energy executed a Confidential Standstill and Tolling Agreement for the February 2021 billing period as CPS Energy pursues legal action against their gas suppliers related to Winter Storm Uri. The outcome of the legal action may affect the amount FELPS owes. The agreement was extended until August 25, 2023.

Operating revenues from electric sales for 2022 totaled \$47,635,461, a 26 percent increase from the previous year. The increase in revenue is attributed to the increase in sales and generation and transmission costs.

The cost for purchased power in 2022 was \$28,742,497, approximately 42 percent less than the comparable amount in 2021. The significant decrease was due to gas prices that were lower in the winter of 2022 than during Winter Storm Uri in 2021. During the summer of 2022, the volatility of natural gas increased purchased power costs from CPS Energy. FELPS passes on the fuel and regulatory component of the purchased power cost to customers.

Operating and maintenance expense other than purchased power costs amounted to \$10,506,593, about 8 percent higher than the previous year. Total depreciation expense

FELPS Briefs

- Please note that the FELPS office will be closed on May 29 for Memorial Day and on July 4 for Independence Day. Regular office hours will resume at 8 a.m. on the following business day in each case.
- To report outages, including on holidays and after business hours (Monday-Friday 8 a.m.-4:30 p.m.), please call 830-216-7000 and select sub-option 2, text the outage to 55050 or submit your outage through the FELPS website www.felps.us.
- Visit www.felps.us and follow us on Facebook and Twitter to get FELPS information and to learn about services.

amounted to \$4,694,430, a 14 percent increase from 2021 and includes depreciation on the new facility.

Gains before contributions and distributions to owner cities was \$9,217,625 in 2022 compared with a loss of \$19,607,293 in 2021. The great change of 147 percent is primarily due to the cost of purchased power in 2021 during Winter Storm Uri.

Total assets and deferred outflows of resources on Dec. 31, 2022, amounted to \$137,658,603, an increase of \$18,157,454. The increase from the prior year is attributed to additional capital projects during 2022 and the issuance of revenue bonds. The increase in deferred outflows of \$48,453 is due to the bond refunding during a prior year that did not occur in 2022 and to changes in net pension liability.

During 2022, FELPS transferred 3 percent of 2021 gross electric sales revenue to the owner cities, Floresville, Stockdale and Poth. The utility also transferred 2.5 percent of 2021 gross electric sales within the city limits of La Vernia and 2 percent within the city limits of Falls City. Amounts collected during Winter Storm Uri were excluded from the distributions.

The FELPS financial planning window extends through 2026. At the end of 2022, FELPS remained on track for its long-range forecast and plans. As the utility looks ahead to the future, FELPS will continue to provide reliable service at reasonable rates.

FELPS Funds Youth Programs and Scholarships

Continuing its annual tradition, FELPS will help sponsor summer youth programs in the five cities in the service area and will support scholarships to graduating seniors at each of the area high schools.

Scholarships will be awarded at the five high schools—Floresville, Poth, La Vernia, Stockdale and Falls City—to assist students with tuition at accredited colleges, universities or technical institutions.

Four Floresville students will receive scholarships of \$1,000 each, as will two students each from Poth and Stockdale. One student each from La Vernia and Falls City also will receive \$1,000 scholarships.

Scholarship awards and the application process are handled by the school districts. Parents or guardians of scholarship recipients must be FELPS customers and students must have good academic and disciplinary records.

FELPS will donate \$2 per meter as a match for funds dedicated by each city to provide summer youth programs in Falls City, Floresville, La Vernia, Poth and Stockdale.

Month Focuses on Electrical Safety

May is designated as National Electrical Safety Month to encourage the practice of safety around electricity. Modern technology and more than a century of experience have given us the ability to use electricity wisely and safely. Just follow a few tips to stay safe:

- When carrying ladders, pipes or other long items, always look up to locate power lines and avoid hitting them.
- Watch where you dig to avoid hitting underground lines. Call for a locator to mark underground services before completing digging projects.
- Never use electric equipment around water. Take particular care in the kitchen and bathroom when using electric appliances and never use electric tools in the rain or on wet surfaces.
- Never touch a fallen wire or assume the wire is not energized. If a power line is on the ground or hanging loose, call FELPS to report it at 830-216-7000 and select sub-option 2.
- Use ground fault circuit interrupter (GFCI) outlets in bathrooms and kitchens where water is used and for outdoors.

Prepare Now for Summer Savings

If you haven't already done so, now is the time to have your air conditioning system serviced to ensure that it's clean and operating efficiently. A well-maintained system helps lower operating costs and increases the life of the equipment.

Inspect air conditioning ducts in the attic for leaks. Minor leaks can be repaired with tape that has the Underwriters Laboratories (UL) logo. You can save 10 percent or more on your utility bill by sealing up air leaks.

Add insulation in the attic to bring the rating to R-30. Insulation can be installed from rolls or loose insulation can be blown into the attic. Check the label to determine the correct thickness to achieve the R-30 rating.

Set your thermostat at 78-80 degrees. This setting will save you money while keeping you cool, particularly if you add the use of a ceiling fan.

If a new air conditioner is part of your plan, consider buying an energy-efficient one.

FELPS

Contacting FELPS

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Business hours: Monday-Friday 8 a.m.-4:30 p.m. Drive-through closes at 4:15 p.m.

The FELPS Board of Trustees meets the last Wednesday of each month at 8:30 a.m. in the utility offices, 187 Highway 97 E., Floresville.