



Austin Energy Rate Review Update

Electric Utility Commission
August 15, 2011



Rate Review Policy Goals and Metrics



Policy Goals	Metrics
Achieve Revenue Requirement	Revenues sufficient to fund core functions & strategic objectives.
Align with Cost of Service (minimize subsidies across customer classes)	No customer class pays greater than 105% or less than 95% of its cost of service.
Provide Affordable Energy (mitigate impacts within customer classes)	<ul style="list-style-type: none">○ No residential customer electric bill below 1,500 kWh to increase by more than \$20 per month on average.○ Transition non-demand secondary commercial customers to demand rates.
Affordability Forecast Goal	System average rate increases of no more than 2% annually, after implementation of new rates and rate design.
Rate Benchmarking	Customer bills within the lowest 50% of comparable Texas utilities.
Customer Assistance Program	<ul style="list-style-type: none">○ Increase funding by at least 100 percent to assist more customers.○ Provide a Customer Assistance Program discount of \$25 per month.
Achieve Long-Term Financial Stability	<ul style="list-style-type: none">○ New rate design ensures utility's long-term financial strength & are in compliance with Financial Policies.○ Improve recovery of Customer and Distribution fixed costs through fixed charge collection to at least 60%.○ Maintains or improves credit ratings.
Maintain Renewable Energy Program Excellence (GreenChoice® & Solar)	<ul style="list-style-type: none">○ Rate redesign retains national leadership position of GreenChoice®.○ Continue solar incentives coupled with net metering rate redesign.



Updated Preliminary Revenue Requirement



Draft Final Revenue Requirement subject to change prior to August 29, 2011.

Measure	Test Year 2009
Total Revenue Requirement (\$)	1,136,019,591
Test Year Rate Revenue Under Existing Rates (\$)	1,004,133,897
Needed Increase in Revenues (\$)	131,885,693
Needed Increase in Revenues (%)	13.1
Needed Increase in Revenues From Contract Customers (\$)	19,701,972
Requested Increase in Revenues (\$)	112,183,721
Requested Percent Increase in Revenues (%)	11.2



Process for EUC Review

- EUC Resolution (April 18, 2011)—
outlines process for EUC rate review:
 - Public Notice
 - Rate Analysis and Recommendations Report
 - Citizens' Participation
 - Residential Rate Advisor
 - Schedule of Meetings
 - Final EUC Recommendations



Public Notice

- Scope—Schedule/location of meetings and options for public participation.
- Location—Austin American Statesman, Austin Business Journal, and Austin Chronicle
- Direct e-mail
- Rate review and AE websites



Citizens' Participation

- **Alternative Methods for Participation:**
 - Sign up to give comment during “Citizens’ Communications” agenda item at meetings.
 - Submit written comments to the rate review website at any time during the process.
 - Request to provide formal oral or written comments to the EUC.
 - Requests made through the website.
 - As necessary, EUC to group aligned participants and assign time allotments during September 1st meeting.



Residential Rate Advisor

- Written report available to the public August 29th and presented to the EUC at September 1st meeting
- Formal comments presented at each EUC meeting
- EUC Q&A



Schedule of Meetings

- **September 1** special meeting, Town Lake Center (TLC)
 - Presentation of AE's Rate Analysis and Recommendations Report
 - Presentation from Residential Rate Advisor
 - EUC Q&A
 - Alignment of participants, as necessary
- **September 19** regular EUC meeting, Town Lake Center
 - 5:00 pm start for regular business?
 - AE presentation on residential rates
 - Residential Rate Advisor comments
 - Formal comments from public
 - EUC Q&A
- **October 3** special meeting, TLC
 - AE presentation on commercial and industrial rates
 - Residential Rate Advisor comments
 - Formal comments from public
 - EUC Q&A
- **October 17** regular EUC meeting, Town Lake Center
 - 5:00 pm start for regular business?
 - AE summary presentation
 - Residential Rate Advisor final comments
 - Final comments from public
 - EUC Q&A and final discussion of Decision Point List



Residential Rate Design Options

- Best Business Case: Recommended rate redesign is based on cost to serve and meeting all objectives.
 - Aligns with strategic goals.
 - Meets residential class revenue requirement.
 - Improves fixed cost recovery from 17 percent to approximately 70 percent.
- Four other optional scenarios to be presented on September 1.