

**WIDER FIRST-TIER RATE STRUCTURE PROPOSAL**  
**to the**  
**ELECTRIC UTILITY COMMISSION**  
**by Robert A. Walker, Ph.D., CPA**

I propose widening the first-tier in the residential rate structure because it currently [pun intended] subsidizes single occupant household vis a vis higher occupancy households.

Here are three facts:

1. Austin Energy's current first tier in the rate structure is 500 kWh per user throughout the year. The base rate for this first tier is 41% less than the next tier in winter and 55% less in summer.
2. Austin's average household electric use is about 950 kWh each month. During winter season to be defined as October through May, the use averages about 760 kWh per month and during the summer, June through September, 1,320.
3. The average size of an Austin household is 2.4 persons. This suggests an average use per person of about 400 kWh per month [320 in winter and 550 in summer].

My concern is that the 500 kWh first tier subsidizes single occupancy housing where monthly use is typically lower than that, and it discriminates against higher occupancy households, such as families, whose use is higher. This is not in line with Austin's long range objective of encouraging higher occupancy households to conserve resources and reduce commuting. It is also inconsistent with a United Nations [Department of Economic & Social Affairs, Division for Sustainable Development], report that states:

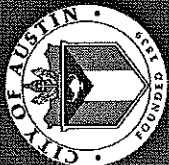
*"Household size affects the pattern of consumption of goods and services which could be shared among household members. For example, in industrialized countries, decreasing household size is one of the factors causing an increase in per capita and aggregate energy use in residential buildings, including lighting, heating and fuel for cooking."*

Because higher occupancy homes use less resources per person, I recommend removing the bias in the rate structure against those households. I believe a reasonable width for the first tier would be the average 2.4 member household monthly use of 950 kWh, rounded to 1,000. This would encourage formation of higher member households, and is similar to Residential Rate Option D on page 131 of the [Austin Energy] *Rate Analysis [and Recommendations] Report*.

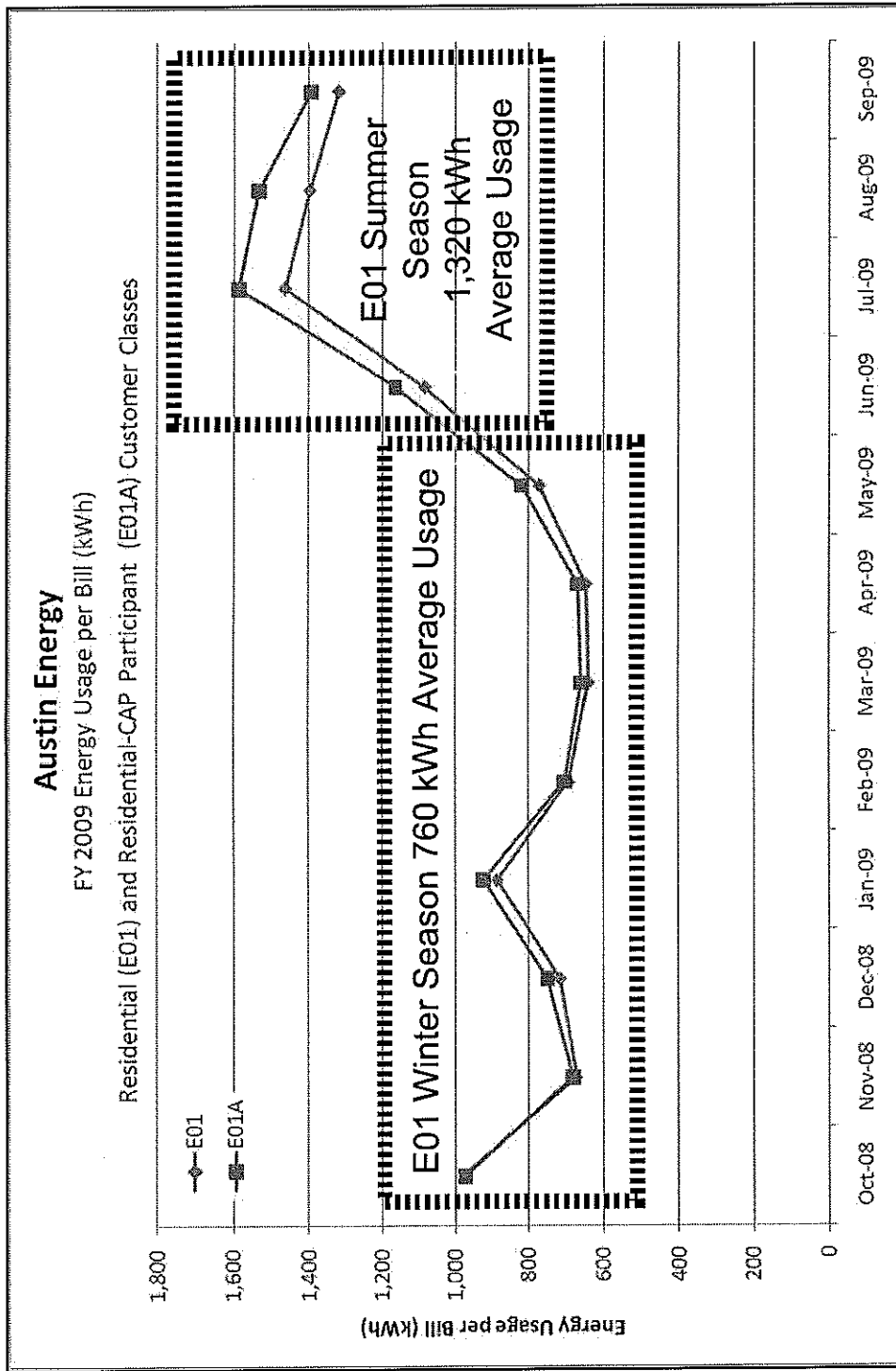
But widening the first tier to 1,000 could reduce the incentive to conserve in the winter season when the average household use is only 760. Because of the difference in average power use between winter and summer, I propose adding seasonality to the width of the first tier (analogous to Austin Energy's seasonal pricing) as follows.

Based on the average household use each season, I recommend setting a first tier width of 1,300 kWh during summer season and 750 during winter season. This would reduce the bias in favor of single occupancy households while encouraging higher occupancy households and conservation in both seasons.

Finally I would like to thank Bob Wittmeyer for helping me gather the data.



## CAP Participants Use Higher Amount of Electricity on Average



Average monthly Customer Assistance Program (CAP) participant (E01A) electricity usage was 1,023 kWh in FY 2009, and 943 kWh for E01. Preliminary: Results subject to review, correction & change.

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**PROFESSIONAL AND EDUCATIONAL:**

- 1973-Date ROBERT ATKINS WALKER PC, Austin, Texas.  
President. Tax, accounting and business consulting services for individuals, partnerships, corporations, trusts and estates, with specialties in inbound and outbound international taxation and estate and trust taxation.
- 2005 THE UNIVERSITY OF TEXAS, Austin, Texas  
Lecturer, business entities and estates, trusts, & gifts graduate course.
- 2001-2002 POINT LOMA NAZARENE UNIVERSITY, San Diego, California  
Professor, cost/managerial accounting (undergrad and MBA) and taxation.
- 1991-2001 GEORGETOWN UNIVERSITY, Washington, DC  
Assistant Professor, taxation, managerial & cost accounting - undergrad and MBA.
- 1976-1984 UNIVERSITY OF MINNESOTA, Duluth Campus.  
Instructor, taxation, managerial & cost accounting, and quantitative methods (except 1979-80).
- 1979-1980 MOLECTRON CORPORATION, Sunnyvale, California.  
Chief Financial Officer. 100-employee laser manufacturer.
- 1971-1976 WALKER HYDRILL, INC., Duluth, Minnesota.  
Vice-President and General Manager.
- 1969-1971 ARTHUR ANDERSEN & COMPANY, Boston, Massachusetts.  
Assistant Commercial Auditor.

**EDUCATION:**

- 1984-1991 UNIVERSITY OF TEXAS, Austin, Texas. Ph.D. in Taxation, Insurance and Finance.
- 1973-1975 STANFORD GRADUATE SCHOOL OF BUSINESS, Palo Alto, California. MBA in finance.
- 1972-1973 UNIVERSITY OF HOUSTON LAW SCHOOL, Houston, Texas. Left to pursue Stanford MBA.
- 1965-1969 RICE UNIVERSITY, Houston Texas. BA in economics. Lettered in swimming.

**AWARDS:**

- American Taxation Association/Price Waterhouse \$5,000 1992 Outstanding [National] Tax Dissertation
- State Farm Companies \$10,000 1990 Doctoral Dissertation Award in Insurance.
- University of Minnesota (Duluth) School of Business and Economics 1984 Professor of the Year Award.

**PUBLICATIONS:**

"Gold at the End of the Rainbow: Medical Expenses and Below-Market-Rate Loans in Continuing Care Retirement Communities," co-authored with Chad E. Turner. 18 *Virginia Tax Review* 1 (Summer 1998: The University of Virginia School of Law).

"Dealing with Employee Misclassification: Avoiding SECA and FICA Taxes," co-authored with Clifton L. Kling, printed in *Tax Notes* 67 (April 3, 1995), pp. 105-16. Reprinted in *Exempt Organization Tax Review* 2, no. 6 (June 1995), pp. 1265-75.

*Do Taxes Matter? The Case of the Property-Casualty Insurance Industry.* Austin, TX: The University of Texas, 1991.

**VOLUNTEERING:**

- New Song Ministries, Austin, TX - Board member and treasurer - 2005 to date.
- St. Theresa's/Hope Chapel Harvesters Softball Team - Coach and pitcher - 2002 to date.

**MEMBERSHIPS:**

- Cental Texas Estate Planning Council, Texas Society of CPAs, and the Delta Sigma Pi business fraternity

**ADDITIONAL INFORMATION:**

- Certified Public Accountant: Licensed in Texas since 1972 (active), the District of Columbia since 1992 (active), and Minnesota since 1982 (inactive).
- Married 17 years, 2 children: 13-year-old daughter and 11-year-old son, 6'0", 160 lbs (me, not our son).