

**To: Toye Goodson Collins**

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**From: Shudde Fath, 442-2718**

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**Subject: Electric rates for schools and worship facilities**

**As a member of Electric Utility Commission since its creation in 1977, my main electric rate focus has been on residential rates. But I now recall some past issues for schools and churches.**

**Austin Energy decides to build another power plant based on increasing summer peak demand. AE peaks about 4:00 p.m. on week days in the summer.**

**For many years schools have been in separate rate classes because:**

**Schools are closed or mostly closed in summer and do not contribute to AE's summer peak demand. And during the 9-month school session, most classes are dismissed prior to 4:00 p.m. so do not contribute to AE's daily peak.**

**For many years worship facilities have been in the residential rate class because:**

**Churches use the most electricity on Sunday mornings (and with some religions worshipping on Saturday).**

**In other words, school and worship facilities are a benefit to AE because of distinctive consumption patterns that do not contribute to AE's overall system peak.**

**On another subject ----- demand charges: AE's rate proposals have me wondering whether electrical engineers had input into AE's rate proposals.**

**As I recall, the EUC was taught that demand charges are intended to incentivize ratepayers to level out their electric consumption and thereby help level out systemwide demand.**

**Long ago, demand charges started at 20kW. I recall only two demand charge complaints at EUC: a car-crushing business and a popular washateria with a 5:30 p.m. customer rush. In other words, most businesses paying demand charges exceeded 20kW in their usual course of business.**

**As Austin's economy grew and diversified, I once suggested that the 20kW threshold might be raised to 30kW without detriment to system demand. Instead, the 20kW was lowered to 10kW, and now AE proposes demand meters on all commercial ratepayers ----- together with a 90% power factor.**

**Unless the rationale for demand meters has changed, the proposed demand charges for small commercials seem unjustified.**

**Finally, I mention my proposal for a residential minimum bill amount rather than a high fixed charge before the customer flips a light switch. I have not studied whether a minimum bill amount would benefit small commercial customers.**