

**A Resolution by the Electric Utility Commission  
December 19, 2011**

**WHEREAS**, maintaining the long-term financial strength and sustainability of Austin Energy is a critical priority of the City of Austin, and

**WHEREAS**, Austin Energy's base electric charges were last adjusted in 1994, and

**WHEREAS**, over the last 17 years Austin Energy has experienced significant increases in costs of materials and labor, system growth, and expansion of programs; and

**WHEREAS**, the Electric Utility Commission and Austin Energy's Public Involvement Committee held a lengthy series of public meetings and hearings with customer and stakeholder groups from January 2011 through October 2011 and received hundreds of public comments from a specially created website, as authorized by Council Resolution No. 20100930-026; and

**WHEREAS**, the Electric Utility Commission performed a thorough and complete review of information submitted by customers and stakeholder groups, and provided detailed feedback to Austin Energy to achieve a fair, just, and reasonable and equitably balanced rate proposal; and

**WHEREAS**, Austin Energy incorporated most of the Electric Utility Commission's majority comments in its proposed rates, which were submitted to the City Council on December 14, 2011; and

**WHEREAS**, the recommendations of the Residential Rate Advisor were largely incorporated in the proposed made to Council by Austin Energy; and

**WHEREAS**, on December 14, 2011, Austin Energy reported to the City Council that Austin Energy expects its expenses to exceed its collected revenue by \$126 million during 2012 without a rate increase that meets Austin Energy's cost of service; and

**WHEREAS**, \$24 million of the revenue shortfall is intended to replenish Austin Energy's Operating Fund, which has been depleted to meet operating expenses from \$267 million in 2007 to \$38 million in 2012, averaging about \$46 million per year; and

**WHEREAS**, \$102 million of the 2012 revenue shortfall occur in the utility's operating budget, which implies an average revenue shortfall of about \$2 million per week during 2012, or \$279,452 for each day in 2012 without a rate increase that meets the utility's cost of service;

**THEREFORE, BE IT RESOLVED,**

The Electric Utility Commission advises the City Council to complete its rate review and approval process as quickly as possible to mitigate the impact of Austin Energy's revenue shortfall on utility operations.

This resolution was adopted on December 19, 2011 by a vote of 4-2-1 with Chair Schmandt and Commissioners Bernfeld, Smaha, and Webber voting “yes,” Commissioners Day and Shaw voting “no,” and Commissioner Fath abstaining.