

**Proposed City Council Work Plan
Council Members Morrison, Tovo and Martinez
(adopted Wednesday February 22, 2012)**

The schedule below represents a logical progression through the major decision points underlying the rate proposal. The schedule divides the policy decisions into three broad categories: the revenue requirement, cost of service, and rate design. Each category has been further divided into the key topics that should be evaluated when arriving at policy decisions.

Council would take preliminary action throughout the decision-making process, with final policy direction scheduled for September. As soon after as feasible, staff would return to Council with a rate proposal that reflects those directives and uses 2011 financial data for its test year.

Revenue Requirement Issues

Session 1

Debt Service Coverage
CIP Debt-Equity Ratio
Reserve Funds (Number/Scope of Funds, Funding Levels, Replenishment Rates)
Consideration of Interim Financial Revenue Options as Presented by Austin Energy

Session 2

General Fund Transfer (Amounts, Options for Calculating)
Additional Transfers (EGRSO, Corporate Services, Other)

Session 3

Distributed Solar Goals
Energy Efficiency Goals
Customer Assistance Program Goals (Depth and Breadth of Program)

Session 4

Potential Preliminary Council Action on Issues from Sessions 1 - 3

AE Budget Reduction Recommendations
Line Extension/New Service Cost Study
(Dis)connection Fees and Charges

Session 5

Other Related Issues
Review Austin Energy 2011 Audited Finances
Off-system Sales in a Nodal Market
Consideration of Auditor's Report

Cost of Service

Session 6

Cost of Service Methodologies (AED, BIP, 4CP, Other Alternatives)

Rate Design

Session 7

Potential Preliminary Council Action Issues from Sessions 4-6

Fixed Charges and Alternatives

Inverted Block Structure

Bundled Plan for Low-Use Customers

Fuel Charge (Components and Calculations)

Session 8

Consideration of Rates for Specific Types of Customers
(Faith Community/Nonprofit Organizations, School Districts, Industrial Users)

Distributed Solar Goals

Energy Efficiency Goals

Customer Assistance Program Goals (Depth and Breadth)

Session 9

Consideration of Rates for Specific Types of Customers
(Out-of-City Ratepayers)

Session 10

Potential Preliminary Council Action from Sessions 7-8

Review of Rate Case Elements

Phasing Options for Rate Increases

Final Policy Direction

Session 11

Potential Rate Impacts from the Generation Plan Update
Council Action on Policies Related to Revenue
Requirement, Cost of Service Methodologies, and Rate
Design