

Late Backup

**STATEMENT OF
LANETTA COOPER
ON BEHALF OF
TEXAS LEGAL SERVICES CENTER
BEFORE THE
CITY COUNCIL OF AUSTIN**

My name is Lanetta Cooper and I am speaking today on behalf of Texas Legal Services Center involving the lack of transparency on the budget when it comes to the bread and butter issues that affect the City of Austin's Utility customers—their bills. We also will be addressing the Energy Efficiency Budget asking that the city add energy efficiency programs targeted at low and moderate income customers.

Transparency is not solved simply with numbers of public hearings or gigabytes of data. Transparency occurs when relevant data is provided in useable formats keyed to addressing the issue(s) before the council and when hearings are noticed early enough to allow for knowledgeable and thoughtful dialogue. In the case of this budget, the public had next to no time to prepare for this hearing tonight because first of all, not all relevant data has been timely provided in a useable format; and second, two weeks and one day from the time the budget was published is simply inadequate notice for a public hearing.

The budget does not provide this council or the public a typical utility bill that would show the total bill impact of every rate increase that is being sought under this budget. Instead, each department sets out its request: the water utility wants to raise its water rates 7.4% and its wastewater rates 2.3%; the electric utility—despite \$65 million in excess profits expected to be earned this year wants to raise its "riders" resulting in a rate increase of about 2%. Other increases are probably going to happen but they are not as apparent. For instance, I started seeing on my Austin utility bill a code compliance fee this year. That isn't coming from any utility department. It apparently was a new fee created last year. All of these fees and rate increases add up to the consumer. Many of the people we represent live on fixed incomes that do not get cost of living increases. Any bill increase adversely affects people who have next to no discretionary spending. You as a council who has determined that Austin should be an affordable city should look at the overall monthly impact to a consumer's cost of living brought on by all these fee increases. We urge you to look at the full bill impact before you vote for any increase.

Second, when it comes to the proposed rate increases, and I am speaking more specifically on Austin Electric's proposed rate increases, there is next to no information provided to support the rate increases. All that is available is summary data that does not reveal the underlying changes the utilities are making. We have learned that AE is not only estimating next year's sales; but it has also estimated the end of this fiscal year's sales and costs to project under earnings for the various riders created last year. The significance of this fact is that it is increasing rates to recover these estimated under earnings. And this is being done without having available as part of these rate increase requests the supporting data, including the methodology relied upon on "best guessing" these under earnings. This is extraordinary. It is not consistent with Texas' utility ratemaking policies that require historical test year data as a base¹ for rate requests; in other words, use of costs and revenues that have actually occurred and not just been estimated. The City's utility departments should be required to post on their respective websites the work papers supporting their rate recommendations at the same time its section of the city's budget is posted.

Third, the time provided the public to review the City's budget is simply inadequate. Two weeks is not enough time to obtain information from the respective utility departments, review the information and determine the recommendation to be made to the council. No less than a month's notice should be provided the public—especially when the various utility departments are increasing rates Austin utility customers are asked to pay.

Austin Energy's support of its Energy Efficiency Rider rate increase is non-existent in the budget. And the supporting information provided the public subsequently upon request does not provide the ability to connect up the dots between the documents and the amount requested. Attached is a copy of the AE document provided to support the reasonableness of AE's request. I challenge anyone of you to connect this document up to the \$34,167,932 amount requested in the energy efficiency budget underlying the EE rider. This is not transparency. It is obfuscation. The only thing that can be concluded from the document is that instead of over-spending it EE budgets, it has underspent them. And this is especially and painfully true when it comes to the free weatherization program for low income AE ratepayers. All ratepayers, even CAP customers, reimburse AE through the rates charged by the utility for the energy efficiency expenditures. Yet, only one program is available for which low income AE customers can realistically apply. And even this program has not spent its budgeted funding. At the state level, the Texas Legislature has mandated a minimum level of energy efficiency expenditures for low income electric ratepayers. At least 10% of a utility's energy efficiency budget must be used to provide weatherization consistent with the federal weatherization assistance program. I have attached the relevant portion of that law. If this state minimum standard would be applied to AE's FY 2014 energy efficiency budget, the amount for low income weatherization would be \$3.4 million dollars. The actual budgeted amount for FY 2014 is a repeat of last year's budgeted \$850,000, only about one-fourth of the state-required minimum expenditure. We are asking the council to increase the EE budget amount proposed for weatherization to at least \$3.4 million which is the state minimum standard. We are also

¹ Even for those rates that state law allows utilities to project costs for the upcoming year, the determination of under or over earnings is based on historical data involving utility costs that have already occurred and revenues that were actually realized by the utility.

asking that an additional \$3.4 million be budgeted for moderate income AE ratepayers whose household income is between 201% and 300% of federal poverty guidelines. These folks, barely above the CAP eligibility criteria, cannot afford to participate under any of the energy efficiency programs in place today. They are not going to go out and buy a \$700 super energy efficient front load washer to get back \$100 in rebates. They will probably buy a used, non-front load washer. Just as in the case of multi-family energy efficiency incentives offered by AE to landlords in FY 2013, the level of energy efficiency incentives has to be substantially higher for moderate income AE customers to participate. It is inequitable for these folks to fund a program in which they cannot realistically participate. We are asking that these folks get equitable access by urging you to direct AE to develop energy efficiency program(s) with public input in which moderate income AE families can participate.

Austin Energy
Distributed Energy Services: Energy Efficiency Programs and Program Management
FY 2012 Actual through FY 2014 Proposed

BUSINESS_UNIT	ORGN_NAME	2012 BUDGET	2012 ACTUAL	2013 BUDGET	2013 YTD ACTUAL	2014 PROPOSED
Conservation Rebates & Incentiv	Free Weatherization	\$ 849,850	\$ 598,003	\$ 849,850	\$ 19,256	\$ 850,000
	Multi-Family Rebates	1,592,600	2,734,740	1,592,600	1,444,973	1,896,136
	Loan Options	78,380	24,137	13,380	5,000	536,973
	Rebate Options	-	41,595	-	1,248,515	-
	Clothes Washer Rebates	40,000	20,750	40,000	15,550	40,000
	Duct Diagnostic/Sealing Rebates	-	3,770	-	-	-
	Nexus-Home Audit Cd	65,000	56,550	65,000	51,838	66,950
	Compact Fluorescent Distrib.	25,000	-	25,000	-	25,750
	Loan Star Debt Service	-	58,957	-	-	-
	Commercial-Exisit Construction	2,968,600	3,001,704	2,968,600	1,386,189	4,028,611
	Small Businesses	800,000	379,963	800,000	449,839	998,307
	Green Building	-	-	300,000	-	300,000
	Commercial Power Partner	300,000	97,381	300,000	233,969	545,900
	Commercial Miser Program	-	-	-	-	-
	Solar Program	4,630,000	5,849,240	7,500,000	6,029,539	4,400,000
	Solar Performance Based Incentive Prog	-	-	-	76,148	-
	Refrigerator Recycle Program	458,528	346,040	543,528	261,545	559,834
	Multi-Family Duct Sealing	-	-	-	-	-
	Residential Power Partner-Aggr	834,000	400,035	834,000	703,553	762,189
	Load Coop	812,500	135,250	812,500	105,481	1,560,000
	Thermal Energy Storage	226,000	-	226,000	-	103,000
	Home Performance w Energy Star	2,360,000	2,140,221	2,563,250	2,456,825	2,163,000
	Appliance Efficiency Program	180,000	1,647,015	-	-	259,784
	Air Conditioning Rebates	851,000	20,500	1,300,000	-	930,423
	Electric Vehicles	-	-	315,000	68,082	315,000
Total - Conservation Rebates & Incentives		\$17,071,458	\$17,555,849	\$21,048,708	\$14,556,301	\$20,341,857
Energy Efficiency Services	Advertising-Conservation	\$ 444,375	\$ 475,173	\$ 504,200	\$ 265,412	\$ 504,200
	Gen. Residential Prgrms	-	-	-	-	-
	DSM Administration	3,414,979	3,272,761	3,902,016	3,033,765	3,746,970
	DSM Program Mgmt	1,144,730	1,175,069	1,270,513	1,229,372	724,266
	DSM Program Support	1,783,780	1,391,973	1,952,762	1,229,827	1,810,851
	DSM Solar Program	890,934	714,312	891,182	424,738	1,197,551
	EES Technical Support	1,269,162	937,271	1,304,599	1,054,163	1,604,575
	Commercial Enrgy Mgmt	-	-	-	-	-
	Residential Incentives	2,207,741	336,679	991,491	153,463	2,207,741
	Municipal Conservation Program	100,000	4,217	100,000	73,063	100,000
Green Building and Tech Group	CAP Weatherization Program	-	-	-	5,426	1,000,000
	Green Building Prgm	2,196,039	1,991,145	2,583,884	1,604,802	2,427,488
	Electric Vehicles	1,393,598	612,359	1,148,194	480,340	913,338
Distributed Energy Services Corp	Emerging Technologies	531,990	494,391	525,994	509,556	529,330
	Distributed Enrgy Serv. Adm	959,456	840,985	1,013,438	459,901	808,235
	Des Corporate Corporate	556,347	398,491	729,445	105,932	348,800
Total Conservation Administration/Green Building & Other Support		\$16,893,131	\$12,644,826	\$16,917,718	\$10,629,760	\$17,923,345
Key Accounts Mgt	Key Accounts Management	1,459,151	1,280,172	1,411,349	1,037,303	1,537,794
Market Research, Planning & Dev	Market Res, Plan & Dev (Mrdp)	1,422,206	1,271,528	1,970,835	1,691,899	2,350,417
Total Key Accounts & Market Research		\$ 2,881,357	\$ 2,551,700	\$ 3,382,184	\$ 2,729,202	\$ 3,888,211
Total Distributed Energy Services O&M		\$36,845,946	\$32,752,376	\$41,348,610	\$27,915,263	\$42,153,413

Relevant Portions of the Public Utility Regulator Act, the state law that regulates electric utilities in

reasonably calculated by the commission to produce, on a statewide basis, compliance with the requirement prescribed by Subsection (a); and

(2) specify reasonable performance standards that all natural gas capacity additions must meet to count against the requirement prescribed by Subsection (a) and that:

(A) are designed and operated so as to maximize the energy output from the capacity additions in accordance with then-current industry standards and best industry standards; and

(B) encourage the development, construction, and operation of new natural gas energy projects at those sites in this state that have the greatest economic potential for capture and development of this state's environmentally beneficial natural gas resources.

(d) The commission, with the assistance of the Railroad Commission of Texas, shall adopt rules allowing and encouraging retail electric providers and municipally owned utilities and electric cooperatives that have adopted customer choice to market electricity generated using natural gas produced in this state as environmentally beneficial. The rules shall allow a provider, municipally owned utility, or cooperative to:

(1) emphasize that natural gas produced in this state is the cleanest-burning fossil fuel; and

(2) label the electricity generated using natural gas produced in this state as "green" electricity.

(e) In this section, "natural gas technology" means any technology that exclusively relies on natural gas as a primary fuel source.

(Added by Acts 1999, 76th Leg., R.S., ch. 405 (SB 7), § 39.)

Sec. 39.9048. NATURAL GAS FUEL.

It is the intent of the legislature that:

(1) the cost of generating electricity remain as low as possible; and

(2) the state establish and publicize a program to keep the costs of fuel, such as natural gas, used for generating electricity low.

(Added by Acts 1999, 76th Leg., R.S., ch. 405 (SB 7), § 39.)

Sec. 39.905. GOAL FOR ENERGY EFFICIENCY.

(a) It is the goal of the legislature that:

(1) electric utilities will administer energy efficiency incentive programs in a market-neutral, nondiscriminatory manner but will not offer underlying competitive services;

(2) all customers, in all customer classes, will have a choice of and access to energy efficiency alternatives and other choices from the market that allow each customer to reduce energy consumption, summer and winter peak demand, or energy costs;

(3) each electric utility annually will provide, through market-based standard offer programs or through targeted market-transformation programs, incentives sufficient for retail electric providers and competitive energy service providers to acquire additional cost-effective energy efficiency, subject to cost ceilings established by the commission, for the utility's residential and commercial customers equivalent to:

(A) not less than:

(i) 30 percent of the electric utility's annual growth in demand of residential and commercial customers by December 31 of each year beginning with the 2013 calendar year; and

(ii) the amount of energy efficiency to be acquired for the utility's residential and commercial customers for the most recent preceding year; and

(14) programs for using windows and other glazing systems, glass doors, and skylights in residential and commercial buildings that reduce solar gain by at least 30 percent from the level established for the federal Energy Star windows program;

(15) data center efficiency programs; and

(16) energy use programs with measurable and verifiable results that reduce energy consumption through behavioral changes that lead to efficient use patterns and practices.

(e) An electric utility may use money approved by the commission for energy efficiency programs to perform necessary energy efficiency research and development to foster continuous improvement and innovation in the application of energy efficiency technology and energy efficiency program design and implementation. Money the utility uses under this subsection may not exceed 10 percent of the greater of:

(1) the amount the commission approved for energy efficiency programs in the utility's most recent full rate proceeding; or

(2) the commission-approved expenditures by the utility for energy efficiency in the previous year.

(f) Unless funding is provided under Section 39.903, each unbundled transmission and distribution utility shall include in its energy efficiency plan a targeted low-income energy efficiency program as described by Section 39.903(f)(2), and the savings achieved by the program shall count toward the transmission and distribution utility's energy efficiency goal. The commission shall determine the appropriate level of funding to be allocated to both targeted and standard offer low-income energy efficiency programs in each unbundled transmission and distribution utility service area. The level of funding for low-income energy efficiency programs shall be provided from money approved by the commission for the transmission and distribution utility's energy efficiency programs. The commission shall ensure that annual expenditures for the targeted low-income energy efficiency programs of each unbundled transmission and distribution utility are not less than 10 percent of the transmission and distribution utility's energy efficiency budget for the year. A targeted low-income energy efficiency program must comply with the same audit requirements that apply to federal weatherization subrecipients. In an energy efficiency cost recovery factor proceeding related to expenditures under this subsection, the commission shall make findings of fact regarding whether the utility meets requirements imposed under this subsection. The state agency that administers the federal weatherization assistance program shall provide reports as required by the commission to provide the most current information available on energy and peak demand savings achieved in each transmission and distribution utility service area. The agency shall participate in energy efficiency cost recovery factor proceedings related to expenditures under this subsection to ensure that targeted low-income weatherization programs are consistent with federal weatherization programs and adequately funded.

(g) The commission may provide for a good cause exemption to a utility's liability for an administrative penalty or other sanction if the utility fails to meet a goal for energy efficiency under this section and the utility's failure to meet the goal is caused by one or more factors outside of the utility's control, including:

(1) insufficient demand by retail electric providers and competitive energy service providers for program incentive funds made available by the utility through its programs;

(2) changes in building energy codes; and

(3) changes in government-imposed appliance or equipment efficiency standards.

(h) For an electric utility operating in an area not open to competition, the utility may achieve the goal of this section by:

(1) providing rebate or incentive funds directly to customers to promote or facilitate the success of programs implemented under this section; or