#115 From Speaker
Carol Biedrzycki

PUBLIC COMMENT OF CAROL BIEDRZYCKI
AUSTIN CITY COUNCIL
August 22, 2013
AGENDA ITEM 115.

Late Backup

This public hearing is being held to receive public comment on the proposed rate and fee changes for Austin Energy as part of the Fiscal Year 2013-2014 Proposed Budget. I appreciate the opportunity to share important information and encourage City Council to delay approval of Austin Energy's (AE's) proposed rates, fees and budget until all fiscal year (FY) 2012 expenditures are known.

AE is proposing to increase that portion of the Community Benefit Charge (CBC) dedicated to energy efficiency. AE is proposing the energy efficiency surcharge increase by 14.8%. The increase is being attributed to the under recovery of revenue attributable to the exemption of large contract customers from paying the CBC and an increase in program costs.

The need for an increase should be further investigated for a number of reasons:

1. **The Electric Utility Commission did not recommended adoption at its August 19, 2013 meeting.**

   The Electric Utility Commission discussed AE's proposed rates and fees at its regular meeting and discussed a motion to recommend approval of the budget which did not pass.

2. **As of July 30, 2013, over 30 percent of the budget remains unspent with less than 60 days remaining in the fiscal year.**[1]

   A sizeable amount of money remains unspent in the majority of the energy efficiency programs. In response to questions asked at the August 20, 2013 Resource Management Commission meeting Austin Energy reported that unspent funds were held by the utility and reassigned to other programs. These funds are excessive and should be

[1] See 2013-2014 Proposed Budget Response to Request for Information at p 4.

accounted for fully. The energy efficiency surcharge should not be increased when funds remain unspent.

- **Insufficient funds are budgeted for low-income weatherization.**

In FY 2013 AE was collecting a kWh surcharge for the Customer Assistance Program (CAP) that provided $1 million for low-income weatherization. The $1 million was not included in the FY 2013 budget. For FY 2014 the budget is only $1 million. The CAP weatherization allowance should be fully budgeted for the weatherization program. These funds have not been budgeted and the program activity is lagging. AE has had a posting on its website for months and it is posted today stating that there are no applications being taken.[2]

In the absence of the ARRA (American Reinvestment and Recovery Act) AE was able to spend over $2.5 million per year and created a backlog of customers waiting for weatherization services. Because of the need for the program, the Generation Resource Planning Task Force recommended continuation of the ARRA program by AE.[3] In light of the recommendation there has been a reversal in weatherization activity. Funding was only $850,000 for FY 2013 and as of July 30th only $19,256 was spent. Austin Energy has not identified how unexpended weatherization funds will be spent. We recommend that all amounts budgeted for low-income weatherization be used for only that purpose.

Funding should be increased for many reasons including the assurance of a steady and reliable funding level to foster the development of a-trained and experienced contractor workforce. At a minimum, Austin Energy should meet the funding standard

[2] See Internet posting attached at p. 6.
[3] See Task force recommendation attached at p. 7.

set forth in the state law[4] governing utilities responsible for energy efficiency in most of the state. In those service areas, not less than 10 percent of the utility's energy efficiency budget must be spent on low-income energy efficiency. AE's budget would provide from 2 to 5% of funds for low-income programs depending on how it is calculated. This is substantially below a Texas industry standard.

- **There has been no progress in identifying programs that will serve households living at 200 to 400 percent of the Federal poverty guideline as recommended in the November 2009 Generation Resource Plan.**

AE has made no progress in following recommendation 6b of the Generation Resource Planning Task Force to explore mechanisms to make energy efficiency programs available to households with income between 201 and 400 percent of the Federal Poverty Guideline.

Rate and fee increases do not have to be approved in order to approve a budget. Furthermore, the AE budget can be amended when any change in rates and fees are fully known. At this time, we ask City Council to deny Austin Energy's request for an increase in the Community Benefit Charge and its proposed budget. New rates should not be established until historical costs are fully known.

Respectfully submitted:

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[4] See excerpt from Public Utility Regulatory Act §39.905(f) at p. 8.

2013-2014 PROPOSED BUDGET
RESPONSE TO REQUEST FOR INFORMATION

DEPARTMENT: AE

REQUESTED BY: Carol Biedrzycki, Texas Ratepayers' Organization to Save Energy
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State: Texas
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DATE REQUESTED: 8/6/13, Response Due 08/15/13

REQUEST: Subject: Austin Energy Energy Efficiency Program Budget and Expenditures I am requesting the following: Copies of Record(s) State the requested document(s) or record(s) below:

1. For FY 2012 and 2013 please provide all reports, workpapers, and other documents describing the total amount of revenue collected through the Community Benefit Charge (CBC) for street lighting, energy efficiency programs, and the customer assistance program and, the amount of expenditures from each fund.

2. For FY 2012, FY 2013, and FY 2014 please provide all reports, workpapers and other documents describing Austin Energy's energy efficiency program budget for all energy efficiency programs and for each individual program.

3. For FY 2012 and FY 2013 please provide all reports, workpapers and other documents describing Austin Energy's energy efficiency program expenditures for all energy efficiency programs and for each individual program.

Comments/Additional Information (if needed): Readable electronic files are acceptable.

RESPONSE:

1. The Community Benefit Charge (CBC) was not in existence during FY 2012. Please see the Rate Adjustment Summary below:
2.

	FY 2013 CYE Expenses	FY 2013 CYE Revenues	(Over)/Under Recovery	FY 2014 Budget	Non Recoverable (until contract expiration)	Total Recoverable
Community Benefit Charge:						
Energy Efficiency	$ 28,702,363	$ 23,904,923	$ 4,797,441	$ 34,167,932	$ (5,767,767)	$ 33,197,606
Customer Assistance	$ 5,419,395	$ 10,444,316	$ (5,024,921)	$ 9,950,013	N/A	N/A
Street/Traffic Lighting	$ 7,927,132	$ 7,405,459	$ 521,673	$ 9,371,871	$ (1,515,970)	$ 8,377,574
Regulatory Charge	$ 72,021,287	$ 69,642,401	$ 2,378,886	$ 83,565,222	$ (11,251,084)	$ 74,693,024

3. & 3.

The chart below shows the FY12 Amended Budget and Audited Actual, FY13 Amended Budget and Year-to Date Actual and the FY14 Proposed Budget for Distributed Energy Services.

Austin Energy

Prior Year History - Distributed Energy Services: Energy Efficiency Programs and Program Management

FY13 YTD is as of July 2013

BUSINESS_UNIT	ORGN_NAME	2012 BUDGET	2012 ACTUAL	2013 BUDGET	2013 YTD ACTUAL	2014 PROPOSED
Conservation Rebates & Incentives	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 Flourescent 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**	**$17,666,849**	**$21,048,708**	**$14,656,301**	**$20,341,867**
Energy Efficiency Services	Advertising-Conservation	$ 444,375	$ 475,173	$ 504,200	$ 265,412	$ 504,200
	Gen. Residential Prgms	-	-	-	-	-
	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
	CAP Weatherization Program	-	-	-	5,426	1,000,000
Green Building and Tech Group	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
	Emerging Technologies	531,990	494,391	525,994	509,556	529,330
Distributed Energy Services Corp	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
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 Distributed Energy Services	**less Conservation Rebates & Incentives**	**$19,774,488**	**$15,198,626**	**$20,299,902**	**$13,358,962**	**$21,811,686**
Total Distributed Energy Services O&M		**$36,845,946**	**$32,752,376**	**$41,348,610**	**$27,915,263**	**$42,153,413**

The attached PDF is the FY12 Distributed Energy Services Annual Report which provides more detail on the Energy Efficiency programs.

Caulking is one of many measures that can improve your home's energy efficiency.

Direct Free Home Improvements questions to
Austin Energy Customer Care Contact Center

phone: (512) 974-7827
e-mail: Free Home Improvements

Power Saver™ Program

Free Home Energy Improvements

Austin Energy offers free home energy improvements to customers with low-to-moderate incomes. The improvements reduce energy costs, address health and safety issues, and enhance comfort.

Program Currently Full

Unfortunately, we are not accepting any more applications for the program at this time. We hope to be able to offer the program again in the future. Please check this page for updates.

Other Customer Assistance Programs

The City of Austin offers additional programs to help customers facing temporary and long-term financial difficulties as well as serious medical problems. You may be eligible for monthly discounts on your utility bill or emergency financial help if you have difficulty paying your bill. **Find out if you qualify for these assistance programs**

Rebates and low-interest loans for energy efficiency improvements are also available through our Home Performance with ENERGY STAR® program. **Learn how to take advantage of these rebates and loans**

Power Saver™ Program—Saving Energy Together

Related Content

- Rebates
- Loans
- Power Partner Thermostats
- Refrigerator Recycling
- Austin Energy Green Building
- GreenChoice® Renewable Energy

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4. **Consider Expanded Natural Gas Facilities**. Natural gas, while a carbon emitting resource, emits less carbon than coal. Austin Energy should continually assess whether the long term risk of natural gas fluctuations has been sufficiently minimized due to shale gas or other factors that, subject to compliance with environmental regulations and goals, natural gas generation capacity should be substituted for other resources in order to substantially reduce costs.

5. **Consider Nuclear Power**. The Task Force does not recommend additional nuclear power at this time, based in part on the uncertainty associated with the costs of participating in the expansion of the South Texas Nuclear Project and other unknown factors such as radioactive waste disposal. In the event power from nuclear or other generation sources is offered to Austin Energy in the future, Austin Energy should consider such offers as a substitute for resources included in the generation plan and evaluate both the economics and the environmental impact at that time.

6. **Reduce Bill Impact on Those Least Able to Pay**. Projected future increases in energy prices will burden the poorest in our community the most. Utility bills often represent the second highest bill facing a family, after the cost of housing. It is an ethical obligation that The City of Austin ease the burden on those least able to bear it.

   The Task Force recommends:

   a. expanded programs for low income citizens to reduce the energy intensity of their homes; in light of the recent Recovery Act funds available to the City of Austin for weatherization, and other potential sources of money for energy efficiency, Austin Energy should raise its own income criteria to a minimum of 200 percent of poverty and continue the program beyond the date the Recovery Act requirements terminate in 2011;
   b. Austin Energy should explore mechanisms to make energy efficiency programs available to those with incomes between 200 and 400 percent of the federal poverty guideline, such as rebates, loans or some combination; as part of this effort, Austin Energy should conduct a study specific to Austin Energy to determine income levels, energy burden and population sizes for residential consumers with household incomes up to 400 percent of the federal poverty guideline;
   c. Austin Energy should find ways and seek grants from other sources to make distributed energy generation resources available and affordable for low and medium income households (after they have been weatherized) as a hedge against future increases in energy prices;
   d. the City Council should act aggressively to assure that rented living spaces, which are disproportionately populated by lower income citizens, are given special attention through energy efficiency program outreach; and
   e. any future generation planning advisory group should include representatives of residential and low income consumers knowledgeable about energy affordability issues and solutions.

(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

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