



## MEMORANDUM

**TO:** Low Income Consumer Advisory Task Force

**FROM:** Denise Kuehn

**DATE:** March 25, 2015

**SUBJECT:** Response to Questions from Lanetta Cooper

The attached information is in response to the question from the LICATF February 27<sup>th</sup> meeting concerning the bulk purchases of refrigerators under the AE Weatherization program.

**Questions submitted by Lanetta Cooper via LICATF**

1. You provided the budgets for each low income weatherization budget in response to Question No. 1. Please provide the actual expenditures for each program for FY 2012 (exclusive of any ARRA-funded expenditures), FY 2013 (exclusive of any ARRA-funded expenditures), and FY 2014(exclusive of any ARRA-funded expenditures).

**AE Customer Benefits Charge Weatherization**

CAP				EE			TOTAL
	Authorized Budget	Spent	Difference	Authorized Budget	Spent	Difference	Spent
2012	\$0	\$0	\$0	\$849,850	\$598,003	\$251,841	\$598,003
2013	\$1,000,000	\$75,728	\$924,272	\$849,850	\$477,567	\$372,283	\$553,295
2014*	\$1,000,000	\$1,374,646	(\$374,646)	\$850,000	\$507,000	\$343,000	\$1,881,646
2015**	\$1,000,000	\$1,105,892	(\$105,892)	\$1,330,000	\$0	\$1,330,000	\$1,105,892
	\$3,000,000	\$2,556,266	\$443,734	\$3,029,850	\$984,567	\$2,045,283	\$3,540,833

\*2014 Unaudited

\*\*2015 Currently Obligated as of February 25, 2015

2. In response to Question No. 10, AE stated that it used either bulk buying or directly contracting with the manufacturer for materials and/ or equipment for refrigerator retrofits in 2013 and 2014 involving its low income weatherization programs. For its low income weatherization programs, please explain AE's business practices relating to paying for the costs of refrigerator retrofit in 2013 and in 2014. In your explanation, please identify the costs savings that occurred as a result of its use of bulk purchasing or purchasing directly from the manufacturer. Please also explain the standards AE relied upon in determining whether a refrigerator should be replaced, and what was the level of energy savings that AE estimated would occur with the retrofit.

Austin Energy has a contract with Appliance Recycling Centers of America (ARCA) to deliver, install new refrigerators as well as remove old refrigerator and recycle the old refrigerator. It is a fixed price contract for specific models. The recycling of the old refrigerators assures that the old refrigerator will not continue to be used on the electric grid. All refrigerants, oils, plastic, metal and glass are recycled. The outer shell is cut open with all insulating foam removed and processed to assure that no pollutants are released into the atmosphere.

### Actual Expenditure for 2013/2014 Refrigerators

Fiscal Year	Total # of Refrigerators	Total Cost	Average cost	15 foot Units	18 foot Units
2013	64	\$43,810.14	\$684.53*	33	31
2014	112	\$89,595.07	\$800.13*	22	90
<b>Total</b>	<b>176</b>	<b>\$133,405.21</b>	<b>\$758.09</b>	<b>55</b>	<b>121</b>

\*cost included recycle cost, onsite inspection and door swing change cost

### Refrigerator Models Purchased

Models used in Program	15 Foot	Model	18 Foot	Model
ARCA Price	\$467.39	Frigidaire model FFHT1513LW	\$515.12	Frigidaire model FFHT1826LW
Open Market Price	\$599 Sears		\$679 Home Depot	
Difference	\$131.61		\$163.88	

The prices above were based on web searches of the most economical retailer selling the models provided by ARCA.

### Refrigerator Replacement Energy Savings

Demand and energy savings vary based on the assumptions on the age and efficiency of the existing and new model. Assuming the new model based on the Energy Star website results in an annual usage of 350 to 450 kwh, for refrigerators older than 22 years the savings is around 350 kwh/yr annual usage becoming negligible with units less than 15 years old.