Amend the Demographics section of the Background portion of the report to replace the current section with the following:

Reason: Some clarifying language; as well as responding to request for additional information.

A. Demographics

Austin Energy provides electrical service to a population of almost one million people spread over 437 square miles of service territory, 277 of which are within the Austin City limits. All but 15 of those miles are within Travis County.[1]

Forty-five percent of Austin Energy's customers are homeowners while 55% rent.[2] Overall, customers who rent are more likely to have lower incomes than those who own homes. Data show that 32.8% of renter households in Austin have annual income under $25,000 and another 31.1% have income between $25,000 and $49,999. Thus, 63.9% of renter households have income under $50,000 per year.[3] Median household income for renters is $37,538 compared to $85,246 for homeowners.[4]

~~Furthermore, 21.9% of the homeowners in the Austin-Round Rock metro area spent 30% or more of their household income on housing in 2013; 9.1% spent 50% or more on housing.[5] In 2013 the median owner household income was $82,200 with 88,100 homeowners burdened with housing costs.[6] Renters are more disproportionally poor than homeowners in the Austin-Round Rock metro area having a median household income of $40,000 in 2013 with 138,900 renter households burdened with housing costs.[7] 48.3% of all renters spent more than 30% of their household incomes on housing in 2013; 24.4% spent 50% or more on housing.[8]~~

Austin Energy estimates that 28% (118,241)[9] of its customers have family incomes at or below 200% federal poverty guidelines,[10] the income eligibility cap for the low income

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[1] See service area map of Austin Energy located in the appendix of this report.
[2] U.S. Census Bureau, American FactFinder, S2503 Financial Characteristics.
[3] *Ibid.*
[4] *Ibid*.
[5] Joint Center For Housing Studies of Harvard University, "The State of the Nation's Housing " (2015), data from interactive map on Center's website—http://Harvard-cga.maps.arcgis.com/apps/MapSeries/index.html?appid=Offea521479a4585b383169f00e2aa9.
[6] Id.
[7] Id.
[8] Id.
[9] See "Update of Energy Burden Tables," (Austin Energy 2015).
[10] Federal poverty guidelines is a federal poverty measure (expressed in annual or monthly dollars starting with a one-person household level and increasing as the number of the household members increase) issued each year in the Federal Register by the Department of Health and Human Services.

weatherization program. Of this amount, up to 43,000 averaging 35,306 households in FY 2014 were customers enrolled in the Customer Assistance Program ("CAP") that provides rate discounts.[11]

An additional 15.2% (64,000)[12] of Austin Energy's customers have family incomes between 201 and 300% federal poverty guidelines. The Center for Public Policy Priorities reports that an Austin family of four needs household income levels of 220% to 280%[13] of the Federal Poverty Guidelines just to get by.[14] This group of customers gets little assistance from Austin Energy. They do not qualify for the CAP program providing bill relief through rate discounts nor do they qualify for the energy efficiency low income weatherization program. Yet this group generally has inadequate resources to be able to ~~directly~~ participate in any of the electric utility's energy efficiency programs.

Approximately 13% (53,900) of Austin Energy's customers have family incomes between 301 and 400% of Federal Poverty Guidelines.[15] This is the last population segment the Task Force was directed to focus on in carrying out its duties under the Council's resolution. This is an income range of $35,301 to $47,080 for an individual and $72,501 to $97,000 for a family of four.

The Federal Poverty Guidelines for 2015 for a family of 4 is set at $24,250.[16] Some studies show that in the Austin Round Rock area the real poverty guideline should be about 280% of the guideline set by the Federal government for the 48 contiguous states. The disparity in cost of living in different states or in different cities in Texas is very wide. ~~For example, look at Austin/Round Rock and Beaumont. The overall cost of living is ranked at 103 for Austin/Round Rock and at 86 for Beaumont~~. In relation to the national average cost of living socre of 100, the Austin/Round Rock area is ranked above the average at 103; whereas the Beaumont area is below the national average at 86. NEEDS SOURCE FOOTNOTE. Housing in Austin is ranked at 132 versus 42 for Beaumont, Taxes 82 versus 42 and health care is the same at 110.[17] Someone living at 400% of the Federal Poverty Guidelines in Austin would not be considered poor but would certainly not be considered rich. These would be households that have a roof over their heads, food on the table, health insurance, a retirement account, and more. But they would likely not have a boat, expensive clothes, or take fancy trips. This is a

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[11] Austin Energy, 3rd Quarter Report, Fiscal Year 2014~~.~~; AE response to RFI (August 26, 2015).
[12] See footnote No~~.~~ 2.9
[13] The range is dependent upon whether the household pays for all or only a part of the family health care premium.
[14] Better Texas Family Budget, Data Center located at http://familybudget.org. Copies of the budget calculator are included in the appendix.
[15] Memorandum to Low Income Consumer Advisory Task Force from Liz Jambor, EdD, Manager, 01//5/15., p 5
[16] http://aspe.hhs.gov/2015-poverty-guidelines
[17] http://cost-of-living.startclass.com/d/d/Texas I couldn't find this site and I didn't know how to do the rankings highlighted in yellow above.

substantial portion of the residential customer population and may be an important segment to tap to realize the utility's energy efficiency goals.

The survey data provided by Austin Energy to the Task Force is unsuitable for drawing any conclusion about the participation of the 301 to 400% of poverty income group in Austin Energy's programs. Many working families are leaving Austin to live in less expensive outlying areas. It is reasonable to assume that this income group may require some more aggressive "marketing" (like landlords) to participate in an energy efficiency program and may require special terms and conditions to be able to afford to invest in energy efficiency. However, it is also reasonable to assume that some AE customers whose household incomes are 300 to 400% FPG, especially those near the 400% levels are able to participate in non-low income energy efficiency programs.

Austin Energy's energy efficiency program is funded with a separate rate combined with two other rates into a community benefit charge for utility billing purposes. Customers qualifying for the low income weatherization program paid Austin Energy an estimated ~~$5,603,065.80~~ $5,419,422.72 in energy efficiency rates representing Austin Energy customers whose household income levels are from 0 to 200% federal poverty guidelines.[18] Adding in Austin Energy customers whose family income levels are between 201 and 300% federal poverty guidelines (64,000)[19] adds an additional estimated ~~$3,033,808.90~~ $2,934,374.40 in energy efficiency rates collected raising the total Austin Energy recovered to ~~$8,636,874.70~~$8,353,797.12.[20] Continuing these consumption level assumptions to the population segment whose household incomes are between 301 to 400% federal poverty guidelines (53,900) adds an additional estimated ~~$2,555,035.93~~ $2,471,293.44 to bring the total estimated energy efficiency rates paid by Austin Energy customers whose household incomes are from 0 to 400% federal poverty guidelines to $~~11,191,910.63~~$10,825,090.56.[21]

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[18] This report used the CAP average monthly kWh consumption level as a proxy for low and low-moderate income customer average monthly consumption levels. The Task Force had three data points : 1. monthly average kWh usage of 1,023 determined in the 2009 rate case by AE's cost of service consultants (AE 2009 rate case; R.W.Beck, "Customer Classes and Rates Philosophy Public Involvement Committee Meeting # 2, p. 26 (February 9, 2011)); 2. Monthly average kWh consumption level of 955.2 for calendar year 2014 (AE Response to RFI (August 26, 2015)); and 3. monthly average kWh consumption of 987.5686422 for FY 2014 (AE response to RFI (August 26, 2015)). The relative closeness of the data points despite the increasing CAP customer base suggests the reasonableness of relying upon any of the data points. Nonetheless, the Task Force utilized the lowest monthly average kWh consumption of 955.2. ~~This report used the average kWh monthly consumption for CAP customers for FY 2014 and~~ This monthly average was then multiplied ~~that amount~~ by twelve and again by the estimated number of households whose incomes were at this level; and lastly multiplied that total by $.004~~.~~, the residential energy efficiency rate.

[19] See footnote No. 7.

[20] See footnote No. 15

[21] *Id.*

The amount of energy efficiency monies spent on low income weatherization programs does not match the amount of energy efficiency monies collected from Austin Energy's low income customers. In FY 2014, Austin Energy spent $729,547 out of $32,745,229 in energy efficiency expenditures[22] on the low income weatherization program while taking in an estimated~~$5,603,065.80~~$5,419,422.72 from its low income customers, thereby showing a disparity between benefits received (energy efficiency programs) and costs incurred (energy efficiency rates paid). This disparity becomes even more pronounced for Austin Energy's customers whose family income levels are between 200 and 301% federal poverty guidelines. These customers received little if no direct energy efficiency benefits yet pay ~~$3,033,808.90~~$2,934,374.40 in estimated energy efficiency rates.

The amount of money that was budgeted through the Energy Efficiency Service Fee for low-income weatherization in FY 2014 was only ~~$729,547~~ Need budgeted amount. 729 figure is expenses; however, there were other programs that did benefit low-income and low--moderate income ratepayers. The CAP budget includes $1 million annually for low income weatherization for customers enrolled in the CAP bill discount program. This service is funded by a CAP rate[23], with about $3,316,259 in CAP rates provided by low and low-moderate income customers in FY 2014.[24] Second, some projects participating in the Greenbuilding program involved buildings in which low and low-to-moderate income families reside. Unfortunately, there are no data available regarding low and low moderate income customers benefitting from the program. The same is true for the Multifamily Energy Efficiency Program. Overall, the low and low-to-moderate income ratepayers appear to be contributing significantly more to the budget than they are receiving in Energy Efficiency Services programs.

This disparity becomes even more pronounced for Austin Energy's customers whose family income levels are between 200 and 301% federal poverty guidelines. These customers received little if no direct energy efficiency benefits yet pay ~~$3,033,808.90~~$2,934,374.40 in estimated energy efficiency rates.

Direct access to energy efficiency programs is important because the benefits accruing for the low income customers are lower electric bills and healthier homes. From the utility's perspective, the benefits include energy and demand savings benefits are lower capital costs, reduced fuel and operations and maintenance costs and a savings due to having less bad debt and collection costs. Austin Energy data reported through two color coded zip codes maps of

[22] Austin Energy response to public information request (June 4, 2015 and May 22, 2015).
[23] The CAP rate is part of the Community benefit Charge.
[24] This amount was calculated by multiplying the number of customers from 0-400 less the number of CAP customers for FY 2014 multiplied by the monthly average kWh times 12 times $.00145 representing the average of the inside city limits residential CAP rate and the outside city limits residential CAP rate. At 0-300% FPG the CAP funded contribution would have been $2,390,592 and at 0-200% FPG the amount would have been $1,291,469/

City of Austin—one for the amount of payment arrangements and one for below average incomes and above average poverty. The maps reveal a relationship between Austin Energy's debt and the household incomes of its customers. The higher the debt in a zip code shows that zip code to have a higher incidence of poverty. Copies of these two maps are included in the appendix.