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November 13, 2015

Mr. Mark Dombroski, Sr. VP, Chief Financial Officer
Austin Energy
124 W 8th Street, Room 310
Austin, TX 78701

Dear Mr. Dombroski:

We are pleased to confirm our understanding of the nature and limitations of the services we are to provide for Austin Energy (the "company").

Services and Related Report

We currently expect to apply the agreed-upon procedures listed in Appendix A. The engagement will not be completed until management agrees that the procedures are sufficient for its purposes.

We will submit a report listing the procedures performed and our findings. This report is intended solely for the use of management and those parties specified in the report, and should not be used by anyone other than these specified parties. Our report will contain a paragraph indicating that had we performed additional procedures, other matters might have come to our attention that would have been reported to you. If, for any reason, we are unable to complete the procedures, or if we determine in our professional judgment the circumstances necessitate, we will describe any restrictions on the performance of the procedures in our report, or may withdraw and decline to issue a report as a result of this engagement.

Our Responsibilities and Limitations

Our engagement to apply agreed-upon procedures will be conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described in the attached schedule either for the purpose for which this report has been requested or for any other purpose.

Because the agreed-upon procedures listed in the attached schedule do not constitute an examination, we will not express an opinion on the subject matter. In addition, we have no obligation to perform any procedures beyond those listed in the attached schedule.

Management's Responsibilities

You are responsible for providing billing data and invoices; and for selecting the criteria and determining that such criteria are appropriate for your purposes.

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At the conclusion of our engagement, we will require a representation letter from management that, among other things, will confirm management's responsibility for the billing data and invoices provided in accordance with the criteria established in the attached schedule.

Any additional services that may be requested and we agree to provide will be the subject of separate arrangements.

We may be required to disclose confidential information to federal, state and international regulatory bodies or a court in criminal or other civil litigation. In the event that we receive a request from a third party (including a subpoena, summons or discovery demand in litigation) calling for the production of information, we will promptly notify the company, unless otherwise prohibited. In the event we are requested by the company or required by government regulation, subpoena or other legal process to produce our engagement working papers or our personnel as witnesses with respect to services rendered to the company, so long as we are not a party to the proceeding in which the information is sought, we may seek reimbursement for our professional time and expenses, as well as the fees and legal expenses, incurred in responding to such a request.

Other Matters

Neither this engagement letter, any claim, nor any rights or licenses granted hereunder may be assigned, delegated or subcontracted by either party without the written consent of the other party. Either party may assign and transfer this engagement letter to any successor that acquires all or substantially all of the business or assets of such party by way of merger, consolidation, other business reorganization, or the sale of interest or assets, provided that the party notifies the other party in writing of such assignment and the successor agrees in writing to be bound by the terms and conditions of this engagement letter.

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If there are any questions regarding this letter, please contact Russ Hissom, the engagement partner on this engagement who is responsible for the overall supervision and review of the engagement and for determining that the engagement has been completed in accordance with professional standards. Russ Hissom is available at 608 240 3361 or russ.hissom@bakertilly.com.

We appreciate the opportunity to be of service to you.

Sincerely,

BAKER TILLY VIRCHOW KRAUSE, LLP

Baker Tilly Virchow Krause, LLP

APPENDIX A

Agreed Upon Procedures

Task	Major Activity
1	Perform planning activities including project kick-off discussions with Austin Energy to define the communication plan, timeline, and finalizing the detailed work plan.
2	Issue data request to Austin Energy to obtain an extract from the Customer Care & Billing (CC&B) system that contains residential water billing data for the period January 1, 2015 through September 30, 2015 (extract to exclude billing data associated with corrected billings).
3	Verify that the CC&B extract contains the following 6 fields for each record: ACCT_ID, BILL_ID, START_DT, END_DT, RS_CD and CALC_AMT.
4	Select a statistically valid sample size for a 95% confidence interval and a 5% error rate using the AICPA sample guidance.
5	Assign random number to all records (residential accounts) billed between January 1, 2015 and September 31, 2015.
6	Generate a list of random numbers equal to the valid sample size.
7	Provide an electronic list of the BILL_ID's selected for testing and provide to Austin Energy in order to receive copies of the bills.
8	Confirm that the bills received from Austin Energy match the bills selected for testing.
9	Obtain from Austin Energy the approved tariff applicable for residential water service during the period January 1, 2015 through September 30, 2015.
10	Test each water bill in the sample to determine whether the tiered volumetric charges are correctly applied and billed according to the applicable approved tariff.
10.1	Test each water bill in the sample for customers not identified as participating in the Customer Assistance Program.
10.2	Confirm that the ending "Read" minus the beginning "Read" equals the "Consumption" reported on the bill in hundreds of gallons.
10.3	Confirm that the "Consumption" reported on the bill in hundreds of gallons is properly converted and reported as "Total Consumption in Gallons" on the bill.
10.4	Confirm that the total number of gallons billed under the tiered structure equals the "Total Consumption in Gallons" reported on the bill
10.5	Confirm that each tier that is billed to the customer utilizes the "Interval" structure contained in the "Monthly Consumption (Volume) Charge" of the applicable tariff for gallons for "Residential Customers".
10.6	Confirm that each tier that is billed to the customer utilizes the tier structure contained in the "Monthly Consumption (Volume) Charge" of the applicable tariff for "Unit Rate Per".
10.7	Verify that the total gallons for each tier reported on the customer's bill multiplied by the rate per 1,000 equals the charge for that tier.

Task	Major Activity
11	Test each water bill in the sample for customers identified as participants in the Customer Assistance Program.
11.1	Perform the procedures identified in 10.1 through 10.7 above.
11.2	Verify the "Customer Assist Program Volume Charge Discount" presented on the customer's bill.
11.3	Verify that the total gallons for each tier reported on the customer's bill multiplied by the "Charge per 1,000 Gallons" for "Customer Assistance Program (CAP)" using the appropriate "Interval".
11.4	Verify that the sum of each discounted tier in 4.10.2.1 equals total reported as the "Customer Assist Program Volume Charge Discount" presented on the customer's bill.
12	Prepare a draft report in the form of procedures and findings and discuss with Austin Energy management.
13	Update report based on Austin Energy management comments and submit finalized report.