

A G E N D A



Recommendation for Council Action

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| Austin City Council | | Item ID | 56214 | Agenda Number | 2. |
| Meeting Date: | 3/24/2016 | | | Department: | Austin Energy |
| Subject | | | | | |
| Approve an ordinance amending the Fiscal Year 2015-2016 City of Austin Fee Schedule (Ordinance No. 20150908-003) to reflect a decrease in the Power Supply Adjustment charge. | | | | | |
| Amount and Source of Funding | | | | | |
| A reduction of \$35,565,630 to the Power Supply Adjustment Revenue will be offset by a reduction of \$35,565,630 to Power Supply Expenses. | | | | | |
| Fiscal Note | | | | | |
| A fiscal note is attached. | | | | | |
| Purchasing Language: | | | | | |
| Prior Council Action: | September 8, 2015 - Approved Ordinance No. 20150908-003 including the City of Austin Electric Tariff. | | | | |
| For More Information: | Mark Dombroski, Interim General Manager, Austin Energy (512) 322-6148. | | | | |
| Council Committee, Boards and Commission Action: | March 21, 2016 - To be reviewed by the Electric Utility Commission. | | | | |
| MBE / WBE: | | | | | |
| Related Items: | | | | | |
| Additional Backup Information | | | | | |
| <p>This action amends the fee schedule to reflect the required change discussed in Austin Energy's memo sent to City Council members on February 29, 2016, regarding the decrease in the 2016 Power Supply Adjustment (PSA) rate.</p> <p>The PSA is a dollar-for-dollar cost pass-through to utility customers for the recovery and crediting of Electric Reliability Council of Texas (ERCOT) settlements, fuel costs, and purchased power agreement costs, with an adjustment for the over/under recovery balance for the period preceding the adjustment of the PSA. There is no profit or General Fund transfer on PSA charges.</p> <p>The PSA tariff requires that the rate be determined as part of the City of Austin's annual budgeting process. The tariff also provides that the PSA rate be adjusted during the fiscal year to eliminate any over recovery as described within the tariff.</p> <p>This proposed decrease in the PSA is due to the continuing unprecedented decrease in natural gas prices and the correlated decrease in ERCOT power prices. The reduction in oil prices has reduced the fuel expenses for Austin Energy's natural gas generators and the power expenses for retail customers below the levels used to set the current PSA rate.</p> <p>Austin Energy customers will see an 11.3% decrease in the PSA charge on their utility bills starting April 1, 2016. For a residential customer using 1,000 kilowatt hours (kWh) per month, the decrease will be \$3.56 per month.</p> | | | | | |