

Austin Energy Residential Base Rates

2022 Review Process

Kim Doyal, Community Engagement, Public Information Office

Rusty Maenius, Vice President – Finance

Tammy Cooper, Sr. Vice President– Regulatory, Communications, and
Compliance



April – May 2022

Today's Agenda

- **City of Austin Utilities bill**

Presented by Kim Doyal, Community Engagement Consultant

- **Base rate review and proposed changes**

Presented by Rusty Maenius, Vice President of Finance

- **Base rate review process**

Presented by Tammy Cooper, Sr. Vice President – Regulatory, Communications, and Compliance



City of Austin Utilities bill

Kim Doyal

Community Engagement, Public Information Office



Austin Energy

City of Austin Department

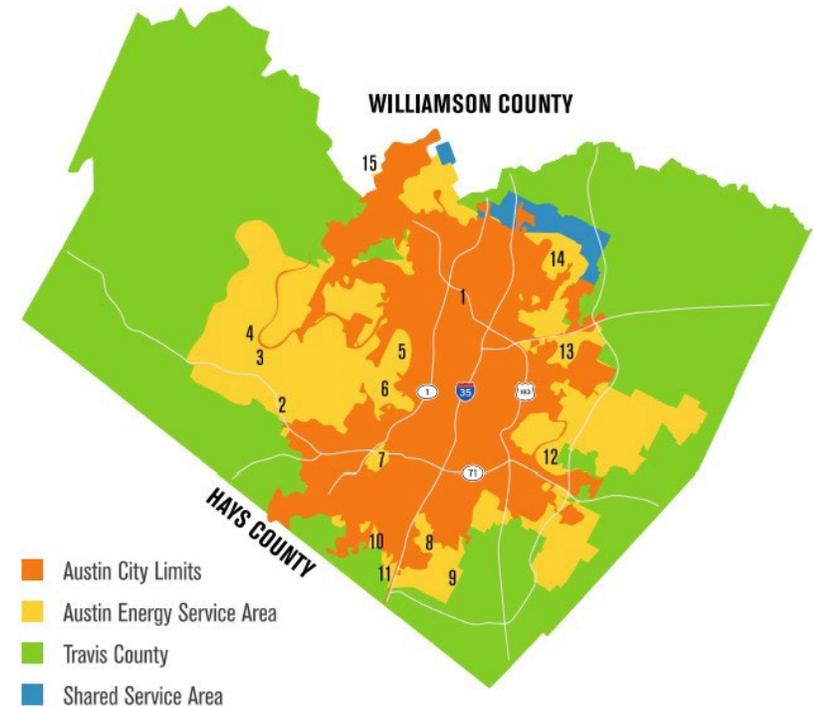
- Began operations in 1895
- Governed by the Austin City Council
- 3rd largest municipal utility in nation

Customer programs

- Billing assistance & payment options
- Energy efficiency & weatherization
- Renewable energy & electric transportation

Manage electric rates & bill payments for COA Utilities

- 500,000+ customers



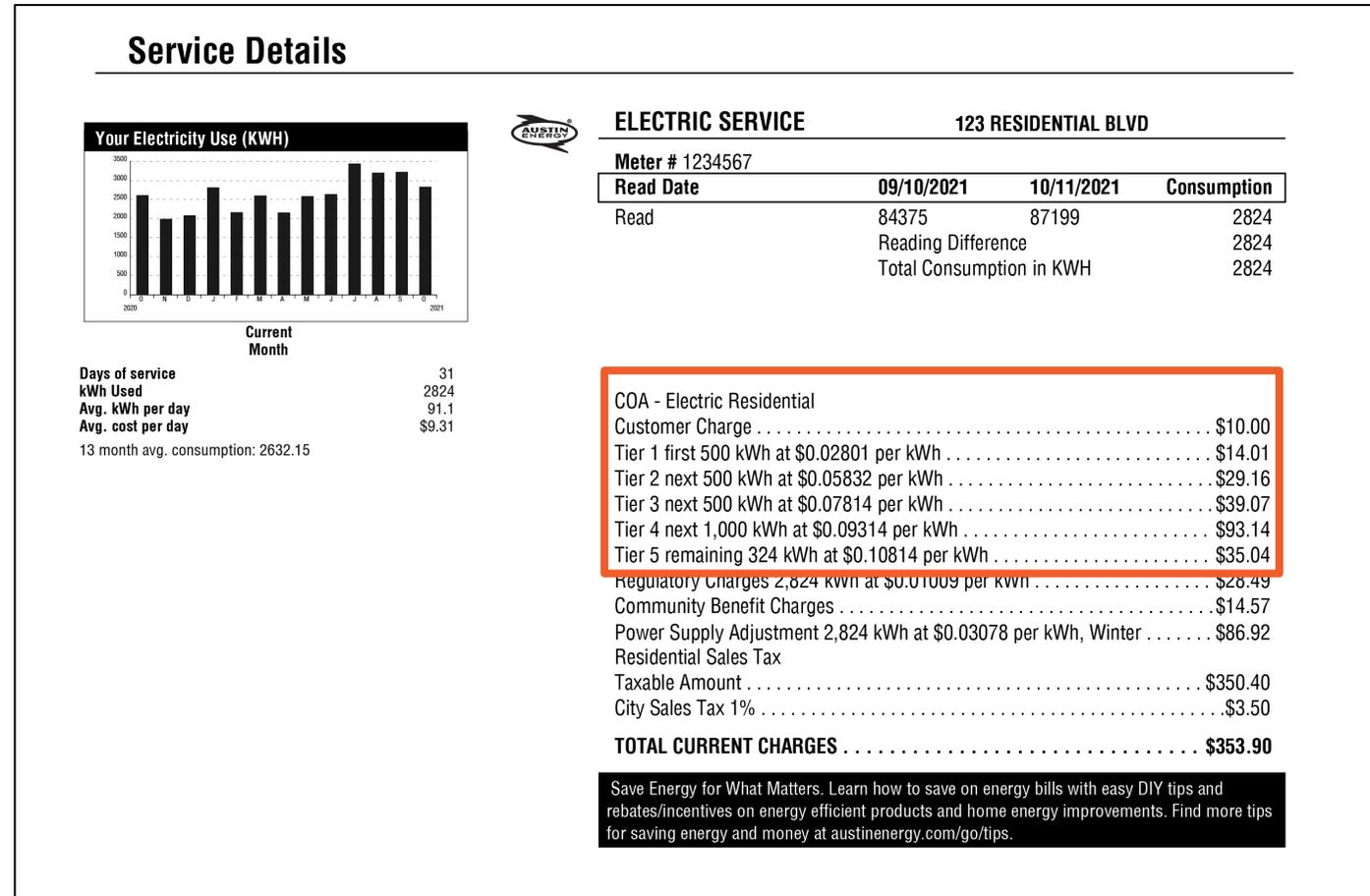
1. City of Austin
2. City of Bee Cave
3. Village of the Hills
4. City of Lakeway
5. City of Rollingwood
6. City of Westlake Hills
7. City of Sunset Valley
8. Village of Creedmoor
9. City of Mustang Ridge
10. Manchaca
11. Buda
12. Del Valle
13. Manor
14. Pflugerville
15. Cedar Park

437 square miles



Your City of Austin Utility Bill

- Bundles up to 6 essential City services into one convenient bill
- Rates determine the charges that appear in your energy bill each month
- Changes to base electric rates only impact the portion of your COA Utility bill labeled **Customer Charge and Tier**
- Electricity represents 40% of your overall bill (for those receiving all 6 City services)



Visit coautilities.com/go/billing to learn more.



Focused on Changes to These Base Rates



Customer Charge

Charge designed to cover costs such as metering and billing. These fixed costs do not vary with consumption. The current Customer Charge of \$10 per customer is not adequately covering these costs.



Energy Use Tiers

Price per kilowatt hour for energy used, currently broken into five usage tiers for inside City of Austin customers and three usage tiers for non-COA customers.



Base Rate Review

Rusty Maenius
Vice President – Finance



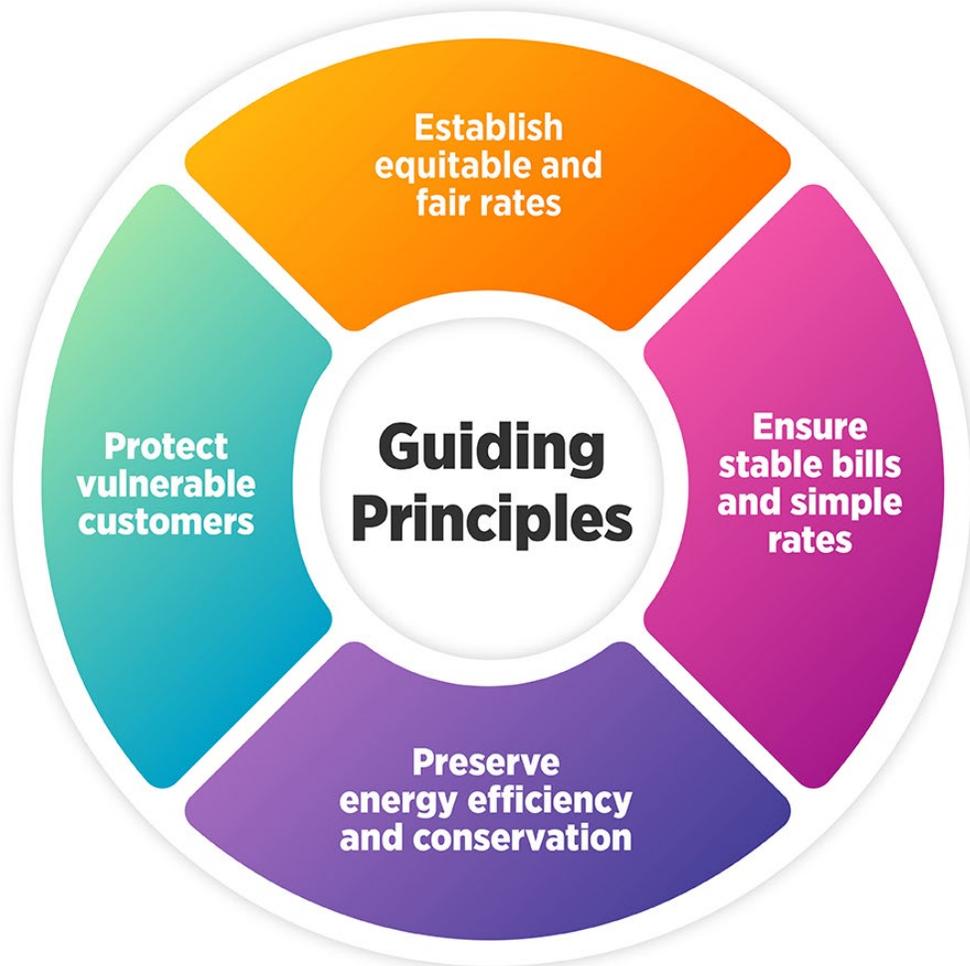
Proposed Systemwide Base Rate Impact

- \$48 million base revenue increase
- 7.6% base rate increase

- Impact only to *base rates*
- Base rate review is not related to Winter Storm Uri. Austin Energy's *power supply adjustment*, which is not part of a base rate review, was reduced last fall to reflect generation revenues earned during the storm.



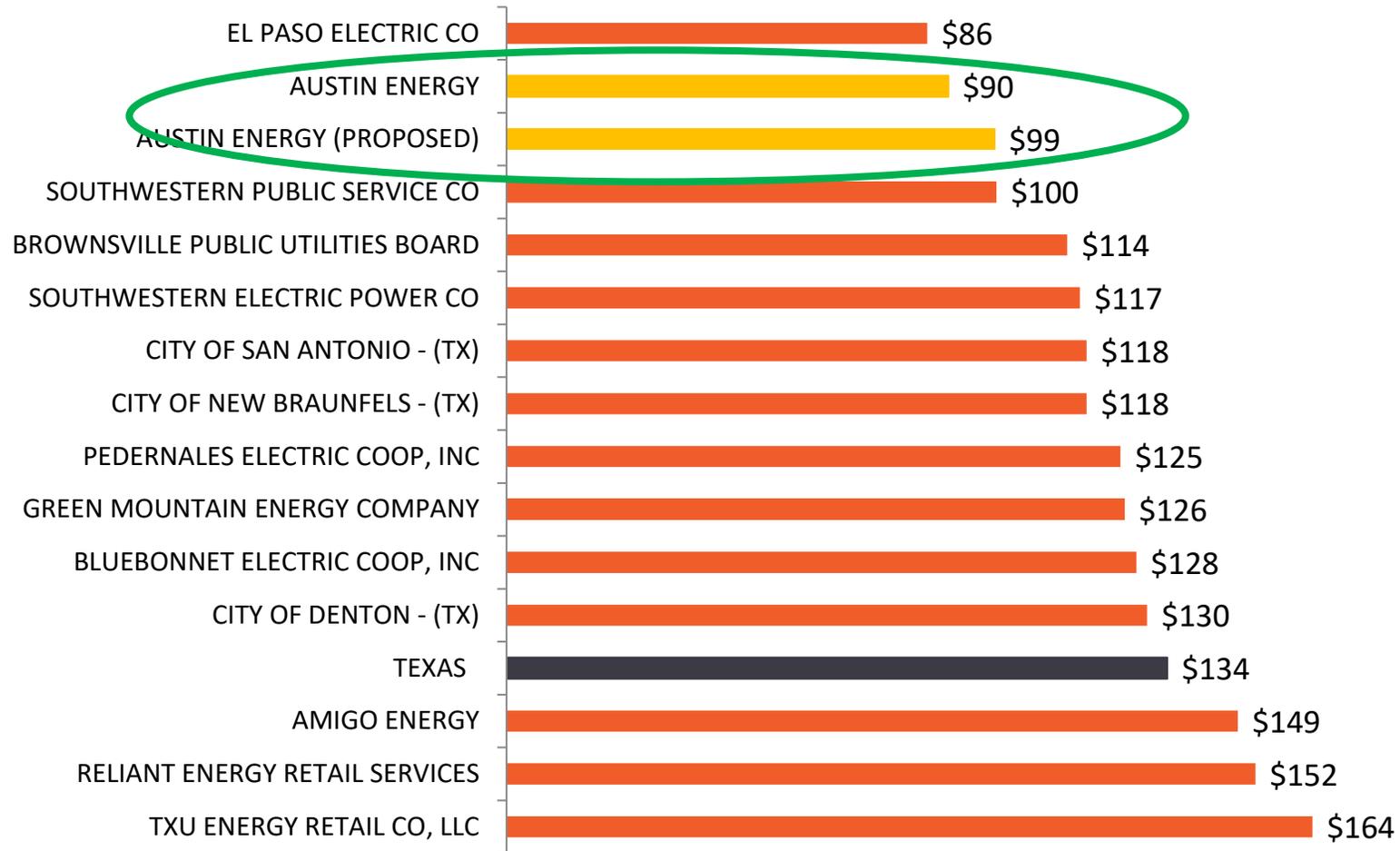
Base Rate Review



- Financial review occurs at least every five years
- Examines system operations and revenue over a study period
- Performed to ensure revenues cover costs to serve customers
- Revenue shortfall identified in 2021 study
- Proposed residential base rate increase equals an average of \$15 per month for residential customers
- Austin Energy's average monthly residential energy bills remain some of the lowest in the state

Austin Energy: Providing Affordable Electric Service

Second Lowest Average Monthly Bill – TX Residential Service (2020)

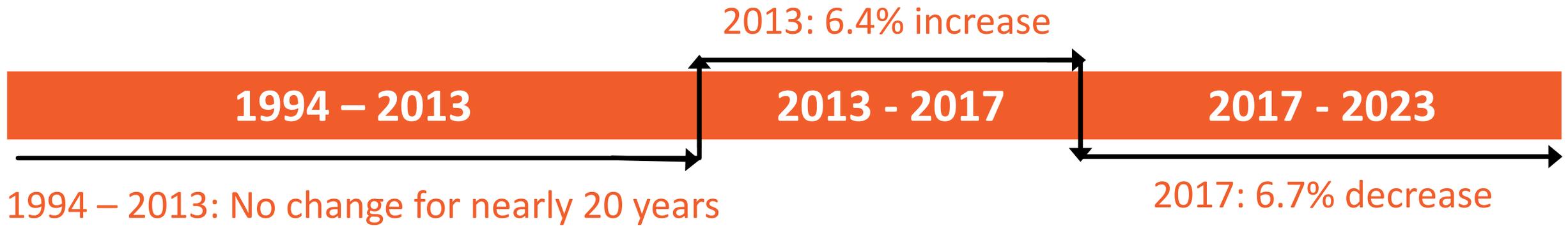


Source: U.S. Energy Information Administration Form 861, October 2021

Austin Energy (PROPOSED) based on proposed rates with CY2020 average kWh consumption.

History of Base Rate Changes

Only two base rate changes since 1994



Current proposal equals about a 2.75% per year bill increase since 2017.



Only Base Rates Will Be Impacted



Supplies & Equipment



Tree Trimming



Principal + Interest Payments



Employees



Information Technology



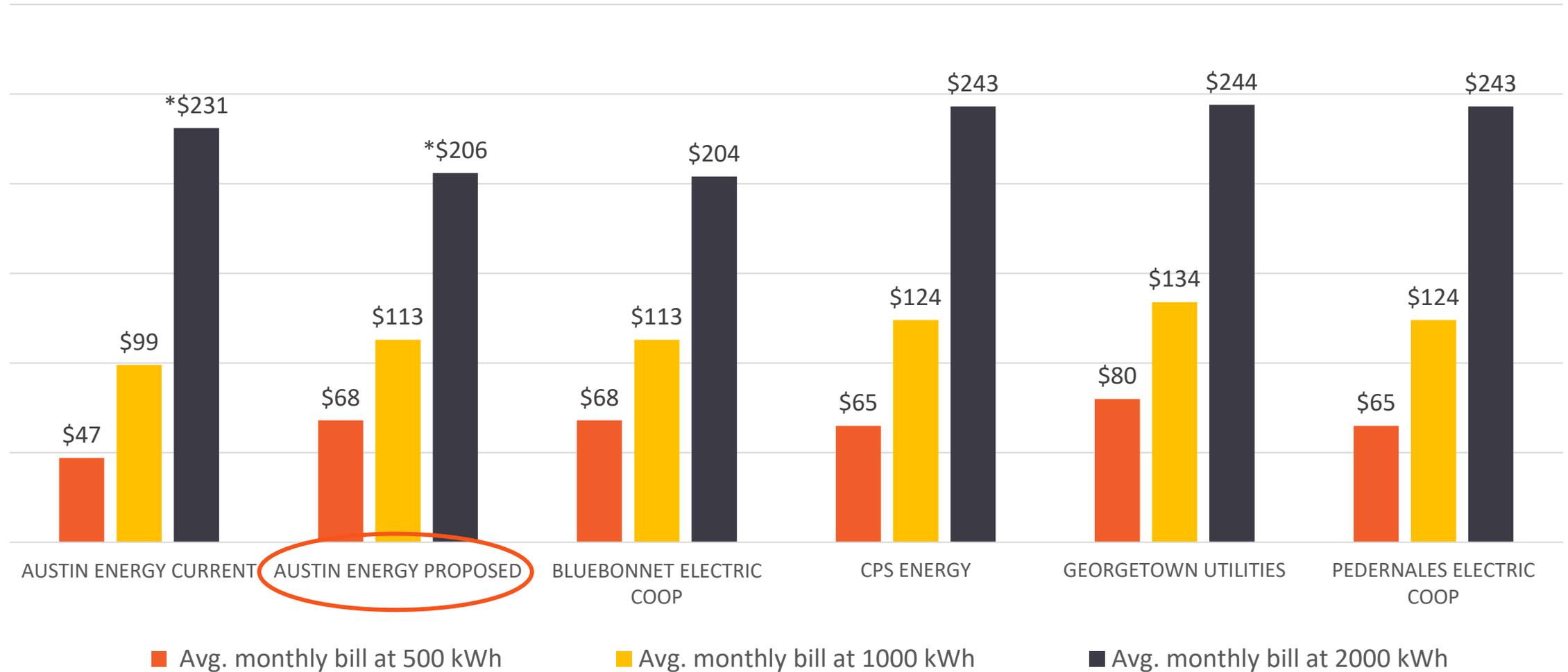
General Fund Transfer

BASE RATES do not fund:

- Customer Assistance Program
- Energy efficiency programs
- Transmission related costs
- Power purchases from ERCOT
- District energy and cooling
- Streetlights



Nearby Utilities: Residential Bill Comparison

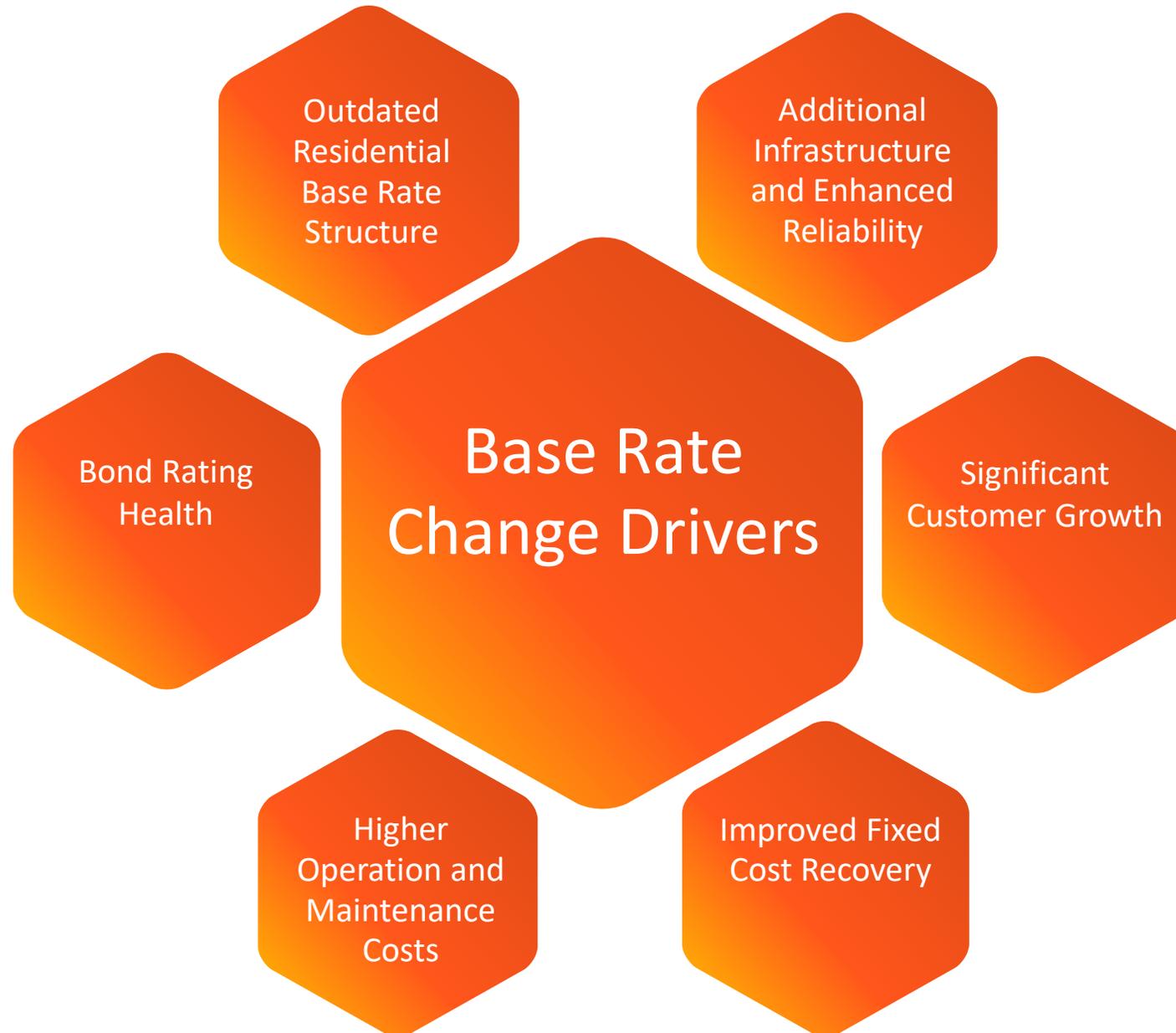


Base Rate Change Drivers

Rusty Maenius
Vice President of Finance

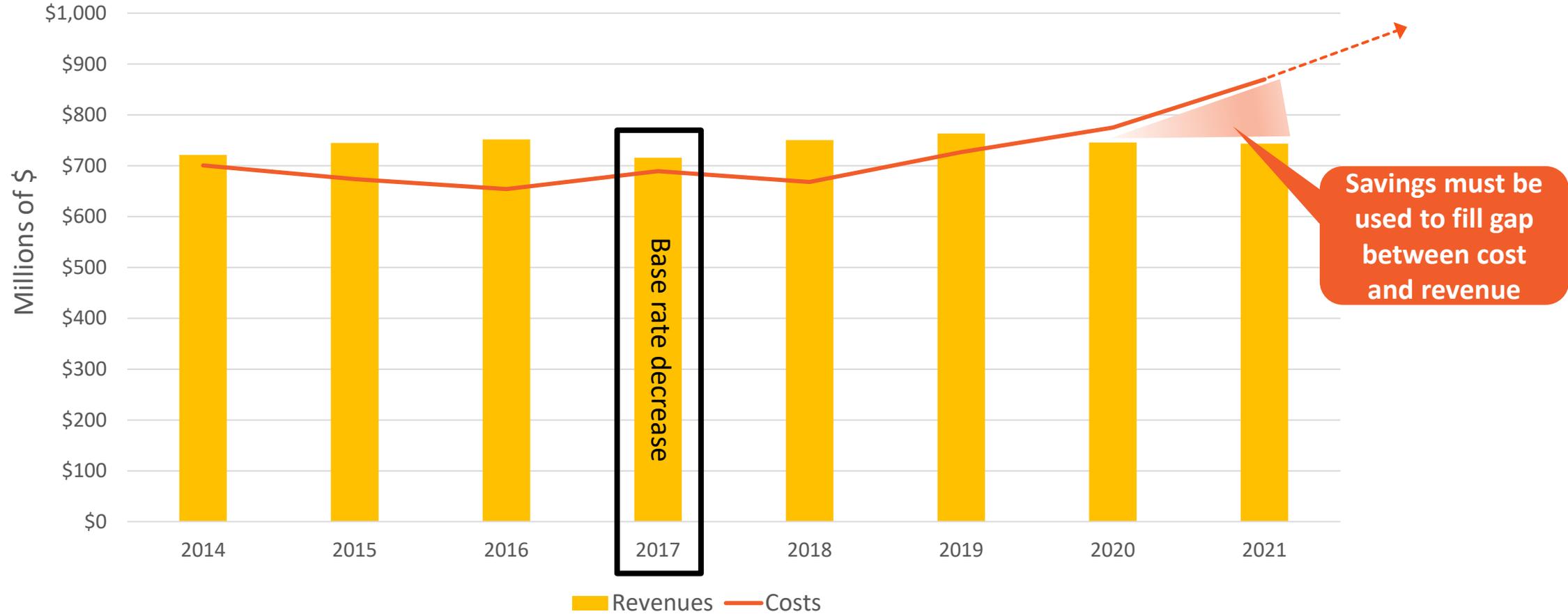


Key Reasons for Austin Energy Base Rate Review



Costs are Outpacing Revenues

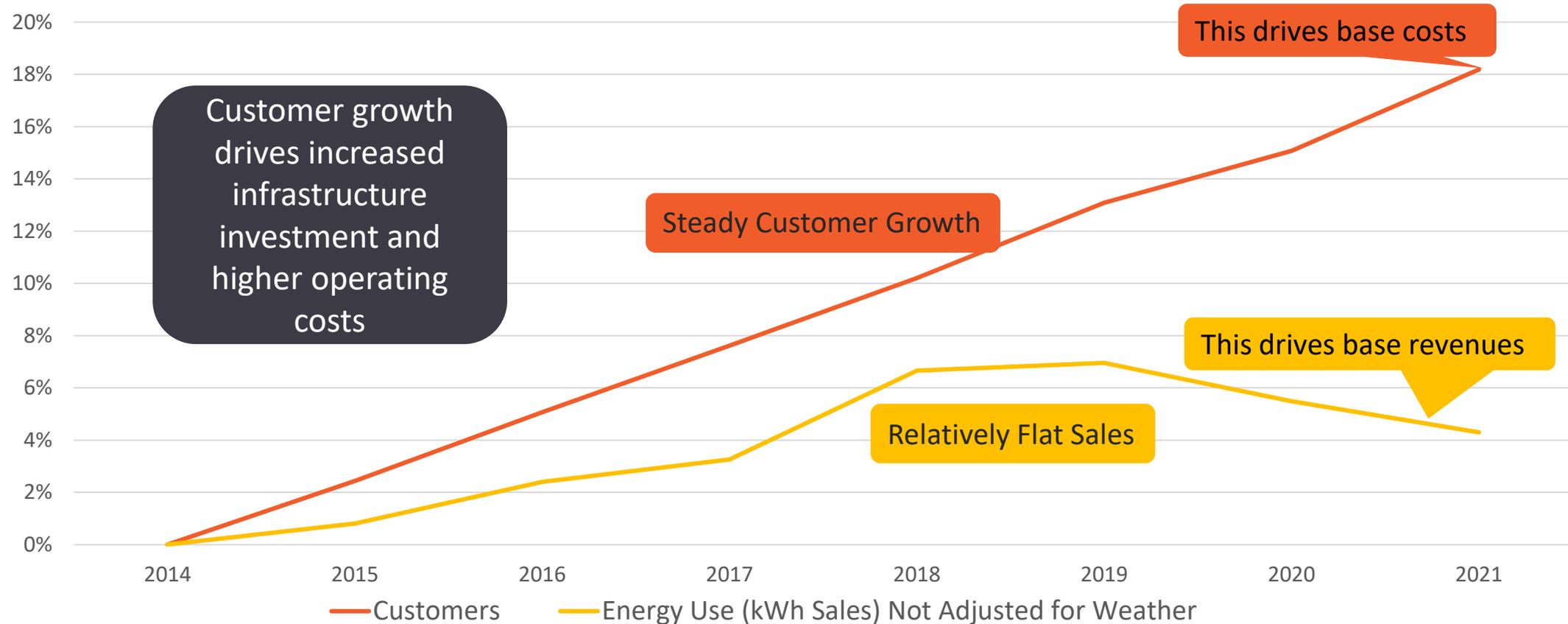
Base Rate Costs vs. Base Rate Revenues



Source: Audited Financial Statements 2014-2021

Why are Costs Outpacing Base Revenues?

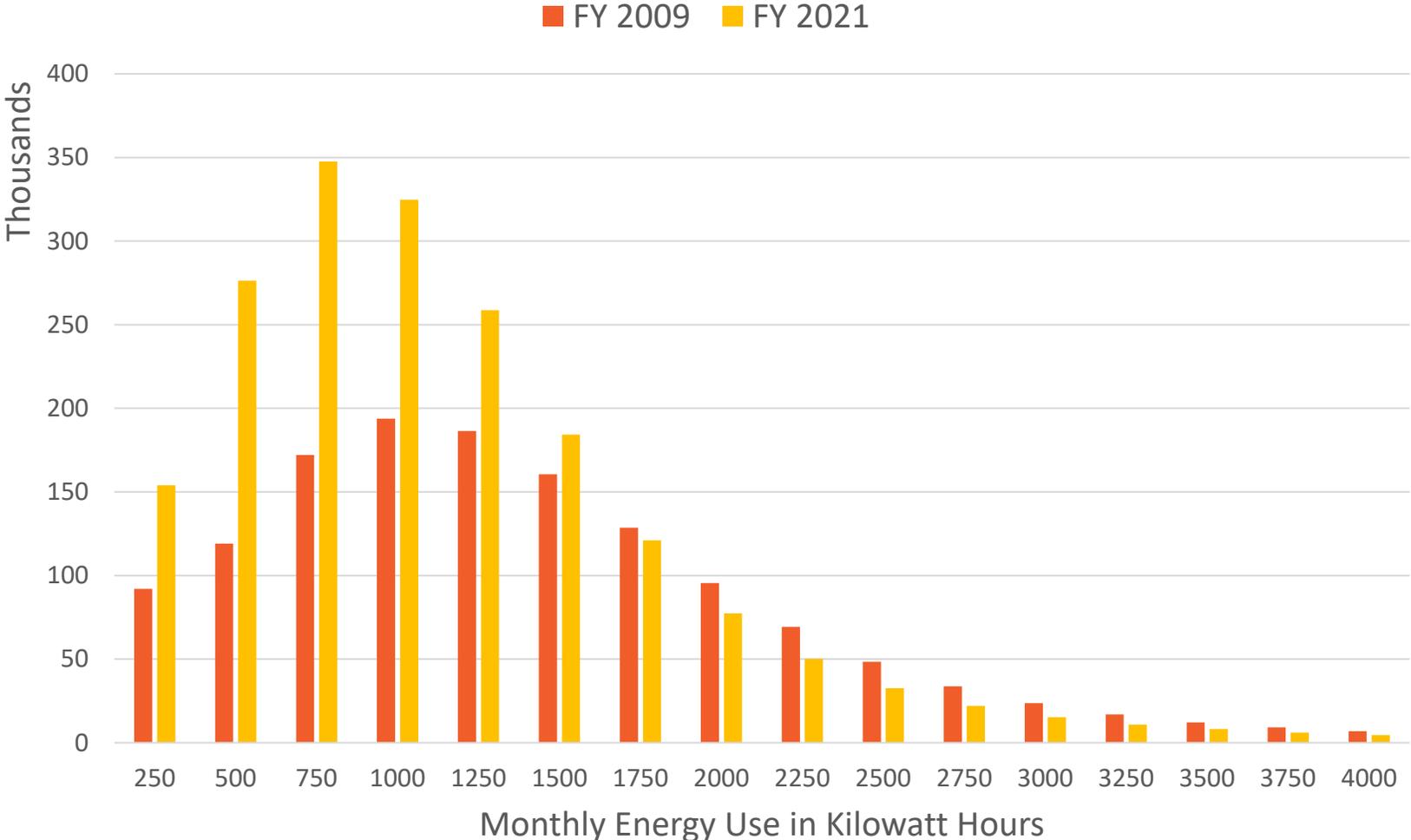
The current base rate structure relies too heavily on energy use for revenue.



Source: Fund Summary Statements 2014-2021

Residential Bill Distribution - Summer

- Residential customers have used less energy each summer since 2009, down 22%.

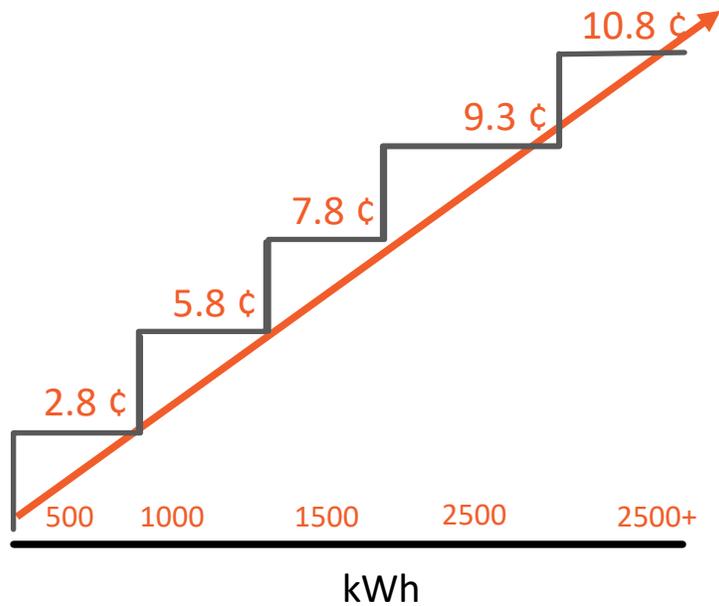


Current Residential Rate Structure

Outdated and no longer applicable to current consumption patterns

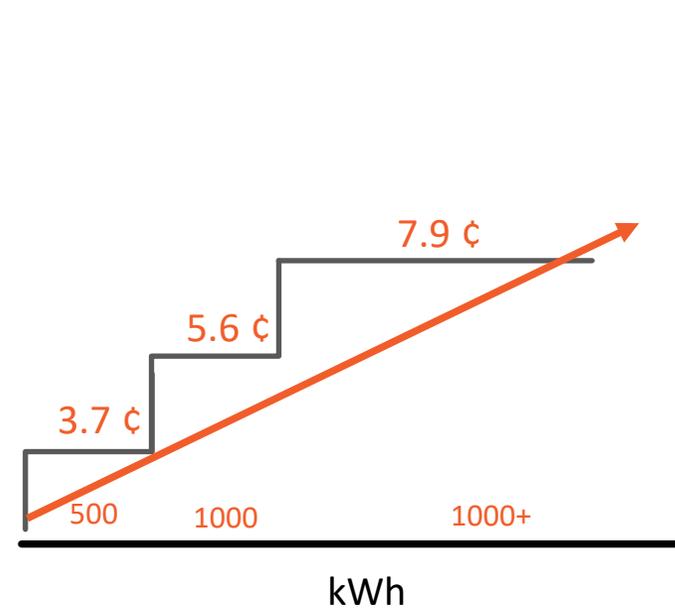
Current Inside COA Residential

\$10 Customer Charge



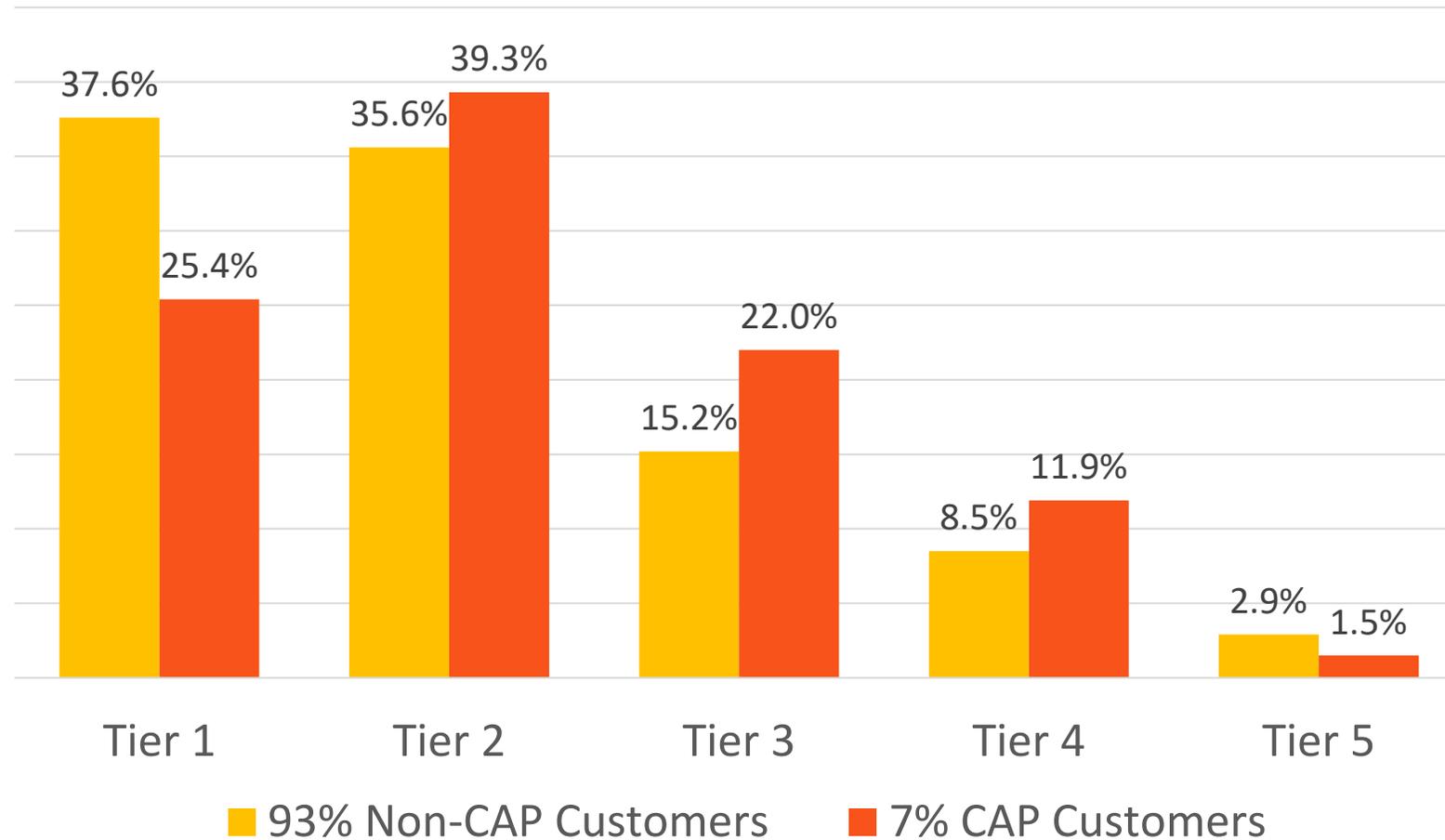
Current Outside COA Residential

\$10 Customer Charge



Vulnerable Customers Overrepresented in Higher Tiers

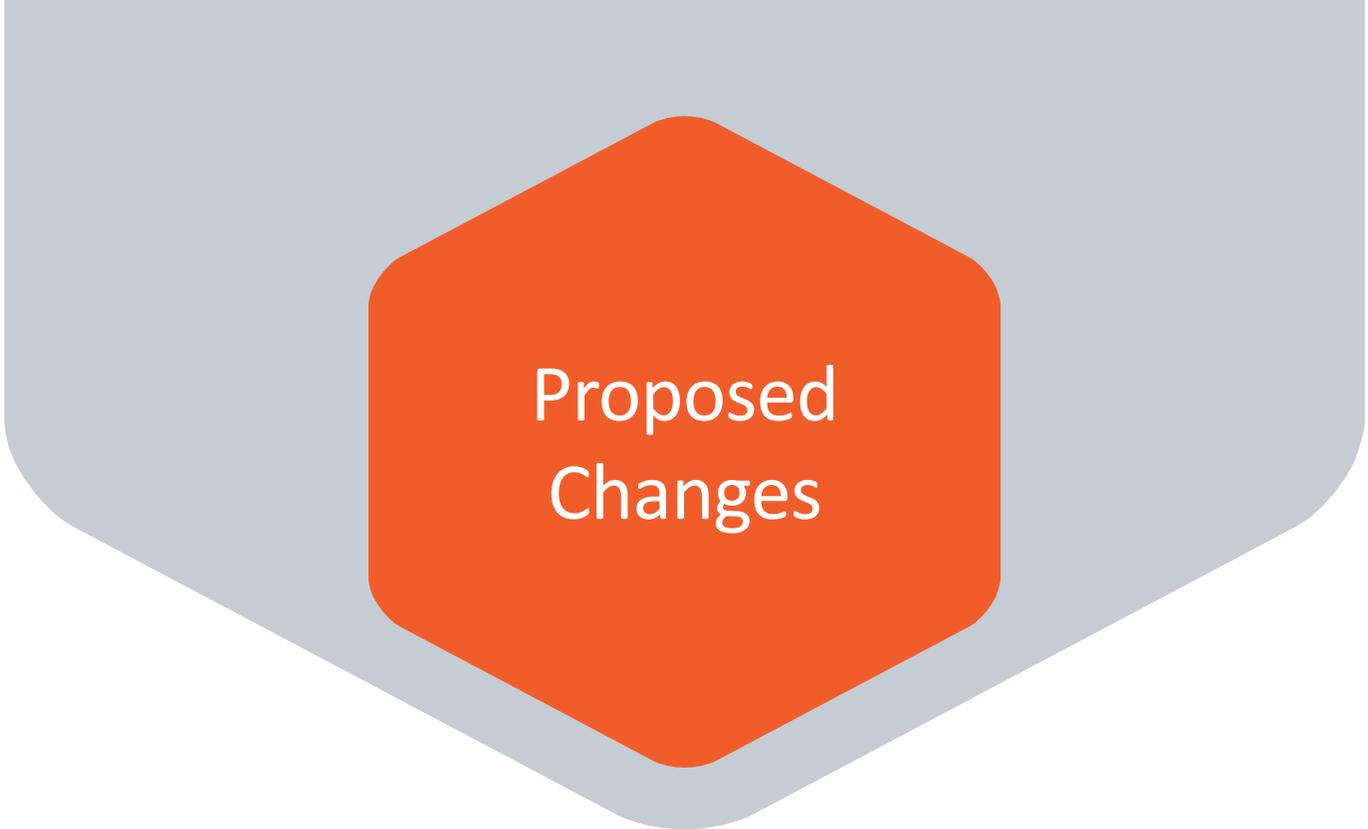
Austin Energy provides bill payment assistance through the Customer Assistance Program (CAP)



Overview of Proposed Changes

Rusty Maenius
Vice President – Finance





Proposed
Changes

Increase Customer Charge
from \$10 to \$25

Reduce residential
base rate structure
to 3 tiers

Remove inside/outside
rate difference

With these changes, customers would move closer to
what it costs to serve them.

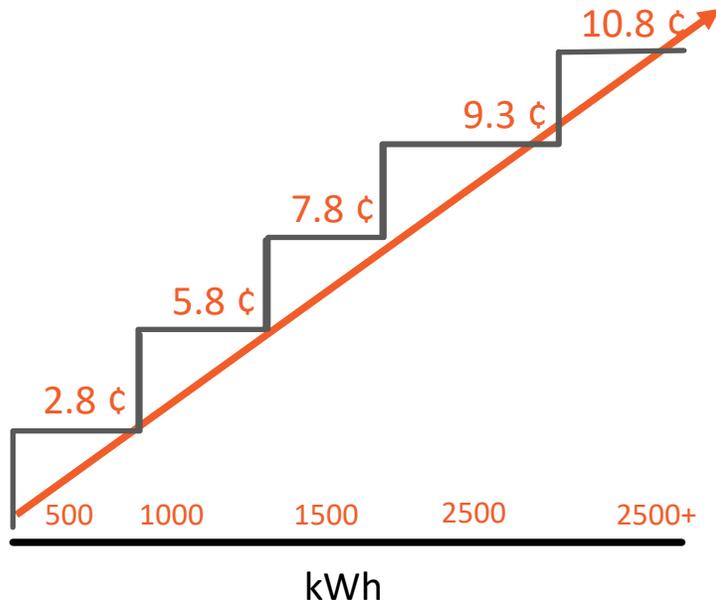


Proposed Residential Base Rate Structure Changes

Reduce tiers and remove inside/outside COA rate difference

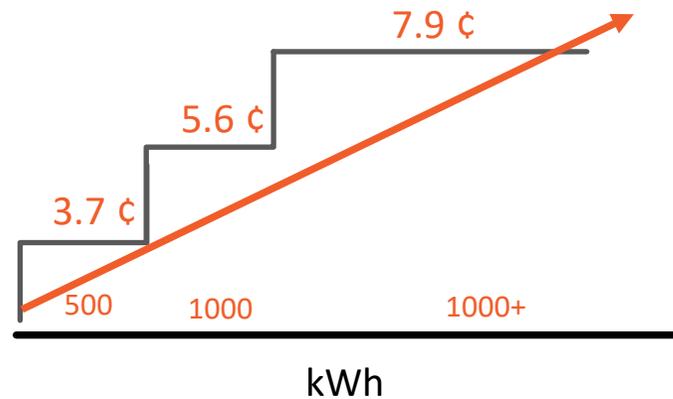
Current Inside COA Residential

\$10 Customer Charge



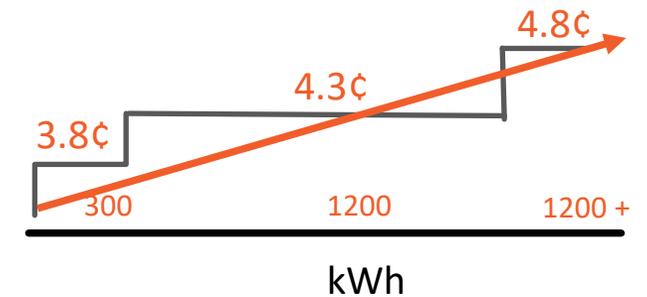
Current Outside COA Residential

\$10 Customer Charge



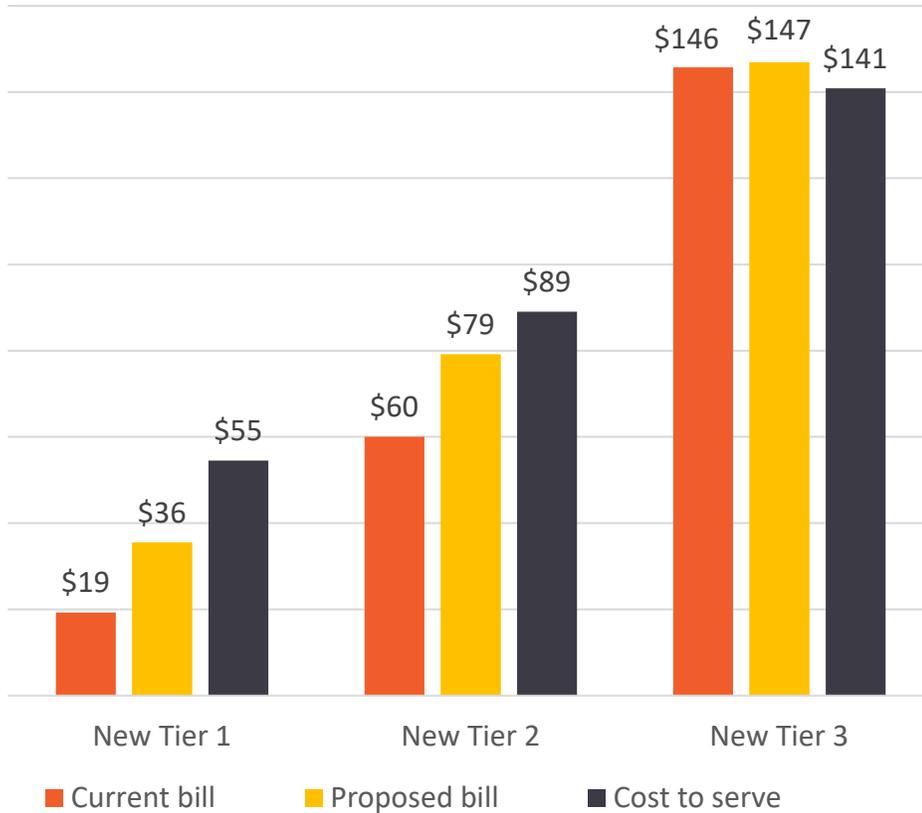
Proposed All Residential

\$25 Customer Charge

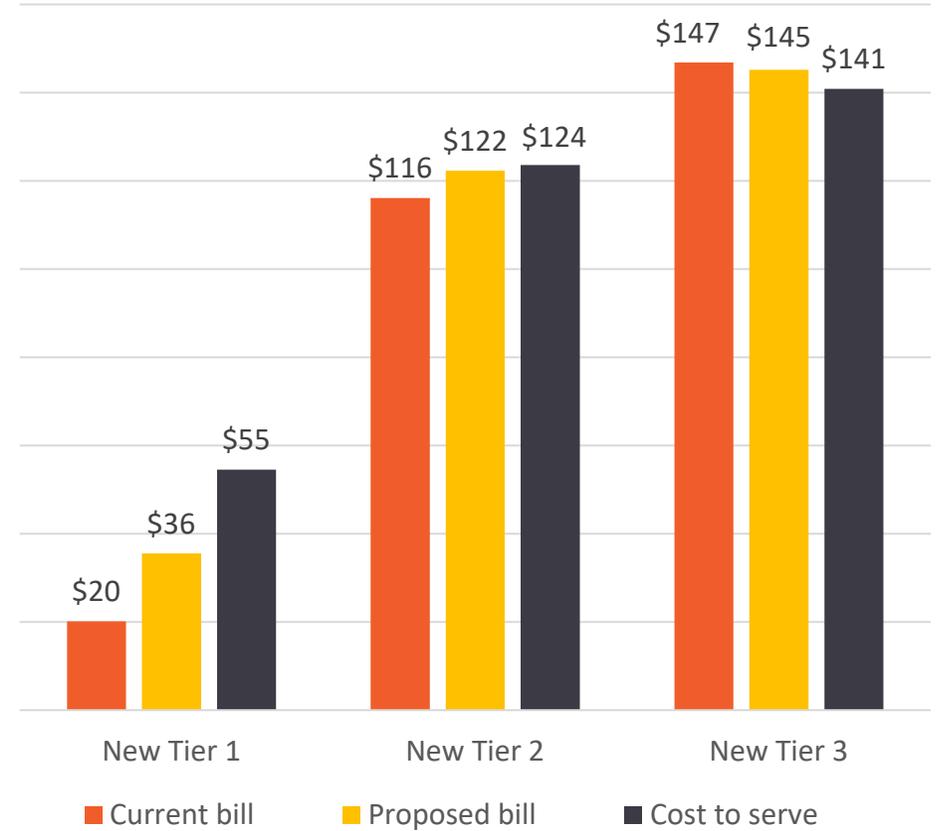


Residential Bill Impacts

Inside the City Limits



Outside the City Limits



These are sample bill impacts. Your bill impact will vary according to your tier and usage.

Expected Outcomes from the Base Rate Review

A revised residential rate structure that better recovers costs while enhancing fairness

Gradual move for all customers to pay their share of costs

Removal of inside/outside COA rate difference

Greater equity for our more vulnerable customers through better rate design

Result: Equitable rates for customers. Financial stability for Austin Energy.



Get Involved in the Process

Tammy Cooper

Sr. Vice President– Regulatory, Communications, and Compliance



Share Your Thoughts

An **Independent Consumer Advocate** (ICA) represents residential and small business customers in the base rate review.

- ✓ ICA receives customer feedback and presents findings to the Impartial Hearing Examiner
- ✓ Contribute feedback by July 11 at **speakupaustin.org/rates**

An **Impartial Hearing Examiner** (IHE) will listen to all issues and positions from formal Participants and make a recommendation to Austin City Council.

- ✓ Austin Energy customers may submit a request to formally Participate between April 18 – May 18, 2022
- ✓ Learn how to submit a request to Participate at **austinenergy.com/rates**



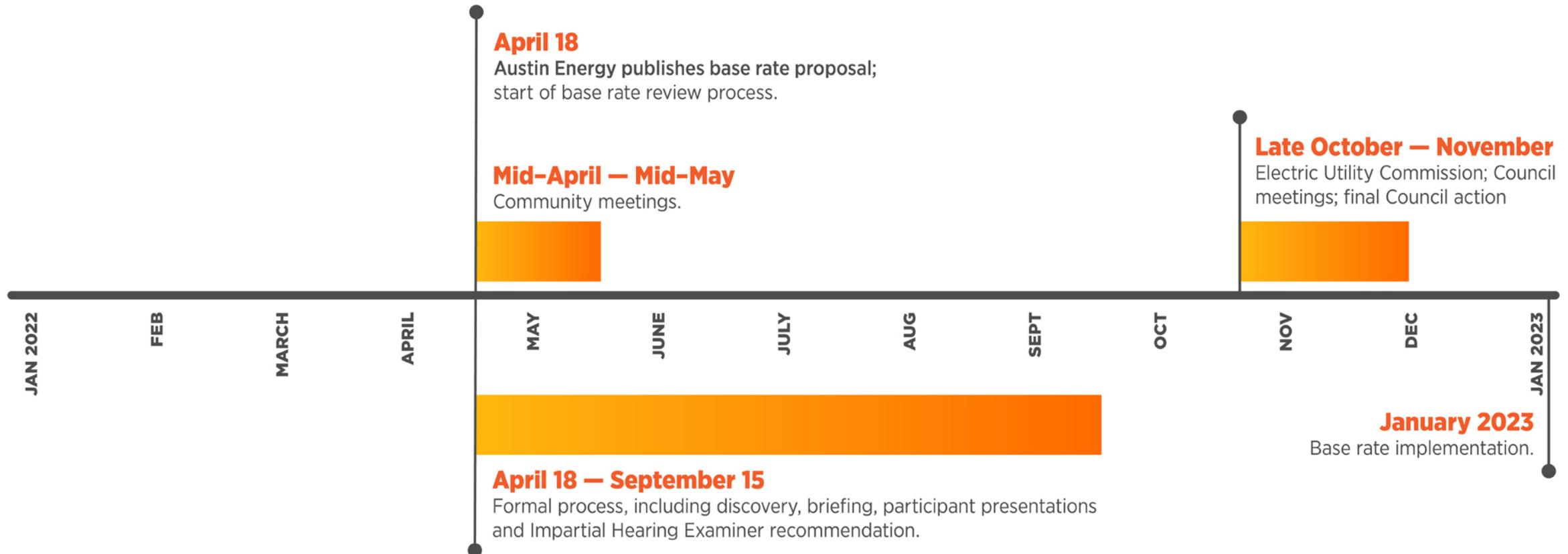


Customer Driven.
Community Focused.SM

AUSTIN ENERGY 2022 Base Rate Review

Austin Energy's Base Rate Review Timeline

Highlights/Milestones





©2018 Austin Energy. All rights reserved. Austin Energy and the Austin Energy logo and combinations thereof are trademarks of Austin Energy, the electric department of the City of Austin, Texas. Other names are for informational purposes only and may be trademarks of their respective owners.