

**AUSTIN ENERGY'S  
2022 BASE RATE REVIEW**

§     **BEFORE THE CITY OF AUSTIN**  
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§     **IMPARTIAL HEARING EXAMINER**

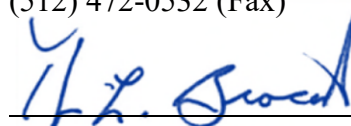
**AUSTIN ENERGY'S RESPONSE TO SIERRA CLUB AND PUBLIC CITIZEN'S  
FOURTH REQUEST FOR INFORMATION**

Austin Energy files this Response to Sierra Club and Public Citizen's ("SCPC") Fourth Request for Information ("RFI") submitted on June 3, 2022. Pursuant to the discovery deadlines established for Austin Energy's Amendment to the 2022 Base Rate Filing Package, filed on May 31, 2022, this Response is timely filed.<sup>1</sup>

Respectfully submitted,

**LLOYD GOSSELINK ROCHELLE &  
TOWNSEND, P.C.**

816 Congress Avenue, Suite 1900  
Austin, Texas 78701  
(512) 322-5800  
(512) 472-0532 (Fax)



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THOMAS L. BROCATO  
State Bar No. 03039030  
[tbrocato@lglawfirm.com](mailto:tbrocato@lglawfirm.com)

TAYLOR P. DENISON  
State Bar No. 24116344  
[tdenison@lglawfirm.com](mailto:tdenison@lglawfirm.com)

**ATTORNEYS FOR THE CITY OF AUSTIN  
D/B/A AUSTIN ENERGY**

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<sup>1</sup> "Austin Energy will respond in writing to discovery requests related to the Amendment 7 days after the discovery request is submitted to the Rate Review Administrator." Austin Energy's Amendment to the 2022 Base Rate Filing Package (May 31, 2022).

SCPC 4-1: Please refer to Austin Energy's May 31, 2022 Amendment to the Base Rate Filing Package. If Austin Energy's proposed PRI-2 HLF class is approved, please explain the expected impact to revenues to the Customer Benefit Charge and Energy Efficiency Service fund, based on the proposed tariffs for CBC and EES as outlined in Appendix F of the rate package, and provide all supporting documentation.

ANSWER: The maximum revenue impact, assuming all eleven customers that currently qualify for the new proposed rate class sign contracts, is \$1.4 million in FY 2023. If fewer customers participate, the impact will be lower. Ultimately, any revenue shortfall will be offset by future Energy Efficiency Service Charges under-recovery adjustments.

Estimated EES rate*	0.00302
Qualifying PRI-2 HLF (kWh)	470,100,556
Total \$ reduction	1,419,703.68
* Includes \$4,000,000 for VoS Community Benefits in EES.	

Prepared by: JHO

Sponsored by: Brian Murphy

SCPC 4-2: Please refer to Austin Energy's May 31, 2022 Amendment to the Base Rate Filing Package at pages 3-4, which states, "larger customers generally have sophisticated energy management programs, often have corporate mandates to manage energy use, and are capable of implementing their own energy efficiency measures." Please identify the specific programs these large customers use and explain how those programs warrant exempting these large customers from the Energy Efficiency Service charge, and provide all documentation and analysis supporting that proposal.

ANSWER: Austin Energy does not require submission of energy efficiency customer project information or maintain specific information on commercial customers' energy efficiency programs.

The customers in the Primary 4 and Transmission 2 rate classes are already exempt from paying the Energy Efficiency Services portion of the Community Benefit Charge and do not receive the program benefits. The proposed PRI-2 HLF rate would extend the same exemption to qualifying customers within the Primary 2 rate class.

The customers that are eligible for the PRI-2 HLF rate own and operate their facilities, employ or contract their own energy management staff, and have the capital to invest in energy efficiency projects when economic. Their energy management staff is responsible for ongoing review, evaluation, design, and implementation of energy efficiency measures for operational cost reduction. Additionally, they are specifically assigned to an Austin Energy Key Account Manager to assist them with their energy evaluation, billing, and utility service needs.

Prepared by: RG / MD

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SCPC 4-3: Confirm that the efficiency measures that Austin Energy funds through the Energy Efficiency Service program, including, but not limited to, demand response, energy efficiency and onsite solar projects, reduce costs for all customers, including large customers under the PRI-2 HLF rate option. If not confirmed, provide all documentation supporting the assertion that those efficiency programs do not reduce costs for all customers.

ANSWER: In the short-term, the Customer Energy Solutions programs described reduce costs for all customers through savings from transmission cost allocation avoidance from ERCOT as a result of reduction of peak and Austin Energy's load share ratio. Additionally, customers who directly lower energy consumption experience cost reductions. In the long term, demand that would have been imposed on the system but for the demand savings from participation in energy efficiency programs would enable Austin Energy to avoid or defer certain distribution capacity investments that otherwise would have been made. Because distribution capacity costs are allocated broadly among customers, avoided or deferred capacity costs reduce costs for all customers in classes who take service from that type of system capacity, and in this scenario many customers may benefit from the programs. If Austin Energy's costs of the energy efficiency, on-site solar, etc., programs are less than the avoided system costs, then customers may benefit economically. If the accumulated costs of these programs to Austin Energy is greater than the avoided system capacity costs, then customers will be economically harmed. Any savings or additional costs are dependent on the efficiency and effectiveness of the programs.

Prepared by: JHO / RG

Sponsored by: Richard G  nec  

SCPC 4-4: Because PRI-2 HLF customers would not be charged for energy use, but only for demand, what would be the impact if these customers increased their energy use (but not their peak demand use) by more than 10% to total system costs?

ANSWER: When PRI-2 HLF customers increase energy use, total costs would be expected to increase by the incremental consumption multiplied by the primary-voltage power supply adjustment rate that is in effect during the time when the consumption occurs.

Prepared by: BTM

Sponsored by: Brian Murphy

SCPC 4-5: Would customers in the PRI-2 HLF rate option be able to take advantage of value of solar payments if they added onsite solar? If not, explain whether they would be prohibited because value of solar payments are paid out of the Energy Efficiency Service charges and they do not pay those charges, and any additional reasons?

ANSWER: Yes. As currently designed, the PRI-2 HLF rate option is eligible to receive Value of Solar credits.

Prepared by: JHO

Sponsored by: Richard G  nec  