

<b>AUSTIN ENERGY’S TARIFF PACKAGE:</b>	<b>§</b>	
<b>2022</b>	<b>§</b>	<b>BEFORE THE CITY OF AUSTIN</b>
<b>PROPOSAL TO CHANGE BASE</b>	<b>§</b>	<b>IMPARTIAL HEARING EXAMINER</b>
<b>ELECTRIC RATES</b>	<b>§</b>	

## **HOMEOWNERS UNITED FOR RATE FAIRNESS STATEMENT OF POSITION**

HURF’s position is based upon the settlement of PUC docket 40627 in 2013, in which the Public Utility Commission approved a settlement in which the signatories agreed that relative to the rates within the City, the revenue requirement to be charged to AE’s customers outside the City through base rates and the Community Benefit Charge (“CBC”) should be reduced. The terms of that agreement applied only to rates charged by Austin Energy to customers whose points of delivery are located outside of the City of Austin and did not affect rates charged to customers inside the City of Austin. The provisions of that Agreement became effective on June 1, 2013.

That agreement was consistent with the public interest because the original \$5,751,893 reduction to the revenue requirement for customers outside the City of Austin recognized that those customers do not receive the benefit of the utility’s revenues transferred to the City’s general fund and thus protecting them from discriminatory and excessive electric rates, used to pay for City of Austin services they do not receive. The reduction to the revenue requirement was also spread across the residential customer class as well as the commercial classes that had previously been above cost of service.

### General Fund Transfer Removed from Out of City Rates

HURF asserts that a similar reduction must be incorporated into the new rate proposal for these same reasons, as previously litigated and incorporated into the PUC docket 40627 settlement. It is our sincere hope that another costly rate appeal can be avoided. HURF now objects to customers outside of the City of Austin being charged their proportionate share of the arbitrary General Fund Transfer to the City of Austin in the total amount of \$121 million. As in previous cases, customers outside the City do not derive any benefits from the City of Austin’s expenditure of those funds.

HURF’s proposed remedy is to use Austin Energy’s provided Excel spreadsheet, as modified (Exhibit A) and to delete the allocated expenses for the General Fund Transfer on Schedule G-1, cells O178, P178, Q178, and R178 representing the allocations to Production, Transmission, Distribution, and Customer functions respectively. No other changes are proposed to the City’s claimed expenses, allocation of the expenses, or the methodology used to allocate expenses or design rates.

Since the rates designed are not completely cost based in this application, HURF proposes to reduce the rates for outside of City customers by the difference in allocated expenses without the General Fund Transfer.

As an example (Exhibit A, WP H-5.1, cell M 13), the residential revenue for outside city customers would be reduced from \$141,490,099 to \$123,163,539 and the resulting monthly minimum rate (customer charge) would be reduced from \$25.00 to \$21.47. Similarly, the cost per kWh would be reduced from \$.0228 to \$.01927 or a reduction of \$.00353 from the proposed rates as follows.

0-300 kWh	\$.03756 less \$.00353 equals \$.03403
301-1200 kWh	\$.04256 less \$.00353 equals \$.03903
Over 1200 kWh	\$.04756 less \$.00353 equals \$.04403

(See Exhibit B)

All other classes of service would be calculated in a similar manner.

#### Revenue Requirement Reductions

HURF is aware that other parties may be recommending reductions in the overall revenue requirement. To the extent any such recommendations are adopted by the Impartial Hearings Examiner and the Council, HURF requests that any associated rate reductions due to the reduced revenue requirement be applied to all customers equally, including those outside the city limits, so that the financial benefits of the 2013 rate reductions for out of city customers are still fully recognized.

Respectfully submitted,

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**HURF**  
**Exhibit A to SOP**  
(provided in Native Excel Format)

**HURF**  
**Exhibit B to SOP**  
(provided in Native Excel Format)