

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

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

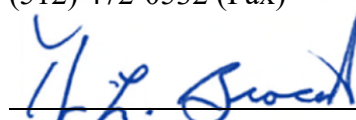
**AUSTIN ENERGY'S RESPONSE TO PAUL ROBBINS'
DISCOVERY TO AUSTIN ENERGY'S REBUTTAL**

Austin Energy files this Response to Paul Robbins' ("P. Robbins") Discovery to Austin Energy's Rebuttal submitted on July 8, 2022. Pursuant to the 2022 Austin Energy Base Rate Review Procedural Guidelines § F(2)(f)(1), this Response is timely filed.

Respectfully submitted,

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

P. Robbins R-1: **Cross to Jerry Galvan from Paul Robbins**

Mr. Galvan states that the Customer Assistance Program is not part of this rate case because CAP is funded with as a pass-through cost.

However, CAP administration is funded through base rates. So any proportion of CAP that is found to be imprudent can be applied to the base rate portion of CAP administration.

Austin Energy cannot have it both ways. If it wanted to sever CAP admin from the rate case, it should have recommended that CAP admin be funded as a pass-through cost in its rate filing. Even then, the issue would be relevant until the severance was approved.

Given the utility's choice not to place CAP admin in pass-through costs, when will Austin Energy provide me with access to CAP participant names and service addresses (with privacy protected under a non-disclosure agreement) so that I can determine imprudence is CAP admin? (E.g., if 10% of CAP customers are questionable, 10% of CAP admin would be imprudent and deducted from AE's profit, otherwise known as the General Fund Transfer.)

ANSWER: Please see Austin Energy's Response to P. Robbins 1-6.

Prepared by: GG

Sponsored by: Gerado Galvan

P. Robbins R-2: **Cross to Mark Dombrowski**

1. On page 12 of his testimony, Mr. Dombrowski stated that the new Radical Residential Rate Restructuring (4R) proposal would not be onerous to low-income ratepayers because CAP customers consume more than non-CAP customers.

He ignores:

A. that rate increases will still occur to many CAP customers; and

B. using CAP as a surrogate for all low-income ratepayers is extremely simplistic.

Austin Energy tracks Residential consumption by zip code and housing type. When I matched this information provided in discovery to Census income levels, I found that income tracks consumption. The worksheet for these calculations was sent to Austin Energy upon the utility's request, but there is no acknowledgement or accurate criticism of it provided in his testimony.

Using CAP is also flawed because, as I proved repeatedly over a long period of years, CAP is enrolling some customers with proven levels of high property wealth. Exactly how many is now obscured because Austin Energy is using a new state law as pretense to hide relevant information.

It is also a standard trend in the utility and commodity industries for low-income customers to have lower rates of consumption because they simply cannot afford higher rates of consumption.

And yes, there is a question here. Why didn't Austin Energy use a different methodology to look at the rate impact over the entire customer base?

ANSWER:

4R is a reference used by Mr. Robbins and not by Austin Energy and Mr. Dombrowski made no statement regarding 4R in his rebuttal testimony. Austin Energy does not collect nor have access to customer income data. CAP enrollment is the best available data Austin Energy has to equate specific customer consumption to an income level.

Using postal codes for geospatial analysis has a number of challenges. A simple analysis for income and consumption of by zip code would not produce a statistically significant result since income also is related to the size of residences. One needs to control the size of the home when analyzing consumption. Comparing consumption by zip codes is akin to comparing the consumption for a 3000 square foot home with a 600 square foot apartment. The larger home will use more energy than the apartment. It would be wrong to conclude that income, alone, is the driver in the difference.

Prepared by: MD / JL

Sponsored by: Mark Dombrowski

P. Robbins R-3: 2. On page 21 of his testimony, Mr. Dombrowski stated that the biomass plant was not an issue in the rate case and therefore ways to bring its costs down are not a relevant matter. Since transferring the plant to fuel costs is not a determined outcome yet, I argue that the biomass issue is quite relevant to the case.

The criticism is correct that I did not make specific recommendations. I can do so when I present my case. It would help my presentation, however, if Austin Energy will answer my discovery question about the costs it has paid to local governments in the plant's region. I have asked for this information under the Texas Public Information Act, but it would be more appropriate if Austin Energy would provide the information directly.

ANSWER: See below:

Fiscal Year	Payments	Local Government	Payment Type
2022	\$ 660,000.00	Cushing ISD	2021 Impact Fee/Tech Trn Prgm
2021	\$ 660,000.00	Cushing ISD	2020 Impact fee/Tech Trn Prgm
2021	\$ 740,280.52	Cushing ISD	2019 Impact fee/Supplemental/Tech Trn Prgm
2021	\$ 6,162.15	Nacogdoches Central Appraisal District	Property Tax
2021	\$ 17.89	Cherokee County Appraisal District	Property Tax
2020	\$ 23.38	Cherokee County Appraisal District	Property Tax
2020	\$ 992,309.20	Nacogdoches Central Appraisal District	Property Tax

Prepared by: MG

Sponsored by: Monica Gonzalez

P. Robbins R-4: 3. The 4R proposal by Austin Energy will raise costs to some low-income consumers to drastic levels.

3.1 Has Austin Energy estimated, or will it estimate, how many customers will lose service due to its 4R proposal?

ANSWER: 4R is a reference used by Mr. Robbins and not by Austin Energy. Austin Energy does not track customers by income levels. Austin Energy uses CAP as a proxy. Austin Energy Table 8-B and 8-D in the Base Rate Filing Package present the bill impacts for CAP customers. The bill impact for CAP customers ranges from an increase of \$3.56 per month to a decrease of \$139.36. Austin Energy does not consider that range to be a drastic rise. No, Austin Energy did not project if, or how many, customers could lose service due to the proposed rate changes.

Prepared by: MD

Sponsored by: Mark Dombroski

Austin Energy's Response to P. Robbins' Discovery to Austin Energy's Rebuttal

P. Robbins R-5: 3.2 Was universal access to service even considered when the 4R proposal was created?

ANSWER: 4R is a reference used by Mr. Robbins and not by Austin Energy. Based on Austin Energy's interpretation of "universal access to service," no, it was not considered, because all customers within Austin Energy's service territory already have access to service.

Prepared by: MD

Sponsored by: Mark Dombroski

P. Robbins R-6: 4. On p. 19 of Dombrowski's proposal, he stated that I provided no evidence of

If I am understanding Figure 7.21 and Table 4.B correctly, a substantial percentage of the rate increase is driven by growth-related expenses that City Council ordinance No. 20140612-057 (passed in 2014) was meant to eliminate.

I am asking that Mr. Dombrowski cite evidence previously provided by Austin Energy that details and itemizes these growth-related expenses. If no such evidence was provided, then please do so.

5. I take issue with the statement made on p. 10.

"These Participants fail to acknowledge the reality of the changing consumption patterns occurring within Austin Energy's service area."

I went to great lengths to understand the patterns that were alluded to here, evaluating the evidence that AE provided to me, and found it lacking.

Again, for the record, I restate my criticisms.

There are several problems with this analysis, however.

A. The analysis does not account for customers who have their HVAC needs met with a central system, such as downtown condos.

B. The study does not consider that customers in older dwellings will also become more efficient over time. While a new home has its appliances (e.g., HVAC, refrigerators) immediately installed to national appliance standards, older homes will install appliances with higher standards when their older machines are replaced.

C. Austin Energy has not discussed how consumption in rental units in the study might be influenced by consumption through the customers enrolled in the Continuous Service Program.

ANSWER:

City Council ordinance No. 20140612-057 addresses the line extension policy for new customers. Austin Energy's Design Criteria Manual section 1.3.12 AE Line Extension Policy dictates that "Austin Energy collects 100% of the costs for line extensions and new infrastructure associated with requests for new electric service, with an exemption for certain affordable housing. A Customer applying for new service will be charged all estimated costs for labor and material required to modify existing infrastructure and **to extend service from Austin Energy's existing infrastructure to the Customer's point of service to serve the requested load**, sometimes referred

to as "Contributions in Aid of Construction," or "CIAC." This includes the service drop and meter." [Emphasis added].

Austin Energy is in full compliance with this policy.

Austin Energy cannot determine future system capacity and reliability costs associated with a specific customer when that customer begins service. System capacity and reliability costs, when actually incurred, are allocated to classes of customers based on how that class of customer uses the distribution system.

Section 7.2.1 of Austin Energy's Base Rate Filing Package provides a discussion on the growth of Austin Energy's customer base, the electric system, and the impact on Austin Energy's revenue.

Prepared by: MD

Sponsored by: Mark Dombroski