

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

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

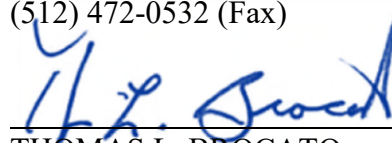
**AUSTIN ENERGY'S RESPONSE TO 2WR'S
FOURTH REQUEST FOR INFORMATION**

Austin Energy files this Response to 2 Women Ratepayers' ("2WR") Fourth Request for Information ("RFI") 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**

2WR 4-1: Mr. Galvan discussed the 311 call center in his rebuttal testimony contending that the AE costs are based on a cost study and that the 311 after hours call center is a reasonable and necessary expense because AE's smart meters do not provide the benefits of the service. Please verify this allegation by providing the following:

- a. The cost study used to calculate and allocate the 311 call center costs with the underlying data, calculations, and source information related to the surcharge and related to all other 311 call center costs.
- b. An explanation of how the 311 call center receives the information Mr. Galvan discussed at p. 7 of his testimony such as information about the restoration of services.
- c. An explanation of how AE learns of service outages and responds accordingly and how, if at all, AE's smart meters are used in this process;
- d. What adjustments were made, if any, to normalize the AE's allocated costs by adjusting out or smoothing the outlier event involving winter storm URI that occurred during the test year. If no adjustments were made, how did AE's 311 calls compare to the number of AE's calls for each of AE's three previous FYs?

ANSWER:

- a. Austin Energy does not have a cost study used to calculate and allocate 311 costs, but please refer to Austin Energy's Response to ICA TC 1-14B. As discussed below in response part (d), 311 costs are allocated based on the most recent, complete year's data. The FY 2021 cost allocation of 311 calls was based on the FY 2019 annual data.
- b. See Part C for how the 311 call center receives the information. The 311 call center takes outage calls after hours (from 9pm to 7am every weekday and on weekends after 1pm Saturday until the next business day - Monday if not a holiday). Our 311 Ambassadors/CSRs take calls from Austin Energy customers to report an outage, get the latest information on restoration efforts during a storm, and report wire downs. Even though there are ways for customers to report outages on the web portal, via text, via the 311 mobile app, some customers prefer to call the call center.
- c. Austin Energy learns of service outages through multiple channels. These include the Advanced Distribution Management System (ADMS), customer input (either through calls or text messages), and the Supervisory Control and Data Acquisition system. The ADMS can create an outage incident by the following means:
 - A customer calls in to report their outage.
 - A customer submits their outage online.

- A customer submits their outage via text message.
- A power down event from a smart meter is sent to ADMS indicating a customer is de-energized.
- A piece of communicating equipment indicates that the device is open which is de-energizing a customer downstream.
- An operator or field crew updates our map to indicate one or more de-energized customers.

Once an outage incident is created, field crews are dispatched to investigate and repair the cause of the outage.

- d. No adjustments were made to normalize Austin Energy's costs as a result of Winter Storm Uri. Outage calls vary year over year, as they are, for the most part, weather-related. It is worth noting the allocation of FY 2021 costs for the 311 system was based on the actual results from FY 2019. The allocation of costs to Austin Energy for FY 2021 was not impacted by Winter Storm Uri.

Austin Energy does not have the number of 311 calls for the last three years but does have the number of minutes. Please see the table below.

		Total Min
FY2021	Austin Energy	298064.5
FY2020	Austin Energy	195282.7
FY2019	Austin Energy	209888.1
FY2018	Austin Energy	171950.3

Prepared by: GG

Sponsored by: Gerardo Galvan

2WR 4-2: At page 25 of AE witness Rabon's testimony, he contends that TIEC witness LaConte's calculations of General Fund Transfers for FY 2018 through FY2020 were incorrect because she used the wrong revenues as the bases to apply the 12%. Please provide the revenues Mr. Rabon believes are the correct revenues for FY2018, FY 2019, FY 2020 and FY 2021 that should have been used to apply the 12%. And please also provide the GFT amounts for each of these FYs that AE approved in its respective budgets.

ANSWER: Please see the table below.

GFT % of Revenue (net of Power Supply & District Cooling)

Fiscal Year	%	General Fund Transfer	Revenue
2018	11.8%	109,000,000	924,364,956
2019	11.9%	110,000,000	925,530,416
2020	12.0%	111,000,000	927,477,529
2021	12.4%	114,000,000	918,859,058

Prepared by: MG

Sponsored by: Monica Gonzalez

2WR 4-3: Both AE witnesses Murphy and Dombroski argue that rate design should address cost causation by the individual customer. If Mr. Murphy and/or Mr. Dombroski do not agree with this summary of their opinions, in whole or in part, please explain why not. Please also provide the underlying calculations and data identifying the source documents relating to AE's discussion of seasonal swings in bills at p. 118 (discussing the 49% increase between winter usage and summer usage) and at p. 119 discussing the price differential.

ANSWER: Mr. Dombroski and Mr. Murphy do not agree with the statement "that rate design should address cost causation by the individual customer." Austin Energy develops rates based on the characteristics of classes of customers and not the "individual customer."

Austin Energy's ratemaking process follows industry-standard practice. Class allocation attributes the functionalized and classified costs to customer classes based on cost causation. Using the cost study, a level of revenues is then assigned to each class. The level of revenues assigned to a class is also the share of cost recovery that is expected from that class. The next step, rate design, has the practical effect of assigning the class's cost responsibilities to the customers within the class, but rate design is performed at the class level, not at the individual customer level with the intent of assigning costs to individual customers consistent with cost causation.

Rate design seeks to ensure that the cost allocated to a class of customers is recovered based on the billing determinants for that class of customers while achieving policy objectives. As explained on page 21 of Mr. Murphy's testimony, rate design need not be connected to cost causation, and Austin Energy's current and proposed rate designs are conservation rate designs, not strictly cost-based rate designs. The proposed changes to the rate design have the effect of increasing the accuracy of a residential customer's bill as a representation of cost of service, as analyzed in Exhibit BTM-2 to the rebuttal testimony of Mr. Murphy.

Refer to Attachment 2WR 4-3 for the underlying calculations.

Prepared by: AAM

Sponsored by: Brian Murphy

Attachment 2WR 4-3
(provided in Native Excel Format)

2WR 4-4: In his rebuttal testimony, Mr. Dombroski asserts that AE's residential customer usage pattern of lower usage causes the current rate design to be ineffective. For those residential metered accounts from vacated tenancies that are automatically transferred to the name of the property owner, under the continuous service program, how are the transferred accounts usages reported for purposes of allocating the costs of customer service, customer accounting, meter reading, uncollectibles, key accounts, and economic development; and how do these automatically transferred accounts factor in the average monthly kWh consumption in AE's ratefiling testimony to show reduced residential electric consumption, if at all.

ANSWER: Accounts enrolled in the MPP are a part of the residential customer class and all characteristics of the accounts remain in the residential class, regardless of their status in the MPP, including the associated consumption in kWh. Austin Energy cannot quickly calculate the impact on the average monthly kWh, but I believe it would be statistically insignificant. Austin Energy has approximately 473,592 residential customers with 187,440 multi-family units enrolled in the MPP. Using the U.S. Department of Housing and Urban Development, Office of Policy Development and Research publish report dated January 1, 2021, the Austin area rental vacancy rate was 7.3%. That would indicate that approximately 13,683 multifamily units are recorded as residential but without a resident living in the unit, or less than 3% of the total residential customer base.

Prepared by: MD

Sponsored by: Mark Dombroski