

# **Independent Hearing Examiner**

## **Background, Process, and Summary of Recommendations**

### Background

1. Generation, Transmission, and Distribution [Figure 1]<sup>1</sup>
  - a. ERCOT
  - b. Outside ERCOT
  - c. Austin Energy – vertically integrated
2. Industrials and Line Loss [Figure 2]<sup>2</sup>
3. Types of Electric Utilities
  - a. Investor-Owned Utilities (“IOUs”) *for profit*
  - b. Municipally-Owned Utilities (“MOUs”) *not-for-profit - cost*
  - c. Electric Cooperatives (“Cooperatives”) *not-for-profit - cost*

### Process

1. Independent Hearing Examiner
  - a. State Office of Administrative Hearings (SOAH) Background
    - i. Very similar to SOAH rate case hearing
  - b. Impartial
  - c. No *Ex Parte* Communications
2. Team
  - a. Four attorneys
    - i. Energy experience
    - ii. Attended hearing
3. Pre-Hearing Phase
  - a. Issued orders over contested matters
  - b. Reviewed testimony and statements of position
4. Hearing
  - a. July 13-15, 2022
  - b. Administrative Procedure Act did not apply
  - c. Witnesses were not sworn-in
  - d. Rules of Evidence
5. Final Report
  - a. Four attorneys
    - i. Divided issues to draft
  - b. IHE drafted majority of Final Report
    - i. IHE reviewed and edited all sections not drafted by IHE
    - ii. Andrew Edge – Rate Design
    - iii. Final review by Firm’s Energy Practice Group Leader
  - c. No number running

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<sup>1</sup> Figure 1:

[https://www.everycrsreport.com/files/20190610\\_R45764\\_50945c0f4fbabb031186e406944719d56a16dcff.html](https://www.everycrsreport.com/files/20190610_R45764_50945c0f4fbabb031186e406944719d56a16dcff.html).

<sup>2</sup> Figure 2: <https://www.incontext.indiana.edu/2010/july-aug/article3.asp>.

## Summary of Recommendations

1. Revenue Requirement
  - a. Mostly agreed with Austin Energy
  - b. Disagreed
    - i. General Fund Transfer calculation
    - ii. Revenue and Billing determinants
  - c. Summary
    - i. Austin Energy sought a \$48M increase
    - ii. Still suffered a downgrade from Fitch
    - iii. Second downgrade
2. Cost Allocation
  - a. Mostly agreed with Austin Energy
  - b. Disagreed
    - i. Primary Substation Rate for Industrials
    - ii. Line Loss Study
3. Revenue Distribution
  - a. Agreed with Austin Energy
  - b. Move 50% to cost
4. Rate Design
  - a. Disagreed with Austin Energy
    - i. Rate shock – Independent Consumer Advocate
    - ii. Conservation Price Signals
5. Value of Solar
  - a. Mostly agreed with Austin Energy
  - b. Move to backward-looking