

## BOARD/COMMISSION RECOMMENDATION

## **Electric Utility Commission**

## Recommendation No. 20221114-11B

## Resolution on Austin Energy's Base Rate Proposal

RESOLVED, the Electric Utility Commission urges the Austin City Council to:

- 1. Reject the Austin Energy proposed base rate revenue increase of \$35.7 million and the IHE recommendation of \$31.3 million increase to Austin Energy's base rates;
- 2. Adopt a Revenue Requirement of at least \$6.5 million as recommended by the ICA but no more than \$15 million, roughly half of the IHE's proposal;
- 3. Adopt a Revenue Distribution that would not increase the rates on any customer class more than 7.5%, such as the attached table (WorkPaper H-3.1.1) produced by Austin Energy for the EUC \$15 million scenario which limits the rate increase to 7.5% on any customer class. The table is illustrative of a possible cost allocation by rate class with a revenue increase of \$15 million limited to a maximum of 7.5 percent, but is not meant to be a specific recommendation from the EUC on cost allocation.
- 4. Consider adopting the Independent Consumer Advocates proposed residential rate design with the following scope:
  - a. Increase In-City Residential Monthly Customer Charges by no more than 20% or \$2,
  - b. Change the current 5 tier structure to 4 tiers as follows: Tier 1 (0 500); Tier 2 (501 1300); Tier 3 (1301 2500); Tier 4 (Over 2500).
  - c. Adopt tier rates similar to that proposed by the ICA, or such as (Tier 1-4) those attached in the scenario "WorkPaper H-3.1.1":

0.03061 per Kwh

0.06200 per Kwh

0.09176 per Kwh

0.11317 per Kwh

d. The rates above can be scaled up or scaled down proportionally to achieve the residential target revenue requirement target adjusted for any higher customer charge.

**Vote:** 6-3

For: Vice Chair Dave Tuttle; Commissioner Randy Chapman; Commissioner Karen Hadden;

Commissioner Makenna Jonker; Commissioner Cyrus Reed; Commissioner Kay Trostle

**Against:** Chair Marty Hopkins; Commissioner Marshall Bowen; Commissioner Cary Ferchill

**Abstentions:** None

**Off Dais:** None

**Absences:** None

**Vacancies:** District 2, District 3

Attest: Robin Otto

Robin Otto, Staff Liaison

Austin Energy 2022 Rate Review Class Base Revenue Changes

City-Owned Private Outdoor Lighting

Customer-Owned Metered Lighting

**Grand Total** 

**Customer-Owned Non-Metered Lighting** 

EUC Scenario Proposal, \$15 Million increase, 7.5% maximum, \$12 Customer Charge, 4 steep

2,952,790 \$

51,145

395,004

653,864,010 \$

811,232

5,268

78,660

15,240,266

37.9%

11.5%

<u>24.9%</u>

4.9%

\$

\$

40.7%

14.4%

28.3%

5.6%

	Austin Energy Filing							Charge, 4 steep				
		Proposed							tiers			
Description		At Current Rates		Rebuttal		Change	% Change				Change	% Change
Residential	\$	298,139,951	\$	344,341,212	\$	46,201,261	15.5%	\$	320,518,499	\$	22,378,548	7.5%
Secondary Voltage < 10 kW		22,062,516		23,367,720		1,305,204	5.9%		23,716,141.52		1,653,625	7.5%
Secondary Voltage ≥ 10 < 300 kW		146,379,682		134,757,836		(11,621,847)	-7.9%		136,681,467.68		(9,698,215)	-6.6%
Secondary Voltage ≥ 300 kW		97,431,981		92,199,799		(5,232,182)	-5.4%		93,857,623.88		(3,574,357)	-3.7%
Primary Voltage < 3 MW		8,571,888		9,087,842		515,953	6.0%		9,090,722.78		518,834	6.1%
Primary Voltage ≥ 3 < 20 MW		24,590,380		25,248,506		658,125	2.7%		25,150,271.00		559,891	2.3%
Primary Voltage ≥ 20 MW @ 85% aLF		33,906,126		37,071,165		3,165,039	9.3%		36,449,727.05		2,543,601	7.5%
Transmission		801,058		830,992		29,934	3.7%		834,059.59		33,002	4.1%
Transmission Voltage ≥ 20 MW @ 85% aLF		4,236,381		3,943,613		(292,768)	-6.9%		4,166,558.37		(69,823)	<u>-1.6%</u>
Total Excluding Lighting	\$	636,119,964	\$	670,848,685	\$	34,728,721	5.5%	\$	650,465,071	\$	14,345,107	4.8%
	Residential Secondary Voltage < 10 kW Secondary Voltage ≥ 10 < 300 kW Secondary Voltage ≥ 300 kW Primary Voltage < 3 MW Primary Voltage ≥ 3 < 20 MW Primary Voltage ≥ 20 MW @ 85% aLF Transmission Transmission Voltage ≥ 20 MW @ 85% aLF	Residential \$ Secondary Voltage < 10 kW Secondary Voltage ≥ 10 < 300 kW Secondary Voltage ≥ 300 kW Primary Voltage < 3 MW Primary Voltage ≥ 3 < 20 MW Primary Voltage ≥ 20 MW @ 85% aLF Transmission Transmission Voltage ≥ 20 MW @ 85% aLF	Residential \$ 298,139,951 Secondary Voltage < 10 kW 22,062,516 Secondary Voltage ≥ 10 < 300 kW 146,379,682 Secondary Voltage ≥ 300 kW 97,431,981 Primary Voltage < 3 MW 8,571,888 Primary Voltage ≥ 3 < 20 MW 24,590,380 Primary Voltage ≥ 20 MW @ 85% aLF 33,906,126 Transmission 801,058 Transmission Voltage ≥ 20 MW @ 85% aLF 4,236,381	Description       At Current Rates         Residential       \$ 298,139,951       \$         Secondary Voltage < 10 kW	Description       At Current Rates       Proposed Rebuttal         Residential       \$ 298,139,951       \$ 344,341,212         Secondary Voltage < 10 kW	Description         At Current Rates         Proposed Rebuttal           Residential         \$ 298,139,951         \$ 344,341,212         \$ Secondary Voltage < 10 kW	Description         At Current Rates         Proposed Rebuttal         Change           Residential         \$ 298,139,951         \$ 344,341,212         \$ 46,201,261           Secondary Voltage < 10 kW	Description         At Current Rates         Proposed Rebuttal         Change         % Change           Residential         \$ 298,139,951         \$ 344,341,212         \$ 46,201,261         15.5%           Secondary Voltage < 10 kW	Description         At Current Rates         Proposed Rebuttal         Change         % Change           Residential         \$ 298,139,951         \$ 344,341,212         \$ 46,201,261         15.5%         \$ Secondary Voltage < 10 kW	DescriptionAt Current RatesProposed RebuttalChange% ChangeResidential\$ 298,139,951\$ 344,341,212\$ 46,201,26115.5%\$ 320,518,499Secondary Voltage < 10 kW	Description         At Current Rates         Proposed Rebuttal         Change         % Change           Residential         \$ 298,139,951         \$ 344,341,212         \$ 46,201,261         15.5%         \$ 320,518,499         \$ 50,000           Secondary Voltage < 10 kW	Description         At Current Rates         Rebuttal         Change         % Change         tiers           Residential         \$ 298,139,951         \$ 344,341,212         \$ 46,201,261         15.5%         \$ 320,518,499         \$ 22,378,548           Secondary Voltage < 10 kW

3,013,212 \$

52,484 \$

\$ 674,320,137 \$ 35,696,393

405,757 \$

871,653

6,606

89,412

2,141,558

45,878

316,344

638,623,744

Work Paper H-3.1.1 Residential (Inside City of Austin) \$15 M Increase, 7.5% Maximum Increase \$12 Customer Charge, 4 steep tiers (.03061,.0620, .09176, .11317) Breakpoints at 500, 1300, and 2500 kWh WP H-3.1.1

Bill Impact Tables on an Average Basis for the Residential Customer Class (Inside City of Austin)

	L	m mpact			iusis joi tiit	T	ui customei	•	C CI							
		Existing					Cost of Service				Proposed					
No.	Energy (kWh) per Month	# of Bills	% of Tota Bills	l Cum. % of Total Bills	•	Avg. Bill Amount	Change, \$	Change, %	Avg. Bill Amount		Change, \$		Change, %			
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(1)		(J)		(K)			
1	Annual															
2	0 and Belo	0	0.0%	0.0%	\$ 10.00	\$ 44.98	\$ 34.98	349.80%	\$	12.00	\$	2.00	20.00%			
3	1 - 250 (kV	676,874	14.9%	14.9%	\$ 19.25	\$ 53.26	\$ 34.01	176.68%	\$	21.57	\$	2.32	12.05%			
4	251 - 500 (	1,168,559	25.7%	40.6%	\$ 37.75	\$ 69.82	\$ 32.07	84.95%	\$	40.72	\$	2.97	7.87%			
5	501 - 750 (	1,001,436	22.0%	62.6%	\$ 60.04	\$ 86.38	\$ 26.34	43.87%	\$	63.80	\$	3.76	6.26%			
6	751 - 1000	665,866	14.6%	77.2%	\$ 86.12	\$102.94	\$ 16.82	19.53%	\$	90.79	\$	4.67	5.42%			
7	1001 - 125	410,554	9.0%	86.3%	\$ 114.67	\$119.49	\$ 4.82	4.20%	\$	117.79	\$	3.12	2.72%			
8	1251 - 150	245,697	5.4%	91.7%	\$ 145.70	\$ 136.05	\$ (9.65)	-6.62%	\$	147.02	\$	1.32	0.91%			
9	1501 - 175	144,511	3.2%	94.8%	\$178.61	\$152.61	\$ (26.00)	-14.56%	\$	181.46	\$	2.85	1.60%			
10	1751 - 200	85,178	1.9%	96.7%	\$ 213.39	\$169.17	\$ (44.22)	-20.72%	\$	215.90	\$	2.51	1.18%			
11	2001 - 250	83,209	1.8%	98.5%	\$ 265.57	\$194.00	\$ (71.57)	-26.95%	\$	267.55	\$	1.98	0.75%			
12	2501 - 300	32,774	0.7%	99.3%	\$338.88	\$227.12	\$ (111.76)	-32.98%	\$	341.78	\$	2.90	0.86%			
13	3001 - 350	14,741	0.3%	99.6%	\$415.95	\$ 260.23	\$ (155.72)	-37.44%	\$	421.36	\$	5.41	1.30%			
14	3501 - 400	7,406	0.2%	99.8%	\$493.01	\$ 293.35	\$ (199.66)	-40.50%	\$	500.94	\$	7.93	1.61%			
15	4001 and A	11,235	0.2%	100.0%	\$531.55	\$309.90	\$ (221.65)	-41.70%	\$	540.73	\$	9.18	1.73%			
16		4,548,040		_			_									