



BOARD/COMMISSION RECOMMENDATION

Electric Utility Commission

Recommendation No. 20221114-11A

Resolution on Austin Energy's Base Rate Proposal

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

1. Apply the rate making policies of gradualism and avoidance of rate shock for each customer class. Gradualism should be applied equally to classes that would receive a revenue (rate) reduction and to classes that would receive a revenue (rate) increase, under the adopted class revenue distribution approach.
2. Maintain the present residential rate structure of inverted block rates that encourage conservation. While reducing the number of tiers from five to four may be considered, as suggested by the Independent Consumer Advocate, any increase in the basic customer service fee should be limited to no more than 20%. A \$2 dollar increase in the monthly fee would on its own with no other changes generate approximately \$11.4 million in additional revenues for the utility.
3. Apply its understanding of known and measurable changes and weather normalization to the 2021 test year;
4. Line Loss Study: Require Austin Energy to conduct a new System Loss Study (Line Loss Study) to derive both peak demand and energy loss factors by service level (transmission, substation, primary, and secondary) prior to the next base rate case. The peak demand loss factors shall be used to develop the demand allocation factors in the next rate case. The energy loss factors shall be used to develop the energy allocation factors in the next rate case and the voltage adjustment factors in the Power Supply Adjustment.
5. Primary Substation Rate: Require Austin Energy to develop a Primary Substation rate consistent with the analysis in the IHE report and propose it as part of its rate filing package in its next base rate review, at which point it will be subject to review.
6. Transmission Service: Require Austin Energy to provide a pathway for Primary >20 MW HLF customers to purchase the facilities necessary to upgrade to transmission service. Austin Energy shall provide this pathway no later than 1 year after the Council action approving the rates set in this base rate review.
7. Value of Solar Tariffs. Adopt the Austin Energy proposal in the Base Rate Filing Package, with the exception that the Value of Solar Societal Benefits should be collected through the PSA. Cost recovery for the Societal Benefits will be subject to review in Austin Energy's next base rate review.
8. Out of city customers. Maintain existing differences for revenues and rate structures for City of Austin customers and those from other nearby communities, with no additional cost-shifting.

9. Direct the EUC to examine policies related to Austin Energy's Contribution in Aid of Construction (CIC) and consider ways to increase contributions from new growth and development to increase Austin Energy's revenues in future years.
10. Instruct Austin Energy to develop a plan to expand access to more affordable electrical power for residential and small commercial vehicles, and consider how to equitably charge EV customers who charge at homes with low load factors.
11. Instruct Austin Energy to consider the development of a tariff and/or program that incentivizes solar, storage and V2G/V2H, and explore how the use of microgrids with solar, storage and V2G/V2H can be incorporated into rates and processes.
12. Instruct Austin Energy to hire a third-party to update its 2015 non-nuclear decommissioning study to assess whether the proposed requirement of \$8 million per year is reasonable, or should be changed; and
13. Instruct Austin Energy to work with the EUC to examine alternative enrollment methods for CAP enrollment including working with non-profit and taxpayer assistance entities to ensure that income eligible families are properly enrolled to the maximum extent possible.

Vote: 9-0

For: Chair Marty Hopkins; Vice Chair Dave Tuttle; Commissioner Marshall Bowen, Commissioner Randy Chapman; Commissioner Cary Ferchill; Commissioner Karen Hadden; Commissioner Makenna Jonker; Commissioner Cyrus Reed; Commissioner Kay Trostle

Against: None

Abstentions: None

Off Dais: None

Absences: None

Vacancies: District 2, District 3

Attest: 
Robin Otto, Staff Liaison