

# Austin Energy 2022 Base Rate Review

Options for Consideration

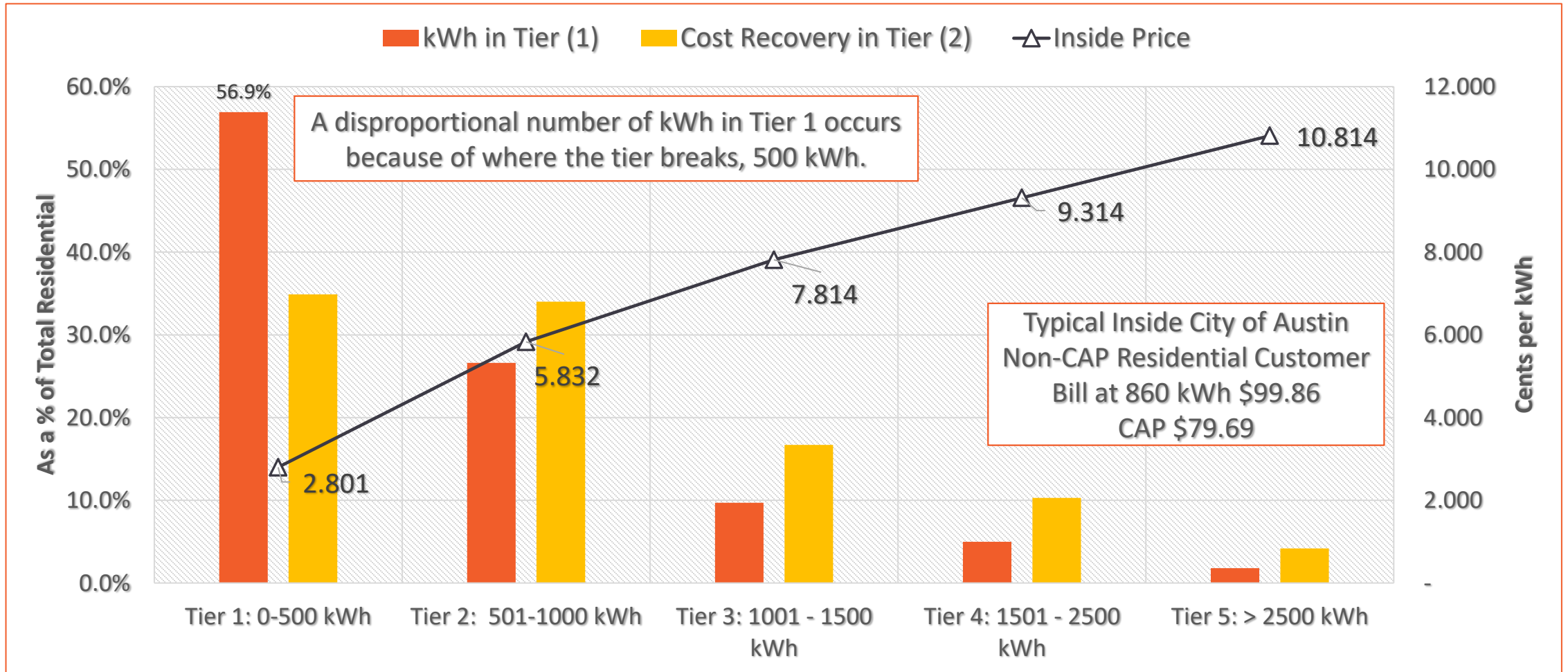


December 2, 2022

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# Austin Energy 2022 Base Rate Review

Inside City Represents 78% of All Residential Consumption: Driving the Need For Tier Restructuring



- (1) kWh represents Test Year 2021 weather normalized sales as used in the Austin Energy Base Rate Proposal. Differences due to rounding.
- (2) Reflects only costs recovered in Energy Charge revenue.

# Austin Energy 2022 Base Rate Review

## Options for Residential Rate Design

### CM Pool Proposal

- Increase revenue requirements by \$31.3 million and reduce GFT from \$120 to \$115 million
- Move customer classes to 40% unity
- Separate rate structure for inside and outside residential customers
- Funds 2012 outside city customer agreement with S2/S3 subsidy
- 4 tiers
- 3-Step increase in the customer charge \$14/\$15/\$16



# Austin Energy 2022 Base Rate Review

## Option 4A Step 1: \$31.3M, 4 Tiers, 40% to Unity, \$14 CC, Inside

\$10.00 Customer Charge	Price per kWh	Current	kWh <sup>(1)</sup>	As a %
Below Cost of Service	2.801	Tier 1: 0-500 kWh	2,193,948,158	56.9%
Below Cost of Service	5.832	Tier 2: 501-1000 kWh	1,024,259,393	26.6%
Approximately Cost of Service	7.814	Tier 3: 1001 – 1500 kWh	374,842,802	9.7%
Above Cost of Service	9.314	Tier 4: 1501 – 2500 kWh	193,880,427	5.0%
Above Cost of Service	10.814	Tier 5: > 2500 kWh	68,248,112	1.8%
		Total	3,855,178,893	

\$14.00 Customer Charge	Price per kWh	Proposed	kWh <sup>(1)</sup>	As a %
Below Cost of Service	4.002	Tier 1: 0-300 kWh	1,443,616,801	37.4%
Approximately Cost of Service	5.002	Tier 2: 301-900 kWh	1,642,206,670	42.6%
Above Cost of Service	6.502	Tier 3: 901 - 2000kWh	645,344,798	16.7%
Above Cost of Service	8.502	Tier 4: > 2000 kWh	124,010,623	3.2%
		Total	3,855,178,893	



(1) kWh represents Test Year 2021 weather normalized sales as used in the Austin Energy Base Rate Proposal. Differences due to rounding.

# Austin Energy 2022 Base Rate Review

## Option 4A Step 1: \$31.3M, 4 Tiers, 40% to Unity, \$14 CC, Outside

\$10.00 Customer Charge	Price per kWh	Current	kWh <sup>(1)</sup>	As a %
Below Cost of Service	3.700	Tier 1: 0-500 kWh	396,559,232	35.6%
Approximately Cost of Service	5.600	Tier 2: 501-1000 kWh	274,078,361	24.6%
Above Cost of Service	7.868	Tier 3: > 1000 kWh	442,456,852	39.8%
		Total	1,113,094,445	

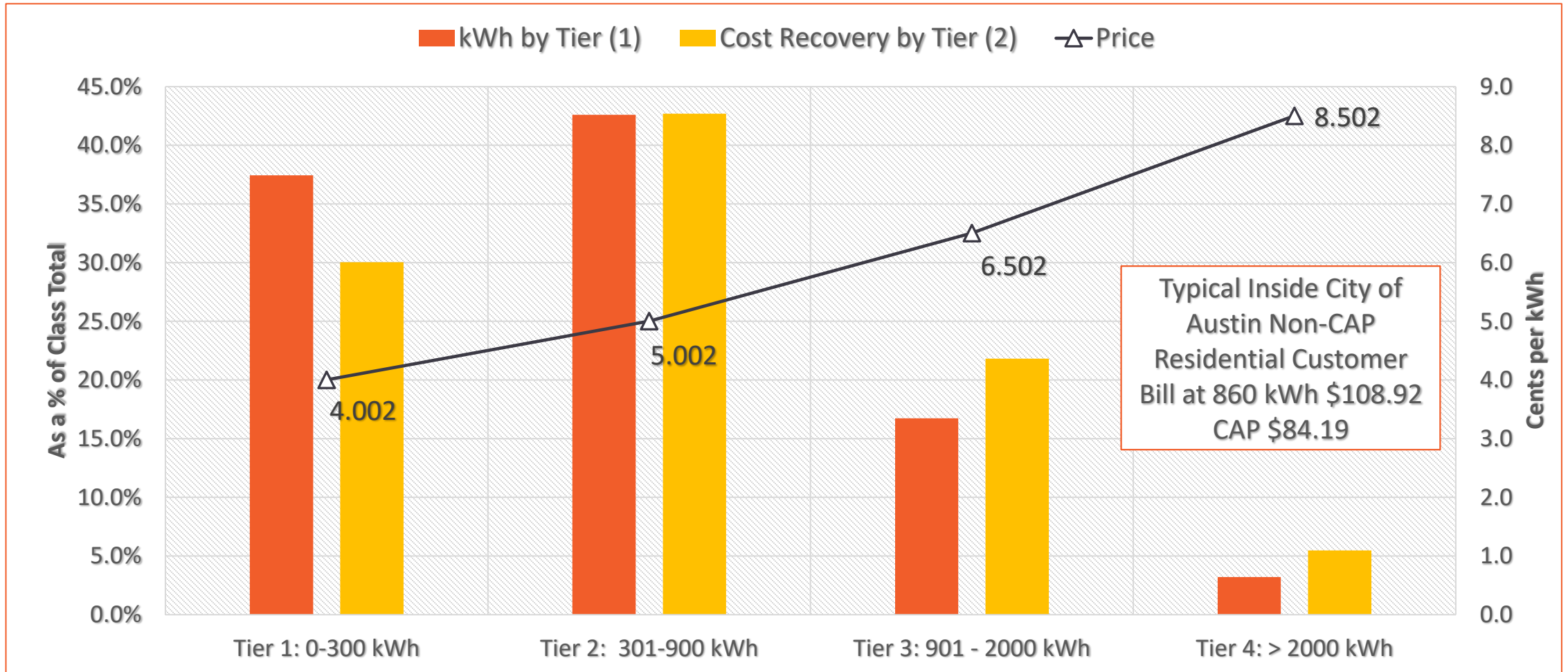
\$14.00 Customer Charge	Price per kWh	Proposed	kWh <sup>(1)</sup>	As a %
Below Cost of Service	4.002	Tier 1: 0-300 kWh	246,288,704	22.1%
Approximately Cost of Service	4.541	Tier 2: 301-900 kWh	379,958,755	34.1%
Above Cost of Service	5.903	Tier 3: 901 - 2000kWh	306,324,445	27.5%
Above Cost of Service	7.718	Tier 4: > 2000 kWh	180,522,541	16.2%
		Total	1,113,094,445	



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# Austin Energy 2022 Base Rate Review

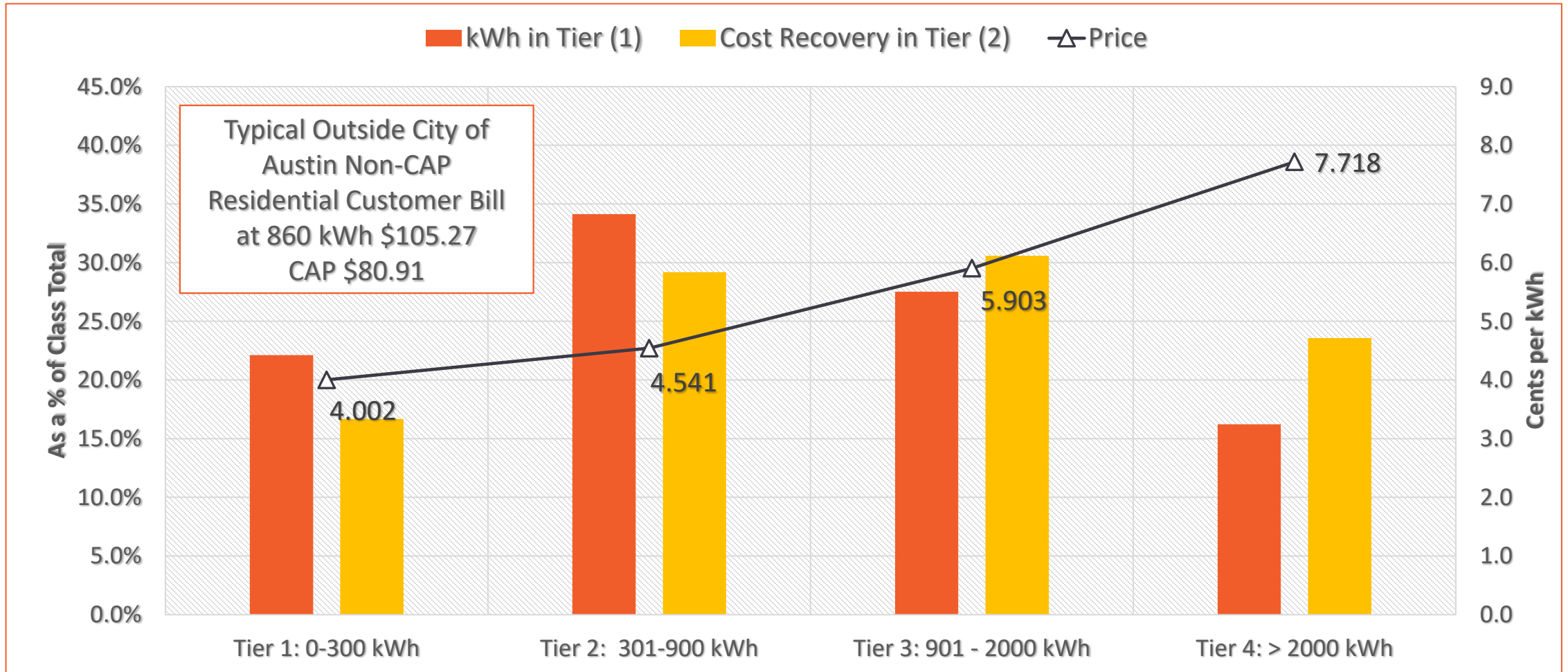
Option 4A Step 1: \$31.3M, 4 Tiers, 40% to Unity, \$14 CC, Inside



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# Austin Energy 2022 Base Rate Review

Option 4A Step 1: \$31.3M, 4 Tiers, 40% to Unity, \$14 CC, Outside



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# Austin Energy 2022 Base Rate Review

## Options for Residential Rate Design

### CM Pool Proposal as Amended by Mayor Pro Tem Alter

- Increase revenue requirements by \$31.3 million and reduce GFT from \$120 to \$115 million
- Move customer classes to 40% unity
- Separate rate structure for inside and outside residential customers
- No decrease for high-use inside city residential customers
- Funds 2012 outside city customer agreement and CAP expansion with inside city subsidy
- 4 tiers
- 3-Step increase in the customer charge \$14/\$15/\$16





# Austin Energy 2022 Base Rate Review

Option 4B Step 1: \$31.3M, 4 Tiers, 40% to Unity, \$14 CC, Inside No Decrease

\$10.00 Customer Charge	Price per kWh	Current	kWh <sup>(1)</sup>	As a %
Below Cost of Service	2.801	Tier 1: 0-500 kWh	2,193,948,158	56.9%
Below Cost of Service	5.832	Tier 2: 501-1000 kWh	1,024,259,393	26.6%
Approximately Cost of Service	7.814	Tier 3: 1001 – 1500 kWh	374,842,802	9.7%
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Below Cost of Service	4.002	Tier 1: 0-300 kWh	1,443,616,801	37.4%
Approximately Cost of Service	5.002	Tier 2: 301-900 kWh	1,642,206,670	42.6%
Above Cost of Service	7.285	Tier 3: 901 - 2000kWh	645,344,798	16.7%
Above Cost of Service	10.560	Tier 4: > 2000 kWh	124,010,623	3.2%
		Total	3,855,178,893	



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# Austin Energy 2022 Base Rate Review

## Option 4B Step 1: \$31.3M, 4 Tiers, 40% to Unity, \$14 CC, Outside

\$10.00 Customer Charge	Price per kWh	Current	kWh <sup>(1)</sup>	As a %
Below Cost of Service	3.700	Tier 1: 0-500 kWh	396,559,232	35.6%
Approximately Cost of Service	5.600	Tier 2: 501-1000 kWh	274,078,361	24.6%
Above Cost of Service	7.868	Tier 3: > 1000 kWh	442,456,852	39.8%
		Total	1,113,094,445	

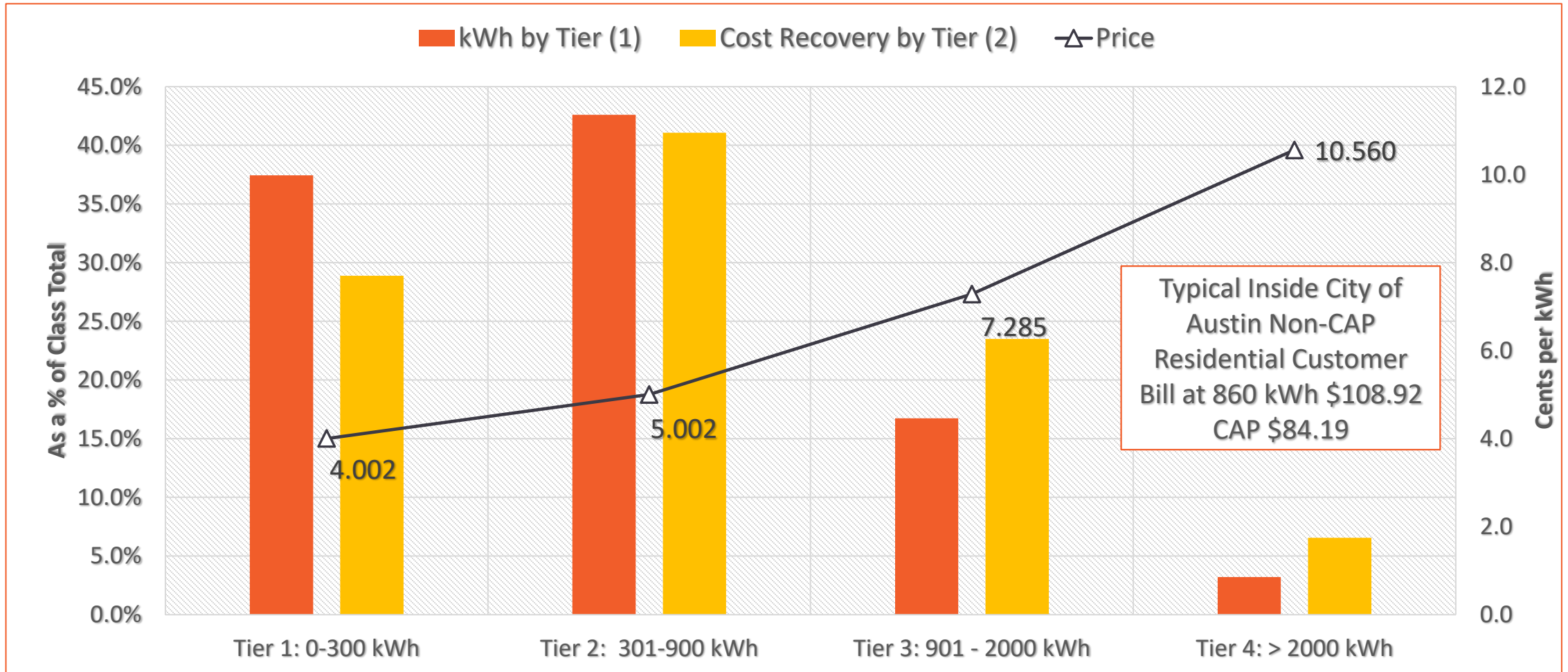
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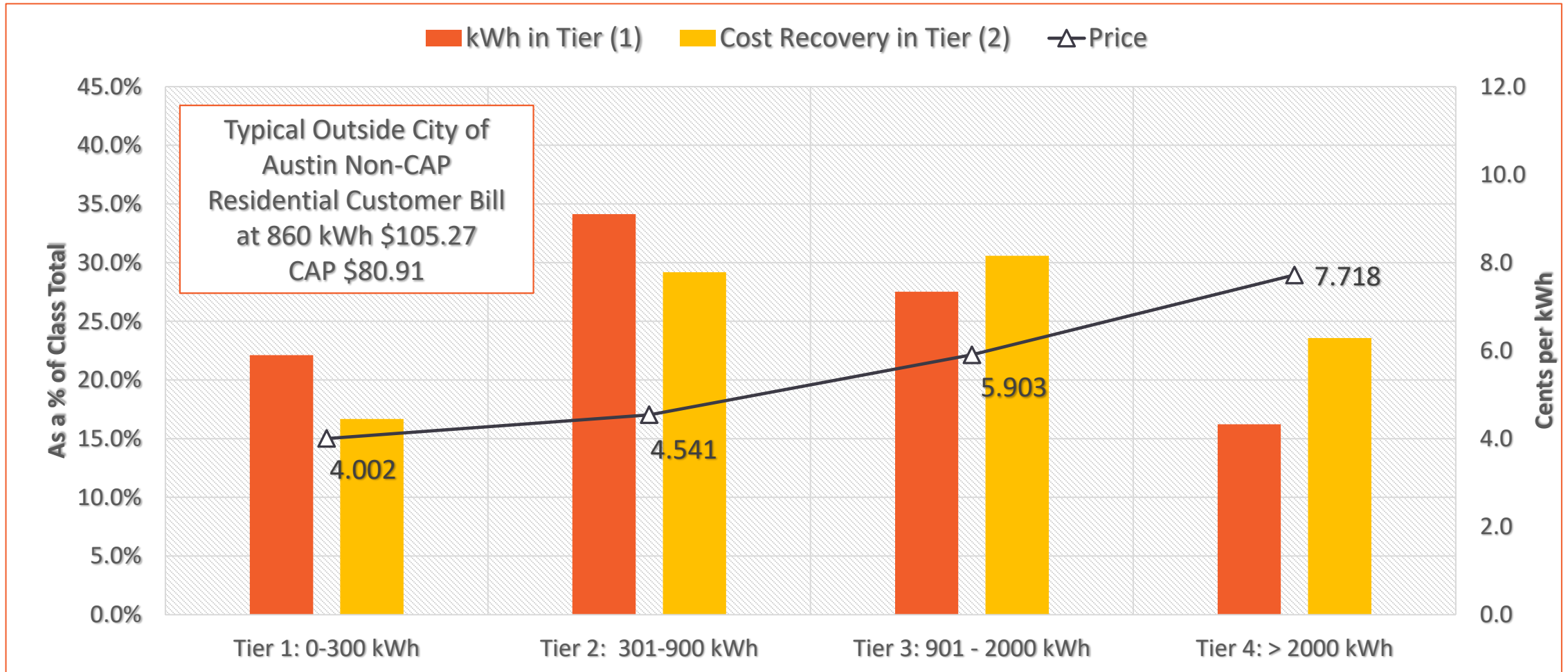
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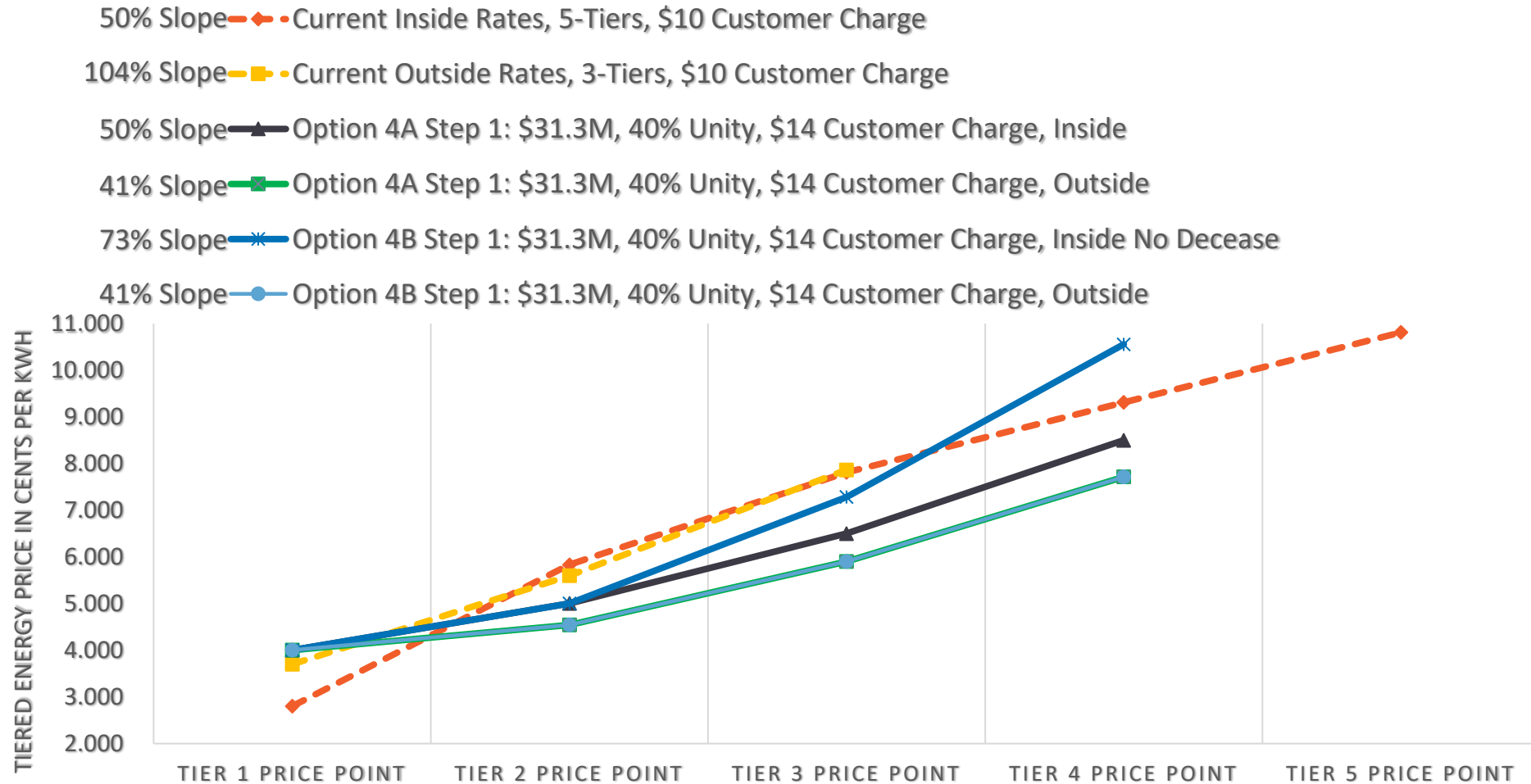
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# Austin Energy 2022 Base Rate Review

## Comparison of Tiered Energy Rates Between Options Presented



# Austin Energy 2022 Base Rate Review

## City Council Options for Base Rates

- Both options provide greater financial stability for Austin Energy and improved bill stability for customers
- Both options have tier structures that address the changing consumption patterns of the customers and move customers closer to their respective cost of service
- Both options provide a gradual increase to the Customer Charge over 3-years
- Both options include feedback from City Council, Intervenor, and IHE
  - Reduces GFT from \$120 to \$115 million in the test year, which lowers all customer bills
  - Reduces the Customer Charge from Austin Energy's proposal of \$25
  - Uses 4-tiers rather than the 3-tiers proposed by Austin Energy
  - Uses steeper price curves between tiers
- Both options maintain the 2012 agreement with outside city residential customers
- Option 4B eliminates inside-city residential bill decreases for tiers
- Option 4B funds both the agreement with outside city customers and supports CAP expansion





**Customer Driven.  
Community Focused.<sup>SM</sup>**

