



BOARD/COMMISSION RECOMMENDATION

Resource Management Commission

Revised Recommendation No. 20260217-002

Recommendation on Fairness of Residential Electric Rates

WHEREAS, progressive Residential utility rates structures that charge less per unit for less consumption and more per unit for more consumption encourage conservation; and

WHEREAS, progressive Residential rate structures also help save money for low-income customers, who generally use less energy; and

WHEREAS, Austin Energy has implemented a more regressive Residential rate structure that runs counter to the goals of both energy conservation and of lowering costs for low-income residents; and

WHEREAS, Austin Energy defended this change during the 2025 budget by explaining to City Council and the Electric Utility Commission that Residential bills would actually go down because of lower fuel costs, when in fact this has not happened; and

WHEREAS, this more regressive Residential rate structure harms some City Council Districts disproportionately, where Districts 3,4,6,7, and 9 experienced rate increases of between 31 and 34% between 2022 and 2026, while District 10 experienced only a 20% rate increase (See Attachment 1); and

WHEREAS, Austin Energy did not inform the City Council and the general public of this; and

WHEREAS, Austin Energy has stated that low-income customers have had their bills lowered through the Customer Assistance Program, even though the percentage of CAP customers is less than one-third of Austin's population of low- and moderate-income citizens; and

WHEREAS, due to the increasingly regressive nature of the rate structure, the majority of Residential customers in every City Council District have seen their rates rise above average (See Attachment 2) because customers with the very highest energy usage received a rate increase far below the average; and

WHEREAS, the Resource Management Commission (RMC) passed a resolution during the last Austin Energy rate case in 2022 that was on record against regressive rates (**Recommendation No. 20221018-004B**); and

WHEREAS, Austin Energy did not mention this major rate change to RMC during the budget review in 2025, making it difficult for the Commission to make a similar recommendation; and

WHEREAS, high monthly base fees such as those in Austin (\$16.50) contribute to regressive rates, and there are other municipal electric utilities in Texas with lower monthly fees, including San Antonio CPS (\$9.50), the City of Brownsville (\$6.94); the City of Greenville (\$12.15), the City of San Marcos (\$12.61), and Bryan Texas Utilities (\$11); and

WHEREAS, Austin Energy went on record during the settlement of the rate case in 2022 to raise Residential rates by a prescribed amount, but exceeded this commitment in 2025; and

WHEREAS, in 2025 electric rates were raised through the budget process and not through an evidentiary rate hearing that Austin is accustomed to, a departure from the utility's longstanding practice which reduces transparency to the public; and

WHEREAS, Austin Energy rate cases were held in 2012, 2016, and 2022, but have since been completely eliminated; and

WHEREAS, Austin Energy has predicted a 5% per year overall rate increase each year for the next four years; and

WHEREAS, the increased Austin Energy budget has been created without allowing ratepayers and stakeholders the power of discovery to gather evidence to determine if the rate increase was justified or equitable to consumers with low consumption, as would occur in a rate case process;

NOW THEREFORE BE IT RESOLVED that the Resource Management Commission ask the Austin City Council for the following remedies.

1. Restructure the Residential rate increase between 2025 and 2026 by placing an equal multiplier on all rate components (Customer Charge, Tier 1, Tier 2, Tier 3, Tier 4) instead of only raising the cost of the Customer Charge and Tier 1. This would be a revenue-neutral change.

This will equalize the 2026 rate increase across Council Districts, though work still needs to occur to remedy regressive electric rate actions that took place prior to this.

2. Require that all future proposed Residential rate increases have an accompanying analysis that exhibits the rate increase for each City Council District.

3. Begin an evidentiary rate case in 2026 to allow citizens and stakeholders the power of discovery and testimony in accordance with City of Austin custom.

Date of Approval: February 17, 2026

Vote: 7-1

Motioned By: Vice Chair Robbins

Seconded By: Commissioner Silverstein

For: Commissioner Paul Robbins, Vice Chair; Commissioner Kamil Cook; Commissioner Trey Farmer; Commissioner Harry Kennard; Commissioner Martin Luecke; Commissioner Raphael Schwartz; Commissioner Alison Silverstein

Against: Commissioner Charlotte Davis, Chair

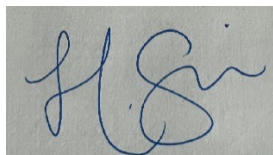
Abstentions: None

Off Dais: None

Absences: Commissioner GeNell Gary; Commissioner Joseph Gerland; Commissioner Danielle Zigon

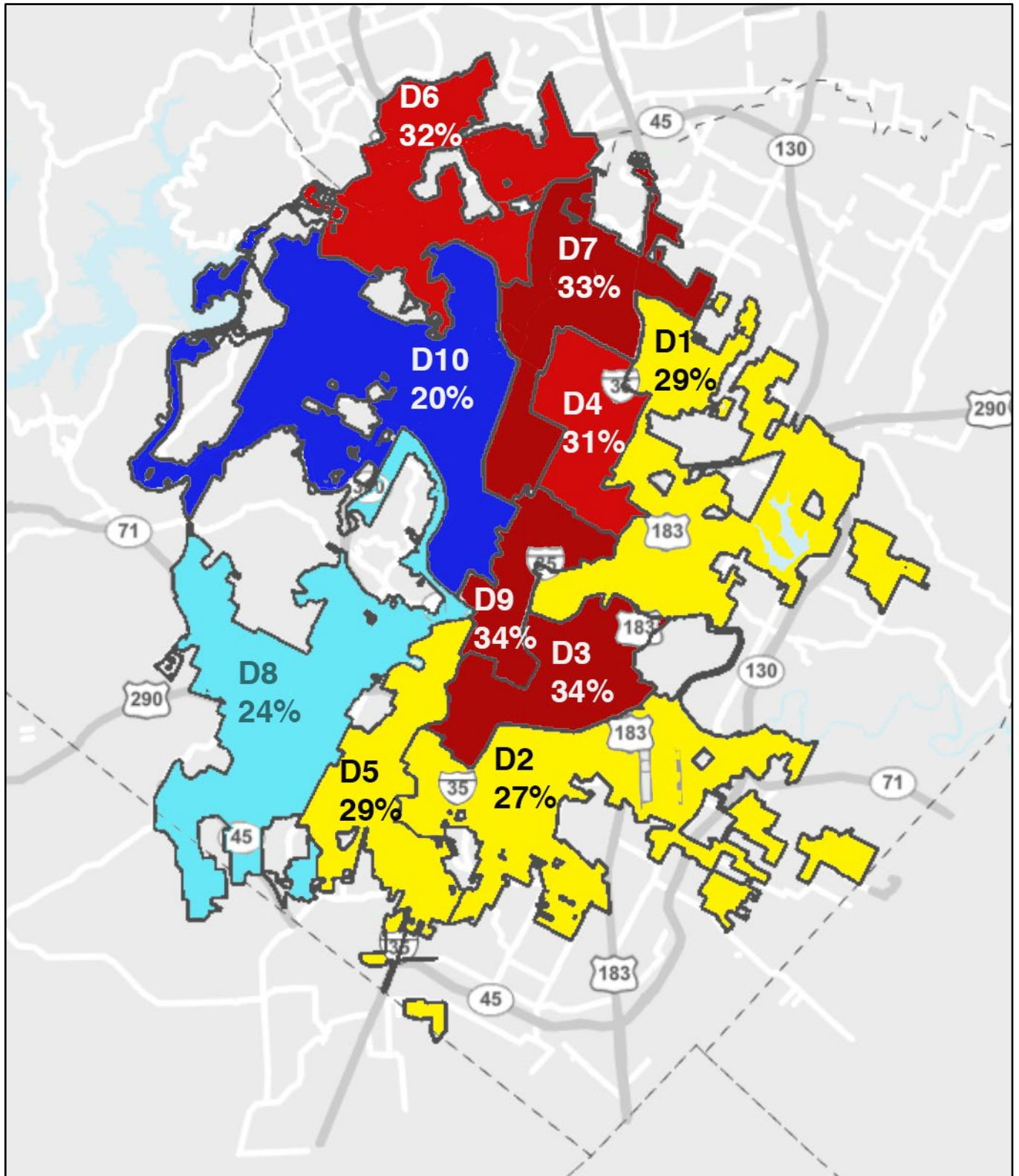
Vacancies: None

Attest:



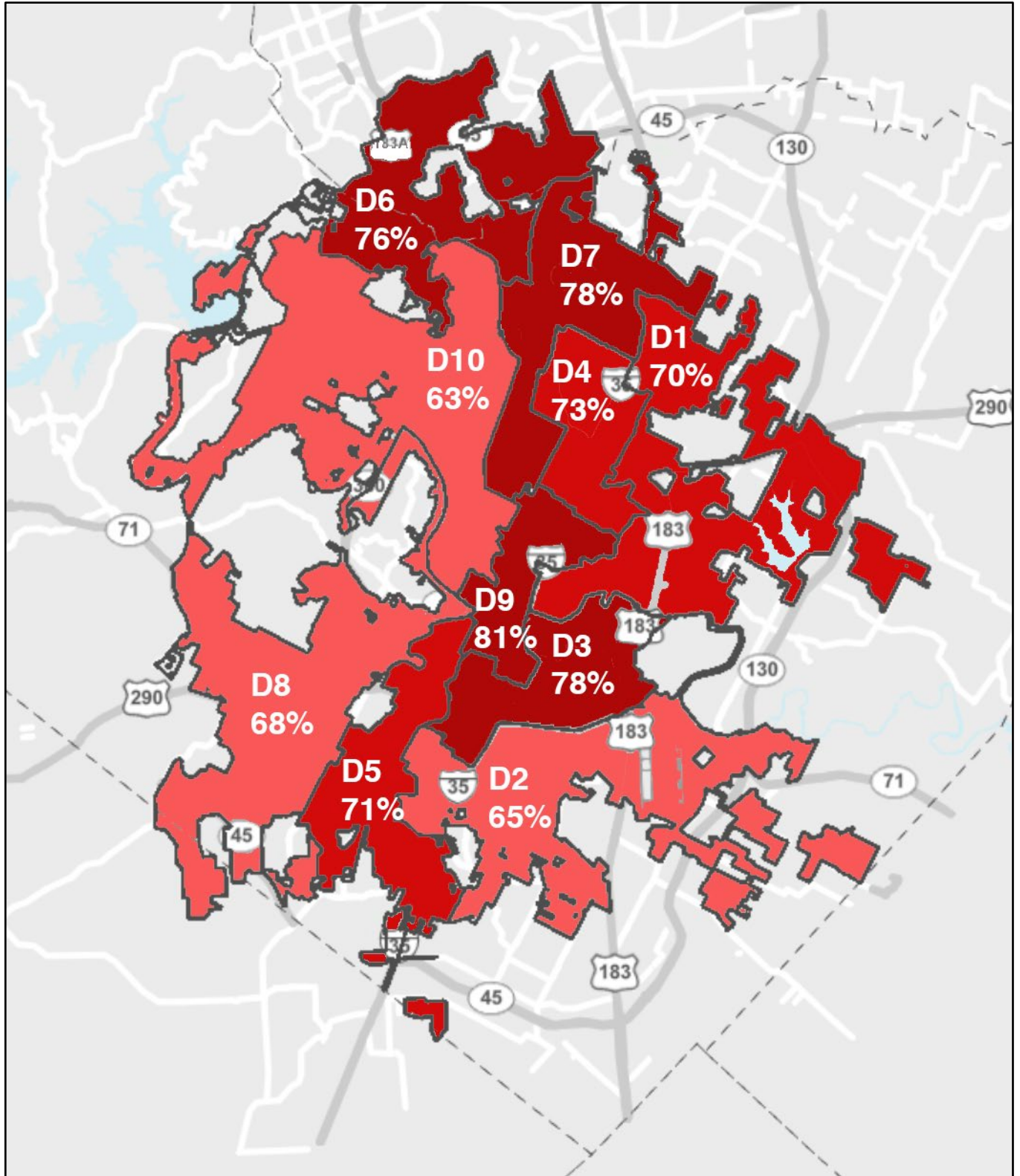
Natasha Goodwin, Staff Liaison

Attachment 1



Austin Energy Residential rate increase by Council District between 2022 and 2026.

Attachment 2



Percentage of Austin Energy Residential customers with above-average increases by Council District in 2026.