

FUEL ADJUSTMENT**Application**

The Fuel Adjustment (FA) provides for the recovery of net power supply or energy settlement costs (Net Settlement Cost). Adjustments to the FA will reflect changes in Net Settlement Cost above or below the amount recovered through the current approved level of the FA.

The FA shall be adjusted when changes in the net settlement cost result in an increase of more than \$0.01 per kWh to the FA, or a reduction of more than \$0.01 per kWh to the FA. The FA may also be adjusted administratively by the General Manager.

The FA may be increased or decreased based on changes in the Net Settlement Cost which is composed of the following components and calculated based on the projected net cost per kWh:

Revenues, including:

- Generation/Purchased Power Agreement (PPA) Revenue – Revenue from Austin Energy generation units, PPAs, and hedging.
- Ancillary Service Revenue – Revenue from Austin Energy generation units by providing ancillary services to the market.

Minus

Expenses, including:

- ERCOT Load Zone Expense – Load zone energy expenses, including congestion costs and market charges to serve Austin Energy load.
- Direct fuel, fuel transportation, hedging, and PPA cost including any applicable fees or taxes.
- Ancillary Service Cost – Cost to meet ancillary service obligations to serve Austin Energy load.

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CITY OF AUSTIN ELECTRIC RATE SCHEDULE

REGULATORY CHARGE

Application

The Regulatory Charge recovers Electric Reliability Council of Texas (ERCOT) transmission service charges incurred by the City and regulatory fees or penalties required by law, including ERCOT administrative charges required for load serving entities to participate in the ERCOT nodal market.

The Regulatory Charge may be adjusted administratively by the General Manager to reflect any change made to the annual ERCOT wholesale transmission service charge matrix and changes to regulatory fees or penalties.

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CITY OF AUSTIN ELECTRIC RATE SCHEDULE

FUEL ADJUSTMENT CLAUSE (CLOSED)

Application

THIS CLAUSE IS CLOSED TO NEW CUSTOMERS. This clause applies to all City of Austin electric rates for which a Fuel Adjustment Clause (FAC) is prescribed and whose service is subject to a contract executed prior to [_____].

Fuel Rate:

The Fuel Rate is expressed by the following formula:

$$\text{Fuel Rate} = \frac{F + I}{S} + \frac{(E + T) - A}{S}$$

In the Fuel Rate Formula:

F is the estimated cost of fuels and related expenses, including refunds and the cost of purchased power for the twelve (12) month period used to calculate the FAC year for service-area sales.

I is 1) the estimated fees and charges from the Electric Reliability Council of Texas (ERCOT) Independent System Operator (ISO) incurred by Austin Energy when providing energy and capacity needed to meet its service-area obligations for the twelve (12) month period used to calculate the FAC and 2) the estimated cost of the ERCOT ISO Administrative Fee for the 12 month period used to calculate the FAC.

S is the estimated service-area sales of kWh for the twelve (12) month period used to calculate the FAC.

E is the actual cost of fuels and related expenses, including refunds and the cost of purchased power, less any fuel costs for off system sales of energy for the latest twelve (12) month period of data available.

T is 1) the actual fees and charges from ERCOT ISO incurred by Austin Energy when providing energy and capacity needed to meet its service-area obligations and 2) the actual Administrative Fee for the latest twelve (12) month period of data available.

A is the actual cost recovered from service-area sales for the latest twelve (12) month period of data available.

The fuel rate shall be effective January 1st, unless adjusted for over- or under-recovery.

If, at any time, there is more than a ten percent over-recovery from the total projected fuel and purchased power costs for the twelve (12) month period used to calculate those costs, Austin Energy shall initiate a review of the FAC to project whether the over-recovery will be within ten percent for the remaining months of the twelve month period used to calculate those costs. If the review indicates an over-recovery of more than ten percent for the remainder of the period, Austin Energy shall adjust the FAC for the next twelve (12) months to eliminate over-recovery.

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CITY OF AUSTIN ELECTRIC RATE SCHEDULE

If, at any time, there is more than a ten percent projected under-recovery from the total projected fuel and purchased power costs for the twelve (12) month period used to calculate those costs, Austin Energy will initiate a review of the FAC to project whether the under-recovery will be within ten percent for the remaining months of the twelve (12) month period used to calculate those costs. If the review indicates an under-recovery of more than ten percent for the remainder of the period, Austin Energy may adjust the FAC for the next twelve (12) to eliminate under-recovery.

Calculation:

The Fuel Rate will be multiplied by the following voltage level adjustment factors:

Secondary Multiplier:	1.004854
Primary Multiplier:	0.974939
Transmission Multiplier:	0.964826