

ORDINANCE NO. _____

AN ORDINANCE PRESCRIBING AND LEVYING RATES AND CHARGES FOR SALES MADE AND SERVICES RENDERED IN CONNECTION WITH THE ELECTRIC LIGHT AND POWER SYSTEM OF THE CITY OF AUSTIN FOR RESIDENTIAL, COMMERCIAL, PUBLIC, AND OTHER USES OF ELECTRIC LIGHT AND POWER SOLD AND SERVED BY THE CITY OF AUSTIN.

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF AUSTIN:

PART 1. The monthly rates and charges for sales made and services rendered by any part of the electric light and power works and system of the City of Austin are hereby established, levied, fixed, and prescribed pursuant to the retail rate schedules attached hereto as Exhibit A and incorporated by reference.

PART 2. Service rendered under these retail rate schedules shall be provided pursuant to City Code Section 15-9, *Utility Service Regulations*, and the *Utility Criteria Manual*, as both may be amended from time to time, and such other rules and regulations as may be prescribed by the City of Austin.

PART 3. These retail rate schedules have been adopted after a complete investigation of facts and policies bearing upon them, including formation of a Public Involvement Committee, five hearings before the Electric Utility Commission, twelve Council work session meetings, and three public hearings before the Council. Based on such investigation and hearings, the City Council finds and determines that these rates and charges are fair, just, and reasonable; are equal, uniform, and nondiscriminatory; are necessary to meet the operating and maintenance expenses and provide for depreciation and replacement of assets of the electric system, to provide for reasonable extensions and additions thereto in order to render efficient service, and to pay principal and interest on revenue bonds; and are sufficient to provide only a reasonable and proper return on the fair value of the electric system's properties dedicated to the furnishing of electric service.

PART 4. The Council further finds that the 2009 test year data, adjusted for known and measurable changes, support an annual utility revenue requirement of \$1,123,477,268. To mitigate the magnitude of rate increase required to achieve this requirement, the Council adopts these retail rate schedules to achieve annual revenues of \$1,089,529,780. It is the intent of the City Council to move toward full recovery of utility revenue requirements through further examination of prudent cost reduction measures and reserve policies, the implementation of revised retail rate schedules by October 1, 2014, and the automatic expiration of all existing fixed-rate service contracts pursuant to their terms on May 31, 2015.

PART 5. These retail rate schedules reflect a consolidation of customer classes and a move toward rates based upon cost-of-service but adjusted to mitigate rate shock and support the community priorities of energy efficiency, peak demand reduction, and assistance to low-income customers.

1 **PART 6.** The Council adopts as policy the use of the A&E 4CP methodology to allocate production
2 demand costs among customer rate classes.

3 **PART 7.** The Council adopts a policy of targeting a debt-to-equity ratio of 60/40 for financing electric
4 utility capital projects until October 1, 2014, and reaffirms the current long-term policy of maintaining a
5 50/50 ratio.

6 **PART 8.** The Council finds that a tiered residential rate structure promotes energy efficiency and peak
7 demand reduction.

8 **PART 9.** The Council finds that a discount for Independent School Districts and a rate cap for group
9 worship facilities currently receiving residential service are fair, just, and reasonable, and support the
10 community priorities of well-funded public education and avoidance of unplanned-for budget impacts.

11 **PART 10.** The retail rate schedules established herein shall be effective on all bills rendered on or after
12 October 1, 2012, at which time all other ordinances, resolutions, or orders in conflict with this ordinance
13 are repealed. The rate schedules set forth in Ordinance No. 20110912-007, as amended by Ordinances
14 Nos. 20111208-133 and 20120524-141, shall continue in full force and effect on all bills rendered
15 before October 1, 2012.

16 **PART 11.** This ordinance takes effect on June 18, 2012.

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18 PASSED AND APPROVED

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20 §
21 §
22 _____, 2012 § _____
23 Lee Leffingwell
24 Mayor
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27 APPROVED: _____ ATTEST: _____
28 Karen Kennard Shirley A. Gentry
29 City Attorney City Clerk