

**AUSTIN ENERGY'S TARIFF PACKAGE: §**  
**2015 COST OF SERVICE §**  
**STUDY AND PROPOSAL TO CHANGE §**  
**BASE ELECTRIC RATES §**

**AUSTIN ENERGY**  
**BEFORE THE CITY OF AUSTIN: 13**  
**IMPARTIAL HEARING EXAMINER**

## **AUSTIN ENERGY'S INITIAL STATEMENT OF ISSUES**

In accordance with Procedural Rule §6.1(a)(1), Austin Energy files this proposed statement of issues ("Issues List"). The Issues List identifies issues about which the Impartial Hearing Examiner ("IHE") must make a recommendation to the Austin City Council ("Council") and those issues Austin Energy believes are outside the scope of the IHE's review. The Issues List is not exclusive and the IHE can add other issues at his discretion. Austin Energy reserves the right to raise other issues throughout this proceeding. Additionally, Austin Energy does not waive its right to respond to other issues raised during the course of this proceeding that the IHE or other parties may identify for consideration.

Austin Energy requests the IHE file the final Statement of Issues on or before Monday February 15, 2016, pursuant to Procedural Rule §6.1(a)(2).

### **I. ISSUES TO BE CONSIDERED**

1. Are Austin Energy's rates just and reasonable? If not, what are the just and reasonable rates that Austin Energy should be permitted to charge?
2. What is Austin Energy's reasonable and necessary cost of providing service?
3. Are Austin Energy's costs properly functionalized?
4. Do Austin Energy's rates reflect a proper allocation of its cost of service to its customer classes? Specifically, is the ERCOT 12CP cost allocation method the appropriate method to use when allocating production costs?

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5. Are the modifications to the financial reserve policies proposed by Austin Energy reasonable?
6. Is Austin Energy's proposal to maintain a rate differential between customers located outside of the Austin city limits and those located inside reasonable?
7. Are the rate discounts proposed by Austin Energy reasonable?
8. Did Austin Energy appropriately spread the proposed rate reduction across the various customer classes?
9. Is Austin Energy's rate design, including maintaining a tiered rate structure for residential customers, reasonable?
10. Is Austin Energy's proposed load factor floor reasonable?
11. Has Austin Energy adopted appropriate criteria for establishing customer classes?
12. Are the proposed changes to the pass-through charges calculation methodologies reasonable? This issue is limited strictly the way in which the charges are calculated, not the rate themselves.

## **II. ISSUES OUTSIDE THE SCOPE OF THE IHE'S REVIEW**

1. The pass-through charges' rates and underlying costs. These charges, which include the Power Supply Adjustment, the Regulatory Charge, and the Community Benefit Charge, are set during the City's annual budget process. The public, including intervenors, is invited to participate in that process to address any concerns related to these charges, including but not limited to eligibility for the Customer Assistance Program.
2. The prudence of Austin Energy's fuel and power supply contracts. These contracts are reviewed and approved by the Austin City Council and represent firm obligations of Austin Energy.

3. The On-site Energy Resources ("OSER") system. All test year costs and revenues related to OSER are expressly excluded from Austin Energy's electric rates.
4. Austin Energy's Transmission Cost of Service ("TCOS"). Under the law, the Public Utility Commission of Texas has exclusive jurisdiction over the reasonableness of Austin Energy's transmission rates and services.
5. Austin Energy's decision to utilize a cash flow basis to determine just and reasonable base rates in lieu of debt service coverage. As a department of the City of Austin, Austin Energy uses a cash basis accounting of its financial information in order to conduct and document transactions in a manner that is consistent with the City's financial practices. This City practice has been approved by the Public Utility Commission as part of their Order in PUC Docket No. 40627 and is no longer an appropriate topic for debate.
6. The prudence of any invested capital investment that was used and useful prior to end of the City's 2009 Fiscal Year. These Council-ratified decisions have been approved by the Public Utility Commission as part of their Order in PUC Docket No. 40627 and are no longer appropriate topics for debate.

Respectfully Submitted,



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ANDREA D. ROSE  
State Bar No. 24081615

2/8/13

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(Date Submitted)