

AUSTIN ENERGY

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

2016 FEB 26 PM 12: 51
BEFORE THE CITY OF AUSTIN
IMPARTIAL HEARING EXAMINER

**Seton Family of Hospital's Response to Impartial Hearing Examiner's Revised
Memorandum No. 6: Statement of Issues**

The Impartial Hearing Examiner (IHE) is proposing to exclude the Community Benefit Charge, the Regulatory Charge and the Power Supply Charge as well as the consideration of charity care issue provided by St. David's. The Community Benefit Charge, the Regulatory Charge and the Power Supply Adjustment are significant portions of our utility bills. These pass-through costs are approximately 48% of Austin Energy (AE) total revenue requirement. Even though these charges are approved by Council in the budget process, they should not be excluded from our review. The determination of what is included/excluded from these charges and presented in the budget is made by AE staff calculations and should be included in the review process for accuracy and appropriateness.

For example, the Community Benefit Charge includes street lighting charges which needs to be examined relating to the appropriateness of costs as well as question why the City does not pick up all or a portion of these costs as many Municipalities do. It should be noted that the settlement in Public Utility Commission (PUC) docket 40627 allowed street lighting to be paid for by the municipalities served by AE, not by the rest of the ratepayers. AE's treatment to recover street lighting costs through the Community Benefit Charge should be reexamined in this rate review. The current treatment results in an additional subsidy of \$11.2 million to the City of Austin's General Fund.

DISCOUNTS

We have no quarrel with discounts to various rate classes. The big users purchase a very large amount of continuous use power (24 hours /7 days a week) the least expensive to provide ;we have no quarrel with their discount. The State also receives a discount. We have no quarrel with their discount; they are big users, big employers and carry a big stick. The School District receives a discount. We have no quarrel with their discount; they are big employers, underfunded by the State, and bring tremendous benefit for our Community.

This is the beauty of PUBLIC POWER. The Publicly-owned Utility has the ability to offer discounts when the customers provide significant benefit to the Community. I believe there should be some recognition given to the hospital systems that provide significant benefit to the Community as well.

PATIENT CARE

The hospital systems must stay open 24 hours a day, 7 days a week, 365 days a year. By law they must serve everyone who appears in their emergency rooms, regardless of their ability to pay .Even Federal and/or State programs which cover some patients do not reimburse the actual costs incurred. In 2014, Seton provided over \$481 million in charitable care in Central Texas, most in Austin and Travis County. In the last ten years, Seton has provided care including services not reimbursed by Medicaid at a cost of almost \$2.9 billion.

Seton is also the primary healthcare provider for the safety net population in our region and in AE's service area. In partnership with Central Health, Seton participates and helps fund the Community

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Care Collaboration (CCC) in Travis County. In 2015, The CCC contracted with local providers to deliver more than \$70 million in direct patient care for primary and specialty care, especially to the poor and vulnerable.

TRAUMA CENTER

Hospital systems provide 24 hour emergency centers and Seton provides a Level One Trauma Center which serves the citizens in AE's service area as well as Central Texas. Trained and staffed, these centers stand ready to provide services for major catastrophic events.

ECONOMIC DEVELOPMENT

In addition, Seton is a partner for the new Dell Medical School at the University of Texas at Austin and currently funds the costs for faculty and residents for graduate medical education in Austin and has done so since 2004. The prior year funding was \$36 million. One of the goals of this partnership with UT is to generate economic development activities relating to bio-medical research. The development of new businesses and jobs resulting from these efforts will directly benefit AE.

ACCESS TO CARE

Seton's partnership with UT, the teaching hospital and the funding of Graduate Medical Education should lead to more local physicians and specialists to help combat the physician shortages both now and in the future insuring continuing access to care for all citizens in the service area.

Seton is a not-for-profit healthcare system and we are proud to meet the calling of our mission in providing this care in our community and to help build and create academic medicine in our community.


For the various reasons identified above as well as being significantly above the cost of service, some type of discount or offset to the Community Benefit Charge or base rate should be considered for the hospital systems.

Public Power can consider these issues because of the community benefit derived from hospital systems operations which no one else provides. We do not think we should be precluded from discussing these issues in the rate review process.

(Identify the third issue that you will discuss in detail.)

(Use the following section to explain in as much detail as you can what action you think the City Council should take to address this issue. Add as much additional space as you need.)

USE AS MANY ADDITIONAL NUMBERS AS NEEDED TO ADDRESS ALL OF THE ISSUES
YOU ARE CONCERNED ABOUT.


(Signature of Party or Party's Authorized Representative)

Betty Dunkerley
(Printed Name of Party or Party's Authorized Representative)

N/A
(State Bar Number if Party or Party's Auth. Rep. is an attorney)

February 22, 2016
(Date Submitted)