

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

BEFORE THE CITY OF AUSTIN
IMPARTIAL HEARING EXAMINER

**AUSTIN ENERGY'S RESPONSE TO JIM ROURKE'S
FIRST REQUEST FOR INFORMATION**

Austin Energy ("Austin Energy" or "AE") files this Response to Jim Rourke's First Request for Information. The discovery request was submitted by Jim Rourke on March 3, 2016. These responses are timely filed on March 14, 2016 in accordance with the City of Austin Procedural Rules for the Initial Review of Austin Energy's Rates, §7.3 (c)(1).

Respectfully submitted,

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ATTORNEYS FOR AUSTIN ENERGY

2016 MAR 14 AM 10 13

AUSTIN CITY CLERK
RECEIVED

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of this pleading has been served on all parties and the Impartial Hearing Examiner on this 14th day of March, 2016, in accordance with the City of Austin Procedural Rules for the Initial Review of Austin Energy's Rates.

THOMAS L. BROCATO

Austin Energy's Response to Jim Rourke's 1st RFI

Jim Rourke 1-1. Exhibit A attached to this request for information is slide 16 of the slide presentation made by representatives of Austin Energy on or about January 25, 2016 to City of Austin officials. Please confirm the accuracy of the information shown on the attached Exhibit A slide.

ANSWER:

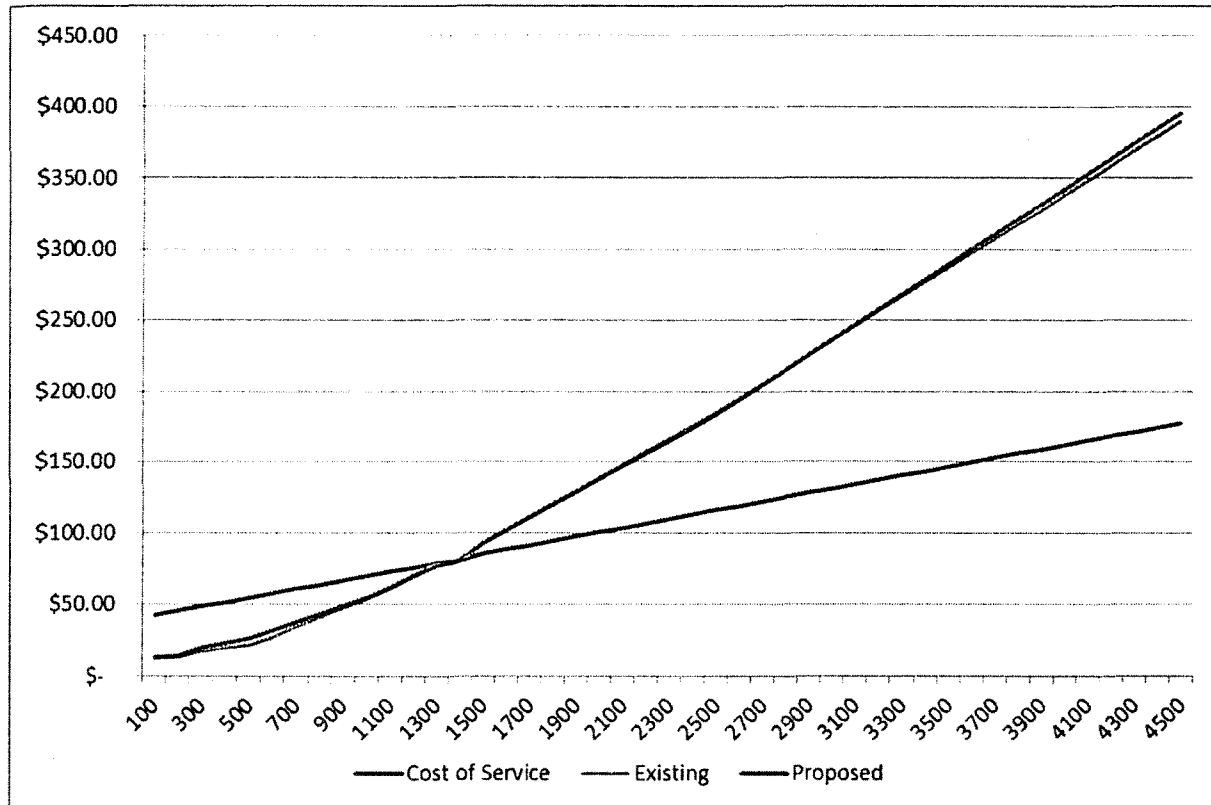
The exact breakeven point is 1,346 kWh per month, instead of the rounded 1,400 kWh presented in Exhibit A. Otherwise, the information shown on Exhibit A is accurate.

Prepared by: CM
Sponsored by: Mark Dombroski

Jim Rourke 1-2. Please produce a chart similar to Exhibit A, containing the same kind of information as presented on Exhibit A, which is applicable to Austin Energy's proposed rates in this case (instead of existing electric rates).

ANSWER:

The revised Exhibit A chart that recognizes a 'before' and 'after' is contained below.



Prepared by: CM
Sponsored by: Mark Dombroski

Austin Energy's Response to Jim Rourke's 1st RFI

Jim Rourke 1-3. Please identify the Austin Energy witness who can testify at the hearing about the information contained in Exhibit A and the chart requested in the above request no. 2.

ANSWER:

Mark Dombroski.

Prepared by: CM
Sponsored by: Mark Dombroski

Austin Energy's Response to Jim Rourke's 1st RFI

Jim Rourke 1-4. Please state the average monthly kWh usage above which a residential customer's rates exceed the cost of service (using Austin Energy's cost of service study in this case) under (a) Austin Energy's existing rates, and (b) Austin Energy's proposed rates. Please explain your answer.

ANSWER:

The breakeven point for which residential customers exceed the cost of service under: a) existing rates is 1,346 kWh per month, while b) proposed rates is at 1,342 kWh per month. This reduction is minor since Austin Energy removed the seasonality out of the current rate and slightly flattened the differential between tiers to keep the customer class revenue-neutral. Austin Energy would expect the breakeven point to come down if the customer charge is increased or additional flattening of the differential is applied to the tiers.

Prepared by: CM
Sponsored by: Mark Dombroski

Austin Energy's Response to Jim Rourke's 1st RFI

Jim Rourke 1-5. Please state the percentage amount that each tier of residential rates would have to be increased or decreased from existing rates in order to achieve unity with cost of service (using Austin Energy's cost of service study in this case).

ANSWER:

In order to achieve unity with the cost of service study not only would the amount for each tier have to increase/decrease, but so would the customer and electric delivery charges. See table below for each percentage amount.

	<u>Cost of Service</u>	<u>Existing</u>	<u>Needed</u>	<u>%</u>
Customer Charge	\$ 21.68	\$ 10.00	\$ 11.68	53.87%
Electric Delivery Charge	\$ 17.59	\$ -	\$ 17.59	100.00%
Energy				
Summer				
1st Tier	\$ 0.03069	\$ 0.03300	\$(0.00231)	-7.53%
2nd Tier	\$ 0.03069	\$ 0.08000	\$(0.04931)	-160.67%
3rd Tier	\$ 0.03069	\$ 0.09100	\$(0.06031)	-196.51%
4th Tier	\$ 0.03069	\$ 0.11000	\$(0.07931)	-258.42%
5th Tier	\$ 0.03069	\$ 0.11400	\$(0.08331)	-271.46%
Non-Summer				
1st Tier	\$ 0.03069	\$ 0.01800	\$ 0.01269	41.35%
2nd Tier	\$ 0.03069	\$ 0.05600	\$(0.02531)	-82.47%
3rd Tier	\$ 0.03069	\$ 0.07200	\$(0.04131)	-134.60%
4th Tier	\$ 0.03069	\$ 0.08400	\$(0.05331)	-173.70%
5th Tier	\$ 0.03069	\$ 0.09600	\$(0.06531)	-212.81%

Prepared by: CM
Sponsored by: Mark Dombroski

Austin Energy's Response to Jim Rourke's 1st RFI

Jim Rourke 1-6. In Exhibit A, there appears to be a portion of residential customers (i.e., customers whose average use more than 1400 kWh of electricity per month) who pay more than their cost of service (using Austin Energy's cost of service study in this case). If this is correct, please reconcile this circumstance with the statement that the entire residential class pays less than its cost of service. Please be specific in your explanation.

ANSWER:

Individual customers that have an average use greater than 1,346 kWh per month are paying more than their cost of service. The statement that the 'entire residential class pays less than its cost of service' is still correct, since the customer class combined is still below the classes cost of service, but individually there are customers paying more than it costs to serve them.

Prepared by: CM
Sponsored by: Mark Dombroski