

AUSTIN ENERGY'S TARIFF PACKAGE: §  
2015 COST OF SERVICE § BEFORE THE CITY OF AUSTIN  
STUDY AND PROPOSAL TO CHANGE § IMPARTIAL HEARING EXAMINER  
BASE ELECTRIC RATES §

**AUSTIN ENERGY'S RESPONSE TO BETHANY UNITED METHODIST  
CHURCH'S FIRST REQUEST FOR INFORMATION**

Austin Energy ("AE") files this Response to Bethany United Methodist Church's First Request for Information submitted on March 16, 2016. Pursuant to the City of Austin Procedural Rules for the Initial Review of Austin Energy's Rates § 7.3(c)(1), this Response is timely filed.

Respectfully submitted,

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**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 28th 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  
2016 MAR 28 AM 10:20

Austin Energy's Response to Bethany United Methodist Church's 1st RFI

Bethany Church 1-1. How many facilities/building are classified as HOW's?

ANSWER:

The number of accounts classified as HOWs, which is broken out by inside/outside city limits and rate schedules can be found within the 'AE RFP' model under WP H-5.2 through WP H-5.10.

Prepared by: CM  
Sponsored by: Mark Dombroski

Austin Energy's Response to Bethany United Methodist Church's 1st RFI

Bethany Church 1-2. What was the total income classified as HOW discount that was credited in 2014 and 2015? This was in part answered on the Independent Consumer Advocate's First RFI item ICA 1-9 in the chart, but further clarification is needed

- A. Please define "Base Revenue". Is this the revenue before the discount is taken? Is it the value of the discount?
- B. Column 1 "Class" is clear; Column 2 On Bills receiving a discount is clear depending on what "Base Revenue" means. Column 3 On bills not receiving a discount is not clear. Are these other bills assessed to a location/church customer? For example at Bethany we have one building classifies as a HOW, but five other buildings and a parking lot with other meters. Are places like that included in column 3?

ANSWER:

See Austin Energy's response to Bethany Church 1-3.

- A. Base revenue, as shown in AE's Response to ICA RFI No. 1-9, is revenue received before the discount has been applied. Base revenue includes the customer charge, electric delivery charge, energy charge, and demand charge. Base revenue is not the value of the discount.
- B. The table shown in AE's Response to ICA RFI No. 1-9 includes bills on the sanctuary building only. The table does not include bills for any other uses. Column three of the table reports sanctuary bills where the bill was less than the threshold found in the tariff. For example, a sanctuary's October 2013 bill was calculated as \$0.09 per kWh. This bill would fall into column 3 of the table since the average cost per kWh of \$0.09 was less than the ceiling of \$0.125 per kWh. This bill would not receive any discount.

Prepared by: JL/CM  
Sponsored by: Mark Dombroski

Austin Energy's Response to Bethany United Methodist Church's 1st RFI

Bethany Church 1-3. What was the income to Austin Energy from those classified as HOW's in 2014 and 2015 in both dollars and percent of the total income to Austin Energy? (See reference to ICA RFI 1-9.)

**ANSWER:**

See table below for the total revenue received for House of Worship customers. Please note that the numbers below include passthrough revenue in addition to the revenue derived from base rates.

House of Worship Customers	FY 2014	Unaudited FY 2015
Total Revenue with Discounts	\$5,766,107	\$6,090,814
As a % of Total AE Revenue	0.45%	0.49%

Prepared by: JL  
Sponsored by: Mark Dombroski

Bethany Church 1-4. Referring again to the Independent Consumer Advocate's First RFI and item ICA 1-10. Define what a bill frequency table is and its significance? Inside the chart, what is the significance of the Load Factor Boundary %?

ANSWER:

A bill frequency table illustrates a stratified number of bills for a certain period. In AE's Response to ICA RFI No. 1-10, the bill frequency table illustrates how many bills occur with a certain load factor over the course of a fiscal year (October – September). For example, during fiscal year 2014, within the Secondary Voltage (10 – 299 kw) customer class, 78% of the bills had a load factor between 1 and 20 percent.

Prepared by: JL  
Sponsored by: Mark Dombroski

Bethany Church 1-5. Why are you proposing dropping the HOW Discount? Note Key Factors leading to the decision.

ANSWER:

Please refer to section 6.8.3 of Austin Energy's Tariff Package starting on page 6-43 for a discussion on the recommendation to discontinue the discount for Houses of Worship (HOW) accounts.

The key factors leading to the decision include:

- The HOW account discount was initially instituted to help transition HOW accounts from their legacy rate class (E01c) to their new commercial rate class. Prior to the 2012 rate review, HOW accounts received service at rates very similar to residential rates even though these accounts are commercial by nature. In order to mitigate potential rate shock due to the transition, Austin Energy proposed a temporary, transitional discount that was intended to stay in effect until the next base rate review. Three years have passed since the reassignment of HOW accounts to their appropriate rate classes, giving these customers time to prepare for the new rate structures.
- Industry practice is moving away from special discounts for HOW accounts. One of the last remaining Texas-based utilities to offer a "church rate" is El Paso Electric (EPE). EPE's existing HOW discount was also implemented as a transitional rate to help HOW customers avoid rate shock due to rate class reassignment. EPE indicated in its filings to the Public Utility Commission of Texas – which has regulatory authority over its base rates – that it intends to phase out the HOW discount with its next base rate filing.

Prepared by: BE  
Sponsored by: Mark Dreyfus

Austin Energy's Response to Bethany United Methodist Church's 1st RFI

Bethany Church 1-6. What discounts make up the HOW Discount that Austin Energy proposes dropping? Is one discount a composite rate cap? Is the other waiving the Demand charges on Saturday and Sunday which are low demand times for the overall utility?

ANSWER:

Austin Energy is proposing to withdraw the composite rate cap and waiver for demand charges on weekends for HOW accounts. If composite rate case is defined as the 13.015 cent cap in the current tariff, then the answer is yes.

Prepared by: CM  
Sponsored by: Mark Dombroski

Bethany Church 1-7. How is the HOW discount cap calculated?

ANSWER:

The information requested is located within the narrative of 'City of Austin Electric Tariff' under the 'General Service' section at

<http://austinenergy.com/wps/wcm/connect/ab6d045c-643e-4c16-921f-c76fa0fee2bf/FY2016aeElectricRateSchedule.pdf?MOD=AJPERES&projectid=edaab512-aef9-4e86-b99b-7baa6194f95b&projectid=edaab512-aef9-4e86-b99b-7baa6194f95b&projectid=4ad3e956-2c0e-4720-8e2b-a3465d07ec02&projectid=4ad3e956-2c0e-4720-8e2b-a3465d07ec02&projectid=4ad3e956-2c0e-4720-8e2b-a3465d07ec02&projectid=4ad3e956-2c0e-4720-8e2b-a3465d07ec02&projectid=4ad3e956-2c0e-4720-8e2b-a3465d07ec02&projectid=4ad3e956-2c0e-4720-8e2b-a3465d07ec02&projectid=4ad3e956-2c0e-4720-8e2b-a3465d07ec02&projectid=0a174104-032d-4c45-8540-b19486afb043>.

Prepared by: CM  
Sponsored by: Mark Dombroski



Austin Energy's Response to Bethany United Methodist Church's 1st RFI

Bethany Church 1-8. Do you plan to retain the weekend waiving of Demand Charges?

ANSWER:

No, Austin Energy is proposing to withdraw the weekend waiver of demand charges. See AE's Response to Bethany Church RFI No. 1-6.

Prepared by: CM  
Sponsored by: Mark Dombroski

Austin Energy's Response to Bethany United Methodist Church's 1st RFI

Bethany Church 1-9. In addressing the Fairness and Reasonable nature of this action, was consideration given to HOW's who provide tangible benefits to the community, even those who assist Austin Energy in their Plus 1 program validation and distribution or to those HOW's who assist Austin Energy clients pay energy bills?

ANSWER:

Austin Energy recognizes the significant service that HOW customers offer the Austin-area community. This service, though, does not inherently meet ratemaking best practices to justify continuation of a bill discount. For example, there are myriad other non-religious, social service agencies that do not receive bill discounts despite their value to the community.

Prepared by: BE  
Sponsored by: Mark Dreyfus