

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

AUSTIN ENERGY
2016 APR 1 AM 8:55
BEFORE THE CITY OF AUSTIN
IMPARTIAL HEARING EXAMINER

HOMEOWNERS UNITED FOR RATE FAIRNESS' S STATEMENT OF POSTION

COMES NOW, HOMEOWNERS UNITED FOR RATE FAIRNESS ("HURF"), and files this, its Statement of Position in the captioned proceeding.

HURF is a non-profit organization of residential ratepayers living outside the City of Austin that was originally formed to appeal the City of Austin's rate ordinance, initially passed on June 7, 2012 and amended during the city's budget process in September 2012. HURF was re-formed in 2016 to participate in this rate making proceeding, with its principal purpose now being to protect the fundamentals of the settlement of the 2012 rate appeal to the Public Utility Commission.

Out of City Discount

The 2013 PUC settlement agreement provided for a reduction to the revenue collected from customers whose points of delivery are located outside the City of Austin in the amount of \$5,751,892. Of this \$5,751,892 revenue requirement reduction:

- (a) \$4,299,895 was assigned to reduce the residential class energy charges.
- (b) \$1,205,734 was assigned to reduce the residential class Community Benefit Charge (CBC), by the reduction in the amount charged for the Customer Assistance Program and the removal of the Service Area Lighting component from the residential class CBC in the portion of AE's service territory outside the City of Austin.
- (c) Commercial customers outside the City were assigned a total of \$326,451 in base rate reductions:

- (1) Base rate revenues for the secondary voltage ≥ 10 kW < 50 kW class outside the City were reduced by \$32,422;
- (2) Base rate revenues for the secondary voltage ≥ 50 kW class outside the City were reduced by \$132,011;
- (3) Base rate revenues for the primary voltage < 3 MW class outside the City were reduced by \$63,219; and
- (4) Base rate revenues for the primary voltage ≥ 3 MW < 20 MW class outside the City were reduced by \$98,799.

The terms of that agreement applied only to rates charged by Austin Energy to customers whose points of delivery are located outside of the City of Austin and did not affect rates charged to customers inside the City of Austin. The provisions of the Agreement became effective on June 1, 2013.

That agreement was consistent with the public interest for reasons that include:

- The \$5,751,893 reduction to the revenue requirement for customers outside the City of Austin was reached through a compromise, which implicitly recognized that those customers do not receive the benefit of the utility's revenues transferred to the City's general fund and thus protecting them from discriminatory and excessive electric rates, used to pay for City of Austin services they do not receive.
- The reduction to the revenue requirement was spread across the residential customer class as well as the commercial classes that had previously been above cost of service.

The Austin Energy proposal in this case keeps the outside city savings for residential customers at \$5,492,871, which is approximately equal to the savings under the 2013 settlement agreement. The proposal in this case also keeps the differentials in the rates between customer classes approximately the same as in that settlement. The \$323,338 discount proposed for

commercial customers is also approximately equal to that in the 2013 settlement agreement. The rate package submitted by Austin Energy thus keeps the status quo, as well as the spirit of the 2013 settlement agreement, intact. For these reasons, HURF supports that portion of the Austin Energy rate filing package which maintains the out of city discount as filed.

Revenue Requirement Reductions

HURF is aware that NXP/Samsung, as well as other parties, are recommending reductions in the overall revenue requirement. To the extent any such recommendations are adopted by the Impartial Hearings Examiner and the Council, HURF requests that any associated rate reductions due to the reduced revenue requirement be applied to all customers equally, including those outside the city limits, so that the financial benefits of the 2013 rate reductions for out of city customers included in the original rate filing package are still fully recognized.

Respectfully submitted,

/s/ Roger B. Borgelt
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CERTIFICATE OF SERVICE

I certify that today, May 3, 2016, I served a true copy of the foregoing Statement of Position on all parties of record via electronic mail.

/s/Roger B. Borgelt

Roger B. Borgelt