

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

AUSTIN ENERGY
JUNE 31 AM 8:55
BEFORE THE CITY OF AUSTIN
IMPARTIAL HEARING EXAMINER

**HOMEOWNERS UNITED FOR RATE FAIRNESS' S CROSS REBUTTAL
STATEMENT OF POSTION**

COMES NOW, HOMEOWNERS UNITED FOR RATE FAIRNESS ("HURF"), and
files this, its Cross Rebuttal 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.

Public Citizen's and Sierra Club's Statement of Position

The Public Citizen's and Sierra Club's Statement of Position advocates for the
extension of the 5 rate tiers to the out of city customers. HURF sees some major fallacies in
the argument that this will produce any additional significant reduction in energy use. Using
their own data from their table 5, page 15, the total outside city consumption has increased
by 3.15% over the relevant time period, while the total inside city consumption has increased
by 3.16%. While probably not statistically significant as they stand, these numbers have not
been adjusted at all for the growth in actual residential customer accounts, which, intuitively,
must be at least as high, if not significantly higher, outside the city limits. Thus, it is not fair

or reasonable to say that the absence of the last two rate tiers has been a disincentive to conservation, when the overall rate of energy consumption has increased at the same, or perhaps even at a slightly lower rate, outside the city limits.

The statement is also problematic in that it attempts to, (we think), maintain the suburban discount by reducing each of the five tiers by the same fixed percentages. (see page 16). However, how this is achieved mathematically, or within the capabilities of the city's billing system is not actually demonstrated. The same is true of their proposed alternative of maintaining the three tiers, but leaving the highest and lowest tiers "similar to the current rate structure." Their proposals are simply too vague to be workable as presented.

Ultimately, these proposals must be rejected because they are based upon a supposition which their own data shows not to be true, that the three tiers have not sufficiently incentivized an equivalent reduction in energy consumption outside the city limits.

Testimony of Paul Robbins

Mr. Robbins advocates for the complete elimination of the suburban discount. (page 6). However, this recommendation is made despite Mr. Robbins' admissions that it is made based upon data that he could not obtain and that does not exist:

"Again, this is not broken out by how much is inside and outside the City Limits." Page 6

"The deduction above is circumstantial. Austin Energy does not currently break down its budget by how much of it is spent inside and outside the City Limits. (My request for information on this subject during discovery was unanswered for this reason)." Page 6.

In the admitted absence of any meaningful data upon which to justify a higher cost of service for out of city customers, Mr. Robbins invented one, and based his recommendation, he

admits circumstantially, on the percentage of service territory outside the city limits (53%), without explaining how or why this relates to the cost of service to those customers. HURF knows of no direct cost relationship that can be demonstrated due to the percentage of service territory that is outside the city.

What we have argued, is that original \$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 (currently \$105 million), used to pay for City of Austin services they do not receive. This rate reduction represents about 5.5% of the general fund transfer, a far smaller percentage than any of the numbers used by Mr. Robbins, and easily justifiable based upon the lack of any city services received by these customers.

The Austin Energy proposal in this case maintains this status quo, keeping the outside city savings for residential customers approximately the same, as well as the same differentials in the rates between customer classes. For these reasons, HURF supports that portion of the Austin Energy rate filing package which maintains the out of city discount as filed.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I certify that today, May 10, 2016, I served a true copy of the foregoing Cross Rebuttal Statement of Position on all parties of record via electronic mail.

/s/Roger B. Borgelt

Roger B. Borgelt