

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

BETHANY UNITED METHODIST CHURCH'S CLOSING BRIEF

AREAS OF INTEREST ON THE BRIEFING OUTLINE ARE:

VI. Rate Design

F. S2 and S3 20% Load Factor Billing Determinant Adjustment

G. Group Worship Discount

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INTRODUCTION

I am Cliff Wells the Administrative Executive for Bethany United Methodist Church in Northwest Austin.

In this position I am responsible for the financial, administration, and facilities for the church. I have

been active in effecting energy savings for over 10 years; have worked with Austin Energy using Load Profilers and other tools. At Bethany we have six building and one lighting account. One Sanctuary building is on the House of Worship (HOW) Discount and we are constructing a new Worship Center. We have buildings on the S2 and S3 Rates and one Residential account. I have analyzed Bethany's bills and, in connection with AE's proposed rate change, I have reached out to other churches and analyzed the bills for 16 other churches of all sizes, facility configurations and rates. I am intervening on behalf of Bethany and the 410 other HOW accounts in the AE system.

In 2012 AE changed the "church rates" which had HOWs (Houses of Worship) under residential rates with no Demand based charges. By applying standard commercial rates to HOWs in the S2 (>10KW<50KW) and S3 (>50 KW) Rate Classes and adding Demand Related charges the bills of HOWs were to increase dramatically. For Bethany the estimated increase was 54%. The reason for this increase was the Demand related charges (Demand, Delivery, Regulatory and Power Factor) added up to 50% to 65% of the bills. This was Rate Shock. The Austin City Council adopted a rate system to provide a transition maximum charge (rate CAP) to mitigate rate shock for group worship facilities. The reason for this accommodation was to provide relief and provide a transition time for the HOWs to adjust their energy use before switching them over to undiscounted rates. In addition only weekday hours were considered in identifying the billed peak demand. This was done recognizing most HOWs had higher demand on weekends which was not the period of maximum demand on the AE system. AE provided workshop training on energy conservation and usage reduction and provided energy assessments and rebates and offered for a year free demand profilers. Most of this was provided in late 2012 and early 2013. This was helpful for usage (kWh) reduction but reducing peak Demand (KW) proved much more difficult to accomplish. More guidance and coaching from AE is needed with collaboration from HOW interest and denominational groups to get the word out, especially to the hundreds of small HOWs.

STATEMENT OF THE CASE

For this current Rate Case, AE recommends the Withdrawal of Discount for Group Religious Worship Accounts. They acknowledge the cost effect on HOWs can be as much as 20% to 25% or more while on other S1, S2 and S3 customers will experience a 2% to 12% reduction. AE did recognize this group of accounts as a special Rate Case problem, because they are low load factor customers on demand rates. AE proposes a 20% load factor floor which will help most HOWs, especially those in the current S2 Rate Class. Several studies of this rate class were proposed, but not completed or even scheduled. AE contends the four year transition is enough and they have provided help and assistance.

Bethany United Methodist Church and on behalf of the other HOW customers contends more needs to be done and ask;

1. To extend the transition and continue the rate cap, and the weekday measurement of demand;
2. Apply the 20% Load Factor Floor to S2 and S3 customers including HOW customers;
3. Provide for HOW customer involvement and completion of the study of weekend demand customers;
4. Provide more guidance and coaching from AE with collaboration from HOW interest and denominational groups to get the word out, especially to the hundreds of small HOWs.

STATEMENT OF FACTS

- a. On (ICA-26) excerpts from the AE Presentation to City Council of 1/25/2016, pages 30-32, S1; S2; S3 Impact – Monthly Bill Comparison shows for S1 HOW increase of 1% to 23% while other S1 customers decrease of 2% to 6%; S2 HOW increase of 28% to 34% while other S2 customers decreased 5% to 12%; for S3 HOW increased 22% while other S3 customers decreased 1% to 3%.

Is this difference fair? Since this is AE's estimate, this presumably includes discontinuing the HOW discount and the positive effect of the 20% Load Factor Floor. This is rate shock.
- b. In the Bethany Initial Party Position (BC-1) and in (BC-2 and BC3 - Number of HOWs by Rate Class with Usage (kWh), Revenues & Discount)) the size and distribution of the HOW Customers were

defined with 298 (68%) in Rate Class S1 & S2 and 143 (32%) in S3. There are a lot of small users who are difficult to reach. Most of them will suffer Rate Shock.

- c. The HOWs enumerated in (BC-5) the Demand based Charges (calculated by Rate X Demand (KW)) to their bills (Electric Delivery, Demand Charge, Regulatory, Power Factor or Load Factor) were 64% for winter bills and 56% for summer bills. This dependence on Demand values puts great sensitivity especially on small users. This is referred to in ICA /Clarence Johnson Testimony on pages 86 and 87.
- d. AE explained and revealed the calculation method for applying the 20% Load Factor Floor. Results applied to the HOWs used as illustrations in (BC1) are shown on (BC 5-1 & BC5-2). These results showed the positive effect applying the floor for HOWs, especially those four designated as "Small". The projected increases were smaller, but four HOW customers would still experience increases of 15%, 12%, 15%, 30% for winter bills and 4%, 15%, 17%, 20% for summer bills. These are all low Load Factor accounts. For the larger accounts, it cut some of the large deviations and generally reduced costs. It is useful also because it can be applied to all the other 400+ HOW accounts without needing to contact them and it addresses a rate setting problem with low load factor accounts. It helps, but not enough.
- e. Per ICA witness Clarence Johnson's testimony (pages 86 & 87 of 105) the El Paso Electric discount process was the model for the 2012 Austin City Council is still in effect. Its basis is still valid and El Paso Electric is requesting that the PUC extend their transition period with an increasing rate cap. The weekday measure of demand is continued also.
- f. In testimony ICA's Clarence Johnson states on page 88 & 89 in part "For example, some churches may only use power for lights and Heating/ Air conditioning only for a brief number of hours on the weekend, but not the demand charge causes those customers to incur that

maximum hour charge as if they had used power every day of the week. These customers would receive bills which exceed their cost impact on the system.”

- g. In the BUMC Party Presentation (BC-1) it is noted that when analyzing the bills and communicating with the HOWs almost none knew a rate case was under review and their HOW costs may increase. The communications of AE to this critically affected group of customer's was not getting through. As noted this is not all AE fault. Due to the great number (68%), especially of small HOW accounts with small or no staff. AE communicated well in 2012 & 2013, at least to a smaller group in Austin but many were left clueless. Little has happened in later years. Cooperation and collaboration was offered by F.E.A.T. and denominational groups to aid communication penetration and in development of tools to help in educating on reducing demand peaks.
- h. AE has proposed studies that are related to the HOWs group of accounts, a. Study of rate structure for the S1 class and a study of demand charges for customers peaking outside the AE System peak. Refer to (BC-8) In testimony Dr. Dreyfus advised these studies are not scheduled.

ARGUMENT

THERE IS STILL RATE SHOCK FROM THE ADDITION OF DEMAND RELATED CHARGES TO THE HOW BILLS

Progress has been made by many HOWs in reducing and controlling peak demand. The most severely affected will be the hundreds of small single or two building churches. What level of rate increase is rate shock? AE says adopting this rate proposal will increase a typical HOW account 23% to 34% in the current S2 and S3 rate classes. Some of our initial “shocking increases” of 94% to 40% for small churches faced were lessened to 15% to 30% by applying the 20% Load Factor Floor. This would be reduced an additional 5% to 8% if the weekday measure of peak demand is retained. The big concern for me is the several hundred smaller HOWs who have low usage and low load factor. Some communication and assistance to them can help them and reduce power usage and costs to them. A collaborative effort

with AE and faith based and denominational groups can be of help to focus on reducing Demand charges. The extension of the transition period with specific closure date is requested.

CONTINUE THE RATE CAP AND THE WEEKDAY MEASURE OF PEAK DEMAND

This is essential to protect the smallest HOWs until the word and methods for improvement can be sent, received and progress made. Retaining the Weekday Measure of Peak Demand is very important on its own merit. Weekend Demand is higher for 66% of the churches I analyzed. This demand period does not occur when the normal AE System demand occurs so is not damaging. It, like the 20% Load Factor Floor is something the billing system applies uniformly to all HOWs if applicable automatically without action by the HOW.

In the Bethany Party Presentation it was recommended that the collaborative AE and HOW efforts establish metrics and measure results at the two year mark to determine progress in reducing the cost impact to HOWs and the revenue increase impact to AE.

APPLICATION OF THE 20% LOAD FACTOR

This is an essential part of the rate design for these low usage, low load factor Commercial customers. The calculations are not obvious or stated in the tariff package, so AE response to discovery was very helpful. Plus the 20% Floor helps all eligible S2 customers, not just HOWs. The important thing is to get the rate in effect as soon as possible and add the Load Factor number to the customer bills. It does not solve the entire mitigation problem, but it appears to help the smallest and lessen the aberrations for the

larger HOWs. The tariff should also include a description of how the Load Factor it is calculated and applied to the bill.

COMMUNICATION AND COLLABORATION BETWEEN AE AND HOW CUSTOMERS & OUTREACH FOCUS ON CONTROL AND REDUCTION OF PEAK DEMAND

This has been mentioned several times. This is not a request for a big marketing and communications program. In part it is requests to include customers in development of tools to aid the customers to self-improve. AE did a good job in 2012, but they only reached a small percentage of the HOW customers. This is a plea to work together to assure the aids and advice is applicable to the HOWs and use some of the HOWs communication channels to get the word out. As noted above we recommend simple metrics be established for the benefit of both parties.

COMPLETION OF STUDY OF WEEKEND DEMAND CUSTOMERS

Why change the rates, then complete the study uniquely related to HOW customers? Then not even schedule it? Some HOWs, especially smaller ones, may get large double digit bill increases. It is premature to force the transition to end before the issue can be studied.

CONCLUSION

In support of the arguments above the following recommendations are presented.

1. Extend the Rate Transition by *continuing the CAP Rate and the weekday measure of peak demand.*

2. Put in effect after rate case approval the 20% Load Factor Floor for all S2 customers (new rate class)
3. Improve communication between AE and HOW customers, partnering with HOW groups, like F.E.A.T.(Faith Energy Action Team) and denominational affiliation groups to raise awareness and effect demand reduction and energy savings, our common goal. Help the customers to reduce demand and improve and save energy. This is an outreach process for each party.
4. AE should provide tools that address peak demand and provides clearer understanding of how demand affects their bills and provides some action steps that can be used by any size customer.
5. With these same customer partners, establish metrics and measure results at the two year mark to determine progress in reducing the cost impact to HOWs and the revenue increase impact to AE.
6. Schedule and conduct the study of weekend demand customers.

We therefore respectfully request the Independent Hearing Examiner grant the requested recommendations in your communications to the Austin City Council.

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 10th day of June, 2016, in accordance with the City of Austin Procedural Rules for the Initial Review of Austin Energy's Rates.



CLIFFORD G. WELLS