

# Austin Energy Residential Base Rates

## 2022 Review Process

Kim Doyal, Community Engagement, Public Information Office

Rusty Maenius, Vice President – Finance

Tammy Cooper, Sr. Vice President– Regulatory, Communications, and Compliance



April – May 2022

# Today's Agenda

- **City of Austin Utilities bill**

Presented by Kim Doyal, Community Engagement Consultant

- **Base rate review and proposed changes**

Presented by Rusty Maenius, Vice President of Finance

- **Base rate review process**

Presented by Tammy Cooper, Sr. Vice President – Regulatory, Communications, and Compliance



# City of Austin Utilities bill

Kim Doyal

Community Engagement, Public Information Office



# Austin Energy

## City of Austin Department

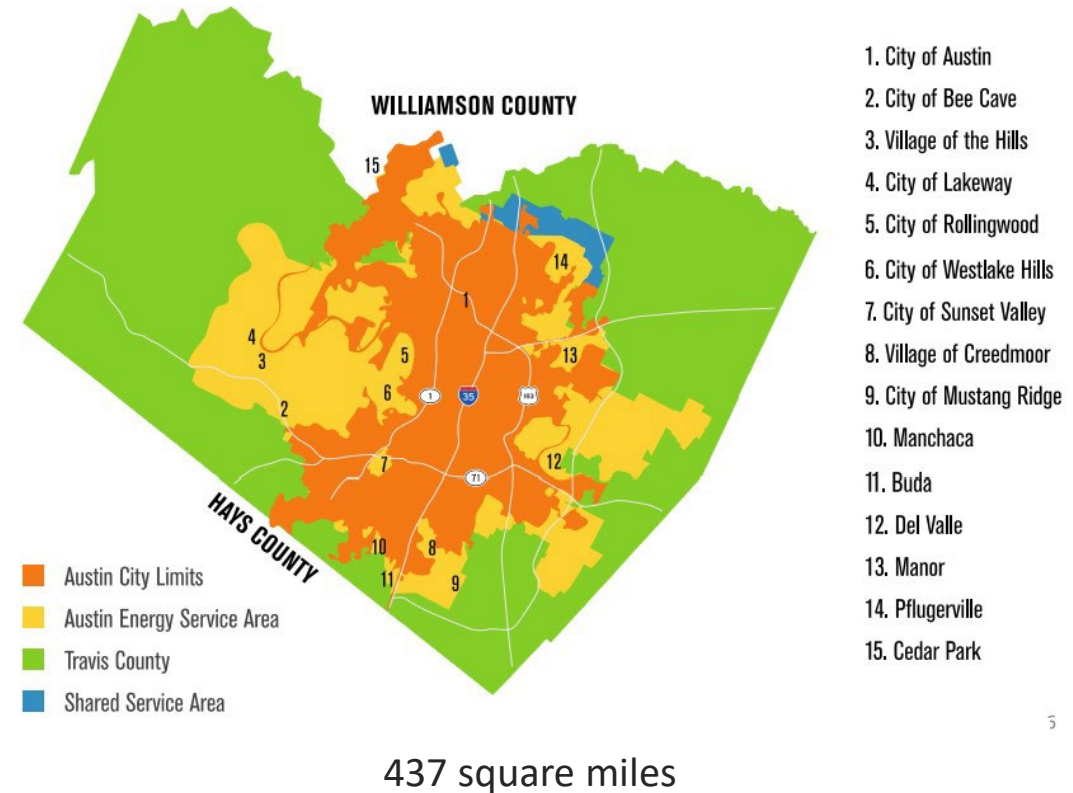
- Began operations in 1895
- Governed by the Austin City Council
- 3<sup>rd</sup> largest municipal utility in nation

## Customer programs

- Billing assistance & payment options
- Energy efficiency & weatherization
- Renewable energy & electric transportation

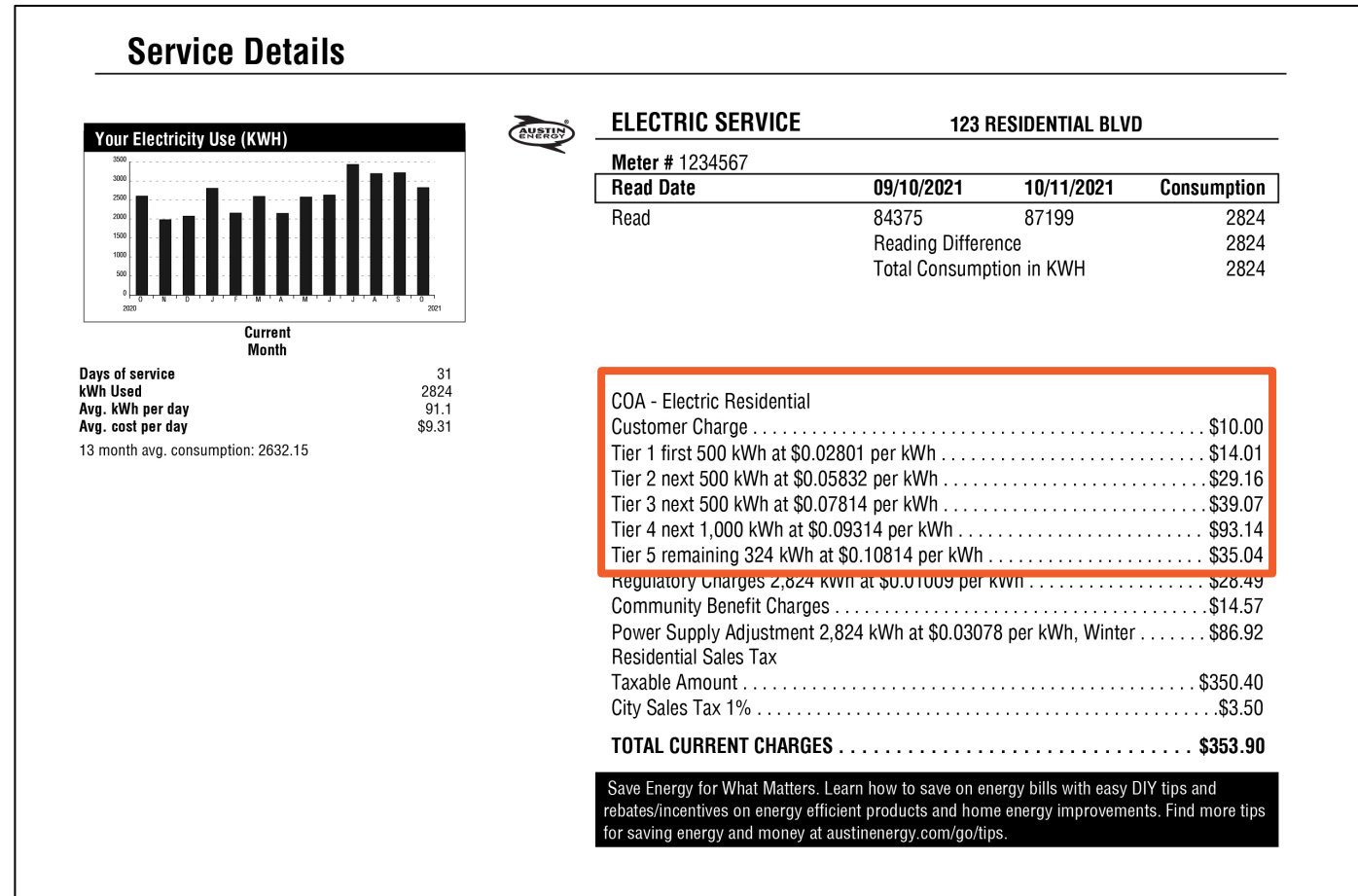
## Manage electric rates & bill payments for COA Utilities

- 500,000+ customers



# Your City of Austin Utility Bill

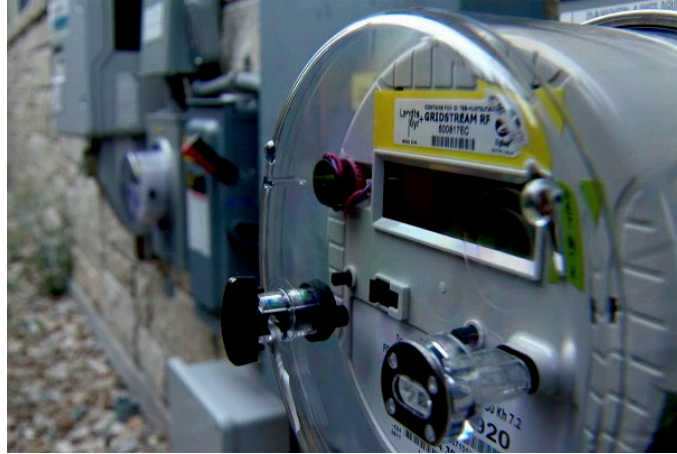
- Bundles up to 6 essential City services into one convenient bill
- Rates determine the charges that appear in your energy bill each month
- Changes to base electric rates only impact the portion of your COA Utility bill labeled **Customer Charge** and **Tier**
- Electricity represents 40% of your overall bill (for those receiving all 6 City services)



Visit [coautilities.com/go/billing](https://coautilities.com/go/billing) to learn more.



# Focused on Changes to These Base Rates



## Customer Charge

Charge designed to cover costs such as metering and billing. These fixed costs do not vary with consumption. The current Customer Charge of \$10 per customer is not adequately covering these costs.



## Energy Use Tiers

Price per kilowatt hour for energy used, currently broken into five usage tiers for inside City of Austin customers and three usage tiers for non-COA customers.



# Base Rate Review

Rusty Maenius

Vice President – Finance



# Proposed Systemwide Base Rate Impact

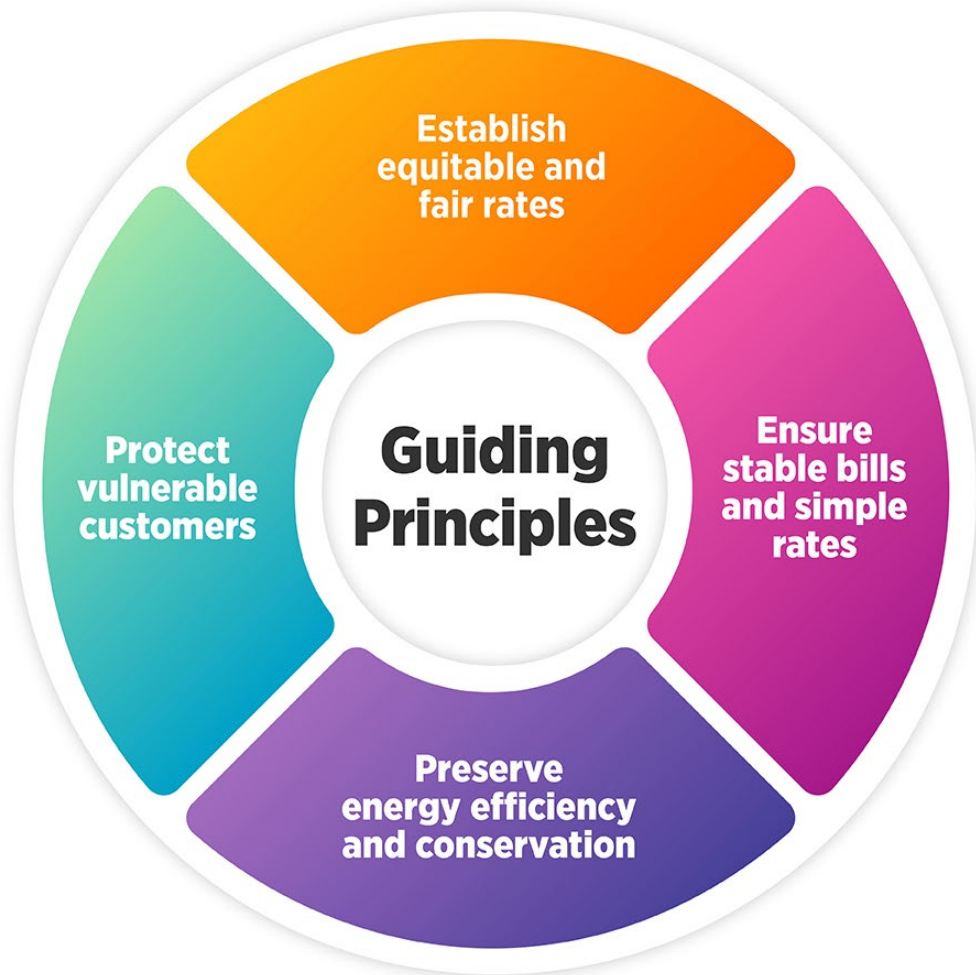
- \$48 million base revenue increase
- 7.6% base rate increase

- Impact only to *base rates*
- Base rate review is not related to Winter Storm Uri. Austin Energy's *power supply adjustment*, which is not part of a base rate review, was reduced last fall to reflect generation revenues earned during the storm.





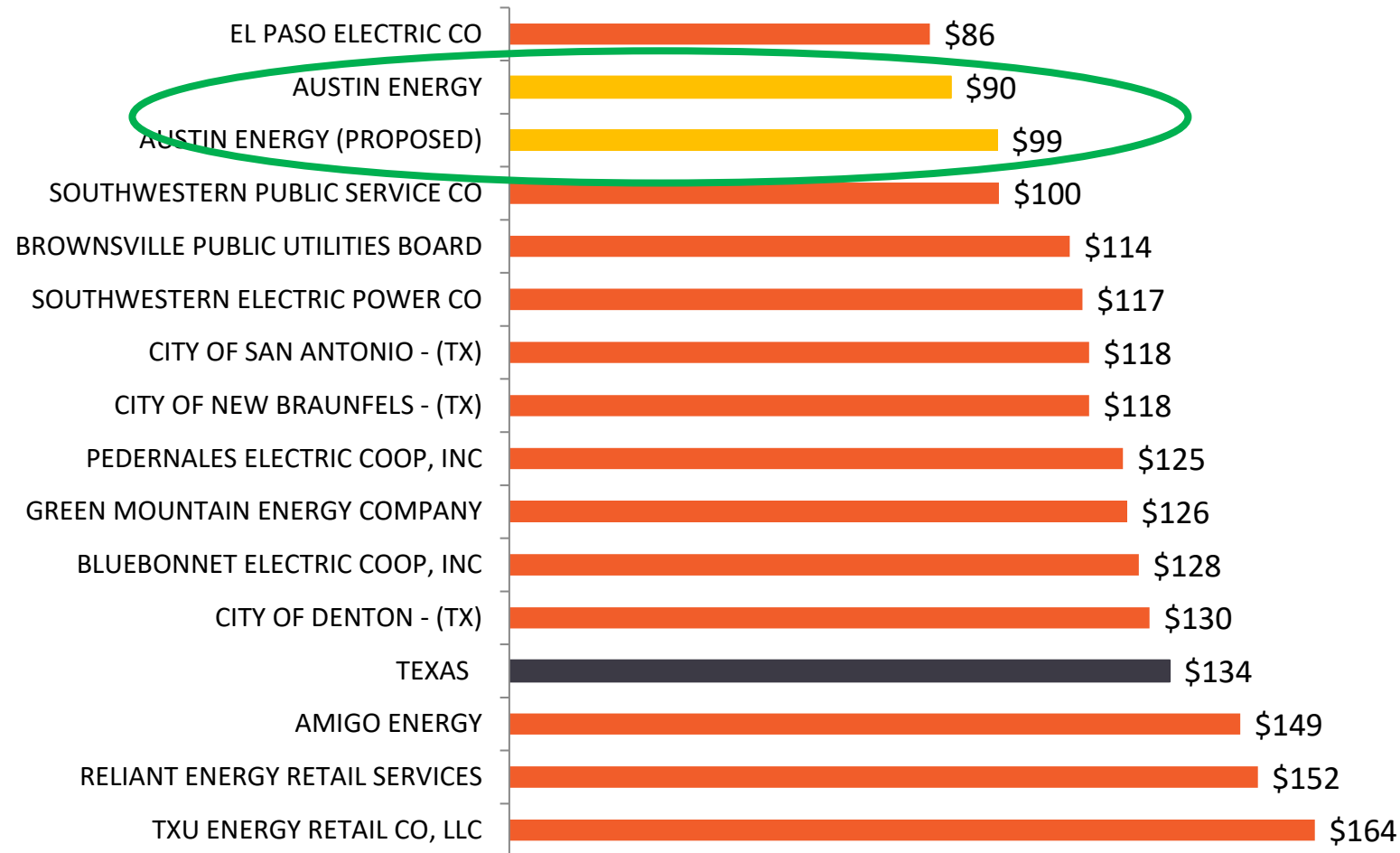
# Base Rate Review



- Financial review occurs at least every five years
- Examines system operations and revenue over a study period
- Performed to **ensure revenues cover costs to serve customers**
- Revenue shortfall identified in 2021 study
- Proposed residential base rate increase equals an average of **\$15 per month** for residential customers
- Austin Energy's average monthly residential energy bills remain some of the lowest in the state

# Austin Energy: Providing Affordable Electric Service

## Second Lowest Average Monthly Bill – TX Residential Service (2020)

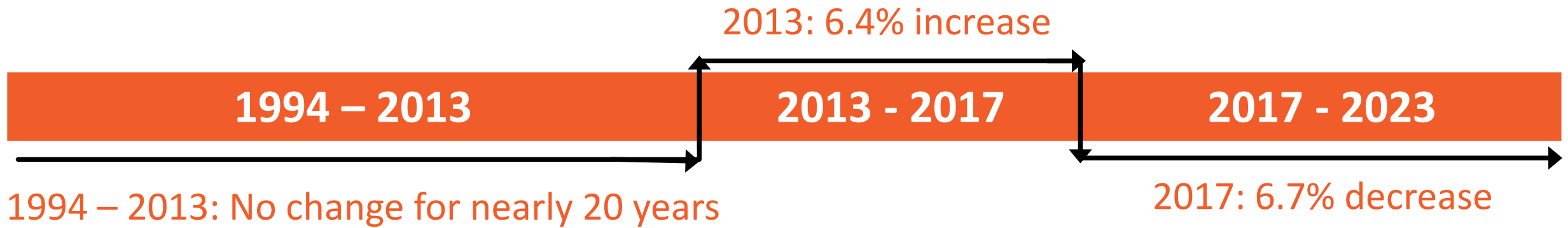


Source: U.S. Energy Information Administration Form 861, October 2021

Austin Energy (PROPOSED) based on proposed rates with CY2020 average kWh consumption.

# History of Base Rate Changes

Only two base rate changes since 1994



Current proposal equals about a 2.75% per year bill increase since 2017.



# Only Base Rates Will Be Impacted



Supplies & Equipment



Tree Trimming



Principal + Interest  
Payments



Employees



Information Technology



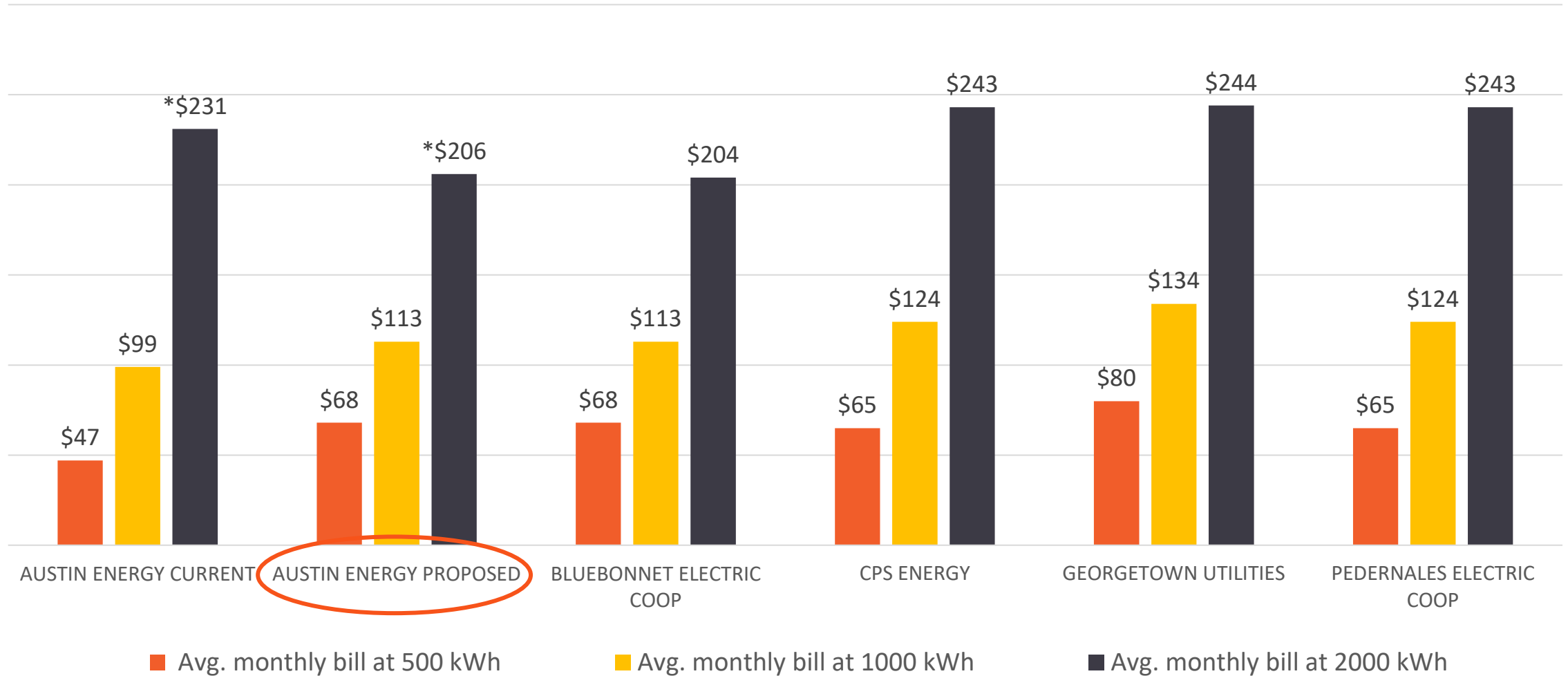
General Fund Transfer

## BASE RATES do not fund:

- Customer Assistance Program
- Energy efficiency programs
- Transmission related costs
- Power purchases from ERCOT
- District energy and cooling
- Streetlights



# Nearby Utilities: Residential Bill Comparison



# Base Rate Change Drivers

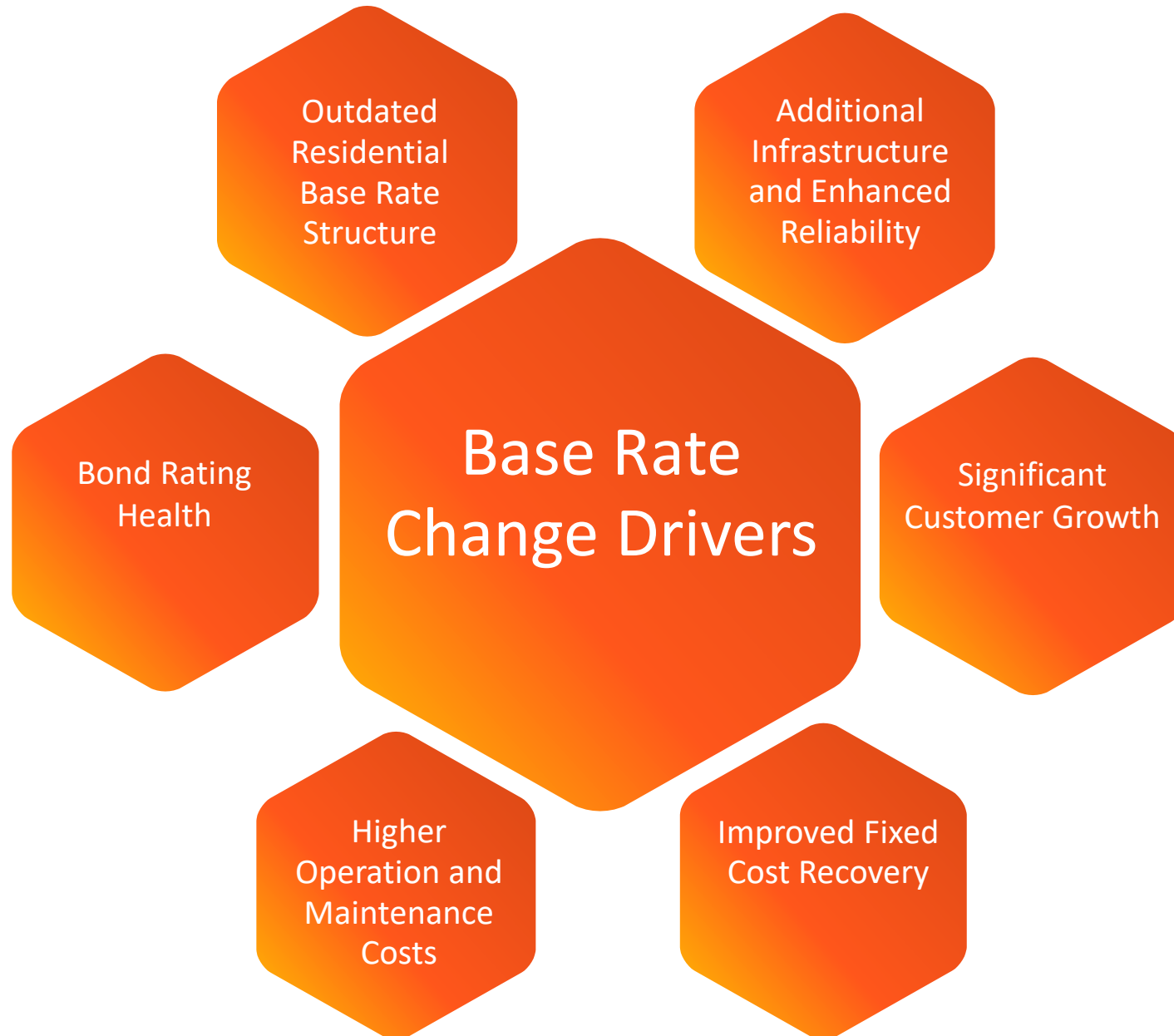
Rusty Maenius

Vice President of Finance

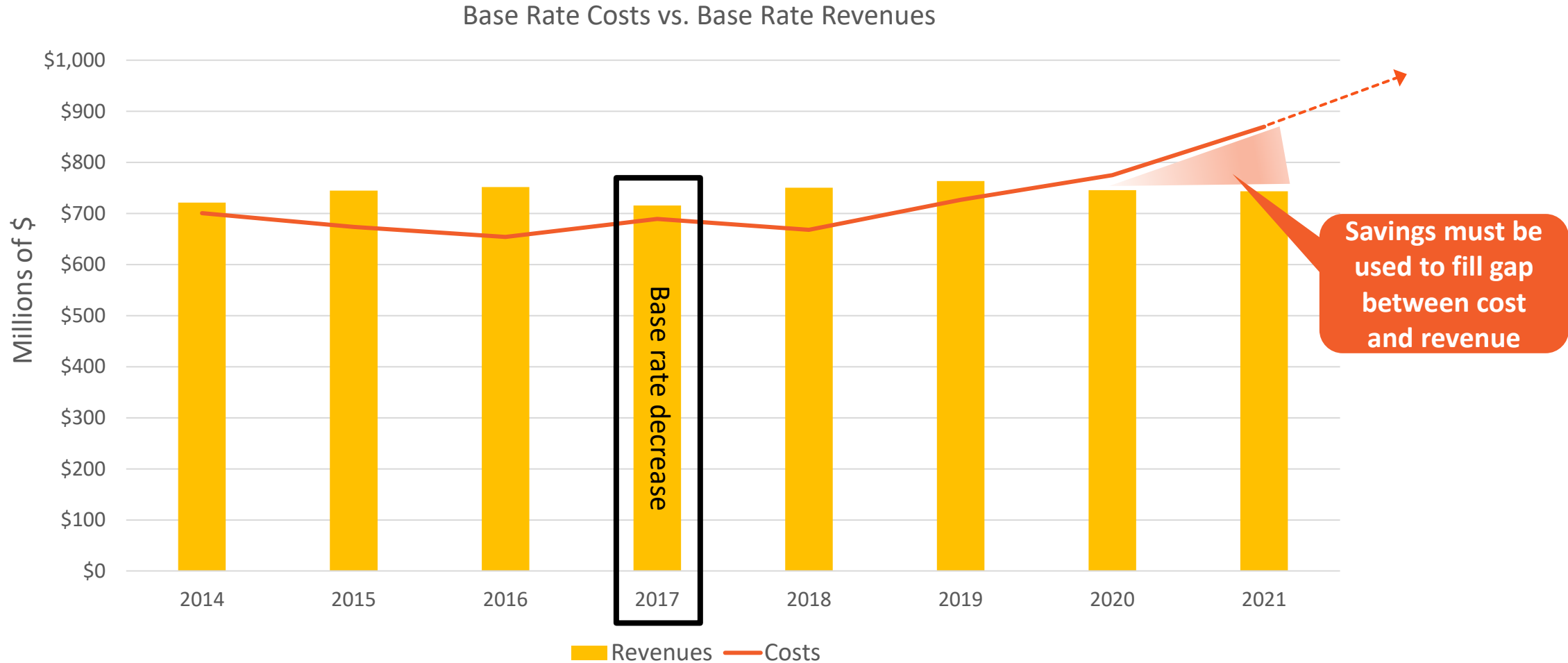




# Key Reasons for Austin Energy Base Rate Review



# Costs are Outpacing Revenues

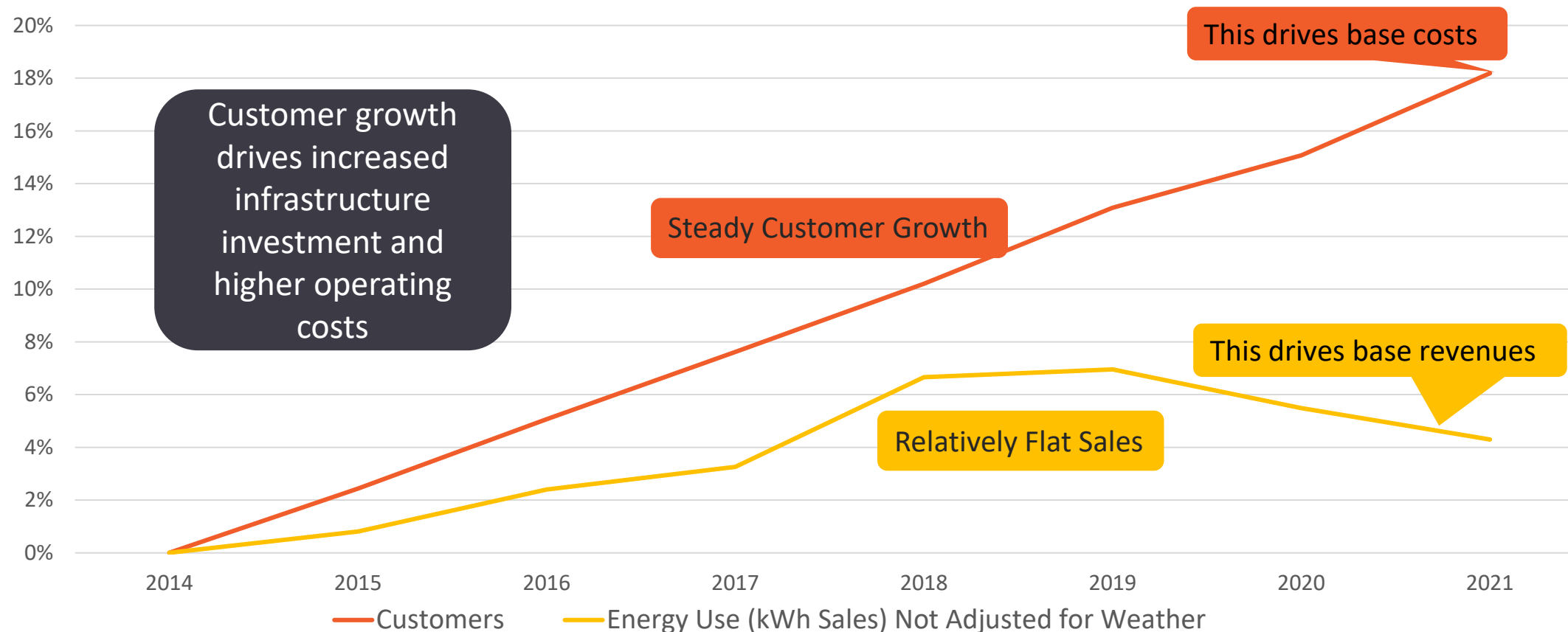


Source: Audited Financial Statements 2014-2021



# Why are Costs Outpacing Base Revenues?

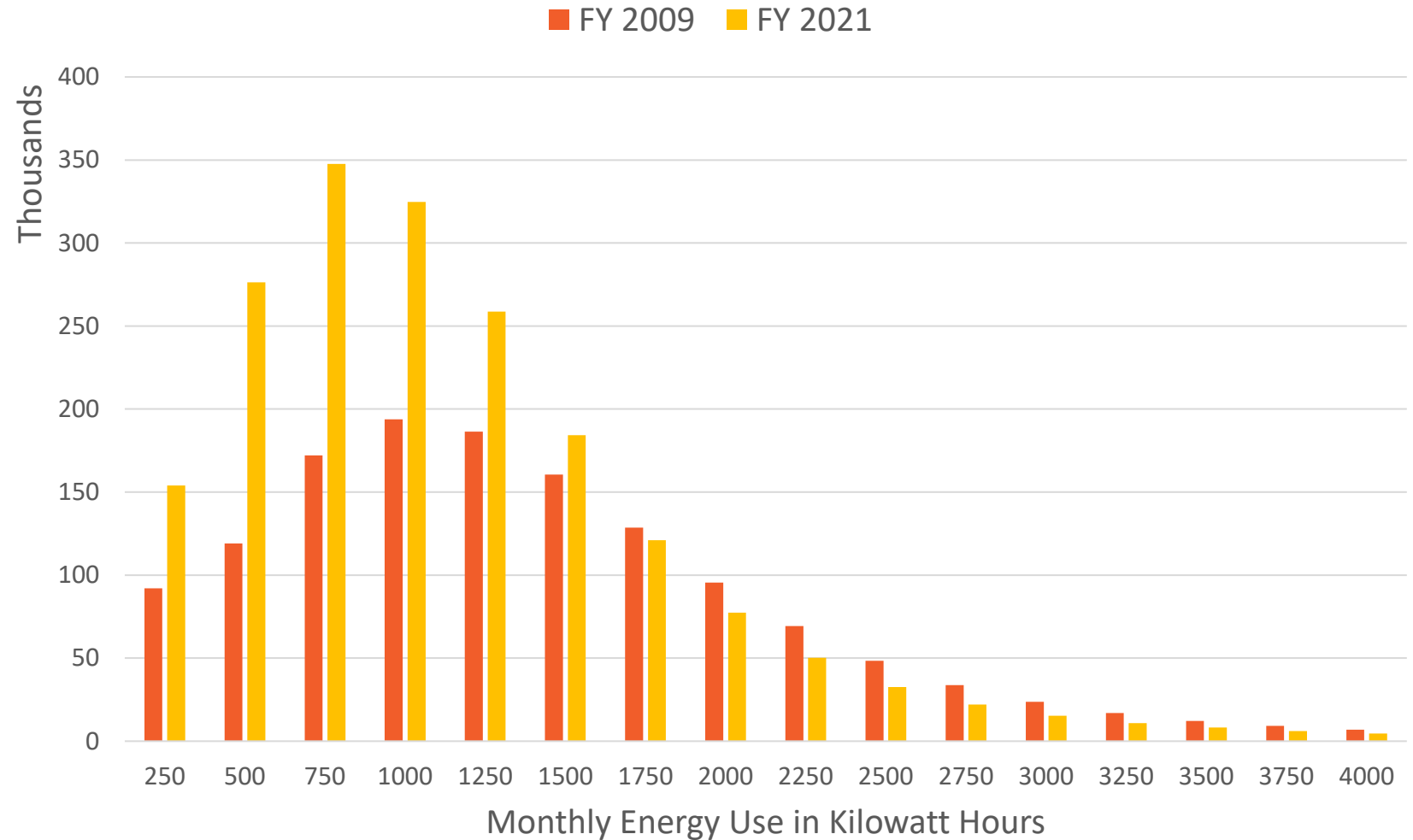
The current base rate structure relies too heavily on energy use for revenue.



Source: Fund Summary Statements 2014-2021

# Residential Bill Distribution - Summer

- Residential customers have used less energy each summer since 2009, down 22%.

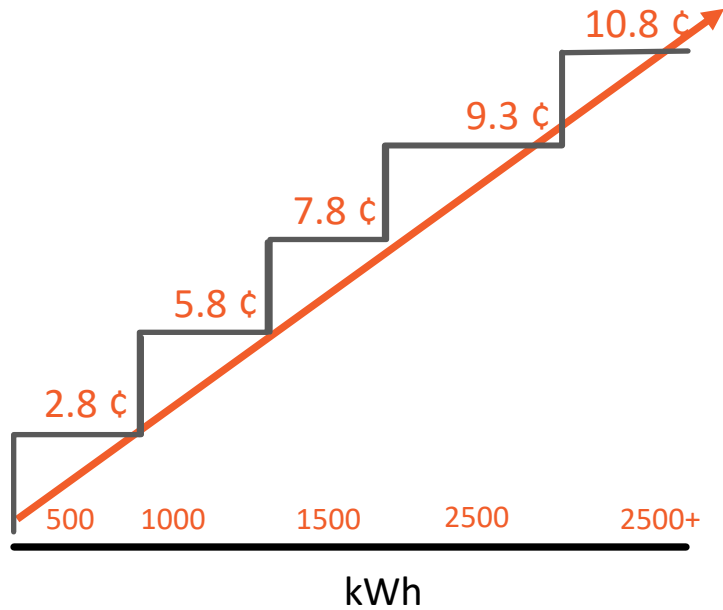


# Current Residential Rate Structure

Outdated and no longer applicable to current consumption patterns

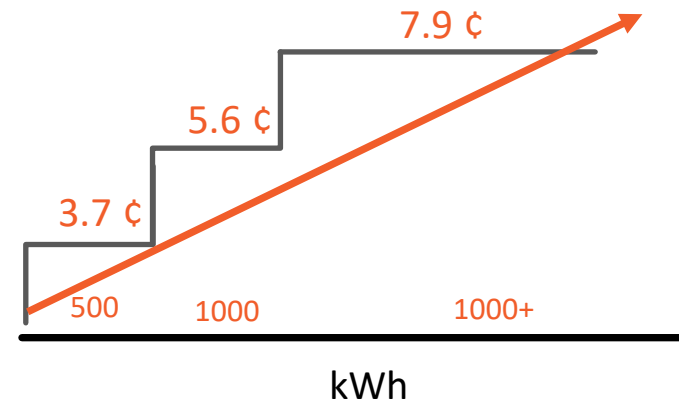
## Current Inside COA Residential

\$10 Customer Charge



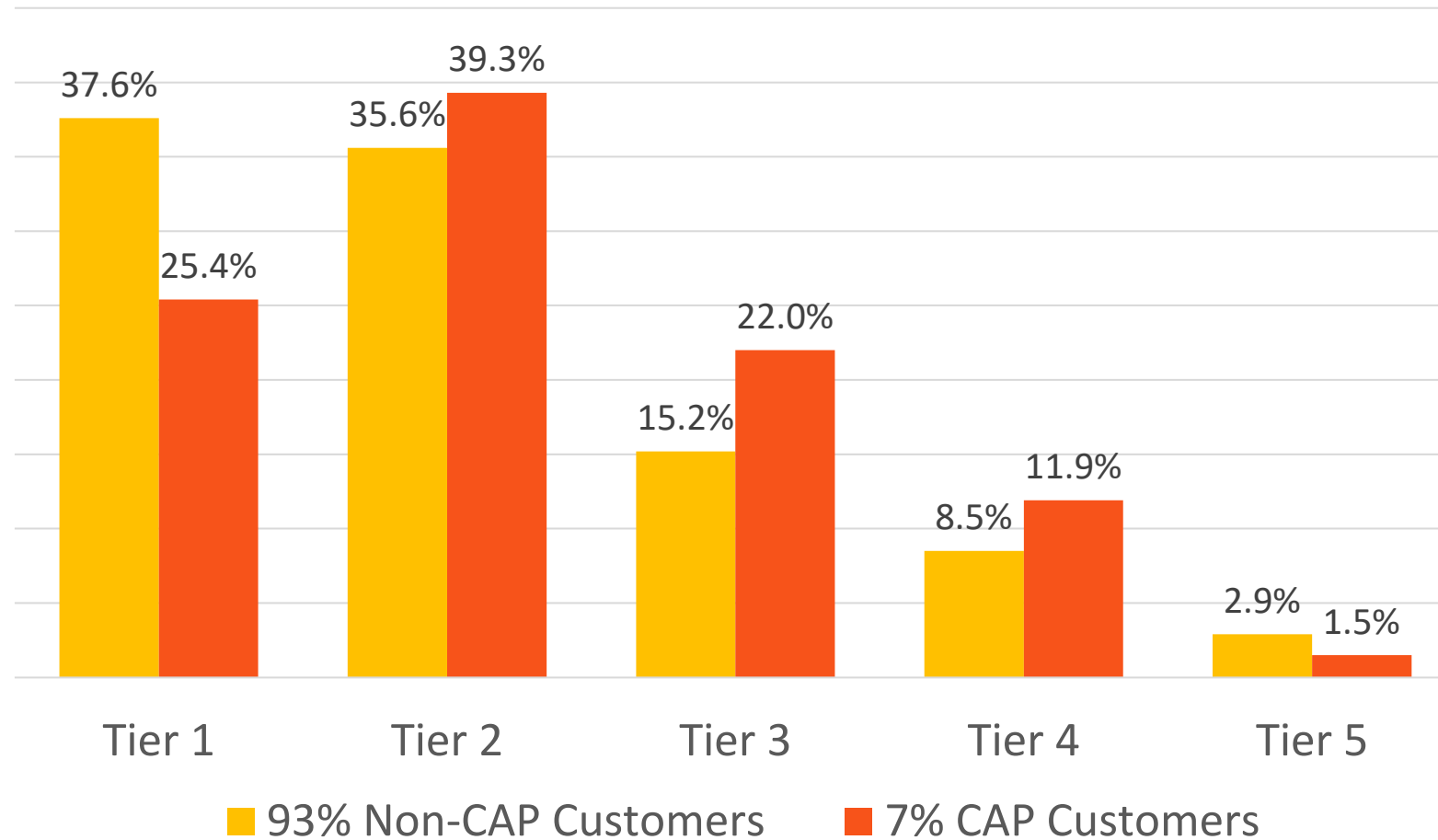
## Current Outside COA Residential

\$10 Customer Charge



# Vulnerable Customers Overrepresented in Higher Tiers

Austin Energy provides bill payment assistance through the Customer Assistance Program (CAP)



# Overview of Proposed Changes

Rusty Maenius

Vice President – Finance





## Proposed Changes

Increase Customer Charge  
from \$10 to \$25

Reduce residential  
base rate structure  
to 3 tiers

Remove inside/outside  
rate difference

---

With these changes, customers would move closer to  
what it costs to serve them.

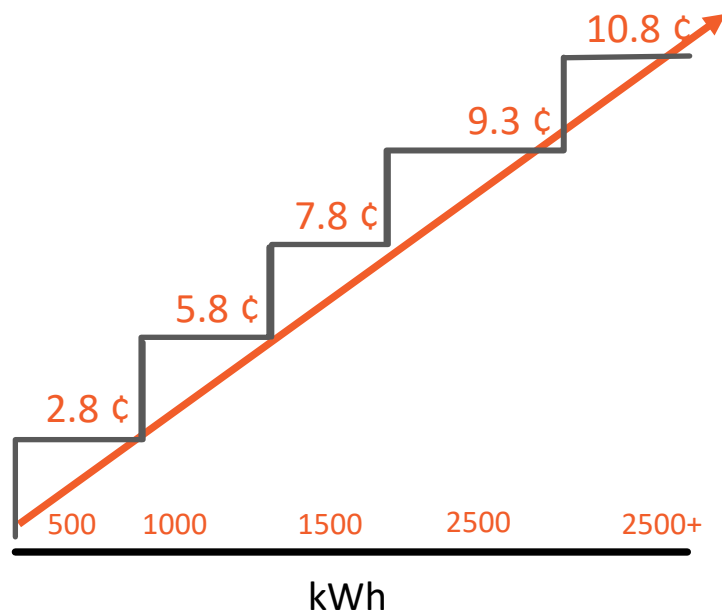


# Proposed Residential Base Rate Structure Changes

Reduce tiers and remove inside/outside COA rate difference

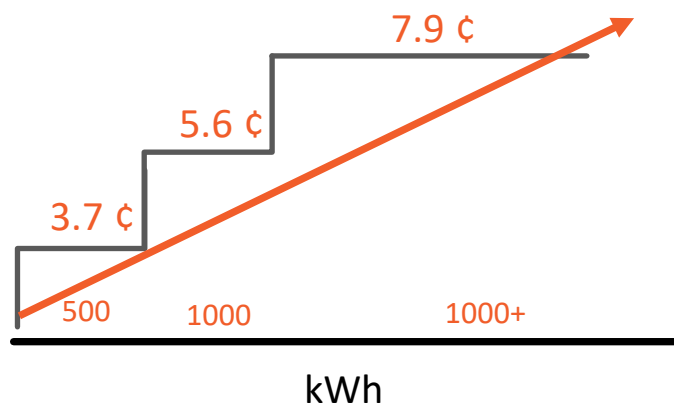
## Current Inside COA Residential

\$10 Customer Charge



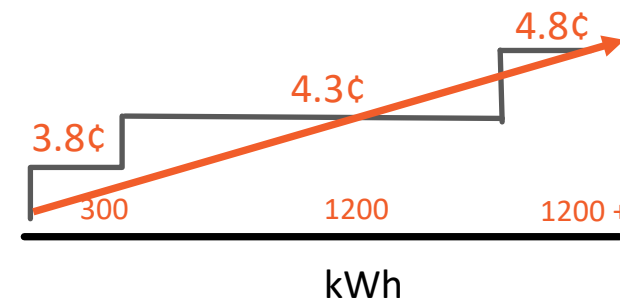
## Current Outside COA Residential

\$10 Customer Charge

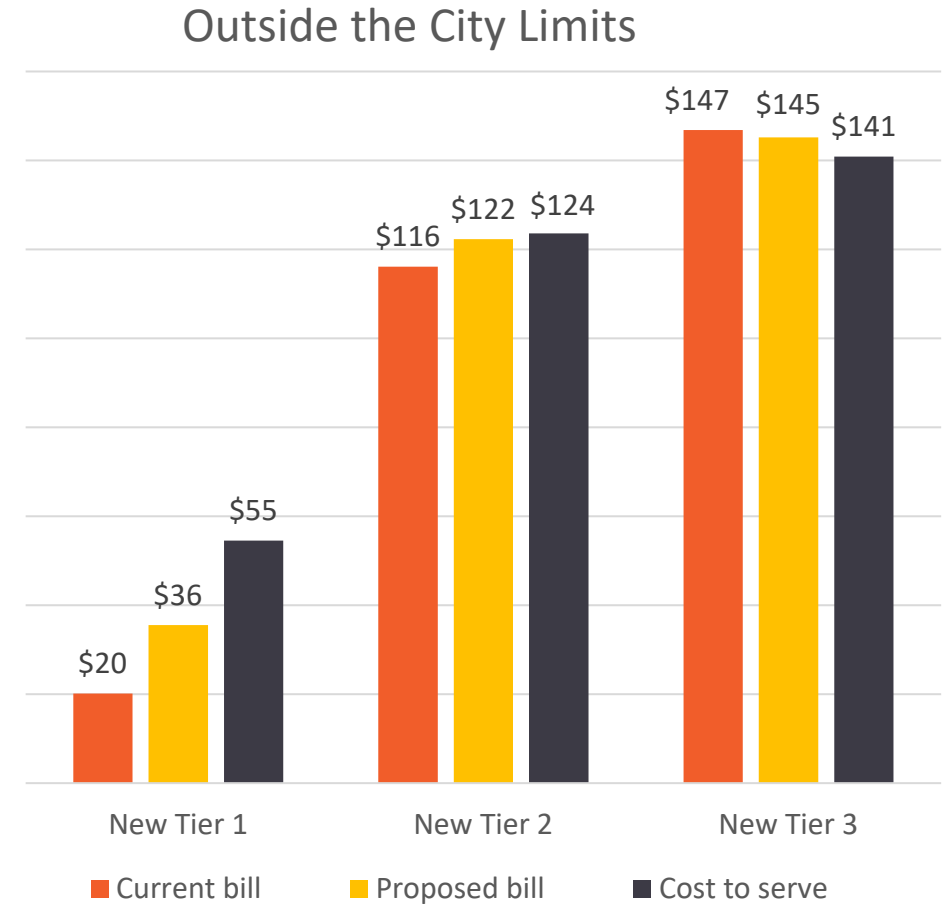
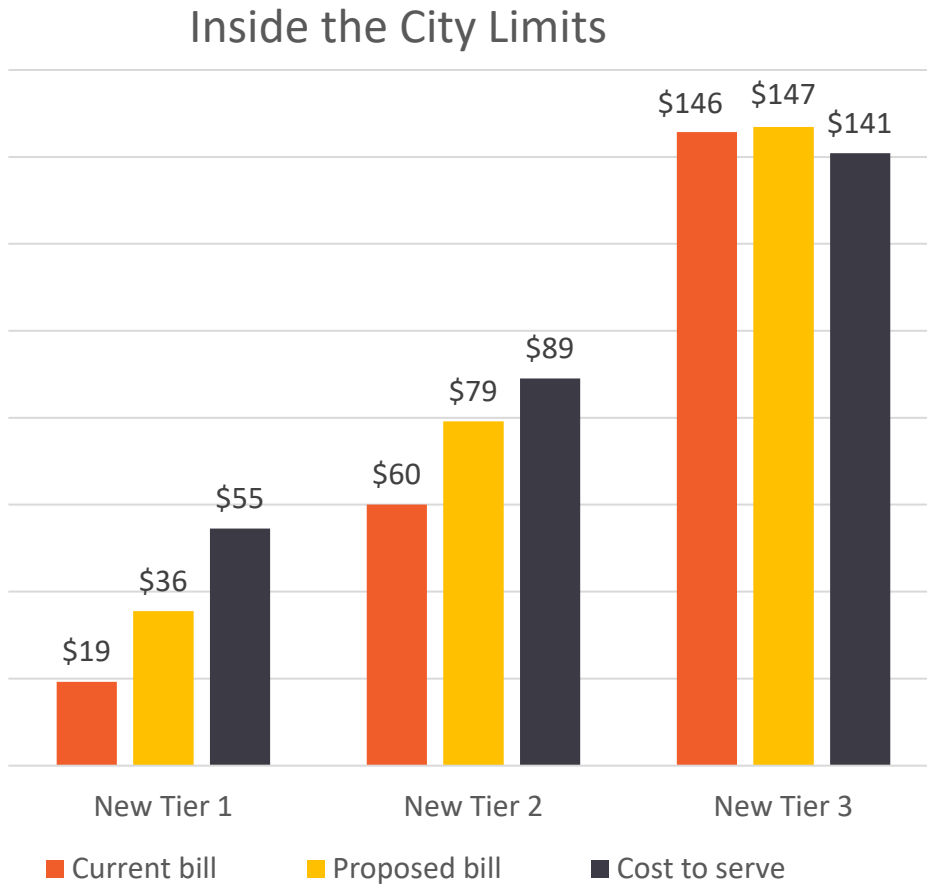


## Proposed All Residential

\$25 Customer Charge



# Residential Bill Impacts



These are sample bill impacts. Your bill impact will vary according to your tier and usage.



## Expected Outcomes from the Base Rate Review

A revised residential rate structure that better recovers costs while enhancing fairness

Gradual move for all customers to pay their share of costs

Removal of inside/outside COA rate difference

Greater equity for our more vulnerable customers through better rate design

---

**Result: Equitable rates for customers. Financial stability for Austin Energy.**



# Get Involved in the Process

Tammy Cooper

Sr. Vice President– Regulatory, Communications, and Compliance



# Share Your Thoughts

An **Independent Consumer Advocate** (ICA) represents residential and small business customers in the base rate review.

- ✓ ICA receives customer feedback and presents findings to the Impartial Hearing Examiner
- ✓ Contribute feedback by July 11 at **[speakupaustin.org/rates](https://speakupaustin.org/rates)**

An **Impartial Hearing Examiner** (IHE) will listen to all issues and positions from formal Participants and make a recommendation to Austin City Council.

- ✓ Austin Energy customers may submit a request to formally Participate between April 18 – May 18, 2022
- ✓ Learn how to submit a request to Participate at **[austinenergy.com/rates](https://austinenergy.com/rates)**





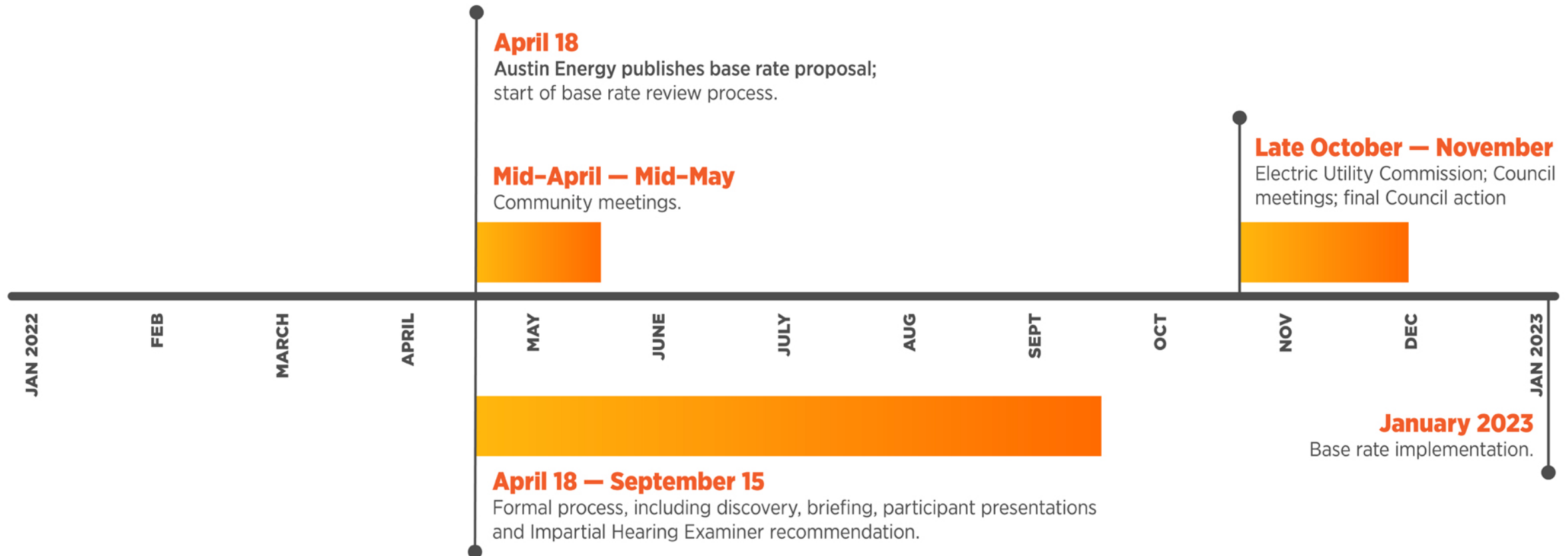
Customer Driven.  
Community Focused.™

# AUSTIN ENERGY

## 2022 Base Rate Review

### Austin Energy's Base Rate Review Timeline

#### Highlights/Milestones





©2018 Austin Energy. All rights reserved. Austin Energy and the Austin Energy logo and combinations thereof are trademarks of Austin Energy, the electric department of the City of Austin, Texas. Other names are for informational purposes only and may be trademarks of their respective owners.