

# **Austin Energy Oversight Committee**

**Customer Program Assistance Repair**  
**February 25, 2016**

# **Background**

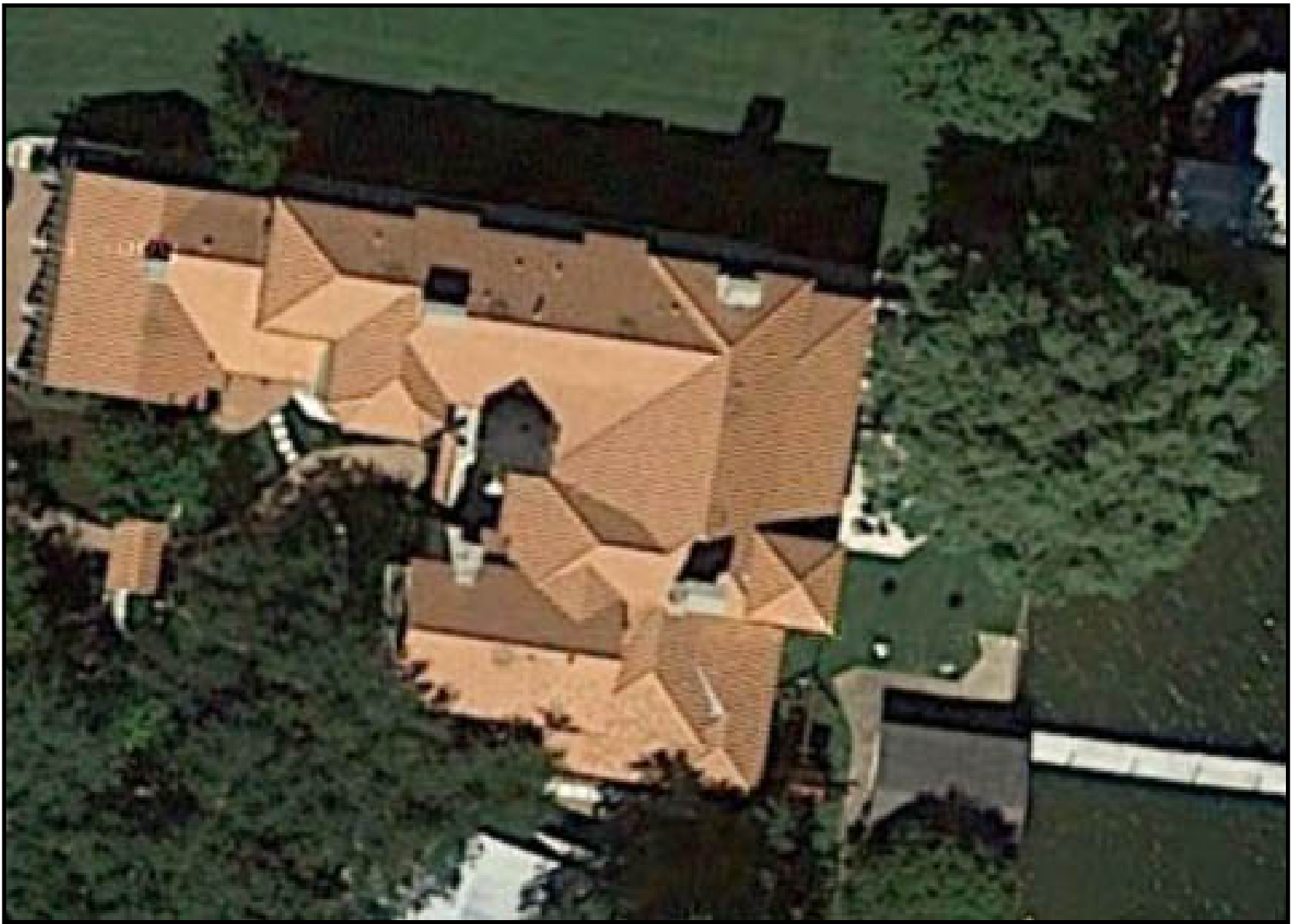
- **Began in 1985**
- **Expanded from about 9,000 in 2012 to 41,000 today (about 10% of Residential Customers)**
- **\$10 Million in Electric Subsidies and \$6 Million in Water & Drainage Utility Subsidies in 2014**

# Problems

- 1. Paying discounts to middle and upper income customers**
- 2. Paying discounts to high-volume consumers**
- 3. Insufficient funding**
- 4. Double or triple participation**

## **December 2014 Analysis Using July 2014 Data**

- 1,131 Participants with Assets of over \$300,000
  - 66 – Assets over \$1 million
  - 292 – Assets Over \$500,000
  - 337 – Homes Over 3,000 Square Feet in Size
  - 163 – Owned More Than One Property
  - 8 – Received discounts 2 or 3 times



**Lakeside Mansion • \$4 Million • 8,100 SF  
17 Other Properties Worth \$5.8 Million**

**CAP Electric Volume Discount – 10%**

**Base Fee / CAP Fee Discount – 3%**

**Discount Outside City – 5.6%**

**Total Discount – 18.6%**



**Wild Basin Mansion Worth \$1.4 Million • 6,300 SF  
Pool • 26 Other Properties Worth \$2.3 Million**





**Wild Basin Mansion Next Door • 4,700 SF • Pool**





**5,400 Square Foot • 3 Acres • Appraised at \$1.6 Million but Selling for \$2.8 Million**





**\$549,000 • 11 Other Properties Worth \$4.1 Million**



# 78746 Analysis

## December 2015

60 – CAP Participants

13 – Assets over \$1 million / 46 Over \$500,000

27 – Homes Over 3,000 Square Feet in Size

21 – Receive Out-of-City Rate Breaks

4 – Rental Units



# **Participation Screens for Bill Assistance Programs**

## **Income Verified**

Jacksonville Energy Authority  
Los Angeles DWP  
Memphis Light Gas & Water  
Nashville Electric Service  
San Antonio CPS  
Sacramento (SMUD)  
Seattle City Light

## **Phone Enrollment/Audit**

Salt River Project

## **Auto Enrollment with Name on Bill**

ERCOT  
Long Island Power Authority

## **Auto Enrollment - No Screen**

Austin Energy



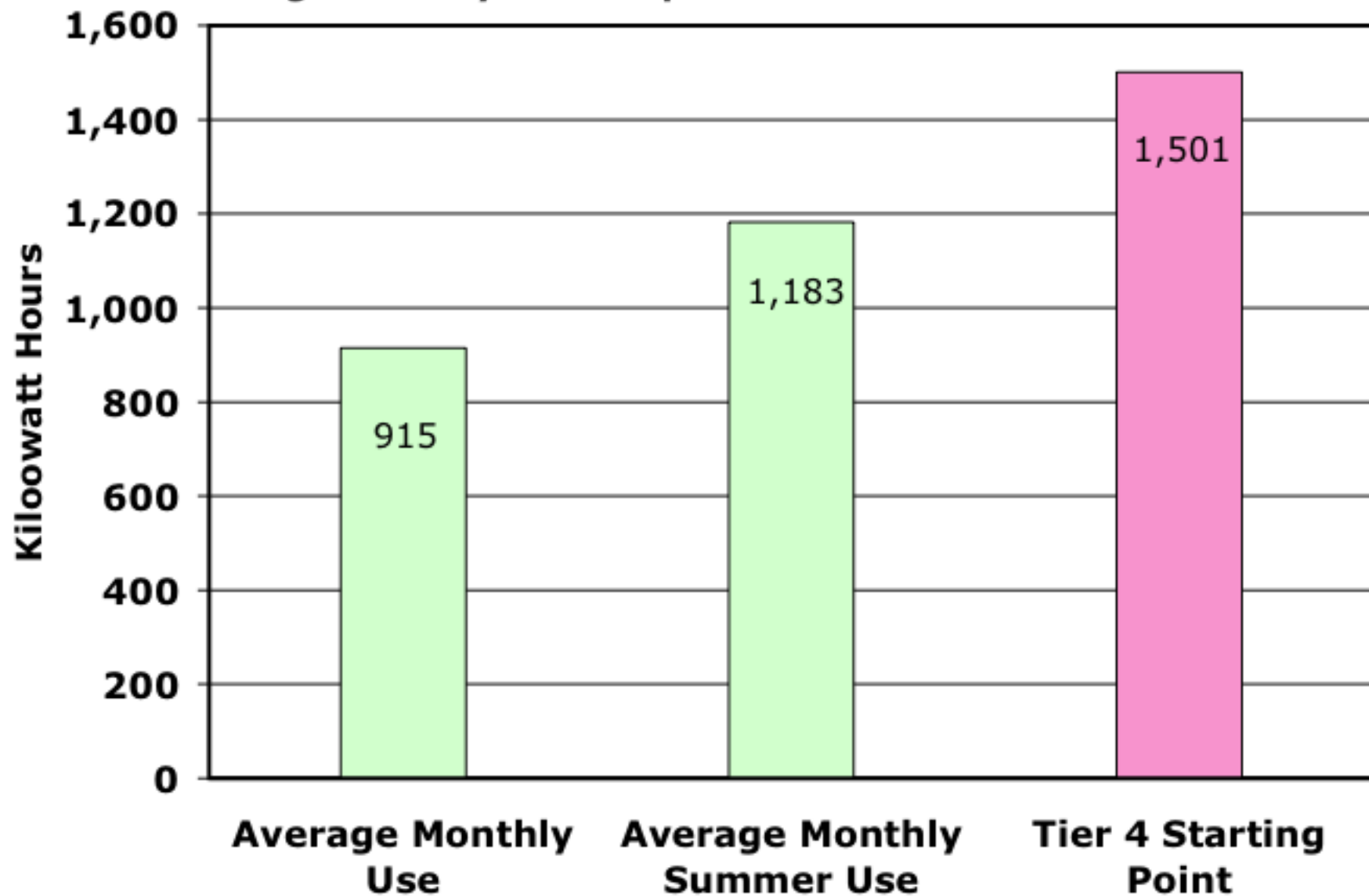
**\$55,000 Improvement Value/\$426,000 Total Value  
44 Properties with \$11 Million in Assets**

<b>2015 CAP Funding Distribution</b>		
Customer Charge Waiver	\$5,011,460	47%
Tier 1: 0 - 500 kWh	\$373,609	4%
Tier 2: 501 - 1,000 kWh	\$1,443,478	14%
Tier 3: 1,001 - 1,500 kWh	\$1,589,965	15%
Tier 4: 1,501 - 2,500 kWh	\$1,683,960	16%
Tier 5: Over 2,500 kWh	\$543,849	5%
Total	\$10,646,321	

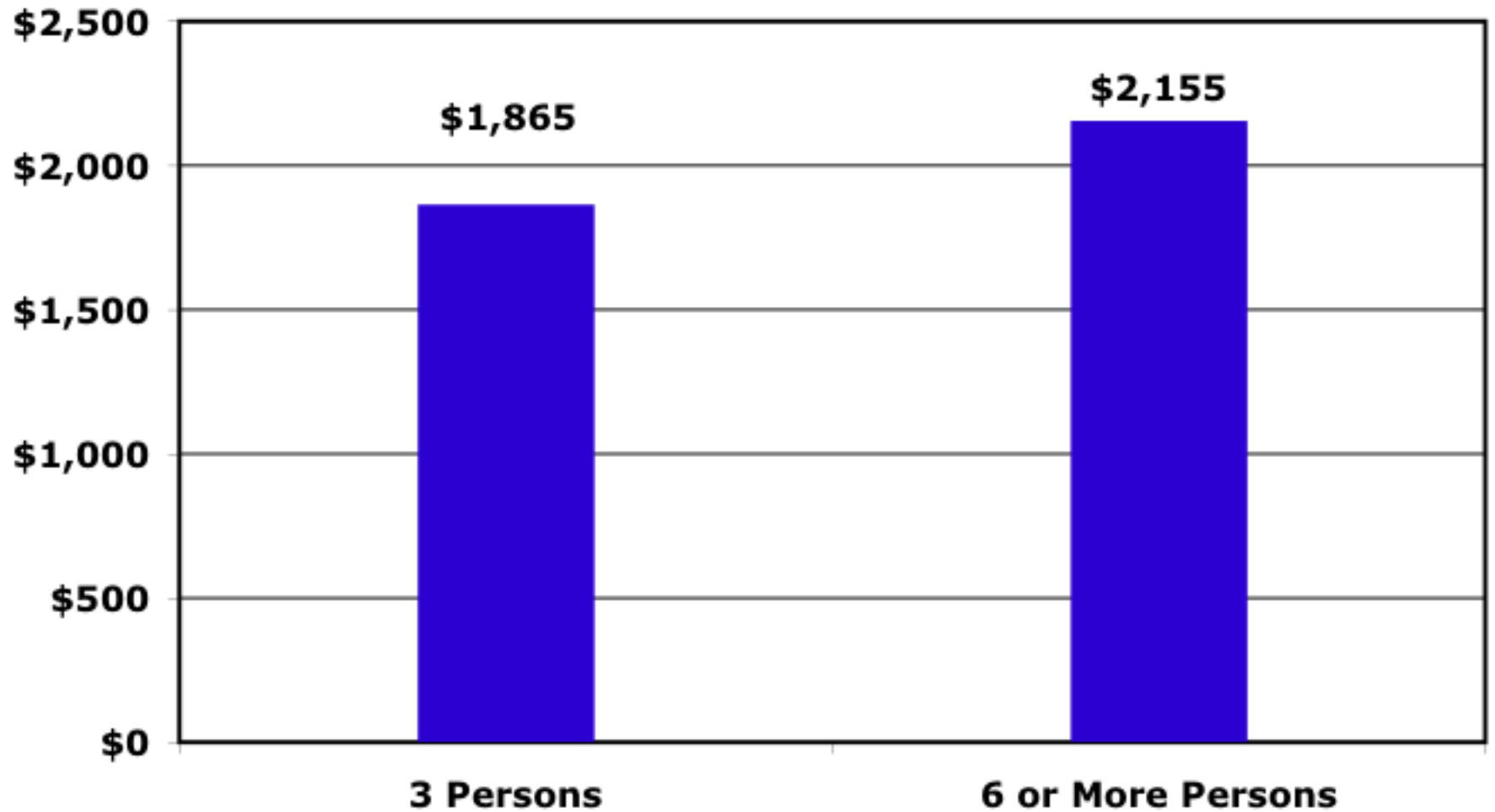
***\$2.2 Million in Top Two Tiers***



**Average Monthly Consumption Below 4th Tier – 2014**



## Electric Cost And Number of Persons in Household for Southern U.S.



Energy Information Administration, *Residential Energy Consumption Survey*, 2009, Table CE4.19.

# **Residential Bill Discount Surcharge in Texas Utilities**

Austin Energy	\$18.92
San Antonio CPS	\$3.04
ERCOT Former Charge	\$9.19
ERCOT Current Charge	\$0.00

# Solutions

1. Change enrollment to dual system like ERCOT: 1) auto-enrollment if name is on the bill; 2) income qualified
2. Income verify participants in homes with improvement value more than \$250,000 in 2015
3. Eliminate participants who own more than one property worth more than \$50,000
4. Quick action for participants with high improvement values or that own more than one property
5. Eliminate 10% discount for top 2 tiers
6. Stop double and triple payments to same customer

# **What to Do With Surplus?**

- **Cover the Shortfall expected in 2018**
- **Give Higher Benefits to Low-Consumption Consumers**
- **Fund Direct Installation Program for Efficiency Measures**