



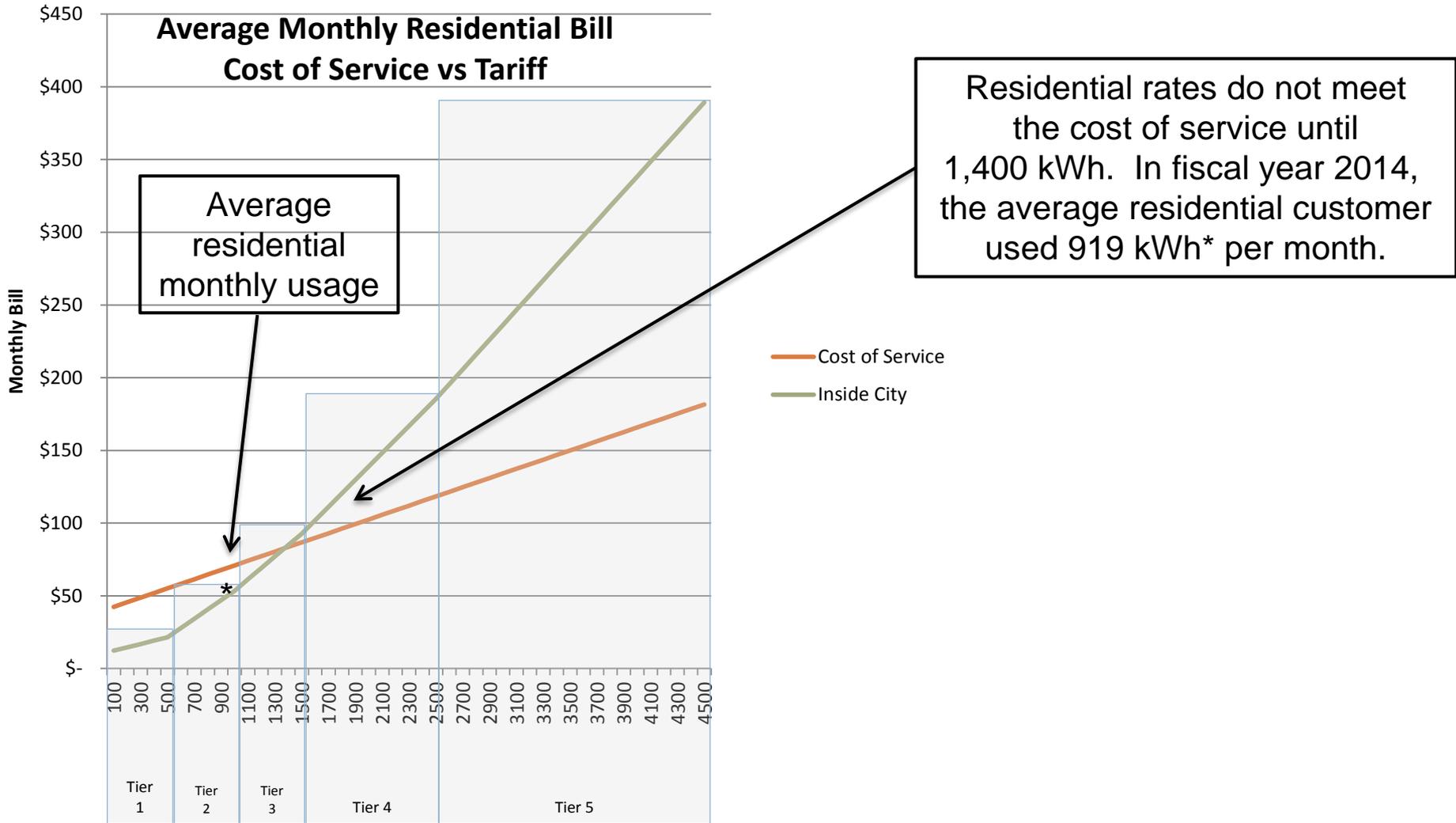
Austin Energy Cost of Service and Rate Review

August 22, 2016





Nearly 80 Percent of Residential Electricity is Sold Below the Cost of Service

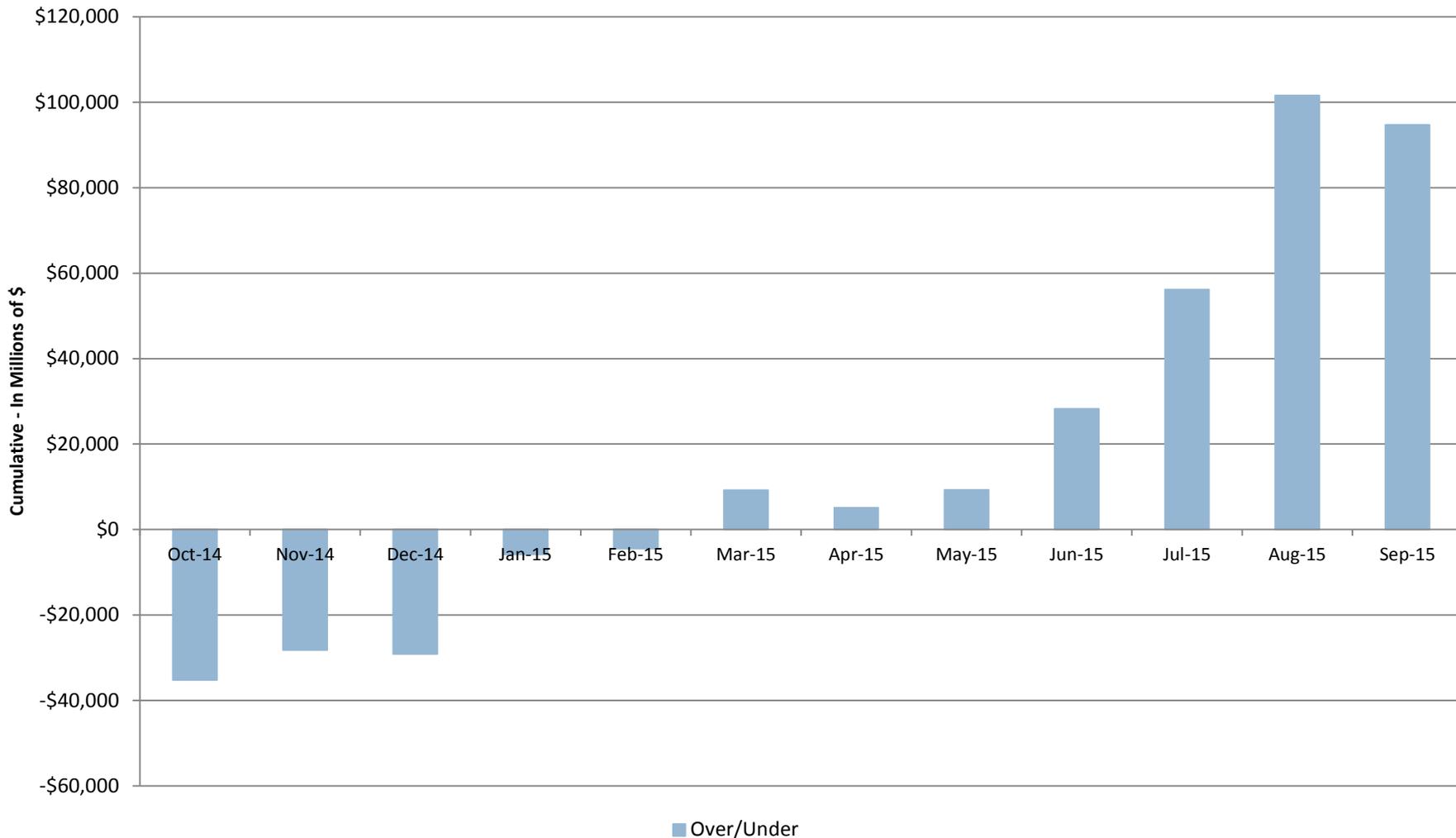


Note: Annual consumption of 903 kWh as reported by EIA is based on 2014 calendar year while the 919 kWh is based on City of Austin's fiscal year 2014.



Revenue Stability FY2015: Positive Net Revenues Achieved by March

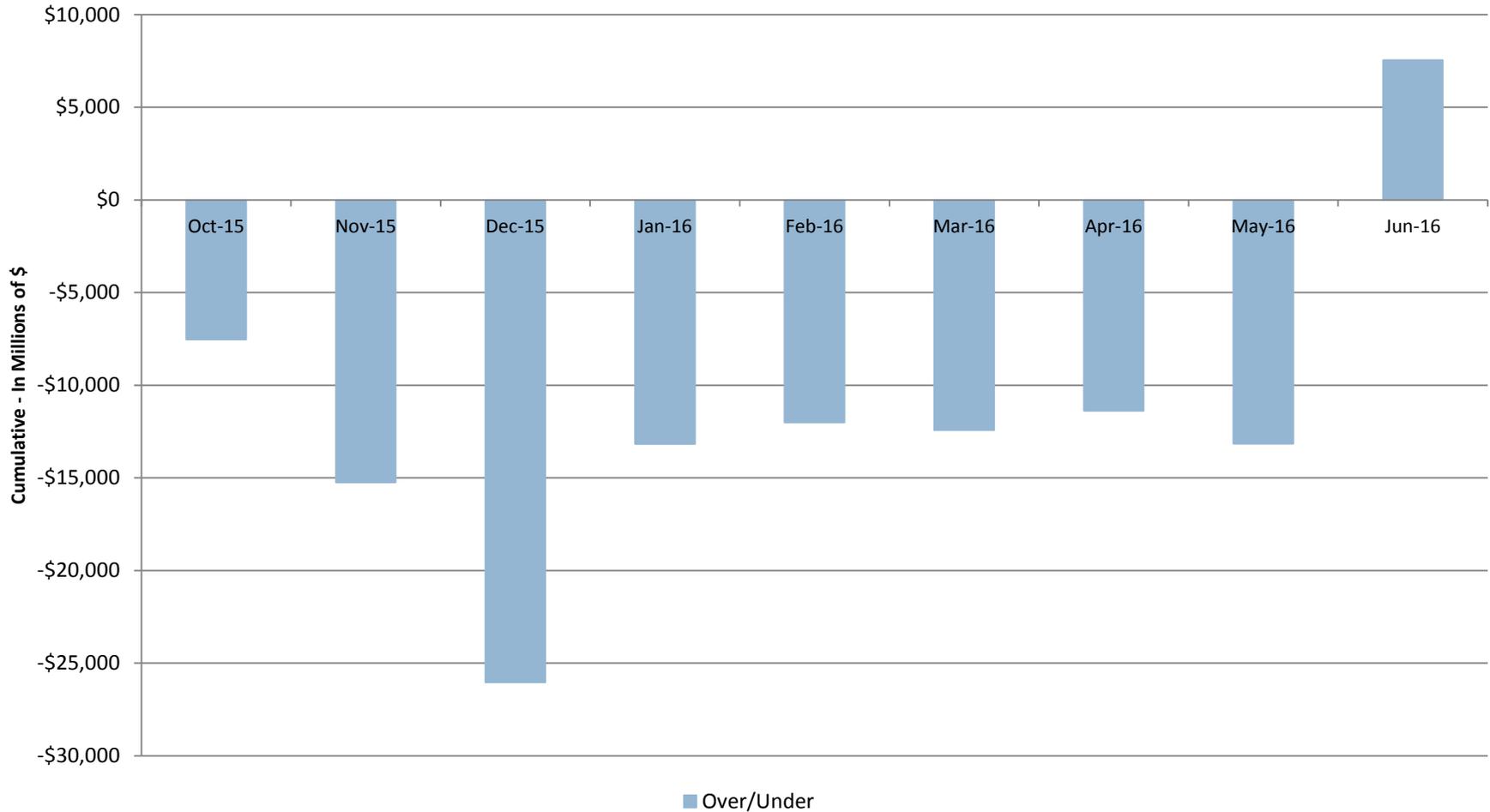
Net Revenues: Fiscal Year Ending Sep 30, 2015





Revenue Stability FY2016: Positive Net Revenues Achieved by June

Net Revenues: Fiscal Year Through Jun 30, 2016





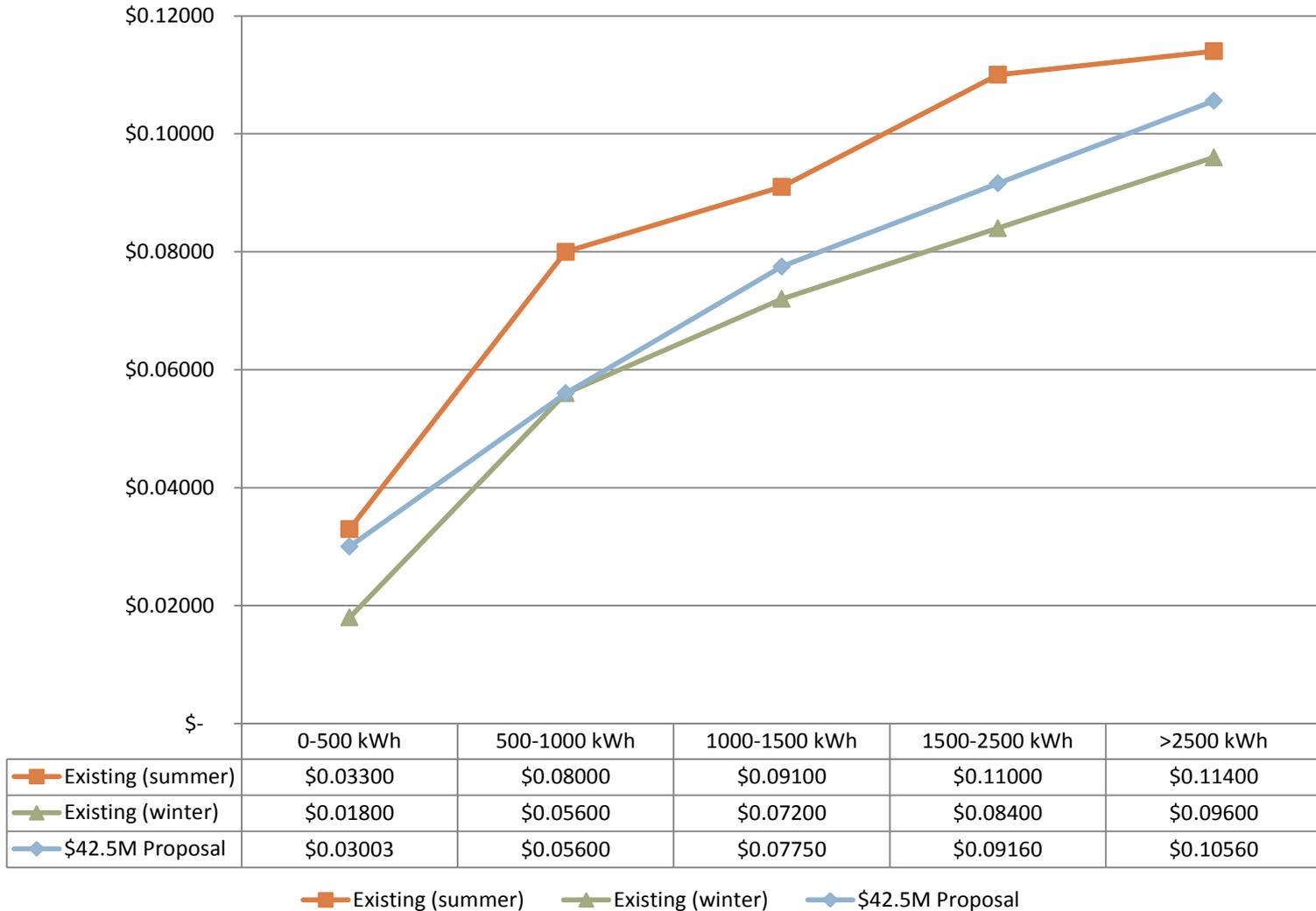
Tier Structure Transition from 1996 to Agreement

Residential Base Rate Tiers for Inside City Limits Customers (cents per kWh)

Tier	1996 - 2012 Summer	1996 - 2012 Winter	Current Summer	Current Winter	Joint Agreement
Tier 1 (0-500 kWh)	3.55	3.55	3.30	1.80	3.003
Tier 2 (501-1,000 kWh)	7.82	6.02	8.30	5.60	5.600
Tier 3 (1,001-1,500 kWh)	7.82	6.02	9.10	7.20	7.750
Tier 4 (1,501-2,500 kWh)	7.82	6.02	11.00	8.40	9.160
Tier 5 (2,501 kWh and over)	7.82	6.02	11.40	9.60	10.560



Residential Tier Structure: Current and Proposed



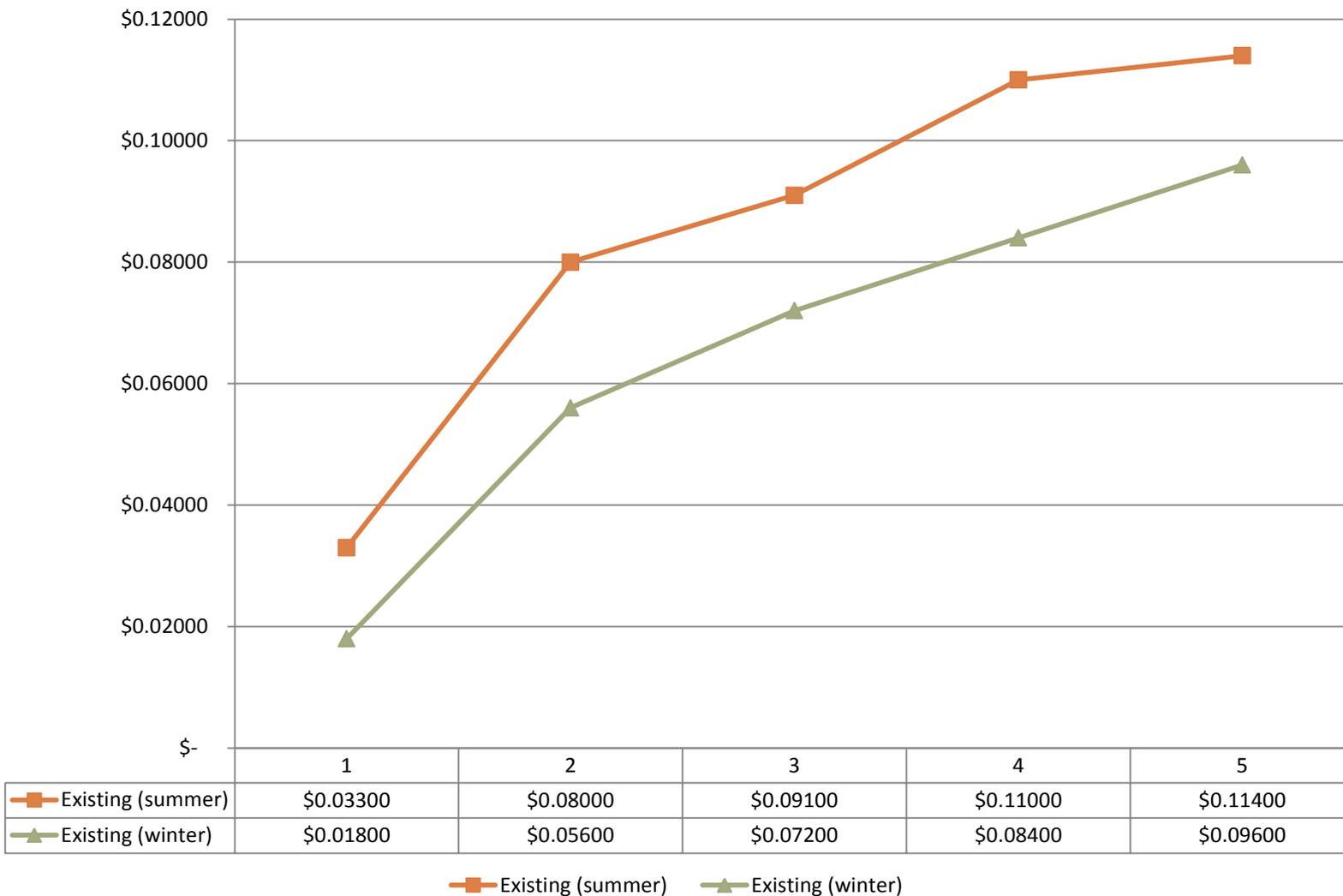


Options that Reduce Tier 1 Rate

- Reduce Tier 1 rate.
 - Lower bills for a larger number of customers.
- Maintain residential revenue requirement from settlement.
- Three Options based on Council conversation from AE budget session, August 24:
 - (1) Weighted Average Rates with Tier 1 adjustment.
 - (2) Weighted Average Rates with all tier adjustment.
 - (3) No change to total revenue from Tier 1.

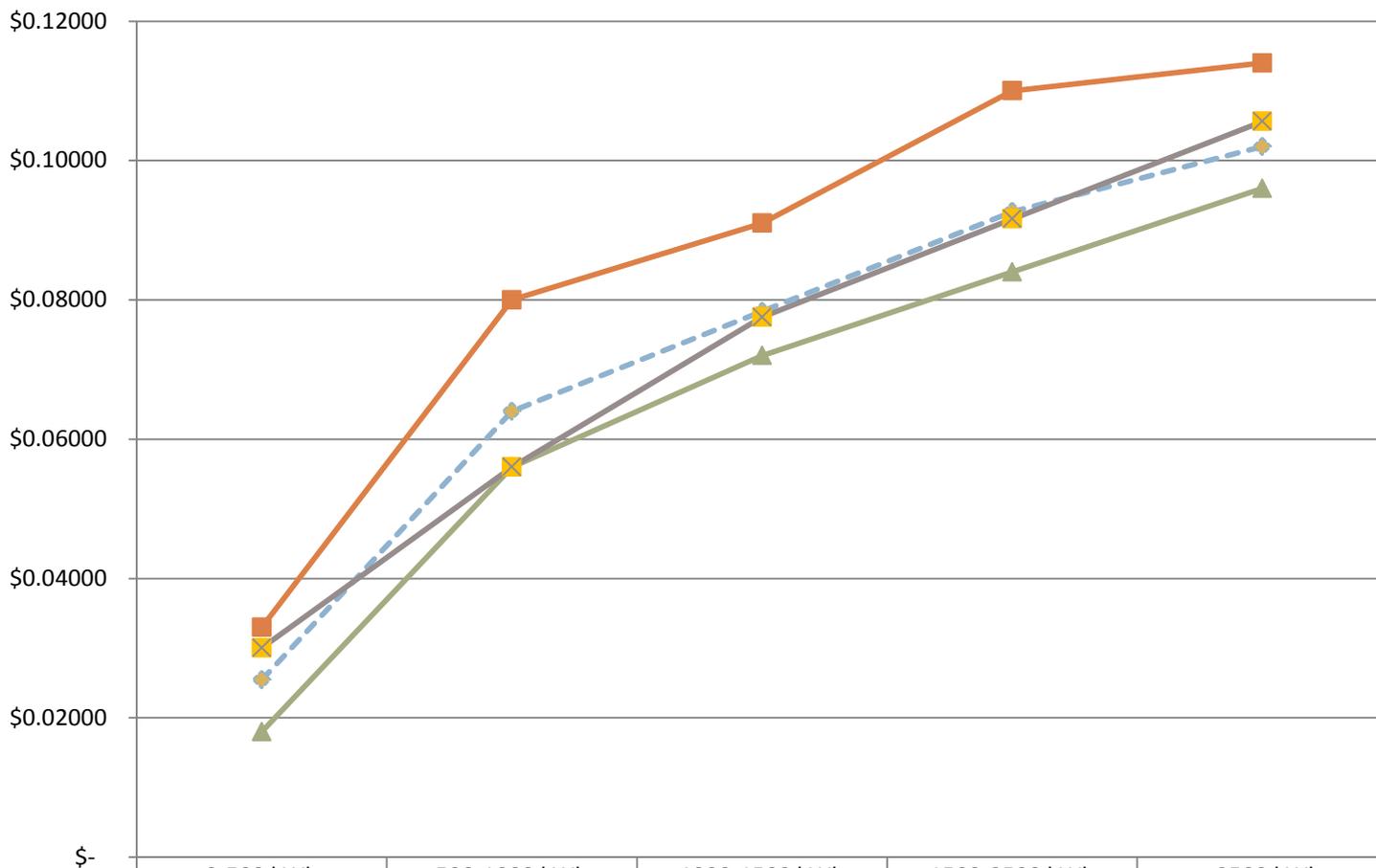


Options Based on Weighted Average of Current Tiers





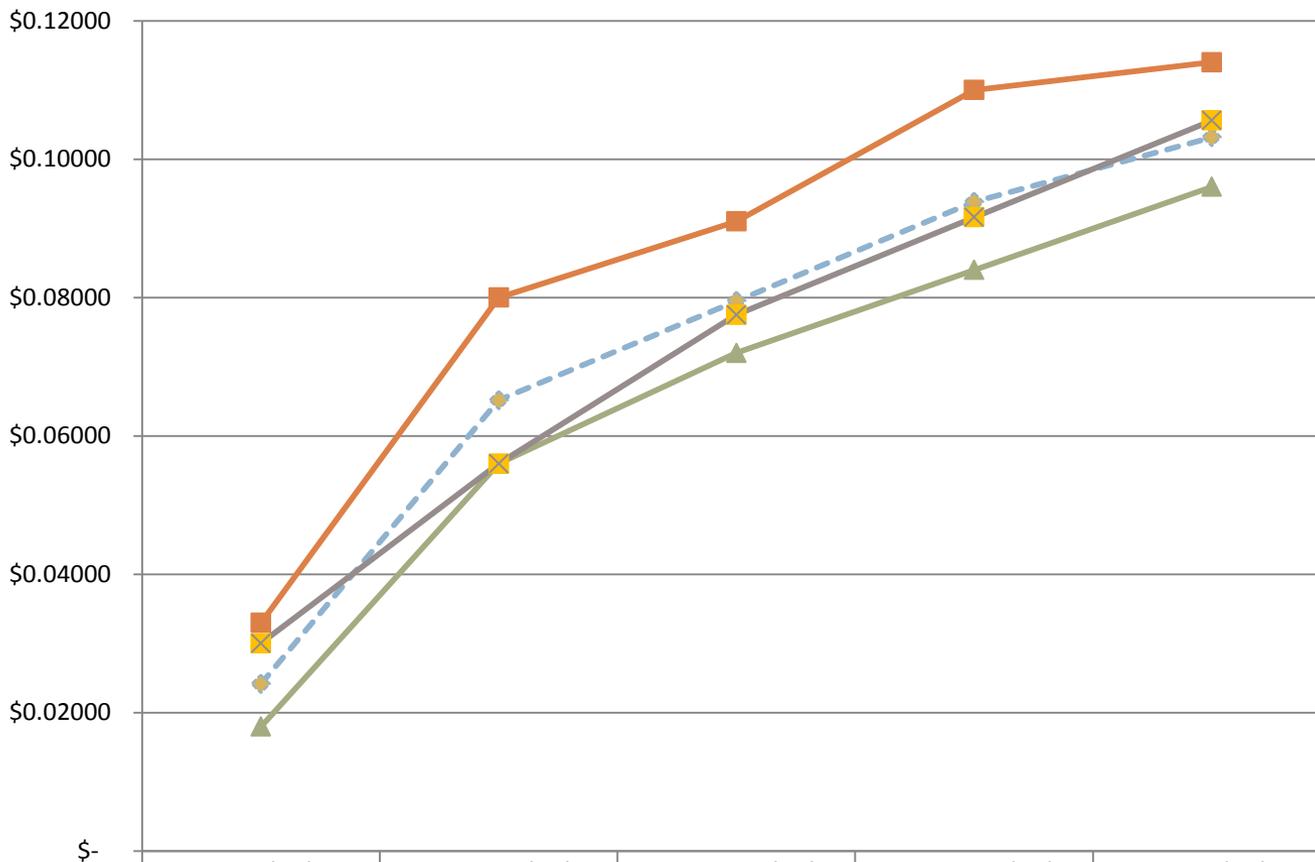
Residential Tier Structure: Option 1



	0-500 kWh	500-1000 kWh	1000-1500 kWh	1500-2500 kWh	>2500 kWh
Existing (summer)	\$0.03300	\$0.08000	\$0.09100	\$0.11000	\$0.11400
Existing (winter)	\$0.01800	\$0.05600	\$0.07200	\$0.08400	\$0.09600
Option 1	\$0.02545	\$0.06400	\$0.07833	\$0.09267	\$0.10200
Agreement	\$0.03003	\$0.05600	\$0.07750	\$0.09160	\$0.10560



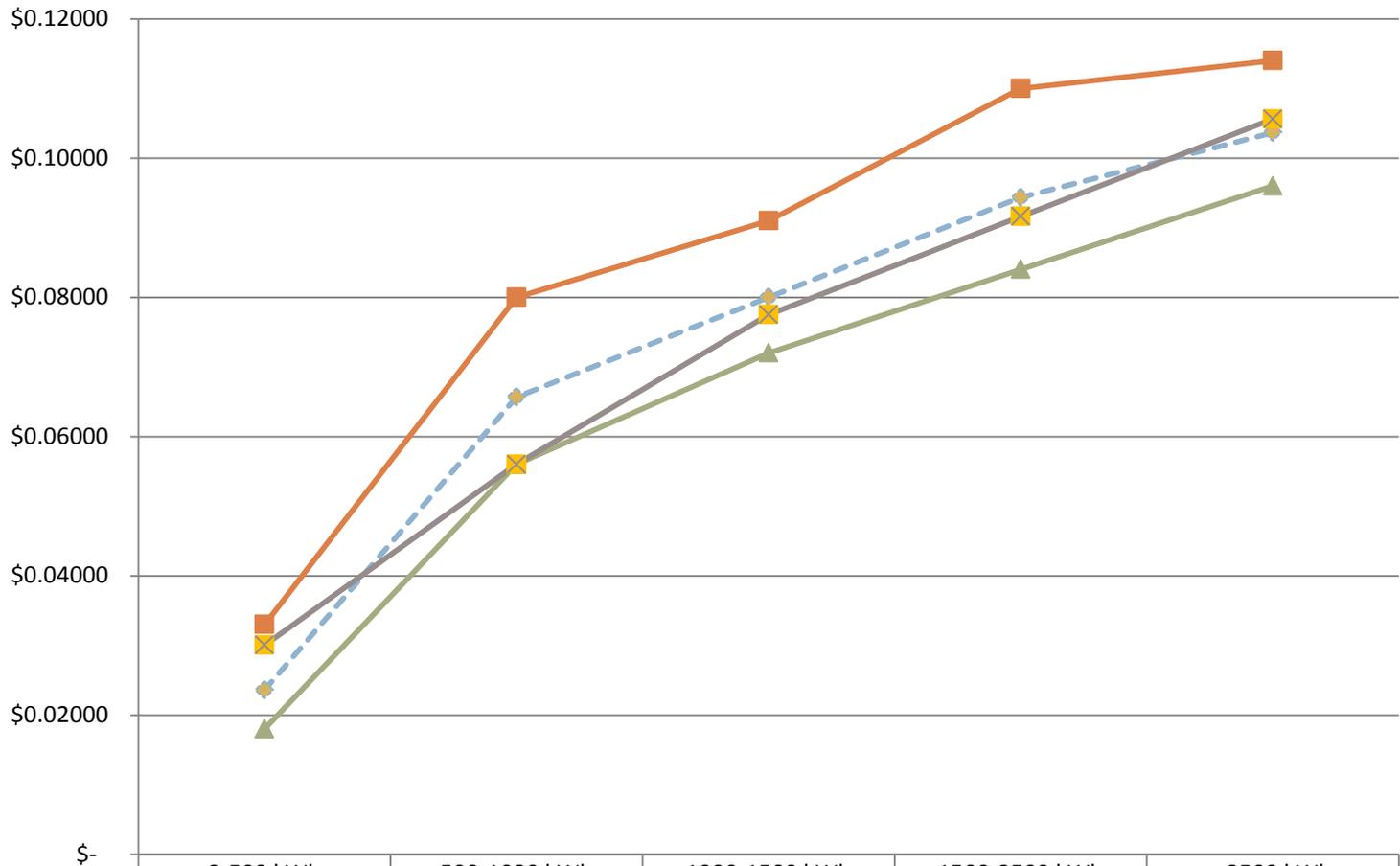
Residential Tier Structure: Option 2



	0-500 kWh	500-1000 kWh	1000-1500 kWh	1500-2500 kWh	>2500 kWh
Existing (summer)	\$0.03300	\$0.08000	\$0.09100	\$0.11000	\$0.11400
Existing (winter)	\$0.01800	\$0.05600	\$0.07200	\$0.08400	\$0.09600
Option 2 (Casar/PCSC)	\$0.02416	\$0.06516	\$0.07949	\$0.09383	\$0.10316
Agreement	\$0.03003	\$0.05600	\$0.07750	\$0.09160	\$0.10560



Residential Tier Structure: Option 3



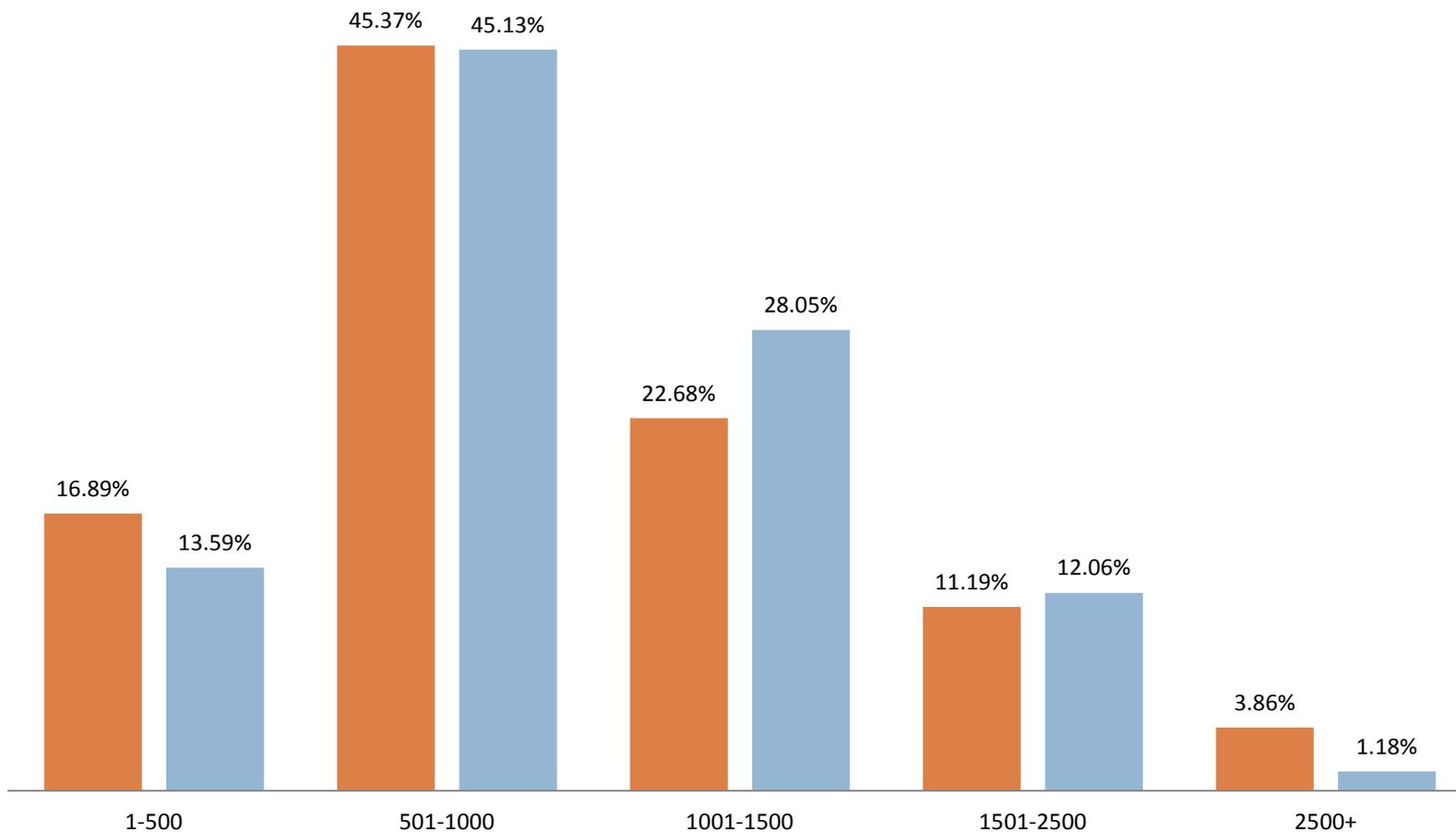
	0-500 kWh	500-1000 kWh	1000-1500 kWh	1500-2500 kWh	>2500 kWh
Existing (summer)	\$0.03300	\$0.08000	\$0.09100	\$0.11000	\$0.11400
Existing (winter)	\$0.01800	\$0.05600	\$0.07200	\$0.08400	\$0.09600
Option 3 (Pool)	\$0.02359	\$0.06566	\$0.07999	\$0.09433	\$0.10366
Agreement	\$0.03003	\$0.05600	\$0.07750	\$0.09160	\$0.10560



Tier Comparison: CAP and non-CAP

FY 2014 Customers with 12 months of Service

Residential w/o CAP Residential CAP





Residential Bill Impacts by Tier, Option 1

Residential Customers* Monthly Charges - Existing and Proposed (Option 1)

	Tier 1 Avg kWh: 460		Tier 2 Avg kWh: 960		Tier 3 Avg kWh: 1471		Tier 4 Avg kWh: 2459		Tier 5 Avg kWh: 3451	
Jan		\$34 \$36 ↑ \$2.27		\$78 \$83 ↑ \$5.42		\$122 \$130 ↑ \$7.71		\$343 \$362 ↑ \$18.48		\$315 \$332 ↑ \$17.53
Feb		\$38 \$41 ↑ \$2.67		\$57 \$61 ↑ \$4.07		\$88 \$94 ↑ \$6.08		\$223 \$236 ↑ \$12.98		\$367 \$386 ↑ \$19.28
Mar		\$36 \$39 ↑ \$2.50		\$75 \$80 ↑ \$5.25		\$92 \$99 ↑ \$6.38		\$277 \$293 ↑ \$16.04		\$348 \$367 ↑ \$18.65
Apr		\$30 \$32 ↑ \$1.94		\$74 \$79 ↑ \$5.17		\$106 \$113 ↑ \$7.02		\$196 \$208 ↑ \$11.48		\$372 \$391 ↑ \$19.43
May		\$33 \$35 ↑ \$2.18		\$83 \$89 ↑ \$5.80		\$145 \$154 ↑ \$8.70		\$229 \$243 ↑ \$13.36		\$415 \$436 ↑ \$20.87
Jun		\$67 \$61 ↓ -\$6.05		\$123 \$110 ↓ -\$12.82		\$196 \$177 ↓ -\$19.83		\$348 \$312 ↓ -\$36.44		\$492 \$445 ↓ -\$47.30
Jul		\$90 \$81 ↓ -\$8.96		\$155 \$139 ↓ -\$15.74		\$246 \$220 ↓ -\$25.33		\$404 \$363 ↓ -\$40.65		\$588 \$534 ↓ -\$54.56
Aug		\$74 \$68 ↓ -\$6.94		\$200 \$180 ↓ -\$20.22		\$334 \$299 ↓ -\$35.14		\$436 \$393 ↓ -\$43.09		\$726 \$661 ↓ -\$64.97
Sep		\$72 \$65 ↓ -\$6.57		\$168 \$151 ↓ -\$16.98		\$301 \$270 ↓ -\$31.50		\$437 \$394 ↓ -\$43.18		\$596 \$541 ↓ -\$55.11
Oct		\$32 \$35 ↑ \$2.14		\$95 \$101 ↑ \$6.52		\$177 \$187 ↑ \$10.37		\$274 \$290 ↑ \$15.89		\$452 \$474 ↑ \$22.12
Nov		\$25 \$27 ↑ \$1.46		\$55 \$59 ↑ \$3.91		\$119 \$127 ↑ \$7.58		\$198 \$209 ↑ \$11.56		\$345 \$363 ↑ \$18.53
Dec		\$29 \$30 ↑ \$1.77		\$50 \$53 ↑ \$3.59		\$86 \$92 ↑ \$5.99		\$272 \$288 ↑ \$15.77		\$387 \$407 ↑ \$19.96
	Avg Δ in bill -\$0.97 Δ in annual bill -\$11.59		Avg Δ in bill -\$2.17 Δ in annual bill -\$26.02		Avg Δ in bill -\$4.33 Δ in annual bill -\$51.97		Avg Δ in bill -\$3.98 Δ in annual bill -\$47.81		Avg Δ in bill -\$5.46 Δ in annual bill -\$65.57	
	■ Existing charges ■ Proposed charges		■ Existing charges ■ Proposed charges		■ Existing charges ■ Proposed charges		■ Existing charges ■ Proposed charges		■ Existing charges ■ Proposed charges	

* actual customers illustrated. Calendar Year 2015.



Residential Bill Impacts by Tier, Option 2

Residential Customers* Monthly Charges - Existing and Proposed (Option 2)

Tier 1 Avg kWh: 460		Tier 2 Avg kWh: 960		Tier 3 Avg kWh: 1471		Tier 4 Avg kWh: 2459		Tier 5 Avg kWh: 3451	
	\$34 \$36 ▲ \$1.80		\$78 \$83 ▲ \$5.16		\$122 \$130 ▲ \$7.91		\$343 \$364 ▲ \$20.62		\$315 \$334 ▲ \$19.44
	\$38 \$40 ▲ \$2.12		\$57 \$61 ▲ \$3.59		\$88 \$94 ▲ \$5.93		\$223 \$237 ▲ \$14.10		\$367 \$389 ▲ \$21.61
	\$36 \$38 ▲ \$1.98		\$75 \$80 ▲ \$4.96		\$92 \$99 ▲ \$6.29		\$277 \$294 ▲ \$17.63		\$348 \$369 ▲ \$20.83
	\$30 \$32 ▲ \$1.54		\$74 \$79 ▲ \$4.88		\$106 \$113 ▲ \$7.06		\$196 \$209 ▲ \$12.37		\$372 \$394 ▲ \$21.80
	\$33 \$35 ▲ \$1.73		\$83 \$89 ▲ \$5.61		\$145 \$154 ▲ \$9.13		\$229 \$244 ▲ \$14.53		\$415 \$438 ▲ \$23.59
	\$67 \$61 ▼ -\$6.54		\$123 \$110 ▼ \$12.80		\$196 \$177 ▼ \$19.22		\$348 \$313 ▼ \$34.71		\$492 \$448 ▼ \$44.54
	\$90 \$81 ▼ -\$9.24		\$155 \$139 ▼ \$15.47		\$246 \$221 ▼ \$24.36		\$404 \$365 ▼ \$38.53		\$588 \$537 ▼ \$51.11
	\$74 \$67 ▼ -\$7.36		\$200 \$180 ▼ \$19.58		\$334 \$300 ▼ \$33.51		\$436 \$395 ▼ \$40.73		\$726 \$666 ▼ \$60.52
	\$72 \$65 ▼ -\$7.02		\$168 \$152 ▼ \$16.59		\$301 \$271 ▼ \$30.11		\$437 \$397 ▼ \$40.81		\$596 \$544 ▼ \$51.61
	\$32 \$34 ▲ \$1.70		\$95 \$101 ▲ \$6.46		\$177 \$188 ▲ \$11.08		\$274 \$292 ▲ \$17.47		\$452 \$477 ▲ \$25.14
	\$25 \$26 ▲ \$1.16		\$55 \$58 ▲ \$3.40		\$119 \$127 ▲ \$7.75		\$198 \$210 ▲ \$12.45		\$345 \$365 ▲ \$20.68
	\$29 \$30 ▲ \$1.40		\$50 \$53 ▲ \$3.03		\$86 \$92 ▲ \$5.84		\$272 \$289 ▲ \$17.32		\$387 \$410 ▲ \$22.45
Avg Δ in bill -\$1.39		Avg Δ in bill -\$2.28		Avg Δ in bill -\$3.85		Avg Δ in bill -\$2.36		Avg Δ in bill -\$2.69	
Δ in annual bill -\$16.73		Δ in annual bill -\$27.35		Δ in annual bill -\$46.20		Δ in annual bill -\$28.29		Δ in annual bill -\$32.23	
■ Existing charges		■ Existing charges		■ Existing charges		■ Existing charges		■ Existing charges	
■ Proposed charges		■ Proposed charges		■ Proposed charges		■ Proposed charges		■ Proposed charges	

* actual customers illustrated. Calendar Year 2015.



Residential Bill Impacts by Tier, Option 3

Residential Customers* Monthly Charges - Existing and Proposed (Option 3)

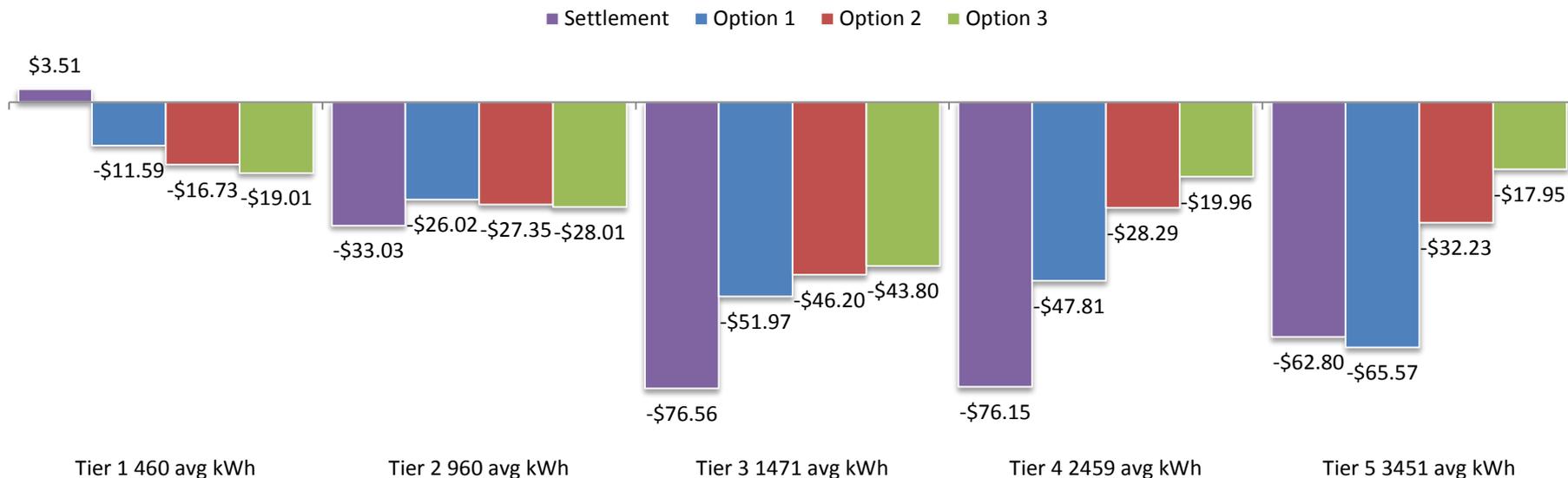
Tier 1 Avg kWh: 460		Tier 2 Avg kWh: 960		Tier 3 Avg kWh: 1471		Tier 4 Avg kWh: 2459		Tier 5 Avg kWh: 3451	
	\$34 \$35		\$78 \$83		\$122 \$130		\$343 \$365		\$315 \$335
	↑ \$1.59		↑ \$5.05		↑ \$7.99		↑ \$21.53		↑ \$20.26
	\$38 \$40		\$57 \$61		\$88 \$94		\$223 \$237		\$367 \$390
	↑ \$1.87		↑ \$3.37		↑ \$5.87		↑ \$14.58		↑ \$22.60
	\$36 \$38		\$75 \$80		\$92 \$99		\$277 \$295		\$348 \$370
	↑ \$1.76		↑ \$4.83		↑ \$6.25		↑ \$18.31		↑ \$21.76
	\$30 \$32		\$74 \$79		\$106 \$113		\$196 \$209		\$372 \$395
	↑ \$1.36		↑ \$4.74		↑ \$7.08		↑ \$12.74		↑ \$22.82
	\$33 \$34		\$83 \$89		\$145 \$154		\$229 \$244		\$415 \$440
	↑ \$1.53		↑ \$5.52		↑ \$9.30		↑ \$15.03		↑ \$24.76
	\$67 \$61		\$123 \$110		\$196 \$177		\$348 \$314		\$492 \$449
	↓ -\$6.76		↓ \$12.80		↓ \$18.96		↓ \$33.98		↓ \$43.36
	\$90 \$81		\$155 \$140		\$246 \$222		\$404 \$366		\$588 \$539
	↓ -\$9.37		↓ \$15.36		↓ \$23.94		↓ \$37.62		↓ \$49.63
	\$74 \$67		\$200 \$180		\$334 \$301		\$436 \$397		\$726 \$668
	↓ -\$7.55		↓ \$19.31		↓ \$32.82		↓ \$39.72		↓ \$58.61
	\$72 \$64		\$168 \$152		\$301 \$272		\$437 \$398		\$596 \$546
	↓ -\$7.22		↓ \$16.43		↓ \$29.52		↓ \$39.79		↓ \$50.10
	\$32 \$34		\$95 \$101		\$177 \$188		\$274 \$292		\$452 \$479
	↑ \$1.51		↑ \$6.42		↑ \$11.38		↑ \$18.14		↑ \$26.44
	\$25 \$26		\$55 \$58		\$119 \$127		\$198 \$210		\$345 \$366
	↑ \$1.03		↑ \$3.18		↑ \$7.82		↑ \$12.83		↑ \$21.60
	\$29 \$30		\$50 \$53		\$86 \$92		\$272 \$290		\$387 \$411
	↑ \$1.24		↑ \$2.78		↑ \$5.76		↑ \$17.98		↑ \$23.52
Avg Δ in bill		Avg Δ in bill		Avg Δ in bill		Avg Δ in bill		Avg Δ in bill	
-		-		-		-		-	
-\$1.58		-\$2.33		-\$3.65		-\$1.66		-\$1.50	
Δ in annual bill		Δ in annual bill		Δ in annual bill		Δ in annual bill		Δ in annual bill	
-		-		-		-		-	
-\$19.01		-\$28.01		-\$43.80		-\$19.96		-\$17.95	
Existing charges		Existing charges		Existing charges		Existing charges		Existing charges	
Proposed charges		Proposed charges		Proposed charges		Proposed charges		Proposed charges	

* actual customers illustrated. Calendar Year 2015.



Example Customer Impacts: Non-CAP Customers

Decrease in Annual Bill from Existing Rates





Residential Bill Impacts by Tier

CAP Customers: Option 1

Residential CAP Customers*

Monthly Charges - Existing and Proposed (Option 1)

	~500 Avg kWh/month Customer		~974 Avg kWh/month Customer		~1500 Avg kWh/month Customer	
Jan		\$25.38 \$27.86		\$48.68 \$52.82		\$165.48 \$175.85
Feb		\$19.86 \$21.81		\$36.40 \$39.73		\$105.15 \$112.36
Mar		\$19.35 \$21.24		\$57.65 \$62.40		\$153.21 \$162.88
Apr		\$17.22 \$18.91		\$50.51 \$54.78		\$70.75 \$76.38
May		\$19.63 \$21.56		\$69.38 \$74.91		\$88.19 \$94.65
Jun		\$31.13 \$28.08		\$122.96 \$109.30		\$147.83 \$131.83
Jul		\$42.93 \$38.49		\$143.64 \$128.04		\$199.33 \$177.65
Aug		\$73.15 \$64.83		\$173.81 \$155.00		\$238.44 \$212.37
Sep		\$78.25 \$69.27		\$120.38 \$106.96		\$231.43 \$206.15
Oct		\$48.59 \$52.73		\$71.95 \$77.65		\$119.99 \$127.84
Nov		\$23.37 \$25.66		\$42.91 \$46.67		\$96.14 \$102.95
Dec		\$20.84 \$22.88		\$48.77 \$52.92		\$86.70 \$93.11
	Avg Change in monthly bill	-\$0.53	Avg Change in monthly bill	-\$2.16	Avg Change in monthly bill	-\$2.39
	Change in annual bill	-\$6.39	Change in annual bill	-\$25.86	Change in annual bill	-\$28.64
	Existing charges		Existing charges		Existing charges	
	Proposed charges		Proposed charges		Proposed charges	

* actual customers illustrated. Calendar Year 2015.



Residential Bill Impacts by Tier

CAP Customers: Option 2

Residential CAP Customers*

Monthly Charges - Existing and Proposed (Option 2)

~500 Avg kWh/month Customer			~974 Avg kWh/month Customer			~1500 Avg kWh/month Customer		
	\$25.38	↑ \$1.97		\$48.68	↑ \$3.79		\$165.48	↑ \$11.17
	\$27.35			\$52.47			\$176.65	
	\$19.86	↑ \$1.54		\$36.40	↑ \$2.83		\$105.15	↑ \$7.45
	\$21.41			\$39.23			\$112.60	
	\$19.35	↑ \$1.50		\$57.65	↑ \$4.50		\$153.21	↑ \$10.35
	\$20.85			\$62.15			\$163.57	
	\$17.22	↑ \$1.34		\$50.51	↑ \$3.94		\$70.75	↑ \$5.52
	\$18.56			\$54.45			\$76.28	
	\$19.63	↑ \$1.53		\$69.38	↑ \$5.41		\$88.19	↑ \$6.54
	\$21.16			\$74.79			\$94.73	
	\$31.13	↓ -\$3.56		\$122.96	↓ -\$13.46		\$147.83	↓ -\$15.58
	\$27.57			\$109.50			\$132.25	
	\$42.93	↓ -\$4.95		\$143.64	↓ -\$15.23		\$199.33	↓ -\$20.88
	\$37.98			\$128.42			\$178.45	
	\$73.15	↓ -\$8.56		\$173.81	↓ -\$18.20		\$238.44	↓ -\$24.98
	\$64.59			\$155.61			\$213.46	
	\$78.25	↓ -\$9.17		\$120.38	↓ -\$13.24		\$231.43	↓ -\$24.25
	\$69.08			\$107.14			\$207.19	
	\$48.59	↑ \$3.79		\$71.95	↑ \$5.61		\$119.99	↑ \$8.24
	\$52.37			\$77.56			\$128.23	
	\$23.37	↑ \$1.82		\$42.91	↑ \$3.34		\$96.14	↑ \$6.97
	\$25.18			\$46.25			\$103.11	
	\$20.84	↑ \$1.62		\$48.77	↑ \$3.80		\$86.70	↑ \$6.47
	\$22.46			\$52.57			\$93.17	
Avg Change in monthly bill		-\$0.93	Avg Change in monthly bill		-\$2.24	Avg Change in monthly bill		-\$1.91
Change in annual bill		-\$11.13	Change in annual bill		-\$26.89	Change in annual bill		-\$22.97
Existing charges			Existing charges			Existing charges		
Proposed charges			Proposed charges			Proposed charges		

* actual customers illustrated. Calendar Year 2015.



Residential Bill Impacts by Tier

CAP Customers: Option 1

Residential CAP Customers* Monthly Charges - Existing and Proposed (Option 3)

~500 Avg kWh/month Customer		~974 Avg kWh/month Customer		~1500 Avg kWh/month Customer	
	\$25.38		\$48.68		\$165.48
	\$27.12		\$52.31		\$176.99
	\$1.75		\$3.63		\$11.51
	\$19.86		\$36.40		\$105.15
	\$21.23		\$39.02		\$112.70
	\$1.37		\$2.61		\$7.55
	\$19.35		\$57.65		\$153.21
	\$20.68		\$62.04		\$163.86
	\$1.33		\$4.38		\$10.65
	\$17.22		\$50.51		\$70.75
	\$18.41		\$54.30		\$76.22
	\$1.19		\$3.79		\$5.47
	\$19.63		\$69.38		\$88.19
	\$20.99		\$74.74		\$94.76
	\$1.35		\$5.36		\$6.57
	\$31.13		\$122.96		\$147.83
	\$27.34		\$109.58		\$132.42
	-\$3.79		-\$13.38		-\$15.41
	\$42.93		\$143.64		\$199.33
	\$37.75		\$128.58		\$178.79
	-\$5.18		-\$15.07		-\$20.54
	\$73.15		\$173.81		\$238.44
	\$64.49		\$155.87		\$213.93
	-\$8.67		-\$17.94		-\$24.52
	\$78.25		\$120.38		\$231.43
	\$68.99		\$107.21		\$207.63
	-\$9.26		-\$13.17		-\$23.80
	\$48.59		\$71.95		\$119.99
	\$52.21		\$77.51		\$128.39
	\$3.63		\$5.57		\$8.41
	\$23.37		\$42.91		\$96.14
	\$24.97		\$46.06		\$103.17
	\$1.61		\$3.16		\$7.03
	\$20.84		\$48.77		\$86.70
	\$22.27		\$52.41		\$93.19
	\$1.43		\$3.64		\$6.49
Avg Change in monthly bill	-\$1.10	Avg Change in monthly bill	-\$2.28	Avg Change in monthly bill	-\$1.72
Change in annual bill	-\$13.24	Change in annual bill	-\$27.41	Change in annual bill	-\$20.60

* actual customers illustrated. Calendar Year 2015.



Example Customer Impacts: CAP Customers

Decrease in Annual Bill from Existing Rates CAP Customers

