

**AUSTIN ENERGY RATE INCREASE PROPOSAL  
LOW-INCOME CONSUMER ISSUES  
TEXAS LEGAL SERVICES CENTER  
TEXAS (ROSE) RATEPAYERS' ORGANIZATION TO SAVE ENERGY  
GRAY PANTHERS OF TEXAS**

Austin Energy's proposal to raise its rates begins with a 316% increase in fixed monthly charges for residences from \$6 to \$25 or more, including a new "delivery" charge.

Austin Energy's own study shows that 12 percent or 46,000 households have income at or below the federal poverty guideline. Households with income below 50% of the federal poverty guideline pay almost 40% of their total household income on electricity compared to 2.72 % for all residential consumers.

The proposed rate design with surcharges and cost pass-throughs imposes the biggest financial burden on those who can least afford it and discourages energy conservation.

Residential consumers are being overcharged to the benefit of large commercial and industrial customers. Austin Energy claims it needs an increase of \$111 to \$131 million per year. Austin Energy can reduce its costs by eliminating economic development expenditures, high debt service allowances, overlapping reserve fund contributions, and under reporting of off-system sales receipts

Our proposals for achieving affordable electricity bills for residential consumers are:

**Income Based Programs**

- Expand eligibility of the customer assistance program to all customers who receive food stamps<sup>1</sup> and telephone lifeline benefits. This will make the eligibility standards equivalent to those in place for statewide programs required for privately owned utilities.
- Increase the average dollar amount of monthly benefit for the Customer Assistance Program by a percentage that is no less than the percentage amount of the rate increase.

**Energy Efficiency**

- Dedicate \$2.9 million or 20 percent of the energy efficiency budget (whichever is the greater of the two amounts) to low-income weatherization.
- Develop energy efficiency programs for renters and for families with income at 200% of the federal poverty guideline.

**Rate Design and Cost of Service**

- Maintain the current rate design with a \$6.00 monthly charge.
- Allocate costs similar to today by applying the BIP (Baseline, Intermediate, Peak) cost allocation methodology.
- Reduce the total annual revenue requirement by at least 50%.

**Revenue Requirement and Fees**

- Align fees charged for initiation and re-initiation of service with the actual cost of providing that service with advanced meters.
- Charge developers of new housing and commercial properties for the full cost of adding new lines to the system.

11/14/11

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<sup>1</sup> Now called SNAP (Supplemental Nutritional Assistance Program)