

NOTICE TO CUSTOMERS ON ELECTRIC RATES

Major Austin Energy Rate Increases Scheduled to Take Effect in 2012

The electric bills of homeowners and businesses in District 17 may rise sharply in 2012 due to rate increases set to be adopted by Austin Energy (AE) in January. Rates for owners of small homes are projected to jump by 50 percent. Rates for other homeowners may increase 12 to 25 percent, depending on consumption.

Large rate increases also will be imposed on churches, schools, groceries, retail stores, restaurants, HOA's and utilities including District 17. The size of the proposed increase is significant, the biggest in the history of Austin Energy, and may force businesses and utilities to pass these costs on to the customers resulting in higher water and wastewater bills for residents.

Impact of the Rate Increase On Individual Homeowners

As with many utilities, Austin Energy's rate structure increases the unit cost of electricity as consumption increases. (The chart on Page 2 shows the impact of rate increases on different levels of consumption.) However, AE has a "fuel charge" which they can increase at any time and which they have just increased by 16%. In addition for customers with large demand loads, like District 17, AE has already imposed a surcharge on many accounts. Also, beginning in 2013, AE's rates will automatically increase another 2 percent each year.

The Rate Increase Can be Appealed To the State PUC

Approximately 45,000 of Austin Energy's residential customers live outside the City of Austin. All of these ratepayers are disenfranchised, because they cannot vote on the city council members who set their electric rates.

There is a way for out-of-city ratepayers to make their voices heard. Under state law, ratepayers can appeal the rate increase to the Texas Public Utility Commission (PUC), which is empowered to determine whether the rates are fair and reasonable. To initiate a PUC review requires submission of a petition signed by 5 percent--about 2,250--of AE's residential ratepayers outside the City.

Several utility experts have analyzed the proposed rate changes and determined that they are excessive. It would be reasonable to expect that the PUC would agree, and that the agency would order reductions in the size of the increases.

What Concerned Homeowners Can Do

Homeowners outside the City are organizing a petition drive to protest Austin Energy’s rate increases to the PUC.

Homeowners For Rate Fairness (HURF) is a volunteer grassroots group whose purpose is to protest Austin Energy’s rates by appealing them to the PUC. HURF’s website--hurf.org--provides in-depth information on the rate increase.

Homeowners interested in participating in the petition drive can contact info@hurf.org For the petition drive to be successful will require the active involvement of Austin Energy customers throughout Travis County.

District 17 has protested these increases to the Austin City Council (see letter) and will join customers in a petition to the PUC if required.

Austin Energy Residential Customer Costs at Current Rates vs. Proposed Rates			
Current Rates (Summer)		Proposed 2012 Rates *	
Mo. Consumption	Monthly Cost	Monthly Cost	% Change
500 kWh	\$40	\$60	+50%
1,000	100	112	+12.0
1,500	155	176	+13.5
2,000	210	245	+16.6
2,500	265	314	+18.5
3,000	320	389	+21.6
3,500	375	464	+23.7
4,000	430	539	+25.3

*In addition to the 2012 increase, rates will automatically increase another 2 percent each year, beginning in 2013.