Complaint to City of Austin Auditor's Office Regarding Austin's Customer Assistance Program

Paul Robbins
January 2021

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The homes featured in photographs and listed in the Appendix of this complaint all received Austin utility discounts in October of 2020 according to information provided by Austin Energy. The photos are in the public domain unless otherwise noted. (Since this complaint is not printed for commercial purposes, these other photos are considered Fair Use.)

High resolution copies of most of these photos can be obtained by contacting Paul Robbins at paul_robbins@greenbuilder.com.

The original dataset this analysis was based on is also available upon request.

TO: Corrie Stokes, City of Austin Auditor

FROM: Paul Robbins, Consumer Advocate

DATE: January 20, 2021

SUBJECT: Request for Audit of Austin's Customer Assistance Program for Probable Wasted Expenditures

Dear Ms. Stokes,

Since late summer of 2014, I have been calling attention to wasted expenditures of money in the City of Austin's Customer Assistance Program (CAP) managed by Austin Energy. This program is meant to provide bill discounts to low- and moderate-income Austin municipal utility customers. In 2019, it provided about $16 million in discounts, which were distributed to about 32,000 participants. Though each customer is different, if a customer received utilities from Austin for electricity, water, and drainage, the average discount would be about $650 per year.

CAP enrolls most of its participants automatically by identifying members in a household as participants in 1 of 7 social service programs such as food stamps and Supplemental Security (disability) Income. The presumption of people administering CAP before my intervention in 2014 had been that if a person in a household was already enrolled in a program meant to serve people with limited income, the household itself must have limited income.

I have proved repeatedly that this is not the case, showing that some CAP participants who are automatically enrolled either lived in expensive homes or owned two or more properties, or both. This has led to reforms where customers with a certain level of real-estate assets must be income qualified.

Unfortunately, these reforms have not been entirely successful in solving the problems, and I consider it highly likely that this has led to continued waste of money in the form of misdirected discounts given to the wrong customers.

This problem is further exacerbated by completely ignoring the income levels of CAP participants that do not live in expensive homes or own two or more properties. Just because a customer does not live in a mansion does not mean they automatically deserve ratepayer assistance. The program is intended to assist customers at or below 200% of the poverty level, but most CAP customers who are automatically enrolled are not screened for income.

These problems are even further compounded by the utility's practice of obfuscating public information. And the utility is spending some of its funding on discounts to customers consuming lavish quantities of energy, and on funding on a program that is much less effective at saving money than direct discount programs.

In the past, I have sought to work cooperatively with Austin Energy staff to rectify these problems. This has involved considerable donations of my time. I estimate that, at a minimum, I have spent 18 months of unbillable hours (assuming average working days) documenting the problems, presenting them publicly, and pressing for change.

However, since the utility appears to be complacent and unwilling to make further changes, I am reluctantly forced to turn to your office to investigate this continued misallocation of limited funds meant to assist the poor.

There are 6 parts to this complaint.

1) The reform that has been implemented to income-qualify potential CAP customers in wealthy homes or that own two or more properties is not completely effective.

2) This same reform is unequally administered in different parts of the utilities' service territories.

3) Some, perhaps many, other customers receiving CAP may not be in the low- and moderate-income category (200% of the poverty level and below) that the program was created to serve, but are not being income qualified.

4) Austin Energy has made it difficult for the public to monitor CAP and other issues related to low-income ratepayers by withholding information, or by only providing incomplete information, or charging excessive costs for information.

5) Some CAP funds spent on the Free Weatherization Program are being given to recipients who may not need it, and who are not qualified for the CAP utility-bill discount program.

6) CAP discounts are structured in a way that discourages energy conservation, while at the same time depriving customers with lower consumption from receiving larger discounts.

I will be glad to provide you or your staff with further information or background that will assist in an adequate review of this complaint.

I strongly support the concept of ratepayer assistance for the poor. Despite 6 years of criticizing this program, I have never asked for a reduction in its funding. If waste and misallocation are found by your office and the problems are corrected, it is my hope that the savings will be directed towards the ratepayers that truly need it.

Note that unlike some complaints made to your office, this is *not* confidential, and I grant permission to distribute it to anyone who requests it.

Sincerely,

Paul Robbins
Consumer Advocate
(512) 447-8712

Part 1: Income Qualification for Customers With High-Income Assets

Since October 2012, Austin Energy, Austin Water, and Austin's drainage utility have offered discounts to low- and moderate-income utility customers via automatic enrollment. Computer records match Austin utility customers to participation in 7 social programs: 1) Medicaid; 2) Supplemental Nutrition Assistance Program (SNAP); 3) Children's Health Insurance Program (CHIP); 4) Telephone Lifeline Program; 5) Travis County Comprehensive Energy Assistance Program (CEAP); 6) Medical Access Program (MAP); and 7) Supplemental Security Income (SSI).

In September of 2014, I began pointing out to Austin Energy, who administers CAP for all 3 utilities, that some of CAP participants were in fact living in expensive homes, or owned two or more properties, or both. In my opinion, these assets should have disqualified them from receiving benefits meant for lower-income customers.

While Austin Energy did make modifications to its program that prevented some of this waste, it did not actually implement a change until the summer of 2018, almost 4 years later. Since that time, Austin Energy has required customers who live in homes appraised at more than $250,000 in improvement values, or that own two or more properties, to income qualify to prove that the household earns no more than 200% of the poverty level.

To assess the current effectiveness of this income verification requirement, I reviewed some of the records of CAP enrollment for the Austin Water Utility discount participants in October 2020.

I discovered:

• 123 participants receiving the discount that had improvement values of over $250,000 or that owned two or more properties or both, and one that was receiving discounts at 2 different properties;

• 28 of these owned two or more properties;

• 50 had real estate values over $500,000;

• 5 customers lived in homes over 5,000 square feet in size, and 28 lived in homes over 3,000 square feet in size;

• 18 had expensive additions such as pools, large decks and terraces, and outdoor kitchens, not what one would expect to find in a low-income home.

I feel sure that I could have found more examples if I had continued my review.

I cannot say why these CAP participants have been income qualified (presuming they even were) because the information Austin Energy used to do this is considered confidential.

But in any case, it is evident on its face that the income verification process is not completely effective at screening out customers possessing high-value real-estate assets or living in expensive homes. It is difficult for me to comprehend how some of these participants can be allowed to participate given their apparent wealth.

I have provided the list of October 2020 water utility CAP participants with high-value real-estate assets as an Appendix to this complaint for your review, as well as photos of some of the properties that they own.

In the photo/description summaries that follow, TCAD stands for Travis County Appraisal District, and WCAD stands for Williamson County Appraisal District.

3000 Belmont Circle
78703

TCAD Appraisal 2019: $1,701,705
3,295 sq. ft.
Features: Pool and Spa; Garage apartment

Notes: The top and bottom left photos may not be the the public domain.

2402 Marlton Drive
78703

TCAD Appraisal 2020: $990,103
5,211 sq. ft.

Notes: Values reflect 2020 appraisal since home was not built until 2018, and almost no improvement values were appraised in 2019. Owns another property in Travis County appraised at $252,356 , for total appraised value of over $1.2 million.

4104 Love Bird Lane
78730

TCAD Appraisal 2019: $677,800
3,760 sq. ft.
Features: On Greenbelt

Notes: Receives out-of-city discount in addition to CAP

5909 Lonesome Valley Trail
78731

TCAD Appraisal 2019: $788,334
3,041sq. ft.

Notes: Owns or co-owns another property in Williamson County appraised at $287,000, for total appraised value of almost $1.1 million.

9800 Blue Hill Drive
78736

TCAD Appraisal 2019: $377,1611
3,061 sq. ft.

Notes: The address of this home actually has an improvement value (not total value) under $250,000 and technically does not require income qualification to receive a CAP discount.
However, the customer receiving the discount also owns or co-owns the property at 11303 Musket Rim, 78738. This home is in a gated community, and includes: 7,100 square feet of buildings; a Pool and Spa; 1,200 square feet of Terraces; 1,500 square feet of Iron Fence; and a Tennis Court, all on 4 acres of land. *The aerial view above is this property.* It was appraised at $1.7 million, for total appraised value of over $2.1 million.
First brought to Austin Energy's attention in 2014.

2300 Doris Drive
78757

TCAD Appraisal 2019: $334,500
1,257 sq. ft.

Notes: The address of this home actually has an improvement value (not total value) under $250,000 and technically does not require income qualification to receive a CAP discount.
However, the customer receiving the discount also owned or co-owned 5 properties in Nueces County in 2019, including an apartment building and 2 homes. One of these is a waterfront property as seen below.
These other properties were collectively appraised at over $1.6 million, for total appraised value of over $2 million.
First brought to Austin Energy's attention in 2017.

The 4 photos below are from a real-estate Web site and may not be in the public domain.

11503 Brandon Parke Trail
78750

TCAD Appraisal 2019: $383,010
2,636 sq. ft.

Notes: Owns or co-owns 2 other properties in Williamson County appraised at $636,615, for total appraised value of over $1 million.

11417 Rustic Rock Drive
78750

TCAD Appraisal 2019: $761,979
4,709 sq. ft.

Notes: Owns or co-owns 2 other properties in Williamson County appraised at $355,000, for total appraised value of over $1.1 million.

9604 Crenata Cove
78759

TCAD Appraisal 2019: $769,383
5,345 sq. ft.; 0.5 Acres
Features: On Greenbelt; Solar; 1,700 square feet of Decks and Terraces; Game room; Wet bar; EV charger
First brought to Austin Energy's attention in 2014.

6302 Duranta Cove
78759

TCAD Appraisal 2019: $617,594
3,359 sq. ft.

7815 Gingers Cove
78759

TCAD Appraisal 2019: $733,900
2,882 sq. ft.

Notes: Owns or co-owns 3 other properties in Williamson County appraised at $946,599, for total appraised value of about $1.7 million.
First brought to Austin Energy's attention in August 2017.

6224 Harrogate Drive
78759

TCAD Appraisal 2019: $466,096
2,075 sq. ft.

Notes: Owns or co-owns 5 other properties in Travis and Williamson counties appraised at $1,062,591, for total appraised value of over $1.5 million.

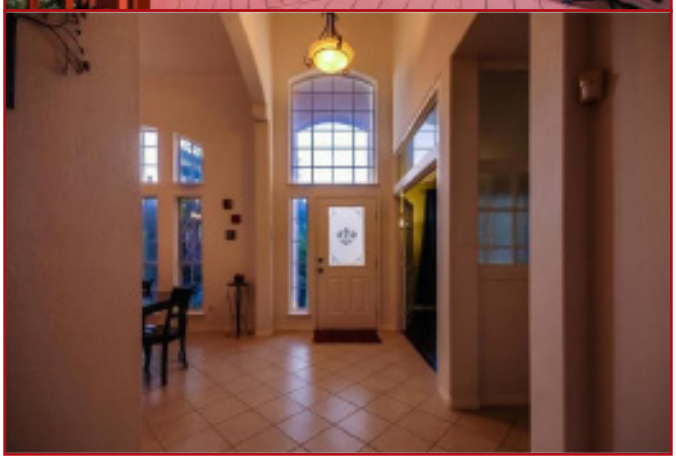
5801 Miramonte Drive
78759

TCAD Appraisal 2019: $600,000
2,996 sq. ft.
Features: Pool & Spa; 400 square feet of Terrace; Gazebo

5901 Miramonte Drive
78759

TCAD Appraisal 2019: $541,000
2,575 sq. ft.
Features: Solar

Notes: These photos are from a real estate Web stie and may not be in the public domain.



9900 Spicewood Mesa
78759

TCAD Appraisal 2019: $749,800
3,986 sq. ft.
Features: On Greenbelt

Notes: The 4 photos above are from a real-estate Web site and may not be in the public domain.

16313 Donoher Drive
78717

WCAD Appraisal 2020: $548,767
5,139 sq. ft.
Features: Balcony

Notes: 2020 appraisal value is used here; no earlier values exist for improvements.

10520 Lavon Bend
78717

WCAD Appraisal 2019: $640,174
5,028 sq. ft.
Features: Balcony

10624 Lavon Bend
78717

WCAD Appraisal 2019: $571,971
5,028 sq. ft.
Features: Balcony

11009 Leland Rich Court
78717

WCAD Appraisal 2019: $560,407
3,657 sq. ft.

Part 2: Unequal Administration in Different Parts of the Service Territory

Use of appraised improvement values as a screen for real estate wealth is an extremely clumsy and imprecise way to determine if a CAP participant should be income qualified. The policy gives leniency to customers living in Central Austin.

Often, the Travis County Appraisal District apportions most of the value of central Austin homes to the land they sit on and not the structure itself. As such, the appraised improvement values of these homes are often unrealistically low.

For instance, a sample of 20 CAP participants living in single-family homes in the Central Austin zip code 78751 had an average improvement value of only $93 per square foot in 2019, and their total improvement values amounted to only 24% of the total (improvement value plus land value) appraisals. Seven of these homes had an improvement value of only $31 to $79 per square foot. If any of these 7 homes were lost to tragedy, there is no way they could be rebuilt for anything close to these low improvement values.

Contrast this to the average of a sample of 20 CAP participants living in single-family homes in the zip code 78749. The improvement values averaged $116 per square foot in 2019, and their average improvement values amounted to 56% of the average total (improvement value plus land value) appraisal.

Further complicating this, the Austin Board of Realtors refused to share information about recent home sales with the Travis County Appraisal District in 2020, so the District did not generally update appraisal values that year.

Also not considered are the adjustments made on appeals of the appraisal values by various property owners. Some owners appeal the value based on challenging the statistics on local area sales or the need for property repairs. However, other owners do not have the time or expertise to challenge the values. Valuation adjustments are unique to each property, and cannot be easily compared.

Still another factor casting doubt on this method to determine income qualification is that some CAP participants live in Williamson County. As a practical matter, the exact method, or application of method, for determining appraised values may differ between the Williamson County Appraisal District and the Travis County Appraisal District.

For all these reasons, another benchmark needs to be used to screen real estate assets for CAP participants who must income qualify.

Part 3: Not Income-Verifying All CAP Participants

The intent of CAP is to provide discounts to customers with incomes at or below 200% of the poverty level. When the practice of auto enrollment began, it was expected to be a relatively simple way to find qualified low- and moderate-income CAP participants.

With the determination that some CAP participants lived in homes with improvement values above $250,000 or owned 2 or more properties, these particular customers are supposed to be required to income qualify.

The majority of CAP customers do not have to income qualify because they do not meet these thresholds of real-estate wealth. That does not mean, however, that CAP participants lacking these particular levels of real-estate wealth have incomes at or below 200% of poverty. Some, even many of these households, could: have higher incomes; own large amounts of stock, expensive jewelry, or late-model cars; have large savings accounts; etc.

Many social programs require income and/or asset disclosure to qualify. The Sacramento Municipal Utility District's utility discount programs has used the income-qualification method of enrollment and found it can be administered inexpensively and does not deter participation.

Since January 2020, CAP has actually provided a way for customers who are not automatically enrolled to income qualify, and as of October 2020, about 1 in 6 CAP recipients customers had done so.

With the expansion of CAP water discounts in this fiscal year, total CAP funding for the discount programs of all three utilities will be over $18 million. (This does not include funding for emergency assistance.) If even 10% of CAP funds are being given to the wrong people, it could amount to almost $2 million in wasted funds that could be rerouted to customers with legitimate needs if income qualification were to completely replace automatic enrollment.

Yet Austin Energy has never challenged its current method and sampled its automatically enrolled CAP customers to determine the error rate.

It is worth noting that of the top 10 public utilities in the U.S. with discount programs for lower-income customers, Austin has the loosest restrictions for enrollment for the majority of its participants.

Austin Energy – Automatic enrollment with No Screen
Jacksonville Electric Authority – Income Verification for Charity Program
Los Angeles Water & Power – Income Verification
Memphis Light, Gas, & Water – Income Verification for Charity Program
Nashville Electric Service – Income Verification for Charity Program
PSEG Long Island – Automatic enrollment for Customers with Name on Bill
Salt River Project – Phone enrollment/Random verification audit
Sacramento Municipal Utility District – Income Verification
San Antonio City Public Service – Income Verification
Seattle City Light – Income Verification

Part 4: Information Transparency

In my efforts to monitor the Customer Assistance Program over more than 6 years, as well as to evaluate the effects of Austin Energy's rates on low-income customers, large amounts of information that could or should be public have not been provided, or have been provided late. While withholding *some* of this information may be *legally* permissible under the Texas Public Information Act, the overall record exhibits a lack of transparency and responsiveness. This record makes it more difficult for a responsible consumer advocate to get accurate information.

Below are examples of how various types of public information have been blocked or delayed.

1. Throughout the entire time that I have been monitoring CAP, I have *never* been allowed to view specific CAP participant data for electric customers. Rather, the information that I have obtained through Public Information Requests (PIRs) pertains to CAP participants that receive water and drainage utility discounts. While many areas of the Austin Energy service territory overlap with these other 2 utilities, about 14% of Austin Energy customers live outside of Austin. Many of these live outside of the water utility service territory, and probably all of them are outside of the drainage utility service territory.

Because of this, it is not possible for me or anyone else outside of a few employees at Austin Energy or the Auditor's Office to ascertain if there is waste and misallocation of CAP electric discount funding in many areas outside of Austin.

This withholding of information has been justified by Austin Energy as protection of privacy. Privacy laws for electric customers differ from those governing the water and drainage utilities. However, to my knowledge: 1) there is no uniform standard or statute for privacy for Texas municipal electric utilities; 2) each utility and its governing body likely have great discretion as to how long such data is restricted.

I believe that Austin Energy could devise a way to make some or most of this information transparent if it chose to.

2. Since I am consistently denied specific information about out-of-city ratepayers receiving CAP benefits, on October 28, 2020, I requested a breakdown of CAP customers and expenditures by zip code (PIR #X007255-102820). This would have been a proxy to see how out-of-city ratepayers were being treated by the program. However, Austin Energy would not provide this information unless I paid for it, unlike other information that is provided at no charge. As a volunteer who has already committed considerable time to the repair of this program (and whose advocacy has saved CAP from considerable amounts of misallocated funds over the years), charging for such information places an additional burden on this effort to ensure efficiency and accountability.

3. In this same October 28 PIR referenced above, I requested a list of personnel and salaries that worked on CAP, including the percentage of time each employee dedicated to the program. Part of this was provided on November 28, 2020, but the percent of time per employee was missing. I requested this again on December 1.

I was finally informed by Austin Energy on January 8, 2021 that the utility did not keep track of this information. And I was only informed of this after repeated protests to the City's Public Information Office that my query remained unanswered.

The fact that an expensive program managed by one of the largest municipal utilities in the country does not keep track of its own administrative expenses is a glaring management oversight. But I also feel that what I was finally told was inaccurate. *During discovery in the 2016 Austin Energy rate case, I was provided the same kind of information that the utility now claims it does not possess.*

4. In 2017, I was writing a public report about problems with CAP, and requested a breakdown of CAP expenditure by consumption tier (PIR #34490). The request for information was similar to what is in the chart below based on data that I received on February 3, 2016 representing CAP expenditures that occurred in 2015. The statistics in the chart were provided to me free, but when I wanted to use more current information, I was told that this information did not exist as a standardized report and would not be provided to me, even if I paid for it.

CAP Electric Discount Distribution 2015		
PURPOSE	AMOUNT	PERCENT OF TOTAL
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	

5. On December, 5 2019, I requested unfiltered data on customer consumption (PIR #X004759 -120519), and it was denied outright.

I communicated at least 6 times with one of Austin Energy's vice presidents to attempt to find a compromise that would provide some of this data, but was ultimately denied all of it. Since much of the requested information was standard billing data where privacy could have easily been protected, I do not know what legal right the utility had to deny access.

6. In another December 2019 request (PIR #X004728-120419), I asked for a zip code breakdown of energy consumption by residential building type (single-family home, duplex, multifamily) that had been provided by Austin Energy at least twice before at no charge. While this information request was not specific to CAP, it was relevant to challenging Austin Energy's statements about how its rates affected low-income customers. However, Austin Energy wanted to charge me almost $1,200 for my more recent requests.

7. On January 20, 2020, I sent a request to Austin Energy asking to simply confrm if 63 CAP participants with high real-estate assets were actually enrolled in the program and had been income verified, as well as a simple question about an administration rule (PIR #X005105-012020). This was not formally answered until February 28.

The response stated that it would take 9.5 hours of work, and sent a (pending) invoice of $171 in order to conduct this work. Given that similar information had been provided to me in the past at no charge, I was stunned at the cost.

I sent a protest to the Cost Rules Administrator of the Texas Attorney General on March 9 protesting this cost. This protest was assigned a complaint #827507.

On December 17, I received a letter from the AG (dated December 14) stating that the City (Austin Energy) did not submit justification for the charges. The AG's letter went further:

Accordingly, the city is required to conduct a sample test to determine the time necessary to locate information, compile information, reproduce information, and redact confidential information. The city should use this test to recalculate the amount of labor necessary to complete tasks necessary to produce requested information.

Within 5 business days of receiving this letter, the city is required to notify the requestor in writing of amended charges, if any, to receive copies of the requested information in a statement that complies with section 552.2615

of the Government Code.

As of January 18, no such letter from the City was received by me.

8. On March 14, 2020, I requested back-up documentation from two charts presented by Austin Energy at a public meeting (PIR # X005567-031420). Similar to example 6 above, this information request was not specific to CAP, but it was relevant to challenging Austin Energy's statements about how its rates affected low-income customers.

Even though this data was easily transferable as a spreadsheet file, it was not provided until May 8, 2020, and only after repeated complaints to the City's Public Information Office.

9. On November 20, 2020, I requested information asking for energy-savings estimates for the Free Weatherization program (PIR #X007463-112020). This was only partially answered on December 3. I asked for more complete information the next day, but this request was still not fulfilled as of January 18, 2021.

Part 5: CAP Funds Spent on Free Weatherization

Austin Energy uses some of its CAP funding to provide a "Free Weatherization Program" to low-income homes with up to $7,500 in energy saving measures. In 2019, CAP funding for this amounted to $1 million.

These measures include attic insulation, solar screens, caulking, and weatherstripping, duct ceiling, LED lamps, and air conditioner cleaning. Due to political pressure to enlist more participation, eligibility rules have been loosened. Applicants are now allowed to have an improvement value of up to $300,000 (up from $250,000), and an income of 80% or less of the Travis County Median Household Income level. The home can also be up to 2,500 square feet in size (up from 2,000 square feet).

However, these program rules come with several contradictions.

1. CAP discounts are meant to serve people at 200% of poverty, and about 1/6 of current participants must show proof of income (those who are not automatically enrolled). Yet a 1-person household at 80% of Median Income applying for Free Weatherization can make as much as $54,700 and still qualify. This income level is over twice as high as the maximum threshold for income qualification for bill discounts, which is $25,520.

Further, there is no concern about whether a weatherization applicant owns two or more properties, even though this is a large concern when qualifying for bill discounts.

The irony here is that the electricity discount is about $250 a year, but if a customer applying for Free Weatherization makes more than twice as much as a person qualifying for bill discounts (at the maximum income cut-off level), the Weatherization applicant can receive as much as $7,500 of free work.

2. Since one of the qualifications for this program is based on the improvement value of the home, it has the same bias towards Central Austin residents as the improvement value for income-qualifications under CAP. As stated previously in Part 2 of this complaint, the Travis County Appraisal District often apportions most of the value of Central Austin homes to the land they sit on and not the structure itself.

3. The Free Weatherization Program income limit is based on Median Income. The problem in using this metric is that Travis County has a relatively high Median Income due to the large percentage of high-paying professional jobs in the area. One can have large discretionary spending and still live at 80% of the official Median Income level. As a comparison, many City of Austin employees make less than this.

4. Free weatherization rarely pays for itself in energy savings. Though I am not aware of any recent analyses from Austin Energy quantifying its effectiveness by measuring bills, a Benefit/Cost estimate from 2019 showed that all-in costs (including the retrofit, administration, and marketing), will yield only 47¢ in savings for every $1 invested over the life of the installations.

In contrast, CAP discounts yield at least 92¢ per dollar invested when administration and marketing are taken into account. (See Explanation on next page.) CAP will yield about 94¢ per dollar when the new water discounts for master-metered apartments are added this year. And since administrative costs are the same no matter how much additional discount is given, if the $1 million spent on free weatherization were instead used to increase CAP discounts, the *incremental cost* of transferring this money will actually yield $1 in savings per dollar invested. Given the scarcity of CAP funds, it would seem a wiser choice to provide direct CAP discounts.

Designing qualification guidelines for this program under pressure may indeed result in more Free Weatherization participation, but this may not result in helping those that are truly in need of assistance.

Explanation for Administrative Cost Percentage Estimates:

Since Austin Energy did not provide complete information on 2020 staff salaries dedicated to CAP discounts, and since Austin Energy did not break out administrative overhead used specifically for bill discounts, these following estimates were used.

1) 2016 data provided in discovery for the Austin Energy rate case for 4 discount program employees, adjusting the salaries upward by 10% to account for inflation;

2) 2020 salary for a fifth person working on the discount program;

3) 2020 health benefits;

4) pension/FICA/Medicare benefits estimated by multiplying salaries by 27.65%;

5) office overhead for these employees estimated by multiplying salaries and benefits by 20%.

The cost for the data/administrative contractor who enrolls people on to the program, Solix, was used for FY 2019 since this was a "normal" (pre-pandemic) year.

All these costs as well as the discounts themselves were provided by Austin Energy and/or the City of Austin.

Part 6: Electric Discounts That Discourage Conservation

Austin Energy's Residential electric rate structure is "progressive," intentionally designed to charge more for greater amounts of consumption, as opposed to a "regressive" rate structure that charges less for greater amounts of consumption.

Since low-income customers generally use less energy than high-income customers, this rate design helps the poor, and is also an incentive for energy conservation, which is a primary goal of Austin utilities.

CAP electric customers are granted a 10% discount on consumption no matter how much consumption occurs. This was temporarily raised to 15% in the last year due to a CAP surplus and the implications of the pandemic on the economy. As currently structured, CAP not only discourages energy conservation, but diverts money that could be used to award consumers with low consumption a greater discount to consumers using more electricity. In a sense, CAP is an inequitable equity program.

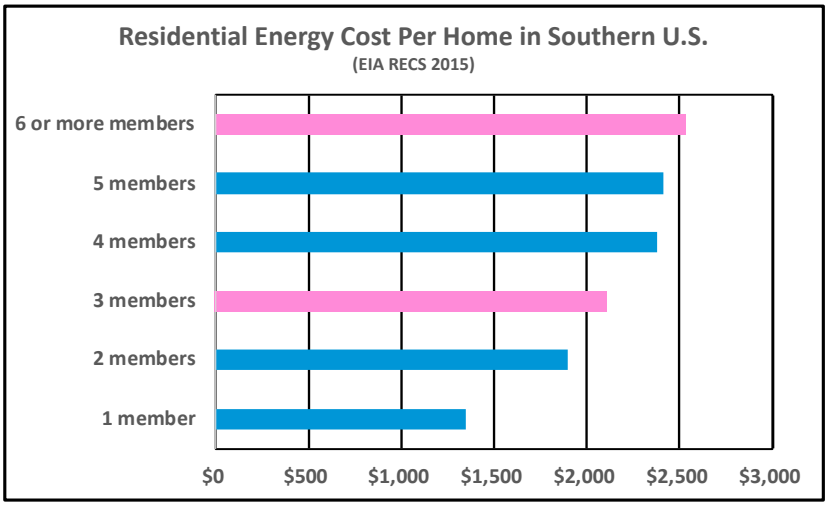
Austin's Residential rates have 5 tiers of consumption, with each larger tier being charged an increased cost. If the discounts for the top two tiers of consumption (1,501 kwh a month and above) had been eliminated and redistributed to all CAP participants in 2019, it would have allowed an increase of about $53 a year per CAP customer while at the same time incenting conservation.

It is worth noting of the top 10 public utilities in the U.S., Austin is one of only two utilities that follows this practice of giving discounts for unlimited consumption. The rest have either flat discounts or no discounts other than charity-funded emergency assistance that is income qualified.

Austin Energy – Unlimited Consumption
Jacksonville Electric Authority – No Utility-Funded Program
Los Angeles Water & Power – Flat Discount
Memphis Light, Gas, & Water – No Utility-Funded Program
Nashville Electric Service – No Utility-Funded Program
PSEG Long Island – Flat Discount
Salt River Project – Flat Discount
Sacramento Municipal Utility District – Flat Discount
San Antonio City Public Service – Flat Discount
Seattle City Light – Unlimited Consumptions

Austin Water CAP discounts reinforce this point: discounts are not awarded for the highest (5th) tier of Austin Residential water rates.

Some people defend the practice of awarding discounts to higher users because they infer that denying discounts for high consumption would discriminate against households with larger numbers of people. But increases in energy costs in larger households are not linear. The most recent Residential Energy Consumption Survey by the U.S. Energy Information Administration (2015 data) shows that a 3-person household in the Southern U.S. spends only 17% less than a household with 6 or more people.



CAP needs to concentrate on helping the most people with what it is essentially a limited pool of funding. Giving larger discounts to lower-consuming households that make up the majority of participants is the fairer way to distribute the money.

Information About Complainant

I have been an environmental activist and consumer advocate since 1977. I was one of the original founders of Austin's energy conservation programs in the early 1980s, and worked as a consultant or employee for the City of Austin's energy conservation programs for 6 years during that decade. One of my main projects at that time was to assist in establishing an effective program for Austin Energy customers in multifamily buildings, where many low- and moderate-income people live. For many years, this was one of the only programs of its kind in the country.

I have worked on a number of policy reports and analyses related to resource management issues such as clean energy, solid waste and recycling, and air quality. Since 1995, I have been editor of the *Austin Environmental Directory*, a comprehensive sourcebook of environmental issues, products, services, and organizations.

At one time, this author lived without adequate income, and it is viscerally upsetting for me to witness limited funding meant to assist people with low incomes that is being misspent, particularly when the problem has been well known and documented for over 6 years.

Appendix: List of CAP Customers With High-Value Real Estate Assets

NAME	ADDRESS	ZIP	IMPROVEMENT VALUE (2019 unless noted)	LAND VALUE (2019 unless noted)	TOTAL VALUE (2019 unless noted)	SQUARE FEET	OTHER PROPERTIES OWNED/COOWNED BY SAME CUSTOMER	VALUE OF OTHER PROPERTIES (2019 unless noted)	TOTAL VALUE
Customers with 2020 Values in blue									
MALDONADO, ANTONIO	9800 BLUE HILL DR	78736	$249,561	$127,600	$377,161	3,061	1	$1,744,110	$2,121,271
HOANG-VU, LY	2300 DORIS DR	78757	$214,500	$120,000	$334,500	1,257	5	$1,648,452	$1,982,952
HENTRICH, CHARLES	3000 BELMONT CIR	78703	$1,188,705	$513,000	$1,701,705	3,295			$1,701,705
ZHAO, JUN	7815 GINGERS CV	78759	$533,900	$200,000	$733,900	2,882	3	$946,599	$1,680,499
CHEN, GUOZHEN	6224 HARROGATE DR	78759	$266,096	$200,000	$466,096	2,075	5	$1,062,591	$1,528,687
GUERRA, HERLINDA	8207 CLIFFSAGE AVE	78759	$200,490	$200,000	$400,490	1,847	1	$1,111,887	$1,512,377
HUYNH, HUNG	11503 BRANDON PARKE TRL	78750	$296,000	$87,010	$383,010	2,636	2	$1,004,251	$1,387,261
JOSEPH, CATER	2402 MARLTON DR	78703	$427,800	$540,000	$967,800	5,211	1	$259,909	$1,227,709
LAUDERBACK, DAVID	2004 PEACH TREE ST	78704	$61,025	$500,000	$561,025	713	1	$567,230	$1,128,255
OWENS, ANNIE	1026 BONHAM TER	78704	$321,900	$450,000	$771,900	2,376	1	$353,392	$1,125,292
DESAI, SAMIR	11417 RUSTIC ROCK DR	78750	$581,979	$180,000	$761,979	4,709	2	$355,000	$1,116,979
CHEN, JIALIN	5909 LONESOME VALLEY TRL	78731	$348,334	$440,000	$788,334	3,041	1	$287,000	$1,075,334
LARSEN, MARGARET	2213 S 3RD ST	78704	$72,700	$475,000	$547,700	846	1	$526,000	$1,073,700
BURNS, ROBERT J	906 COLUMBUS ST	78704	$86,026	$451,250	$537,276	923	1	$523,040	$1,060,316
MARSHALL, MARK	7200 MAGENTA LN	78739	$481,500	$100,000	$581,500	3,754	1	$398,500	$980,000
TSOI, HOWARD	10305 N FM 620 RD	78726	$250,369	$325,000	$575,369	2,395	1	$403,347	$978,716
LEE, MRS YONG	2009 HEADWATER LN	78746	$454,600	$495,000	$949,600	3,570			$949,600
HAMILTON, DAPHNI L	10904 CUT PLAINS LOOP	78726	$450,401	$60,000	$510,401	2,954	1	$429,816	$940,217
ROSS, JENNIFER	8803 LA FAUNA PATH	78737	$223,713	$208,250	$431,963	2,094	1	$468,600	$900,563
BROWN, ANTHONY	1111 S 6TH ST	78704	$131,515	$332,500	$464,015	648	2	$405,441	$869,456
NAGY, MICHAEL	1023 BONHAM TER	78704	$141,551	$382,500	$524,051	877	1	$329,779	$853,830
AGRAWAL, SHANTI	9604 CRENATA CV	78759	$539,383	$230,000	$769,383	5,345			$769,383
WU, YONG ZHONG	9900 SPICEWOOD MESA	78759	$519,800	$230,000	$749,800	3,986			$749,800
MCGINNIS, SANDRA	3404 CACTUS WREN WAY	78746	$297,100	$450,000	$747,100	2,186			$747,100
SKYLER, SUSAN DICK	5906 HIGHLAND HILLS TER	78731	$332,260	$400,000	$732,260	2,860			$732,260
DOLMAN, RACHEL J	13902 STRIPLING LN	78660	$196,139	$49,207	$245,346	1,535	1	$481,578	$726,924
CHIU, CHING-MAN (2 discounts)	3200 TWINBERRY CV A	78746	$248,073	$450,000	$698,073	2,716			$698,073
GAUDET, NEAL	4104 LOVE BIRD LN	78730	$476,300	$201,500	$677,800	3,760			$677,800
SHAIKH, HABIBURREHAMAN	7500 BONNIEBROOK DR	78735	$346,849	$100,000	$446,849	2,451	1	$221,360	$668,209
SIU, YEN K	10305 RISING HILLS CIR	78759	$466,700	$200,000	$666,700	2,660			$666,700
LAKHANI, FIRDOUSALI MR.	1611 MILL SPRINGS DR	78746	$308,600	$350,000	$658,600	1,982			$658,600
GONDALIA, JIGNESH	10520 LAVON BND	78717	$518,174	$122,000	$640,174	5,028			$640,174
LAU, KIM	6302 DURANTA CV	78759	$417,594	$200,000	$617,594	3,349			$617,594
HOLTORF, GREGORY	5801 MIRAMONTE DR	78759	$400,486	$199,514	$600,000	2,996			$600,000
JARAMILLO, VICENTE	13712 BAUHAUS BND	78660	$259,244	$50,000	$309,244	2,403	1	$267,291	$576,535
SUEN, Q SUEN	11625 MEDALLION LN	78750	$376,216	$200,000	$576,216	3,275			$576,216
MUNSHI, ROHAN	10624 LAVON BND	78717	$449,971	$122,000	$571,971	5,028			$571,971
MOMIN, NIZAR A	11009 LELAND RICH CT	78717	$456,007	$104,400	$560,407	3,657			$560,407
ODONNELL, BARBARA	7213 CUT PLAINS TRL	78726	$439,000	$120,000	$559,000	2,890			$559,000
PATEL, DARSHAN K	10013 DARK STAR TER	78726	$429,294	$121,000	$550,294	4,212			$550,294
CHINTAPALLI, HEMANTHA	16313 DONOHER DR	78717	$401,300	$147,467	$548,767	5,139			$548,767

REILLY, MARK	12500 EMERALD OAKS DR	78739	$388,970	$159,500	$548,470	3,872			$548,470
HOLTORF, VIVIAN W	5901 MIRAMONTE DR	78759	$342,124	$198,876	$541,000	2,575			$541,000
CAJUSTE, AMANDA	4913 GLOBE MALLOW DR	78739	$481,929	$50,000	$531,929	2,909			$531,929
ESTRADA, CARLOS	1717 MILLHOUSE DR	78660	$167,758	$40,000	$207,758	2,321	14	$353,768	$525,526
KASAPI, JENNIFER	11613 CHERISSE DR	78739	$414,956	$110,000	$524,956	3,600			$524,956
IBARRA, CORISSA	7416 WISTERIA VALLEY DR	78739	$419,404	$100,000	$519,404	3,671			$519,404
MELHEM, MAHA H	6009 YORK BRIDGE CIR	78749	$417,217	$100,000	$517,217	3,080			$517,217
FINAVIA, TUSHAR C	10009 ECHO HILLS CT	78717	$427,554	$83,888	$511,442	3,853			$511,442
ROEGLIN, ROGER	9308 MYSTIC OAKS TRL	78750	$294,109	$210,000	$504,109	2,197			$504,109
SCHWARTZ, BOBBY	6400 HERON DR	78759	$299,119	$200,000	$499,119	2,680			$499,119
KIM, JONG SEO	6502 HILLSIDE TERRACE DR	78749	$393,700	$100,000	$493,700	3,201			$493,700
BARRERA, MELANIE ANTONIA	6320 PONCHA PASS	78749	$382,994	$100,000	$482,994	3,524			$482,994
POURIRAN, JAMES	11108 SIERRA MONTANA	78759	$268,669	$200,000	$468,669	2,444			$468,669
NELSON, JONELL	9816 BUNDORAN DR	78717	$374,043	$83,888	$457,931	3,264			$457,931
STRICKLAND, JERRY	10816 SKY ROCK DR	78739	$355,000	$100,000	$455,000	2,451			$455,000
EGGLESTON, ERIC M	12508 GUN METAL DR	78739	$294,701	$159,500	$454,201	2,614			$454,201
LIVINGSTON, MATTHEW	7803 RYANS WAY	78726	$388,550	$64,186	$452,736	2,338			$452,736
MACALLISTER, JOHN	5740 TAYLORCREST DR	78749	$352,647	$100,000	$452,647	2,677			$452,647
FARAJI, HASSAN	11015 GALLERIA CV	78759	$252,600	$200,000	$452,600	2,254			$452,600
HELBERG, LAWRENCE	5902 PECANWOOD LN	78749	$348,400	$100,000	$448,400	3,017			$448,400
KIM, JOSEPH GYONGSUB	5808 BACK BAY CT	78739	$346,100	$100,000	$446,100	2,347			$446,100
YOUNG, JACQUELINE	4204 DOS CABEZAS DR	78749	$320,442	$125,000	$445,442	2,890			$445,442
PHILLIPS, SHELBY K	8317 CANOLA BND	78729	$361,260	$82,700	$443,960	3,059			$443,960
RYU, CHEOL	10322 WOLFTRAP DR	78749	$315,800	$125,000	$440,800	3,515			$440,800
DAVIDSON, MARCI	11105 CUT PLAINS LOOP	78726	$375,789	$60,000	$435,789	2,092			$435,789
STONE, CLAYTON	7613 ORRICK DR	78749	$334,893	$100,000	$434,893	2,869			$434,893
WEMPE, RICHARD J.	3605 MALONE DR	78749	$303,161	$125,000	$428,161	2,602			$428,161
LOPEZ, AMANDA	10328 SNAPDRAGON DR	78739	$322,628	$100,000	$422,628	2,485			$422,628
NASSIF HAJJ-AHMAD, FATEN	8541 COPANO DR	78749	$295,200	$125,000	$420,200	2,702			$420,200
ZELLERS, HEATHER	7301 PUSCH RIDGE LOOP	78749	$280,791	$137,500	$418,291	1,998			$418,291
RAOUFI-ARYANNEJAD, EFAT	9121 COLBERG DR	78749	$313,517	$100,000	$413,517	2,396			$413,517
THAMES, MELODY	9227 RIDGEWELL PL	78749	$312,960	$100,000	$412,960	2,102			$412,960
OBERG, MARNI	11136 MARDEN LN	78739	$312,068	$100,000	$412,068	2,175			$412,068
LOURDES-FLORES, LILIAN	6628 OASIS DR	78749	$311,201	$100,000	$411,201	2,644			$411,201
HAVILAND, BRIAN	7733 KIVA DR	78749	$307,300	$100,000	$407,300	2,867			$407,300
CAMPO, TERRY	1003 VINCENT PL	78660	$375,976	$30,000	$405,976	2,319			$405,976
PHAN, DI	7013 GENTLE OAK DR	78749	$304,590	$100,000	$404,590	2,605			$404,590
RUIZ, EDWARD	9115 LA SIESTA BND	78749	$295,746	$100,000	$395,746	2,319			$395,746
CAZARES, NATALIE	9420 COLLAZO WAY	78749	$267,865	$125,000	$392,865	2,086			$392,865
SAMUEL, EMILY	6211 PANORAMA VISTA DR	78735	$325,467	$60,000	$385,467	2,276			$385,467
LI, JING	10305 PRISM DR	78726	$268,800	$110,000	$378,800	2,769			$378,800
CHAVEZ, JOSE	11520 SWEET BASIL CT	78726	$267,100	$110,000	$377,100	2,575			$377,100
RAVULA, CHARAN RAJ	14012 HEDERA DR	78717	$306,699	$69,568	$376,267	2,163			$376,267
BREKELBAUM, MICHELLE	10713 TWISTED ELM DR	78726	$316,020	$60,000	$376,020	1,843			$376,020
WEDDLE, MEGAN	6012 MESA VERDE CIR	78749	$265,290	$100,000	$365,290	1,772			$365,290
FRANCO, DENIS E	14203 EUCALYPTUS BND	78717	$294,662	$70,309	$364,971	2,163			$364,971

HUU-DO, TRI	15109 CALAVERAS DR	78717	$284,456	$77,500	$361,956	2,551			$361,956
DALY, MICHELLE A	3320 ROOBA ST	78728	$286,775	$75,000	$361,775	2,528			$361,775
BHANDARI, ARJUN	14001 EUCALYPTUS BND	78717	$290,788	$70,309	$361,097	2,540			$361,097
NGUYEN, MAI THI	3428 ROOBA ST	78728	$285,924	$75,000	$360,924	2,507			$360,924
JOHNSON, SHEILA E	3129 LIONS TAIL ST	78728	$285,924	$75,000	$360,924	2,507			$360,924
LIU, LEI	3612 BRISTOL MOTOR PASS	78728	$284,786	$75,000	$359,786	2,608			$359,786
NAAMEH, ILHAM	1539 TAMAR LN	78727	$281,334	$75,000	$356,334	2,485			$356,334
JANOUSEK, WILLIAM	15300 HEBBE LN	78660	$326,830	$26,250	$353,080	2,382			$353,080
BINJU, KARKI	809 SAWBUCK DR	78660	$232,327	$60,000	$292,327	2,305	1	$60,000	$352,327
RAMIREZ, SYLVIANNE	6610 DEBCOE DR	78749	$250,900	$100,000	$350,900	1,902			$350,900
BROWN, LANA S	14804 STAKED PLAINS LOOP	78717	$281,805	$64,949	$346,754	2,243			$346,754
ROJAS-SOLIS, ROSALBA	709 THRASHER GLADE DR	78660	$249,222	$60,000	$309,222	2,491	1	$34,176	$343,398
ARANCIO, GEORGIA HUGHES	7309 S UTE TRL	78729	$264,205	$71,486	$335,691	1,916			$335,691
GAVOILLE, CEDRIC	14218 ALLORO DR	78717	$264,349	$70,309	$334,658	1,927			$334,658
TORRES, MARISELL	16000 CESSIDA ST	78728	$258,457	$75,000	$333,457	1,844			$333,457
JOSHI, BISHWA B	16228 MC ALOON WAY	78728	$250,841	$75,000	$325,841	2,423			$325,841
RIZVI, SYED	14612 GOSHAWK DR	78660	$264,015	$60,000	$324,015	2,781			$324,015
VARNADO, BARBARA	10401 CARACARA DR	78750	$263,191	$60,700	$323,891	2,184			$323,891
ALMAMOORI, ZIADOON	13704 CANTARRA DR	78660	$287,103	$36,000	$323,103	2,465			$323,103
PENA, ANDREA	13301 TICHESTER CT	78729	$260,476	$62,381	$322,857	1,958			$322,857
BADOU, CHANTALE	1529 FORT DESSAU RD	78660	$269,944	$50,000	$319,944	2,942			$319,944
HYDE, SHARYN	9502 LONGVALE DR	78729	$260,607	$59,300	$319,907	1,809			$319,907
NADERI, ABOLGHASEM	7501 LOBELIA DR	78729	$252,138	$67,000	$319,138	2,056			$319,138
GRAF, CHRISTINE	10808 HARD ROCK RD	78750	$254,627	$60,700	$315,327	2,174			$315,327
SPOONTS, JO ANN	11608 BIRCHBARK TRL	78750	$250,761	$60,700	$311,461	2,252			$311,461
MOHAMMAD, AMIN	7901 SOUTHWEST PKWY T #39	78735	$271,267	$39,393	$310,660	2,119			$310,660
ONUOHA, EBERE	14613 BEDSTRAW DR	78660	$254,903	$54,000	$308,903	2,429			$308,903
FLEMMING, BRANDON	8813 WHITE IBIS DR	78729	$263,940	$43,461	$307,401	2,035			$307,401
ALZUHAIRI, SAEED	3316 BURCH BROOK CV	78660	$274,575	$30,000	$304,575	2,313			$304,575
KHAREL, SANTOSH	13709 HARRISGLENN DR	78660	$253,104	$50,000	$303,104	2,372			$303,104
CODDINGTON, JERRY DEAN	8302 TREEHOUSE LN	78749	$156,062	$125,000	$281,062	1,486	1	$5,950	$287,012
ALRADE, RAKAN	13728 CANTARRA DR	78660	$256,024	$30,000	$286,024	1,988			$286,024
WILSON, BRAD	2107 TASMANIAN TIGER TRCE	78728	$279,327	$6,572	$285,899	2,003			$285,899
BURTON, TAYLOR	2018 CRIMSON ROSELLA TRL	78728	$279,149	$6,572	$285,721	2,012			$285,721
MATZKA, PIA	2113 CRIMSON ROSELLA TRL	78728	$277,081	$6,572	$283,653	2,012			$283,653
MUNOZ, JUAN TORRES	1730 MILLHOUSE DR	78660	$12,947	$60,000	$72,947	2,128	1	$182,194	$255,141
CORMIER, LAURA	5933 KEVIN KELLY PL	78727	$91,940	$125,000	$216,940	920	2	$26,000	$242,940