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AUSTIN LETTER

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Dear Client:

Here's your heads-up. Get ready. In sixty days, the controversial and long-debated electric rate increases for Austin Energy customers go into effect with the October 2012 bills.

The average system-wide residential rate increase will average 7%. But as with all averages, some will pay a lot more and some a lot less. The Austin City Council years ago set a higher electric rate for the summer, even though that is when you use the most electricity for air-conditioning to ease the impact of extreme summer temperatures. Their logic: if it costs you more (even though you *need* it more), you will use less electricity.

This will change a bit now. **Instead of summer rates applying for six months from May through October, the higher charges will apply during June-September.** Five new pricing tiers have also been set up. As an example, if you use a relatively small amount of electricity – from 501-1,000 kWh per month, your new October-May rate will be 5.6 cents per kWh higher, but **it goes up even more during the summer** to 8.0 cents per kWh.

Other changes: the monthly Customer Charge will increase from \$6 to \$10. You'll also see a new monthly line item – **Community Benefit Charge** – where you will pay \$1.72 per 1,000 kWh to fund utility bill discounts for low-income customers. The city's goal: **to more-than-double the number of low-income customers assisted – to 25,000.**

You will pay 93 cents per kWh to maintain and power **streetlights and traffic signals in Austin and all communities served by Austin Energy.** And you will be hit with an "Energy Efficiency Service" charge of \$2.89 per 1,000 kWh to pay for **energy efficiency programs.**

For commercial customers, the October increase in base electric rates will range from 1% to 18%. Austin Energy says very large customers would generally experience a smaller percentage increase because the cost to serve the biggies is less than the cost to serve other commercial or residential customers.

There's more to this complicated new rate increase. If you are interested, you have **60 days to determine the effect it will have on your residential and/or commercial rates.**

Even though Austin residential and commercial electric bills go up with the October 2012 statement, the amount of your bill could be on the low side. This will be a bit deceiving.

As previously mentioned, **you are currently paying the highest electric rates of the year** because the Austin City Council years ago approved increasing the charge per kilowatt hour (kWh) during the *summer* months. **Summer rates are a big revenue producer for Austin Energy.** But, to understand what is happening now, there are several important factors for you to consider.

Almost half the electricity used by the average residential customer each year is used during four months – June, July, August and September. So when the Council eliminates the rate hike for the months of May and October, it really won't be that big a deal in terms of annual revenue.

As for *you*, **Austin Energy estimates up to 70% of the average summer electric bill is due to staying cool.** So you will still be paying higher rates each summer – in theory, to force you to conserve electricity and not cool off as much.

Now, take a look at the timing. The Council elected to wait and start its biggest Austin Energy rate increase ever in October. At the same time, it decided to remove the higher summer rates that have been in effect each October.

So, it's possible the full impact of the big restructuring will *appear* less impactful because the "summer" rates will not be charged in October as has been the case for years. **To get a true apples/apples rate increase comparison, compare your bills from November forward.**

The huge Austin Energy rate increase, while set for an October implementation, still has opposition. And it could play out at the regulatory level or in the courts.

A group of homeowners organized to fight the rate increase on the grounds they **live outside the City of Austin and cannot vote in the Austin City Council elections.** Yet, they are served by Austin Energy as their electricity supplier and are subject to the rate increase. The group calls itself Homeowners United for Rate Fairness (HURF).

HURF is appealing to the Texas Public Utility Commission to review the rate increase as it applies to those who are, in effect, being "taxed (rate increase) without representation (ability to vote on candidates for the Austin City Council)."

HURF is gathering signatures on petitions signed by 2,700 suburban households — enough to gain a hearing before the Public Utility Commission. In support of its case, HURF says **typical suburban homes will see monthly increases of \$50 - \$150 or more — an increase of 17% - 30%.** HURF is also talking about taking this issue to the appropriate courts of law.

The results of the runoff election Tuesday could indicate a flip-flop in Texas politics that may be a mirror-opposite of the state just a few decades ago.

For all practical political purposes, **Texas is currently a one-party state.** And that party is the Republican Party. Oh sure, in some locales (Austin is a perfect example) the Democrats still hold sway on Election Day. **But it has been decades since a Democrat was elected to statewide office.** And that situation does not appear to be changing anytime soon – though the Democratic leadership holds out hope it will change. They point to the rising proportion of minorities in the Lone Star State.

Back in the day when Democrats controlled every statewide office in Texas, it was a one-party state. **However it was anything but a one-philosophy party.** Fierce battles were fought in the Democratic primaries between liberal Democrats and conservative Democrats. A high profile example of that division was when Texas Governor **John Connally** was a leader of the conservative Dems and USSenator **Ralph Yarborough** was a leader of the liberal wing of the party.

Winning the Democratic Primary was tantamount to election. The GOP would occasionally place a candidate on the General Election ballot, along with a Green Party or Libertarian Party candidate. But those candidates rarely campaigned. And the Dems? Whoa! **They had some fierce intraparty battles during the primaries. Blood was let. There was negative campaigning galore.** When the primary winner emerged, that was it. No problems in the General Election.

Sound familiar to what just happened in the GOP primary? **Could the Texas Republican Party be going the direction of the Dems in the past?** Former Texas Solicitor General **Ted Cruz** is poised to ascend to the highest statewide office following his defeat of widely-favored Lieutenant Governor **David Dewhurst** in the GOP runoff primary for the USSenate.

Oh sure, Democrat **Paul Sadler** will be on the General Election November ballot to battle Cruz for the seat held by GOP stalwart **Kay Bailey Hutchison**, who is retiring. But don't rush to Las Vegas to place a bet on Sadler to win.

The question to ponder now is whether a division is appearing within the state GOP ranks that could lead to more intraparty battles such as we've just witnessed? Remember all the top state GOP elected officials came out for Dewhurst. But Cruz had support from leading Tea Party conservatives and groups nationwide, along with a grass roots organization. And Cruz laid a shellacking on Dewhurst in an election that attracted a decent Republican turnout.

Other down-ballot primary election results in Texas were mixed. But enough Tea Party-type candidates upset the GOP stalwarts to raise this question: **are the results a trend in the making or was this just a blip on the Republican Party radar?** It bears watching.

You may not be aware there is an average of 3,000 graffiti incidents in downtown Austin each year. The reason: most “tags” are removed before they are seen by those who live, work, or visit downtown. This is quite different from many big cities where graffiti is very visible.

Downtown businesses and property owners banded together years ago and now work together in a well-funded and well-run group called the Downtown Austin Alliance (DAA). **The DAA provides many services on behalf of its members and looks after all things that might affect downtown** – such as transportation planning. But a DAA service little-known outside the DAA is graffiti removal.

The DAA provides *daily* graffiti removal from private properties as well as public right-of-way within the Downtown Public Improvement District.

This expedient removal effort helps deter tagging downtown. However it also creates a problem. There is a perception graffiti is not a problem. But as 3,000 tags a year indicate, it is serious and it takes money and manpower to combat graffiti.

So, DAA is asking for your help to deter tagging. It suggests that **if you see a person committing a graffiti crime, call 9-1-1 immediately**. State there is a crime in progress, give a precise location and a good description of the perpetrator.

If you spot graffiti *not* in progress, call 3-1-1 and again give a good description of the location. By the way, if you ask the 3-1-1 operator for a Service Request Number, you can follow up with 3-1-1 if the tag is not removed within 24 hours.

The operators at 9-1-1 and 3-1-1 contact DAA to remove the graffiti that is within the Downtown Public Improvement District. **They promise to scrub the area clean within 24 hours**. If it is still there the next day, you can also call DAA at 512-381-6269, as a double-check to make sure DAA got timely notification of the tagging.

When **Dr. Louis Overholster** heard that one in three adults recall sleepwalking, he said the other two have jobs and children and can't remember sleeping at all in the past fifteen years!

Sincerely



Editor/Publisher