



## Questions from Rate Advisory Committee Meetings



**General**  
(CPS Energy & Industry)

**Question asked by:** Eloisa – Portillo-Morales

**Date question asked:** June 10, 2021

**Date question answered:** October 20, 2021

**Question:** What are the difference between Memphis, San Antonio, Austin, El Paso and Denver's rate structures? We mentioned that 20% of our customers are using twice as much as others – there was a comment made that Austin's the more you use was the more you pay – what are we doing? Their model seems to incentivize reducing your usage. Please compare the difference. Are we incentivizing reducing our usage in San Antonio? And why doesn't that work here?

**Answer:**

San Antonio has a peak capacity charge applicable only during summer months. It is designed to (1) send a price signal to customers to reduce usage in summer months & (2) cover higher costs CPS Energy incurs when demand for electricity is highest.

In contrast, Austin's "the more you use [...] the more you pay" (also known as an inclining block rate) is sending a more aggressive price signal by increasing the cost for each kwh the more you use, irrespective of the time of year or cost basis of that kwh during that period. Unlike San Antonio, Austin's aggressive price signal is in effect year 'round.

CPS Energy offer incentives to reduce our usage in San Antonio through rebate programs and other promotions funded by CPS Energy's STEP program. One challenge CPS Energy faces in reducing usage is that electric usage for Affordability Discount Program (ADP) and non-ADP customers are quite similar.

San Antonio's rate has a service availability charge which is a fixed amount per month, as well as energy charge, peak capacity charge, regulatory adjustment charge, & fuel adjustment charge, all of which are billed based on the kwh usage.



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Table below benchmarks San Antonio's number of rate structure components against Memphis, Austin, El Paso & Denver.

	<u>San Antonio</u>	<u>Memphis</u>	<u>Austin</u>	<u>El Paso</u>	<u>Denver</u>
# of Rate Structure Components	5	6	5	10	15

Differences in rate structure reflect local preference on bill presentment and geographical factors such as generation mix, customer density, and local emphasis on things such as conservation or promotion of renewables:

- Memphis: Very similar to San Antonio but bill includes a hydro allocation credit and has 3 sets of energy & peak capacity charges
- Austin: Energy charge based on 5-tiered inclining block rate and bill includes Community Benefit Charge
- El Paso: Very similar to San Antonio but includes 5 surcharges, peak capacity charge with inclining block rate, & franchise fee
- Denver: Bill has 3 fixed charges & includes 8 surcharges & franchise fee; its peak capacity charge reflects an inclining block rate