



October 4, 2018

Via personal delivery

Huntsville City Council

Mr. Devyn Keith (District 1)

Mr. Mark Russell (District 2)

Mrs. Jennie Robinson (District 3)

Mr. Bill Kling (District 4)

Mr. Will Culver (District 5)

308 Fountain Circle

Huntsville, Alabama 35801

RE: Recommendations for Huntsville Utilities' Electric Fixed Fee Increase

Energy Alabama would like to thank you for the opportunity to comment and propose recommendations on Huntsville Utilities' October 2018 proposal to increase electric charges. As in February 2017, significant concerns remain with increases to fixed fees as proposed by Huntsville Utilities.

We understand that Huntsville Utilities must raise new revenue from time to time, as in the course of any business. However, Huntsville Utilities should raise revenue with a structure that better aligns the cost of their system, the grid, and with their customers' behavior. This would allow them to recoup their costs and provide incentives to customers to make better choices through conservation and efficiency.

Please note that our recommendations and related analysis are incomplete because Huntsville Utilities failed to respond to an Open Records Request dated September 17th (Attachment A). On September 26th at its public meeting, Huntsville Utilities representatives promised to have responsive documents returned by the end of the day on Monday. As of this letter, only two additional charts from last week's public meeting, but no response to the open records request have been received by Energy Alabama.

Energy Alabama opposes fixed fees because:

- Fixed fees hurt low-income customers and apartment dwellers the most.
- Fixed fees discourage energy efficiency and renewable energy.
- Fixed fees do not align the costs of the grid to who is causing the cost to the grid.
- Grid costs are primarily driven by peak demand such a hot summer days and cold winter mornings. Fixed fees encourage people to inadvertently make this problem worse.



In response, Energy Alabama recommends the following actions:

1. Increase public notice and participation.
 - Huntsville Utilities provided less than 2 weeks' notice of the first public meeting. The meeting was advertised poorly and consequently, almost no one showed up. Energy Alabama and Huntsville City Council asked for more meaningful future public participation after the February 2017 rate increase. These suggestions have not been heeded.
2. Delay the final City Council vote currently scheduled for October 11.
 - Huntsville Utilities has requested less than one month between first public notice and the proposed final vote by City Council. No vote should be taken until all requested documents have been released to the public and ample time has been given to study such material. The compressed time schedule and open records stalling tactics are an intentional strategy to reduce public participation, largely because the public is against their proposals.
3. Decline to increase to fixed fees for the reasons stated above.
4. Retain the inclining block rate for residential customers. Inclining block rates charge people more money the more energy they use. Such a rate structure encourages energy conservation, efficiency, and renewable energy in absence of better rate structures enabled by smart meters.
5. Remove the declining block rate for small commercial customers. Declining block rates charge people less money the more energy they use. Such a rate structure discourages energy conservation, efficiency, and renewable energy.
 - Please note this recommendation may need to be slightly adjusted based on Huntsville Utilities' cost of service study, when such documents are made public.
6. If any additional revenue is still needed after the above recommendations have been met, Huntsville City Council should only approve an increase to the energy charge, not the fixed charge, and require Huntsville Utilities to pilot a "time of use" rate when smart meters are deployed in the Huntsville/Madison County area.
 - Huntsville Utilities' costs are in large part driven by consumption during times of congestion. If residents and companies are allowed to choose rates that avoid consumption during these times, they save money and the whole system saves money.



Increasing electric costs, while sometimes a necessity, do have impact, especially to the most vulnerable citizens. As is standard across the country, Huntsville Utilities should be investing at least 0.2% of its gross residential revenues on low income energy efficiency efforts above and beyond other sources of revenue such as grants from the Tennessee Valley Authority (TVA).

In February 2017 and again in September 2018, Energy Alabama requested detailed performance data on Huntsville Utilities' energy efficiency programs, such as the Huntsville Extreme Energy Makeover. The performance data requested should demonstrate the effectiveness of Huntsville Utilities' energy efficiency programs' ability to reduce customer bills. Again, this performance data has not been released to Energy Alabama or the public.

At a minimum, Huntsville Utilities should commit to Huntsville City Council to invest in a long-term low-income energy efficiency program beyond its Huntsville Extreme Energy Makeover program.

We thank you for attention in this matter and for your service to the people of Huntsville/Madison County. We stand ready to answer any questions and assist you in this, and any future, decisions.

Should you have questions you may direct them to Daniel Tait, Technical Director at dtait@alcse.org or Randy Buckner, CEO at rbuckner@alcse.org.

Sincerely,

A handwritten signature in blue ink, appearing to read "Randy Buckner", is positioned above the typed name and contact information.

Randy Buckner
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