

MINUTES OF THE CITY COUNCIL  
CITY OF AUSTIN, TEXAS  
Special Called Council Meeting

September 15, 1980  
4:30 P.M.

Council Chambers  
301 West Second Street

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The meeting was called to order with Mayor McClellan presiding.

Roll Call:

Present: Mayor McClellan, Councilmembers Cooke, Goodman, Himmelblau,  
Mullen, Snell, Mayor Pro Tem Trevino

Absent: None

MAYOR PRO TEM'S RECOGNIZED

Mayor McClellan recognized Councilmember Goodman for his completion of four months as Mayor Pro Tem and welcomed Councilmember Trevino as Mayor Pro Tem for the upcoming four month period.

### ACTION ON ZONING CASE

Mayor McClellan announced Council's readiness to take action on the following zoning case which had been heard at a previous meeting:

C14-80-077	An area generally bounded on the north by Foster Lane and Northcross Drive on the east by Burnet Road and Shoal Creek Blvd., on the south by West 45th Street and on the west by MoPac Blvd.	From Interim "AA" Residence District, "A" Residence, "B" Residence District, "O" Office "LR" Local Retail, "C" Commercial, Undesignated, 1st and 2nd Height and Area To "AA" Residence District, "A" Residence, "B" Residence District, and "O" Office, 1st Height and Area RECOMMENDED by the Planning Commission
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The zoning case was granted as follows:

#### Motion

Councilmember Goodman moved that the Council approve the zoning rollback where there was no request not to roll back. The motion, seconded by Councilmember Mullen, carried by the following vote:

Ayes: Councilmembers Cooke, Goodman, Himmelblau, Mullen, Snell,  
Mayor Pro Tem Trevino, Mayor McClellan  
Noes: None

Mr. Lillie stated that he had placed before the Council a one-page list of where there was owner opposition to the rollback. He stated that on the following properties there was some agreement between the owners and the neighborhood association:

<u>Owner</u>	<u>Address</u>	<u>PRESENT ZONING</u>	<u>PLANNING COMM. REC.</u>	<u>COUNCIL ACTION</u>
Thomas Tait	2804 Whiterock Dr.	1A	AA	A
Gregory Gibbs	2201 Northland	O	AA	O
Maybelle Schnautz	2123 Northland	A	AA	A
Mrs. Elbert Walker	2121 Northland	A	AA	A
Charles Simmons, Jr.	2113 Shoalmont	LR	AA	LR
Kenneth M. Brown	2301-2307 Lawnmont	A	AA	A

#### Motion

Councilmember Cooke moved that the Council leave the preceding six properties zoned as shown. The motion, seconded by Mayor Pro Tem Trevino, carried by the following vote:

Ayes: Councilmembers Goodman, Himmelblau, Mullen, Snell, Mayor Pro Tem Trevino, Mayor McClellan, Councilmember Cooke  
Noes: None

Mayor McClellan stated that she agreed with the neighborhood association on the high percentage of properties which the Council had rolled back today, but respectfully disagreed with a roll back when the owner disagreed.

Councilmember Mullen stated that he would vote for a roll back whenever a property owner was in violation of a deed restriction, but would not vote for it whenever there was no deed restriction and the owner did not want a roll back.

The Council then entertained a series of motions as follows (6 votes needed to pass because of petition):

<u>Name</u>	<u>Address</u>	<u>Present Zoning</u>	<u>Plann. Comm. Rec.</u>	<u>Council Action</u>
Champ Howell	3302 McElroy	1A	A	AA

Councilmember Himmelblau moved that the Council zone the above zoning as shown. The motion, seconded by Mayor Pro Tem Trevino, carried by the following vote:

Ayes: Councilmembers Himmelblau, Mullen, Snell, Mayor Pro Tem Trevino, Councilmembers Cooke, Goodman  
 Noes: Mayor McClellan

Betty Rehn	3001 Stardust	A	A	AA
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Councilmember Cooke moved that the Council zone the above zoning as shown. The motion, seconded by Councilmember Himmelblau, carried by the following vote:

Ayes: Councilmembers Mullen, Snell, Mayor Pro Tem Trevino, Councilmembers Cooke, Goodman, Himmelblau  
 Noes: Mayor McClellan

Nelson Puett	Stoneberry Dr. and Great Northern Boulevard at R.R. Track	LR&C	B&O	LR&C
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Failed to become B&O because six votes were required to change.

Mayor Pro Tem Trevino moved that the Council zone the above zoning as B & O. The motion, seconded by Councilmember Goodman, failed to carry by the following vote:

Ayes: Councilmember Snell, Mayor Pro Tem Trevino, Councilmembers Goodman, Himmelblau  
 Noes: Mayor McClellan, Councilmembers Cooke, Mullen

<u>Name</u>	<u>Address</u>	<u>Present Zoning</u>	<u>Planning Comm. Rec.</u>	<u>Council Action</u>
Larry Niemann	6120 Janey Dr.	IA	AA	A

Motion - Failed

Councilmember Goodman moved that the Council grant "AA" Residence. The motion, seconded by Councilmember Snell, failed to carry by the following vote:

Ayes: Councilmembers Goodman, Snell  
Noes: Mayor Pro Tem Trevino, Mayor McClellan, Councilmembers  
Cooke, Mullen  
Abstain: Councilmember Himmelblau

Motion

Councilmember Goodman moved that the Council grant "A" Residence. The motion, seconded by Councilmember Mullen, carried by the following vote:

Ayes: Mayor McClellan, Councilmembers Cooke, Goodman, Himmelblau,  
Mullen, Snell, Mayor Pro Tem Trevino  
Noes: None

Betty Pantier	5906 Carleen	A	AA	A
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Motion

Councilmember Snell moved that the Council grant "A" Residence on the above zoning. The motion was seconded by Councilmember Cooke.

Substitute Motion

Councilmember Goodman moved that the Council grant "AA" Residence on the above zoning. The motion, seconded by Councilmember Snell, failed to carry by the following vote:

Ayes: Councilmembers Himmelblau, Snell, Goodman  
Noes: Councilmember Mullen, Mayor Pro Tem Trevino, Mayor McClellan,  
Councilmember Cooke

Victor Byrd	5801 Shoalwood	A	AA	AA
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Councilmember Goodman moved that the Council grant "AA" Residence on the above zoning. The motion, seconded by Councilmember Snell, carried by the following vote:

Ayes: Councilmembers Mullen, Snell, Mayor Pro Tem Trevino,  
Councilmembers Cooke, Goodman, Himmelblau  
Noes: Mayor McClellan

<u>Name</u>	<u>Address</u>	<u>Present Zoning</u>	<u>Planning Comm. Rec.</u>	<u>Council Action</u>
Vance Naumann	5517-5603 Montview	B	AA	B

Motion

Councilmember Goodman moved that the Council grant "AA" Residence on the above zoning. The motion, seconded by Councilmember Himmelblau, failed to carry by the following vote:

Ayes: Mayor Pro Tem Trevino, Councilmembers Cooke, Goodman, Himmelblau

Noes: Mayor McClellan, Councilmembers Mullen, Snell

Motion

Councilmember Goodman moved that the Council grant "A" Residence on the above zoning. The motion, seconded by Councilmember Himmelblau, failed to carry by the following vote:

Ayes: Mayor Pro Tem Trevino, Councilmembers Cooke, Goodman, Himmelblau, Snell

Noes: Mayor McClellan, Councilmember Mullen

Gary Kosut	5410 Montview	A	AA	AA
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Councilmember Goodman moved that the Council grant "AA" Residence on the above zoning. The motion, seconded by Councilmember Snell, carried by the following vote:

Ayes: Councilmembers Cooke, Goodman, Himmelblau, Mullen, Snell, Mayor Pro Tem Trevino

Noes: Mayor McClellan

Mrs. Frank Hanson, Sr.	5111 Woodview Avenue	A	AA	AA
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Councilmember Goodman moved that the Council grant "AA" Residence on the above zoning. The motion, seconded by Councilmember Cooke, carried by the following vote:

Ayes: Councilmembers Cooke, Goodman, Himmelblau, Mullen, Snell, Mayor Pro Tem Trevino

Noes: Mayor McClellan

Ruth Chute	5000 Shoal Creek	A	AA	AA
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Councilmember Goodman moved that the Council grant "AA" Residence on the above zoning. The motion, seconded by Councilmember Cooke, carried by the following vote:

Ayes: Councilmembers Goodman, Himmelblau, Mullen, Snell, Mayor Pro Tem Trevino, Councilmember Cooke  
 Noes: Mayor McClellan

<u>Name</u>	<u>Address</u>	<u>Present Zoning</u>	<u>Planning Comm. Rec.</u>	<u>Council Action</u>
Archibald McNeill, Jr.	4504-4506 Chiappero Trail	A	AA	AA

Councilmember Goodman moved that the Council grant "AA" Residence, on the above zoning. The motion, seconded by Councilmember Cooke, carried by the following vote:

Ayes: Councilmembers Himmelblau, Mullen, Snell, Mayor Pro Tem Trevino, Councilmembers Cooke, Goodman  
 Noes: Mayor McClellan

Homer Mayhall	2117 and 2119 Shoalmont	0	AA	0
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#### Motion

Councilmember Goodman moved that the Council grant "AA" Residence on the above zoning. The motion, seconded by Mayor Pro Tem Trevino, failed to carry by the following vote:

Ayes: Councilmember Mullen, Mayor Pro Tem Trevino, Councilmembers Cooke, Goodman, Himmelblau  
 Noes: Councilmember Snell, Mayor McClellan

Mary Davies	2715 Pegram	IA	AA	AA
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Councilmember Goodman moved that the Council grant "AA" Residence on the above zoning. The motion, seconded by Councilmember Himmelblau, carried by the following vote:

Ayes: Councilmember Snell, Mayor Pro Tem Trevino, Councilmembers Cooke, Goodman, Himmelblau, Mullen  
 Noes: Mayor McClellan

Casimir Spytek	2713 Pegram	IA	AA	AA
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Councilmember Goodman moved that the Council grant "AA" Residence on the above zoning. The motion, seconded by Councilmember Cooke, carried by the following vote:

Ayes: Mayor Pro Tem Trevino, Councilmembers Cooke, Goodman, Himmelblau, Mullen, Snell  
 Noes: Mayor McClellan

Anthony George	6814 Vine Street	IA	AA	AA
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Councilmember Goodman moved that the Council grant "AA" Residence on the above zoning. The motion, seconded by Councilmember Snell, carried by the following vote:

Ayes: Councilmembers Cooke, Goodman, Himmelblau, Mullen, Snell,  
Mayor Pro Tem Trevino

Noes: Mayor McClellan

		Present Zoning	Planning Comm. Rec.	Council Action
Dorothy Wallace	4500 Shoal Creek	A	AA	AA
John Lehman	5417 Shoalwood	A	AA	AA
Margaret Quadlander	2800 Greenlawn	A	AA	AA
Jason Pavlovic	4808 Westfield	A	AA	AA
Katherine Staples	5607 Montview	A	AA	AA

Councilmember Goodman moved that the Council grant "AA" Residence on the above zoning cases. The motion, seconded by Councilmember Snell, carried by the following vote:

Ayes: Councilmembers Cooke, Goodman, Himmelblau, Mullen, Snell,  
Mayor Pro Tem Trevino

Noes: Mayor McClellan

Chester Wallace	6101 Shoalwood	A	AA	AA
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Councilmember Goodman moved that the Council grant "AA" Residence on the above zoning. The motion, seconded by Councilmember Cooke, carried by the following vote:

Ayes: Councilmembers Goodman, Himmelblau, Mullen, Snell, Mayor  
Pro Tem Trevino, Councilmember Cooke

Noes: Mayor McClellan

Jessie Skrivaneck	5905 Carleen Drive	A	AA	A
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Motion - Failed

Councilmember Goodman moved that the Council grant "AA" Residence on the above zoning. The motion, seconded by Councilmember Himmelblau, failed to carry by the following vote:

Ayes: Councilmembers Himmelblau, Snell, Goodman

Noes: Councilmember Mullen, Mayor Pro Tem Trevino, Mayor McClellan,  
Councilmember Cooke

Oscar Doell	5216 Woodview	A	AA	AA
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Councilmember Goodman moved that the Council grant "AA" Residence on the above zoning. The motion, seconded by Councilmember Cooke, carried by the following vote:

Ayes: Councilmembers Mullen, Snell, Mayor Pro Tem Trevino,  
Councilmembers Cooke, Goodman, Himmelblau

Noes: Mayor McClellan

The Mayor announced that the zoning changes had been granted as above, and the City Attorney was instructed to draw the necessary ordinance to cover.

#### WATERSHED MORATORIA

The Council had before it consideration of the following items:

1. Consider establishing a temporary 180-day moratorium on the processing of subdivision plat applications covering land located within the Bear Creek Watershed, the Onion Creek Watershed, and the Slaughter Creek Watershed beyond being accepted for filing and disapproved by the Planning Commission.
2. Consider establishing a temporary moratorium to be in effect no less than 30 days and no more than 60 days, on the processing of subdivision plat applications covering land located within the Williamson Creek Watershed beyond being accepted for filing and disapproved by the Planning Commission.

Referring to a memorandum from the Legal Department, Councilmember Cooke requested clarification of the following statement:

"Both of these ordinances provide that during the moratorium period no subdivision plat application covering land within one of the particular watersheds mentioned above could be processed beyond being accepted for filing and disapproved by the Planning Commission. The moratorium, in each case, would not apply to preliminary plats which have been approved by the Planning Commission or to final plats which have been disapproved by the Planning Commission as of the date of the enactment of the moratorium."

Mr. Albert DeLaRosa of the Legal Department responded that the draft ordinances were exactly like the one enacted on Barton Creek whereby preliminary plats were exempted as well as those final plats which had been disapproved.

Councilmember Himmelblau stated that she had had a map delivered today which showed areas which were over the aquifer and ones which were not.

Mayor McClellan pointed out that Onion Creek Watershed was outside the City's ETJ (Extraterritorial Jurisdiction) as it related to the recharge zone.

Dr. Maureen McReynolds, Director, Office of Environmental Resource Management, stated that on the map the area of recharge was marked by dotted lines. She then pointed out the various areas of recharge from the creeks and presented the following information on the percentage contributions of the creeks to the recharge of the Edwards aquifer:

Williamson Creek - 9%  
Slaughter Creek - 17%  
Bear Creek - 9%

Little Bear Creek - 11%  
Onion Creek - 28%  
Barton Creek - 27%



Dr. McReynolds pointed out that the figures came from the United States Geological Survey and that they might be revised slightly when the study was completed. Dr. McReynolds felt that it was important to note that the portion east of the recharge area did not contribute to the Edwards aquifer.

Councilmember Himmelblau felt that that area should be exempt from any consideration of a moratorium.

Mr. DeLaRosa stated that the Council could adopt the subject map as Exhibit "A" showing areas contributing to the recharge zone, so that areas not contributing would be exempt from the moratorium.

At Councilmember Himmelblau's request, Dr. McReynolds reviewed the portion of the remaining watersheds which contributed to the Edwards aquifer recharge zone.

At 5:56 p.m., the Council recessed its meeting until 6:16 p.m.

RECESSED MEETING RESUMED

At 6:16 p.m., Mayor McClellan called the recessed meeting to order.

#### Motion

Councilmember Cooke moved that the Council enact a 180-day moratorium on Slaughter Creek and Bear Creek Watersheds as it effected the City's ETJ and that there be a 30 to 45-day moratorium on the Williamson Creek Watershed that would not apply to preliminary plats which had been approved by the Planning Commission or final plats which had been disapproved by the Planning Commission as of September 15, 1980. Mayor Pro Tem Trevino seconded the motion.

#### Friendly Amendment - Accepted

Councilmember Himmelblau offered a friendly amendment that land east of the recharge area as defined by the Environmental Office be exempted from the moratorium. Councilmember Cooke accepted the friendly amendment.

#### Substitute Motion

Councilmember Goodman offered a substitute motion that the Council enact a 90-day moratorium on Slaughter and Bear Creek Watersheds to include Councilmember Himmelblau's friendly amendment to the original motion and that it would not apply to preliminary plats which had been approved by the Planning Commission or final plats which had been disapproved by the Planning Commission.

#### Friendly Amendment - Accepted

Mayor McClellan offered a friendly amendment that the moratorium be for 60 days. Councilmember Goodman accepted the friendly amendment.

Councilmember Himmelblau asked if any thought was given to the preliminaries' picking up whatever would be implemented by the task force in the watersheds. Mr. DeLaRosa responded that he thought it would be best if the Council waited to see what actually was adopted.

Second to Substitute Motion

At that point Councilmember Mullen seconded the substitute motion. Roll call showed the following vote:

Ayes: Mayor McClellan, Councilmembers Goodman, Himmelblau, Mullen, Snell

Noes: Mayor Pro Tem Trevino, Councilmember Cooke

Mayor McClellan introduced the following ordinance:

AN ORDINANCE ESTABLISHING A TEMPORARY 60-DAY MORATORIUM ON THE PROCESSING OF SUBDIVISION PLAT APPLICATIONS COVERING LAND LOCATED WITHIN THAT PORTION OF THE SLAUGHTER CREEK WATERSHED AND THE BEAR CREEK WATERSHED WHICH IS WITHIN THE EDWARDS AQUIFER RECHARGE ZONE OR THE EDWARDS AQUIFER CONTRIBUTING RECHARGE ZONE BEYOND BEING ACCEPTED FOR FILING AND DISAPPROVED BY THE PLANNING COMMISSION; SUSPENDING THE RULE REQUIRING THE READING OF ORDINANCES ON THREE SEPARATE DAYS; AND DECLARING AN EMERGENCY.

Councilmember Goodman moved that the Council waive the requirement for three readings, declare an emergency and finally pass the ordinance effective immediately. The motion, seconded by Councilmember Mullen, carried by the following vote:

Ayes: Mayor McClellan, Councilmembers Goodman, Himmelblau, Mullen, Snell

Noes: Mayor Pro Tem Trevino, Councilmember Cooke

The Mayor announced that the ordinance had been finally passed.

Motion - Died for Lack of Second

Councilmember Goodman moved that the Council establish no moratorium on Williamson Creek and create a 9-member Task Force composed of one landowner appointed by the Council, two environmentalists appointed by the Council, two developer representatives appointed by the Council, two members appointed by the Planning Commission voting as a whole to designate their representatives and two members from the Environmental Board voting as a whole to designate their two representatives. The motion died for lack of a second.

Motion

Councilmember Goodman moved that the Council establish no moratorium on Williamson Creek. Councilmember Snell seconded the motion.

Substitute Motion

Councilmember Cooke offered a substitute motion that the Council establish a 30 to 45-day moratorium on Williamson Creek excluding preliminary filed plats approved by the Planning Commission and final plats which had been disapproved by the Planning Commission and exempting land which does not effect the aquifer. Councilmember Himmelblau seconded the motion.

Amendment to Substitute Motion

After further discussion, Councilmember Cooke amended his substitute motion so as to establish a moratorium on Williamson Creek Watershed of 30 days maximum with no extension.

Roll Call on Substitute Motion

Mayor McClellan brought up the following ordinance for its first reading:

AN ORDINANCE ESTABLISHING A TEMPORARY 30-DAY MORATORIUM ON THE PROCESSING OF PLAT APPLICATIONS COVERING LAND LOCATED WITHIN THAT PORTION OF THE WILLIAMSON CREEK WATERSHED WHICH IS WITHIN THE EDWARDS AQUIFER RECHARGE ZONE OR THE EDWARDS AQUIFER CONTRIBUTING RECHARGE ZONE BEYOND BEING ACCEPTED FOR FILING AND DISAPPROVED BY THE PLANNING COMMISSION; SUSPENDING THE RULE REQUIRING THE READING OF ORDINANCES ON THREE SEPARATE DAYS; AND DECLARING AN EMERGENCY.

The ordinance was read the first time, and Councilmember Cooke moved that the Council pass the ordinance to its second reading. The motion, seconded by Councilmember Himmelblau, carried by the following vote:

Ayes: Councilmembers Himmelblau, Mullen, Mayor Pro Tem Trevino,  
Councilmember Cooke

Noes: Councilmembers Goodman, Snell, Mayor McClellan

The Mayor announced that the ordinance had been passed through its first reading only.

EDWARDS AQUIFER TASK FORCE

The Council had before it consideration of the establishment and appointment of the Edwards Aquifer Task Force to accomplish the following tasks:

1. Report on Williamson Creek development controls in 30 days.
2. Report on Bear, Onion and Slaughter Creek development controls in 90 days.

Mayor McClellan introduced the following ordinance:

AN ORDINANCE ESTABLISHING A TASK FORCE TO STUDY AND REPORT ON APPROPRIATE DEVELOPMENT RULES AND REGULATIONS FOR LAND WITHIN THE WATERSHEDS OF WILLIAMSON CREEK, BEAR CREEK AND SLAUGHTER CREEK WHICH IS WITHIN THE CORPORATE LIMITS OR EXTRATERRITORIAL JURISDICTION OF THE CITY OF AUSTIN AND WHICH IS WITHIN THE EDWARDS AQUIFER RECHARGE ZONE OR THE EDWARDS AQUIFER CONTRIBUTING RECHARGE ZONE; PROVIDING FOR THE APPOINTMENT OF THE SEVERAL TASK FORCE MEMBERS; SUSPENDING THE RULE REQUIRING THE READING OF ORDINANCES ON THREE SEPARATE DAYS; AND DECLARING AN EMERGENCY.

Councilmember Goodman moved that the Council waive the requirement for three readings, declare an emergency and finally pass the ordinance effective immediately. The motion, seconded by Councilmember Mullen, carried by the following vote:

Ayes: Councilmembers Himmelblau, Mullen, Snell, Mayor Pro Tem Trevino, Mayor McClellan, Councilmembers Cooke, Goodman  
Noes: None

The Mayor announced that the ordinance had been finally passed.

#### REALLOCATION OF FUNDS POSTPONED

The Council postponed action on the following item until September 25, 1980:

Consider amending the 1979-84 Capital Improvements Program by reallocating \$307,000 to fund the necessary improvements in water services areas SWA and SWB.

#### RECESS

At 6:40 p.m., the Council recessed its meeting until 6:50 p.m. At 6:50 p.m., Mayor McClellan called the recessed meeting to order.

#### PUBLIC HEARING ON LIFELINE RATE PROPOSALS

Mayor McClellan opened the public hearing on Lifeline rate proposals scheduled for 6:00 p.m.

Mr. R. L. Hancock, Director, Electric Utility, reviewed the proposals before the Council as follows:

"Enabling state legislation established the Texas Public Utility Commission as the rate regulating body for electric utilities in Texas, but left the regulation of municipal systems, such as Austin, to the respective governing bodies. The Austin City Council, the electric rate regulating body for Austin's Electric Utility, has the authority and responsibility for those decisions.

"The electric rate decisions made by the Austin City Council are subject to appeal through Court action or by appeal of ratepayers outside the city limits to the Texas Public Utility Commission. This may be subject to change as a result of any state or federal legislative action. The normal test for judicial review is arbitrary or unduly discriminatory rates. Any rate changes or actions should withstand that test.

"January, 1978, the Austin City Council adopted new electric rate tariffs that represented major rate changes in both rate design and policy. The design and policy basis was modern, innovative, conservation orientated, and very forward looking. The actions were based on cost-of-service studies and revenue requirements.

"Subsequently, in March of 1980 the City Council adopted revised rate tariffs. These tariffs continued the previous City Council policy with regard to rate design and methodology and were based on a current cost-of-service study and revenue requirements study.

"Major changes in rate design and methodology policies should be made only on the basis of compelling need and then should be gradual to preclude any inordinate individual dislocations. Changes should be implemented in a manner that would minimize any opportunity for reversal by a superior authority.

"The basis for actual rate design should be long term design policy and consistent cost allocation methods. A maximum effort should be made to provide long term stability in rate form and policy. Ratepayers make long term commitments on the basis of rate forms and rate policies. Any changes should recognize the ratepayer's reliance on those policies.

"After City Council adoption of new rate tariffs in March, 1980, the Electric Department prepared an analysis of several rate modifications requested by Councilmembers and a Rate Sub-Committee of the Electric Utility Commission. These initially were considered as typical "lifeline" rates and restricted to the residential ratepayer. They have come to be termed proposals 1 through 4.

"A separate proposal termed "Utility Assistance Fund" was submitted by the administration at the request of the Rate Sub-Committee. The purpose of this plan was to specifically target the needy and concentrate the financial assistance to just the residential needy as opposed to a criteria based on energy consumption, which does not discriminate well between the needy and those not in need.

"Further requests by the Rate Sub-Committee extended the lifeline concept to all residential, commercial, and industrial customers and then made certain modifications to the rate structures. These have become known as proposals 5, 6, and 7, which have become major rate modifications, not simply help for the needy.

"Basic issues to be resolved are:

- A. What does the Council wish to address?
  - 1. Help for the needy?
  - 2. Major rate change?
  - 3. A combination of both?
- B. What is the ratepayer impact of such change, by classification and individually?
- C. What is the potential for ratepayer challenge?
- D. What are the legal constraints?

"Item A is a basic policy decision that can only be made by the City Council. Item B is addressed in summary form in this report. Item C is a subjective judgment. Item D requires input from the Law Department depending on the City Council policy position with respect to Item A above.

"Proposals 1 through 4:

Proposals 1 through 4 are typical "lifeline" rates and basically are intended to help those more in need based on their energy consumption level. The proposed rates cannot distinguish between those in need and those not in need except to the extent it is reflected in their energy usage. In Austin's specific case, this is further complicated by the relatively high percentage of apartment units which are low energy users compared to single family units. In proposals 1 through 4 the revenue lost from reduced rates below selected levels is recovered from residential ratepayers above selected levels.

"Utility Assistance Fund:

The Utility Assistance Fund specifically targets the needy residential ratepayer and is not related to energy consumption level. The funding for assistance is recovered from all rate classifications, but fully retains all current rate policies and methodologies. Currently there are questions relating to legal constraints on Austin implementing such a plan. However, recent federal legislation permits the state to adopt such a plan with federal funds, thus raising the possibility that some of the legal constraints could be overcome to allow a local plan.

"Proposals 5, 6, 7:

Proposals 5, 6 and 7 extend the concept of lower rates for certain lower energy levels from residential to all classifications.

Proposal 6 retains the cost-of-service by classification and recovers the reduced cost from within each respective classification. It abandons the demand charge for commercial and industrial classifications.

Proposals 5 and 7 deviate from the previously adopted rate policy and methodology. They reduce the revenue by reclassification for residential mixed fuel, general service non-demand, both single and mixed fuels, street lighting and night-watchman. They redistribute charges within the classification reducing costs for low energy consumers and increasing cost for larger consumers within the classification but resulting in a net reduction for the class as a whole. The net reduction for those classes is made up by increases in the residential single fuel, all demand classifications, Water and Wastewater, and other city classifications. Proposals 5 and 7 also redistribute the charges within the individual classifications.

"Electric Utility Commission Considerations:

The Electric Utility Commission considered Proposals #1 through #7 and the Utility Assistance Fund.

The Electric Utility Commission unanimously supports utility assistance for essential needs for the needy (1 Commissioner absent). Four Commissioners could not support any of the proposals #1 through #7, two Commissioners supported proposal #3, and three Commissioners supported proposal #7. Subsequent action by the Commission indicated 4 Commissioners opposed Proposal #7, 2 Commissioners supported Proposal #7, 1 Commissioner was absent, 1 abstained and 1 vacancy exists.

"The Utility Assistance Fund specifically targets the needy residential ratepayer and is not related to energy consumption levels. The funding for assistance is recovered from all rate classifications but fully retains all current rate policies and methodologies.

"Proposal 3, which effects only the residential classifications, provides a cost reduction for all residential ratepayer using less than 500 KWHrs in the summer. The capacity charge is eliminated for those using less than 500 KWHrs per month in the summer months. The range of impacts for actual selected customers is 21.9% reduction for small residential consumers to a 5.2% increase for large residential consumers.

"Proposal 7 is a major revision in rates. It provides a reduced rate for the first 500 KWHrs for all classifications, reallocates the revenue by customer classification, and redistributes the cost within the classifications. Even though a classification as a whole may show a reduction or an increase, the redistribution within the class may result in both increases and decreases within the class for specific customers. City facilities are particularly hard hit with 34% increase for Water and Wastewater and a 35% increase for City facilities, such as Library, Auditorium, City Hall, Annex, etc. This will increase Water and Wastewater expenses \$1,250,000 or 5%. City facilities expense will increase \$500,000. Streetlighting, on the other hand, will be reduced \$1,115,000.

"Proposal 7 provides a cost reduction to some customers in all classifications except primary service. The sum of the cost reductions, about \$9,000,000, is recovered by redistributing it part within classifications and part across classification lines except for nightwatchman classification.

"Proposal 7 rate of return modifications lower the residential mixed fuel to 3%, lower the non-demand commercial rate to 8%, and provide negative rates of return for street lighting and nightwatchman. This cost reduction is made up by increases in the rate of return for residential single fuel to 6% and increase in general service demand, primary demand, large primary service, City, and Water and Wastewater rates from 11% to 14%, depending on the classification. The system-wide average rate of return is 6.9%. This increases the rate of return for general service demand classification from the previous 1.4 times system wide rate of return to 1.7 times system wide rate of return. The highest ratio of any major utility under the jurisdiction of the Public Utility Commission is 1.39. The Public Utility Commission's current practice is to lower the ratio."

In response to Councilmember Goodman's questions, Mr. Hancock stated that the two rate changes he referred to were based on Austin cost of service allocations, that Proposals 1 through 4 resulted from a meeting between Councilmember Goodman and Mr. Hancock, that the idea of financial assistance for utility bills originated with City staff and that Proposals 5, 6 and 7 were variations of Councilmember Goodman's original request for rate reform.

Councilmember Himmelblau asked Mr. Hancock to review Proposal 13, which had been distributed to other members of the Council.

Mr. Hancock said that Councilwoman Himmelblau had requested that certain studies be made. Generally, those studies would lower the level for the reduction from 500 KWH to 350 KWH, did not provide lifeline concepts to commercial and industrial customers, part of the burden for the additional cost would be retained in the residential sector, while part of the burden was passed on to the commercial and industrial sector. Costs associated with the modifications would be handled through changes in the rate of return for the class as opposed to changes in the cost allocations.

MR. SAM GRAHAM, Chairman, Electric Utility Commission, reviewed the recent actions of the Commission regarding electric rate proposals. He stated that the Commission went on record unanimously favoring utility assistance for essential needs for the needy. Regarding lifeline rates, Mr. Graham said that the City's Legal Department had stated that none of the proposals before the Council tonight qualified since none had ever defined what were essential needs. It seemed to him that the Council needed to decide what essential needs should be addressed or should the Council abandon the rates adopted in 1977 and implement a completely new and different type of rate structure.

In response to Councilwoman Himmelblau's question, Mr. Graham said that the Electric Utility Commission would consider an assistance program for citizens who were 65 and older and work from the homestead exemption list.

In response to Councilman Cooke's question, Mr. Graham stated that the Electric Utility Commission did not adopt Proposal 7, which in its purest sense was not a lifeline rate.

MR. PECK YOUNG, member, Electric Utility Commission, spoke in support of Proposal 7, stating that it was substantial rate reform and would benefit two-thirds of the ratepayers of Austin, representing 120,000 customers. The program was designed to do the following:

1. Recognizes that studies by the City and the Center for Energy Studies specify that about 500 KWH/month is the necessary minimum level to maintain a decent standard of living in Austin.
2. Rate structure encourages conservation by rewarding people who cut energy usage.
3. Shifts the burden from the small ratepayer to people who have the economic capacity to meet additional rate increases due to over-capitalization of the system to build the South Texas Project.



In response to Councilman Goodman's questions, Mr. Young stated that he expected healthy rate increases during the next five years and that if Proposal 7 did not pass, then multi-fuel, residential small customers using 600-700 KWH/month and the small businessmen of Austin would pay for it.

MS. SHUDDE FATH, member, EUC (Electric Utility Commission), commented on a local newspaper article which suggested that lifeline rates would increase bills for water and taxes. She stated that the net increase to the City would be about \$689,000 which could be recovered as follows:

1. Service connection fee of \$150 for installation of a new meter for a single-family residence and actual cost for all other buildings. Anticipated revenue would be \$2 million.
2. Increase water rates about 3%, which would raise the average residential bill by about 47¢/month. Under Proposal 7, the same people stood to gain as much as \$16.32/month.
3. Increase property taxes a little over 1%, which would cost the average resident about \$1/month.

Mrs. Fath maintained that a 9 to 10% increase in bills to the largest users would not drive industry out of the City or fail to attract industry. She then read a statement from Mr. Hancock, which suggested that potential new industry was not concerned about utility costs. She also referred to a Wall Street Journal article which said that utility rates were one of the least important matters in plant location decisions.

MS. JO ANN MIDWIKIS, member, EUC, stated that Proposal 7 was not a lifeline proposal. She opposed Proposal 7 and was generally supportive of current rates, policies and methodologies. She stated that cost of service by customer class could be determined. She was not opposed to a lifeline concept, but felt that the term "lifeline," should conform to the PURPA definition, which was "providing assistance to needy, residential, electric ratepayers to meet their essential needs." Her opposition to Proposal 7 was:

1. Ignores cost of service.
2. Eliminates various customer classes which have distinct characteristics distinct to that classification of customers.
3. It is not limited to residential customers.
4. It can result in reduced rates for customers who are not in need of assistance.
5. It is a major rate reform which may or may not result in reduced rates for those needing assistance.
6. It shifts \$9 million worth of revenue between classes and she did not believe that it was the intention to redistribute the wealth of Austin through electric rates.

7. It hits with the largest percentage increase the City complex and the Water and Wastewater Department.
8. It gives an incorrect conservation signal to people. With decreased rates, people would simply use more electricity and keep bills constant.

In summary, Ms. Midwikis felt that adoption of Proposal 7 would set a dangerous precedent whereby enterprise or service fees are based on anything but the cost of service. She urged the Council to retain the cost of service base for electric rates.

DR. NEAL KOCUREK, member, EUC, spoke in support of utility assistance where there was a need and in support of cost of service base rates. He did not support Proposal 7 for the following reasons:

1. It was not cost of service based.
2. It is inefficient. People with the greatest need may not get the relief. No usage pattern had been done in Austin for low income families.

Dr. Kocurek cited the statement of a former member of the California Electric Utility Commission who said that the California lifeline rate program was a failure. Dr. Kocurek proposed that a direct assistance plan for those needing it for electric utility assistance be provided. He felt that the plan could be tied to the exemption for the elderly.

DR. LARRY DEUSER, member, EUC, supported Proposal 7 and stated that it was a rate structure for the 1980's. It would encourage energy conservation and efficiency. Councilwoman Himmelblau asked Dr. Deuser why businesses were included in Proposal 7. Dr. Deuser responded that businesses were included to make it equitable. He stated that it was a crucial thing from a legal test standpoint and makes Proposal 7 more defensible in court. Referring to charts which he had distributed, Dr. Deuser stated that they showed the average cost of KWH would be to the residential class after Proposal 7 was implemented. Another chart showed the effect on the small businessman if Proposal 7 was adopted. He pointed out that the crossover point was 1,400 KWH. Dr. Deuser stated that the Electric Utility system was in future trouble unless the situation was improved with regard to debt service and declining equity. Responding to a question from Councilman Cooke, Dr. Deuser felt that if rates were reduced, people would spend the money on things other than electricity.

MR. JOHN GREY stated that it was his job to bring in new jobs for the people of Austin. Changing from a cost of service base on electric rates would make it hard to attract new employers to Austin. He urged the Council not to adopt Proposal 7.

MR. VIC SUMNER, employed by Night Hawk Foods, read from a rate design study by the State Public Utility Commission staff which urged that rates be based on cost of service and opposed interclass subsidies. He compared the rates at Night Hawk with his home rates and stated that his personal rates were lower. If rates went up for commercial users such as Night Hawk, then they would have to pass along those rates.

MR. ARTHUR BOONE, representing Frostex Foods, spoke against Proposal 7 and supported a cost of service approach to electric rates. He felt that Proposal 7 would increase the cost of food for Austin consumers, both in the grocery stores and at away from home eating places. Other means should be investigated to supply a minimum quantity of electricity to needy people.

MR. BRAD ROCKWELL spoke in support of Proposal 7 and against the cost of service approach to electric rates. He felt that Proposal 7 would benefit the small business.

MR. MERLE MODEN, representing the Austin Neighborhoods Council, asked the Council to adopt Proposal 7. He opposed cost of service as a rate-making approach and said that it was a myth.

MRS. RUBY GOODWIN presented a petition with signatures of 6,139 ratepayers who supported adoption of Proposal 7.

MR. CONRAD FATH, Chairman, Reform Austin's Terrible Rate Structure (RATERS), asked the Council to adopt Proposal 7 without change. He stated that 61 Austin organizations had endorsed passage of Proposal 7 and represented over 66,000 ratepayers and voters. He then read the list of organizations. Mayor McClellan asked Mr. Fath if the endorsements came from the executive board or the organization's membership voting at a regular meeting. Mr. Fath said that it was some of each.

MR. ROGER DUNCAN spoke in support of Proposal 7 and stated that it was the Council's duty to correct the inequities of the present system.

MR. JACK JACKSON stated that Proposal 7 would benefit 98% of the residents of East Austin.

MR. HARRY THOMAS stated that people having a problem with utility payments to establish a minimum service should have some kind of help. He stated that Proposal 7 was not the best means of doing it.

MS. HELENA HARDCASTLE felt that the small user was now subsidizing the large user and supported Proposal 7 as coming nearer to a cost basis.

MR. DAVID HART of Hart Graphics opposed Proposal 7 and stated that there were other alternatives.

MS. WILLA HARDIN of ACORN spoke in support of a lifeline rate.

MR. DAVID FERRIS favored some form of direct assistance, but opposed Proposal 7. He felt that it would be a mistake to install any kind of electric rate which would dilute the fine business climate in Austin.

MS. RUBY MELROSE of ACORN stated that East Austin needed Proposal 7. She asked for a rate structure which could be afforded.

MR. BILL CLAWSON stated that Proposal 7 would mean invisible taxes and stated that utility rates should be for utilities.

MR. JIM KIRBY exhibited the utility bills for four people and stated that he could show others how to reduce their electric bills to \$2.50 per person per month.

MR. HARVEY WILSON spoke in favor of Proposal 7.

MR. BARRY GILLINGWATER, an apartment and office space owner in Austin, spoke in opposition to Proposal 7.

MR. M. A. LANG opposed Proposal 7 and stated that there already were agencies in existence to help the needy. He felt that it was an attempt to buy votes.

MR. JOSEPH YURA, an all-electric home owner, stated that he would be subsidizing others under Proposal 7.

DR. GARY WITT, Chairman, Northeast Austin Democrats, supported Proposal 7 and felt that it was lifeline. He asked the Council to consider the majority of people in Austin and for once let the little guy win one.

MS. FRANCES SONSTEIN, representing Nurses' Environmental Health Watch, stated that they encouraged conservation and supported Proposal 7.

MR. DAVID JONES opposed Proposal 7 and did not think that it would help the people it was intended to help.

MS. MILDRED WEBB BUGG spoke in support of Proposal 7.

MR. RON GRESSEL, member of ACORN, asked the Council to support Proposal 7. He felt that people who conserved electricity should pay less.

MR. BOB BINDER, representing the Austin Study Group, stated that in the large primary user category there would be less than a 10% increase. He supported Proposal 7. Under Proposal 7, 77% of the residential users would benefit in the summer and 65% would benefit in the winter, 74% of small businesses in the winter and 58% in the summer would benefit.

Councilman Cooke pointed out that a lot of businesses in Austin would bear the cost of Proposal 7 who did not market their products outside of the City.

MS. MARCIA TURULLOLS spoke in support of Proposal 7.

MS. EDITH BUSS, representing Travis County Democratic Women's Committee, and the Austin branch of the Texas Consumers' Association, spoke in support of Proposal 7.

MR. STEVE GARDNER, attorney for ACORN, spoke in support of Proposal 7. He disagreed with the City's Legal Department as to whether or not any of the proposals under consideration tonight met lifeline criteria set forth by PURPA.

MR. BILLY JACK COMBS spoke in favor of Proposal 7.

MR. SPENCER BLAIN opposed inverted rates, known as lifeline rates. He specifically opposed an increase in rates for Bergstrom AFB (Air Force Base). He did not believe that over 60% of Austin was needy. Where necessary, assistance should be given, but cost should be the major determinant in setting rates.

MR. ANTONIO HERNANDEZ, ACORN member and representing St. Julia Parish Board, spoke in support of Proposal 7.

MR. STAN JOHNSON, a contractor, stated that Proposal 7 was a total disaster. If Proposal 7 was adopted, rates would go down now, but would increase in the future. If rates increased for large users, those users could go to on-site generation and pay for it in a few years. He had been told by members of the Travis County delegation that the Legislature would again consider buying power for the Capitol complex from someone other than the City of Austin. He also stated that the Renewable Energy Resources Commission was considering legislation now which would permit on-site generation of electricity by individuals throughout the City.

MR. ELMER HOHLE, an all-electric homeowner, spoke in opposition to Proposal 7.

MR. BILL LESSO, who taught courses in energy economics at The University of Texas, stated that rates should be based on cost of service. He did not favor Proposal 7 for that reason. He felt that the large users should pay their fair share, but so should all other users.

MR. MIKE HART, an engineer involved in energy consulting in Austin, called for a flat rate structure. He proposed that capacity charge be based on size of electrical service provided to a house or small business. He urged the Council to consider a fair rate alternative to the unfair and divisive Proposal 7.

SISTER MARY ROSE, representing Seton Medical Center, spoke against Proposal 7 and in favor of rates based on cost. She felt that there were other alternatives for people in need. Any increase in electric rates for Seton Medical Center would have to be passed on to patients.

Responding to questions from Councilman Goodman, Sister Mary Rose said that under Proposal 7, the increased cost to patients would be under \$2 each; Seton handled about 20,000 patients annually and had a budget of about \$30 million.

MR. FRANK HORSFALL felt that the Director of the Electric Utility should be replaced.

MR. RICH ELLMER doubted that there were 65,000 people in Austin who were welfare cases. He felt that if the City deviated from cost based rates, then it could happen in other areas of City government.

MR. NORM ANDREWS, Chairman, Travis County Libertarian Party, spoke against Proposal 7. He felt that free choice was the answer.

LYLE HAMNER thanked the Mayor and members of the City Council for their attention and patience in this matter.

SHERRY PROLOFIAN, Gary Price, and Steve McGuire also made statements in favor of Proposal 7.

Councilmember Snell spoke as follows: "Back in March, 1975, I campaigned on Lifeline Rates. For the past six years we have been working on utility rates. If there's one thing that has really bothered me for the tenure I have served on the Council, it is that we have not been able to do anything with the utility rates. I live with 95% of the people whose utility bill is higher than their rent... It's very, very hard to go anywhere and have to face what we really haven't done. I think now is the time we should do something about these utility rates. I would like to go on record as, I know we can't tonight, but I certainly would like to do it before I get off of this Council. I feel like we have an obligation to the people. Something has to be done. I hear it every day and I would like to do it immediately. I certainly want to go on record as supporting Proposition 7.'

RUTH SIMMS appeared and spoke in support of Proposition 7.

#### Motion

Councilmember Snell moved that the Council close the public hearing. The motion was seconded by Councilmember Goodman.

Councilmember Goodman stated, "Having actively participated in the evolution of Proposal 7 along with three members of the Electric Utility Commission and members of ACORN, I am sorry to see the acrimoniousness that developed tonight because that's the last element I'd like to see enter into a discussion like this because we have a municipally owned electric system and it's our system and how we determine the rates should be done in a fair and impartial manner and that's something that I don't think has occurred in the past whether it was intentionally or not. I happen to think that there has been a regression to the Middle Ages where the rich have been taking from the poor. I think historical evidence supports that. If you look around today you'll see that evidence quite readily. On the full extension of the impact, I don't think that Safeway prices would differ here in Austin, than the prices that Safeway charges in Oklahomas, or New York, or New Jersey. I don't think that Texas Instruments watches would be higher priced in Austin than they would be in California and I don't think semi-conductors made at Motorola would change in price. But what would change is the cost that local businesses charge their local customers. In terms of a cost based system, our bus system is not cost based. Our library system is not cost based. And in terms of attracting industry to Austin, I think the last few years has demonstrated we have not had any difficulty in attracting industry to Austin. Not only because of the non-union situation but also because of the highly favorable situation created by the University, the sophistication of the people who live here, the absence of an income tax and an even more important factor in attracting industry to Austin...one thing they look at when an industry decides to relocate, is what it is going to cost their employees to live here, not only what it is going to cost them to operate their plant, but whether or not their employees are going to want to come here and if we have lower or I should say, fairer electric bills, that's just as important in the equation, and that's why I somewhat am disappointed over the polarity that has resulted."

Friendly Amendment

Councilmember Goodman offered a friendly amendment that in addition to closing the public hearing, this item shall be scheduled for action on September 25, 1980. Councilmember Snell accepted the friendly amendment.

Councilmember Cooke said, "I'd like to respond to your comments just a little bit, Richard. I have probably not worked as closely with Peck and Judy and Larry, but I've tried to listen to the comments and I think some of the points that have been made to me are good points. I am very concerned about whether we are, in fact, as a city, indicating or giving signals to this city to promote conservation. I'm also concerned that in the redistribution of this \$9,000,000...\$1.3 million is going to be redistributed and while the numbers might not be exactly correct, from 65,000 or 70,000 residential multi-fuel users, to about 55,000. And another \$1.3 million is going to be shifted from some portion of the single fuel, i.e., the all-electric user, and there are 17,000 of them, to about maybe 3,500 to about 12,500. So that means \$2.6 million of this is going to go to about 65,000 residential consumers.

"Another thing that has been said here tonight, and there's some valid comments...the focus continues to be on the big four. But if you really look at where this \$9,000,000 is going to go, it's not going to go to the big four as I brought out earlier tonight. That's \$885,000 of this \$9,000,000. Where the bulk of this is going to go, or what I roughly computed as 58% of this \$9,000,000 is going to go to 65,000 residential consumers and 402 businesses in Austin. I want to emphasize that point again. \$2.7 million is going to go to the general service demand multiple fuel and there are 402 entities there, and that is what concerns me. We are talking about 58% spread over those three classes right there.

"The other big one, and I agree with the comment that has been made tonight, of the net out effect. While some people would have real problems with Proposition 7 because we are going to shift \$1.2 million onto Water and Wastewater and I think Shudde was right when she brought out the point, but we are going to save \$1.1 million in electric street lighting. So I am trying to listen to all people's points of view and there are some things here that have validly been said on both sides but I still have concerns with regard to how this redistribution is going to take place. I realize what Peck said, that the redistribution is going to go to the large users but it's going to go to 65,000 residential consumers...that's where \$2.6 million of this is going to go. Those are some of the things that have come out to me tonight that I have to continue to sit here and scratch my head and analyze. I think we've got to be constantly aware of that. The big one that still really concerns me is the 402 customers that are going to pick up \$2.7 million of this. Those are local customers. That's not IBM transferring their word processors to Japanese customers, that's local businesses and I do think that Safeway in Austin would be different because there are no Mom and Pop stores anymore. There are a few in East Austin and I salute the fact we do still have a few, but it's mainly Safeway and Tom Thumb and that's where those 402 customers are and that's where the biggest hunk of this is going to be thrown."

Councilmember Goodman asked Councilmember Cooke if he had figured how many businesses would experience a decrease. Councilmember Goodman said he had calculated roughly 2/3 of the businesses. He said as for residential users, it would effect some at the top of the scale who use 4,000 kilowatts.

Mayor McClellan suggested they separate the motion.

Motion

Councilmember Snell moved that the Council close the public hearing on Lifeline Rates. The motion, seconded by Councilmember Goodman, carried by the following vote:

Ayes: Councilmember Snell, Mayor Pro Tem Trevino, Mayor McClellan,  
Councilmembers Cooke, Himmelblau, Mullen  
Noes: Councilmember Goodman

Councilmember Goodman said he thought if the vote is going to be delayed, people on either side should be allowed to speak again and so he voted no.

There was some discussion concerning the date.

Motion

Councilmember Goodman moved that the Council take a vote on Lifeline proposals on October 9, 1980, when the proposal will be brought back in Ordinance form. The motion, seconded by Councilmember Snell, carried by the following vote:

Ayes: Mayor Pro Tem Trevino, Councilmembers Cooke, Goodman,  
Himmelblau, Mullen, Snell  
Noes: Mayor McClellan

Prior to the vote on the motion, Mayor McClellan stated, "I strongly favor a way to help those residential rate payers who need the help for essential needs. I have some grave concerns about Proposal #7. I don't know whether giving a lot of people a little more money is the thing to do. You may need to give more to less people. I think there are some elderly people in this city who need to run the air conditioner in the summer time and need some assistance to be able to run the air conditioner in the summer time, and it would be false conservation for that particularly elderly person to do otherwise. I think when it is said the small users subsidize the large users, that simply is not true. The small users do not subsidize the large users with our present rate system. The rate of return on our residential customers is about 4.6%. For the large consumers it is about 9.6%, or 1.4 times the average rate of return on the residential..about twice the rate of return on the residential. We are not number one in the state or in the nation anymore on residential rates, fortunately. We are about 7 or 8 on our residential rate in the state. We are number one on the large user rate in the state. I think perhaps you could say we have already shifted the burden to the large consumer.

"Many people, I think, have been presented with aggregate figures rather than looking at the impact on individuals and it seems that out in the community, Proposal 7 is discussed as a Lifeline Proposal, while here in the Council Chambers tonight it was discussed as a conservation proposal. And yet



I have not been provided with the information. I would welcome it. I have not been provided with information that it promotes conservation. I did hear some testimony in California about 2 out of 3 consumers using some of their savings in higher consumption. I think basically there are three parts to a rate case, the revenue requirements, the cost allocation, and the rate design. Certainly there is some flexibility in that rate design to consider such as the impact on customers and the impact on utilities, the different riffs which result in a different rate of return being applied...but even though there is some flexibility, the rate design, I believe, should follow the allocation of cost to some reasonable extent. I think there is a range of reasonableness which allows application of some judgment, but that judgment should not be exercised to reach goals that are not within the rate making prerogatives.

"In my opinion, and I also believe it is the opinion of most regulatory authorities, redistribution of the wealth, or providing assistance to those who need it, is not an appropriate rate making goal. I think it is impossible to ascertain who needs the help by looking at their utility bills. Many people have referenced doctors. I can show you specific examples of doctors who come closer to qualifying for lifeline rates because they have an apartment or lake house and go to Acapulco frequently and are not at home very often and would come closer to qualifying than the man with the large family or poorly insulated house and a lack of funds to go elsewhere. Ordinarily classes of customers are assigned some revenue requirements as a hope and if some residential customers receive a break, there are not only large businesses, there are other residential customers picking it up, and again, in my opinion, I think that perhaps the best approach and one that is followed by most regulatory authorities is to recognize that the residential class as a whole has less risk than certain other classes and that this should be recognized and is during rate design through a reduced rate of return for that class as a whole. Again, I want to stress that I strongly favor devising a way and would like to go back and work with our citizens' Electric Utility Commission on a way to provide assistance to those residential rate payers who need the help for essential needs but that assistance to those who need the help should be handled directly and without disguising it as utility rate making."

Councilmember Himmelblau said, "I would like the Electric Utility Commission to look at 13 which I just received this weekend. And there is an 11 and 12 in there that I haven't even had a chance to look at to see where we are and come back to us by that date if they can...by October 9."

#### EXECUTIVE SESSION

Mayor McClellan announced that Council would convene in a closed or executive session authorized by Section 2, Paragraphs (e), (f) and (g) of Article 6252-17, Texas Revised Civil Statutes Annotated; and after such closed or executive session, any final action, decision or vote with regard to any matter considered in the closed or executive session will be made in open session, should such action, decision or vote be necessary.

## RECESS

Council recessed its meeting at 11:20 p.m. to enter into Executive Session. They resumed their recessed meeting at 11:30 p.m.

## APPOINTMENTS TO SOUTHWEST TASK FORCE

Councilmember Goodman moved that the Council appoint the following to the Southwest Task Force:

Dr. Jerry Rolich - environmentalist  
Frank Cooksey - environmentalist  
Ira Yates - landowner in southwest area  
Ed Wendler, Sr. - representing developers  
Charlie Graves - representing developers  
Gary Bradley - Planning Commission  
Bernard Snyder - Planning Commission

and that the Environmental Board at their meeting on September 18, will appoint their representatives. The motion was seconded by Councilmember Trevino and was passed by acclamation.

## ANNOUNCEMENT

Mayor McClellan announced they had received some memos and updates on PURPA this date and asked City Manager Davidson when they needed to do that. Mr. Hancock, Director of Electric Utility, said there is not a specific deadline date. "We are already late. The Council needs to reconcile in its mind some questions that have been previously presented. We need to set the course for what the Council desires as soon as possible but we can overrun our time without any adverse effects. We have to conduct a hearing by November 9 on the administrative matters. We cannot, from a practical point of view complete that by that date. I think the next best thing is for Council to set the date for that hearing as soon as it is practical. ...The main thing will be the intent on Austin's part. There is no penalty as far as I know for not completing it by November 9."

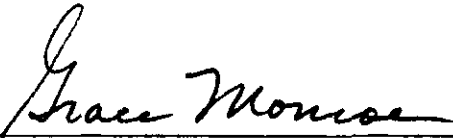
## ADJOURNMENT

Council adjourned its meeting at 11:35 p.m.

APPROVED:

  
Mayor

ATTEST:



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City Clerk