



Late Backup

#61

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Good Evening Mayor and Council,

My Name is Andy MacFarlane and I am with Data Foundry, a local provider of data center services. Our new center is powered by two independent substations and connected to 17+ fiber providers. Texas 1 is the most redundant, connected, and secure data center and disaster recovery solution available in Texas.

I am here to voice our concerns and, I believe, the concerns of many Austinites that the rate increase requested by Austin Energy is too much, too soon and the recent proposal by Austin Energy to divide the increase into two time periods does little to address those concerns.

As you know, Data Foundry has been actively involved with the Austin Energy (AE) rate request and we believe there are too many outstanding items that require further study by the Council and review of policies that will be affected by Austin Energy's new business model.

We believe that the proposal offered by Councilmember's Morrison and Tovo this morning will give us time to discuss the items that have been left outstanding during the last year as we went through the Public Involvement Committee process and then the process at the Electric Utility Commission.

We have focused on the revenue requirement portion of the rate request and have also offered an approach that would allow for an extended time to consider the major issues of the case, such as AE's financial policies, the structure of the General Fund transfer and other issues that affect the financial stability of Austin Energy and its ability to provide clean, affordable, reliable energy and excellent customer service.

Our recommendation would grant AE a rate increase of 4.69% to cover annual operating losses, should they occur. This increase would allow Austin Energy to maintain their target debt service coverage of 2 times.



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There are many opportunities that AE has developed and that should be pursued. However, the recent changes in the wholesale market and the competitive pressures that face our municipality-owned utility dictate that, while an increase in rates to stabilize revenues is necessary, a longer term vision for the utility with a matching business plan should be developed.

In summary, we appreciate the fact that the existing base rates have not been changed in 17 years. However, it is important to the community that the rate changes be substantiated and well thought out. We think that the recommendations to limit the rate increase to a minimum that covers the utility's costs while the difficult issues raised can be fully vetted.

We are looking forward to comparing our recommendation to that proposed by the Councilmember's this morning. We are ready to engage with Austin Energy, as requested by the Councilmember's, to review our calculations and theirs. We hope to do this before the next Council work session.

I would like to say one last thing. We know that the Council approved the affordability goal that states that our rates should be in the bottom half of the rates in the state. I would like to challenge all of us to revise that goal and see if we can come up with a plan over the next year that insures that our rates will be in the bottom 30% of the rates throughout the state. That will make our economy even better and provide relief to everyone.

We look forward to the continuing discussions by the Council and appreciate the time and consideration you are giving this very important issue.

Thank you,

Andy MacFarlane