

Late Backup

**TESTIMONY OF
LANETTA COOPER
ON BEHALF OF
THE GRAY PANTHERS
BEFORE THE CITY COUNCIL OF AUSTIN
FEBRUARY 14, 2013**

My name is Lanetta Cooper and I am testifying on behalf of the Gray Panthers on the proposed resolution involving the governance of Austin Energy's governance. We are an inter-generational organization that promotes political, social and economic justice.

A principle of political and economic justice is that assets owned by the people should be within their reach to control. This is currently done through the election of council members who govern as the people's agents the public assets—specifically in this case, Austin Energy's assets. This agency relationship with the individual council members can be terminated by the vote of the people. Not so with an unelected board to govern Austin Energy.

The proposed resolution before you removes the people's assets out of their reach. It creates an unelected board whose membership is to be chosen primarily through costly, corporate headhunters. Apparently in the proposed resolution the council's role would be relegated to rubber stamping the corporate head hunter's choices for board. It simply creates more red tape for the people to sift through. Instead of more red tape, the council should be snipping away at the current red tape, not lengthening it.

An unelected board is not necessary. The board will not solve perceived problems with the current governance. The San Antonio unelected, electric utility board is a good example.

This board has raised base rates in a series of rate hikes by about 15%. During the same time, Austin Energy's rates has risen 9% with the recent rate case. There simply is no reason to place Austin Energy further out of reach of the people. We believe it will be a costly mistake if the decision is to further remove Austin Energy decision making further away from its owners.

Nonetheless, should the council decide to go forward with this resolution, the Gray Panthers applaud Mayor Leffingwell and council members Cole and Spellman for including structural protections in their proposal to mitigate the dangers of creating an additional level of bureaucracy. We support the assurances that rates will be set by the council and through an independent rate hearing process with input from a skilled and knowledgeable consumer advocate. An independent rate hearing process creates transparency and allows for an organized presentation of facts and argument for decision making purposes. Ensuring a process that is fair to all ratepayers regardless of resources is good government. This process will also serve as a "ratepayers'" audit because the hearing would provide for review and analysis concerning the reasonableness of Austin Energy's business operations and the reasonableness of its business expenditures. A skilled, experienced and knowledgeable consumer advocate provides a necessary voice to add to the public debate to ensure a balanced decision making in the setting of Austin Energy's rates which directly affect its ratepayers. We urge the council to retain an independent rate hearing process with consumer advocate input regardless whether an unelected board is created or not. We would urge the council to go a step farther and create an office of consumers affairs to operate within the auditor's office headed by a consumer advocate appointed by the council through contract. This office would be able to provide the council with valuable input on major issues the council grapples with including water/wastewater rates and

electric rates, and major projects that affect ratepayer pocketbooks such as Water Treatment Plant No. 4.

The Gray Panthers also applaud the decision to retain certain key governance powers. We urge you to consider lowering the \$100 million limitation on the unelected board's purchase decisions. We also urge you to consider a thorough examination and evaluation of all governance decisions. For instance, we urge the council to retain its authority over approving Austin Energy's efficiency program to ensure it is implemented in a cost efficient and equitable manner. Decisions of what energy efficiency programs are included in Austin Energy's energy efficiency plan and how they are implemented directly impacts Austin Energy's ratepayers.

We also encourage the council to establish more transparent reporting of significant information. No matter how much data is provided the public and the council, it is meaningless if it is not presented in a clear and understandable manner. The Gray Panthers urge the council to appoint an ad hoc committee comprised of AE staff and persons with regulatory financial and/or economic experience to provide recommended reporting requirements.

The Gray Panthers firmly believe that a board—especially one not elected by the people—should be comprised of members reflective of the community it serves. There is no need for expensive corporate head hunters or expensive board salaries to recruit skilled people. Any unelected board should contain at least one member for each of these interests:

- Low-income ratepayer advocate
- Residential ratepayer advocate
- Small business ratepayer advocate
- Energy efficiency expert
- Large commercial ratepayer advocate
- Two or more persons with regulatory financial and/or economic expertise

- Two or more council members, and
- The Mayor.

The Consumer Advocate should be provided the opportunity at each board meeting, including committee meetings, to make presentations relating to electric utility business.

The proposed citizen's panel would not be needed if the recommendations provided above are accepted. If the council creates a citizens panel, it must include at least one member of the unelected board who would be required to bring the panel's comments, recommendations and proposals to the board for action.

Thank you.