

**RESOLUTION NO. \_\_\_\_\_**

**WHEREAS**, Austin Energy is the nation's eighth-largest municipally-owned electric utility and enjoys a reputation as an industry leader that delivers clean, affordable, reliable energy and excellent customer service; and

**WHEREAS**, Austin Energy is the City of Austin's largest asset, and the City Council now governs the utility directly;

**WHEREAS**, the Electric Utility Commission has recommended changing the governance of the electric utility to an independent board of trustees; and

**WHEREAS**, on February 14, 2013, City Council passed Resolution 20130214-046 directing the City Manager to "craft an ordinance that would create and define the powers and duties of an independent board of trustees"; and

**WHEREAS**, the impending decision about transferring responsibilities to an external board would be one of the most significant in the utility's last 100 years and must be undertaken with access to the most recent, thorough data and information; and

**WHEREAS**, many documents provide comparative data about Austin Energy in relationship to other municipally-owned utilities in Texas and large municipally-owned utilities across the nation, but no one document compiles the disparate information into a coherent and consistent survey illustrating how Austin's utility compares to those governed by independent boards; and

**WHEREAS**, the August 2012 "Governance Study of Public Power Utilities for the City of Austin," prepared in response to Council Resolution 20120607-038, described governance models of nine Texas municipal utilities and seven municipally-owned utilities outside of Texas; and

**WHEREAS**, a binder compiled by staff and Electric Utility Commissioner Shudde Fath in 2012 includes surveys and presentations comparing governance, bond ratings, rates, and other elements of relevance, but this information appears in multiple documents that each compare Austin Energy to different groups of utilities; and

**WHEREAS**, the City Auditor's 2012 "Austin Energy Rate Proposal Audit" compares Austin Energy's proposed rates, reserve funds, debt service coverage, and debt ratio to three different groupings of utilities; and

**WHEREAS**, Economic Growth and Redevelopment Services prepared a white paper in July 2011 (revised in March 2012) that reviews Austin Energy's support of economic development in relationship to fourteen other utilities; and

**WHEREAS**, Navigant Consulting's December 2010 "Financial Position Review" compares Austin Energy's rates and financial metrics to several other utilities within and outside the state; and

**WHEREAS**, the "Austin Energy Affordability Benchmarking Study — Evaluation of Electricity Rates and Bills" measures Austin Energy against other Texas utilities; and

**WHEREAS**, none of the reports and information described above present a comprehensive picture of how Austin Energy compares to utilities governed by independent boards; and

**WHEREAS**, a thorough analysis of how Austin Energy compares to municipal utilities governed by independent boards would provide a solid foundation for the Council to make decisions related to utility governance;

**NOW, THEREFORE,**

**BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF AUSTIN**

The Council believes all decisions related to Austin Energy must be based on sound policy, research, and data and remains committed to ensuring that any decisions related to Austin Energy further the utility's mission and serve the best interest of ratepayers;

**BE IT FURTHER RESOLVED:**

That the City manager is directed to provide a report comparing Austin Energy to other municipal utilities managed at least in part by an independent board, both in Texas and those of similar size across the nation.

That the report should evaluate each utility in terms of the goals critical to Austin Energy's stated mission. For those utilities in Texas and elsewhere that transitioned from City Council governing structures to external boards, the report should identify how the utilities' performance changed as a result of a transition in governance.

That the report should use the metrics below, which have been drawn from bond rating agency documents, Austin Energy's strategic plan, and a variety of utility benchmarking studies. The list is not all-inclusive, and the City Manager staff is encouraged to include additional measures that relate to Austin Energy's goals and mission and aid in understanding how the governance transition may have impacted performance. To this end, the City Manager shall select reasonable timeframes for these measures and, when relevant, provide data for several years before and several years after a governance transition. Whenever possible, the report should note which particular programs or initiatives at Austin Energy have been directed by City Council policy.

### **Utility Profile**

economy of service area  
customer base  
service territory  
assets and condition  
fuel mix  
regulatory environment  
generation mix  
weather variability  
civil service

### **Core Overall Performance Indicators**

#### **Financial Integrity**

bond ratings over time  
revenues  
cost recovery ratio  
cash flow  
liquidity  
capital structure  
reserves  
debt ratio  
debt service coverage  
General Fund transfers

### **Rates**

rates over time (frequency and amount of change over last 20 years)  
rates by class  
rate competitiveness within state and region  
average kwh/square foot (i.e., calculation of benefits of energy efficiency programs)

### **Staff**

turnover  
management experience  
average salaries  
cost and coverage of benefit plans  
strength of pension plans  
workforce management

### **Operational Efficiency and Effectiveness**

safety record  
reliability (system average per year, customer average, non-interruptible customer average)  
management of generation risk  
diversity of power supply  
strategic planning  
comprehensive resource planning  
tree trimming programs

### **Transparency and Accountability**

public involvement in rate setting, budgetary decisions, and policy direction  
various means offered for public participation  
access to decision-makers  
ready availability of meeting minutes, agenda, and other information  
regular meetings held at places and times convenient to public participation  
level of public participation  
Citizen board and citizen board turnover

### **Sustainability and Stewardship**

renewable percentage of power mix  
quality of renewable energy program  
renewable portfolio goals

energy efficiency programs  
green building and related initiatives that contribute to demand side management  
reliance on water-intensive energy resources  
tree planting, electric vehicle programs, and other carbon reduction initiatives

**Innovation and Leadership**

awards and recognition  
certifications  
collaborations with industry partners and other entities

**Consumer Satisfaction**

surveys  
call volume to customer service

**Community Service**

partnerships  
education and outreach  
customer assistance programs

As the Council has undertaken a process of determining which responsibilities could be transferred to an external board, the report should be provided to Council no later than May 23, 2013.

**ADOPTED:** \_\_\_\_\_, 2013

**ATTEST:** \_\_\_\_\_

Jannette S. Goodall  
City Clerk