

# Late Backup

## Issues Raised in Ongoing Discussions of Independent Board for Austin Energy

### Flexibility/Nimbleness

- Scheduling of approval for management and purchasing decisions
- Free from City bureaucracy (Own in-house service 'no choice but to pay whatever the City charges'; Legal representative for AE centralized w/Legal Dept)

### Transparency

- Competitive matters
- Management by CMgr is outside public eye, no customer input
- Information flow, availability

### Professional, Experienced Oversight needed

- Expertise
- Continuity (terms of council members)
- Necessary/effective oversight, e.g. Hedging policy
- Focus of council members is divided
- EUC doesn't know questions to ask
- Executive sessions not allowable for EUC
- Strategic planning, e.g. what should we be doing now to lessen next rate increase

### Accountability of the management of AE

- Citizen voice has been lost
- GM and other executives not participating with EUC
- Power has shifted from council to staff/city manager
- Input on development of RFPs by EUC

"Considerable confusion within CoA and AE as to whether the GM reports to the city manager or to the Council" → AE less efficient and less capable

### Outside City customer representation

### Miscellaneous

- Governance inadequate for deregulated, fiercely competitive market (1996)
- Instill confidence in capital markets
- Accountable to the needs of voters and ratepayers
- Maximize return on ratepayers investment, maintain competitive rates
- Staff subject to City constraints (salary, classifications)
- Council subject to external pressure" (eg community values and other council considerations?) vs what's best for utility
- Decisions by Council respond to city politics
- Lower bond rating because it is managed by Council

Council has conflicts of interest (e.g. between financial health of utility and need for GFT)

Continuity: board member serving a significant amount of time...

Political interference

Lack of consistent policy direction

Lack of consistent management at the top

*Failure to operate the system on a business like basis*

Transparency: Rate case process was created behind closed doors

GM put on short leash although "he thought he was going to report to Council when hired"