

RESOLUTION NO. _____

WHEREAS, the City Council is committed to maintaining the long-term financial strength of Austin Energy as well as maintaining affordability for all classes of ratepayers; and

WHEREAS, it is the responsibility of the City Council to set electric rates in its capacity as the governing board of Austin Energy; and

WHEREAS, the City Council's policy is to set fair and just rates that will recover Austin Energy's reasonable and necessary operating costs; and

WHEREAS, key financial policies and assumptions underlie any proposed rate increase; and

WHEREAS, setting rates requires highly technical cost of service analyses, accounting analyses, financial analyses, and other economic analyses to ensure that operating costs are reasonable and necessary and allocated fairly among customer classes; and

WHEREAS, Austin Energy's large commercial and industrial customers have the resources to hire experts who provide economic analyses from their respective points of view, but smaller customers do not have such resources; and

WHEREAS, the City Council balances the competing interests of various customer classes in determining whether Austin Energy's operating costs are reasonable and fair and whether these operating costs are fairly allocated among the customer classes; and

WHEREAS, the City Council cannot act as a fair and impartial regulator without hearing the diverse viewpoints of Austin Energy's customer classes; and

WHEREAS, in June of 2012 the City Council adopted Ordinance 20120607-055, which provides, “the City will hire a consumer advocate who is knowledgeable and experienced in ratemaking issues to represent residential and small business customers,” and Council provided further direction to include the consumer advocate in Austin Energy’s 2015 budget; and

WHEREAS, on November 6, 2014, the City Council authorized the award and execution of a 24-month service contract for regulatory consulting services for Austin Energy in anticipation of the next rate case; and

WHEREAS, the Council finds that greater transparency and accountability would be achieved by having a consumer advocate in place during the regulatory consulting service’s Phase I, in which research and analysis is performed on reserve requirements, cost of service method, and rate design; **NOW, THEREFORE,**

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

The City Manager is directed to engage an independent consumer advocate to represent the interests of residential, small business, and house of worship utility customers and to consult with the City Manager and the City Council leading up to and throughout the next electric rate review process.

The qualifications for a consumer advocate shall include:

- experience in actual representation of residential customers in state or federal electric ratemaking proceedings,
- experience in working with residential consumer groups including low income consumer groups involving rates, and
- knowledge of ratemaking concepts.

BE IT FURTHER RESOLVED:

The City Manager will place an item on the agenda of the next Council Committee on Austin Energy to discuss the scope of work, the budget, and the work schedule and timeline for the consumer advocate.

ADOPTED: _____, 2014

ATTEST: _____

Jannette S. Goodall
City Clerk

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