

Austin Energy Utility Oversight Committee Meeting Transcript – 08/15/2016

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[9:04:08 AM]

>> Gallo: Good morning. Everyone. I just wanted to make an announcement that it looks like we will be starting at about 9:30 before we can get a quorum. The weather has impacted the ability for everyone to get -- unlike you guys. And I know that councilmember Garza is not feeling well today so she will not be attending the meeting, but she will be listening. And then Ms. Kitchen, it will be about 10 or 10:30 before she gets here. We will do a start at 9:30, and I appreciate your patience. [♪Music playing♪] >>

[9:59:47 AM]

>> Gallo: I appreciate your patience and understanding and we'll be back shortly.

[10:34:27 AM]

>> Gallo: Good morning again. It looks like we have councilmembers available but we have the parties that are in discussion right now. It looks like that hopefully we will have some -- some good results that come out of those discussions and so we are looking at -- they've been asked, we've been asked to give them another 30 minutes so at this point we're looking at 11:00. And once again, thank you for your patience, but hopefully these discussions will result in some good information that comes back out when we get ready to start. So at this point we'll be looking at 11:00 start time.

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>> Gallo: Good morning again. As many of you already know, there has been some substantial and serious discussion going on, settlement talks to try to come to agreements. And what we're discussing today, it's been indicated to me that a little bit more time is necessary and so what we're going to do is break for our lunch and come back -- come back at 1:00. That has been the request of the people that have been working this morning and trying to move forward the settlement talks. Mayor, did you want to say anything? >> [Inaudible]. >> I think that's a good suggestion, Paul. We need a quorum to be able to convene the meeting. Ann just left. I know Ann just stepped out for a second, but I think she's right

around the corner. >> Mayor Adler: So while we're getting the sixth person, obviously if the of settlement and agreement that resolves this, we will save thousands of hours of our time. It's obviously, I think -- I support you in this just because if we can invest a little bit of time now as disruptive as it's been to our calendar this morning, it will save us so much time in the long run and send a real strong message. I think it's great for us to hear the citizens communication discussion, but then after that, then to have the parties go and if they can't reach a settlement, then I'd recommend that when everybody came back into the room that the first round of conversation should just be about where we're falling short on that settlement so that we can focus on those issues and understand those.

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And then go to a broader conversation if it's necessary. But that would make sense to me. >> Gallo: Mayor. Thank you. We now have six councilmembers, a quorum of the Austin energy oversight committee, which I will call to order at 11:22 A.M. As we previously indicated, I need approval for minutes. >> Mayor Adler: So move. >> Gallo: Mayor first. Councilmember Houston seconds. All those in favor? And if the clerk will indicate which councilmembers are off the dais. I did mention earlier that councilmember Garza is not feeling well so she will not be here today. She will be watching on the TV. The first people signed up to speak at the meeting will be allowed to speak. First is Richard Halpin. Second is Randy Chapman, fourth is Paul Robbins and fourth will be Rebecca Malcolm. >> Thank you, chair woman. I appreciate it. My name is Richard Halpin and I'm part of the Austin interfaith coalition on the utility rates. Our house of worship coalition continues to fight for these affordability goals, vis-a-vis the rate case. Keep the house of worship rate the way it currently is. Many small house of worship will be financially damaged by Austin energy's proposal of unaffordable rate increases for the houses of worship. 68% of Austin's house of worship are small organizations. This is not an issue of the city subsidizing these houses of worship or some break in church and state protocol. This is about real cost of service and customer demand.

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The house of worship we can demand on the system is not the same as the demand as the general user has at 4:30 on a weekday. That demand. And should not continue to be misidentified that way. The house of worship rate charge from the last rate case discussion is a correction, miss characterized as a discount. If you increase the house of worship rate, the house will have to cut or eliminate many of the health and human services that they provide to this community. Aunties who were receiving those health and human services will then turn to city and say help me, help me with this particular issue. And the city's costs will go up. It is a bad idea to try to increase those costs. I've attached for the document thank the city clerk has passed around. I see councilmember Houston has it in her hand. The second page is just a sample, councilmember, of the many, many health and human services issues, mayor, that our house of worship provide to the city. And lastly, we continue to advocate for the affordability of our most vulnerable rate payers. Our Austin energy has proposed to change -- to charge some residential users more for using less energy. This seems to fly in the face of the values that our city has developed over the past several years and the hard work that some of you have led both locally and nationwide, mayor. We believe that this rate protocol proposal is not affordable and it will hurt low tier customers who must be conservative in their energy use and family budgets. It will hurt the environment. It's not a smart idea for

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the planet. The impartial hearing examiner has found over \$60 million in Austin energy surplus revenue. (Beep). That's a lot of money, I know, a lot of money. And shouldn't all of our ratepayers get rate reductions and incentives for using less energy, not increases? Thank you very much. >> Gallo: Thank you. The next speaker is Randy Chapman. >> Good morning, council. Still morning. My name is Randy Chapman. I'm substituting for Lynetta cooper today. I work for low income intervenors in this case. Just one word. We're not going to speak to settlement terms or anything, but I do want to point out the recommendation of the independent hearing examiner regarding late fees. Other utilities, when deregulation happened, the public utility commission, I was there at the time, argued the same points before the PUC, and the chairman of the PUC, Republican pat wood, said okay, the companies are taking some additional risk by going to competition. So therefore we will allow a five percent late fee. But for your folks who are in the low income program, they've been certified as receiving snap or food stamp, medicaid benefits, they are automatically enrolled. For those customers there is no late fee, and that continues today, the city of Austin uses solex, which is the same administrator. The hearing examiner said

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the one change ihe recommends the council consider is the ica and low income customer suggestion, the late payment fee not be applied to customers who are eligible to participate in the ie cap program. We maintain that stance today and we hope city council will approve it. Thank you. >> Gallo: Thank you. Mr. Robbins? >> Council, I want to comment on the solex contract that's going to come up to you this Thursday. I am asking you to consider two possible amendments. One is pretty simple. Delete the \$50,000 in funding to find owners of multiple properties and do this in-house. I estimate this will save about 40 to \$50,000. I know this because I've done the work free and I know how easy it is. I am asking - also asking you to do something bowledder. I'm asking you to study replacing automatic enrollment with income verification. The solex contract is now quite expensive based on interviews with other utilities. I believe you could income verify participants with as much accuracy and far less expense while maintaining the same participation. Some people have talked about expending money for cap, saving administrative money might be one way to do this without substantially raising bills. I also want to comment on the prior speaker I do not agree with his assessment of late fees. I believe that there's a lot of money on the table, somewhere between 1.4 and \$2 million in late fees for

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cap. And further, I don't believe comparing the public utility commission rules is the same as comparing Austin energy. Austin energy has much, much more lenient cutoff policies than the other policies. My understanding is that these deregulated utilities have an 18-day cutoff policy so five percent really isn't a big deal. At any rate, thank you for -- or is it as big a deal. Thank you for your attention. At the very least I hope you will amend the solex contract to delete the \$50,000 to find multiple property owners and do this in-house with Austin energy clerical staff. Thank you. >> Gallo: Thank you, Mr. Robbins. Next, Rebecca? >> I'm Rebecca, the executive director of the Austin independent business alliance. We represent over 800 locally owned businesses and I'm here to talk about an issue that y'all have all heard from me for about a year and a half now. I would like to see two policy changes for small business. In 2012 Austin energy took the peak demand threshold from 20 kilowatts down to 10 kilowatts. This captured -- kilowatts. This captured over 7700 very small businesses in peak demand rates and the problem is that once you hit that rate, which I'm sure y'all know is a measurement of 15 -- average of 15 minutes of any usage over the summer, once you hit that rate you're in it for a

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year. So these small businesses are not only penalized for having sometimes one issues or two issues that raise they're rates, but they're in that rate class for a year. And this is causing so much harm to them, I've talked to business own -- business owners go up 400, \$600 a month by this rate class. So I'm asking that we roll that threshold back to 20 kilowatts where it's been for years and years and we put first time offenders, when a business hits that class for the very first time, let's put them in it for three months, not 12 months. That gives them a chance to be counselorred by Austin energy. They could look at what they can do, how they could not have that happen again. But in many cases they don't have the kind of control that we would like for them to have. When I spoke to Austin energy about why they were doing this, it was to drive small business to their conservation programs. Well, Austin energy has some amazing conservation programs. They're really good. The problem is that 77% of these business owns don't own their property. They take advantage of the programs. Most of the property owners aren't interested because it's the business that pays the utility bill so they don't really care. And when you have something that's designed to be an incentive to drive a business owner to do something, something they can't do, it's not an incentive, it's a punishment. And that's where it sits today. While these things are not in the documents that you have in the settlement that's been negotiated, I would really urge the council to consider making these two changes. Thank you. >> Gallo: Thank you. That ends our citizens communication as part of this agenda meeting, and we will take up number 3, which

[11:34:59 AM]

is staff update and briefings from each party to the rate review process regarding the impartial hearing examiner's recommendations. As I mentioned to you earlier, there are some settlement talks that are still going on with really hope fiscal cliff good results -- hopefully good results and we've been asked to give them about another hour's worth of time. So we will go ahead and break for lunch and be back on the dais at 1:00. We have placed a list over by the agenda on the ledge over here that shows the order in which the intervenors will speak. So you might glance at that to know when you will be called. There may be some that are not speaking today, but that would give you an indication of the order in which we'll call. Each of the speakers has the ability to speak for 10 minutes. And we would ask you for the first round of discussion if you could please focus your comments on what is still an issue in the settlement talks to the group that you are representing. I think that would be very helpful as we try to make our way through these settlement talks in a positive way. So we will see -- we will be back on the dais at 1:00 and we will recess for lunch at this point. Thank you.

[1:10:46 PM]

>> Gallo: Good afternoon. As soon as we get six members on the dais so we have a quorum, we will begin our meeting. And we will be addressing agenda item 3, which is staff update and briefings from each party to the right review process regarding the impartial hearing examiner's recommendations. And just to give everyone a sense of how the meeting -- how this portion of the meeting will be run is staff or legal counsel will do an initial short presentation, and then each of the parties that has indicated a desire to speak, and we have 26 people, they would be allowed 10 minutes. So if people take up the full ten minutes and there are any questions from the dais, we're going to be here for four or five more hours. But we do want to give people the opportunity to speak if they are in support of the settlement discussion that is going on now. We would love to have them indicate that as they come up, or if they do want want to speak as their name is called, if you could indicate that also. So as soon as we get a

quorum up here, we'll begin. Thank you for your patience, and once again, we appreciate you sticking around and being here this afternoon with us.

[1:14:53 PM]

Okay. Good afternoon. We have a majority on the dais so we will be able to convene the Austin energy utility overzygote committee meeting, and addressing agenda item number 3. We'll start with the staff update, please. And once the staff update is complete, we will be calling forward each of the speakers that are on the list. Once again, the list was over at the side, but if you'll be ready for your presentation, and each speaker will be limited to 10 minutes. If you need the time, feel free to take it. If you don't need the time, the council would appreciate being able to move on to the next speaker. Overzy committee meeting, an >> Good afternoon, chair Gallo. I'd like to take a few seconds here just to introduce, we have a new general manager who started today. Ms. Jacquie sergeant is here with our first day, I want to make sure we have an opportunity to recognize her that she's starting today. [Applause] Thank you. >> And welcome. We weren't sure whether you were here at the beginning of the week or the end of the week. Thank you for being here with us today and welcome to Austin -- welcome back to Austin, I should say. >> Are you ready for me? Good afternoon, mayor and councilmembers. I'm Thomas brocade, I'm assisting with the Austin energy rate review. I appreciate your patience this morning. The parties, as you're aware, have been involved can discussions hoping to resolve this matter. I understand you're not posted for a decision today, and indeed, we are just -- wanted to talk to you a little bit about the status of those negotiations, and where we go from here. I'm pleased to announce that 18 of the 26 parties in this

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matter, including Austin energy, have reached an agreement in principle that addresses the major issues in the case. All customer classes have been represented as part of those discussions. Overall, the agreement is an amendment to Austin energy's January 25th tariff package and reflects accommodations and concessions from all the participants. Indeed, I express my appreciation to all the parties for their willingness to engage in what at times has been difficult negotiations and to make concessions off of their filed positions in order to get us to the point that we are currently. I'm prepared to give you a high-level summary of all of the key provisions. I'd also like to go through a list of the parties who have indicated that they can support this agreement, which would ultimately be a recommendation to you all for your consideration at a future date and I'll talk about procedures going forward in just a moment. Obviously, today we have posted the opportunity for parties to make comments. There are a few parties who are not currently on this agreement, and certainly they have an opportunity to speak. There may be also parties that are in agreement, without would, nevertheless, like to make some comments as well. And so with that, if this is to your liking, I can go through some of the major provisions that we've agreed to. I don't intend to cover all of the terms as it stands now, but I did want to give you some of the more important terms. First off, under the agreement that we intend to put forward to you all sometime next week, hopefully, there would be a 42 and a half million dollars base rate decrease effective January 21st, January 27th. Is that decrease would be allocated to various customer classes with the residential class receiving a five million

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dollars rate decrease, small commercial injuries as one class, receiving a one-million-dollar rate decrease, p4 class receiving a five and a half-million-dollar decrease, and then the remaining \$31 million

being allocated to the remaining customer classes according to the revenue distribution as proposed by Austin energy, as part of the overall case. Moving forward, Austin energy is also agreeing to provide, with no increase in the budget, an additional two million dollars in energy efficiency benefits to residential and small commercial customers. Moreover, they're willing to apply the five-million-dollar residential decrease to the first tier, tier 1 of the residential class. In addition, the parties are willing to continue with the terms that were agreed to with respect to the out of city customers as part of the resolution of the proceeding back in 2012-2013. The parties are willing to agree to Austin energy's proposal to remove seasonality from the base rates and to have a seasonal psa. The parties also agree to support the amendments to the financial policies that shall contained in Austin energy's direct and rebuttal case. The parties are in agreement that the discount houses of worship should be continued for an additional four years, and there are some specific details about that discount that we can talk about if you'd like. In addition, parties have reached an agreement on the

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handling of late fees. And, finally, the parties have agreed that as part of this overall settlement, that they would support the terms and not seek any type of appeal to the public utility commission, as well as to support the settlement and not seek any other relief from the Texas legislature through the end of 2020. Those are some of the major provisions. There are other provisions as well that the parties have agreed to. And with your indulgence, the plan procedurally would be that we take this list of agreed terms, we reduce it to a settlement document, we circulate it to the parties over the next week, we collect signatures, and then we submit that to you all, and then provide you with that recommendation, and next week at some point, and you have meeting scheduled for Monday, you can begin to have deliberations about that agreement once we're able to reduce it to writing. >> Gallo: Are there any questions on the dais in councilmember pool? >> Thank you very much. Would it be possible today for us to get, even if it's an informal list of all of the conditions that have been agreed -- the piece that you were reading from, it would be helpful. I know all of us are madly up here writing things down, but -- >> Sure. >> Pool: -- Probably we're missing some things or not hearing you entirely. If you have a document you could distribute on the dais, that would be extremely helpful. >> I do. And I will do that. >> Pool: Thank you so much. >> Just to let you know, at this point what we have primarily is just several pages of bullet points. We've been talking about those issues and some of the specific language, but ultimately, we will want to include additional

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language that more thoroughly sets out the agreement of the parties as part of a longer, lengthier settlement agreement. But I can certainly get you the bullet points. >> Pool: Yeah, just the high level would be great. >> Sure. >> Pool: I'm sure the press will be asking for it, too. Thank you. >> As I mentioned at the outset, 18 of the 26 parties that have participated in this proceeding have expressed a willingness to recommend approval along the lines of what I discussed a moment ago. I'd just like to go through those quickly if I may. Settling parties would include, on Austin energy, the independent consumer advocate, applied materials, Austin apartment association, Austin energy low income customers, Austin regional manufacturers association, Bethany united methodist church, building owners and managers association of Austin energy, coalition for clean, affordable, reliable energy, cypress semiconductor, homeowners united for rate fairness, goodwill, the greater Austin chamber of commerce, James Rourke, nxp semiconductor, Samsung semiconductor, Seton health care, and St. David's health care. Of the remaining eight parties, we've not heard from three, and then the remaining parties at this point are not on board or signatories or participants in the agreement. We will continue to

have conversations. My hope is that we'll be able to add additional parties, but we've not been able to do that

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as of this point. >> Gallo: I think there's some additional questions from the council if you don't mind. >> Sure. >> Gallo: Mayor? >> Mayor Adler: Which are the three that you've not heard from? >> We've not heard from crown castle, customers concerned about affordable rates and electricity, the Austin association of facility and maintenance engineers. >> Mayor Adler: Okay. Subject to the questions -- the testimony from the other parties, I think it's pretty exciting that you have been able collectively to get to this place with these participants, with this rate case. Subject to the testimony and input of the folks that are going to testify that are not participating in this, I just think it's real exciting that you were able to get to this place with these many parties over issues that are real complicated. If there's a way for us to be able to resolve this so that we can focus our attention on the other budget issues, if we can resolve these as we go into a legislative session, being able to work this out and not have this something that is taking a lot of time and energy and capital, political and otherwise, that would be wonderful. And I think this is a -- seems to be, and with the parties that are on this, pretty significant step forward. So my hope is, is that when we break this and we hear the testimony, we can focus on where

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the differences are, where it is that, with some of the people, there's still a bridge to gap because I would -- you know, for me, it's where I really want to focus my -- my thoughts and my attention. What will it take, and what's in dispute, for that next step. And I don't know whether that comes from you or whether that -- we should have the -- those intervenors come up and say this is where we think -- and then you could respond at the end of it, but that's really what I'd like -- for me, what I'd like to see the focus on. >> Gallo: Are there any other questions? Councilmember kitchen. >> Kitchen: I apologize, I know you went through this and I just didn't get it down. Can you tell us again, there were a few groups that did not agree; is that correct? >> Yes. Actually, I did not identify those parties. >> Kitchen: Oh, you didn't identify those. >> I identified -- >> Kitchen: That's okay. That's okay. I just didn't -- >> I can do that. >> Kitchen: Okay. Thank you. >> I identified the ones we had not heard from and the ones that were in agreement. The ones, to my knowledge, that are not in support -- now, whether that means they intend to actively oppose or simply not sign remains to be seen, but it's the following parties, to my knowledge: The Austin independent business alliance, data foundary, Mr. Paul Robbins, public citizen, and cr club. >> Kitchen: Okay. Thank you. >> Gallo: Any other questions from the dais? Okay. Thank you. >> One final comment, if I may, is, the parties as part of this agreement obviously have made concessions and been willing to compromise in order to reach an overall settlement. They've also reserved the right to withdraw from the agreement if council were to adopt rates or terms that are inconsistent

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with the agreement. So I just make you aware of that. Again, you don't have a formal document for consideration today. Hopefully you will by the time you meet next Monday. But I did want to apprise you of that as well. >> Gallo: All right. Thank you. Any other questions? Mayor pro tem tovo. >> Tovo: I'm sorry. I missed a little bit of your last comment. As I understood it, all of the parties are hanging onto their right to withdraw, or were there certain parties? >> Well, no, all parties. It would be a provision in the agreement -- and this is commonplace in settlement agreements, at least in my experience, where the parties say if the decision-maker were to adopt terms that are inconsistent with the settlement, that

they reserve the right, if they choose, to withdraw from the settlement. And simply, that boilerplate is put in there simply in the event that there are changes to the agreement, of course, then that impacts the overall value proposition for each of the parties, and they reserve that right if such an event occurs to withdraw from the agreement. My hope is that we don't get to that point, but I did want to apprise you of that. >> Tovo: And I assume the parties will remain engaged and be ready to provide that input if we're headed toward policy decisions that they feel are inconsistent. >> That would be my expectation, yes. >> Tovo: All right. Thanks. >> Mayor Adler: It might be good to build in a notice provision. Might be good to be able to build in some measure of notice provision. >> That's something that could be provided as well. >> Mayor Adler: Thanks. >> Gallo: Anyone else? Councilmember pool. >> Pool: The three groups that you listed as not having heard from, is there a time amount -- is there an amount of time that's given to those folks to weigh in? >> We've not given them a specific time thus far. In fact, I've not heard from these parties, although we have

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distributed proposals to everyone that's on the service list. My expectation would be and my offer will be that I reach out to those parties today or tomorrow to find out, you know, if they plan on getting involved, if they plan on signing -- what their position is. So we will certainly reach out to them and try to determine where they stand on this. >> Pool: And the groups that are so far holding out approval of it -- one, two, three -- the groups and people, one, two, three, four, five that you read out, were all of those people aware that this conversation and negotiation was happening today? >> Yes. Four of the five were in the room today, and have been aware that there have been discussions going back and forth. The fifth party was here today, but was, to my knowledge, not in the room with us, but I do not know the for that. >> Pool: Okay. >> We've got -- we've certainly attempted to include all the parties as part of the discussions. Now, you're going to probably hear from other parties today who are unsatisfied. Certainly, they're entitled to do that. They may feel like more should be done, but I will tell you that we've tried to include everyone in the discussions, and certainly want to hear their concerns. >> Pool: Great, as I would hope that you would. Yeah. Okay. And I would just echo what the mayor pro tem said of the groups that either haven't weighed in yet or have not yet been satisfied, that they definitely work real hard so we can hear from them to know where the -- where the gap is, and just exactly what that looks like. It would be terrific for us to achieve -- it would be terrific for us to achieve an agreement on this, in particular with some of the caveats and promises that are listed on -- on the sheet that you're going to provide us

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that has all that information on it. >> I hope for that. >> Pool: Okay. Thank you, and thank you to everyone who participated in the the -- in the conversations this morning for this additional work. It was pretty exciting to hear that that was happening. >> Thank you. >> Gallo: Thank you. Any other questions from the dais before we move into the party speakers? Okay. Thank you. >> Thank you. >> Gallo: So we're going to go in the order of the list that was set over on the side. The first would be independent consumer advocate. You will have ten minutes for your presentation. It is my understanding that Randi Chapman, who is speaking for the Austin energy low income customers, is going to donate five minutes of his time to you -- >> Well, thank you. >> Gallo: So you would have a total of 15 minutes, when you're setting the timer, if you would set it for 15 minutes, please. >> Thank you. >> Gallo: And may I just say, I'm going to -- just what I mentioned before, in case you weren't here, is, I think what's important in your comments to address the council would be what is still an issue in the settlement talks, if we could really kind of help focus our conversation that way, I think it would be most helpful for the dais. Thank

you. >> All right. My name is John Kauffman. I've been retained by you to serve as the independent -- or as the consumer advocate in this particular rate review, and it has really been a good process, and I want to compliment you on a good, transparent process, and certainly more thorough and motorcycles I guess, welcoming for the public than any other municipal rate review that I've been involved in. I'm going to focus on the issues that we were involved in, and show you all the slides I have here, but I want to, in a summary fashion, defend what I think are the reasonable provisions about this agreement that we just reached with Austin energy.

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These are the people who worked with me. Clarence Johnson and Janie breezemeister are consumer advocates and you're fortunate enough to have them leaving here in Austin. Our mission was to represent the residential small business and houses of worship customers. And after a few months of digging into the information, we felt that it was clear that there needed to be these changes. There needed to be a significant reduction to Austin energy's revenue requirement. The settlement does that residential, small business, and low end customers deserve to share in the benefit, and not as much as we had advocated for, but there is a reduction to each of those customers. We did not favor increasing the first tier, and I'll get into that, but the \$5 million that is agreed upon that would be reduced from residential customers would be going to reduce the first tier. The first tier would still be increasing, but not as much. And the houses of worship, there's a compromise there on that that satisfies the houses of worship that were parties to the case. We made several other recommendations, and we believe each of those have been addressed or no longer are issues, or that we're making progress with Austin energy on these. If you recall, the -- yes. >> Mayor Adler: All recommendations that you just did are ones that are in agreement? >> I believe that all of these will be included or are no longer in issue, in that -- yes. The ees reallocation is off the table. There is no proposed increase to the on 10-dollar residential customer charge. There is agreement about the prepayment pilot program. We were advocating for no late fees for cap customers and there's a compromise on that, which you'll hear from later, I suppose, from the low income customers. And the pick your date --

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pick your own date billing option we understand is in progress and that Austin energy plan is to have that unveiled here soon. The overall revenue that the utility collects, the overall revenue requirement, this was, you know, a major issue, and just to remind you, Austin energy's initial position was that night to be reduced by only 17 million. They then came to 24 million. The -- as their position. Nsb Samsung had a very aggressive position of 115 million reduction. The issues that we thought were reasonable totaled 63 million. We thought that that would have been reasonable. The impartial hearing examiner presented to you last week his findings and what he thought was reasonable, and that was a \$75 million reduction. And I just remind you of these numbers to show you where -- where we are with this sort of compromise, non-unanimous position. We're at 42 and a half million. So we are in between what the impartial hearing examiner thought was fair and what Austin energy wanted, we're about halfway in between there. Yes. >> Pool: Just a real quick question, do you have this to distribute to us, or is it -- because I don't find what you're showing on -- >> I think we might have copies -- I'm sorry, we don't have copies. >> Pool: But you'll be able to appoint them? >> Some of this now is not relevant because we have reached a settlement, but we could -- we can get copies to you at some point. >> Pool: And update it, too, if you'd like, but it would be great to have it from you, by e-mail. That would be great. >> Okay. Great. >> Pool: Thanks. >> So the compromise here his 43.4 -- actually, it's 42.5, is the agreement

that we just reached. The second agreement includes \$5 million that would come off the residential rate payers, and

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that amount would apply to reduce the increase to the first tier. As you know, Austin energy is proposing to smooth the tiers. The residential rates here are -- include five tiers, which is kind of an unusually large number of tiers, an inclining rate as you use more and more, and Austin energy has wanted to kind of lower that slope. And we were not in favor of that, but we believe that if the \$5 million is applied to reduce the shift of that onto the first tier, that that will help. And so we've reached a compromise on that. Austin energy is still going to be able to lower that slope, but it just won't be -- the first tier won't be raised as much. Again, there is a one-million-dollar reduction agreed to for the s1 small business class. Late fees for cap customers would not be eliminated, but there is an agreement to waive it once a year, once per annum, and then also I guess a moratorium until the pick your date comes into effect, and there's? Relationship there. The house of worship transition, there's an agreement to phase out the current rate cap but leave in place the current practice of only measuring their demand on the weekday and not the weekend, and we think that that will help some of the smaller churches and that will be something that will also be studied by Austin energy, and maybe there will be a solution by the next time you do these -- this rate process. This just shows you where we were originally in our -- the independent consumer advocate recommendation about reducing rates. Then I just want to kind of briefly touch on the cost of service because I know you were here last week and you heard Austin energy talk about their cost of service

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study where they believe the cost is between the residential customers and all the various customers, and you probably saw that bar that shows 14 and a half million dollars that residential customers aren't paying enough, and they're below their cost of service by \$14 million or so. And I wanted to make sure you were aware that that was a point of contention, and that there were several studies, there were three studies done, one done by Austin energy, one performed by nxp Samsung, and one by our expert witness for the independent consumer advocate, and they showed a range of results about where those costs should be allocated amongst the different sized customers. And as the impartial hearing examiner noted, they were a myriad of correct answers. And he picked and chose from what he thought was fair from the various allocations amongst those studies. And this shows you graphically kind of the range that we're looking at. Austin energy originally filed, there were 53 million, they came back up to 43. Based to the judge or the impartial hearing examiner's estimation, residential customers were only \$14 million below their cost of service, but then when you add the -- the bit method, which is the way that we at the independent consumer advocate thought it should be done, residential customers are actually paying more than they should. So it's really in the eye of the beholder a little bit, and I wanted to make sure that you saw that I think this is important to understand, to justify the small rate increase that we think -- that we've agreed to for residential customers. There is evidence to support it. And this is another way to like the, based on the judge's impartial report, residential customers are at 97% of their cost of service. So there really isn't a serious deficit that you need to worry about. And in addition to the cost of service, public utility commissions and regulators and people in your position take a lot of other public principles in mind when they

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adjust the rates and set all the various factors, including the policy that you, as a council, have adopted in encouraging conservation and energy efficiency, and that kind of goes to the first tier, I tier and why we think you should increase that. Now, we were also concerned that every other customer class appeared to be going down other than the residential class. We have corrected that. This slide talks about actually what's going on with the first tier. As I mentioned, the first tier is what's charged up to the first kilowatt hours, and I think what's used for the typical customer is somewhere 850-kilowatt hours. The average customer uses beyond the first tier and into the second tier. The lowering of the slope as we understand what Austin energy had originally proposed would have only allowed savings to occur near the top of the second tier, which means that the average customer might have still seen a rate increase. So under the rate proposal, even if the original class was not receiving a rate increase, low usage customers and even average usage customers would probably be seeing a rate increase in their base rates. The \$5 million rubric to the class, it is our hope that will mitigate that and mean that more customers will not receive a rate increase. I just wanted to make you aware of the various things that were going on within the residential class, the tinkering with the tiers and also the elimination of the seasonal differential might mean that some customers receive a rate increase, probably those on the lower end. Hopefully the \$5 million reduction to the class, being applied to the first tier, will significantly reduce the number of citizens that receive a rate increase as a result of this. As I said, we were focused on trying to push back

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against the increase the first tier because of the fact that it hurts low usage customers and runs counter to the goal of energy conservation. Let's see. This -- and this has to do with the houses of worship rate. The transition under the agreement, as we understand it, will continue for another four years, and there will be a change in the -- in that cap, and then that would go away after four years under the agreement. But we would retain the practice of measuring peak usage during the weekdays, not the weekends. And this usage pattern is something that Austin energy has agreed to study and we think that should be linked because after that study is completed, perhaps there will be a creative solution or a different way to classify customers that would help those customers that use usage on the weekend in a higher manner. That shouldn't be a concern for the utility because the peak usage that is a concern is during the week. And hopefully there will be more outreach and in the houses of -- there will not be the impacts that we were worried about. Under the original proposal, certainly there were some small churches that would have seen some dramatic increases. The waiver of late fees for cap customers or energy assistance recipients is something that's consistent with the Texas PUC policy that does not apply to municipal customers, and I think that a reasonable compromise has been reached on that particular point and maybe others will go into it. But as I understand it, there would be a once a year, once per annum, waiver of the fee, and also the late fees would be waived up and until the new pick your date program. So those individuals that have a -- receive their income on a specific date that may not match up with

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their monthly bill, hopefully that will help some folks. So the compromise, this is true even based under the agreement we reached today, this compromise will reduce the increases of the first tier. It will mean less customers will receive a rate increase than originally proposed, and that it will still allow Austin energy to lower that slope and smooth out the tiers, just not as much. It will provide rate benefit to the smallest commercial customers, as well as household residential customers, and not eliminate late fees on cap customers, but provide some accommodation there, as well as lowering midsize, large

commercial. So under this proposal and under all of the recommendations, the largest customers are receiving the larger discounts to their bills, and that was consistent with the studies, and hopefully it will also satisfy the houses of worship. That's all that I have. I'd answer any questions if I have any time left. >> Gallo: Council, are there any questions? Mayor. >> Mayor Adler: Implicit in the discussion about tiers and putting the rates to different places is the belief that lower income folks are at the tier 1 level, independent the as opposed to the higher tiers. Can you just provide these offices any data or information you have on that? >> There's a general trend in that regard. The national consumer law center has probably done the most research in this area. It is certainly a trend nationwide and a trend in this region. The data that we received from Austin energy didn't necessarily follow that trend. There are -- >> Mayor Adler: And I -- >> I'm not sure that I can say that, but of course there are going to always be folks that struggle and are low income that are on each end, that are high users, as well as low users. >> Mayor Adler: If you had any information offer data, if you could just send them

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to the offices or send them to me, I'd just like to see what data and information is out there, that's all. >> The information we got from Austin energy as to cap recipients did not necessarily prove that general trend we see under most utilities. >> Mayor Adler: I understand. >> But I would point out that those low income customers on the high end, there are things you can do to help them. Perhaps they're in poorly insulated homes or are not conserving in ways that might be easy to fix, whereas those on the lower end are part -- >> Mayor Adler: And the census is something that's been in agreement. My point was not to have us debate it. I hope we don't debate it because I understand it's part of the agreement. If you just have any information or data, just send it -- >> The independent consumer advocate did not necessarily look at this as a low income issue. This is an issue that I found to be amongst all customers of all size usages, different levels, and generally found customers like having more control over their bill. It's more consistent, a greater reward for those who conserve and use energy efficiency if more of the rate recovery is through the usage and rewards you for lowering your usage. >> Gallo: Did you have a question? I couldn't tell if it was a hand raised up. Thank you. >> Casar: Just two quick questions to clarify what it is that's an agreement. When you mentioned -- you said that there's a lowering of the amount of the increase to the first tier, but since there is a lowering of the residential class generally, is it also accurate to describe what it is that's in agreement as a general lowering of residential consumer bills along with everybody else's? >> Right. I'm not sure that I can tell you that everyone is going to receive a rate reduction -- >> Casar: Individual, but that as a class. >> Right. To give you some context,

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the cost that Austin energy wanted to shift from the upper classes to the R or upper tiers to the first tier was have somewhere between 15 and \$19 million. And so that amount of money is going to be reduced by \$5 million. So two-thirds or 70% of the change that they want to make in the tiers will still occur under this agreement. There's also a change in the -- you know, we're agreeing to eliminate the seasonal differential from the bait rates and allow the seasonal differential to occur just in the fuel charge, the psa, and so depending on a customer's usage, that might also affect them. So if they have a different than average usage seasonally or they're a very low use customer, it is possible that even under this agreement, there would be some customers that would receive a rate increase. But hopefully most customers would be seeing a rate decrease under this agreement. >> Casar: Thank you. I understand that. And let me just maybe make my question more specific and explicit. There's a shift of, I believe you said, 15 million, and Austin energy's proposal from the higher tiers from the lower ones. >> Correct. >> Casar: But under your proposal it's not that the shift is five million dollars less, but that the entire of the

residential class is paying five million dollars less and then there's -- >> Yes. The decreases to the upper tiers that Austin energy proposed would stay the same. The first tier increase would not be as -- it would be \$5 million less. >> Casar: Understood. So as a class, residential customers would be paying less. >> Yes. >> Casar: The question is, every individual rate payer -- >> There's a lot of moving parts here, but the residential class as a whole would be paying \$5 million less a year. >> Casar: Thank you. And you said that you've generally agreed with the idea of including summer and winter in the psa, as opposed to just -- >> That's correct. We thought that had some logic to it, so yes. >> Casar: Thank you. >> Gallo: Any other

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questions? Mayor pro tem tovo. >> Tovo: This may really be a question for staff but I'd be interested in seeing some of the numbers we reviewed last week recalculated based on the changes that are part of this settlement so we can really look at -- I think Mr. Dreyfuss had shown us different tier usages, and I think that would be helpful based on these new agreements to see how those bills would be impacted for customers in a different -- >> In different usage levels, I assume? >> Tovo: Yes. I think that's what we saw, more or less. I also just wanted to thank you for all of your work through this process. It has been of extreme value to have you involved. These issues are so so complicated, and I think we're with the staff's help and community's help, digging into the deep issues, but it has been an enormous comfort to know we had somebody looking out, to really assess how the rate proposal could impact residential customers as well as small businesses. So thank you. You've added real value to the process. >> Thank you. It was enjoyable. >> Gallo: Councilmembers, any other questions? Okay. Thank you very much. >> Thank you. >> Gallo: The next speaker on the list is applied materials. It's my understanding that you were listed as a supporter. And you will have ten minutes, if we could set the timer to ten minutes, please. Thank you. >> I won't need the ten minutes. Thank you, madam chair, mayor, and fellow councilmembers. My name is trace linus and I'm here today on behalf of several entities. I'm going to list them all so you know who I'm speaking on behalf of and give you all that time back. I won't need the 60 to 70 minutes. First off is applied materials. Six boma. Third is cypress. Nxp Samsung will speak on

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their own behalf, members of sea care. Seton hospital. Betty bunkerly is here available for questions if you have any of. St. David's who had to leave but they're part of our agreement. Also, just so you know, Dell and brandywine are sea care members, are supportive, they're not members but at sea care members, they're supportive. I'm here for the coalition of clean and affordable energies otherwise known as sea care. We represent non-profits, school districts, state facilities, which in total employ more than 50,000 central Texans. Collectively, our members purchase more than 200 million-kilowatt hours of green energy annually. We're nationally and internationally recognized for leadership and environmental stewardship, and leaders of the business community on energy regulatory issues. And we're proud and happy to be here today to say that we have agreement with you. I've honestly never thought we'd get here, but we are. We believe the Austin energy rate case and review process has been important for all residents of Austin, and while the process has had flaws throughout it, one of the most successful things to come out of this is that we're all going to get lower rates. Every rate class. Of course, according to the independent hearings examiner, that number could be in excess of \$75 million a year. And I just want everybody to know that for the record, we are supportive of a \$75 million reduction. However, we recognize that is not likely. And that is why settlement agreements were created centuries and centuries ago. The aligned Austin energy customers that are here today include a very diverse list of

customers, from representatives for low income advocates to representatives to small commercial verse to hospitals, to some of the largest utility customers in

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the state of Texas. Sea care and many of the intervenors here today support this agreement in front of you for multiple reasons, but one of the main reasons that the majority of the intervenors support this compromise is that it's the first real step in trying to get our rates back towards the 50% of benchmark cities, which is what your affordability goal calls for. It doesn't get us there, but it's a good start. Additionally, on behalf of sea care, in particular, we are supportive of this settlement agreement because it includes cuts for the residential class. I want to make sure everybody heard that. We're supportive because it includes cuts for the residential class. Sea care doesn't just advocate for lower electric rates for our wantses, we -- for our businesses, we advocate for class 2. With over 50,000 employees we are the residential class. That's why with the back and forth with all negotiations we had with Thomas and the staff, made it clear if we were going to have to give up a bigger piece of what we originally requested, we wanted it to go to the residential class. Mayor and council, we want to thank all of you for your time and effort, putting towards this. Sea care would also like to thank the Austin energy staff for all the hard work and countless hours they've invested in this process. We still have more to do, but we have an agreement in principle and feel confident we'll get the details worked out. While we haven't always agreed on all things, your staff has acted respectfully and responsibly at every turn and you should be proud of them. We respectfully request that you please support the settlement proposal that is in front of you. Thank you. And I'd be happy to answer any questions that you may have. >> Gallo: Thank you. Any questions? Okay. >> Mayor Adler: Trey, you thank the world for involvement that everybody else had. I know you and your folks spent a lot of time with this as well, so I want to

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add thanks to you and your clients as well. >> Thanks. Appreciate it. >> Gallo: And I wanted to say thank you in the same way the mayor did too. I just think as we work towards negotiations and compromises, people don't get to a hundred percent of what they're asking for, but we all get a lot closer than we were at the beginning. It's just -- it really is an effort by a lot of people, and it's very much recognized and appreciated up on the dais. The next speaker -- and, Trey, just to verify the -- so I can take him off my list, you were speaking for applied materials, boma, coalition for clean, affordable, sea care, cypress semiconductor, and St. David's? >> Correct. I think that's everybody. >> Gallo: So the next group we >> Gallo: The next speaker is Austin apartment association. Do they care to speak? I show they were in support of the settlement proposal. The next one on the list is Austin association of faculty and maintenance engineers. It was my understanding they were not here. I just wanted to verify that. Okay. The next would be Austin independent business alliance. Is anyone here to speak? No? The next would be Austin regional manufacturers association. I show that they were in support of the settlement proposal. Did you want to speak? [No microphone on] >> Gallo: Thank you very much. Bethany united methodist church. I show they were in support of the proposal. Did they want to speak? >> Yes. >> Gallo: Okay. [No microphone on]. >> Randy Chapman. I'm substitueing for lenetta cooper. I'll quickly use less than

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five minutes. >> Gallo: Remind us who you are speaking for. >> On behalf of the Austin low-income energy customers. I spoke earlier about the need for waiver of the late fees. You've heard some

numbers this morning. I understand that the -- from the cap customers, and the cap program is one of the best in the country. As a discount program, you hear a little bit of criticisms. My own dentist was on the list of one of those mansions all of which is -- she was -- she was letting a family member live in a home that she used to own. It was in her name. The person -- she made a point of saying, well, no good deed goes undone because that's a family member that's in there, even though the house was an expensive home. Let me -- but like I say, we support the cap program. The question was asked about what about if it's just a one-time waiver. Well, we believe the pick a date program, if properly publicized, will make a significant contribution. And to that end I would request city council, mayor and city council to do everything they can to help publicize the pick a date program. You have -- there will be a night, as I understand it, a 9 on-day trance figures. It's critically important to do that and avoid late fees -- transition. The one-time waiver, critically important also. And again, I think the -- I compliment Austin energy staff, particularly the

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independent hearing officer as well as the independent consumer advocate for reach reaching -- working hard and reaching today's agreement. With that we support it. Any questions? >> Gallo: Council, are there any questions? All right. Thank you very much. I appreciate it. >> Thank you. >> Gallo: I think next we had Bethany united methodist church. >> Madame chair, mayor, city councilmembers. I'm cliff wells. I'm the administrative executive at Bethany united methodist church. I'm one of your users, one of your small commercial customers. We have seven accounts, six building accounts, one lighting meter, one sanctuary account and we have a residential account also. So I'm very familiar with the ins and outs of the billing and I also testified in front of the city council in 2012. The reason I'm up here is to define a little bit who the houses of worship are. You know, the houses of worship, what are -- it turns out there are 411 of them, but 298 or 68% are all small usersment he mean like in the lowest classes. 138 are in the class that I'm in. The 298, they represent 22% of the revenue and the kilowatt hours used and 34% of the discounts. Now, the class that I'm in, which is slightly larger than the current s3 account, is 31%. 71% of the revenue and kilowatt house, 62% of the discount and there are five very large accounts and they amount to only 7% of the kilowatt hours. Now, why does this matter? The reason it matters is these small accounts are the ones

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that are going to see the greatest effect of anything that happens. Now, the ica has explained the compromise that we came to and we appreciate you having at least addressing the issue of extending the discount for a while. As a part of my analysis I analyzed 16 different accounts of different sizes so we could understand what the effects were going to be from all over the city. We had four who are small accounts and they were pretty severely affected if the proposal of Austin energy was accepted. I will tell you that the reason for that is rate shock. You hear that word. It was defined a lot. But rate shock is basically in 2012 all of us suffered rate shock because what happened is when you added demand, peak demand, when everything gets turned on, that made us -- our rates go up about 50%. Now, in my analysis I found many especially large churches who have been able to reduce that and take care of it, but we have some homework to do to take care of the small ones. The small ones don't have staffs to work on this and there's some work we need to do. Demand, it turns out, in July when there's a whole lot of electricity used is about 57% of the bill. Kilowatt hours which you and I and residential look at is a much smaller amount. In December when you don't use as many kilowatt hours it's 70%. So this whole issue of controlling demand is a real problem. Now, the one proposal by the city council to have the 20%

load factor, it was perfect because it will help all of the really small accounts that are difficult to get to. And by having that policy in place it will help out tremendously. I want to emphasize you'll see

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in part of the -- of the agreement there was a fair amount on studies. And communication and collaboration. Unfortunately houses of worship are kind of a strange class. You know, we have infrastructure, you got to have the air conditioning on, much of it happens on weekends which you retain. That's important, but the point is it makes the demand high and many times the use is very low. So what I'm trying to say is we need to have continued cooperation with Austin energy. I call it collaboration because you need to know a little about how your customers operate and I'm sure that under -- under this proposal you'll have we can accomplish that. So my main take-away is small houses of worship, I mean really small, are the ones that will be hurt the most by things that happen. I want to also say to recognize that houses of worship also are to some extent the hands and feet of programs that you have a vital interest in. For example, your plus one program which you have has about 31 people doing this to talk to customers who need to have help on payments. It turns out 15 of those people are houses of worship that do that including my church. We're the ones that counsel with the folks. So we're kind of in the game together. I appreciate the -- frankly the process that was used because I'm an analyzer. I like to see the information and you are probably more aware of what's going on than you did before and I think that the process you used with the independent hearing examiner and the ica has been extremely valuable. Thank you very much. I appreciate whatever support you can give us and we certainly endorse the proposal that will be presented to you. >> Gallo: Thank you. Are there any questions? Thank you very much. >> Thank you.

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>> Gallo: The next speaker would be crown castle. I believe they were not here, but just checking. No? Customers concerned about affordable rates and electricity. I think it was also indicated they were not here. Data foundry would be next. Cypress trey was speaking for. And this would be 10 minutes, please. >> My name is Scott Mccullough, council for data foundry. I actually haven't had the privilege of appearing before the full council before. So thank you for letting me show up. Most of you probably don't know me, some of you maybe do. I've been doing utility work for 35 years representing all kinds of users. In fact, I was the contract consumer advocate for the '96 rate case. That was a settled case too, by the way. We must have done pretty good, although it wasn't the intention, those rates lasted almost 20 years. I came here today to give you a complete presentation on our position on the rate case. To support the hearing examiner. We actually thought rates should be cut a whole lot more and I was going to tell I couldn't and then I was going to tell you, well, he end upped -- ended up in a reasonable place too. The revenue distribution, the spread of it we thought was fair. My client, data foundry, is a large data center. They run two in Austin, two in Houston. They do other things throughout the country. We have two different kinds of accounts. One of our data centers is s2. The bigger one is a primary

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service too. Primary is a step down from a Samsung. We do a lot of important things for the Austin economy. We serve a lot of businesses that employ a lot of people. We employ people, high-paying jobs. Electricity is a major cost input. It's huge in the data center business. In fact, you will notice if you ever look at data centers that they cluster in areas where electricity rates are low. And utilities actually like us because we are a large customer, a lot of revenues, but we also have what's known as a really high load

factor. We have a constant consumption of energy that's good for the utility system. So it is a synergistic relationship. Usually when we're dealing with utilities throughout the country and in Houston, for example, utility likes us. And rates are lower. But you know here in Austin it's not the case. We just do not understand why Austin rates are so much higher for our class than they are in other parts of Texas and throughout the country. In fact, our total bill would have to go down by more than 25% here in Austin to be roughly equivalent to what we pay with our similar data center in Houston. Base rates would have to go down. Somewhere near 50% to be within the same ballpark as what we pay elsewhere. So, you know, we just don't understand why it is that way. We almost think the utility is trying to run us out of town. Now, you know, like I said, electricity is a major part of our bill. These higher costs, we cannot just pass them on to our uses. We're in the a monopoly utility. Our industry is very competitive, a very slim margin.

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We have to absorb it. Our prices for our customers in Austin we can't raise to make up that difference. The I.T. Recommendation would have made substantial progress for our p2 progress. Sufficient progress to get the primary 2 service rates down something close to what we pay in Houston. Let me just give you some numbers. The initial presentation in this case by Austin utility, the \$17.4 million increase, not the 24 they ended up doing, would have given a \$3.8 million base rate reduction to primary service 2. The independent hearing examiner's recommendation would have given the primary class somewhere between 13 and 14 million dollars reduction in base rates. The settlement before you today, you haven't heard the numbers for any of the rate classes other than residential and xp Samsung. But the -- at the \$40.2 million reduction for overall, they are giving \$5.25 million base rate reduction to primary service 2. So look the at these two numbers. Original 17.4 compared to 40.2, more than double in terms of increased surplus or reduction. You originally wanted to reduce rates by 3.8 million, now it's 5.25. 38%. Less than half. So if you just look at this proportionally for the p2 class, something is out of whack. And I know you all read the independent hearing examiner's report and hopefully you also read the part of his supplemental report where he said look, you know, cost of service studies, all of this stuff, kind of a guide, all subjective. He recommended that ae use the

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same proportional relationships in the revenue distribution for the additional amount than it did in the original. If you did that here, the primary service base rate would go down by \$7.7 million. This settlement asks primary service 2 to give up \$8 million from what we were given by the independent hearing examiner's recommendation. With all due respect, we can't accept this. We cannot. This settlement basically takes from p2 in order to get to others. I don't begrudge the others for negotiating a deal, I don't, but there's got to be more squealing to pick. Somewhere you need to find a way or encourage the utility to find a way to put the primary class back to where it would be under the hearing examiner's report or at least close. Because I will tell my my client interprets this settlement as a thumb in the eye for primary service 2. And we ask you not to affirm it because we do not think that it should be city policy to be abusing data centers who are good reliable customers that help the utility and have been part of this process and have tried to be cooperative. We ask you, please don't do this to us. By the way, I mentioned we're also s2 customer. This settlement, mid sized businesses, the examiner's recommendation in comparison to the settlement, s2 class is going to pay \$11 million more per year. So, you know, here's the bottom line. My client cannot accept this

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settlement. We don't accept this settlement. I had all sorts of reasons to tell you why you needed to cut rates by \$300 million a year, but we were going to live with the I.T. Report. This is a poke in the eye for the primary class. We cannot accept it. If you adopt a rate ordinance consistent with this settlement, we will seek relief. There's places to go and we will have no choice but to do it. You are putting us at a very severe competitive disadvantage. Every day we look at these Austin rates and we try to decide whether we're going to expand here or maybe even not stay. That is how important electric rates are. Now, we don't want to have to challenge this rate ordinance. It's a fight for everybody. We would much rather find a way to work out with the other parties to give us a little bit more, something more consistent with what your independent hearing examiner said was appropriate for the p2 class. We would like that very much. And I'm going to ask you respectfully, please, suggest to the utility that it might ought to try a little bit harder to find a way to get us back to as much as possible where we would have been under your independent hearing examiner's report. Or at least on a proportional basis like he said is the case. Now, you know, I had eight slides here. You should have handouts. You all had asked us to talk about the settlement rather than our regular presentation, which is why I'm not doing these. But in case you are wondering why I think rates should go down by \$300 million and what I would have said if I was a residential rate advocate, you can take a look at the last slide. Rates in Austin are recovering

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\$300 million in what we call production costs. And have nothing to do with retail service. It's all wholesale. Your operations and maintenance, not the investment, not the rate base, the operation and maintenance costs, \$300 million for the power you sell at the wholesale are being assigned to retail customers. We don't think that's right under traditional rate making, that's not right. Every time you have an integrated utility -- [buzzer sounding] -- That PUC does an allocation between wholesale and retail. If that was done here using any of the models that were proffered for retail, zero would go to retail. 100% would go to [inaudible]. So we were willing to live with the ihe74, we're not willing to live with a poke in the eye like we're getting under this settlement. We're asking you please find a way. Ask the utility. >> Gallo: Thank you. Are there any questions, council? Thank you very much. The next speaker would be homeowners united for rate fairness. I think we have a speaker. >> Good afternoon, chairman, mayor and councilmembers, Roger bordel, legal counsel for homeowners united for rate fairness. At the mayor pro tem remembers and most of you probably know, we were involved in the last rate case in 2012, and first of all I have to commend the city for running a much better process this time around. There is always room for improvement, of course, but I think overall the process was much better and has led to I think a good result. We are parties to the settlement. We do support the settlement.

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This is unlike the situation in 2012 where we, being the out of city and I should explain this, the noncity of Austin residents and customers, appealed the decision of the council at that time to the public utility commission which resulted in a settlement giving the out of city customers a \$5.75 million in rate relief. That is broken out to essentially \$300,000 roughly to commercial customers and the remainder to residential. Both the original proposal in this case by Austin energy as well as essentially every iteration of the settlement that we have seen maintains that \$5.75 million in rate relief. We're very grateful for that. Although it was a settlement of our concerns regarding services not received from the general fund transfer by out of city customers, we felt it was a fair settlement, continue to feel it was a fair settlement and we're happy to continue to support it. And we're happy that this process has proceeded

as it has. And I think I'll give the remainder of my time back unless there is any questions. >> Gallo: Thank you. Are there any questions? Thank you very much. The next speaker on the list would be good will. Good will has indicated that they support the settlement proposal. Greater Austin chamber of commerce. >> Madame chair, mayor, council, Jose carero with Austin chamber of commerce. We understand energy costs are a major part of doing business in Austin and that's why the

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chamber intervened in this case. We also know that Austin businesses pay currently disproportionately more to Austin energy than it costs to provide them service and we're at a competitive disadvantage in this state as mentioned previously. We also worked with previous councils to advocate for and the city adopted the affordability policy for Austin energy that's been mentioned several times already. Unfortunately this goal has not been met to date, but we are supportive of the settlement and we feel this will get us in that direction. This council has the opportunity to positively and significantly affect the issue of affordability in Austin as we urge you to provide as much relief to Austin energy rate classes as possible. Thank you. Any questions? >> Gallo: Thank you. Are there any questions from council? Thank you very much. The next person, James rogue. Indicated that he was in support of the settlement proposal in xp semiconductor. >> Madame chair, council, thank you very much. I'm actually representing nxp and Samsung so I'll do it all at once. It's the same thing. Coming from both. And from the outset, nxp and Samsung primary issue has been affordability. The goal here was to get nxp and Samsung's rates, the largest consumers in the city, account for did 10% of the revenue for Austin energy and they've got a very large load. It was to get them closer to where their competitors are outside of the city. So we've worked very hard at that. I want to thank you, the city council, for setting up this

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process, for hiring the independent consumer advocate. I want to thank the independent hearings examiner, judge Herrera, for his hard work and for seeing the wisdom in some of our arguments. We've participated very heavily in this process. We've provided a lot of evidence and worked very closely with Austin energy. I want to thank Austin energy for working closely with us in this settlement process. We had a -- we distributed something to you earlier today along with a group -- a coalition that we worked real hard at helping form along with the independent consumer advocate to kind of present our -- our views holistically and as a group, and that group ended up working closely with Austin energy on the settlement proposal that's going to be before you next week. I think you'll see what we sent you this morning is very similar, very close. And what the issues are and some of the settlements are going to look the same. So -- but at the end of the day that coalition has been very important. We worked very well with Austin energy -- Austin energy low-income consumers as well. They've been key in this. But for the most part I want to thank everybody for the opportunity to work on the settlement. Obviously we support it. We want to keep our coalition and the groups that we've worked with closely working over the next four or five years getting ready for the next rate case. And if you have any other questions, I would be happy to answer them. >> Gallo: Any questions, councilmembers? Don't think so. Thank you very much. Next person to speak on the list is Paul Robbins. >> Mayor and council, for the record I'm Paul Robbins. I'm an environmental activist and consumer advocate. In the time allotted I will

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discuss two important issues. Rate rates to out of city customers and low-income rate policies. The concept of having two separate rates for Austin energy, one for inside and one for outside the city limits,

is not cost based. Given the great pains Austin energy has taken in presenting evidence justifying its rate proposal, this on mission of rate based justification is glaring ones. Austin energy states it wants to continue this disputed discount even though it is not based on evidence because it lowers the risk of litigation. This rate amounts to almost \$6 million a year, and this is too expensive. Moreover, if we ran our utility entirely on risk mitigation measures such as this, its finances would never break even. It is common sense to assume that if you need power lines to cover a distance and there are fewer customers to serve over that distance, the fixed cost of the power lines will be higher to serve those customers. And let me show you, this is Austin energy's service area, and you can see the blue is the city limits and the light green is the service area that is outside the city limits. That represents about 53% of the service territory. However, it's only about 14% of Austin energy's customers who live outside the city. So consider, if you were to apportion the electric service delivery budget of 82 million or so dollars in 2016, by the number of ratepayers outside the city limits they would only pay \$11.5 million.

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However, if you were to apportion this base on the density of energy infrastructure for power lines outside city ratepayers would pay almost \$44 million. These costs do not include an estimated \$450 million in transmission and distribution capital improvement projects over the next five years. And all the maintenance and capital debt that that entails. Austin energy contends that it does not track its assets on whether they are inside or outside the city limits. But nothing prevents them from creating a system to do so. I am aware of only one other utility in the state that separates its rates inside and outside the city limits and that's Bryan, Texas utilities. To my knowledge this is a cost of service type model where Austin's dual rate structure is not. Currently Bryan's rural rate is higher than its city rate, though in some years it is lower. Bryan also has a member of its rural ratepayers on its board of directors. Ratepayers outside the city limits take issue with the fact that Austin's profit from its utility investment goes to fund city services. Some of these people are represented by Mr. Borgio with homeowners united for rate fairness. Now, I ask you to look at this question in context. I do not see the same people outside the city limits asking for a different rate from Texas gas service or from the cable companies that serve the area. If confront these private companies and ask for a

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special discount because they made a profit, they would not be taken seriously. Going further, if Austin were to sell its out of city distribution system to a private company, this new company would find the notion of a rate discount not based on cost of service similarly unrealistic. This is not to mention the fact that a private utility has a higher cost of capital and would charge more. However, part of the rationale - excuse me. Moreover, part of the rationale of Austin's transfer to the general fund is a payment in lieu of taxes that would normally occur if the city were served by a private utility. It is therefore a double standard for cities outside of Austin to expect the utility, Austin energy, to pay a franchise fee to them that it is not receiving an equivalent -- not receiving the same equivalent, excuse me. Now, the one concession that I can grant Austin energy and her is I do support a cost of service study to determine the real price of serving customers inside and outside the city limits. This can be used in the next rate case to adjust the cost of service based on something more than convenience. Recording low-income issues - regarding low-income issues, one is the proposed rate on locule users, the other is to waive the late fee for cap customers. Two councilmembers recently asked what the effect of the proposed revised residential rate structure would have on

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low-income customers. And I calculated it and it's displayed on this chart. I relate low-income to low consumption. I do not agree with Austin energy that cap is the surrogate to look at low-income because not every person who is low-income is on cap. An average consumption -- with average consumption new rates will be -- it will be \$19 or 20% more a year. At 50% less, it will be \$37 more. A 7% bill increase. While not outrageous, it is noticeable. I think the current structure should be left unchanged. And you have the ability to keep this intact. This is not negotiation with the outside city customers, to my knowledge, it is not negotiation with the other customer classes. You would be negotiating with yourselves. And I this I you should drive a hard bargain. That was a joke. I also want to comment on Mr. Chapman's sarcasm when he said his [inaudible] Has suffered on my behalf because they were housing low-income family member in one of their high-income combs. -- Homes. In 2013 I did a thorough analysis of all the cap customers I could find and found 1,131 that appeared to live in high-income structures. Surely all 1,131 of them didn't have his dentist as

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owners. There are some really outrageous examples, and this is not something you can dismiss as sarcasm. I originally before this was settled, the whole -- there was \$2.1 million in cap fee waivers in discussion. Now that has been winnowed down depending on how you look at it somewhere between 60,000 and \$175,000. And from your vantage point, you are thinking that's a \$1.3 billion utility. You know, we've got a lot of stuff to do. Why fight over relative crumbs. I mean, Paul, you are a low-income advocate. Why would you oppose this? And my answer is that you are giving more money to a broken program. Your program is \$2 million oversubscribed right now. You will have to raise cap rates when the surplus runs out. You're giving money to hundreds of wealthy homes. You are giving money to probably about 600 dual recipients, and this is just one more thing. By itself is not an outrageous ask, but when you add it all together, it's just one more thing and I just have to for the same of principle say when you fix this broken program, then talk about increasing it. And I think I'm going to quit while I'm ahead. [Buzzer sounding] >> Gallo: That was perfect timing. Thank you. Are there any questions? No? Mr. Robbins, thank you very much. The next speaker is public citizen.

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And I believe you also indicated you would be speaking for Sierra club. Is that correct still? >> That's right. Public citizen and Sierra club were jointly intervened. >> Gallo: If you could set the timer for 20 minutes. >> I hopefully won't need 20 minutes. So good afternoon. Thank you all for your time and attention to this important matter. As I mentioned, my name is Kay beway speaking on behalf of public citizen and Sierra club. We entered into the rate case many months ago and raised a number of issues. I'm not going to go through all of them today, but I am going to highlight some of the ones that were especially important and continue to be important as you all make your decisions. And I'm sure you notice that we have not joined on to the agreement and that is because particularly one of our key issues is not addressed at all in the agreement, although I will make note of other possible issues that we might have with that. So these are kind of the issues that I'm going to go through today. The fayette power project financial planning is certainly a key one for us and one that I hope this council will spend some time on. We also advocated for a different approach to residential rates than what Austin energy proposed. Austin energy proposed flattening the rates and doing away with the seasonal base rate differential. And fairly compensating solar customers is an issue that we raised in this rate case that simply wasn't addressed -- commercial customers in particular wasn't address understand the tariff

package. And I'm just going to touch a little bit on energy efficiency and solar program funding. So starting with the fayette

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power project retirement issue, we have approached this issue from many directions over the past several years prior to most of you all joining council, there has been a lot of discussion in the community and here at city hall and with Austin energy. And there are numerous reasons why continuing to use coal in particular the fayette power project simply is not compatible with Austin's existing climate goals in particular. And there are two main climate goals that I'll call your attention to. The Austin community climate plan came out of a goal established by council to have net zero greenhouse gas emissions by 2050. And that is a laudible goal, but there's actually a more stringent goal that applies specifically to Austin energy and that was adopted by city council earlier in 2014 and that established there could be zero emitting by the year 2013. So that is coming up probably sooner than we think and having a plan to get out of all of our fossil fuel power plants is needed and certainly fayette is a big one. And you'll see that obviously fayette is a significant source of carbon pollution both in terms of citywide pollution and particularly when you look at just Austin energy's contribution. So we've started addressing this issue in the rate case from existing policy. So the Austin energy resource, generation and climate protection plan was adopted by the previous council in their term in December 2014. This is just focusing on

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fayette. There was a retirement date set for 2022, 2023, the end of 2022 you would start that process. That was the first time in which Austin energy said that they could pay back the remaining debt that is associated with the plant. So that was also E number rated in that generation plan that repayment of the debt was needed and that a cash reserve fund would be needed to collect that money through annual budgeting prior to that day. And, of course, negotiating with Icrs because Austin energy does not solely own any piece of the plant, they jointly own units 1 and 2 so it will be necessary for there to be an agreement reached with Icrs which are the co-owners. So that's -- that's where we started from. And so through the course of this process we requested additional information from Austin energy regarding what that existing debt is and repayment schedules and Austin energy's projection of how much debt would remain tied to the fayette power project in late 2022. By November 2022 what we were told is that \$143.3 million in debt will remain associated with the plant. And that in order to fully repay that debt there would be not 75.3 million in future interest payments required. So in total that's \$218.6 million. Not insignificant amount of money. And as it stands as of today, there are six fiscal years between now and that 2022 date to budget to figure out a solution. And I just want to point out that this solution did not

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come from public citizen or Sierra club. The solution of repaying the debt ahead of time was one that Austin energy said is what needs to happen. It is very possible that there is some other financial solution and we would love to hear what it is because I think it goes without saying that any solution that doesn't require coming 'up with 218 plus million dollars would be welcome. So we were building off of existing policy and previous information from Austin energy. And just do want to call attention to the last bullet point, because we are going through a rate decrease here, we do actually have an opportunity to set money aside to meet this commitment without running up against the 2% affordability goal. In the past that has been a major challenge and I think that this council would be remiss in letting the opportunity

go by to address the issue be it through with a solution that we have proposed or by some other solution. This is really a good time to address this issue. And it could be done while also granting rate decreases to all the other customers classes in the amounts that Austin energy had initially proposed. So hopefully you all have a couple other documents that I had passed out this morning. One is a resolution from the joint sustainability committee. I serve on that committee as a representative from the resource management commission, and as I'm sure you all know, the main task of that committee is to give recommendations on implementation for our community climate plan. So we took up a number of issues at our last meeting and this was one of them and there was unanimous support for dedicating funds for the

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purpose of retiring the debt associated with the fayette so that the plant itself could be retired. You should also have a joint member me in front of you with a number of organizations that have signed on in support of this budget allocation. For this year and also a financial plan in general. So I'm going to move on to tiered residential rates. As you probably heard, there is a settlement agreement that will address residential rates to some extent, but as you also heard from the consumer advocate the increase to the lowest tier would not be eliminated by the settlement. So those who are using the least energy would still be faced with a rate increase should you adopt that settlement. And those who are using the most energy will -- would get a rate decrease. It is our position that this is contrary to goals established by council to encourage reduction in energy use and really sends the wrong message to people that we are asking to make investments to curtail their energy use in their homes. Austin energy did previously sponsor a study to examine the impacts of the existing tiered rates and that study shows that the existing tiered rates are working to encourage conservation. And it also showed that that impact was increasing after the first year or two. So that I think shows that it takes a while for customers to reallyize what the impact of their rates are on their actual bill and then to actually take action. And so there's a couple problems with the proposal. First of all, like I said, it would increase rates for those who are using the least, but

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the other part of the proposal is to do away with the seasonality of base rates and instead switch that seasonality to the power supply adjustment fee. And so that power supply adjustment fee would be set by this council around this time and that would cover the winter or really nonsummer rates. And then there would be a separate psa set for summer rates. But by nature the customers are not going to learn about that new fee until at the best maybe eight months ahead of time and that's assuming they are watching this budget process every year and taking note of what the psa fee is, which I'm guessing is not a common occurrence. Most people are not going to realize that their rate has changed until they get their first summer bill. That is going to be too late for folks to actually take action and make any improvements in their home to reduce energy use. So that's why some consistency is important in switching to seasonal psa from seasonal base rates could have the impact of even further reducing that incentive to invest in energy efficiency measures. And I'll just note that as far as we are aware of, and we did request such studies, no studies supporting changing the base rates as Austin energy has proposed or switch to go a seasonal psa. Austin energy wants to do this to improve financial stability, which I understand is a laudible goal, but it does not seem to be in line with the other policy goals established by council for Austin energy. So our proposal would be to take the \$5 million rate decrease for the residential class and apply it equally to all tiers. And just so it doesn't get confusing, that is actually not -- the settlement says that it will be applied to the

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lowest tier, but that is excepting Austin energy's original proposal and then reducing it by 5 million. What we are suggesting is at the very least even if seasonality is eliminated and base rates take the average of the summer and winter rates and then apply any reduction equally to all tiers, not just give it to those who use the most. So as I mentioned, we did raise compensation for commercial customers with solar as an issue in the rate case. Currently there is no method for compensating most commercial customers for energy that is produced but not used at that moment on site. So residential customers get compensated through the value of solar tariff and very small commercial customers get net metering, but all the rest of the commercial customers get nothing. Currently most commercial customers have getting a performance based incentive and that is a per kilowatt hour amount that they receive to reduce their bill. So that has kind of dampened the effect of not having a fair policy in place to just compensate for that energy that's produced. So we are proposing that let's expand the value of solar to commercial customers. And lastly, I just want to touch on the energy efficiency energy fee. We do support the change proposed in the settlement. Austin energy actually changed their proposal midway through the rate case and the change would have been very detrimental to residential customers. It would have shifted a lot of cost to residential customers. Regardless of what you do with the settlement, I do hope that you will stick with a consistent fee that is charged

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on a per kilowatt hour for all customers and not shift that burden on to residential customers unfairly. All customers are benefiting from these programs whether they are participating or not because Austin energy is avoiding making more expensive power purchases and other investments because of these energy efficiency investments. And that was the whole intention behind encouraging energy efficiency. The actually amount collected in the fee was not an issue in this rate case. It was determined to be outside of the scope of the rate case so that will be coming to you as part of your budget. I encourage you to look closely at that fee level and examine whether or not it's going to meet the needs of the city as it's growing. So even though the same amount of dollars may be collected with a lower fee, that may not be the right solution given that there are more people to serve and given that there are under served populations including low-income customers and renters that may need new programs developed. And that's all. Thank you. >> Gallo: Thank you very much. Are there any questions? Councilmember Houston. >> Houston: Thank you. Thank you, chair Gallo. Ms. White, thank you so much for being here. I had a question good the retirement of fayette. Are we in conversations with the fayette county commissioners court or whatever their jurisdiction -- >> With the lcra? >> Houston: No, I'm talking about the folks in fayette county. The county of fayette and the largest cities there. Because this I'm sure is one of their largest employers. What kind of conversations are we having with the citizens in fayette county about the retirement of the plant. >> Well, I can only speak for myself. I have in the past worked with some of the residents in the area, particularly some pecan farmers that live fairly close to the plant and are strong

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advocates for retiring the plant. As far as the county entities themselves, I really don't know what their position is one way or the other. >> Houston: So we have not had any conversations with the county commissioners court or the city or whatever the largest city is. >> I have not but I don't know what conversations Austin energy or anybody else may have had. >> Houston: Thank you. >> Gallo:

Councilmember pool. >> Pool: Thanks for coming today. I had a quick question for you. One of the items on the list of -- the items on the list of agreement was to put 100% of \$5 million applied to tier 1 payments. And that was for residential. Have you had time to look at how that would affect any potential increase or decrease in current rates for a residential customer? >> So I have not done the math on that, but I did have a conversation with asarum advocate and -- consumer evacuate and his understanding it would somewhat reduce the increase, but would not -- >> Pool: It doesn't off set it. >> Does not do away with the increase. >> Pool: I guess staff would get us the information. I would like to know what that delta is with that 5 million and what that does to our residential rates. >> Yeah, so I mean what we're advocating for is simply just to go back to the initial proportions between the rates and then apply the \$5 million. So although it sounds like, oh, you are dividing \$5 million amongst five tiers, you wouldn't have the hit to the first tier in the first place if you just applied it proportionally. >> Pool: And in this case they are saying put the entirety of it to the first tier.

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>> The entirety to the first tier, but after accepting Austin energy's proposal to change. >> Pool: Right, right, and I got that too. We can look at the changes and the numbers on that. And then can you recap for me one more time your position on the tiering of the rates and the proposal to flatten them a little bit? >> Yeah, we oppose plat evening the rates. We -- flattening the rates. We think this is one of the Progressive things Austin has done to encourage energy conservation and there is evidence it is working. And frankly, it seems it's the only real argument for moving away from it is to improve collection of money, but there doesn't seem to be a significant problem now. It may be that rate cases maying needed more than every five years because of that uncertainty. I'm not saying that's the case, but I would think that addressing rates on a more frequent basis would be a better solution than telling people who are investing in conservation they need to pay more while those who are not doing that need to get a rate discount. >> Pool: Okay. Thanks. And we did talk a little about two motion ago having the discussions on shifting the rates more often than every five years. So I don't know who is in the room today that may not have been here before, but I also would like to look at that and I think that was a recommendation coming from the euc possibly. And I recognize that the size of the rate case that we're looking at here today, that's not the piece that I'm talking about. It would be a smaller subset to try to stay more current with what the rates are. >> Right. >> Pool: Thanks so much. >> Thank you. >> Gallo: Any other questions, councilmembers? Councilmember Zimmerman. >> Zimmerman: Thank you.

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I want to refer to the memorandum. I think this is the same one that talks about \$218 million for retiring the coal plant. I have a little bit different question from councilmember Houston, but there was a statement that says here the clean air task force 2012 analysis showed that fayette was responsible for over 55.5 million in health impacts. Interesting number, 55. Do you have any idea how that could have been calculated or where that estimate came from? >> Yeah, well, they have done several calculations to examine the impacts of air pollution on a variety of health impacts, and some of them are listed in that memo. And, you know,, of course it is not traceable to any one power plant so it is done based on averages, the amount of pollution emitted by each power plant so they do this nationwide and have a pretty handy tool that you can go and look for any coal plant in the state or in the nation and see what its proportional impact is based on the amount of pollution emitted. >> Zimmerman: I have looked at some of these and looks like it's based on a lot of remarkable, amazing speculation. Who can prove it's true or distrue. Let me go to the bottom of the page. It says here a recent report from moody's investor services shows fayette lost money in 2015. I did not see anywhere on here how much money the

biomass plant lost or how much money the webberville solar projec lost. Those are both hugely expensive boondoggles on the backs of our ratepayers that lost tens of millions of dollars and there's no accounting here. Of course the justification was the so-called climb protection plan.

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We are losing tens of millions of dollars on the backs of our ratepayers so I have a huge proposition with this because it doesn't address affordability. That's my comment on it. Do you have anything to >> If you have anything to add that would be great. >> This memo was simply focused on this one issue. We are not advocating for the bio mass plant. I agree that we have a problem there. I'm not sure what the solution is, and that memo just was not intended to address that problem. >> Gallo: Any other question? Councilmember Houston. >> Houston: Chair Gallo, I have a question for staff regarding fayette. >> Gallo: Staffer will be coming up to complete the conversation for today. >> Houston: I'll hold off. >> Gallo: All right. Any other questions? >> Thank you. >> Gallo: Thank you very much. So my list shows that we are -- we have completed the list of speakers. If there was anyone I missed, I apologize, and this would be the time to let me know. I don't think so. Okay. Thank you all for being here. We really appreciate your comments. We appreciate you working with us on today's schedule and being available to have questions from the councilmembers. So at this point, if staff will come up. And make their presentation. And we really ask as part of the presentation if you will help us understand what the next steps are. >> Good -- >> Gallo: This is a briefing meeting today. We're not taking any action. >> Good afternoon, chair and councilmembers. I will be very brief. Mark Dreyfus, vice president for regulatory affairs and corporate communications at Austin energy. We are very pleased, after weeks and weeks of discussions, to be able to bring you this agreement for your consideration. I believe that there's something in here for everyone in the community, that this agreement really does benefit all of our customers. And at the end of the day is a

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good outcome for Austin energy. I think we discussed at the very first briefing we had last summer that at the end of the day this has to be a good financial outcome for the utility that you all oversee and the community the utility supports, and I believe we have brought that you. I really don't have any other comments at this point unless you have questions. I will tell you that as far as next steps, our outside council, will render the agreement in principle that we achieved today into a settlement document. We will circulate that document to all of the agreed to parties for their signature. We will continue to have some discussions with the parties who are not on the settlement. In fact we have a conversation tomorrow scheduled with data foundry at 10:00 A.M. With the staff and we plan to continue that conversation. So then next Monday I would hope we would be in a position to bring you the signed settlement agreement, as well as an analysis of the impact on customer bills of that settlement agreement. And then we'll have that for you for your consideration and deliberation next week to make a recommendation to the full council. And then we would follow through on the 25th and the 29th with the two public hearings of the council to consider an ordinance that we would develop from your deliberations next week. I would also note that tonight is the meeting of the electric utility commission. We will be at that meeting where we will, as well, present this settlement -- this kind of agreement for their consideration and your consideration and hope that the electric utility commission will consider that agreement. Otherwise, we have prepared a decision document for the electric utility commission to

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walk through that contains 61 individual issues that were addressed by the impartial hearings examiner and we are prepared to go through those issues one by one if necessary. But I hope the electric utility commission as well will entertain this agreement. >> Gallo: Are there any questions? I know councilmember Houston has a question, but nineveh question about the process and -- anyone have a question about the process and next steps mayor pro tem. >> Tovo: I have a question about another element I'll ask later but one question I have has to do with reserves. It's my understanding in one of these Monday meetings we're set to take action on some policy changes related to our reserves. Is that next Monday? >> That is in the budget discussion. So that would start on the 18th and the 24th. But I would note that one element of the settlement proposal that we brought forward you to today is agreement on all the parties to adopt Austin energy's recommendations on the reserves policies. >> Tovo: So we're taking up that item as part of the budget but not as part of our Monday discussions? >> As it is a part of the settlement, I think it is fair game for Monday, but those policies will be formally adopted in the city budget. >> Tovo: Okay. I think it would be helpful -- >> Gallo: Councilmember Zimmerman. >> Tovo: I'm sorry. I would say I think it would be helpful to have a discussion outside of the budget and in advance of the budget process. >> Zimmerman: I just have a quick question. This is partly process but particularly the particulars. I do have some constituents who are willing to pay higher energy prices in exchange for building up a reserve to shut down the fayette coal plant but can you point me to something that talks about the economics of those coal plants and what would be Austin

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energy's preferable way to manage, you know, the coal production? If you did not have a climate protection plan, if you were just concerned mostly about energy rates and the best way to manage, that is there something you can point me to and send to me offline? >> Councilmember, I think the best place for that discussion is in the upcoming biannual review of our resource plan and that will be coming before the electric utility commission and stakeholders and the council in the fall of this year. >> Zimmerman: So what month, approximately? I mean -- >> I would think that would kick off in October once we wind all of this up. >> Zimmerman: Probably October. So it wouldn't be done in time for this conversation? >> No. The resource plan is not sequenced to be done for this conversation. >> Zimmerman: So when was the last time we took a look at the economics, right, of coal plant production? >> We did that in the development of the resource plan to 2025 which was adopted by the council two years ago. >> Zimmerman: Two years ago, okay. That would be useful if you could point me to that. >> Sure. >> Zimmerman: The executive summary is really what I'm looking for. Thanks. >> Gallo: I think councilmember Houston had a question also. >> Houston: Right. And you can do this after it's over, but I just need to know whether we're having conversations with the elected officials down in fayette county regarding the tumblr of the coal plant. >> Councilmember Houston, I'm not aware we've had any conversations like that at this time. The lcra may have had some conversations with the local government because the lcra is the operator of the power plant. They may have had some conversations. I'm not aware that Austin energy staff or city staff have had any of those conversations. >> Houston: So could you find out if lcra has had any conversations with the government officials? >> Yes, we'll look into that. >> Houston: Thanks. >> Gallo: Councilmembers, any other questions? Mayor pro tem tovo?

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>> Tovo: I do have another question, but I would say I used to serve on cap cog, councilmember troxclair now does and the judge of fayette county has issued an invitation -- at that point issued an invitation for any of us on the prior council to come down and meet with him and have a tour of the fayette power

plant so if that's of interest I'm sure he would still be open to having that conversation. As far as I'm aware, nobody did. And then my question for you, Mr. Dreyfus, I was really delighted to hear that the pick your own date option may be coming soon to our building system, and I wondered if you could give us a sense of how soon that might happen. That's been a long -- a long time interest of so many of our residential users. >> My understanding is that we'll be piloting the program in the fall to make sure that we have an understanding of the systems to support that program and that it should kick off around the end of the year, assuming a successful pilot. >> Tovo: Help me understand. How will people be selected for the pilot? Can they opt in? Is Austin energy going to select them? What's the mechanism for getting involved. >> You are outside the range of my knowledge. We'll have to dig into that and get back to you. >> Tovo: Fair enough. By the end of the year, do you mean the end of 2016? >> Yes. >> Tovo: Great. Thank you purchase I look forward to hearing more. Whose realm of expertise does it fall within? >> That would be in our customer care group or customer account management. >> Tovo: Maybe -- >> We'll get that information and follow up. >> Tovo: Sure, thanks. >> Madam chair, there were a lot of thank yous earlier and I want to add to a few of those. The first is to our rate staff, whose work is not done. They're gonna have to do some bill impact work at a minimum this week but you have no idea the hard work that this crew has done and how badly we have

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jerked them around in the last few weeks. We have no clue from day to day what their job responsibilities are gonna be that day because we've had so many needs to turn things around quickly. I'd also say thanks to our legal team, Ms. Pernie and Ms. Rose who you don't see speaking at the podium but have done a great deal of work. Finally, to the clerks office. We worked really smoothly with the clerks' office to set up the repository for all of our documents that made this mostly, mostly a paperless process for all of our experts worked very, very smoothly and made clear access to all of those documents. We will see you Monday with the settlement agreement and a few more bits of analysis. >> Gallo: Thank you very much. Thank you. And with that do we have a motion to adjourn? >> Zimmerman: So moved. >> Gallo: Any second? Thank you. All in favor? Any opposed? Passes unanimously with councilmember pool off the dais. [Adjourned] >> Gallo: And troxclair. [Adjourned]