

Austin Energy Utility Oversight Committee Meeting

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>> Pool:I think we're close to getting a quorum and we'll hold until we have that so hopefully that will happen pretty soon and then we'll be able to start.

[1:38:55 PM]

We sent out an all points bulletin for the quorum. >> Pool:so while we're waiting for a quorum, we're slowly easing our way toward that I wanted to just make a note that in the audience with us today are Austin energy staffers who traveled

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down to Puerto Rico to help that community, that country, with the loss of power that they suffered from the storms last year and then I understand there were some additional power outages that were just lack weekend, and so they're here and you'll be hearing from them once we're able to start the meeting, which we're getting real close. We have five people now. But we'll be able to thank them properly and I think we have some photographs and so forth also as part of our activities today. I know that the mayor and I believe councilmember alter will not be with us today, as the mayor is out of town and I think councilmember alter had another engagement that she had to be at, but we have one more person on the other side of the door. . >> Houston:madam chair, could we just go ahead and start without having to take any votes? Because -- here he comes.

[1:43:02 PM]

>> Pool: All right. It looks like we now have a quorum, and so councilmember Leslie pool, chair of the Austin energy oversight committee, calling us to order at 1:43 P.M. On Wednesday, April 25, 2018. And we are hear in city hall on Willy Nelson boulevard. First item is to approve the minutes from our February 28 and March 28 Austin energy utility oversight committee meetings. Mayor pro tem makes that motion. Is there a second from councilmember Casar? Any changes to the minutes or amendments? All those in favor? That is unanimous on the dais, with, let's see -- it will continue over through the rest of the meeting. Missing today are councilmembers alter and Flannigan and mayor Adler, and otherwise we have a -- and also, yes, councilmember troxclair as well. Otherwise we have a quorum. So we'll move right into citizens communication, first five speakers signed up. We have three people. Let me refresh this to make sure it's still just three. And each person will have three minutes, and I would like to -- let's see. I'm going to refresh this. I'd like to call up the three people who are here, Al Braden, Paul Robbins and Carol [indiscernible]. If you guys would like to come and sit at a mic and we'll start in the order announced. Al first, then Paul, then Carol. Grab a seat wherever. And welcome, Mr. Braden. Glad you're here. You have three you minutes. Do I have somebody keeping track of time? Thank you. >> Thank you. Good afternoon, chairman

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pool and councilmembers. I'm Al Braden, Austin citizen and shareholder of Austin energy. I volunteer for many environmental groups in town, and two of them, 350.org and Sierra club are launching national campaigns this year to help cities accelerate their transition to renewable energy, specifically to become carbon freebie 2030. Austin's program is called fossil free fast. I'm so glad that they are doing that nationally because we in Austin have been working for zero carbon for a long time. In fact, Microsoft tovo was with us in -- mayor pro tem tovo was with us in 2014 with when the city council stood up and voted 5-0 on an ambition goal of setting a goal of zero carbon by 2030. She also sponsored a parallel revolution on a detailed study of affordability. We were perhaps a couple years ahead of the curve at that time but renewable energy's time is now. Renewable energy is now the affordable choice, solar and wind are now cheaper than building new gas plants, in Texas abundant wind and solar fuel supplies are and will always be free. So I ask you, the board of directors of Austin energy, to make zero carbon 2030 our unwavering Austin community goal. Last August you appreciated the effort of the generation planning committee and you also pushed Austin energy very clearly that Austin energy's real goals for climate mitigation are much higher than the committee recommendation. Councilmember pool and mayor Adler identified key issues explicitly asking they be thoroughly studied and there's a handout that may have been a little mysterious -- was to how to get to 75 or 80% renewable by 2027 on a path to 100% carbon free electric generation by 2030.

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And 100% renewable by 2035, which actually makes us have to discuss our south Texas nuclear plant. Mayor pro tem tovo put an explanation point on the whole process with her amendment that the city council affirms its continued interest in achieving the city's climate protection goal of reducing emissions as soon as possible. As we begin to discuss these many studies and they're due in 2014, I asked in-- 2019 I ask we flip the narrative. The question is not what choice of the inscrutable m&ms will ultimately get us to zero carbon, the question is how to get to zero Canon by 2030, let's get ahead of the process. [Buzzer sounding] What is standing in our way? Bowl down those obstacles, ask for the studies to be done much earlier so they can be fully discussed ahead of the deadline. Maybe zero carbon 2030 the starting point for the next generation plan and make it real for my grandkids. Thank you very much. >> Pool: Thank you so much, Mr. Braden. Second for three minutes, Paul Robbins. Welcome, Mr. Robbins. >> Good evening. Council, you say that like you actually want to hear me. >> I do. I do. [Laughter] >> Council, I didn't come here to remind you about two ideas that I've been discussing at various public events. And presentations. First, I'd like you to

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consider changing the structure of the green choice program that allows Austin ratepayers to voluntarily pay more so that Austin energy can put more renewable energy on its system. This is a 17-year-old program that was originally established to defray what was expected to be the increased cost of wind power. It's very popular, and that was 17 years ago, when the cost of wind power -- and the cost of wind power has fallen considerably so maybe green choice in its current phase has achieved its purpose. And maybe what we should be spending the money on now is dispatchable renewable energy. Mr. Braden says that he would like to see us advance on our carbon elimination goals, and I agree with him. But we cannot do that without -- we cannot do very much of that without dispatchable, renewable energy. And it seems to me that using green choice to provide the extra amount of revenue for Austin's first dispatchable solar plants might be a good strategy. So I wanted to suggest that you start considering that in your deliberations.

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I also want to remind you that the customer assistance program is likely running a three to \$4 million surplus, and that's after one considers all of the additional expenses that may be needed. And I'm, again, suggesting that in the next budget year we take about half of that and experiment with a door to door direct installation program for conservation retrofits in low-income neighborhoods. How many people have an idea? [Buzzer sounding] -- And provide you with funding that you didn't know about? >> Pool: Thank you, Mr. Robbins. Ms. [Indiscernible], you have three minutes. Welcome. >> Thank you. Good afternoon, committee members, madam chair. I'm Carol, and right now, until April 30, I am sort of like the executive director of Texas rose, which is ratepayers organization to save energy. I'm happy to say that with me today is the individual that was hired by the board of directors to be the new executive director of Texas rose. Her name is Pamela Farris. I thought it would be nice for me to introduce you and

let you all know what's happening. I have another message that I also wanted to bring that has to do with all of these things that I'm reading about in the newspaper about billing and our utilities and Austin energy. And while I don't know what the immediate solution to this is, it -- I recall that during the last rate case, when there was a lot of discussion about an independent board and, blah, blah, blah, one of the things that we were recommending from the consumer community is that

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the city, that council create an office of consumer affairs. And that office of consumer affairs could act as a -- an advocacy arm for consumers who are finding that they're having problems with their utility bills or their utility service and that they could also provide information to the council that they need in order to review proposals that could -- it could perform a number of functions which would make this committee's job much better and I think make the committee more efficient. And it also would give a person who is not affiliated with the utility for people to actually work with whenever they have problems. It's very difficult when you're a consumer to have to resolve a problem with the individual that you have the problem with. We all agree that that's where you start, and it either works or it doesn't. But when it doesn't, we need some objective third party that people can go to to investigate whatever their problem is and try and come to a resolution. So in parting I would like to ask that as a committee that you start putting this on your agenda and discussing these larger institutional organizational alternatives that may help with this persistent problem that we seem to have here in the city with billing. And that concludes my remarks. >> Pool: Great, thank you very much for being here and congratulations on ending a successful tenure with Texas rose, and welcome, Ms. Farris, we're happy to have you, following in some pretty big shoes. >> Well, I'm happy. [Laughter] >> Tovo: Chair? >> Pool: Yes, mayor pro tem. >> Tovo: I know we'll have

[1:55:11 PM]

an opportunity to recognize Ms. [Indiscernible] For her service, but since this is your last Austin energy meeting I just wanted to thank you. I think you have -- I can speak personally that you have as a -- as a new councilmember you sure helped me through some of the complexities of Austin energy and its work with consumers, and so I really appreciate all of your advocacy on behalf of consumers here in the city of Austin and so many of the good ideas that you've brought to us. So thank you and congratulations on your -- in advance on your retirement. >> Pool: All right. We will move on to item 3, which is the general manager's report. Ms. Sergeant, welcome. And I'll leave it to you, the order I'm assuming you want to take the items up in the order and do the award recognition of our Austin energy employees at the end of your report. Is that correct? >> That's correct. >> Pool: Very good. >> Good afternoon, everyone. Madam chair, councilmembers. As you know I'm Jackie sergeant, general manager of Austin energy. In addition to my report today, we are going to have a presentation about our mutual aid assistance we provided to Puerto Rico. Danny and Paul will provide you with that presentation. And then they'll be followed by rusty, and rusty is going to give our second quarter financial report today. To

begin with I want to provide a quick update on a couple of staff changes on my executive team due to Elena Ball's departure. As many of you know she left for an opportunity with an investor-owned utility. So I'm currently working on a recruitment strategy to fill that position. However in the interim I've asked Mark [indiscernible] to serve as the interim deputy general manager and chief operating officer. So while Mark is serving in the interim COO role, Rusty, director of rates and financial support and regulated operations will be acting deputy general

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manager and chief financial and risk officer. I want to acknowledge these two individuals. I really appreciate them being willing to step up and to fill in in these positions as I work through this transition. Today on my report I'm going to start off with a safety message regarding do you understand power lines and then I want to go over items that are going to be coming up for your approval and give you a heads-up on some matters involving Austin Energy and I also want to talk about some innovative projects that Austin Energy has been working on. I want to highlight a couple of awards that we've received recently, and then of course I want to recognize the employees that traveled to Puerto Rico. Next month, May, is actually national electric safety month. As I have said before safety is my number 1 priority as the general manager of Austin Energy. As spring is a promise here in central Texas, we can expect increased storm activities. With storms come high winds and heavy rain and cause a likelihood that trees and power lines may become damaged and fall. Do you understand power lines pose a serious public safety concern since they can be energized. The Austin Energy web has important information about how to stay safe when you find yourself in a situation around do you understand power lines. I want to take a minute and go over those instructions with you. I think we must have gone ahead of too far. All right. There we go. The most important thing is to always be aware of the hazards that are presented when you encounter do you understand power lines. Your life or the life of someone else may depend on it. I'm not going to read through all of these points but I want to highlight a couple of them. You should consider all wires energized and dangerous, even deenergized lines may become energized at any time and when a live wire touches the ground

[1:59:12 PM]

electricity tends to fan out just like when a pebble hits on water so you should stay at least 35 feet away from do you understand power lines. I'm not sure why this is changing without me changing it, but. . . .
>> If a broken power line falls on your vehicle and you're not able to safely drive away from it call 911 right away or have someone else call 911 if you can't. Do not leave your vehicle unless it's unsafe to do so, for example, if there's a fire or other danger. There are a number of steps to follow on this slide, and you want to make sure that you follow those. As Austin Energy continues to advance technology and modernize our grid to increase public safety and improving do you understand power line detection that's a high priority for us. Currently Austin Energy is utilizing its advanced metering infrastructure or AMI coupled with its advanced distribution management system or ADS to better identify and locate

possible do you understand power lines. This is the same system that is scheduled for upgrade once approved on tomorrow's city council agenda, and I'll be talking more about that. Some of the items that we have coming before you for approval, as I just mentioned on tomorrow's agenda, you have an amendment to an existing contract with Schneider electric grid automation to provide upgrades and ongoing support for the ads for an increase of \$6.8 million and to extend the term of this agreement by seven years. The ads is critical to our utility system, it runs automatic functions that improve distribution system reliability and efficiency by managing outages and field crew assignments. The licenses do expire on April 30 and without this

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upgrade Austin energy will lose support for the ads which will significantly impact our ability to respond to customer outages throughout our service territory. At your may 10 meeting we have a contract with I max technology ink to provide software products for up to five years. This is for a total contract amount of \$1.7 million. This software provides a technology platform for realtime communication and data transfer between otherwise incompatible software. So you have two different software systems that are not able to talk to each other and with this intermediary software it allows for that functionality. Next I want to brief you on a natural gas transportation agreement. We have several of those, one with enterprise Texas, one with at last pipeline Texas and one with Kinder Mork an Texas. Austin energy's facilities are served by a combination of natural gas pipeline service provider. We want service from multiple providers so we can maintain resiliency and reliability and also it allows us to enhance competition through a broader access to national gas supplies. I want you to note that the retirement of the two denninger steam units is included in any future forecast related to gas supply and transportation needs. Austin energy is requesting authority to negotiate and enter into future natural gas transportation agreements on a recurring basis up to a total expenditure of \$15 million for fiscal year with contract terms up to 60 months. The spending authority will be used to replace current natural gas transportation agreements upon their expiration and without additional action necessary by council. Service agreements are currently in place. However they are expected -- they will expire over the next year with the first one coming due this June. The next item is a contract with the university of Texas at Austin to provide energy-related research

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services for up to five years for a total authorization not to exceed \$500,000. The contract will provide research on an as-needed basis to study market impact of energy technologies and then for research projects to move forward, they must support the goals of Austin energy in the areas of advanced grid technologies, distributed generation and energy efficiency so if projects don't meet that criteria we won't be moving them forward. So this is an authorization, it's not necessarily meaning we're going to spend that amount but it will be available to us if those projects come forward. Next is an interlocal agreement or Ila, with the city of bee cave to reimburse us approximately \$870,000 for the costs

associated of constructing and undergrounding electric lines. This project will be designed and managed by Austin energy, is necessary to extend the existing overhead electric distribution theater located along bee cave parkway and will connect to an existing underground feeder. The city of bee cave requested this project actually be constructed underground so in accordance with Austin energy's line extension policy bee cave will bear the additional cost to underground those lines. On March 27 the bee cave city council approved an Ila with the city of Austin for the full reimbursement of these project costs. This project is a great example of how we're able to negotiate and work with the communities surrounding us that we serve so we're quite pleased with that. The next two items I want to talk about are not large items in terms of cost, but I want to bring them forward due to the facts that they are actually ratifications of purchases that have already been made in order to address reliability and safety concerns. The first is a contract with Powell electric systems to repair switchgear in the amount of \$633,746. We experienced a cable fall

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causing severe damage to gear located at a substation and due to the severity of that damage Austin energy declared a critical business need and authorized an exemption from the required competitive process so that staff could purchase a replacement parts to build that equipment and do so in a timely manner. The second is a contract with tech line, inc., for manhole lifting devices in the amount of \$165,610. The contract provides Austin energy with the equipment required to safely rescue personnel from manholes if an emergency situation were to arise. Manholes are frequently accessed by our personnel to construct, operate, and maintain parts of our electrical system and due to the safety risk involved Austin energy approved an exemption from the normal purchasing process so we could expedite getting that equipment on-site. And then finally I want to wrap up this section and mention a couple projects for on-site energy resources or district cooling. Tomorrow's council agenda has two items related to the construction of the district cooling plant number 3, a \$49 million construction contract and an amendment to a separate contract for engineering services in the amount of \$1.5 million. We have shared information regarding this project multiple times, and as you'll recall Jim Collins provided a briefing at last month's committee meeting, including a fly-over and artist rendition of the project. The next item is a \$14 million design build agreement with spa glass contractors for design and construction services for a downtown -- for downtown chiller capacity addition. That is scheduled to come to council may 24. Last September council approved using this methodology to construct this project in the red river area to expand capacity. The proposed plan equipment will be connected to existing chilled water distribution piping below red river street and adjacent to the Austin convention center. The addition will operate as

[2:07:17 PM]

a Peaker plant so we can meet chilled water demand and customer -- when customer requirements exceed current capacity that we have. Next I would like to provide a few updates on several upcoming

matters. First I want to provide with you an update on the city of Austin utility's customer care billing system also known as cc&b. Over the course of the last year we successfully transitioned vendor infrastructure operations and maintenance of the system from IBM to Oracle. Up next is the software version upgrade. This new version will deliver the necessary platform to support customer-facing enhancements, including a new customer portal and additional functionality along with reporting features. The update will actually take place over this coming weekend, and during this time our customers will not have access to the online portal, but the utility contact center will be staffed on Saturday to take calls. Contact center staff will flag customers that require any follow-up and account-related inquiries and those customers will receive a call back on Monday, April 30. I also wanted to brief you on a request for proposal for renewable energy. As you know we went through this process last year, brought a wind contract forward to you. We went through it process for solar project. We brought that contract forward for your approval. And as you know, the 2017 is update to the generation resource plan increased our goal to 65% renewables by 2027. We also have a couple power purchase agreements set to expire so we want to look at how we can add additional renewables and help us to continue to progress toward the goals that we have. Our current strategy is to issue an rfp at a minimum of once per year, allowing us to identify pricing trends and understand the regulatory impacts of those resources. This year's rfp is scheduled

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to be issued in the next week and will close mid-june. The request is actually renewable technology agnostic, meaning it doesn't specify that renewable energy must come from any particular source. Instead it can include wind, solar, it can include battery storage, it can and this supports dispatchable renewable energy. However, proposals will be screened and projects will be evaluated on cost and affordability. We have our affordability goals that we always need to meet. Location, generation output, the profile of that and technology. We will bring forward projects or projects if they are economically viable and they contribute to the diversification that we need to maintain within our power supply portfolio. Lastly, I want to give you a heads-up on an upcoming Texas senate hearing on municipally owned utilities scheduled may 1 and I've been asked to testify at this hearing on the -- of the Texas senate committee on business and commerce. The hearing is going to consist of two parts. First will be an update on the statewide electric reliability forecast for the summer of 2018 in light of the large number of power plant closures that are -- have occurred around the state and we've briefed you on those previously. The second part of the hearing will examine participation of municipally owned utilities and electric cooperatives in the competitive market in the state. I'll be on a panel with top executives from CPS energy, George town systems and Lubbock power and light. We have a good story to tell here in Austin. We've made a positive contribution not only for customers but to the stability of the state's grid and I look forward to being able to share that story with the committee. Now I would like to highlight a couple of recent innovation projects Austin energy has been working on. The first is a grand opening of the la Loma community

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solar farm shown in the top photo. Austin energy celebrated the opening with members of the Springdale airport neighborhood association. Councilmember Renteria and other Austin residents at a community solar bration on March 24. The project is the largest solar farm in Texas and first in Texas to offer low-income customers a discounted rate on community solar. As you'll recall half of the output has been reserved for customers in our assistance program. The picture on the bottom shows the first -- say that fast ten times, or known as Austin shines. It's a utility scaled energy storage system located at the Kingsbury substation next to la Loma. We'll bring forward future upgrades about the shines project. I also want to highlight a couple awards we have recently received. The first is the Arbor day foundation. Recognizing Austin energy as a treeline usa utility in honor of our commitment to proper tree pruning, planting and care in our service area. This promotes the goals of delivering safe, reliability electricity while maintaining trees. Austin energy also received the 2018 energy star partner of the year, sustained excleanse award for continued leadership and superior contributions to energy star. Austin energy has offered whole house energy efficiency programs going back to 1982 and has been a home performance with energy star partner since 2004. Before I proceed to employee recognition which then transitions directly into the Puerto Rico assistance presentation, I want to pause and address any questions that you may have for me. >> Pool: Colleagues, anybody have any questions? Good presentation. Thank you, Ms. Sergeant. >> Houston: I have one. >> Pool: Yes, okay. Councilmember Houston.

[2:13:20 PM]

>> Houston: I didn't put my light on fast enough. On slide 6, it was a great presentation, by the way, but on slide 6, there's also something on the agenda regarding tree trimming, and that's always an issue about minority hiring of tree trimmers and so I just want to kind of alert you to the fact that there may be some questions tomorrow about the tree trimming. >> Thank you for letting me know that. We'll have staff prepared. If it's possible, if you could send those through the questions -- >> Houston: It's too late to get it on q&a that's why I was daylighting it now. >> Okay. >> Houston: I can talk to somebody after. It's something that comes up over and over about minority tree trimming opportunities. >> I see Dan Smith is here and he can get with you afterwards. >> Houston: Okay. And the other thing is when you all started solarbration I was happy to hear the information on the radio so I appreciate you getting it out to members of the community in that way. >> Great. Thank you. >> Pool: Thanks, councilmember Houston. Anybody else? >> Employee recognition. >> Pool: Yeah, let's do our employee recognition. >> I have a slide I think in my presentation. >> Pool: How would you like to handle that? >> I have a few remarks. It's -- my employee recognition for this month is going to be about the dedicated individuals who have gone above and beyond to safely deliver reliability energy not only for customers here at home but also to those areas throughout the country that need it most. Today we have present in the room many employees who traveled to Puerto Rico to assist in the restoration of their electric grid and during the following presentation they will be individually recognized but I wanted to take this opportunity to say a few words about them. Everyone who deployed to Puerto Rico volunteered to do so and we have well over 100 employees that

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volunteered for a limited number of positions. And these employees weren't volunteering for easy duty. While they were there they worked 16 hours a day, seven days a week, and the initial group of employees that went to Puerto Rico worked on Christmas and new year's. So deploying like this, it's more than having to work long hours. It means being away from the loved ones and comforts of your home, and I just really appreciate all the employees that have made this sacrifice. And I also wanted to note that many of these employees also occupy those hard to fill positions that we mentioned at last month's committee meeting. The assistance for the Carolina region where we were deployed was actually coordinated through the American public power association, also known as appa, and every year you allocate funds for our membership in this organization. The presentation you're about to receive shows that membership in action and how important that membership is. Mutual assistance is one of the many benefits of public power. This response demonstrates how effective it can be when we are able to work together with other utilities, but this isn't the only recent deployment that we've had it in addition to Puerto Rico, after Harvey, our crews worked around the clock to restore service here at home. Then after Irma crews deployed to Florida to restore their restoration efforts and with that I'm happy to turn it over to Danny, director of smart grid operations and Paul Vasquez, superintendent sister operations to provide their presentation. >> Pool: Want to come up. Y'all come on up and have a seat, make sure your mics are on. I think two of them have the lights on. And welcome. We're really so very proud and grateful. >> Thank you for having us. >> Pool: And if y'all could introduce yourselves as well.

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>> My name is Paul Vasquez, systems operations superintendent for Austin energy. This is Danny [indiscernible], the operations director. >> Pool: Welcome, gentlemen. >> Good afternoon distinguished council and chair. I'm Danny, director of smart grid operations and this is Paul on my right. Today we'd like to share with you our experience working the Puerto Rico incident management team for hurricane Maria. If you can see in the middle of the slide the logo working together to restore power to power the people of Puerto Rico, one team, one -- >> One team, one mission. >> One team, one mission. So to start off with, her cane Irma hit Puerto Rico on September 6 and on September 20 Maria makes landfall. This was a direct hit, category four, most powerful hurricane in over 80 years and damaged the power grid, affecting 3.4 million residents. The whole power grid was affected. Puerto Rico electric power authority requested mutual assistance. Mutual assistance is just basically utilities helping other utilities, and Austin energy has got assistance agreements with other utilities here in Texas. Next slide, it shows the devastation in Puerto Rico. You can see from the picture from the top left loss generation, the one top center, it's loss transformation, and top

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right loss distribution. Bottom left shows the difficulties in restoring the distribution grid, and the bottom middle picture is a very touching picture to me. It tells a story of how resilient port reek cans are. Many areas without power, total loss of distribution power, and Puerto ricians they have to do whatever to survive and they did it by installing portable generators and in the picture you can see a resident up there refilling his generator. So I wanted to say on the first day when we worked -- started work in Puerto Rico, day one, it was day 81 for a lot of people without power that were affected by hurricane Maria and almost 100 days for those affected by hurricane Irma. On the bottom right this helped with year over year restoration efforts and it was dangerous too. Next I'd like to talk about challenges. There were many challenges. Widespread outage when we arrived, only 20% of the feeders respond in the area. It's an island, so everything had to be shipped in, either air freight or [indiscernible]. Mobilization was an issue. Materials, equipment, drop points, distribution points, refueling points, and restoration crews, huge numbers were needed for the restoration. And then as far as coordination and planning, unified incident command structure was needed and accurate damage assessments was critical. And we played a party -- a role in that. Country infrastructure, damaged roadways, fuel, and

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driving witness were very adverse. Most of the lights were not working. Picture on the bottom right shows our personal experience driving on the highway. And on the picture on the left bottom, you can see a barge carrying vehicles traveling from the mainland to Puerto Rico. It takes about two weeks to Puerto Rico, very isolated. So next slide talks about the mission and the plan. The mission. Basically it was to restore power safely and we are good at that. We are well trained, we're experienced, and we are -- and we are tooled for the job. As far as for safety, safety is our culture. So for the plan, unified command was installed and a unified command divided the island into seven different regions. And the separation, the division was to help with the efficiency, manageability, and each different region had their own different requirements. So American public power, appa, was assigned to the Carolina region, which is on the right picture, it's on the right corner of the island, northeast corner, which includes the two idles. So Austin energy, city public services, we answered the call to the incident, Carolina incident management

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team, and we did the planning, coordinated planning, the operations, the logistics, the finance, and the safety. So next I'll turn it over to Paul Vasquez to continue with the presentation. >> Thank you, Danny. As Danny stated we were assigned the northeast region of the island, one of seven regions. Our area was separated I think into three districts. We had the [saying names]. The way that we were going to start this restoration effort first of all was building and fostering a strong relationship with prepa, United States army corps of engineers, existing contractors on-site helping prepa and building trust with the

people that worked there and the community they served. Another goal of ours was to protect cultural and historic landmarks and also the natural resources. In the [indiscernible] Region is a rain forest. That rain forest took a devastating blow whenever this hurricane passed through. The eye of the hurricane just came to the south of that, what they call the dirty side of the hurricane or where a lot of winds come in passed over and actually stripped all the leaves off the trees in that area so we wanted to make sure we had minimum impact from that area so that it was able to regrow and restore itself. We did all this through coordinating the planning, the operations, the logistics and safety, but the main thing was just making sure that prepa and the responding utilities that were coming and the United States army corps of engineers, that we were all on the same plan, looking at the same mission and everybody had the same vision about how we needed to go about getting this done. Another component of it was assisting in the public outreach, communicating information back to Austin energy, and also within -- within the island so that everybody knew that our intent was there to help,

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not push, but we were there to help them. And later in the month of January, we actually deployed the financial team, who took on the monumental task of actually closing out the work packets and tracking the resources for all these responding utilities. In total, we -- Austin energy sent 16 employees who served in various roles while assisting with this mutual assistance effort. The great thing about the way that the structure was built, it's pretty similar to what we have here at home, at Austin energy, and our employees are very aware of roles and responsibilities and where they lie in different sections in incident command structure so they were able to fill in these capacities with just minimal briefing. They understand the planning logistics operation and of course our finance team, they all work in the finance department, understand the importance of tracking this information accurately. And I'm going to let Dan come in here so we can go over each individual and the roles they served in. >> Yeah Dan Smith, vice president of electric service delivery. Yeah, it's a privilege for me to be able to recognize these people by name, and I'd actually ask them to stand up here. I don't know if this is the right time to do pictures or so, but as I do that we can move forward. I do want to say up front I think one of the challenges we faced, good challenge, was I had over 120 people volunteer for these spots, and so a lot of great people stepped forward, and so these are certainly the best of the best, and we're really proud of what they were able to accomplish. I think the other thing I would state up front and I think it's important to note these are a lot of the hard to fill positions. We don't necessarily have all the strength we would like so the train it put on our organization to continue to keep the lights on and

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serving customers was significant and it was well done so I do think as these folks definitely deserve a lot of recognition, so do the men and women that also stayed to help make Austin energy do what it does day in, day out. With that, Paul already stated these are four waves and then each one of the waves represents kind of a month. So we started in December. Wave one, you've already recognized Danny E.,

and Paul Vasquez, and Luis Rivas, and wave two, Shane cooper. You can stand up -- oh, sorry. [Laughter] Sorry. >> Should we -- have them stand up? >> Tovo: Since we're going to do a proclamation and take photos with the proclamation if it makes sense -- we're not used to doing it in this room, but it seemed like the best opportunity to recognize everybody, but I wonder if all those who are going to be recognize cod come up and that way the camera could capture their names as we recognize them. >> Sure, all right. >> Tovo: And maybe, colleagues, why don't we -- again, I think we're going to have to reconfigure this a little bit. Maybe we could go on the other side and stand in front of our [indiscernible] So we can take a photo with that group. >> Sounds good. Councilmember tovo, where would you like them to stand? >> Pool: I was thinking about that too and I'm thinking not in this room but if we could go ahead and make the presentations and then we could go out on the atrium, unless -- can people crawl into the -- >> Oh, no. >> We'll pass on that. >> Pool: I'm also thinking about the background and you don't want to be in front of one of those camera things, screen, and -- anyway, let's just give it a little bit of thought. >> Tovo: I was thinking -- >> Pool: Trying to figure it out, which is why I'm so quiet. Let's proceed with the waves and recognitions. Everybody, once you stand up

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if you could maybe group over here and then we'll -- >> Line up along try to therefore and then >> Do you want all of the councilmembers to be standing in the groups with the employees? >> Sure. >> I think that would be great. >> Excellent. All right. >> Can channel 6, can you capture with the individuals as they're called up so we have a record of -- >> Put the screen down so that we can see the -- >> Well, I was thinking as -- action the names are read, they could be captured on the screen, I don't know if that's possible in this room or not. >> Okay. >> Okay. >> Do we have a camera shot, if the people were standing against that wall, they would be visible? I think we do. >> Yeah, that is it. That will work for now and then he think we have people with cameras, I think the point is we would like to see the people as their names are called. >> Yeah. >> As I said, we're really good at doing this across the hall. >> Yeah. Whatever makes sense for y'all. >> I'll call one other, this is fun, here. Where we'll do is -- >> You'll call the names. >> That's right. >> [Inaudible] >> Sounds good. The other quick audible, Paul Vasquez has two other slide that's he'll present and then oil go back to announcing the names and we'll bring them up at that point. >> Okay. >> Perfect. Moving forward. Okay. All right, so like I said

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earlier, in total, 16 Austin energy employees who deployed on this mutual aid assistance. And while we were focusing on the Catalina area, it's also good to note that Austin energy was represented in four regions throughout the island. Our finance team supported other utilities in the region that they were assigned to. So it was not just in that northeast earn quadrant, they were in the central area in San Juan and to the west and south. And another thing I wanted to bring up, there's a image there of the emergency badge issued to each employee as they arrived on island. For us, it was proud to wear that -- we were proud to wear that badge because it reflected we were there to help and provide a service to

the customers of Puerto Rico, to the citizens who were there. And in fact, whenever we walked out in public and people saw those badges, they knew we were there to help and greeted us with open arms, offering us things we would need to continue, like food and water, anything we needed to continue the restoration, they were very grateful for the work we were doing. So with -- at the end of the day, our original goal was to get our region to 95% and we were anticipating originally and Dan and I kind of talked back and forth about this, but Danny and I were part of the initial wave and when we got there, I'd never seen destruction of this magnitude and I told Dan, I said, we're going to be here until the summer, this is a lot of work and I do not see how we're going to be able to restore all of this and get it organized that fashion that's going to be done before then. But I'm glad I was proved wrong, everyone did a great

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job, direct can the crews and getting them where they could be the most efficient and at the end of the day, they hit their target mid March. Hit 98%, above it, and asked to go down to the south of them, to assist another utility and speed up those restoration efforts. And our final employees, safely arrived back at Austin energy on April 16th and we're glad to say at the end of the day, they were no injuries associated for any Austin energy employees in our region or deployed in other regions throughout the island. Another image we'd like to show is the prepa personnel. That's staff on the bottom left there, they actually came into the incident management team's room and sang to us during the holidays and tried to keep our spirits up, going long hours, seven days a week, but these people were extremely resilient and grateful for us being there and we truly appreciated the opportunity to go and represent Austin energy in the -- and the city of Austin. And then also want to note here at Austin energy we've talked about the incident command structure and how it lays out. This is actually our incident command team preparing for hurricane Harvey and it's good to know these people were able to go, sitting behind me, were able to go and do this function somewhere else but here at home, they're going to be able to do it at even an higher level because they know the system and the resources that are available and we're extremely proud of everybody that traveled on behalf of Austin energy. >> We'll pick this back up again. Thank you. I'm start from the top, wave one, Danny ee. And Paul Vasquez. Louis Rivas.

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Luis Rivas. And these were the ones who spent Christmas and new year's in Puerto Rico there. Wave two, Shane cooper. David teltow. Victor Carr. We'll highlight Victor, he's the one guy that got to go back and forth three times in all. That's a unique privilege that he had. He did a great job helping on the technology side for not just our team but also the whole appa team. Wave three, added to that, Shane stayed and Darren Vicknair. John bell. Clay Hammack. And Victor, you can stay. How about that. [Laughter] And wave four, Allen shufield. Brian Cokeley. And I'll lead to the financial people and they started really overlapping in the wave two time frame and many stayed much longer than a month. Catherine Ross Lowe. Belle Williams. Shierin shoghi. Juan Mireles. And eddy -- Eddie Washington. I'll say

this publicly to each of the members up here, both myself as well as other executives within Austin energy continue to get tremendous praise for the work these folks did, it was without -- it was outstanding and in addition to just the normal challenges that needed to be addressed in a country with

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restoration, it was -- it was -- it was a necessity to really build relationships with the other appa companies and integrate well. Financial teams had the challenges to go to regions pretty much alone. Didn't have other peoples with them and so they had to just kind of start from scratch as far as building the relationships and it was unbelievable the type of feedback Jackie and myself and Elena received. Hats off to all of you, I'm proud of you. [Applause] >> Dan, what I would like to suggest to see if it would work, would you like the councilmembers to stand with each of the discreet waves so you can have a picture with that crew or looking for more of us to be in up with big family photo? >> If it were possible to be a family photo, I look at it as a unified team effort. >> We should have a couple of rows and some on the inside and some kneeling down a little bit, we need to kind of -- do you want to go -- would you rather go outside in the atrium. We have a proclamation before everyone leaves. To do the proclamation and then -- >> And then go outside for a photograph because that part won't be on the -- on atxn, but I would love to have the proclamation there. >> On behalf of the mayor and the entire city council, just a very sincere and grateful thanks, it was fascinating to hear this presentation about the work and where you traveled to and the personal sacrifice it took to be there. Thank you so much for bringing power back to so many families. And so on behalf of the

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to present the following proclamation, this is a certificate of appreciation for Austin energy's service to the Catalina region of Puerto Rico, Austin energy is deserving of recognition, for their tireless efforts to row store power to the people of Puerto Rico, Austin energy joined the Puerto Rico incident management team to help restore the power grid and provide technical assistance to the Puerto Rico electric power authority and contractors in the Carolina region and planning and logistics for the restoration efforts and assisted with public outreach and education and Austin energy exceeded their goal and now approximately 98% of the customers who could receive power now have their power restored. Their assistance to our fellow citizens in need is commendable and worthy of honor and this certificate is issued in acknowledge of Austin energy's dedication, this 25th day of April, in the year 2018 and signed by mayor Adler. Thank you so much again. [Applause] >> Dan, would do you want to lead us outside and we'll find a good spot to take a family photo with council.

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[Recess]

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>> Looks like we're drifting back in and what do we have next? Let's see. Weir looking at the financial, item 5. Second quarter fiscal year 2018 financial report. If I talk slow enough, everybody will get settled. All right, welcome. Thanks for being here. Introduce yourself. >> Yes, ma'am, thank you for having me here, good afternoon, madam chair and councilmembers, I'm rusty, I am the acting cfo for Austin energy and it's my pleasure to present the financial report for the second quarter of the fiscal year. Hold on. A disclaimer these are up audited numbers and subject to change. These are the segments we'll be covering and I'll start with the executive summary. Happy it 0 report overall, Austin energy is stable and financially healthy. Pardon me, we're substantially compliant with financial policies and metrics and revenues and expenses tracking to budget and we have a solid balance sheet. Austin energy works really hard to keep our rates competitive. And average residential bills are the lowest in the state bills are some of the lowest in the state. Austin energy is in compliance with financial policies with the exception of the power supply and capital reserves which are underfunded. We combine working capital along with reserve accounts we provide sufficient liquidity.

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Today at the second quarter, we have in excess of 200 on hand. These four measures are the corner stones that support our credit rating. Austin energy exceeds the minimum in all except operating margins, to date, this is not a point of concern, since they tend to be consistent on a monthly basis while revenue is not. We receive the majority of the revenue in the latter half of the year and we should fill the gap. We have two affordability goal, we've met the first, the second is that Austin energy average system rights be in the lower 50% of the state, our system average rate is less than 2% above the state average than that does not reflect our recent \$42 million base rate reduction. Through the first six months, Austin energy has generated \$618 million in operating revenue, this is a comparison the actual to budget by revenue source, overall, exceed budget by less than 1%. This kind of mirrors our operating expenses, overall, our operating expenses are over budget but by 1%. This is our budget based fund summary, through the second quarter, budget costs, actual costs track closely to budget, the interplay between operating revenues and expenses combined with interest income results in a variance of less than 1%. This slide compares actual to budget energy sales, while there are some monthly variations, energy sales through the first half of the year are matched by our budget, as you can see, energy sales anticipated to increase in the latter half of the year and supports my

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previous statement about us receiving most of our revenue in the second half of the year. Not surprisingly, non-power supply revenues mirror those sales and exceed budget by less than \$1 million. This graph compares the power supply cost and revenues. And let me explain this in a two-step process. First, just focus on the bars, the solid bar represents -- solid bar represents the actual cost while the dotted budgeted costs and through the first six months of the year, actual costs exceed budget by 2% or a little more than \$4 million. Now, if you look at the red line and match it to the solid bar -- the solid bar as I said, represents the actual power supply cost and the red line represents the power supply revenue which is supposed to pay for those costs. As you can see, the psa revenue is less than cost and this is intentional. Austin energy sets the psa rate to be below cost so we can refund the prior period recovery and keep that money in our customers' pockets. This is the summary of our capital improvement plan, on the bar to the right and how we financed it in the pie chart to the left. Austin energy's capital improvement is \$188 million for the year and ocean shown on the bar graph, we're under spent by \$27 million but the spending pace is expected to increase as warmer weather sets in.

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As you can see in the pie chart, those capital improvement plans are funded by three source -- debt, cash and contribution to construction on our base rates include all three of those components and base rates were reduced to account for contributions and aid to construction -- in aid of construction. All of has a -- Austin energy has a solid balance sheet. 3.6 and an equity to assets of 42%. If you look to the right, you'll see the components of our cash reserves. A total of \$625 million. And at the bottom, is a recap of our commercial paper. Austin energy cites the average residential use as approximate but is it representative of customers in your district and is it affordable? I put these two slides together, side by side to show a correlation between the average residential bill and the average residential use. So the first slide or the first graph to the left, shows use, and the graph on the right, shows bill and the main takeaway, Austin energy is in yellow and you can see that a low average bill correlates into a low average use, or vice versa, consequently, these are major providers in the state and on average, residential customers do quite well. But how average are our customers? This map shows a variation across the service territory. The darker the red, the higher the use, the darker the green, the lower the use.

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The vertical line, that's the green, it's hard to distinguish, the vertical green line is the state -- our system average, if your district falls to the left, your district has an average use that's less than average. If your district falls to the right, you use more than the system average. In all, eight to 10 districts are below the system average and remember, the system average turns into an system bill which is quite favorable in the state. >> Can say that one more time? >> The line in the middle, if you're on the left, your district uses less than our system average. If you're on the right, they use more. >> Okay. >> Okay? The green line, the horizontal green is the system average and the gray represents 75% of the bills in your district.

This is meant to capture the majority of your constituents. At least half of all customer bills in the gray box, in all districts are below the system average. So when you talk about average residential bill, we know it's relevant to you, across your district and that we're delivering great value compared to state counterparts and with that. I'll take any questions if I went too fast. >> Pool: No, I think that was fine. Do you have any others, anybody? Yes, councilmember Garza. >> Garza: The last age is informative, interesting, do we have that up on the page.

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Were viewers able to see it. Good. I was looking down there. That one there, that's really interesting, and thank you for thinking to bringing us that that bit of information. All right. >> Thank you. >> Pool: Anything else that we -- all right, I think general manager, sergeantant. Oh, yes. >> I think this is the first time that we've had it by district if I'm not mistaken. I want to thank you for doing that, it's a great visual. Bam-bam. >> Thank you very much. >> Pool: And I think I'll put this in a newsletter and push it out to my constituents so they can see that. It's very helpful. >> Thank you, ma'am. >> Pool: I think we've done to the end of our agenda, anything else we need to do today? Thank you for bringing this great information, thank you to staff and everybody who was here and all of the folks who are now gone and my colleague, it's 2:58, calling it a day. I'm going to say 3:00. All right, thanks. [Adjourn]