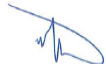




MEMORANDUM

TO: Mayor and City Council

CC: Marc A. Ott, City Manager

FROM: Mark Dombroski, Interim General Manager 

DATE: February 1, 2016

SUBJECT: Schedule and Procedural Rules for Ongoing Rates Process

This memorandum is in response to the discussion and requests made during the January 25, 2016 Austin Energy Utility Oversight Committee meeting about alternative options for the rate-setting process schedule. It also briefly addresses the proposed procedural rules.

Procedural Schedule

Today, staff is releasing a revised schedule. This schedule addresses comments offered to Austin Energy by City Council and stakeholders by incorporating three major sets of changes:

- 1) adding nearly three weeks to the schedule for the public's and interested parties' initial review of Austin Energy's proposed tariff package and adjusting all other dates accordingly;
- 2) adding three Council Work Sessions during the month of May as proposed by Mayor Pro Tem Tovo; and
- 3) extending the due date for the Impartial Hearings Examiner's report by two and one-half weeks. The revised schedule does not change the end of June target date for the final Council decision on base rates.

The three work sessions suggested by the Mayor Pro Tem are included in the schedule after the conclusion of the hearings before the Examiner, but prior to the release of the Examiner's report. Staff anticipates that the work sessions would provide background on the three recommended topics and afford the Council an opportunity to review current policies and options. Staff recommends that Council defer exploration of specific proposals and alternatives during these workshops, as those detailed issues will still be pending before the Examiner.

Key dates of the schedule include:

- Monday, January 25—Release of proposed tariff package
- Thursday, February 25—Independent Consumer Advocate considered by Council
- Wednesday, March 23—All parties submit responses to proposed tariff package
- Wednesday, April 13—Beginning of hearings before Impartial Hearings Examiner
- Monday, May 2—City Council Work Session No. 1 (proposed by the Mayor Pro Tem)
- Monday, May 9—City Council Work Session No. 2 (proposed by the Mayor Pro Tem)
- Monday, May 16—City Council Work Session No. 3 (proposed by the Mayor Pro Tem)
- Monday, May 23—Impartial Hearings Examiner releases report
- Late May to Late June—3 City Council Work Sessions and 2 Public Hearings (recommended)
- Thursday, June 23—Final Council decision on electric rates

At Council's direction, an alternative schedule could be developed that provides several additional weeks for review of Austin Energy's tariff package by further delaying the Examiner's report to the first week in June. Council could then conduct work sessions considering the report during June prior to the July recess. Several meetings could be scheduled in the first two weeks of August for public hearings and final Council consideration.

As discussed at the Monday committee meeting, staff does not recommend the alternative of pushing the Council's decision on rates to August, as it conflicts with the FY 2017 budget development schedule. The City Manager's budget proposal is scheduled for release on July 27th. Four budget work sessions and public hearings are already scheduled for the first weeks in August. In addition to the practical time constraints, this alternative schedule would require that the City's budget proposal be developed with place holder numbers until the Council's deliberations are completed. The budget would then be revised in mid to late August to reflect Council's action on the base rates. These revisions would not only affect Austin Energy's proposed budget, but the General Fund budget and many other departments due to their electric costs and other services linked to Austin Energy.

Procedural Rules

The revised procedural rules released today have been modified for greater approachability and where possible to reflect the comments of stakeholders ([link to rules](#)). As an additional measure to provide accessibility to the rules and process, a short summary of key provisions of the rules will also be posted, allowing members of the public to more readily review and understand the process. These procedures will govern the rates review process going forward, unless Council directs otherwise in the future.

We look forward to continuing discussion with Council on the rates and processes. In the meantime, please do not hesitate to let me know if you have any questions or concerns.