Austin Energy Utility Oversight Committee Meeting Transcript – 11/30/2016

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>> Gallo: Good morning. I'm councilmember Sheri Gallo, and we are settling our Austin energy utility oversight committee, we now have quorum so we're having the meeting. We are /wait/the way going ahead because -- we are going ahead because we are losing a quorum, and we'll move to item number 7, which is approving the calendar for the upcoming year. It is under tab 7. Basically the Austin energy meetings will move to Mondays 9:00 to 12:00. Those of you who have watched us this year know we have worked around some special called city council meetings that have gotten called on Thursday this year. So to avoid that conflict for 2017 we are moving that. So if I could get a motion to approve the 2017 meeting schedule. Councilmember pool first and then -- >> Pool: I'd like to make a motion with an amendment. >> And the amendment is to start the meetings at 10:00 or 9:30, some time a little bit later than 9:00 on Mondays. So 10:00 for two hours. And then we're also very interested in ensuring that council has all of the backup for all of the briefings a week before the meetings, not owe so that would be more than the standard posting time. So that we have sufficient time in order to read them and prepare questions. So that there's more of an interaction with staff on the briefings. So that is -- that's the substance of my amendment. >> And let me ask a question because I know in scheduling we were trying to schedule the Austin energy meetings as we moved them to Mondays

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that they weren't conflicting with other council committee meetings. Are there councilmembers -- I know we're not all here today. Are there any other council committee meetings scheduled for Monday afternoon that moving this time an hour or 30 minutes would impact? Audit and finance, is that? Anyone else? >> Garza: Chair, can we maybe go to the first they do conflict? >> Gallo: No, we wanted to make sure they didn't. The 9:00 to 12:00 did not conflict, but if we're moving it I didn't want it to conflict with others. So as long as we finish by 12:00 we would be fine. >> Pool: So clarify I was suggesting still a two hour so we would still end at noon. >> Gallo: Okay. Does anyone feel the need to be able to check schedules of council committee meetings. >> Houston: I need to think on several things. Capital metro board, I don't know when they meet. And there are several things that meet during the day of that off cycle. >> Gallo: Let's do that. If we'll table this for a moment and do one of the briefings and I wanted to make sure that -- I know councilmember Garza has a commitment she will need to leave early for. I would still like to schedule for three hours. I know as we look to the meetings we've gone that time frame. So councilmembers, if you would see if the start time -- would you like to clarify your motion to have a start time of 9:30 or 10:00? >> Pool: You caught me with my mouth full. 10:00? >> Gallo: So we would be looking at a time period from 10:00 to 1:00. I would like to have that window. Certainly if we end earlier than that, but I want us to have the three hours if we need to. So councilmembers, if you would check for a 10:00 to 1:00, if you are inclined to support the amendment to change it from 9:00 to 12:00.

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And with that let's table that discussion. >> Garza: Just real quick, I can tell you that does conflict with cap metro. Cap metro is the last Monday of every month. >> Pool: And my amendment is two hours to end at noon instead of 1:00. But if you want to amend my amendment that would push it to own we can. But my amendment is for two hours starting at 10:00. >> Garza: I'm fine staying at 9:00, but I'm fine if we table this for now. >> Gallo: So we already know that there would be a conflict at 1:00 or at 12:00 with capital metro. >> Kitchen: Do you know which dates are capital metro? >> Last Monday. >> Kitchen: Yeah, these aren't the last Monday of every month. I would suggest that we just keep it at 9:00 because it's either going have to be a different Monday. >> Gallo: So my suggestion then would be I think let's vote on the amendment, which would change it to 10:00 to 12:00 and see where we go on that. Once again I will say I'm uncomfortable with reducing it to two hours because I think all of us schedule our days pretty fully, and there are times that I know that our meeting has gone past two hours. So I would like -- as the other committees do, I would like the Austin energy to continue to stay for three hours. >> Tovo: I'd appreciate if we had an opportunity to check in a little later. It seems to me that the motion is bound to fail if it conflicts with cap metro. So if we could get to the bottom of those issues and talk about it. I'm happy staying at nine other or moving to 10. I do like the framework of moving to two hours and I'm trying to move audit and finance to have our meetings at two hours. If we're really efficiented

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and focused, I think that two hours can be as productive as three if we use our timewisely. And I think if we have our meeting materials ahead of time that really allows us to use this opportunity within the Austin energy committee to have questions of staff, but have less general -- I just think we'll be able to review our meeting materials in time and be able to really use this time to converse with one another and to ask questions of our staff. >> Kitchen: Could I make one more point? November an opinion on whether we need to be two hours or three hours because I think it will depend on what we're covering, but I would rather say 9:00 to 12:00 because that gives us some leeway and less pressure on us running out to get to cap metro. That's why I would like to keep it on 9:00. I know it's hard on a Monday for folks, but it's going to be hard to find a day. >> Gallo: It is hard to find a day. We all have pretty packed schedules. Councilmember Houston? >> Houston: Chair, I am just reminding myself that we are the board of directors for Austin energy, and although I don't want them to feel the need to fill up the three hours, if we have the information ahead of time so that we can be more interactive, but there will be times when we will have to have three hours. So I would rather have the ability to have those. And if we don't need to have them, then please don't feel like you need to fill up those hours because we can always use an extra hour in our day to do something. So-- and I said this to councilmember pool. People have different learning styles. I'm an auditory learning so I appreciate the information that I'm given and I think it's good for people in the public to hear what we're getting so that they know in-depth what the issues are facing our utility company, but I think three hours with the option of if we need it we do it. If we don't we all go back to doing our real work.

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I mean, this is real work, but other work. I didn't mean to say that, guys. You all are real work, but we always love to have an extra hour somewhere where we can go back into the office and do something. >> Gallo: Okay. So there is a motion on the floor. Would you like to amend your motion? Yes, councilmember pool. >> Pool: I'd like to amend my motion and look at councilmember Houston's motion as a friendly to leave the start time at 9:00, but to encourage staff to give us the briefings -- the second part of the motion is to have the items all delivered a week before the meeting, so that would be the Monday before, so that we have plenty of time to review them. And then to the extent that we are able to accelerate the meetings and make them more efficient, to try to keep them within a window of two hours, but recognizing we can go to three. Thank you. >> Gallo: So let me summarize what I think your amendment is now. I think you've removed the provision to start at 10:00. We are leaving the motion to schedule the meetings that are listed on our proposed schedules from 9:00 to 12:00, but with the additional language that you're encouraging -- requesting of staff to get backup information the week before. And that if we can end earlier than the three hours, then we will attempt do that. >> Pool: Right. And we are asking now for the materials to be a week in advance. Getting them the day of the meeting is really difficult for us to get up to speed. And then that makes it difficult for us then to ask the kind of questions that we feel like we need to be able to ask. Thank you. >> Gallo: And I appreciate that. So there is an amendment on the floor -- a motion. I guess at this point that's the motion. There is a motion on the floor. You've removed your amendment, you have now made the motion -- >> Gallo: So the motion is to approve the meeting

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schedule and the -- >> Pool: The motion is to approve the meeting schedule and the times set and that the materials be provided a week in advance. >> Gallo: That's your motion. >> Pool: That's the motion. >> Gallo: There's not an amendment to the motion because you're making the motion. That's correct. So we have the motion. Is there a second? Councilmember Houston. Is there any other discussion on the motion to approve the schedule with the addition of requesting that staff get backup information to us a week in advance. Okay. All those in favor? Any opposed? Motion passes unanimously. Thank you. So now we will go to agenda item number 1. That's the approval of minutes of Austin energy utility oversight committee meeting of September 19th, 2016. Do I a a motion? Councilmember pool. A second? Councilmember Casar? All those in favor? Any opposed? Motion passes unanimously. Number 2, citizens communication. We have two speakers signed up to speak. Mr. Robbins, you're first. >> Good morning, council. I've complained several times that Austin energy has not been wholly responsive to your request in August to bring a discount to all tiers of residential customers during the rate case. The utility based its calculations on one single customer who it arbitrarily picked to represent low consumers. However I conducted an alternative analysis that used a profile of 2,000 customers and kept pass through charges like fuel the same. And I found those who used 50% of average consumption were paying $12 more a year. This is not what you asked staff to bring you, council. And I ask you to vote on this again now that this new

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information has been provided. No one was allowed time to analyze what staff brought you before your final vote, hence my request is for repair instead of prevention again, this is your prerogative. Changing the rate structure within the residential rate class does not affect any of the other parties of the rate case. Austin energy will be here today to respond to my complaint. They will they might tell you as they've told me that Austin's tiered rate structure is already a leader in Texas. That is not the point. The point is that you ask the utility to deliver a rate discount that they did not fully deliver. Austin energy may say that they did not have a better method than to pick a customer at random. With all the money, time and staff they spent on the rate case, I could not disagree more. On a different subject I'm also asking you to change the tariff for the customer assistance program to allow income verification for potential participants that live in high income homes. The opt-out process that has been going on for the past year has pretty much run its course. And I'm finding high valued property assets for probably several hundred participants on the rolls. Unanimously you passed a budget to income qualify these participants. It is time to change the tariff and I urge you to bring this up at your next committee meeting.

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And I'll just add that I was handed the briefing that staff was -- is going to give you, like nine minutes before your posted start time. [Buzzer sounds] If it's possible I'd like to be able to respond to it when they give it. Thank you. >> Thank you. Is Ms. White there? There you are. I was looking for you. >> Good morning. Thank you for the opportunity to speak. I think I will keep this pretty quick. I want to revisit an issue that you all took up just over a year ago, and that was the authorization of the utility scale contracts. I'm excited those are coming online. One came on line I think a week or less ago, and others are in the pipeline. So we are making progress and thanks to Austin energy for moving forward on those. What I want to remind you is contracts, there was another piece that you also authorized and that was, and I'm quoting here, timely solicit bids to purchase or lease 150 megawatts to be online by the end of 2019. So if we look at the timeline that it is taking to get these projects done, starting with putting out an rfp, then looking at the bids that come in and going through the process at the boards and commissions and then bringing it to council, signing contracts and then the customers having to go through their whole process, to get those online by 2019, probably this would be a good time to put out that next rfp and start getting those bids in. To the best of my knowledge I've been told that that has not been done yet, so I'm just here to encourage you

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to hopefully start that conversation with Austin energy so that it's not a scramble situation where things need to be, decisions need to be made in a hurry. One of those contracts that was authorized in the last batch, which as you'll recall was October 2015, isn't going to be online until 2018. So if you do the math, right about now is when we should start the process. Thank you. And [indiscernible] White with public citizen for the record. >> Gallo: Those are the only two citizens I see signed up -- >> I wanted to see -- >> Pool: I wanted to ask staff if we could get information and response, it doesn't have to be here today, but to the concerns that Paul Robbins has raised, and I know he's raised them a number of times in this forum. And then also I would like some information to -- so that we can help with the issue that Ms. White has raised as far as getting the solar contracts online and having that information come to us sooner so there's not as much of a time lag or if we're able to be more efficient in the timing. >> Good morning, Jackie sergeant, general manager, Austin energy. Committee chair, mayor pro tem, councilmembers, thank you. I can address those issues right now. Mr. Dreyfus has a presentation and he's going to be covering the issues raised by Mr. Robbins this morning. And with regard to an rfp we currently have an rfp on the street looking for additional renewable energy. We have some wind contracts that we'll be rolling off. We have not limited that rfp solely to wind so we expect that we will get proposals for solar as well and that that can be used to meet that criteria of the additional 150 megawatts. If you want additional information from that I do have staff here that could address that, but I wanted to let you know that that is in process.

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>> That is great. Thank you so much. >> Gallo: As we go into agenda item number three, the general manager's report, I first want to say we had a fairly abbreviated schedule for Austin energy in the fall and I want to say again that we so welcome you here and we really appreciate you being here. So thank you. >> Thank you. And I'm grateful to be here and serving in this capacity. This morning there are several items that I want to give you updates on and then there are some rcas that will come up for you in the upcoming council meetings and that are going to happen between now and the next utility oversight committee meeting, so I wanted to brief you on those. The first thing that I wanted to update you on was that as you remember, councilmember Ora Houston requested a tour of the fayette power project and she also wanted to meet with local officials. That was conducted on October 14th and we

had a tour of the facility and we also met with the fayette county judge Ed Janecek and la grange mayor. In addition to councilmember Houston and her staff, staff from the mayor's office attended as well as staff from the offices of councilmembers Gallo, Garza and troxclair. And then we had staff that participated as well. Representatives from lcra were in attendance. They were at the meetings with the officials, but they also provided an overview of the facility and provided a plant tour. Myself and several of my staff members were in attendance as well. The next item that I wanted to update you on is the matter regarding the metro taxes that were inadvertently collected from customers in southern Williamson county, residential customers, to be specific. Credits have started and have been entered for 6,351 electric accounts, totaling over $220,000. These credits started to appear on active account bills generated in November, starting on November 8th,

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and will continue through December seventh, with a final quality review to ensure that the credits generated were applied to and completed by December 31st. Letters notifying customers that they would be receiving this were sent two to three days before their bills being generated. And customers will see on their bill a segment titled adjustment with a line item of south Williamson metro tax adjustment with the tax credit amount shown on their bill. In December we will begin to issue inactive accounts refunds and any return refunds will be turned over to the state per their required unclaimed property process. Another issue that you may be familiar with is the transportation users fee exemption. City code allows for customers to request a waiver of the transportation user fee for those customers that are 65 years or older, and for those who do not own or operate a motor vehicle. There were media stories in October that brought this to light and made it more a high profile item and brought forward that citizens can claim this exemption. So we worked with public works closely to coordinate a promotion and a greater awareness of this opportunity to request a waiver. There were several actions that were done and there will be actions that will continue to take place. Information regarding the exemption was enhanced and it was included on the front page of the public works website. We revised the request form that may be submitted to public works to make it more easily understood. We reviewed processes and followed up at our customer call centers. We enhanced visibility and links on the city, Austin utility's online customer care web pages. We circulated social media messages. We added a notice of the opportunity to apply for this in customer bills

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starting in November. We're starting to put it in the monthly bill insert that goes into all the bills and such an article will be scheduled to run at least annually going forward. The contact center staff will conduct a search using standard web-based tools to verify age of customers seeking the exemption so we can modify the process and eliminate the step of after customer having to fill out a form and we'll able to do that when they call in and simply use this verification process. So I'm glad to see that that's been moving forward. We've had a number of people call in and request the exemption. We've been able to process those and we've worked collaboratively with public works. >> Kitchen: Chair, I have questions, but should I wait? >> Gallo: I think probably it would be appropriate if the questions are specifically about the subject she's referring to. >> Kitchen: Just a request. If you could provide us with some data or just point to where I should go look for the data? I'd like to have an understanding of how many people do make that request and whether we've seen any changes since we've taken these actions, although I realize the actions are recenting so I don't know if you would have seen any changes. Is there a place you can provide that data to me? >> I think that's something we can research and provide for you. One of the questions I asked staff last night as I was preparing for this meeting today is did we see any increase in call volume or request for those exemptions. And we had between October and November 1,341 requests that came through and we've been able to process those in working with public works. We haven't got the you just call in and get the exemption with the verification process completed. We hope to be -- being able to do that more fully in the January time frame, but we are using the form that's provided and working with public works in the process that is in place today. So I can't tell you of those calls and of those requests for the exemption exactly how many of those have been authorized, but we can work on getting that information. >> Kitchen: Okay.

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Can you tell me just a little more -- I'm sorry, you mentioned this. On the exemption for seniors, that age is set at 65? >> 65. >> Kitchen: And that's the data I'd like to understand. If you can -- if we're able to get this data. I mean, to what extent do we have -- my concern is for seniors who may be much older than that, because it's a call-in process, who may not understand that they need to ask for the exemption. >> Yes. And in addition it's not just a call-in process, but there's the opportunity to fill out a form and make that request too. >> Kitchen: What I mean is if they don't know that they should call in, then they're not getting the exemption. So I would just like to get some data, and we can talk about this offline. I'm just trying to understand if there's a problem. If there's a group of individuals who are older and that this fee is a burden, and -- and are not asking for the exemption for whatever reason. So we can do this offline. I'd like to see a comparison if it's possible of the age of folks paying that user transportation fee. >> I can check with my staff and see what information is available and how we can do that. I think one of the things that this raises to my attention is when we produce the article in the power plus that will go out in the January bill inserts, that we can focus on that. Anyone over the age of 65 is eligible for this, and if you have not applied for this exemption here are the means to do that, and do an outreach there. Make it clear that anyone. >> Kitchen: I'm just trying to determine if there's a problem. There may not be one. The problem that I'm thinking about is the older person who doesn't know or

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can't or has difficulty making the connection to actually apply. That's what my question is. And again, it may not be a problem. So I just want to see the data. >> Elaine Kelly Diaz, vice-president of customer account management with Austin energy. Austin energy facilitates this program, although it is owned by the transportation department. So they have the forms and information and they're the keepers of that information with regard to why the request was captured. But right now Austin energy does not track if the request was interred because of age or because of not owning or driving a motor vehicle. >> Kitchen: Okay. >> Gallo: So I appreciate you bringing this up. The other side of the question is are we in the position that we as a policy making board could determine that we would want that ability to go in place automatically? I'm assuming that we as part of the application process there is a date of birth required, and if not, maybe if we required a date of birth, then that could be an automatic exemption. So helping us to understand whether we could make this more automatic versus an opt-in basically. >> Yes. As part of the current application for city of Austin utilities, we do not ask for or retain date of birth. It's a key bit of information that we don't need to validate the identity of the individual, but we don't store the date of birth. So we don't know who is over 65 or not. >> So I guess that might be a policy discussion that we have at some future point is can we do something that makes that ability automatic versus something that somebody has to request. >> Kitchen: Yeah. It may be part of our discussion -- we approve the transportation user fee every year, so maybe that's part of our discussion. I know we'll be talking more about the budget earlier in the spring, so maybe we should talk about that. And again, not everybody over 65 needs that kind of exemption. My concern is just those

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that -- the lower income folks that may need that. >> Gallo: I think it's a valid concern. Yes, councilmember Houston. >> Houston: Thank you. I was going to say that I was aware of the over 65 exemption and so I have it. And now I'm wondering can I get back in it because I'm in my car all the time. So that just speaks to the fact that some people over the age of 65 are using the roads, using their cars and are very able to pay the transportation user fee, but there are people who traps are in assisted living facilities, so they may not even get an electric bill. I don't know how some assisted living facilities work in our own apartment, what they pay for. That we try to target those senior facilities where people are still active and going places and may have a car and may not know this. That's just a suggestion of how we can focus more on the people that may not be driving as much as I am. And if somebody can tell me how I can start paying my user fee again, I'll be happy to do that. [Laughter]. >> Gallo: Any other questions? Councilmember Garza. >> Garza: I had the same question about if we collect their birthdate, and if we don't -- obviously I don't want us to pay millions of dollars for some software just to be able to do just that, but if there was a simple cost effective way to start collecting birth dates and then not -- maybe not make it automatic, but at least on that month, the following month that they turn 65, just send them that notice, you are now eligible for this if you choose to do it. Here's how you do it. I know at the ag's you get a letter at 18 you don't have to pay child support anymore. They know when that child turns 18 and they get a letter. Anyway, I know it's possible for there to be an automatic system in place triggered by

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a birthdate. So I would be interested if we could implement something like that. >> I think that's something that we can talk to the transportation department and if it's something that policywise they want to do, then we can work with them to facilitate that and allocate the cost for implementation appropriately. >> Garza: Because I had several constituents reach out when this became -- and many of them wanted the money back that they had paid since they turned 65. And I said, you know, I will try my best, but I don't think that we can -- the city can pay you that money back. So I know it's -- there are some people who would have loved to take advantage of it if they had known about it. >> Gallo: Thank you. Councilmember kitchen? >> Kitchen: I'll also follow up and ask our commission on seniors if they would take a look at this and help us think through whether there is a problem or not. So we can work with you on that and I'll ask the commission on seniors to do that too. >> Thank you. Councilmember Houston? >> Houston: And one of the things I didn't know until today that transportation was the -- was the holder of this project, but one of the things I would be interested in is what the cost would be if we exempted everybody over 65 from that transportation user fee, what would that financial cost be to I guess the transportation department? And then would like to have some data maybe quarterly as people begin to ask for the exemption, how much is that cost to their fee structure. >> Gallo: Are there any other questions? Councilmember pool? >> Pool: Thanks so much. The rfp, if we could go back to that. It has wind power and

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various alternative fuels. Does that cover solar? >> Yes. >> Pool: Will solar be in a separate second rfp? >> I think that would depend on whether or not we get any responses. So if we're not to receive adequate solar responses and we have a requirement for additional solar then we would issue an additional follow-up rfp. >> Pool: And would somebody bidding on the rfp -- >> We're not posted to talk about that. >> That subject came up during citizens communication, but we're not actually posted to discuss that rfp, so if staff could provide that information in writing at some point. >> Sure. >> Gallo: Any other questions? Thank you. >> The final item that I wanted to provide an update for you on is with regard to the pilot program for precustomer billing. Austin energy initiated a initial prepay proof of concept program this last fiscal year and the program officially ended on September 30th. The final enrolled customer count was 75 and we have currently verified that all customers have been removed from the prepay program pilot and the associated rate. Early next year we will provide final program metrics results and we'll also look at the lessons we learned from that pilot. With the expiration of this program, any decision to move forward with the new prepay program after fiscal year '17 we will reach out, of course, and involve stakeholders for input on such a program. Next I wanted to review some rcas that will be coming to you for approval. As you recall in October the overis a site committee meeting was canceled so this is the first opportunity I've had to share with you about some of the rcas even though some will be on tomorrow's council agenda. The first one has to do with

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our excess liability insurance. The current contract that we have expires on December 31st, 2016. The contract cost is not to exceed $976,000 for year one, with 12 month extension options totaling $7.6 million over seven years. The purchasing office issued an rfp for these services in August and it closed on September 29th. We only received one offer. The sole responsible offer was Wortham insurance and risk management. The contract will provide $35 million in excess liability insurance coverage over the two million self-insured retention for general liability, automobile liability, pollution liability, wildfire liability, failure to supply liability and employer's liability exposures emanating from Austin energy. This type of coverage is carried by utilities nationwide and is required by Austin energy since its operations are proprietary and it is not limited by the Texas tort claims act. There are several items that are going to come to council for on-site energy resources. Our district cooling department projects, which include an amendment to an existing chiller, water piping construction, implants and on distribution a sites. This is an amendment to the customer services contract with billfinger west com to connect chilled water customers to the cooling facilities. In June council approved the original contract for the initial 24 month period on for six million for a total contract amount not to exceed $12 million. This amendment will increase the initial 24 month contract period authorization amount to 10 million. And modify the extension options to only one 24-month

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extension option in the amount of 3.5 million. So the new total contract amount would be 13.5 million and it will include a 1.5 million to the original not to exceed contract amount. This amendment is needed due to the rapid growth of the downtown area and the number of new customers requesting chilled water service, exceeding our expectations. And this is actually a good thing because when these customers utilize the service, it creates revenue, additional revenues for this part of our organization and helps to manage the costs associated with that, but also this is deferring electric load so the facilities that are using this are using chilled water for their cooling needs as opposed to using electric. As you know, we have in our resource plan goals that require us to achieve certain amounts of thermal energy storage, and by expanding these services and this business, we're going to be better positioned to be able to meet that goal. Another rcas that will be coming before you tomorrow is a developer participation agreement, a community facilities agreement with catellus, Austin energy has been in discussion with a mass -- with the master developer at Mueller, catellus, regarding the next wave of commercial development along Mueller boulevard. A financial analysis for a satellite plant to be developed at a future date appears to be favorable. The first chilled water customer would be Texas municipal insurance facilities. The design of the chilled water lines is being done using existing ae contract authority. And a community facilities agreement will be used and presented to council for the construction, installation of these lines, along with other underground utilities, resulting in lower costs overall for Austin energy. An rcas that will be coming before on December 15th for chilled water piping construction, this would be underground and in the right-of-ways. This is an indefinite

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delivery, indefinite quantity installation for chilled water piping that will go underground in right-of-way to extend service to customers. The contract is for six million for the initial 24 months and three million for each of three 12 month extensions. So the contract amount would not exceed 15 million for a total over 60 months. The contract was competitively bid and billfinger westcon was selected as the winning bidder. >> Houston: I couldn't get my mic on. Where is this one going to be located? >> This one is -- do we have a specific location? >> This is actually a blanket agreement and could be used in all of the systems. This is actually extending piping to hotels or businesses in the downtown area or any of our satellite locations. So this is a blanket agreement we utilize to connect customers as new development occurs and allows them to service them with our existing facilities. >> Houston: So it would be downtown, Mueller. >> The domain. >> The domain. >> Houston: This is all for commercial customers. Is there ever any point in the future where residential customers could use chilled water? >> Yes, ma'am. Well, it is commercial in nature in that it's large load. We actually do have a number of customers who have residences in their buildings so they're being served by the system. So it is a mix of residential and commercial. Certainly. >> Mayor pro tem tovo? >> Tovo: So in the last contract that you were just discussing, the new customers are not responsible for paying the cost of extending that to their location? Are they just pay the cost within their own buildings? >> Actually, they are. We do have an interconnection charge that is part of our service agreement with them, however we do need to have contract

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authority to conduct the work. However, we do recover that initial connection charge over a fixed period of time so they are responsible for their connection charge. >> Tovo: Is it recovered at 100%? >> It is, but it is over a period of about 15 years. >> Tovo: That's a very long period of time. How is that arrived upon? >> We've actually built a pro Forma based on maintaining an operating margin. We're shooting for a particular operating margin over a 30 year pro Forma. So we work with the finance team to work on the rates that is certainly rate neutral, but also provides them additional benefit to the electric utility. >> Tovo: Is that -- and I know if we get much deeper in conversation that's beyond what we can do in an open session, but I guess I'd be interested to know, and we can talk about it outside of this meeting, I'd be interested to know how that compares to other utilities who might have similar operations, if they allow recovery over such a long period of time or whether they recover the 100% cost in a shorter period? >> Yes, ma'am. We actually have a briefing scheduled in the January utility oversight committee to discuss chilled water and some potential expansions, so we could bring that information and discuss the different contracting methodologies we use with different customers. >> Tovo: That would be helpful can I be reminded >> Tovo: Was that 12:15? >> That's correct. >> Tovo: So in temperatures of the timing given that we're having the more comprehensive briefing about killed wasn't in January, does the contract authority item need to happen before that? >> Yes, ma'am, it does. We actually have customers in the downtown network that are needing service and this contract authority needs to be in place in order to service them but that is with the existing plant so we're not talking about any expansions under this particular rca. >> Tovo: Thank you. >> One more, actually there's

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two more under on site energy resources. There's another rca that will be coming before you on December 15 and this is for an equipment rental contract. We need to have the authority in the event that we have equipment that we need to take down for maintenance or that we have a forced outage on so we can continue to deliver the services we've committed to. So this is a contract with central Texas commercial ac and heating. It is for options not to exceed 300,000 per extension option for a total contract amount not to exceed 1.8 million, and again this is over a 60-month period or five years. Due to the nature of the facilities an on site energy resources has, it's necessary to have this contract in place so we can promptly respond to and plan for equipment failures we may have. It's not guaranteed we use this money. We use this authorization in the event one of these situations would occur that we can respond appropriately and make sure cooled water is continued to serve the customers we have. Under on site energy resources, we have the rca on January 26 for Austin community college to enter an interlocal agreement with them to design, construct chilled water plant to serve their multi phased redevelopment of their highland mall campus. Austin energy staff is currently working to develop a conceptual design in order to establish capital costs and derive chilled water rates for use in such an interlocal agreement. The next rca wanted to talk with you about is commercial meter support services. This is an rca that will be coming to you on December 15. This contract is for 3.6 million over five years with Texas meter device company for installation services only. The meters to be installed

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were approved at the June 6th council meeting as a separate contract with Texas electric cooperative. This organization was selected through a competitive process based on their technical solutions and program experience, qualifications, performance, safety, cost and local business preference. There has been no previous contract for these services and we need this because we do have some resource constraints with regard to being able to perform this work. However, Austin energy personnel will be providing the meter installation services for our residential customers. This item was passed unanimously by the electric utility commission on the November 14th meeting. We also have an rca that will come before you on December 15th for engineering services. This contract is to perform transmission substation and distribution engineering and design service. It will support capital projects and operational needs for Austin energy. This is a 6.45 million professional service agreement. It's withstandly consultants to provide engineering services for 36 months. Stanley was selected from ten firms that all met minority and women owned business enterprise participation goal. Stanley holds the current contract with a 36-month, $4.5 million authorization. The increase in the new contract amount is due to anticipated new projects, programs and service needs and Austin energy engineering and design resource constraints. This is scheduled to be reviewed by the electric utility commission on their December 12th meeting. And finally, I have an rca that's going to be coming before you again on December 15th. This is for information technology or I.T. Hardware products and services. It is a 11.5 million, 60-month contract with mark three systems for the purchase of

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IBM and lenovo products and services for Austin energy. The contract will facilitate the upgrade and consolidation of hardware including servers and storage. The ibn and lenovo brand technology currently run Austin energy's critical infrastructure supporting critical services such as asset and inventory management system. Our meter data management system for customer meter reads and applications used within dozens of other Austin energy systems. This contract is new and represents a consolidation of purchases of three products and services into a single contract, and again this will be going before the electric utility commission at their December 12th meeting. That's all the information that I have and unless there are other questions, I will turn it over to staff for the other briefings that are on the schedule. >> Gallo: Thank you. Councilmembers, do we have any other questions at this point? Thank you very much. >> First up is our briefing on our process for updating our resource plan. Caleal. >> Good morning, councilmembers. Alberarl shallowby, vice president marketing operations and resource planning. Per council resolutions we are tasked with updating the resource plan every two years. Thank you. So we did this approximately two years ago and now we're going through the process of updating our plan. The last time we went through an extremely involved process that revised many of our goals upwards in a very large fashion, and I think this time we're going through sort of an update of the end post to see where we are in that plan. That said, we do have a fairly involved stakeholder process which has already started and I'll go through that in the presentation.

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So just a reminder why we do resource planning, it's a key activity to support our strategic plan. And the genesis of it is the Austin climate protection plan which was done in 2007 at the direction of council, and this is sort of a way to implement the direction from the climate protection plan. It's also to manage the costs and risks of energy to our customers, to maintain affordability goals and to reduce rate volatility. Within the plan we also look at programs that are behind the meter so we manage customer loads with behind the meter programs with rooftop, solar, energy efficiency and now storage. Also the plan is about seven pages so there's other complimentary strategies. An example would be strategies related to low-income customers. Just a general process chart here, but this all started with the climate protection plan that we talked about. And then we go through this generation planning on a two-year basis. The intent is to provide a general plan and general direction as to how we were going on the implement the goals of the climate protection plan. From there we put what we need to in the budget process. That's also approved by you. And then specific items that need to be implemented, for example when we came back with the rcas for a totally scale solar are also approved by you, and this cycle is repeated every two years. Also I forgot on the previous chart one key thing about resource planning that's changed since we did the Austin climate protection plan, the one thing resource planning is not, and I think we've talked about this quite a bit, is to supply power to our customers. We no longer build generation

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to meet load. We've got the ercot market and we sell all both renewable and nonrenewallable back into the revenue source so it's no longer about planning for load. Resource planning is really a two-phased process. One is analytical in nature so we do have a market model. We have these inputs and we'll show you in coming months, you know, what the price of gas is going to be and a whole bunch of number crunching and analytics. But really that process isn't complete without the input of the community, experts, council, you know, so there's another part of this process that's really important which involves the people involved and the people that make decisions. So computers don't make decisions, people make decisions when it comes to resource planning. So the key parts of the resource plan are, number one our stakeholders. These include, for example, environmental advocates, our customers, city council, staff, experts. We also look at our load. Not because we want to match load, but it provides us a bit of a marker as to how much generation we want to invest in. For the most part we have a guideline but we're not going to invest in more generation we have as load because at that point you are overselling or maybe speculating from a hedging perspective. We look at our customer programs in the resource plan. And then we look at our big supply plans. So our fossil plans, nuclear, coal and the decisions there are do we maintain production, do we build more or do we retire. Those are sort of the big-ticket decisions you need to make when it comes to resource planning. We also look at our environmental goals, and those are not just limited to CO2

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emissions. It could be sulphur dioxide, water usage and regular regulatory compliance, Mr. State, federal, local. At the end of the day when the numbers come out of the market model, we run them through the spread sheets and that's where we look at rate impacts. At the end of the day what does the dollar cost back to our customers and that's a really important number. As far as a stakeholder group, we worked with the euc to come up with a very well-rounded group of stakeholders. We are meeting every two weeks pretty much. We have a schedule out right now and we're discussing all the issues I talked about on the previous slide. I listed the names in this chart and, you know, you have this presentation so you will be able to see who is all on it, but you is a representatives from the euc, the rmc, industrial customer representatives, commercial customer representatives, low-income advocates and other folks that are active in this type of activity. The intent is for them with staff to work as a working group and provide input to the plan. Everything that we're going to bring to you, for example this presentation we're bringing to euc and rmc ahead of time so they see this before you do and take a look at provide input. Then we will have a final presentation with the recommendations most likely in Martha -- March that we will bring to euc and rmc ahead of time. This is an overall time line. We see this coming in about four presentations, if we maintain this time line. There's no December meeting so we skip December. So we're doing this in November, sort of kick this off with you. We'll present scenarios and input assumptions in January so a bit of a technical presentation. And then we should have some of the numbers crunched by February so we'll come back with some preliminary results

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and recommendations and hopefully we can have a final plan in March. I did want to recap our goals from the 2014 plan and give you what the progress is up to date. So the numbers in blue in brackets are where we are now. The numbers in the black font are the goal. So we have the 55% renewable goal by 2025. We are currently at 31%. We have a 900-megawatt management goal by 2025, and that could be up to a thousand if affordable, according to the plan. We are at 576 megawatts currently. That goal is divided into energy efficiency and demand response so we do have a carve-out for 100 megawatts of demand response and we are at 54 megawatts right now. Our total all in solar goal, includes utility scale and rooftop, 950 megawatts by 2025. As far as local sole on already, we need 110 by 2020 -- affordable. We are at 76 megawatts currently. And you are very familiar with the 750 mog waits of utility scale solar. We have 180 operational. One of our big plants that you folks approved last year, rose rock, went into production a couple weeks ago. In addition to webberville we have now 180 megawatts of utility scale solar in production. Really kind of an amazing sight when you go out to 150-megawatt plant. It's a couple miles of solar panels in a row so it's pretty amazing to look at. And we have 450 megawatts under contract. I do have a chart coming up that shows when those plants will be in operation. We have a specific CO2

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emission coal from our generation plants and we are currently meeting that mostly because the way the market has gone. The prices are so low we are dispatching a lot less than we used to. And then we have the process to retire the fayette coal plant beginning in 2023. We have affordability goals. We're meeting the 2% limit. We are trending slightly above on the competitiveness goal, but trending after the rate case and recent hearings that we've had. We mentioned that we have storage goals. We have 10-megawatt battery storage and 20-megawatt thermal goal. As far as progress we have 17 megawatts of thermal already in the ground from a district cooling system and we have the pilot projects that you have approved in the last few months are in progress so we have three megawatts electric in progress currently. The last goal or major goal in the plan is to retire and replace the decker steam units by 2019. I would say that's pending right now and we're working on it through the plan possibly, possibly the next plan in two years. And it was subject to third-party study that was completed. >> Chair? >> Gallo: Yes. Indication case if it's okay with legal and I will defer if it's not, it seems like the question that the general manager and [inaudible] Wanted to answer for us during citizens communication section may actually be more appropriate for now since we're posted for -- maybe you finishing up your answer about what your plans are for making up the rest of that utility scale solar goal which was being discussed. >> Right. And we talked about this so it's okay to talk about under this posting. It's a good segue to the next slide which Shoals where we're going from our biggest goals. Just to explain the chart a little bit, the vertical axis

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is the renewable, it goes from zero to 60%. The horizontal is the years. The bars represent percent renewable. So that's really based on generation netting out our load, right? So there's a few calculations in there to get that bar. Now, what's happening -- and the gray vertical line separates history from forecast, right? And the goal is that dashed line on top, 55% by 2025. And what's happening is we have some older wind contracts that are rolling off right now so you will see some variation in the bars. And we have the solar contracts that most will be in production by 2018. And the boxes sort of explain where everything is going. We don't really have a plan for 2024 yet, but those are the crumbs we will need by 2024 -- numbers we will need by 2024 and 2025 to meet our goal so we'll be sure that happens through the resource planning process. I'll talk specifically about 2020. So in the notes of the rca that council approved for the 450 megawatts of solar, we committed to bring online 150 megawatts of solar by the end of 2019. It's showing 2020 because if you bring it on the end of 2019, the production shows up in 2020. So the language of the rca is actually on the bottom of the slide right there. So we just issue an rfp. The main intent of the rfp is to replace wind that is expiring very shortly. When -- and when we do issue rfps, we like to canvas the markets for other technologies including wrecks in this case. It's good information in the intelligence for our market analysis group. I would say that we will likely issue a specific rfp geared for solar nard to bring the 2019 project online. There is option at in this

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rfp, but we will likely gear it for that solar. Because when you gear an rfp for something very specific, you are going to get the best prices at that point and that's why we're going to do that. Does that clarify the questions or -- >> Gallo: Councilmember pool. >> Pool: I think so. Thank you for the information on the stakeholders and the time line that you provided. That's helpful. Could I ask, in 2014, I think the previous council had established a carbon free goal for -- for Austin energy, and do you have that complete carbon free? I think we go up to not quite 60% in 2025. If this chart were to go further out, do we have the reflection of that policy direction established before this council was put -- came into office? >> I think -- will you talking about the 2030 carbon free that was in resolution 157.>> Pool: I dt know the number of the resolution, but yes. That's the 2014 resolution, yes. >> So I think -- also some folks in the community probably disagree whether that's a hard goal policy direction for Austin energy. When resolution 157 was passed, it had many aggressive goals including the 2030. And it said do an afordability analysis and it did. It showed if we were to be carbon free, really to retire all our plants, not just decker, sand hill, it would be unaffordable to obtain that. Then what we did is we went through a very involved process to do a resource plan and that goal never migrated into the resource plan. As far as Austin energy right now, the way we look at it is that that is not a hard goal in the resource plan.

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Maybe it's incumbent upon this council whether they want to make it part of the resource plan as a hard goal for 2030, but we feel right now attaining a 2030 next year would be unaffordable for us. In some ways maybe not -- maybe it's an argument that can be deferred to the next two years. We just know so much more every two years. Prices -- we've been chasing shore prices down, will continue to go down into 2025. We'll know more and have better analysis as time goes by. Ic ifing hard goals now that don't afford flexibility which makes us make decisions now that may be less economic than if we had them later I think -- maybe it's something we can discuss in two years. Just a suggestion. >> Pool: That makes sense to me. And so what I would like to ask is that we keep that resolution 157 -- do I have the number right? >> Yes. >> Pool: Okay. At top of mind because I don't think -- I think that's a good explanation for how it fits in these goals here that we probably haven't talked about yet on this dais, but reminds us there are greater goals that we are aiming for and if the 2030 goal has dropped off, then subsequent councils may completely -- it may be completely unknown. And so I agree that -- I would say that it is a goal and we have to aim for it and if we can keep it on these graphs here as we proceed ten years in advance, we can measure against how close we are getting to that and be reminded and mindful of the fact that at one point not too long ago a council did say that that was a goal for the city. And then yes, I think we should continue always to evaluate and analyze and check

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our reference points to see are we capable of making additional progress on it and if we are or could make more, then we would do that, but if we can't for whatever reasons we have an explanation for it and can be transparent about why we are having to shift our goal -- our aim. If that makes sense. >> It does make sense and, you know, it is in the back of our minds when are we going to reach net zero. It's a goal for us, environmental goal for us. And you'll see when we propose our scenarios, we will have wide varying scenarios getting to net zero but it's good to study that stuff and see what the results are. >> Pool: The last thing I would say is where it's unknown what the next few years will bring us and with regards to the climate and climate change, but what I do know is that those of us here at the municipal, at the local governmental level, we are aware change can happen and we just, you know, and so it will be possibly a heavier burden for us to bear if we don't have support nationally or if we are fighting head winds on that and we may, but I would just like to reengage our commitment that this is the right thing to do and that we'll continue to work in that direction for our local -- you know, so we can make positive change locally if we can't do it anywhere else. >> Right. And we are not at cross purposes when it comes to direction. We definitely are aiming that direction and we are looking to get there. >> Pool: Thank you. >> Okay. >> Pool: Mayor pro tem tovo. >> Tovo: I appreciate councilmember pool's comments and I want to underscore something. I may have misheard you, but it almost sounded like you were saying this council hasn't had an opportunity to real analyze and set its own goal and I want to emphasize the goal that the previous council set is the city goal until and unless it's changed.

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And so, you know, that is the standard -- I mean that is the standing policy until some subsequent council takes a different action, so I appreciate the focus on working toward that goal. >> Okay. I thought you would be interested in the portfolio that you approved. All these contracts are signed, by the way, and we're working with the developers to bring them online. Rose rock solar is now in full production and these are the -- you know, approximate dates of when we feel all the other ones are going to be in production. We should have another one in this year -- in the beginning of 2017 and couple more in 2017 and the last one in 2018. >> Houston: Chair? >> Gallo: Councilmember Houston. >> Houston: Thank you. Remind me where rosewalk is? West Texas? >> Yeah. >> Houston: Except webberville which is right down the street. >> Which is in east Texas. East Austin. I did want to indulge you with a quick market update, just focus specifically on renewables. This is ercot, this is not Austin energy. We're a big part of this but very interesting things happening when it comes to the market. I think you will be pleased. This is a generation mix up to 2015 of where ercot has been going. If you look at the green shaded bar, that's the percent of renewables of the generation mix of ercot. From 2011 to 2018, that's increased by 50% to 12%. Recognizing that load in ercot grows, so the actual megawatts are more than 50%, but from a percent share it's gone up 50%. The other big is gas and coal is sort of losing its -- its status when it comes to ercot,

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mostly because of economics and also because of federal environmental regulations from the EPA that are forcing some shut downs. We predict, and this is what we assume in the resource plan, about 3,000 megawatts of existing coal will retire in the next few years. Most of that is because of the hays rule which was stayed by the fifth circuit court, but again, a lot of this is economics, but also because of the environmental retrofits that folks will have to do in order to keep these plants online to meet air regulations from the EPA. This is wind. So let me explain some of the bars. Purple is what's installed. Blue means inter connection is signed and financial securities posted. When that happens, there's almost no reason for a developer not to build the plant, so it's almost 100% certainty the dark blue will happen. And then I would take a little more grain of salt the light blue. Those are intense so folks have gone through some of the permitting and some of the, you know, administration costs in order to sign a inter connection agreement with ercot, but they haven't signed any sort of ppa with anybody in order to have the financial wherewithal to get the debt in order to build the plan. But regardless, just looking at dark blue and purple, we will be at more than 20 gigawatts of wind. That's way outstripping any state here and I think all countries is wind in Texas. I have a chart showing where a lot of this is coming from. Solar, similar story, not up to same scale, but similar story. Again, those various colors are also what I explained before.

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Purple is installed, the dark yellow is -- has financial security and conclusion agreement and the last part just has a inter connection agreement signed. We will be at almost 1500 megawatts next year of solar. So some of this is coming from Austin energy, but also surprisingly a lot of this is coming from corporations. So for corporations to green up their portfolios whether it's data centers, corporate office, manufacturing facilities, whatever it is, the cheapest way to do that is to build wind and solar in Texas. Even if you are in California. So this ercot market, whatever it's doing, it's kind of working for a lot of people, not just in Texas. So it's really a revolution of renewables coming from all over the U.S. Right here to Texas. That's all I got. >> Gallo: Councilmembers, are there any questions? Thank you very much. >> Thank you. >> Good morning. Mark Dreyfuss, vice president for regulatory affairs and corporate communications. Nice to be with you today. I'm here today to provide an update on -- on our rates implementation and some rates issues. As you know and as you saw this morning, since council adopted rates in August and amended the city budget for those rates in September, several issues have been raised about particular aspects of those adopted rates. I hope to be able to address all of those issues for you today. Here are the topics I'll be covering.

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The first three are the issues that have been raised in this room in prior utility oversight committee meetings. And so I'll walk through each one of them, the tier 1 rate adoption, the small commercial demand charge or the demand charge for small commercial customers and implementation for small horses of worship and then I have a few other comments on state of Texas accounts and the rates implementation schedule. First briefly, I want to review Austin energy's key objectives in this rate setting process. I think these are important because we presented these to the council repeatedly and council based its decisions in part on -- on making tradeoffs among these sometimes competing objectives. >> Pool: Mr. Dreyfuss, hang on. Councilmember kitchen has a question. Lot of subject matters together in this one presentation. How would you prefer we do questions? Should we wait until the end, should we do it after each subject matter. >> Pool: Would it work if we did it after the item or the issue is complete? >> Whatever is your presence. I'm happy to just take questions as we go along. Certainly subject by subject. >> Pool: Let's try subject by subject but if it's gets too intense we can jump. And I'll say alert. I think our chair will be back soon. >> We shared these objectives with you first in June of 2015, and I will tell you that I believe every single time I was before you over the last year and a half we had a chance to discuss these objectives and their tradeoffs. And they are that we have a fully transparent process, that we adhere to applicable

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state and local laws and policies, that in the end our rates are fair for all customers, that we ensure we sustain the long-term financial health of the utility, and, of course, that we focus on affordability. In all of those meetings I believe we discussed that satisfying these objectives involves striking a balance, which you did in adopting the final rates that you adopted this summer. I want to talk about the affordability goal first and give you an update on the progress that we are making to achieve the affordability goals. As you know, we have a two-part affordability goal. The first part is that annual increases remain at less than 2% a year. That increase is measured as the all-in rate of base rates, fuel and all riders. That's what's written into the affordability resolution. And we measure that from the 2012 rate reset. The second part of the affordability goal is what I want to talk about. We refer to that as the competitiveness goal. That goal is to maintain all-in rates in the lower 50% of rates in the state overall. We call that the competitiveness goal because I think it's an indicator of whether we -- of where we are relative to the state in an environment where the state is deregulated but we're not but we face deregulation pressures all the time. It's very difficult to find comparative data with the competitive market for us to assist our rates compared to that market so we rely on a federal data base for that. That is known as the eia, energy information administration, form 861 data. That is a mandatory report for

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all retailers across the nation, so that includes municipals, cooperative retailers, et cetera. They report total sales, revenues, number of customers all by customer class by state. This is the best way that we have of making comparison to determine whether we're meeting this 50% affordability goal, but as we've discussed in the past, it's a lagging indicator. The data is usually a year behind our fiscal year, so the most recent data was released in October 2016, so just last month, for the 2015 calendar year. So the most recent data we have is 2015, and I'll be presenting that update and information. Since 2012, we have been challenged to be in compliance with the competitiveness goal on a systemwide basis, but we made a great deal of progress and we are now essentially in compliance with the systemwide goal, but we are still challenged for commercial and industrial customers. So here's the latest systemwide result. Again, this is calendar year 2015 data so it doesn't reflect our recent rate decrease. The dotted line shows you the average rate, the average system rate for all Texas electric entities. All Texas retailers. All aggregated together. And the solid line is the average rate for Austin energy. And you'll see that between 2002 and 2012 our average system rate was well below the state average, and in fact we've calculated that during that time of 2002 to 2012 we saved Austin energy's customers $1.5 billion in electric rates below the state average. So if all the customers of Austin energy had been served at the state average rate,

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their expense for electric service would have been $1.5 billion more. You'll see that the market peaked in 2009 and tended downward. And that's consistent with the peak in natural gas prices. And during that time period Austin energy's rates remained much more stable than the market. If I just aggregated this into monthly or weekly time periods, you would see that there was a lot more volatility in the state average. Austin energy's average rates jumped in 2012 with the change in our base rates, the first time we changed base rates in 18 years. Our power supply adjustment peaked in 2014 and in 2015 we significantly reduced the power supply adjustment and now for all practical purposes we are meeting the competitiveness goal on a systemwide basis for 2015. 2016 I think will show a further decrease because there was greater reduction in our power supply adjustment cost, and then in 2017, again these are lagging indicators so it will be some time before we have the evidence, in 2017, which will be the first full year of our rate decrease, I think you will see we are well below the state average. Clearly we are on the right track, but this is not the whole story. I want to drill down into residential value to customers. As you know, a customer's bill is not determined simply by the rate. A customer's bill is determined by rates and usage. Our competitiveness goal is only denominated in rates. We don't really have a goal for customer bills. This chart again taken from

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the federal data for 2015 shows you average residential customer usage of the largest retail entities in the state, and you will notice that Austin energy is at the very top for having the smallest average residential usage. We are above El Paso, which as we've discussed in the past is a bit anomalous because of the weather patterns in El Paso where there is a lot of evaporative cooling used instead of air conditioning so they have a completely different use profile. But aside from El Paso electric, average residential usage in stain Austin -- Austin is lower than virtually every other utility in the state or major other retail entities. There are two drivers. One is the residential mix of single-family and multi-family housing in Austin, which is higher than most comparable communities, certainly much higher than San Antonio. A little more similar to Houston. And secondly is the success of our long-term energy efficiency programs and building codes making progress year after year. And we've shown you this data for the last two years and Austin energy's average use is going down year by year. You'll note as you look at the a month average residential usage is 22% below city public service in San Antonio. It's 28% below the average usage in our neighbor blue bonnet and it's 29.5% below the average usage of our neighbors in pedernales. So local consumption makes for low bills though. Our goal is not for bills, it's for rates. Now let's look at the average bill for an average customer. So in this chart we've taken

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the data on usage from the prior chart and matched that with the rates for customers in these different communities, and you'll see that an average residential bill for Austin energy is significantly lower than the other major utilities, the other major retailers of terrorist across the state. This -- electricity across the state. We have among the lowest bills in the state. I want to repeat, our residential customers have among the lowest electrical bills in the state because of a mix of moderate rates and low usage. The state average monthly residential bill is $136 a month, in Austin $97, 27% lower than the state average. And I want you to know that as we look across the large he utilities in the state, our retail sellers in the state, other than El Paso, you have to go down to the 84th largest retail entity before you find a company that has lower average residential bills than Austin energy. The 84th largest entity. That is Jackson electric co-op with 150,000-megawatt hours of annual sales compared to our 4.35 million in annual sales. So ignoring El Paso, our average residential bills are lower than the next 83 largest companies providing retail electric service in the state. So the bottom line, what I want you to take away, is that for residential customers,

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Austin energy remains a great value. Even better for small customers. >> Gallo: Before you move on, I think councilmember Garza had a question. >> Garza: I'm sorry, I have to leave in a little bit, the -- does the average monthly bill that was used for this chart, does that include all the fees? >> Everything. >> Garza: Everything. Okay. Transportation user fee and all -- >> Well, no, because this is only electric service. So those are other city services so this is only comparing electric service in Austin to electric service in other places. So it's the customer charge, the energy charge, the power supply adjustment, the community benefit charge and the regulatory charge. Those are the electric charges on the residential bill. All the others are other city service. >> Garza: Okay, but it's still on their bill. Okay. I know you are going to get to it later, but as a matter of discussion I too have concerns about -- this is further along in the presentation but I have to leave. The tier 1 rates I thought our direction was to make -- to leave those the same and we've heard and I'm sure you were because I flipped forward and saw it was going to be addressed so I'm sorry I can't stay for that discussion, but I don't know what the options -- the intent I thought it was council was keep the tier 1 rates at the same rate and I've heard from folks who say that's not the case. I understand there's reasons why, but I don't know if that requires us to relook at the settlement or what, but I know that was the intent of the discussion. I'll watch the meeting later and see what the direction is. I know there's no action posted, but if there needs to be some kind of amendment made, I'm open to that. >> And councilmember, that is where I'm headed in this discussion and I'll just say jumping to the end that I am

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planning to walk the council through its entire dialogue on rates and the balancing act that the council made and how it came to the decision it came to and what that decision relates to whether or not lower and raise rates for any customer. >> Chair? >> Gallo: Yes. >> Casar: And to go to councilmember Garza's first point though, I think it was interesting that you were consistently reemphasissing although with the rates we're trying to get in that 50% of Texas cities range that we are, you know, so much lower on the average bill, but I think it's no secret that we constantly hear about how folks sense that Austin energy is really expensive, and I'm not even talking on the commercial side but on the residential side, that's just the general environment you hear sometimes and seems you are pushing back at that so can you walk us through a little more about why -- just the disconnect that you see about folks sensing that we are, you know, moderately expensive, but then we're actually -- you have to look through 83 cities before you get to somebody that's our average bill. >> You are actual for mark Dreyfuss' opinion on why the public -- on how the public views the rates of Austin energy, and I'll tell you I don't have an answer for that, but I really believe it's the transparency of our city government processes. Who else in the state of Texas anywhere has these types of discussions in public? So we throw all of our dirty laundry, all the issues how much of this should we invest in, how much of that should we

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invest in, and my personal opinion, nonscientific opinion, not like these data which are facts, my personal opinion is that we -- we have engaged our public that have a variety of opinions and many people look at that and have that response that you just mentioned. But the factual evidence, and I'm a fact person, as I think you all know, is that for residential customers Austin energy's electric service is an extremely good value, partly just because the way our community is, partly because of our energy efficiency investments, and partly because of the strong management of all these folks who keep our costs down even though the public doesn't always see those efforts. That's just -- >> Casar: I asked you for it and thank you for going out on a limb to elaborate on that because I think that's an important message for people to hear. I appreciate you reemphasissing that and maybe we can continue to find ways folks know what those facts are. >> Back to the facts, I just want to point out that we recognize that Austin energy is a good value. It is an even better value for small usage customers. So this is a different data set. This is taken from data collected by the state public utility commission, and it shows you bills at different usage levels. So the first set of bars is average bills at 500-kilowatt, the second average bills at 1,000-kilowatt hours, top of second tier, and for 2,000-kilowatt hours a month, the blue bar with the nice logo is Austin energy's costs. And you will see at 500-kilowatt hours a month, our tier 1, there is essentially no one in the state with a lower electric bill. Austin energy's electric bills

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are already lower at 500-kilowatt hours a month that first year than any other provider in the state. We are still a very strong hour at 1,000-kilowatt hours a month, but in the encore area, those rates are a little lower. But at higher levels of usage our rates are higher than comparables and that is by design because we have the five tier structure that is designed to promote energy efficiency, as you know. Just one more point on this market competitiveness issue until I turn specifically to the tier 1 concerns, and this is the federal data broken out by residential, commercial and industrial. So the dotted lines are market, the solid lines are Austin energy, the top, the red is residential and that shows you that we are well below in 2015 the state average for residential. In 2015 we are somewhat above state average for industrial cuss, but well above for commercial customers. And I think that's consistent with the data that we showed you throughout this process on cost of service and commercial customers as -- is where we made the largest reductions in rates. I think when we see the 2017 data we made significant strides in improving cot pet activeness in that -- competitiveness. >> Pool: This ends at the time we entered into the rate case discussion, radio it? >> Yes. >> Pool: And then the gaps between industrial statewide and in Austin and commercial in those two is what we were addressing specifically during the rate case. >> That's right. And I believe -- it's just my personal observation that rates across the state are stable or moving up, certainly

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not moving down while ours are moving down. So I believe you are going to see we are much more competitive in commercial and industrial space in the future. So just in closing on the competitiveness issue, I want to make a few key points that we are storing competitiveness, we are essentially meeting the systemwide goal, that we'll make greater progress, you will see greater progress in 2017, and that our residential bills are among the lowest in the state and promote our goals for conservation. So now shifting to the specific concerns that have been expressed at council and at the utility oversight committee, the first issue is the issue that was raised by Mr. Robbins this morning and at other meetings, and I've summarized my perception of the point here. Of course, Mr. Robbins could speak for himself and does on that issue. And my understanding of the issue that he's raised is first that not all tier 1 customers received a rate decrease and that he believes it was the objective and the direction of council to have given all tier 1 customers rate decrease. That when we [inaudible] We should only be including discussions of the tier and the customer charge and not other components of the bill, the community benefit charge, the power supply adjustment and regulatory charge, and that the reductions that we do see for tier 1 customers who got a reduction are largely due to the change in the P.O.W. Supply adjustment. -- Power supply adjustment. My summary of Mr. Robbins' concerns, I have very carefully watch his presentations at council and I have spoken about this issue with him and based on that that's how I summarized his concerns. I want to give a quick response to the second and third issue and then I'll talk at length about the first issue. And that is first [lapse in

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audio] That as may 2015 we have talked -- it's our understanding that consumers care about bills, not their [inaudible]. And so we present to you impacts and never make distinction between the customer and other components. So I have to -- it is new to me we should be only the rate portion of the bill, not the [inaudible] Bill. Any time you will have heard me say last year that the numbers that we are looking at are on our proposed rates and our best forecast of the pass-through charges and we will update that forecast of the pass-through charges throughout the process, which is what we did. So I just have to say on the second point that we should be talking about rates that we have never focused strictly on the rates. We have focused on the entire customer bill. As for the third point on the power supply adjustment, the rate comparisons that we showed you in the summer were all comparisons to April. April is when we implemented a significant reduction in the power supply adjustment and so really while there is a small decrease in the power supply adjustment that was approved in the final rate package in the final budget in September, it's very similar to the April power supply adjustment so the reduction are really not largely due to the power supply adjustment because they are beg beg beg marked to

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April. -- Bench marked. In making our recommendations, all these changes we've been discussing in these meetings, the issues kaleal has brought out about the marketplace, the changing issues about our community, the growth in our community and the demands of our customers have created a significant financial challenge for us. There's changes in our community, urbanization, multi-family growth, continued growth, need for infrastructure, there's changes this the utility industry, pricing, energy efficiency expansion, renewable energy expansion, et cetera. And we have our very aggressive community goals. The bottom line of this financial challenge is that cost pressures on Austin energy remain very, very strong, but we have other pressures, goals and issues in our community where we have declining usage. Cost pressures remain strong. Usage is declining. That creates a risk for long-term revenue instability. I want to drill down a little bit more specifically to this financial context around residential revenues. This is an update of a chart that we shared with you first I think back in December of last year and presented several times, and it has a couple of key points. The point of the figure on the left is that many, many of our electricity sales to residential customers occur below cost of service. So that blue straight line is

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the cost of service per quantity of energy consumed, and the green line is the revenue for a customer at that level. And so everything before the crossing point is residential electric service that's provided at below cost of service and everything above the crossing point is residential electric service that is provided above cost of service. And the callout box there shows that we have to get to 1400-kilowatt hours a month deep into tier 3 before we meet cost of service for an individual residential customer whose average usage is 898-kilowatt hours a month. The chart on the right demonstrates our reliance on high usage to recover our costs. So the bars in the chart on the right show you the percent of customers in each tier, but the green line shows you the percent of our revenues that are recovered from that tier. So in tier 1, 47.3% of our usage is delivered in tier 1, but only 21.6% of revenues are collected in tier 1. And this has led to a comment that you've heard me make many, many times that we rely on high usage and hot weather to ensure our long-term revenue stability, and as our community continues to urbanize and as we continue to emphasize energy efficiency, there's less and less usage in those upper tiers, the tiers we're relying on to recover our cost for revenue stability. Without addressing these issues, this is a recipe for long-term financial instability so we came to you in the rate proceeding.

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Can't fix all this problem at once, but let's make some incremental changes. So what we proposed is to slightly flatten out the rate curve for the rate tiers. Which means raising additional revenue in tier 1 where most of our usage is and lowering revenue in tier 4 and 5 where we have the risk that if we have a cool summer or as our customers continue -- customers usage continues to decline, we will not adequately collect our revenue. Our original proposal was to 19 and a half million dollars in tier 1. 19 and a half million dollars in tier 1. But reduce tier 2 by 6.7 million. So between tier 1 and tier 2 we would get 12.8 million additional dollars. That means raising the rate of customers when they are in tier 1 and tier 2. In the settlement agreement that was somewhat lowered and the proposal was to raise the revenue in tier 1 U 14 and a half million dollars lowering the revenue in tier 2. And this is where the council dialogue started in August. This is what we presented you when you began your discussion. And here are the dates in which you had that discussion, and I hate to admit it but I did something really stupid a couple of weeks ago in preparing for this meeting. I binge watched this entire series of meetings.

[11:01:20 AM]

And I tell you it was no game of thrones. [Laughter]. But for somebody like me it was very informative and I learned a lot and I really was able to see the progression of your dialogue. Your dialogue evolved over the course of this month, starting with some very large topics and really narrowed down on to a couple of issues in the residential space that you wanted to focus on. Among the issues that you discussed during this time period is the balancing act among these sometimes competing goals. And the extent to which the residential rate structure meets the council goals. The seasonal consumption pattern. We had a lengthy discussion about who is in tier 1 and who are the cap customers and how does the summer and winter rate differential affect cap and non-cap customers and who are we really trying to benefit by adjusting tier 1 versus tier 4, et cetera. We also had a discussion about how best to distribute the five-million-dollar reduction across the tiers, and what that five-million-dollar reduction really represented. What was the benchmark against which that reduction was made? And in tier 1 we had a discussion, you had a discussion about the balance between revenue stability and reliance on the top tier rates. The inconsistency of our environmental goals with relying on that revenue recovery in tiers four and five. The discussion evolved over the course of those meetings and the issue that Mr. Robbins raised was really addressed in the

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August 24th budget session, the public hearing on the following day, the 25th, and finally the work session on the 29th. So these are the options that I presented to you on August 25th following your discussion on August 24th about how to distribute revenues into tier 1. This slide is drawn directly from that presentation. Your discussion at that time said you wanted to reduce the tier 1 rate to have a lower -- to lower bills for a larger number of customers. That you wanted to maintain the residential revenue requirement in the settlement that was reducing five million dollars in residential altogether. And then you discussed three options that we went back and analyzed. And these are the three options. The first was recommended by councilmember Casar and the third by councilmember pool. And option three no change in total revenue from tier 1, is very similar to the objective that Mr. Robbins has articulated that no customer had a rate decrease. You describe this on the 24th as a hold homeless option that you wanted us to analyze. The option we presented is a little bit different than what Mr. Robbins has suggested because this option is no change in total revenue from tier 1. So we had proposed that you raise revenue in tier $119 million and then the settlement was $14 million. This option has raised no additional revenue in tier 1. Mr. Robbins' suggestion is raise the rates for no tier

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1 customer. We can't really do that because of the seasonality adjustment in our rates. So in the summer our rates are higher, in the winter our rates are lower. We're moving to this middle position that uses a lot of wind for electricity. Unless we abandon the seasonal adjustment or we set the summer and winter rates, we can't guarantee that no customer will have an increase, but this is very similar that the tier 1 group as a whole would have no success. Options one and two were characterized as middle ground options that balance revenue stability with conservation incentives. That is how you describe your request for us to analyze options one and two. So following the August 24th discussion of the hold homeless and middle ground options, we returned on the 25th with an analysis of those options and you may remember this fabulous chart. When we discussed these rates with you in most of August, we tried to personalize them around customers and so we found five individual customers, actual customers, whose average usage fell into the tiers. Not every month where they in the tier, but their average usage fell in those tiers. So these five groupings of bars are grouped by those five individual customers. And the first bar, the purple bar, is the settlement rates that we presented to you, the blue and red are the first two options that were recommended by councilmember Casar, and the green is the third option that was recommended by councilmember pool that is for all

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practical purposes what Mr. Robbins has requested that we return to. We had a lengthy discussion about these options. We explained the trade-offs for flattening the rate curve among revenue stability and economic incentives for conservation and low income rates. And following that discussion on the 25th, the council suggested that we go back and look at another option. And that option was an option that was again a middle ground option between the purple and the blue. So I want to be clear that we presented to the council an option, for all practical purposes, the same as what Mr. Robbins is asking us to return to. And the council did not recommend that we move forward with that option, but that council directed us or suggested that we develop a new option between the purple and the blue, which is what we did, and we returned to you on the 29th with that option. In the option that we presented to you on the 29th, three customers receive a decrease for every one customer that receives an increase. So three-quarters of the customers -- the rates that you eventually adopted, three-quarters of residential customers receive a decrease. One quarter of residential customers receive an increase. Those increases are generally on the order of 10, $15 a year. And those are projected numbers so weather changes, slight changes in usage patterns would make those higher or lower. Well, here's a new chart. I know it's a little busy and maybe not the best way to look at this, but these

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charts -- and they're just two different ways of looking at the same thing. They show how many customers get an increase and a decrease in the final rates that you adopted and what the size of an increase and decrease is. So in the first chart that dotted line is the zero point dividing between customers who get an increase and customers who get a decrease. And the height of the blue is for that increment, how many customers get what. And you can see that about four thousand customers get a decrease of $30 a month and maybe 500 customers get -- I'm sorry, $30 a year and maybe 500 customers get an increase of $30 a year and maybe 3500 customers get an increase of $5 a year. The chart on the right maybe that shows it a little better. This is the total number of customers in 2014 who had 12 months of service, and you can see that 192,000 of those customers got a decrease and a much smaller number, a quarter, not an increase. And so I know I've gone on at length about this. Austin energy's original proposal would have lowered rates for two-thirds of customers and raised rates for one-third of customers. The proposal that we developed in response to councilmember pool's request would have lowered rates for seven customers and raised rates for one customer, ratio of seven to one. The council finally adopted a three to one ratio where three-quarters of customers got a decrease, one-quarter of customers got an increase. The decreases are much better than the increases. Who are the customers who may have gotten an increase?

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I think the answer to that is probably related to the winter summer issue. So customers who do not use a lot of air conditioning, but have a lot of heating would have gotten an increase. And I want to suggest that it's complicated who those customers are. I think one of the things we've grappled with is where do the low income customers fall in this? And I want to suggest that if you live in a downtown condo right out here, around you're on your chilled water system, you don't get a bill for air conditioning in your electric bill because that's part of the deal that you have with your landlord over the condo association. So you have very low summer rates because your air conditioning is through the chilled water system, but you have electric heating in your facility so if you're in a downtown condo you probably got a rate increase. And how many of those -- that scenario of those quarter of customers who got an increase, how many fall into that scenario, I really don't know. So just in summary before I move on to the next issues, the council had a lengthy discussion about these trade-offs. The council drove development of options that we analyzed. You considered a hold homeless option and chose instead a middle ground option. This was not staff's preferred path because it did not meet our objective for revenue stability, but it is the path that we chose and it is a really good outcome for this community. And residential customers in this community have reasonable rates and low use customers have the lowest rates in the state for all practical purposes. So I think you made good -- you had a good dialogue, you made a good decision, we support that decision and at least at the utility we do not see any reason to open this issue up again.

[11:13:27 AM]

>> Kitchen: I have a question. >> Casar: Me too. >> Gallo: Councilmember kitchen. >> Kitchen: Going on page -- that slide, the customers that are in the increased category, I think you may have mentioned this, but from your perspective what are the reasons for that increase? >> I think it's because of the

summer-winter -- the removal of the summer-winter differential. So the five customers that we showed you over and over again, those were more -- hello, boss. Those were more typical customers with higher summer usage. I think that the customers who had the increases are typically going to be customers with higher winter usage, just because of the math of removing the summer-winter differential. >> Kitchen: Let me have a follow-up question. That makes sense. My question is -- I don't know if you have the data to answer this question, but that makes sense for this 292 and then 264, but is there data that supports -- I don't know if you have the capability of drilling down. I mean, can you tie this data back that would show us that that was what the reason was? >> Oh, sure. It's very clear. If we pull out individual customers who have higher winter usage, you're going to see a differing pattern in how the rates affect them. >> Kitchen: So that's the underlying data behind this chart. >> Yes. >> Casar: Chair, I was going to make the same point because even though it seemed like a lot of the debate on whether this should be reopened or not centered around the tiers, it seemed clear to me that a big part of our discussion was about there are folks who get this really significant summer spike in their bill. Some of whom can respond to

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that spike because they're owners of their whom, but many of whom can't respond to the price increase because they rent their home and so there was I think some deliberate discussion about wanting to deal with that spike in a reasonable way, but that would ultimately -- I remember this being pretty clear. That ultimately would have the consequence of those folks who were in the rare category when they had high winter usage seeing some increase. And I do recall that part of the trade-off conversation, but it's very helpful for you to remind us that's separate from the tiering conversation, but also that we did have a deliberate discussion about wanting to blend that effect for some people. And I regularly hear from people in my district. My staff who handles this nose that when that summer month came that that's when we were going to get a lot of calls from people who were going to have trouble paying their bill, most of whom don't have the capability of responding to the price by making changes. So I appreciated that we made that change and I think that's important to see how it bears out, but I do see that means that we will have some impact on people whose usage pattern is different in the seasons. >> Gallo: Councilmember pool? >> Pool: And thanks for revisiting that in your binge watching. I think I might go back and do the same. It's pretty instructive to see where we are a few months later and reflect back on what we did. I'm still comfortable with the decisions we made and the trade-offs that we made. And I think in the larger context we were looking at reducing rates for everybody from commercial industrial down to residential. And if we had that lowest tier where people were conserving the most and we had pond up their rates above the line, just looking at it visually, then there would have been a lot of questions to answer on that piece. I recognize that it does shift into an area where we will have to be really mindful and analyze our revenue and ensure it wants

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to be sustainable over the long-term. And I don't think any of us are saying that we will shirk that responsibility. And I think we knew at the time that that was going to be something we would have to pay close attention to in the future. But at the time when we are reducing rates for every single area of town and that one category -- that felt unfair. So I think we did the right thing. I appreciate the additional analysis, the histograham especially is interesting how you displayed it all. Thanks. >> I wanted to add one comment. I remember those discussions because I was new on the organization at that time and they were very deliberate. And councilmember Casar, the conversation about where those low income customers are and where they're actually in the higher tiers, that there would be unintended consequences in trying to ultimately get to a place where there were no increases for any customers. And so as the general manager of Austin energy I appreciate the thoughtfulness of your consideration. Of course we'll do what we're directed to do from our governing body, but I would strongly recommend that we not reopen this discussion and that you stay true to the decision that has already been made. And I do want to thank you for the deliberate consideration. As mark reminded you of all the discussions that took place and I think they were very deliberate and very thoughtful, and I appreciate that. >> Okay. There are two other issues. I will be more brief in the discussion of those issues that have come up. The next issue is demand charges for small commercial customers. This is an issue that this

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is an issue that originally rises out of the 2012 rate case. It's been brought to your attention by Ms. Fath, the distinguished Dean of the electric utility commission and by Ms. Meleson for the Austin independent business alliance. So prior to 2012 we had two secondary commercial rate classes. Those classes were general services demand for customers whose summer peak was greater than 20 kilowatts and general services non-demand for customers whose summer peak was less than 20 kilowatts. As the names say they were demand charge for customers and general services demand and only energy charges for customers in general services non-demand. In the 2012 rate proceeding the council adopted a policy that we would have three secondary rate classes we call them S 1, S 2 and S 3. S 1 was set from zero to 10 kw, so lower. The boundary was lower than the general services non-demand previously. Those S 1 customers do not receive a demand charge, they only receive their bill through an energy charge. Then we receive two other demand categories, secondary one from 10 to 50-kilowatt hours summer peak and secondary 3 above 50. As we implemented the new rates, as I think everyone probably recalls, there were concerns and reports of excessive bills for certain customers in the S 2 category, particularly the customers in that 10 to 20-kilowatt block, customers who may have previously been in a non-demand rate and after the rates were adopted in 2012 were moved into a demand rate. So we conducted a study to look at the impact of demand charges on those small

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commercial customers in the 10 to 20 group. That study was completed in March of 2015 and presented to you in the utility oversight committee in April of 2015. And that study confirmed that average rates -- so some customers have energy charges, some customers have demand charges, so when we just take the average rate for all those customers, that some S 2 customers had higher average rates than for comparable utilities and those rates, those average rates were quite high. And the study also uncovered that the customers with high average rate were highly correlated with load factor. Now, again, load factor is the ratio of peak to average uses, so customers who have a low load factor we might call them spikey. They have a very high peak, but not a lot of usage. And customers with a high load factor we might call steady. They have pretty steady uses over the course of the month. And I even -- I didn't have time to dig it out, but in April of 2015 I gave you a handout with definitions and examples of load factor. There were two kind of classic customers, it may have been been a pocketful, I can't remember at this point, who we talked about as these low load factor customers. One is a printing press with a very old vintage press. They don't have a lot of print runs, but when they turn that press on there's a high spike to turn the motor over. And so their summer peak is much higher, but they don't have a lot of usage. The second one was a hair salon that only operates a couple of days a week in the afternoon when we're having our summer peak, so I can just imagine the owner walking in, flipping on the lights, the hvac system, the hair dryers all at the same time.

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So en though they're only open a few hours of the week, when they are open they have a pretty high usage. In response to this, in the 2015 budget council made some policy changes. In the 2012 rates we had assigned a customer to their customer class based on their one-time summer peak. The change that you adopted in the 2015-2016 budget was to assign customers to a customer class based on the average of the four-month summer peak rather than the one-time summer peak. So you can imagine maybe that printing press was only used in June so there was a one-month summer peak, or we had customers who were having construction and so there was a high peak one month during construction in the facility. So in the end the policy that you adopted shifted 1733 customers from the S 2 class to the S 1 class so those were smaller S 2 customers in that 10 to 20 kw range who became energy only customers and no longer had a demand charge. Then in preparation for the rates we conducted a second study and this was a cost study. We conducted a study to examine the costs for all secondary service customers to dumb whether those boundaries at 10 kilowatts and 50 kilowatts that define the classes were the correct boundaries. Study found is that it confirmed that there is a distinct

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identifiable cost differential between the cost of serving customers below and above 10 kilowatts, but it did not support a cost differential in the cost of service of us to conclude that the 10-kilowatt differential is an appropriate cost base differential satisfying our rate-making objective to set rates based on state and local laws and policies. We did make another change and that is the upper bound of the differential between S 2 and S 3 was moved from 50 kilowatts to 300 kilowatts because it was determined that was a place where there was a distinct cost differential between serving the S 2 and S 3 customers. So we wanted to change the 50 kw distinction to 300 kilowatts. That's what we filed in our rate-making package in January. And I want you to know that this issue never came up in the entire rate proceeding. We had a six-month public process. No one in that process raised this issue so when the hearings examiner released his support there was unanimous -- there was at least no argument to this issue -- and it was recommended by the hearings examiner and is part of the resolution of the settlement. And I know you have a question about that comment. >> Gallo: Councilmember kitchen has a comment. >> Kitchen: The reason I have a question is because we have a letter from abia dated in August that says that this filed a motion to

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intervene in the rate review. They raised this very question about they wanted to consider rolling back from 20 kw to 10 kw. They say to us that perhaps -- perhaps they didn't understand the process and they acknowledge that in their letter. They also say they contacted a number of other people, but were told they had missed the deadline and there was no possibility of adding their request to consider this issue as part of the rate case. And that they would not be allowed to speak at the public hearing. I take issue at the statement you just made that this question was raised because you seem to be saying that nobody has a concern about it. >> So let me walk through the history of this. >> Tovo: This is related to what councilmember kitchen said and maybe you can address this as well. I would say we've had concerns, strong concerns from abia and others ever since the rates were adopted in 2012. So it's clearly been an issue. It was a subject of a council resolution I brought to look at the issue. You did the study based on it. As you noted, there was a proposal. I believe I brought a proposal forward in the budget process to alter that back and then we agreed on a compromise. So it has been -- this has been an issue of concern for abia and many businesses beyond just the two that you've cited. I know you've cited those as examples, but the hearings process was new and I think you've clearly outlined how abia responded to it. But I just want everybody to be very clear, this has been an issue ever since the

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demand charge was changed in 2012. >> Kitchen: Let me add one other point too. One other point and we'll let you respond. And I may be reading this wrong, you know, but in looking at the report that was done for the study that you mentioned, the recommendation in that report -- one I'm looking at is the one that was written in 2015. One of the recommendations in that report, if I'm looking at this correctly, was to consider this issue as part of the next rate case. Which is another reason why I just wanted to bring up that point. >> Let me speak to that issue first and then go back. >> Kitchen: You certainly may, but I'm reading in the recommendation -- >> Gallo: Excuse me, councilmember kitchen. I think the appropriate thing is to ask the question and let him respond and then ask another question. Because if that's okay with you, I want to make sure the councilmembers get their questions addressed, but I want to maintain some semblance of order up here. >> Kitchen: Certainly. I apologize for that. I was saying that again because I don't know that I stated my question. So let me just state the question and then -- and I'll try to be clear on the question. >> Gallo: Thank you. >> Kitchen: I'm sorry, what I'm talking specifically to is the recommendation that's in the executive summary of the small commercial customer demand charge study and it's on the last page and it speaks to a recommendation about considering this issue as part of the rate process we went through. >> Let me question to that first. We did carry out that recommendation because we did the follow-up study in the fall of 2016 where we examined that issue, the cost driver for that issue. That study found that there was no cost differential at 20 kilowatts, but there is a cost differential at

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10 kilowatts. We included that in our rate proposal. We filed in the proceeding the study. We released that study publicly to all the participants in the proceeding so that the issue was Teed up for anyone to raise in the process. Now let me get back to this issue this issue was never raised in our process. So in my mind our process began in mid January when we released a rate failing package and concluded in juneish when the hearings examiner released his report. We wrote responses to the hearings examiners report and we wrote responses to everybody else's responses. So in that entire process this issue might not come up. So I'll tell you that the Austin independent business alliance was the first party to intervene in our proceeding. We are very excited about that in this community and I sat down shortly after that and met with Ms. John at length. We discussed our proposal, which is to maintain the 10-kilowatt boundary. She explained that she would like to see a different policy. We -- I think it's fair to say we said great, here's this proceeding. It is wide open for you to participate. Please participate. We have a different proposal. We have a load factor for a proposal that we think solves the problem in a better way. Let's engage on that issue. Ms. Meleson subsequently spoke to members of my staff about how you paper in the process and then never filed a discovery request, never filed testimony, did not appear at the public hearing where every single intervenor was invited to come and speak. So in our process that Austin energy managed, this issue never came up. We presumed it didn't come up because we had solved the problem with the load factor

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floor which I want to discuss in a minute, and we were unfair that this remained a contested issue until you see the letter that you have referenced? >> Gallo: So do you have a question about his response? >> Kitchen: I didn't mean to imply that you didn't consider it. I wanted to be clue that it was raised perhaps not in the way that it was supposed to be raised. >> It was clearly raised -- it was Teed up to the council, but it was not raised in the process that we had. And so let me just move on to how we address this issue in the proceeding. We knew that the 10 to 20 kw customer class issue remained and issue. Ms. Fath has discussed that issue with us many times during the electric utility commission meetings. We had the meeting with Ms. Meleson, we knew her concern. We took a different approach based on our assessment of that issue and you adopted that in the process. And that is that we established a load factor floor at a 20% load factor. Now, recall from the first study that the issue that was identified where small commercial customers had high average bills because of customers who were very spikey, customers with low load factors. So we want specifically to those customers and designed relief for those customers with what we thought is the least other consequence to other customers. And that is we created the load factor floor, so that a customer with a very low load factor, very low use

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knowledge is treat a if they have a low load factor. That is significant relief for those customers and in total seven million dollars of relief for low load factor customers is loaded into the bills of other customers in the S 2 and S 3 class and there's a seven-million-dollar of subsidy from higher load factor customers to lower load factor customers. Again, no intervenors in our proceeding contested that issue. The hearings examiner sustained that issue and it is explicitly called out in the settlement agreement with the signatories. We met with the business alliance at that time and they let us know they didn't agree with that out I don't mean. They wanted the change to the 10 to 20 kw outcome and they would not sign on to the settlement agreement. In sum I believe that we addressed this issue. Now, Ms. Fath and Ms. Meleson would say they would like to have seen the issue addressed in a different way and that we should unwind this and resolve it by changing the boundary condition for setting S 1 and S 2 rates. And I want to lay out some of the factors that suggest to us that we have made the right recommendation with the load factor floor. First as you know, 1700 customers were moved to S 1 due to your change in the 2015-2016 budget. So the issue is resolved for those customers. If you drill down into the 2014 test year data there are 28,000 customers in S 1.

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There are 6200 customers in this group, we're talking about the small S 2, small commercial demand customers, between 10 and 20 kilowatts. They have an average usage of 2400-kilowatt hours a month, making them fairly small customers, and 32% of the bills of those customers are below that 20% load factor floor, so of the 6200 customers 32% of their bills are adjusted upward to address this issue. And then finally there's 1150 customers remaining in the S 2 class above 20 kilowatts. >> Gallo: I think councilmember kitchen has a question. Ms. Kitchen you may be getting to this and if you are you can address it in the presentation. But I'm wanting to also talk about this in the context of the policy behind it. And understand how what we're doing relates to that policy because I think that that's -- I really want to get to the underlying concern here because as I understand it, the underlying concern is that the reason behind those demand charges are they that they align to our policies? It's a policy we've adopted as a council. And that policy is to provide an incentive or actually to really support and push towards lower usage. So the thinking is behind that policy -- and we state that, is that with the demand charge that encourages folks that fall into a higher category with the demand charge to look at the practices to see what they can do to lower their energy uses. So the concern that has been raised with this particular set of customers is that as small businesses they don't

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have that ability. And because their renters -- they're renters or because of the characteristics of their businesses or whatever. So I would like to understand as -- you don't have to answer this now, but as you move through your presentation, I would like to understand how we're accomplishing that because the data that I've looked at doesn't take me back to that point to show me that we're actually accomplishing that for this group of customers between the 10 and 20. >> Okay. And that is really the next point. And Ms. Kimberly is going to talk about our efforts to reach out to specifically that customer group and provide them greater energy value. But I want to -- I want to add something to what you said is the objective for having demand charges. The objective for having demand charges is not simply to encourage conservation. The objective of demand charges is to recover our costs and to recover our costs most efficiently. As we've discussed for a long time, the bulk of the cost of providing service are fixed costs, but we collect those costs through variable charges. You will recall we had an outside educator come in and do a few sessions for you. Mr. -- I can't remember his name anymore. Tend this was a key issue that he focused on that your costs are fixed you recover your costs through variable charges. So you may not be recovering your costs if you don't have enough electricity sales so that utilities have shifted to customer charges, the fixed monthly charges, and demand charges as better mechanisms to assure that they recover their costs. Now let's think about that printing press. The printing press is sitting next to an ice company. The ice company runs 24 hours a day, very high load factor, very steady usage.

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The printing press' peak usage is the same, but barely runs. We have to build the same infrastructure for the ice company as for the printing press because their peak usage is the same. So we have to size the transformers and the wires just the same. But this business has 24 hours a day, seven days a month to recover his costs. If we only had energy charges for the printing press, we would never recover those costs. So some of our charges are on demand on peak and some of our charges are on energy usage across the month to assure that we recover our costs efficiently from all customers. So it's not simply for conservation, but it's a fundamental utility policy to assure that we are meeting state and local laws and policies to recover our costs from the customers who drive those costs. >> Kitchen: Certainly. I didn't mean to imply that the only purpose -- certainly what you just mentioned in terms of costs is a factor and I don't believe I said that only. I was just pointing out to one thing. As you proceed with your presentations, certainly please speak to how this also relates to our other purpose, and that's cost. >> And that's my last point and then Ms. Kimberly will discuss outreach and energy efficiency to those customers. Were you to change -- would you like to -- >> Tovo: I just want to say that it is within the council's ability to set a policy that differs a bit from the data reflected in the cost of service study. Certainly we've done that in other areas. So that was an observation more than a question.

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>> So the question is were we to change the policy and shift back to 20 Cal Watts as -- kilowatts as the boundary condition between S 1 and S 2, first is I think we would have to eliminate the load factor floor polling which was specifically designed to resolve this problem for these customers. Secondly as I mentioned there's 28,000 customers in S 1. I believe that shifting the 6200 customers from S 2 to S 1 would raise the rates for the 28,000 customers in S 1 because the second study identified there's a clear cost distinction of 10 kw so if you take the customers with the higher cost you move one of them into S 1, customers with lower costs, that's going to raise the costs of the S 1 customers. If you look at the 6200 customers in S 2 that are between 10 and 20 kw, should we shift them into S 1. Our assessment is that 3400 of them have lower rates. But the others, the other 2400, would have higher rates. So you're not -- you're giving them relieve from the demand charge issue, but you're not giving them overall rate relief. And then I think that the larger S 2 customers would get a very slight rate reduction, and I'm not sure that come ports with our objective. I hate to even raise this, but I think that this type of change has

the potential to open the rate settlement because it changes the costs and the rates across customer classes. When we've discussed the

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residential tirz that's all within the residential customer class, but these changes in rates across customer classes was heavily negotiated in this proceeding and so if we're going to move 6200 customers into S 1 and change the rates of S 1 and change the rates of S 2, I'm afraid that we would have to bring the parties together and have that discussion. >> Gallo: I think councilmember kitchen has another question. >> I can send this to you separately. I want the council to know that I am going to ask for some options. I have no intention to open up the rate case. I mean, no one is asking -- I'm certainly not asking for that to be done. And I really appreciate what you just said in terms of the analysis that y'all have done. Y'all have been working very hard on this and I appreciate your efforts. But I'd like to see that in a document and perhaps we can talk through it. And there's a couple of suggestions that I have heard and I'll put it in writing to you to request those options. And maybe they don't work. And one has been to -- keeping within the class, looking at splitting the 10 K to 20 K in some way or spreading that rate across 10 K to 20 K without the demand charge as opposed to the spike with the demand charge, or maybe reducing the amount of time that the demand charge applies because if they have a spike in a three month period if I'm understanding it applies for the whole year. Basically my point is I'm not suggesting a certain solution. I'm just making a request.

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And I understand that your recommendation is that we leave it the way it is. But I would like to request some additional options from you all in a way that does not reopen the rate case. So I will put my questions in writing to you and I would like to see an analysis of what those options might be. >> Sure. We'll be happy to look at that. So Ms. Kimberly is going to come up and just talk about our outreach to this specific group of customers and just in conclusion, I want to repeat what I said before. We believe that we found a more targeted, more efficient and appropriate solution for these specific customers for this specific issue than the shifting the boundary for 10 to 20 kw, and we'll be happy to look at other options. >> Good morning, Debbie Kimberly, vice-president of customer solutions. Mark Dreyfus asked me to talk about some of the things we've done in the last couple of years to address this issue that was raised as you all have observed, subsequent to the rate action. One of the things we've done that is very successful is we have two commercial sales representatives. One covers a territory north of the river, one covers a territory south of the river. Every year they go out and visit roughly 300 customers in person and meet with them and present facts about our small business lighting program. That's a program where those customers actually receive incremental rebates above and beyond what other customers might receive if they're a small business customer. And they can see a pay back in as little as a year and a half or two years for installing energy efficient lighting. The other thing that we did when we changed the definition of the classes, we expanded the reach of that program to customers up

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to 300 kw. Previously it was 200. Mark mentioned, for example, customers that aren't in their premise or their place of business all year or all day, rather, or even all days of the week. And we've expanded our thermostat program to commercial customers so they receive an 85-dollar rebate for installing internet connected term thermostats. It's not so much for the hvac consumption, but rather their ability to remotely adjust their air conditioning when they're not there, there by saving them energy and saving money. Back in 2015 when this issue really was discussed in detail, the other thing we did was we contacted personally over 30 customers that had the worst power factors. Power factor is different than load factor. I won't get into the details, but it's similar in that it relates to how efficiently you use the infrastructure that's put in place so low power factor is less efficient, high power factor up to one is very efficient. So we made personal visits to help those customers, but here's the important thing. In 2015 -- we've -- in 2017, we've already started doing that, we're personally contacting every single customer with the worst load factor. Those customers that are benefiting from that 20% load factor floor that was created in this rate action. So we've got key account reps and they go out and meet individually with customers. They talk about our programs. They essentially do an on-site audit if you will, walk through the customer's premise, talk about how our programs can help them. If you don't want a visit from Austin energy, you have the ability to sign up for our web enabled application, similar to what we have for our residential customers and so far we have about 1600 small and midsize customers that have signed up for that app. That gives them letters, for example, in terms of their consumption, it gives them

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energy saving tips, it allows them to track what they've done and manage consumption over a period of time. We can do that whenever and wherever it's convenient for them. >> Pool: Thank you. Ms. Kimberly, we do have a question from councilmember kitchen. >> Kitchen: Thank you very much. It's a good program. So when you get to it, one of my questions is so what are you seeing? In other words, what I'm hearing is for these small businesses that we're focusing on here that there's a limited ability for them to use these kinds of programs to impact their energy use. And I'm just wondering in your experience from what you're seeing do you think that's a -- does that statement ring true? In other words, I'm hearing what you're saying about lighting, for example, I don't know how much that impacts their bill. So I would just be curious about what you're experiencing through this program. >> I can cite just the most recent experience with lighting. In fiscal year 2016 we had roughly 460 customers, small business customers, that took advantage of our lighting program and those customers and aggregates saved in that year about 11,000-megawatt hours. We'd like to do more and we've actually lieud for more in burr budget. We have budgeted about $2 million a year. And one of the things that I'm going to talk about in a moment is what we're doing -- which I'm very excited about is our partnership with abia and Rebecca meleson. So what we've done in addition to what I've talked about there, I think some of this, as you and some of us know, a small business customer is doing everything. They are doing payroll, they are the janitor, they are out securing business and they don't have a lot of

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time. So by doing things that allow us to engage with them remotely is a good thing. We're promoting the web application much more aggressively. And we've also put in place for 2017 two things. One of them is not shown here. The on-site energy adviser program, I don't like the word high bill audit, but that's in essence what we're talking about. A commercial customer may call your office. A commercial customer may call in to our utility contact center and say, I've got a high bill. And they go through discussions with you or with us and ultimately what's said is we want to make it easier for that customer to deal with us in person so we will go out and we will do a free walk-through of your facility to identify ways that we can help you. And a lot of times it's something as simple as changing a setting. So for example, businesses in place isn't active during the weekend, they come in on a Monday morning. And to the example that Mr. Dreyfus used they turn on the lights, they turn on the air conditioning. They turn on the air dryers in the salon example used and they see the spike. So having equipment set up on timers so that you can precool instead of driving that peak, is a good thing that we can help them with effective. So we're actually seeing some pretty good uptick and I would offer to you when you get those calls, send them our way on so we can help them. The other thing we have done is with abia. So we are now a platinum sponsor with abia that entitles us -- just recently I've gone out to their expo, spoken at their expo, spoken at their spring event, writing blogs with them. They have the ability to reach their members very easily. They've provided us with their distribution lists and frankly some of the things they're doing is having their members talk to each others, to your very point, councilmember, about the

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successes they've seen and try to promote those programs. Is that helpful? >> Kitchen: Yes, that's helpful. I'll follow up with a question because I would like to see -- to the extent that it's available, if you have any data that shows differences for that class of small businesses. >> Sure. We'd be happy to. >> Kitchen: Okay. >> So that gives you a bit of an overview about some of the things -- >> Gallo: Excuse me. I think mayor pro tem tovo has a question. >> Tovo: I apologize. This is slightly off topic though it gets back to one of the first conversations we had. I want to first apologize to my colleagues because I know we need to leave the dais too as most of our colleagues here. I want to reiterate the requests that we get the materials for the meeting, including the presentations, in advance. I know these are complicated issues. I understand -- I appreciate councilmember Houston's comment about how we all learn differently. I learn through reading and I really need to kind of have an opportunity to read the materials in advance so that I can ask questions, answer questions and use this time as productively. And we did have two very concrete focused areas of discussion here today that respond to the tier 1 charges as well as the demand charges. And I'm just observing that most of our meeting kind of focused on briefings and presentations in which these were embedded, but the actual conversation we've had on those two matters has been quite limited. Again, I think it would really help if we had these materials in advance so I could see what Austin energy's information is and then go back to Paul Robbins and have a conversation or other stakeholders, talk with abia and then really use this time to kind of dig into the issue. I appreciate all of the other information. It's all useful, it's all interesting, but in our jobs we're always trying to really zero in on the most useful, most relevant information for kind of the policy actions that appear before us. So -- again just to reiterate the request that councilmember pool made earlier, that we really think about how we use our time in this meeting, but also how we can use it

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better with advanced materials and information. >> Gallo: Thank you. I think the staff has heard is clearly. I appreciate those comments. >> Kitchen: Thank you for saying that, mayor pro tem, I feel like I'm taking up people's time for questions I wouldn't ask if I had the materials ahead of time. So I feel like we could really get down to the root of the issues if -- I appreciate having that ahead of time. We may have to bring this particular issue back. >> That concludes my single slide in this presentation. Your point is well taken. Thank you very much. >> I have one more topic that I will -- I can go through very briefly and that is the last council committee meeting, councilmember pool asked about the implementation of the changes in the house of worship policy affecting small houses of worship. The policy that you adopted extends the discount for houses of worship for four more years. With a transition. It applies only to the meter that serves the sanctuary building so it doesn't apply to the meter that would serve an administrative building or a school or parking lot. And we continue to measure demand charges lot. And then each year the rate cap that has been previously at 13.051 cents is going to tick up according the schedule that you see on the slide. And as you will recall we will be conducting next year a study of noncoincident peak usage of commercial customers including the houses of worship. You probably don't want me to

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me just point out that the customer on the left is a s1 customer that does not experience demand charges, it's an actual house of worship customer. That customer has a summer, winter peak differential like most of the residential customers that we shared with you and that s1 customer gets a $42 discount over the course of the year. Very similar to the residential case. For a customer that doesn't have demand charges, and essentially the s1 customers have never been affected by the -- the rate cap because they are below the cap. S2 customers may be affected by the rate cap, and again this partially goes to load factor and so the customer in the middle is an actual s2 customer, that is a sanctuary account with a pretty distinct summer, winter differential and so the impact of the reduction in the s2 rate, but the increase, the first increase in the -- the house of worship discount is that that customer will get a slight inies of $3 a month, $33 a year. But that -- that particular customer has a second building. And the second building is the third block and that is a nonsanctuary building so it's never been on the house of worship discount, it's just a large s2 customer. And that second building because of the decrease, the significant decrease in s2 rates is going to get $187 average reduction a month for $2,200 bill saving every month. So one scenario is many houses of worship that are kind of on the mid to larger size have multiple buildings with multiple meters and it's only the sanctuary that is affected

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by the rate cap and the benefit of the rate reduction is very significant. This chart shows that same sanctuary that's having an increase treating that customer as if there was no rate cap on the left side and showing the impact of the rate cap on the right side, and those -- those numbers that are in the middle that say discount, that's the value of the discount. And so in the blue that's last year with the old rates and the green is this year with the new rates, and you can see that that customer is -- is getting a benefit on the order of $200 a month because they get a discount. If they were just a regular commercial customer with no house of worship discount, their bill would be about -- would be significantly higher over the course of the year. And I just want to drill down into that customer just a little bit more. Again, this is that same customer. And if you look at the 2016 bar, that customer's bill would be $404 a month, but it gets the discount, it got the discount in 2016 so it's actual bill was $178 a month. Now, with the rate changes, their total bill next year is going to go down from $404 to $366, if I got that right. And I divided it into green and red to show you that the green is the value of the load factor floor for that house of worship customer, and the red is the residual value of the discount. So as we raise the rate cap year by year, that customer

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will continue to see the benefit of the load factor floor. So the green discount will still be to the benefit of that customer because they are still subject to the load factor floor, but the red will get squeezed down. So -- >> Gallo: I'm going to stop you a second. We are quickly losing members. So I would -- members, do we want to continue at the same pace that we're going? Do you want to -- >> Two more slides. >> Gallo: Okay, great. Then we have one more briefing on the dashboard -- don't need to do the briefing on the dashboard. Please continue, and thank you to those that are still here and to staff. >> This just notes we have made a commitment to ramp up our outreach to house of worship customers. We are working with many of the local associations to do that. And we really hope to get with those customers individually and assist them with their energy management. And finally is our implementation schedule. Which is a little complicated because of all the moving parts. So I want to first note that in a customer's October billing cycle we switched to the existing winter rates because the new base rates aren't effective until January. All customer classes receive discount in October because of the switch to the new base rates. I'm sorry, because of the switch to the current winter rates. In the November billing cycle, which is going on now, all customers will get a small decrease in their power supply adjustment because we're adopting a seasonal power supply adjustment. The regulatory charge in the November billing cycle is

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going down for most customer classes but going up for p2 and t1. The community benefit charge is going down for s1 and s2 and up for other customer classes. For a residential customer the regulatory reduction is about a 5% reduction and the community benefit charge increase is about a 2% increase. In the January billing cycle we'll see the big change where we shift from nonseasonal -- from seasonal base rates to nonseasonal base rates. And so all customer classes will see an increase in January because we're on the very low winter rates and we're going to go to the middle range nonseasonal rates in January, so customers will see an increase in January, but in June there will not be a seasonal base rate change so many customers will see a significant bill decrease in June from prior years. Though they will see a slightly off-setting increase in the new summer seasonal power supply adjustment. So a lot of moving parts, but these are the steps in the transition to having the final impact on customers. And the very last issue that I have for you is that you have an item on your agenda tomorrow to set a public hearing for December 8th regarding the rates for certain state accounts. We have been in discussion with the state of Texas as a customer about the terms of service for certain state accounts. It is a competitive matter and so we hope to talk with you on December 6th in executive session for that, but tomorrow you'll see an item to approve the setting of a public hearing for the 8th. We will discuss the

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competitive matter with you on December 6th and then should the hearing be need odd the 8th, it it will have been set. That is what I have for you today. >> Gallo: Are there any questions, councilmembers? >> Thank you for indulging me for this time. >> Gallo: Thank you very much. The sixth item on the agenda is a presentation of the financial health section of the North Carolina monthly performance measure dashboard. We do have -- has been handed out to us. Do you want to make a mention or would you like us just to review and ask questions, councilmembers? >> We're willing to postpone that presentation to the next utility oversight committee meeting. We can do that. We were going to do the next panel and we can combine those presentations and go over both the financial health goal that we have and then also the customer collaboration goal at the next meeting. >> Gallo: And I think those are important issues that the full committee should be able to hear. Councilmember kitchen. Thank you, I want to say once again I think the dashboard is a really good document. And is this updated just for the public's knowledge, is this updated monthly? So what we have is November. >> That's correct, and it show you the month for which the reporting is for because there's a delay in getting the numbers. >> Gallo: This will be something that will come out monthly though. So we'll see one for December; is that correct, maybe? >> Yes, in a couple months. >> Gallo: So the next one we would get would be early next year, the dashboard report. >> Yes. >> Gallo: Councilmember kitchen. >> Kitchen: It looks good and I look forward to talking about it. >> We want to go through each of the panels so you can understand the metrics and the reasoning why we're reporting on those and trying to keep those at a high level. >> Gallo: It's so user friendly from the standpoint of the public being able to see really a good summary.

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So thank you. Thank you for the creation of this. Councilmember Houston, did you have any comments or questions? >> Houston: Just to thank you for all the work you've done and we'll see you in December. >> Gallo: We lost you on the microphone. >> Houston: We'll see them in December? >> January. >> Houston: January, okay. >> Gallo: And to thank staff for great presentations and briefings, I do think the suggestions from the councilmembers about getting backup information earlier will be helpful for everyone, us and the community included. And if we have a motion to adjourn. A motion to adjourn. >> Kitchen: So moved. >> Gallo: Is there a second? All in favor? Any opposed? It's unanimous for the people left on the dais.