



**RCA  
CITY OF AUSTIN  
RECOMMENDATION FOR COUNCIL ACTION**

**AGENDA ITEM NO.: 2  
AGENDA DATE: Thu 12/01/2005  
PAGE: 1 of 3**

**SUBJECT:** Approve a resolution identifying areas of the City's municipally owned electric utility, Austin Energy, that are competitive matters for the purposes of the Texas Open Meetings Act and the Texas Public Information Act, in accordance with provisions of the electric utility restructuring legislation (Senate Bill 7) enacted into law by the 76th Session of the Texas Legislature.

**AMOUNT & SOURCE OF FUNDING:** N/A

**FISCAL NOTE:** There is no unanticipated fiscal impact. A fiscal note is not required.

**REQUESTING** Austin Energy  
**DEPARTMENT:**

**DIRECTOR'S  
AUTHORIZATION:** Juan Garza

**FOR MORE INFORMATION CONTACT:** Bob Kahn, Deputy General Manager / 322-6572

**PRIOR COUNCIL ACTION:** 9/10/01 -- Council approved Open Records Resolution 010910-12, with 12/31/05 sunset clause.

**BOARD AND COMMISSION ACTION:** Recommended by the Electric Utility Commission.

**PURCHASING:** N/A

**MBE / WBE:** N/A

---

On September 10, 2001, City Council approved Resolution 010910-12 identifying areas of the City's municipally owned electric utility, Austin Energy, that are competitive matters for the purpose of confidential consideration under the Texas Open Meetings Act and the Texas Public Information Act, in accordance with provision of the electric utility restructuring legislation (Senate Bill 7) enacted into law by the 76th Texas Legislature. The resolution contains a sunset clause that causes it to expire on December 31, 2005 unless extended by further action of the Council. Austin Energy recommends Council adopt the proposed resolution, which essentially tracks the old resolution with the exception of security issues and the sunset clause. The security issues item has been removed since it is included in House Bill 9 passed by the 78th Texas Legislature, which allows information related to critical infrastructure to be withheld from public release for security reasons.

Senate Bill 7 amended the Texas Government Code by enabling municipally owned electric utilities to deliberate and act upon in closed meetings, as well as protect from public disclosure, items relating to "competitive matters" if the municipally owned utility's governing body determined by majority vote that the information would, if disclosed, give advantage to competitors or prospective competitors. The Texas legislature passed this amendment because it believed existing provisions in the Texas Open Meetings Act and the Texas Public Information Act did not adequately safeguard sensitive information from being disclosed to competitors. The legislature believed that passage of this amendment would "level the playing field" with privately owned electric utilities and other entities with which the municipally owned utilities must compete.



**RCA  
CITY OF AUSTIN  
RECOMMENDATION FOR COUNCIL ACTION**

**AGENDA ITEM NO.: 2  
AGENDA DATE: Thu 12/01/2005  
PAGE: 2 of 3**

Council approved the current resolution identifying competitive matters that are routinely protected by privately owned utilities. Because the proposed resolution mimics the current resolution, it will continue to serve a public purpose by protecting and enhancing the competitive position of Austin Energy in the retail electric market, which opened competitively in Texas on January 1, 2002, as well as the current wholesale power market. The resolution provides Austin Energy the tools to handle competitively sensitive items such as fuel contracts, pricing strategies, customer information, research studies and business plans in a confidential manner like other utilities. The resolution does not apply to all information of the utility, but is only applicable to that part of the business that is affected by competition, such as generation, marketing, and other activities related to planning and competition. It is not intended to nor does it apply to the non-competitive parts of the utility such as transmission, distribution and other activities not impacted by competition.

The resolution lists thirteen items excluded from the definition of competitive matters by Senate Bill 7 that always remain open and are disclosed to the public when requested. In addition, the resolution always makes available to the public information regarding employees salaries and perquisites; management, audit, and consulting reports (with competitive information redacted); information dealing with the distribution system, including transmission costs, transmission plans and one line diagrams; and any information made available to the public by other agencies, such as the Public Utility Commission, the Electric Reliability Council of Texas, and the Federal Energy Regulatory Commission.

In order to keep ratepayers informed of Austin Energy's progress and functionality, Austin Energy prepares an annual report and presentation for the public describing its long-term plans, goals and performance. Austin Energy follows a process that notifies the City Council and public of requests for information. This process includes providing the City Council a written report every two weeks listing the open records requests received, including who requested the information, when it was received, what was requested, if the responsive information was released, and if not, the reason it was not released, as well as providing the report to the public through Austin Energy's webpage, the City Clerk's official postings, and a mail distribution list to interested parties who wish to be notified. Austin Energy provides a contact person to assist in answering questions from individuals related to their requests for information.

While realizing the necessity to keep its competitive information confidential externally, as well as internally, Austin Energy understands the importance of also protecting the public's right to information. The resolution contains adequate controls to balance the needs of both Austin Energy and the public. Austin Energy emphasizes its commitment to a process of reviewing each open records request on a case-by-case basis and identifies items that, for the most part, will be available to the public after a certain period of time. Even when responsive information falls under a category deemed to be a competitive matter, Austin Energy releases the information if it determines the information would not give advantage to competitors or prospective competitors. In addition, Austin Energy adopted internal policies and procedures to ensure that access to documents and information deemed competitive are limited to



**RCA  
CITY OF AUSTIN  
RECOMMENDATION FOR COUNCIL ACTION**

**AGENDA ITEM NO.: 2  
AGENDA DATE: Thu 12/01/2005  
PAGE: 3 of 3**

essential personnel. Another control is the required involvement of the Attorney General. Austin Energy cannot simply withhold information when requested because it believes it is competitive information. It must submit the requested information to the Attorney General, who must review the documents on a case-by-case basis to determine if the information is, in fact, reasonably related to a competitive matter. Only upon receipt of an opinion from the Attorney General stating that the information does not have to be disclosed may Austin Energy withhold the information. This process must still be followed even with City Council's approved resolution.

In addition, the City Council maintains its fiduciary duty of managing and operating the City's electric utility. City Council approval is still required on any spending proposal in excess of the threshold approval amount established by the City Charter; however, competitive information is not disclosed publicly.

The proposed resolution is similar to resolutions passed by at least ten (10) other municipally owned electric utilities and river authorities in Texas, as well as the current resolution passed by Council. The proposed resolution is necessary because it gives Austin Energy the ability to operate in a manner similar to privately owned electric utilities with which Austin Energy must compete. The proposed resolution protects only information that is protected by privately owned electric utilities. Passage of the proposed resolution is critical in allowing Austin Energy the means to prepare for and meet the competitive energy market, as well as protect its citizen owners' interest.

# **DRAFT**

## **RESOLUTION NO.**

**WHEREAS**, Senate Bill 7, enacted into law by the 76<sup>th</sup> Session of the Texas Legislature, with an effective date of September 1, 1999, recognizes that municipally owned utilities require an additional degree of flexibility regarding their operations under the Texas Open Meetings Act and the Texas Public Information Act because of the competitive wholesale and retail electric markets, and therefore amends Subchapter D, Chapter 551 of the Government Code by adding Section 551.086 to allow for closed meetings in certain circumstances, and amends Subchapter C, Chapter 552 of the Government Code by adding Section 552.131 to provide an exception to disclosure to the public of information related to public power utility competitive matters; and

**WIHEREAS**, Sections 551.086 and 552.131 of the Government Code authorize the governing body of a public power utility to determine those areas of its operation which it deems to be “competitive matters,” which are defined as utility-related matters that the public power utility governing body in good faith determines by a majority vote is related to the public power utility’s competitive activity, including commercial information, and would, if disclosed, give *advantage to competitors or prospective competitors*; and

**WHEREAS**, the City of Austin, Texas, a home-rule municipal corporation in the State of Texas, owns and operates Austin Lnergy, a municipal electric utility; and

## **DRAFT**

**WHEREAS**, the Austin City Council recognizes that its electric operations have been affected by the deregulation of the wholesale and retail electric markets and are affected by competitive pressures from electric suppliers and service providers, whether or not the Austin City Council elects to implement customer choice; and

**WHEREAS**, on September 10, 2001, the Austin City Council, adopted Resolution 010910-12 defining "competitive matters" for the purpose of protecting the competitive position of its electric utility as provided for in Senate Bill 7; and

**WHEREAS**, Resolution 010910-12 contains a sunset clause causing it to expire on December 31, 2005, unless extended by further action of Council; and

**WHEREAS**, after appropriate deliberations, the Austin City Council, as the governing body of the municipally owned electric utility, has identified as of the present time, those general areas which it deems to be "competitive matters", as well as the potential harm to the city's competitive position and the nature of the potential advantage to existing or prospective competitors in the event deliberations and actions of the Austin City Council with respect to such matters are required to be open to the public, and in the event information relating to such matters is required to be released upon request made pursuant to the Texas Public Information Act, and desires to adopt this RESOLUTION defining "competitive matters" for the

## **DRAFT**

purpose of protecting the competitive position of its electric utility as provided for in Senate Bill 7; **NOW, THEREFORE,**

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

1. The Austin City Council, in the exercise of good faith and cognizant of its fiduciary duty in managing and operating the City of Austin's electric utility, hereby determines that the activities listed on Exhibit A attached to this RESOLUTION constitute "competitive matters" because they are related to present or future competitive activity of Austin Energy, and that, for the reasons including but not limited to those set out as to each matter, would, if disclosed, provide advantage to existing or prospective competitors of Austin Energy. None of the matters included in Exhibit A is intended to encompass any of the thirteen (13) subjects excluded from the definition of "competitive matters" pursuant to Sections 551.086(b)(3) and 552.131 (a)(3) of the Government Code. Therefore, the following information will always be made available upon written request:
  - a) information relating to the provision of distribution access service, including the terms and conditions of the service and the rates charged for the service but not including information concerning utility-related services or products that are

## DRAFT

- competitive;
- b) information relating to the provisions of transmission service that is required to be filed with the Public Utility Commission of Texas, subject to any confidentiality provided for under the rules of the commission;
- c) information for the distribution system pertaining to reliability and continuity of service, to the extent not security-sensitive, that relates to emergency management, identification of critical loads such as hospitals and police, records of interruption, and distribution feeder standards;
- d) any substantive rule of general applicability regarding service offerings, service regulation, customer protections, or customer service adopted by Austin Energy as authorized by law;
- e) aggregate information reflecting receipts or expenditures of funds of Austin Energy, of the type that would be included in audited financial statements;
- f) information relating to equal employment opportunity for minority groups, as filed with local, state, or federal agencies;
- g) information relating to Austin Energy's performance in contracting with minority business entities;
- h) information relating to nuclear decommissioning trust agreements, of the type required to be included in audited financial

## DRAFT

statements;

- i) information relating to the amount and timing of any transfer to the City of Austin's general fund;
- j) information relating to environmental compliance as required to be filed with any local, state, or national environmental authority, subject to any confidentiality provided under the rules of those authorities;
- k) names of public officers of Austin Energy and the voting records of those officers for all matters other than those within the scope of a competitive resolution provided for by this section;
- l) a description of Austin Energy's central and field organization, including the established places at which the public may obtain information, submit information and requests, or obtain decisions and the identification of employees from whom the public may obtain information, submit information or requests, or obtain decisions; and
- m) information identifying the general course and method by which Austin Energy's functions are channeled and determined, including the nature and requirements of all formal and informal policies and procedures.

In addition, Austin Energy will always provide, when requested in writing:

- a) salaries and perquisites for all Austin Energy personnel, including



## DRAFT

executives and key employees;

- b) management, audit, and consulting reports, except those portions of said reports containing information related to “competitive matters”;
- c) information dealing with the distribution system, as well as transmission costs, transmission plans, and one line diagrams of the transmission system; and
- d) information that Austin Energy has supplied to other agencies and is made available to the public by those agencies, such as the Public Utility Commission (PUC), the Electric Reliability Council of Texas (ERCOT) and the Federal Energy Regulatory Commission (FERC).

2. Austin Energy will provide to the public an annual report that reviews the performance, costs and planning targets for its generating system, to include:
  - a) system annual average heat rate (efficiency), Btu/kWh
  - b) annual average combined equivalent availability of Austin Energy’s baseload generating units (currently Fayette and STNP)
  - c) system annual average fuel cost, cents per kWh
  - d) system annual average production cost (fuel plus O&M), cents per kWh
  - e) summary of Austin Energy’s planning targets for renewable energy

## **DRAFT**

- and energy efficiency
- f) unplanned outage information for outages over six months old and lasting over twelve hours
- g) aggregate revenues and consumption by class of customer
- h) total fuel costs by fuel source (nuclear, coal , gas, fuel oil, and renewables)

This report will be presented by Austin Energy at a public hearing where questions and input from the Electric Utility Commission (EUC) and citizens on Austin Energy's performance can be considered.

The EUC will exercise its right and responsibility to review, and if necessary, modify the scope or format of Austin Energy's annual report.

3. Consistent with the identification of such "competitive matters", the Austin City Council declares confidential all documents and other information concerning such matters, and delegates to Austin Energy staff the responsibility of determining those documents and other information which are reasonably related to such matters and of seeking to preserve their confidentiality through the procedures provided for by the Texas Public Information Act. Upon receiving an open records request, Austin Energy staff will review the requested

## **DRAFT**

information on a case-by-case basis to determine if the information is a competitive matter. Austin Energy staff will refer to Guidelines in Exhibit B when determining the information's release status. Although the specific information requested may fall into a category deemed a competitive matter in Exhibit A, Austin Energy will release said information if, after a review by Austin Energy staff, it is determined that the requested information would not give advantage to competitors or prospective competitors if disclosed. Austin Energy will provide a written report to the Council every two (2) weeks listing the open records requests received, including who requested the information, when it was received, what was requested, if the responsive information was released, and if not, the reason it was not released. This report will be made available to the public through public notice, including Austin Energy's webpage and the City Clerk's official postings. Austin Energy will also provide a contact person to assist individuals in answering questions related to their requests for information.

4. The Austin City Council will deliberate or take action on items in an open meeting unless an item has been deemed a "competitive matter" through this RESOLUTION or on a case by case basis by the Council. The Council may conduct a closed meeting to deliberate, vote, or take final action on any "competitive matter."
5. The Austin City

## DRAFT

Council reserves the right to supplement or amend the list of “competitive matters” set out in this RESOLUTION from time to time by addition or deletion or case-by-case determinations as may be appropriate and desirable in order to continue to operate and manage the City of Austin’s electric utility in a manner consistent with the interests of the City and its electric ratepayers, and with the protections authorized by Senate Bill 7. The Austin City Council also reserves the right to take advantage of other exceptions provided for under the Texas Open Meetings Act and the Texas Public Information Act, when applicable.

6. Before the City Council votes on whether to opt into competition, Austin Energy will provide to the public a summary of a report comparing the options under consideration and initiate a public involvement process that includes (a) a minimum of two public hearings and (b) a market study, of which a summary of the results will be made available to the public.

ADOPTED: \_\_\_\_\_, 2005      ATTEST: \_\_\_\_\_  
Shirley A. Brown  
City Clerk

# DRAFT

## EXHIBIT A COMPETITIVE MATTERS

### **I. Energy Supply**

#### **A. Fuel**

1. Contracts and/or Proposals for Fuel Supply, Transportation & Storage  
Description - Contracts and/or proposals for fuel supply, transportation & storage covering all fuels and fuel cost components.  
Rationale - Establishes level AE may be willing to pay for fuel or energy; could provide *wholesale or potential retail competitors with information allowing negotiating advantages.*
2. Fuel Price Hedging and Risk Management Program Data  
Description - Certain data included in any future hedging program that reflects AE's fuel/pricing positions.  
Rationale - AE's fuel pricing, quantities and position data included in hedging contracts and materials would provide information to competitors, which could allow AE production costs to be calculated and used to competitors' advantage.
3. Fuel Pricing (Historical & Forecast)  
Description - Historical fuel price information as well as forecast of future fuel prices.  
Rationale - Historical fuel price information establishes AE's fuel acquisition practices and strategies. Forecasts of future fuel prices establishes what AE may be willing to pay for fuel or energy and could benefit competitors seeking to undercut AE prices.
4. Fuel Usage (Historical & Forecast)  
Description - Historical and forecasted future quantities of fuel used by AE.  
Rationale - This information indicates the actual and planned need for fuel at AE, and may lead suppliers to devise ways to price services at levels above market prices, thus placing AE at a competitive disadvantage compared to other market participants.
5. Competitive Fuel Price Information  
Description - Competitive market intelligence regarding fuel prices that is gathered and analyzed by AE and may be ultimately used to forecast fuel prices.  
Rationale - Establishes level AE may be willing to pay for fuel or energy. Information is expensive to obtain and maintain; making it available to competitors gives them that advantage at no cost or at a nominal cost.
6. Stored/Reserve Fuel Supply  
Description - The quantities of stored or reserve fuel supply.  
Rationale - Fuel requirements fluctuate due to deliveries and consumption of other fuels. Information may suggest how dependent AE is on existing inventories and place competitors in a *position to block or bid up fuel supplies.*
7. Budgets for Fuel Purchases  
Description - Budgets of quantities of fuel and that AE anticipates purchasing.  
Rationale - Indicates the planned need for fuel at AE, and may lead suppliers to devise ways to

# DRAFT

price services at levels above market prices, thus providing competitors with fuel and energy sales market advantages.

## 8. Actual Fuel Purchases

Description - Documentation regarding actual fuel purchases made by AE that may include pricing information, including cash vouchers, invoices, etc.

Rationale - Establishes amount AE actually paid for fuel, thus providing competitors with a key cost element for AE's energy production costs, which could be used to undercut AE's competitive position.

## B. Generation

### 1. Generating Unit Design, Operating and Performance Data

Description - Generating unit design, operating and performance data, and production cost information, including heat rates, variable and fixed O&M costs, forced outage rates, environmental control devices design and data, high and low capacity limits, ramp rates, minimum up and down times, start-up costs and related information.

Rationale - A unit's design, operating and performance data gives competitors valuable information in determining AE's production costs.

### 2. Maintenance Schedules

Description - Planned maintenance schedules for all generating units.

Rationale - Establishes AE's need for fuel and energy during maintenance periods, thus making AE vulnerable to competitor planning and supplier pricing of replacement energy resources.

### 3. Capital Improvement Plans & Strategies

Description - Any data pertaining to the AE's Generation Plan, such as units and fuel types being considered, new plant design information, estimated cost to build, proposed timing of new plant additions, potential acquisitions, potential divestitures, etc.

Rationale - Provides competitors with information on future additions to the capacity and energy markets, allowing them to plan their own strategies in ways that may disadvantage AE.

### 4. Competitive Benchmarking Information

Description - Competitive benchmarking information against other plants and utilities such as market share information, production costs, marketing plans and AE's capabilities.

Rationale - Establishes operational advantages (or disadvantages) over other utilities and evaluation of competitive marketplace used by AE to establish its position in the market. Disclosure could benefit competitors to AE's detriment via marketing campaigns, direct communications to large customers, etc.

### 5. Generating Unit Dispatch & Outage Information

Description - Generating unit dispatch and outage information including planned and actual unit operating schedules.

Rationale - Determines surplus and shortages of energy in AE's system. May be used by suppliers to extract higher fees from AE than established by the market, thus eroding AE's competitive position in the energy market.

### 6. Critical Non-Fuel Procurement Activities

Description - Contracts for goods and services that are critical for power generation, especially large procurement contracts and strategic vendor alliances.

# DRAFT

Rationale - Information regarding critical procurement activities can provide competitors with detailed cost information for key aspects of power generation, and it could also compromise negotiations with other suppliers.

## 7. Jointly Owned Generating Facilities

Description - Participation agreements, joint operating agreements, meeting agendas, meeting minutes, budgets, purchasing requests and approvals and other information that is related to jointly owned generating facilities.

Rationale - Co-participant often will not make information available to AE if it is not protected. Disclosure would provide competitors information not available through other sources, which could benefit their own market strategies to AE's detriment and also compromise co-participants' competitive information.

## C. Wholesale Power

### 1. Contract Materials and/or Proposals for Purchase and/or Sale of Wholesale Power

Description - Contracts and proposals for purchase and sale agreements, contracts and proposals for energy, capacity, tolling, ancillary services, financial and/or physical hedging transactions, and any other agreements for wholesale energy services, including all draft and related documents developed in the course of bidding/negotiations.

Rationale - Development documents leading toward contracts and agreements with other parties if disclosed prior to consummation of a transaction have the potential to jeopardize the transaction if information gets in the hands of competitors. Likewise, pricing provisions or other key terms of the resulting agreements, if disclosed, provide advantages to competitors. In addition, pricing is one of the components of AE's production costs, which are competitively sensitive.

### 2. Pricing Strategies

Description - Pricing strategies used to secure highest market rates for AE supplied services and lowest prices for AE required services.

Rationale - Competitors could use information to undermine AE's pricing strategies.

### 3. Sales & Revenues (Historical & Forecast)

Description - AE's historical and future expectations of sales and revenues. Aggregate information of a type included in AE's audited financial statements is excluded.

Rationale - Competitors could use information to target AE customers and attempt to win their business.

### 4. Competitive Wholesale Power Price Information

Description - Accumulated transaction data and market intelligence.

Rationale - Forms basis for AE market price expectations and represents commercially valuable information that competitors should not be able to acquire from AE.

### 5. Alliances and Joint Ventures for Wholesale Power Generation and/or Sales

Description - contract terms and other information relating to business alliances and information relating to negotiations with potential business co-participants for purchase of business assets, performance of key services, cooperative energy dispatch arrangements, etc.

Rationale - Potential co-participants often will not make information available to AE if it is not protected. Disclosure would provide competitors information not available through other sources, which could benefit their own market strategies to AE's detriment.

# DRAFT

## D. Acquisition, Disposition or Exchange of Generation-Related or Fuel-Related Assets

### 1. Generation Facilities and Critical Equipment

Description - Purchase, sale, lease or exchange of generation facilities and critical equipment that is needed to generate power.

Rationale - Establishes AE's cost of generation regarding those assets which, if released, could provide competitors with key information allowing a market advantage.

### 2. Property

Description - Information relating to purchase, sale, lease or exchange of property that is for the purpose of securing a fuel supply, new or existing power generation facilities, transmission or distribution facilities, or other system infrastructure.

Rationale - Contains information on alternatives available to AE and terms that may be agreeable to AE. May include information about AE's interest in surrounding or similar properties. Such transactions may divulge information of a strategic value to AE which, if disclosed, could benefit a competitor in its own strategic planning.

Aggregate information of a type included in AE's audited financial statements is excluded from items 1 and 2.

## II. Retail Activities

### A. Customer Information

Description - All information regarding retail customers, including information that is currently part of the customer master file which constitutes the AE Customer Information System, as well as separate databases and files, such as the key accounts database which *contains contact management information specific to each of our largest energy customers and meter reading records containing usage information.*

Rationale - Information regarding retail customers can be used by competitors to target AE retail customers based on usage, operating characteristics, location, rate classification, credit history or any other feature, whether individually or for aggregation purposes.

### B. Sales & Marketing

#### 1. Energy Retail Sales & Revenue Information (Historical & Forecast)

Description - Retail sales and revenue information for retail electricity sales to individual customers. Aggregate information of a type included in AE's audited financial statements is excluded.

Rationale - Retail sales and revenue information for energy sales to individual customers or narrowly-defined groups of customers could provide competitors with valuable information for targeting AE's most valuable retail customers.

#### 2. Non-Energy Retail Sales & Revenue Information (Historical & Forecast)

Description - Sales and revenue information for non-energy retail products and services that AE currently offers, including but not limited to Lighting Products and Services, Maintenance Contracts for Customer-Owned Medium-Voltage Equipment, Power Quality Improvement Contracting, Surge Protection, Programmable Thermostats, Austin Analytical Services, Educational Services, Dual Circuit Service, Green Building Program, District Heating and Cooling Service, and Infrastructure Usage and any and all non-energy retail products that AE



# DRAFT

may offer in the future. Aggregate information of a type included in AE's audited financial statements is excluded.

Rationale - Retail sales and revenue information for non-energy products and services could provide competitors insight to which products and/or services are valued by AE's retail energy and non-energy customers, and which ones could be used to entice AE's retail energy and non-energy customers to switch energy and non-energy suppliers.

3. Sales and Promotion Strategies, Plans & Budgets (Historical & Forecast)

Description - Information regarding sales and promotion activities for retail sales. Such activities include advertising campaigns, promotional pricing campaigns, and cooperative promotions with other organizations.

Rationale - Competitors can use this information to subvert AE retail sales efforts and to gauge the effectiveness of AE's sales and promotion strategies

4. Contracts and/or Proposals for Sales and Promotion Programs

Description - Contracts and proposals for sales and promotion programs.

Rationale - Terms and conditions specified in contracts and proposals typically include detailed information regarding the strategies, plans and budgets for sales and promotion programs. This information can be used by competitors to assess the effectiveness of AE's sales and promotion efforts in retaining and/or acquiring new retail customers.

5. Contracts and/or Proposals for Retail Sales and Non-Energy Retail Sales

Description - Contracts for retail energy sales and non-energy retail sales from AE to individual customers or groups of customers.

Rationale - Establishes the terms and conditions that AE is willing to offer for retail energy sales and non-energy sales. Competitors can use this information to undercut AE's offers to new retail customers.

## C. Market Research

1. Market Research Studies

Description - Market research studies related to retail activities. Examples of this type of information include market research related to: customer satisfaction and loyalty; customer awareness and perception of corporate and competitor brand image; customer values and switching behavior; customer awareness, understanding and perception of issues related to retail aspects of the electric industry; customer perceptions of retail products and services including various attributes of products and services and price; and, customer perceptions of retail sales and promotion activities and strategies.

Rationale - Market research studies related to retail sales activities provide information that is *needed to successfully market to retail customers; disclosure of this information to competitors would provide them with a marketing advantage at AE's expense by enhancing their own knowledge of AE's target market conditions and suggesting to them the direction of AE's market interests.*

2. Proposals for Market Research Studies

Description - Proposals for market research studies related to retail activities.

Rationale - Proposals for market research studies typically include detailed information regarding the methodology and scope of proposed market research activities. This information can be used by competitors to gain insights in AE's retail strategies and planned activities.

# DRAFT

3. Marketing Research Strategies, Plans & Budgets (Historical & Forecast)

Description - Information regarding marketing research strategies, plans and budgets related to retail sales.

Rationale - This information would provide competitors with insights to AE's strategies and plans for retail products and services.

4. Secondary Market Research Data

Description - Secondary market research data is available for purchase or for licensing from a number of organizations such as Dun & Bradstreet, Acxiom, Experian, and many others who specialize in gathering, processing and selling such information. Secondary market research data includes demographic, psychographic, and firmographic (business) information which is gathered from a variety of existing data sources such as credit card companies, financial institutions, product warranty registrations, public records, magazine subscriptions, etc.

Rationale - Secondary market research data can be used for direct marketing to retail customers; for analyzing and assessing the potential size for retail markets; and for developing retail marketing plans and strategies. Competitors should not be allowed to benefit by obtaining at nominal copying cost expensive research material available for commercial purchase, nor should they be permitted through use of such material to identify market segments targeted or under consideration by AE.

## D. Product/Service Development & Pricing

1. Business Plans for Retail Products and Services

Description - Business plans include detailed information, analyses, sales and promotion plans and strategies, and product/service partner agreements for new or modified offerings of retail products and services.

Rationale - Disclosure of this material, which establishes AE's plans for offering retail products and services including expected sales and revenues, primary and secondary market research related to the product or service offering, and product or service cost information, could provide significant strategic advantage to competitors.

2. Competitive Market Intelligence for Retail Products and Services

Description - Includes primary and secondary market research related to retail products or services used to assess performance in the market place.

Rationale - Gathering competitive market intelligence for retail products and services is costly and time consuming, but after this information is gathered it provides a competitive advantage for developing competitive strategies and competing in markets for products and services. Disclosure would benefit competitors by providing them the intrinsic value of the intelligence as well as insights into AE's planning.

3. Market Research Related to Development of Retail Products and Services

Description - Market research related to customer preferences for potential retail products or services, or preferences for certain attributes or key features of potential products or services.

Rationale - Market research for product development provides an enhanced understanding of customer preferences towards potential products and services or key features or attributes of new products or services. Disclosure of information developed by AE regarding customer preferences for retail products and services would provide existing and potential adversaries a competitive advantage in the market place.

# DRAFT

## 4. Retail Pricing Plans & Studies

Description - Plans, studies and detailed analyses regarding retail pricing for energy and non-energy products and services.

Rationale - Establishes AE's cost structure and margin on retail products and services which can be used by competitors to undercut AE's offers to retail customers.

## 5. Energy Load Research

Description - Energy load research for individual customers or groups of customers which provides information regarding their energy load profile.

Rationale - Energy load research provides information regarding customers' energy load profile, which is critical information for retail pricing. Energy load research is costly, and provides a competitive advantage to companies that have access to it

## E. **Supply Contracts/Arrangements for Retail Products and Services**

### 1. Wholesale Energy Supplies

Description - Supply contracts for wholesale energy that AE will sell at retail.

Rationale - Wholesale energy supply contracts include detailed information regarding price and other terms and conditions that would provide competitors critical information that could be used to undercut AE's offers in the retail market.

### 2. Non-Energy Products and Services

Description - Contracts for supply of non-energy products and services that AE will sell at retail. In some cases contracts for non-energy products and services may be because AE simply provides the retail marketing channel for sale of the third-party's product or service along with AE's energy products.

Rationale - Supply contracts for non-energy products and services contain detailed information regarding price as well as terms and conditions which would provide competitors with critical information that could be used to undercut AE's offers in the retail market.

## III. **Corporate Planning & Strategy Information**

### 1. Corporate Business Plan

Description - Business plans including detailed information, analyses, plans and strategies, and product/service partner agreements for new or modified offerings of retail products and services. Any substantive rule of general applicability regarding service offerings, service regulations, customer protections, or customer service adopted by AE is excluded.

Rationale - Shows AE's competitive strategies and long range plans. Would allow competitors advance notice of AE's actions.

### 2. Acquisition Assessments

Description - Assessments, plans and strategies related to acquisition of other utilities.

Rationale - Shows AE's strategies and could allow other entities to preempt potential acquisitions by counter offering or overbidding AE's offers.

### 3. Debt Allocation and Debt Refunding Strategies

Description - AE's strategies and studies on debt allocations or refundings, as well as potential debt offerings

Rationale - Knowledge of these types of transactions/plans could give competitors insight into

# DRAFT

AE's pricing and marketing strategies.

4. Internal Audit Reports

Description - Those portions of internal audit reports containing information relating to competitive matters.

Rationale - The scope of AE's internal auditing programs covers all AE functions and activities. Those portions of all such reports that cover matters identified as competitive in nature which would, if disclosed, provide competitors with information about AE's strategies and plans.

5. Consulting Reports

Description - Consulting reports including all reports developed to review the performance of AE's functions and activities and those that are otherwise defined elsewhere as competitive in nature.

Rationale - All consulting reports that cover matters identified as competitive in nature would likewise contain information on AE's strategies and plans, which could disadvantage AE if known by competitors.

6. Internal Audit Work Papers and Consulting Work Papers

Description - Those portions of internal audit work papers and consulting project work papers that include correspondence, field notes, documents and analyses developed to audit or review AE's functions and activities that are otherwise defined as competitive in nature.

Rationale - All information included in internal audit reports and consulting reports and information used to develop such reports that cover matters identified as competitive in nature could, if released, provide competitors with direct information regarding AE's competitive strategies.

7. Corporate Inventions/Innovations

Description - Inventions including, but not limited to, hardware, software, tools and processing methods.

Rationale - Shows AE's competitive strategies and proprietary technologies. Would allow competitors to utilize results of AE's research and design efforts without investment.

8. Financial, Accounting & Statistical Data Submitted Voluntarily and Confidentially to Industry Groups, to the extent containing information regarding Competitive Matters

Description - Data submitted to the American Public Power Association, the Texas Public Power Association or another industry group.

Rationale - Competitive information included in data submitted under confidentiality arrangements with third parties, if released, could benefit competitors in the same way as direct information relating to such matters.

9. Supplier Information

Description - Data related to firms supplying AE goods and services.

Rationale - Competitor insight into AE's purchasing habits and identity of suppliers on which AE heavily relies to supply necessary goods and services could provide significant advantages. Engagement/use of a particular supplier could indicate types of strategic moves AE is planning or initiating.

# DRAFT

## 10. Corporate Cash Flow Projection

Description - Projections of AE's revenues, expenditures and funds available for investment and services, excluding aggregate information of a type that would be included in AE's audited financial statements.

Rationale - Disclosure of such information would show AE's competitive financial strength or weakness in near-term competitive scenarios, including the ability to meet competitive price reductions by others, the ability to acquire assets or operations, and others.

## 11. Business Unit Financial Statements

Description - Projections of AE's revenues, expenditures and net income for the business units, excluding aggregate information of a type that would be included in AE's audited financial statements.

Rationale - Disclosure could benefit competitors by showing the competitive strength or weakness of the business unit and reflecting its ability or inability to conduct acquisitions, mount new competitive programs, or expand into additional markets.

# **DRAFT**

## **EXHIBIT B** **SCHEDULE FOR RELEASE OF INFORMATION**

### **GUIDELINES**

- Because some information loses its competitive sensitivity as it ages, Austin Energy staff identified competitive items that, for the most part, might not be confidential after two (2) or five (5) years.
- Upon receipt of an open records request, Austin Energy staff will refer to the matrix below to determine the information's status for release.
- If the responsive information is competitive information that falls under the columns in the matrix below that may be releasable after two (2) or five (5) years, Austin Energy staff will review the responsive documentation to determine if it contains any information that is still of a competitively sensitive nature.
- If the responsive information is non-competitive, Austin Energy will release the information immediately.
- If Austin Energy decides certain portions of the documentation under the two (2) and five (5) year categories are still competitively sensitive and should not be provided, Austin Energy will submit the competitive information to the Attorney General for a determination on whether the City may withhold the information. If the Attorney General agrees the information may be withheld from public disclosure, Austin Energy will provide the request, the Attorney General's opinion and the competitive information to the City Council for a decision on whether or not to release the information to the requestor.
- The aging process of an item included in the two (2) year or five (5) year category starts from either the date the plan was adopted, the date the report or document was completed, or the date on which the contract or agreement expired or terminated
- Documents involving third parties that contain confidentiality provisions, such as contracts and agreements, will only be released upon obtaining consent from the other party, regardless of its age.
- Austin Energy may take advantage of other exceptions provided for under the Texas Public Information Act, regardless of the age of the information.

# DRAFT

Section	Description	Always available upon written request	2 Year - Subject to review for release if 2 or more years old	5 Year - Subject to review for release if 5 or more years old	Competitive information which will NOT be released
<b>Thirteen (13) categories of information excluded from the definition of "competitive matters" pursuant to Section 552.131 (a)(3) of the Government Code</b>					
Within body of Resolution	a) information relating to the provision of distribution access service, including the terms and conditions of the service and the rates charged for the service but not including information concerning utility-related services or products that are competitive;	X			
Within body of Resolution	b) information relating to the provisions of transmission service that is required to be filed with the Public Utility Commission of Texas, subject to any confidentiality provided for under the rules of the commission;	X			
Within body of Resolution	c) information for the distribution system pertaining to reliability and continuity of service, to the extent not security-sensitive, that relates to emergency management, identification of critical loads such as hospitals and police, records of interruption, and distribution feeder standards;	X			
Within body of Resolution	d) any substantive rule of general applicability regarding service offerings, service regulation, customer protections, or customer service adopted by Austin Energy as authorized by law;	X			
Within body of Resolution	e) aggregate information reflecting receipts or expenditures of funds of Austin Energy, of the type that would be included in audited financial statements;	X			
Within body of Resolution	f) information relating to equal employment opportunity for minority groups, as filed with local, state, or federal agencies;	X			

## DRAFT

Within body of Resolution	g) information relating to Austin Energy's performance in contracting with minority business entities;	X			
Within body of Resolution	h) information relating to nuclear decommissioning trust agreements, of the type required to be included in audited financial statements;	X			
Within body of Resolution	i) information relating to the amount and timing of any transfer to the City of Austin's general fund;	X			
Within body of Resolution	j) information relating to environmental compliance as required to be filed with any local, state, or national environmental authority, subject to any confidentiality provided under the rules of those authorities;	X			
Within body of Resolution	k) names of public officers of Austin Energy and the voting records of those officers for all matters other than those within the scope of a competitive resolution provided for by this section;	X			
Within body of Resolution	l) a description of Austin Energy's central and field organization, including the established places at which the public may obtain information, submit information and requests, or obtain decisions and the identification of employees from whom the public may obtain information, submit information or requests, or obtain decisions; and	X			
Within body of Resolution	m) information identifying the general course and method by which Austin Energy's functions are channeled and determined, including the nature and requirements of all formal and informal policies and procedures.	X			
<b>Other categories of information that will be released</b>					
Within body of Resolution	Salaries and perquisites for all Austin Energy personnel, including executives and key employees.	X			



# DRAFT

Within body of Resolution	Management, audit, and consulting reports, except those portions of said reports containing information related to "competitive matters".	X			
Within body of Resolution	Information dealing with the distribution system, as well as transmission costs, transmission plans, and one line diagrams of the transmission system.	X			
Within body of Resolution	Information that Austin Energy has supplied to other agencies and is made available to the public by those agencies, such as the Public Utility Commission (PUC), the Electric Reliability Council of Texas (ERCOT) and the Federal Energy Regulatory Commission (FERC).	X			
<b>Exhibit A</b>	<b>Exhibit A Competitive Matters</b>				
<b>I.</b>	<b>Energy Supply</b>				
<b>I. A.</b>	<b>Fuel</b>				
<b>I. A. 1.</b>	Contracts and/or Proposals for Fuel Supply, Transportation & Storage			X	
<b>I. A. 2.</b>	Fuel Price Hedging and Risk Management Program Data			X	
<b>I. A. 3.</b>	Fuel Pricing (Historical & Forecast)			X	
<b>I. A. 4.</b>	Fuel Usage (Historical & Forecast)			X	
<b>I. A. 5.</b>	Competitive Fuel Price Information				X
<b>I. A. 6.</b>	Stored/Reserve Fuel Supply			X	
<b>I. A. 7.</b>	Budgets for Fuel Purchases			X	
<b>I. A. 8.</b>	Actual Fuel Purchases			X	
<b>I. B.</b>	<b>Generation</b>				
<b>I. B. 1.</b>	Generating Unit Design, Operating and Performance Data				X
<b>I. B. 2.</b>	Maintenance Schedules				X
<b>I. B. 3.</b>	Capital Improvement Plans & Strategies			X	
<b>I. B. 4.</b>	Competitive Benchmarking Information			X	
<b>I. B. 5.</b>	Generating Unit Dispatch & Outage Information				X
<b>I. B. 6.</b>	Critical Non-Fuel Procurement Activities			X	
<b>I. B. 7.</b>	Jointly Owned Generating Facilities				X
<b>I. C.</b>	<b>Wholesale Power</b>				

# DRAFT

I. C. 1.	Contract Materials and/or Proposals for Purchase and/or Sale of Wholesale Power			X	
I. C. 2.	Pricing Strategies				X
I. C. 3.	Sales & Revenues (Historical & Forecast)				X
I. C. 4.	Competitive Wholesale Power Price Information			X	
I. C. 5.	Alliances and Joint Ventures for Wholesale Power Generation and/or Sales				X
I. D.	<b>Acquisition, Disposition or Exchange of Generation Related or Fuel-Related Assets</b>				
I. D. 1.	Generation Facilities and Critical Equipment		X		
I. D. 2.	Property		X		
I. D. 1. & 2.	Aggregate information of a type included in AE's audited financial statements is excluded from items I. D. 1 and 2.	X			
II.	<b>Retail Activities</b>				
II. A.	<b>Customer Information</b>				X
II. B.	<b>Sales &amp; Marketing</b>				
II. B. 1.	Energy Retail Sales & Revenue Information (Historical & Forecast)			Historical Aggregate-X	Forecast-X
II. B. 2.	Non-Energy Retail Sales & Revenue Information (Historical & Forecast)			Historical Aggregate-X	Forecast-X
II. B. 3.	Sales and Promotion Strategies, Plans & Budgets (Historical & Forecast)				X
II. B. 4.	Contracts and/or Proposals for Sales and Promotion Programs				X
II. B. 5.	Contracts and/or Proposals for Retail Sales and Non-Energy Retail Sales				X
II. C.	<b>Market Research</b>				
II. C. 1.	Market Research Studies				X
II. C. 2.	Proposals for Market Research Studies				X
II. C. 3.	Marketing Research Strategies, Plans & Budgets (Historical & Forecast)				X
II. C. 4.	Secondary Market Research Data				X
II. D.	<b>Product/Service Development &amp; Pricing</b>				
II. D. 1.	Business Plans for Retail Products and Services				X

## DRAFT

II. D. 2.	Competitive Market Intelligence for Retail Products and Services				X
II. D. 3.	Market Research Related to Development of Retail Products and Services				X
II. D. 4.	Retail Pricing Plans & Studies				X
II. D. 5.	Energy Load Research				X
II. E.	<b>Supply Contracts/Arrangements for Retail Products and Services</b>				
II. E. 1.	Wholesale Energy Supplies				X
II. E. 2.	Non-Energy Products and Services				X
III.	<b>Corporate Planning &amp; Strategy Information</b>				
III. 1.	Corporate Business Plan			X	
III. 2.	Acquisition Assessments			X	
III. 3.	Debt Allocation and Debt Refunding Strategies				X
III. 4.	Internal Audit Reports				X
III. 5.	Consulting Reports		Non-generation and Non-retail-X	Generation and Retail-X	
III. 6.	Internal Audit Work Papers and Consulting Work Papers				X
III. 7.	Corporate Inventions/Innovations				X
III. 8.	Financial, Accounting & Statistical Data Submitted Voluntarily and Confidentially to Industry Groups, to the extent containing information regarding Competitive Matters			X	
III. 9.	Supplier Information			X	
III. 10.	Corporate Cash Flow Projection			X	
III. 11.	Business Unit Financial Statements			X	



**Electric Utility Commission**  
October 17, 2005  
Meeting

Approve a resolution identifying areas of the City's municipally owned electric utility, Austin Energy, that are competitive matters for the purposes of the Texas Open Meetings Act and the Texas Public Information Act, in accordance with provisions of the electric utility restructuring legislation (Senate Bill 7) enacted into law by the 76th Session of the Texas Legislature.

*Motion by:* Fath

*Seconded by:* Weston

*Ayes:* Carr, Fath, LeGette, Owens, Sessa, Shaw, and Weston

*Nays:* NONE

*Abstaining:* NONE

*Off the dais:* NONE

*Absent:* Skeith

The Commission approved this item, 7-0.