



Electric Utility Commission

February 22, 2010

4:30 PM

Town Lake Center, The Shudde Fath Conference Room

721 Barton Springs Road, Austin, Texas

AGENDA

The Electric Utility Commission may go into a closed session, if necessary, under Chapter 551 of the Texas Government Code to discuss or take action on a "competitive matter" of the Electric Utility Department as provided for under Section 551.086.

Reading and Action on Consent Agenda: Item 5a may be acted upon by one motion. No separate discussion or action on any of the items is necessary unless desired by a Commission Member.

1. **CALL TO ORDER – 4:30 PM, February 22, 2010**
2. **APPROVAL OF MINUTES**
3. **CITIZEN COMMUNICATIONS**
4. **STAFF BRIEFING**
Planned construction of an electric substation on Manor Road
5. **NEW BUSINESS**
 - a. Discussion and possible action on City Council agenda items related to Austin Energy
 - b. Adopt procedural rules for hearings regarding the Competitive Matters Resolution
6. **MONTHLY FINANCIAL REPORT**
7. **FUTURE AGENDA ITEMS**
8. **ADJOURNMENT**

The City of Austin is committed to compliance with the Americans with Disabilities Act. Reasonable modifications and equal access to communications will be provided upon request. If requiring Sign Language Interpreters or alternative formats, please give notice at least four days before the meeting date. Please call Toye Goodson Collins at Austin Energy at (512) 322-6450 for additional information. TTY users route through Relay Texas at 711.



**ELECTRIC UTILITY COMMISSION
REGULAR MEETING MINUTES
JANUARY 25, 2010**

The Electric Utility Commission (EUC) convened in a regular meeting on January 25, 2010 in the Shudde Fath Conference Room at 721 Barton Springs Road in Austin, Texas.

1. CALL TO ORDER

Chair Phillip Schmandt called the meeting to order at 6:00 p.m.

Commissioners in attendance: Chair Phillip Schmandt, Vice Chair Linda Shaw, Gary 'Bernie' Bernfeld, Shudde Fath, Steve Smaha, Steven Taylor, and Michael Webber.

Staff in attendance: Roger Duncan, Cheryl Mele, Kerry Overton, Elaine Hart, Andy Perny, Mark Dreyfus, Jeff Vice, Karl Rabago, Pat Sweeney, Ann Little, Drusilla Saenz, Jim Collins, John Wester, Noreen Gleason, Pat Alba, Mary Priddy, Ester Matthews, Sascha Petersen, Jamie Mitchell, Greg Troxell, Paul Martinez, Patricia Alofsin, Clyde Canady, Paul Martinez, Jawana 'J.J.' Gutierrez, David Kutach, Steve Machicek, Steve Saenz, Chris Smith, Rosemary Ledesma, Erika McCartney, Michael Osborne, Toye Goodson Collins.

2. APPROVAL OF MINUTES

The minutes for the regular meeting of December 13, 2009 were approved on Commissioner Fath's motion and Commissioner Smaha's second, on a 7-0 vote.

3. CITIZEN COMMUNICATIONS

Paul Robbins addressed the Commission regarding the review of the Competitive Matters Resolution. Chair Schmandt announced that others, who may not be present due to a meeting conflict, would be invited to address the Commission during discussion of that agenda item later in the meeting.

4. NEW BUSINESS

a. **Action on City Council agenda items related to Austin Energy** – The following Recommendations for Council Action (RCAs) were recommended for approval on consent, on Chair Schmandt's motion and Commissioner Fath's second, on a 7-0 vote:

RCA 1 – Acceptance of \$7,492,700 in ARRA grant funds from the DOE for Energy Conservation Measures to be implemented in City facilities.

RCA 2 – Ratification of the issuance of 18 letters of intent for rebates to ACERO CONSTRUCTION for the installation of solar energy systems at 2301 South 5th St., in the amount of \$203,796.

RCA 3 – Ratification of the issuance of a 31 letters of intent for rebates to FORTIS DEVELOPMENT for the installation of solar energy systems at 904 West Avenue, in the amount of \$365,108.

RCA 4 – Ratification of the issuance of 12 letters of intent for \$102,408 and issuance of six letters of intent for \$44,288 for rebates to PERRY EQUITY PARTNERS for the installation of solar energy systems at 127 Perry Road, for a total of \$146,696.

RCA 6 – Acquisition of a 2.96 acre permanent electric easement from Sun Communities Texas LP for construction of the 138 kV Gilleland to Techridge Transmission Line Project, in the amount of \$79,717.

RCA 7 – Acquisition of a 6.22 acre permanent electric easement from Sun Secured Financing Houston LP for construction of the 138 kV Gilleland to Techridge Transmission Line Project, in the amount of \$159,320.

RCA 9 – Authorize contract with HARVEY-CLEARY BUILDERS for a 2,500 ton chiller system at the Mueller Energy Center in the amount of \$3,610,498.

RCA 10 – Authorize 12-month agreement with VAUGHN MANUFACTURING CORP. for the purchase of digital water heater timers for \$206,240, with three 12-month extension options at \$205,000 per option, for a total of \$821,240.

RCA 11 – Authorize Amendment No. 3 to the contract with OPEN SYSTEMS INTERNATIONAL for Generation Management System (GMS) software, technical services, maintenance, support, and implementation by increasing the current year contract option by \$200,000 and the two remaining options at \$150,000 per option, and adding three additional 12-month options at \$150,000 per option, for a revised total contract amount of \$2,095,227.

RCA 12 – Authorize 12-month contract through State of Texas DIR with ORACLE USA for the Oracle Utilities Mobility Workforce Management Real Time Scheduler software and support services for \$300,000, with three 12-month options at \$55,000 per option, for a total of \$465,000.

RCA 13 – Authorize 12-month contract with COMPUTER SCIENCE CORPORATION for the purchase of software technology implementation services and training for \$1,800,000.

RCA 14 – Authorize 12-month contract with NORTH HOUSTON POLE LINE L.P. to provide wood pole inspection and treatment services for \$216,247, with two 12-month options at \$216,247 per option, for a total of \$648,741.

RCA 15 – Authorize contract with WATTHOUR ENGINEERING CO. for automated three-phase meter test systems for \$107,720.

RCA 16 – Authorize two 36-month contracts with PRINTMAILPRO and PRINT LOGICS for flat sheet printing services for a combined \$1,530,000 with three 12-month options at \$510,000 per option combined, for a total combined contract of \$3,060,000. (AE's annual share is expected to be \$25K.)

The following RCA was pulled from the Consent Agenda to be acted upon after a staff briefing:

RCA 5 – Approve a resolution authorizing the City Manager to establish and administer a residential solar rebate program and a performance-based solar incentive program for commercial and multi-family facilities.

The following RCA was pulled from the Consent Agenda, discussed and recommended on Chair Schmandt's motion and Commissioner Fath's second, on a 7-0 vote:

RCA 8 – Authorize a construction contract with VCC, LLC for a new Animal Services Center at 7201 Levander Loop for \$11,635,000 plus a \$450,000 contingency, for a total of \$12,085,000. (AE is providing \$190K for PV and solar hot water systems.)

5. STAFF BRIEFINGS AND REPORTS

- a. **Upcoming Procurements Report** by Rosemary Ledesma, Purchasing Manager. The Commission requested that staff include items greater than \$100,000 on future reports.
- b. **Deferred Payment Arrangement and Disconnection Report** by J. J. Gutierrez, Customer Care Vice President.
- c. **Financial Report** by Steve Machicek, Corporate Accounting Director.

- d. **Austin Climate Protection Program's On-Line Carbon Calculator** by Sascha Peterson, Climate Protection Program staff member. Commissioners requested a quarterly report on the topic.
- e. **City of Austin's Environmental Awareness Awards Program** by Mary Priddy, Climate Protection Program staff member.
- f. **Austin Energy's Solar Rebate and Incentives Program** by Karl Rabago, Distributed Energy Services Vice President.

The proposed resolution (RCA 5) authorizing the City Manager to establish and administer a residential solar rebate program and a performance-based solar incentive program for commercial and multi-family facilities was revised, as follows, and recommended on Chair Schmandt's motion and Commissioner Webber's second, on a 7-0 vote. The following sentence was added to Section 2.c. of the resolution: "The rebate may be set higher for low-income residential properties."

Commissioners requested that a staff update be provided in four months.

- g. **Presentation on the "Competitive Matters" Resolution No. 20051201-002** by Andy Perny, Assistant City Attorney.

Chair Schmandt called for speakers. Mike Sloan addressed the Commission.

The Commission will decide on a process by which those interested in suggesting changes to the resolution may participate. Chair Schmandt estimated the process could take three to four months.

6. OLD BUSINESS

Discussion and possible action regarding the General Fund transfer policy

Elaine Hart, Chief Financial Officer, presented data, as requested.

The following resolution regarding the General Fund transfer policy was discussed and adopted on Chair Schmandt's motion and Commissioner Fath's second, on a 7-0 vote. The Commission requested that staff forward the resolution to City Council members and the City Manager.

BE IT RESOLVED BY THE ELECTRIC UTILITY COMMISSION:

That the Electric Utility Commission recommends that the City Council direct the City Manager to develop a plan for implementing a new formula for the calculation of the General Fund transfer for the fiscal year beginning October 1, 2010, which meets the following criteria:

1. Substitutes "non-fuel revenues" for "gross revenues" in the current General Fund transfer formula;
2. Is made revenue neutral to the maximum extent feasible by selecting the percentage of non-fuel revenues for the minimum and maximum General Fund transfer that will create the identical range of the minimum and maximum amounts of the General Fund transfer as was created under the current formula in the prior three (3) years; and
3. Will have no adverse impact on Austin Energy's bond rating.

Commissioners requested a staff briefing on how shared expenses among City departments are calculated.

7. **EXECUTIVE SESSION** – Public Power Utility Competitive Matters, Section 551.086; Discuss matters relating to Austin Energy generation resources.

The motion to convene a closed session of the Electric Utility Commission in order to receive briefings on confidential matters of the utility by Austin Energy staff was approved on Commissioner Fath's motion and Commissioner Webber's second, on a 6-0 vote. Commissioner Smaha was off the dais.

8. **FUTURE AGENDA ITEMS**

Commissioner Fath requested additional information on Austin Energy's hedging program. Commissioner Bernfeld requested a briefing on the PACE program.

9. **ADJOURNMENT**

Chair Schmandt adjourned the regular meeting of the Electric Utility Commission without objection at 9:15 p.m.

**Requests for Council Action (RCAs) related to Austin Energy
For Review by the Electric Utility Commission on February 22, 2010**

AUSTIN ENERGY

1. Recommend the use of approximately 5.87 acres for an electric substation, electric transmission lines, distribution lines and drainage area through dedicated parkland known as Morris Williams Golf Course.
2. Approve an ordinance authorizing acceptance of \$20,000 in grant funds from the U.S. Department of Energy through Leonardo Technologies Inc., Morgantown, WV, and amending the Fiscal Year 2009-2010 Austin Energy Operating Budget Special Revenue Fund of Ordinance No. 20090914-002 to appropriate \$20,000 for programmatic support of the Central Texas Clean Cities Program.
3. Approve an ordinance authorizing acceptance of \$17,500 in grant funds from the U.S. Department of Energy through the Railroad Commission of Texas and amending the Fiscal Year 2009-2010 Austin Energy Operating Budget Special Revenue Fund of Ordinance No. 20090914-002 to appropriate such grant funds, and authorize negotiation and execution of a four-year agreement between the Central Texas Clean Cities Program and the Railroad Commission of Texas to promote the use of propane vehicles and improve related infrastructure, in an amount not to exceed \$17,500 a year, for a total amount not to exceed \$70,000.
4. Approve issuance of a rebate to REIT Management & Research LLC for the installation of energy efficient reflective roofing at 12455 Research Blvd. in Austin, Texas, in an amount not to exceed \$82,981.44.

ECONOMIC GROWTH & REDEVELOPMENT SERVICES OFFICE

5. Authorize funding for the design and construction of the Austin Energy Seaholm Substation perimeter wall as part of the Seaholm East Redevelopment District as a public art project as outlined in the Art in Public Places Ordinance, not to exceed \$750,000.

PURCHASING

6. Authorize award and execution of Amendment No. 3 to a contract with HPI, LLC, Houston, TX, to increase the contract for the upgrade of the gas turbine controls at Decker Creek Power Station in an amount not to exceed \$238,565, for a revised total estimated contract amount not to exceed \$2,171,834.

**Items to Set a Public Hearing
CITY OF AUSTIN
RECOMMENDATION FOR COUNCIL ACTION**

**AGENDA DATE: 02-25-10
PAGE: 1 of 1**

SUBJECT: Set a public hearing to consider the use of approximately 5.87 acres for an electric substation, electric transmission lines, distribution lines and drainage area through dedicated parkland known as Morris Williams Golf Course, in accordance with Sec. 26.001 et seq. of the Texas Parks and Wildlife Code. (Suggested date and time: March 25, 2010, 6:00 p.m. at Austin City Hall, Council Chambers, 301 West Second Street, Austin, TX).

AMOUNT & SOURCE OF FUNDING: All costs associated with construction will be paid by requester.

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

FOR MORE INFORMATION: Junie Plummer, 974-7085; Sonny Poole, 322-6442; April Thedford, 974-7141

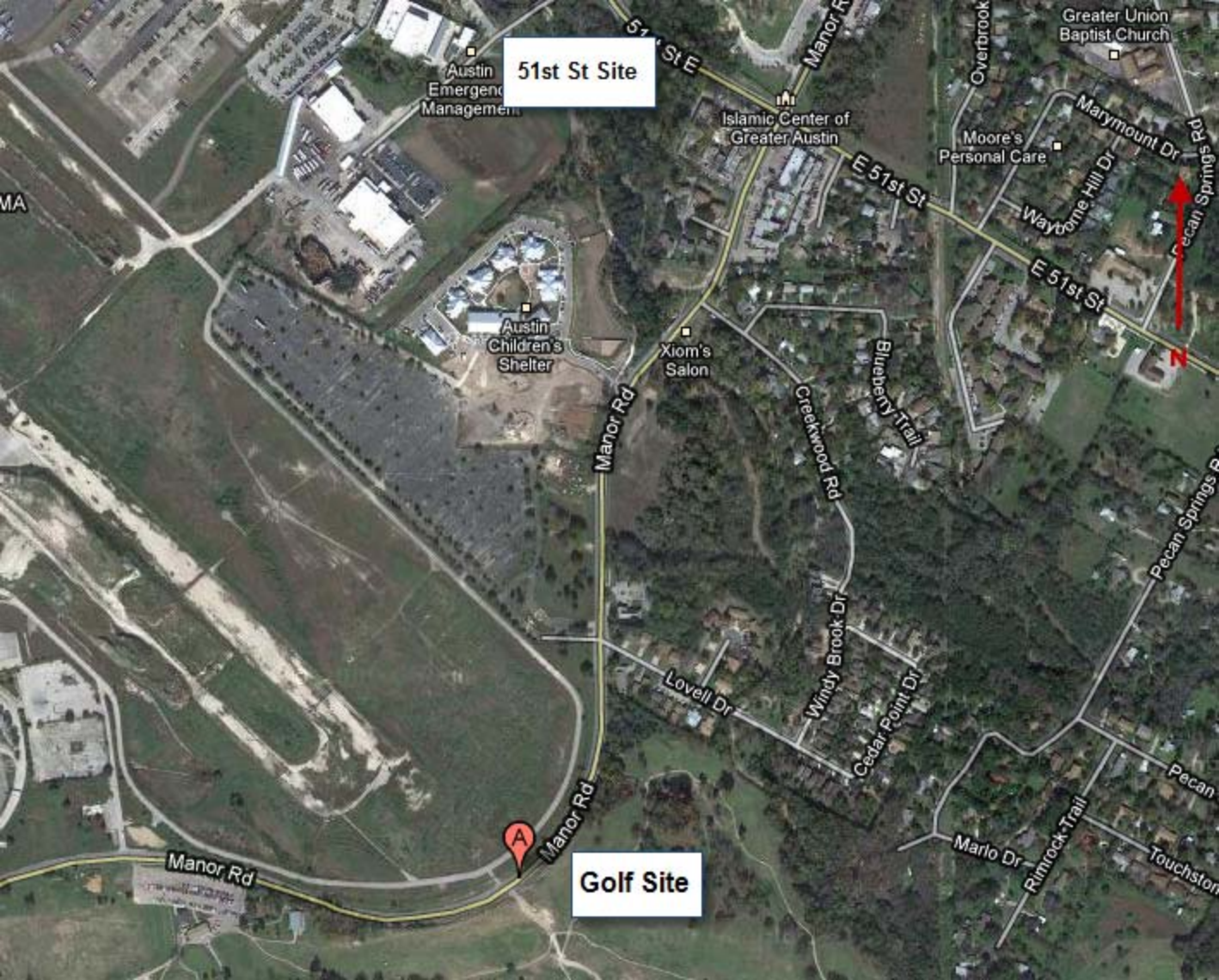
BOARDS AND COMMISSION ACTION: To be reviewed by the Electric Utility Commission on February 22, 2010 and by the Parks and Recreation Board on February 23, 2010.

Chapter 26 of the Texas Parks and Wildlife Code provides that the use of parkland for non-park purposes may be approved upon a finding that there is no feasible and prudent alternative to the use of this land.

Austin Energy is proposing to construct a new electric substation on a portion of the Morris Williams Golf Course. The new substation is needed to deliver reliable electric service to meet a growing demand. The proposed location on Manor Road would be used in lieu of Austin Energy's property located on 51st Street.

Approval of the use of parkland is made on the condition that all restoration is completed in accordance with the Standard Specifications and Construction Standards of the City of Austin and the Parks and Recreation Department's "Construction in Parks Specifications." Austin Energy is required to pay all costs associated with the restoration and tree mitigation as part of the site restoration process.

There is no feasible and prudent alternative to the use of the dedicated parkland which includes all reasonable planning to minimize harm to such lands. The dates of public notification in the Austin American-Statesman are Feb. 28, March 7, and March 14, 2010.



51st St Site

Golf Site



Mueller



VEGETATED
FILTER AREA

SUBJECT AREA

SUBJECT: Approve an ordinance authorizing acceptance of \$20,000 in grant funds from the U.S. Department of Energy through Leonardo Technologies Inc., Morgantown, WV, and amending the Fiscal Year 2009-2010 Austin Energy Operating Budget Special Revenue Fund of Ordinance No. 20090914-002 to appropriate \$20,000 for programmatic support of the Central Texas Clean Cities Program.

AMOUNT AND SOURCE OF FUNDING: Funding is available from the U.S. Department of Energy through Leonardo Technologies Inc. Matching funds are not required.

FISCAL NOTE: A fiscal note is attached.

FOR MORE INFORMATION CONTACT: Ester Matthews, Austin Climate Protection Program Director, 322-6041.

PRIOR COUNCIL ACTION: Sept. 25, 2008 – Approved \$12,500 grant from Dept. of Energy through Research and Development Solutions to continue program; Oct. 18, 2008 – Approved \$127,000 grant from Propane Education and Research Council for Propane Mower Rebate Program; July 23, 2009 – Approved \$7,500 grant from the Dept. of Energy through Research & Development Solutions and \$17,500 grant from United Soybean Board to continue program.

BOARD AND COMMISSION ACTION: To be reviewed by the Resource Management Commission on February 16, 2010 and by the Electric Utility Commission on February 22, 2010.

If approved, this grant from the U.S. Department of Energy through Leonardo Technologies, Inc. will be used for administration of the City of Austin's Central Texas Clean Cities Program through Austin Energy. Clean Cities is a government-industry partnership designed to reduce petroleum consumption in the transportation sector by advancing the use of alternative fuels and vehicles, idle reduction technologies, hybrid electric vehicles, fuel blends, and fuel economy measures. It is sponsored by the U.S. Department of Energy's Vehicle Technologies Program and contributes to the energy, environmental, and economic security of the U.S. by supporting local decisions to reduce our dependence on imported petroleum. The City of Austin through Austin Energy is the administrator and fiduciary agent for the Central Texas Clean Cities Program Program.

The U.S. has 90 Clean Cities coalitions, six of which are in Texas. The Central Texas Clean Cities Program coalition includes Travis, Bastrop, Caldwell, Hays, and Williamson Counties, as well as Fort Hood in Killeen.

The proposed grant funds will be used for program management and staff training, to enhance the Central Texas Clean Cities Program web site (www.ci.austin.tx.us/cleancities), and to continue the quarterly eNewsletter. Grant funds will also be used for printing promotional and educational materials, workshop and conference development, and project implementation.

SUBJECT: Approve an ordinance authorizing acceptance of \$17,500 in grant funds from the U.S. Department of Energy through the Railroad Commission of Texas and amending the Fiscal Year 2009-2010 Austin Energy Operating Budget Special Revenue Fund of Ordinance No. 20090914-002 to appropriate such grant funds, and authorize negotiation and execution of a four-year agreement between the Central Texas Clean Cities Program and the Railroad Commission of Texas to promote the use of propane vehicles and improve related infrastructure, in an amount not to exceed \$17,500 a year, for a total amount not to exceed \$70,000.

AMOUNT AND SOURCE OF FUNDING: Funding in the amount of \$17,500 is available from the U.S. Department of Energy through the Railroad Commission of Texas. Matching funds are not required.

FISCAL NOTE: A fiscal note is attached.

FOR MORE INFORMATION CONTACT: Ester Matthews, Austin Climate Protection Program Director, 322-6041.

PRIOR COUNCIL ACTION: Sept. 25, 2008 – Approved \$12,500 grant from Dept. of Energy through Research and Development Solutions to continue program; Oct. 18, 2008 – Approved \$127,000 grant from Propane Education and Research Council for Propane Mower Rebate Program; July 23, 2009 – Approved \$7,500 grant from the Dept. of Energy through Research & Development Solutions and \$17,500 grant from United Soybean Board to continue program.

BOARD AND COMMISSION ACTION: To be reviewed by the Resource Management Commission on February 16, 2010 and by the Electric Utility Commission on February 22, 2010.

The proposed four-year grant award from the U.S. Department of Energy through the Railroad Commission of Texas will provide \$17,500 a year, for a total of \$70,000, to the Central Texas Clean Cities Program to promote the use of propane vehicles and assist in improving related infrastructure. Objectives of the grant project include: identification of contacts for propane school bus and light-duty propane vehicle funding sources; working with Clean Cities coordinators and others to identify contacts for fleet manager groups; providing presentations on the advantages of propane motor fuel; recruiting Clean Cities stakeholders' technicians; drivers and emergency responders to attend Railroad Commission training classes on propane fuel systems for installers and automotive technicians; seminars for emergency responders in partner fleets' areas; and classes on propane refueling for partner fleets' drivers.

In addition, the Central Texas Clean Cities will work with project managers and Railroad Commission staff to develop and implement a Clean Cities strategic plan and evaluation methodology that includes: serving as the primary project liaison for Texas Clean Cities coalitions; informing all Texas Clean Cities coalitions about project activities through regular emails and conference calls; and using a propane vehicle for all grant-related travel.

The U.S. has 90 Clean Cities coalitions, six of which are in Texas. The Central Texas Clean Cities coalition includes Travis, Bastrop, Caldwell, Hays, and Williamson Counties, as well as Fort Hood in Killeen.

The Central Texas Clean Cities Program is a government-industry partnership designed to reduce petroleum consumption in the transportation sector by advancing the use of alternative fuels and vehicles, idle reduction technologies, hybrid electric vehicles, fuel blends, and fuel economy measures. It is sponsored by the U.S. Department of Energy's Vehicle Technologies Program and contributes to the energy, environmental, and economic security of the U.S. by supporting local decisions to reduce our dependence on imported petroleum. The City of Austin through Austin Energy is the administrator and fiduciary agent for the Central Texas Clean Cities Program.

RCA 4

CITY OF AUSTIN – AUSTIN ENERGY
RECOMMENDATION FOR COUNCIL ACTION

AGENDA DATE: 03/11/2010
PAGE 1 of 1

SUBJECT: Approve issuance of a rebate to REIT Management & Research LLC for the installation of energy efficient reflective roofing at 12455 Research Blvd. in Austin, Texas, in an amount not to exceed \$82,981.44.

AMOUNT & SOURCE OF FUNDING: Funding is available in the Fiscal Year 2009-2010 Operating Budget of Austin Energy, Conservation Rebates and Incentives Fund.

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

FOR MORE INFORMATION: Fred Yebra, P.E., Director, Energy Efficiency Services, 482-5305; Steve Saenz, Unit Manager, 482-5325.

BOARDS AND COMMISSION ACTION: To be reviewed by the Resource Management Commission on February 16, 2010 and by the Electric Utility Commission on February 22, 2010.

Austin Energy requests authorization to issue a rebate to REIT Management & Research LLC for Flextronics America LLC in the amount of \$82,981.44 for the installation of energy efficient reflective roofing in accordance with the City of Austin's Commercial Rebate Program guidelines. This program is one element of Austin Energy's comprehensive Energy Resource Plan, approved in December 2003 by City Council, designed to reduce local air pollution through energy conservation, to reduce peak demand, and to assist customers in reducing electric consumption.

Flextronics America LLC, managed by REIT Management & Research LLC, is located at 12455 Research Blvd. in Austin, Texas. The demand (kW) savings associated with the energy efficient reflective roofing installed in this project is estimated at 92.2 kW, at a program cost of \$900 per kilowatt saved. The avoided kWh, estimated at 161,353 kWh per year, represents a major benefit to the local environment. This project will prevent the following air pollutants from being emitted: 47.4 metric tons of Carbon Dioxide (CO₂), 0.03 metric tons of Sulfur Dioxide (SO₂), and 0.03 metric tons of Nitrogen Oxides (NO_x).

In addition to the reduced air and toxic metals pollution, the project savings are also equivalent to an estimated 183,232 vehicle miles traveled, the removal of 22.9 cars from our roadways, or the planting of 3,578 trees or 178.9 acres of forest in Austin's parks.

**Economic Growth & Redevelopment Services
CITY OF AUSTIN
RECOMMENDATION FOR COUNCIL ACTION**

**AGENDA DATE: 2/25/2010
PAGE 1 OF 1**

Subject: Authorize funding for the design and construction of the Austin Energy Seaholm Substation perimeter wall as part of the Seaholm East Redevelopment District as a public art project as outlined in the Art in Public Places Ordinance, not to exceed \$750,000.

Amount and Source of Funding: Funding in the amount of \$750,000 is available in the Fiscal Year 2009-2010 Capital Budget of Austin Energy.

Fiscal Note: A fiscal note is attached.

For More Information: Megan Crigger, AIPP Administrator, EGRSO / 974-9312; Vincent Kitch, Cultural Arts Program Manager / EGRSO, 974-9310

Boards and Commission Action: To be reviewed by the Austin Arts Commission and the Electric Utility Commission.

On February 14, 2008, the City Council designated the 1.4 acre parcel along Cesar Chavez known as the Austin Energy South Substation as the location for the new stand-alone building to house the new central library. The footprint of the electrical substation will be reduced and a perimeter wall around the electrical substation will be designed and constructed in conjunction with Seaholm Redevelopment.

Similar to the Seaholm Power Plant rehabilitation plan, the Austin Energy electrical substation wall project provides an opportunity to revitalize a portion of central downtown and respond to a larger context of open spaces, pedestrian activities, retail districts, residential and hotels and civic centers such as the new Central Library.

Austin Energy has worked with EGRSO to develop an MOU between the departments to allow AIPP to commission the design, engineering and construction of the wall that will enclose the revised footprint of Seaholm Substation as a work of art. The Austin Energy Seaholm Substation perimeter wall Art in Public Places project budget will be combined with funds from the Reclamation Center Art in Public Places project and funds from adjacent developers of the Green Water Treatment Plant and the Energy Control Center for a total project budget not to exceed \$931,200.

The goal of the Art in Public Places (AIPP) program within the Cultural Arts Division is to commission works of art and public art projects of redeeming quality that advance public understanding of visual art and enhance the aesthetic quality of public places.

**CITY OF AUSTIN - PURCHASING
RECOMMENDATION FOR COUNCIL ACTION
VENDOR NAME: HPI, LLC**

**AGENDA DATE: 3/11/10
PAGE 1 OF 2**

SUBJECT: Authorize award and execution of Amendment No. 3 to a contract with HPI, LLC, Houston, TX, to increase the contract for the upgrade of the gas turbine controls at Decker Creek Power Station in an amount not to exceed \$238,565, for a revised total estimated contract amount not to exceed \$2,171,834.

AMOUNT & SOURCE OF FUNDING: Funding is available in the Fiscal Year 2009-2010 Capital Budget of Austin Energy.

FISCAL NOTE: A fiscal note is attached.

PURCHASING: Contract Amendment.

PRIOR COUNCIL ACTION: 11/20/08 – Approved original contract; 5/14/09 – Approved Amendment No. 1; 8/20/09 – Approved Amendment No. 2.

BOARD AND COMMISSION ACTION: To be reviewed by the Electric Utility Commission on 2/22/10.

MBE/WBE: This contract will be awarded in compliance with Chapter 2-9D of the City Code (Minority-Owned and Women-Owned Business Enterprise Procurement Program). No subcontracting opportunities were identified; therefore, no goals were established for this solicitation.

FOR MORE INFORMATION CONTACT: Shawn Harris, Supervising Sr. Buyer/505-7351

On November 20, 2008, Council approved the award of a contract with HPI, LLC in an estimated amount not to exceed \$1,597,769.

This contract is to upgrade the controls and control wiring for the four Pratt & Whitney FT4C-1 Twin Pac gas turbine generators operating at the Decker Creek Power Station. The wiring and controls on the turbines are 40 years old and have been degrading over time leaving portions of the controls obsolete and difficult to maintain. This upgrade is necessary to sustain the reliability and availability of these units, which also serve as Austin Energy's only "Blackstart Units." A "Blackstart Unit" is an electricity generating unit which can be started without an outside electrical supply so in the case of a total power grid failure, the unit could still be started and used to generate electricity to start generators at all other Austin Energy facilities.

Amendment No. 1 allowed changes in the control system architecture to improve the cyber security of the system per the new North American Electric Reliability Corporation's (NERC) Critical Infrastructure Protection standards adopted with an effective date of April 1, 2009, which were not available at the time the original contract was approved.

Amendment No. 2 allowed for the installation of Generator Vibration Probes on all four Decker Gas Turbines including the integration into the new control system. This was necessary to maintain the generators for all four units, and will result in reducing costly outages. It also

provided for safer operation as vibrations in the units will be immediately detected by the new control system and relayed to plant operators.

Proposed Amendment No. 3 will allow for additional work to upgrade the Gas Turbine control network to NERC Critical Infrastructure Protection (CIP) code compliant. This includes firewall set-up, network intrusion prevention, and documentation of security procedures. These systems are Blackstart Units for AE, and the upgraded control systems are considered critical cyber assets by NERC CPI codes. The services will also provide for additional equipment including junction boxes and valve modifications as required. The additional work is needed to ensure a reliable system that brings all pertinent information to the control system from the turbines.

Contract Summary

Action	Description	Amount
Original Contract approved 11/20/08	Council approved award of contract	\$1,597,769
Amendment No. 1	Increase contract amount	\$ 179,500
Amendment No. 2	Increase contract amount	\$ 156,000
Proposed Amendment No. 3	Increase contract amount	\$ 238,565
	Revised Total Contract Amount	\$2,171,834

February 17, 2010

DRAFT RULES for EUC Hearings Regarding Possible Amendments to City Council Competitive Matters Resolution

Rules for First Hearing in March (Presentations by Public)

1. **7 Minute Presentation Eligibility Requirements.** Anyone who has submitted a presentation, whether in writing or as a power point, by noon on the Friday before the hearing, may have 7 minutes to present that presentation. The presentation will have been loaded onto the computer or distributed in advance to the EUC Commissioners, so no changes may be made to the presentation once it is submitted. No assignment of time is allowed among persons making 7 minute presentations as each person should present his or her own submitted presentation. 7 minute presentations will be the first ones heard at the hearing.
2. **3 Minute Presentations.** If a person does not qualify to give a 7 minute presentation, then that person has only 3 minutes, provided that minutes may be assigned among persons signing up for 3 minute presentations. Up to four persons who are present at the hearing may assign their time to one speaker. To be eligible to give a 3 minute presentation, a person must sign in before the last speaker addressing the Commission has finished. A person with a 7 minute presentation may not also sign up for a 3 minute presentation. If a person making a 3 minute presentation has a specific comment (see item 3 below), they may submit it in writing by the end of the hearing in order for it to be posted with the other materials per item 4.
3. **Requirements for Written Comments.** Speakers who submit written comments should provide the following: specific references to the provisions of the resolution that they believe should be deleted or their proposed alternative language for the ordinance and a list of specific information categories that are currently considered confidential, along with a rationale for how release of such information would be useful to the public. The Commission OR A SUBCOMMITTEE OF THE COMMISSION shall determine which comments meeting these requirements shall be submitted to staff for response.
4. **Internet Access to Presentations/Questions.** All properly submitted presentations and written comments will be posted on the www.austinenergy.com website.
5. **Time Limits.** For all speakers, the first bell will ring 30 seconds before time is up to allow for wrap up. No extensions of time will be allowed after second bell rings. No exceptions.

Rules for Second Hearing (likely to be held in April or May):

1. The public will again be invited to make 3 minute verbal comments per normal rules of public comments.
2. If numerous presentations or comments are submitted in the first hearing, it is possible the second hearing will be held 60 or more days following the first hearing (instead of 30 days) in order to give staff sufficient time to prepare responses.
3. Staff responses will be posted on the www.austinenergy.com website by noon on the Friday before the hearing.
4. The Commission will post supplemental rules regarding the amount of time a person may submit follow up comments during subsequent hearings once it is known how many commentators there are and the number of comments received.

AUSTIN ENERGY
FY 2010 BUDGET TO ACTUAL (Budget Based Statement)



Unaudited Results

\$ in Thousands

	December 2009 Year to Date Actual	December 2009 Year to Date Budget	Variance	Percent
<u>REVENUES</u>				
Service Area Base Revenue	\$ 132,202	\$ 132,145	\$ 57	0.0%
Bilateral & Ancillary Service Sales	2,780	7,925	(5,145)	-64.9%
Transmission Service Revenue	14,374	14,374	-	0.0%
Miscellaneous Revenue	10,890	10,798	92	0.9%
Interest Income	2,349	3,763	(1,414)	-37.6%
Total Operating Revenue Without Fuel Revenue	162,595	169,005	(6,410)	-3.8%
Fuel & Green Choice Revenue	80,854	112,833	(31,979)	-28.3%
Total Operating Revenue	243,449	281,838	(38,389)	-13.6%
Total Revenue	243,449	281,838	(38,389)	-13.6%
<u>OPERATING REQUIREMENTS</u>				
Fuel and Green Power Expense	82,456	112,274	29,818	26.6%
<u>Department O&M Without Fuel</u>				
Department O&M	44,673	55,149	10,476	19.0%
Transmission Service Expense	15,235	14,896	(339)	-2.3%
South Texas Project O&M	19,386	16,350	(3,036)	-18.6%
Fayette Power Project O&M	4,255	5,210	955	18.3%
Call Center	5,560	6,388	829	13.0%
Energy Conservation Rebates	3,334	2,054	(1,280)	-62.3%
Bad Debt Expense	906	774	(132)	-17.0%
Administrative Support Transfer	3,631	3,631	0	0.0%
Total Operating O&M Without Fuel	96,980	104,452	7,472	7.2%
Total Operating Requirements	179,436	216,726	37,290	17.2%
<u>DEBT SERVICE REQUIREMENTS</u>				
Revenue Bond	41,275	41,587	312	0.8%
Other Obligations	198	702	504	71.8%
Total Debt Service Requirements	41,473	42,289	816	1.9%
<u>TRANSFERS/USES OF COVERAGE</u>				
General Fund Transfer	25,250	25,250	0	0.0%
Electric CIP Transfer	14,928	14,928	0	0.0%
Total Transfers	40,178	40,178	0	0.0%
Total Requirements Without Encumbrances	261,087	299,193	38,106	12.7%
Total Encumbrances	14,149	14,149	0	0.0%
Total Requirements	275,236	313,342	38,106	12.2%
CHANGE TO BEGINNING BALANCE	\$ (31,787)	\$ (31,504)	\$ (283)	0.9%