



ELECTRIC UTILITY COMMISSION
REGULAR MEETING MINUTES – Approved 9/19/2011
AUGUST 15, 2011

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

1. **CALL TO ORDER** – Phillip Schmandt, Chair, called the meeting to order at 6:00 p.m.
Commissioners in attendance: Phillip Schmandt, Chair; Linda Shaw, Vice Chair; Gary ‘Bernie’ Bernfeld, Shudde Fath, Stephen Smaha, Steve Taylor, and Dr. Michael E. Webber.
Staff in attendance: Larry Weis, Cheryl Mele, Elaine Hart, J.J. Gutierrez, Jackie Sargent, Jeff Vice, Steve Leinweber, Jamie Mitchell, David Kutach, Rusty Maenius, Michael Osborne, Marnie Cervenka, Adrienne Brandt, Pat Alba, Fred Yebra, Lisa Tamez, Kerri Davis, Pat Sweeney, Drusilla Saenz, Chris Smith, Steve Machicek, and Christopher Frye of Austin Energy; and Rosemary Ledesma of the Purchasing Department.
2. **APPROVAL OF MINUTES** - Approve minutes of the July 18, 2011 regular meeting. **Motion to approve minutes by Commissioner Taylor, seconded by Commissioner Smaha, passed on a vote of 7-0.**
3. **CITIZEN COMMUNICATIONS** – Ashley Bailey representing CCARE spoke on Item 27 regarding the development of policy guidelines for the redesign of electric rates.

NEW BUSINESS – CONSENT ITEMS

4. Authorize negotiation of a power purchase agreement with MAP Royalty Inc., Palo Alto, CA, for a term of up to twenty-five years for up to 91 megawatts of wind-generated electricity in an estimated amount of \$13,000,000 per year, for an estimated total contract amount of \$325,000,000. **Motion to approve by Chair Schmandt, seconded by Commissioner Taylor, passed on a vote of 7-0.**
5. Authorize negotiation of a power purchase agreement with Duke Energy Generation Services, Houston, TX, for a term of up to twenty-five years for up to 200 megawatts of wind-generated electricity in an estimated amount of \$32,800,000 per year, for an estimated total contract amount of \$820,000,000. **Motion to approve by Chair Schmandt, seconded by Commissioner Taylor, passed on a vote of 7-0.**
6. Authorize a contract through the Texas Local Government Purchasing Cooperative (BuyBoard) with PHILPOTT MOTORS, LTD, Nederland, TX, for 32 light-duty pickup trucks (\$728,745). AE will purchase 17 Ford trucks under this contract: 6 new, 11 replacements, for \$398K. **Motion to approve on consent by Chair Schmandt, seconded by Commissioner Webber, passed on a vote of 7-0.**
7. Authorize a contract through the Texas Local Government Purchasing Cooperative (BuyBoard) with PHILPOTT MOTORS, LTD., Nederland, TX, for 38 medium-duty service vehicles (\$1,594,730). AE will purchase 9 Ford trucks: 3 new, 6 replacements, for \$483K. **Motion to approve on consent by Chair Schmandt, seconded by Commissioner Webber, passed on a vote of 7-0.**
8. Issue energy efficiency rebate to Round Rock ISD – Westwood High School (\$73,452). **Motion to approve on consent by Chair Schmandt, seconded by Commissioner Webber, passed on a vote of 7-0.**
9. Issue energy efficiency rebate to Data Foundry (Texas 1) (\$61,181). **Motion to approve on consent by Chair Schmandt, seconded by Commissioner Webber, passed on a vote of 7-0.**
10. Authorize execution of a power purchase agreement with MAP Royalty Inc., Palo Alto, CA, for a term of up to twenty-five years for up to 91 megawatts of wind-generated electricity in an estimated amount of \$13,000,000 per year, for an estimated total contract amount of

\$325,000,000. **The Commission requested this item be pulled from the agenda pending additional details.**

11. Authorize execution of a power purchase agreement with Duke Energy Generation Services, Houston, TX, for a term of up to twenty-five years for up to 200 megawatts of wind-generated electricity in an estimated amount of \$32,800,000 per year, for an estimated total contract amount of \$820,000,000. **The Commission requested this item be pulled from the agenda pending additional details.**
12. Execute a 24-month requirements service contract with FERCAM GROUP (MBE), Humble, TX, and TERRACON CONSULTANTS, INC., Austin, TX, or one of the other qualified responders to RFP DKC0025 for inspection, monitoring abatement planning and remediation of asbestos and lead-based paint at Austin Energy facilities (\$500,000 each and combined, with two 24-month extension options at \$500,000 each and combined, for total of \$1,500,000 each and combined). **Motion to approve on consent by Chair Schmandt, seconded by Commissioner Webber, passed on a vote of 7-0.**
13. Execute Amendment No. 2 to a contract with DIGITAL INSPECTIONS, Corvallis, OR, for the maintenance and support of CASCADE database software to exercise the second 12-month extension option (\$20,277), authorize award of the two remaining 12-month extension (\$20,277 per) and to add five additional 12-month extension options (\$20,277 per), for revised total of \$202,767. **Motion to approve on consent by Chair Schmandt, seconded by Commissioner Webber, passed on a vote of 7-0.**
14. Execute a 36-month requirements supply contract with BRUGG CABLES, LLC, Rome, GA, for the purchase of optical power ground wire cable (\$753,450, with three 12-month extension options at \$251,150 per, for total of \$1,506,900). **Motion to approve on consent by Chair Schmandt, seconded by Commissioner Webber, passed on a vote of 7-0.**
15. Execute a 12-month requirements service contract with KORTERRA INCORPORATED, Chanhassen, MN, for the purchase of Application Service Provider (ASP) hosting services for damage prevention services (\$50,000, with four 12-month extension options at \$50,000 per, for total of \$250,000). **Motion to approve on consent by Chair Schmandt, seconded by Commissioner Webber, passed on a vote of 7-0.**
16. Execute a 36-month requirements service and supply contract with EATON CORPORATION, Raleigh, NC, for the purchase of UPS batteries including an extended warranty and service agreement (\$135,890). **Motion to approve by Chair Schmandt, seconded by Commissioner Taylor, passed on a vote of 7-0.**
17. Execute Amendment No. 3 to a contract with T-C Barton Springs LLC, Austin, TX to increase the contract for the lease of office space located at 811 Barton Springs Road (\$390,000, for revised total of \$7,312,764). **Motion to approve on consent by Chair Schmandt, seconded by Commissioner Webber, passed on a vote of 7-0.**
18. Execute Amendment No. 6 to a requirements service contract with DOBLE ENGINEERING COMPANY, Watertown, MA for the lease of oil analysis equipment, software and consulting services to add an additional five 12-month extension options (\$59,238 per option, for revised total of \$568,782). **Motion to approve on consent by Chair Schmandt, seconded by Commissioner Webber, passed on a vote of 7-0.**
19. Execute Amendment No. 2 to a contract with CLARITAS INC., San Diego, CA for Customer Segmentation Data services to exercise the second 12-month extension option (\$18,995), with two additional 12-month extension options (\$18,995 per) and to add three additional 12-month extension options (\$18,995 per), for a revised total of \$170,955. **Motion to approve by Chair Schmandt, seconded by Commissioner Taylor, passed on a vote of 7-0.**

20. Execute a contract through the TEXAS MULTIPLE AWARD SCHEDULE (TXMAS) cooperative purchasing program with JOHNSON CONTROLS, Austin, TX, for the purchase and installation of two new high efficiency chillers, one at the Givens Recreation Center and the other at the Conley-Guerrero Recreation Center (\$141,135). **Motion to approve on consent by Chair Schmandt, seconded by Commissioner Webber, passed on a vote of 7-0.**
21. Execute Amendment No. 3 to a contract with the STATE of TEXAS DEPARTMENT OF INFORMATION RESOURCES (DIR), with Adjacent Technologies, Austin, TX, to increase the contract for software upgrade, implementation and to extend support services for the existing IBM FileNet software, including technical, training, and annual support and maintenance services for applications and software (\$920,000; and to add four 12-month extension options in an amount not to exceed \$962,000 for the third extension option, \$912,000 for the fourth extension option, \$908,200 for the fifth extension option and \$808,200 for the sixth extension option, for a total revised contract amount not to exceed \$6,440,400). **Motion to approve on consent by Chair Schmandt, seconded by Commissioner Webber, passed on a vote of 7-0.**
22. Execute a 12-month requirements service agreement with AM CONSERVATION GROUP, INC, Charleston, SC to purchase weatherization kits (\$393,710, with four 12-month extension options (\$265,710 per), for total of \$1,456,550). **Motion to approve by Chair Schmandt, seconded by Commissioner Taylor, passed on a vote of 7-0.**

STAFF REPORTS AND BRIEFINGS

23. Deferred Payment Arrangements and Disconnections Report by J.J. Gutierrez, Vice President, Customer Care.
24. Monthly Financial Report by Steve Machicek, Corporate Accounting and Rates
25. Presentation on and Approval of Austin Energy's Budget for FY2012. Presentation by Elaine Hart, Chief Operating Officer. **Motion by Chair Schmandt to recommend approval of Austin Energy's Proposed FY 2012 Budget subject to eliminating Austin Energy's funding of the Economic Growth & Redevelopment Services Office (EGRSO) and applying those funds to restore Austin Energy's energy efficiency programs to last year's levels and applying the remainder to Austin Energy's Repair and Replacement Fund. Seconded by Commissioner Smaha. Passed on a vote of 7-0.** The Commission will send a related resolution to Council conveying this recommendation.
26. Discussion of Austin Energy's Annual Performance Report. Presentation by Cheryl Mele, Chief Operating Officer. Chair Schmandt suggested that benchmarking of commercial and industrial bills be included in future reports. He also requested that suggestions submitted by CCARE be addressed at the September 19 meeting. The Commission welcomed public comments regarding the report. Carol Biedrzycki of Texas ROSE offered suggestions, including that the number of customers receiving assistance be reported.
27. Update on Austin Energy's rate redesign, with opportunity for citizen communications regarding Recommended Policy Guidelines – Presentation by Larry Weis, General Manager, and Mark Dreyfus, Director, Government Relations & Regulatory Affairs. Staff will make a final recommendation at the October 17, 2011 EUC meeting. In addition to the dates included on Slide 8 of the presentation, the Commission suggested the following additional deadlines and actions: September 12 – Deadline to submit questions or comments on residential rates; September 19 (EUC meeting) – Staff responds to questions and comments, public input; September 26 – Deadline on submitting comments and questions on commercial and industrial rates; October 3 (special-called meeting) – Staff responds, public input. The Commission agreed to a 5:00 p.m. start time for their meetings on September 19 and October 17 to conduct regular business prior to the Rate Review

discussion, which will begin at 6:00 p.m. The Commission welcomed public comments on this item. Lanetta Cooper of the Texas Legal Service Center, Carol Biedrzycki of Texas ROSE, and Tom “Smitty” Smith of Public Citizen distributed handouts and made suggestions.

28. Briefing on plans to execute additional long-term wind power purchase agreement – by Michael Osborne, Special Assistant to the General Manager. Mr. Osborne briefed the Commission on a proposed third PPA for approximately 200 MW of wind energy. Austin Energy will request that the EUC recommend approval of the contract at their September 19 meeting.

FUTURE AGENDA ITEMS

29. Request agenda items including information related to the Upcoming Procurements Report – No requests.
30. Announce special-called EUC meeting to be held September 1, 2011, 6:00 p.m., at Town Lake Center, 721 Barton Springs Road, to receive Rate Analysis and Recommendations Report.
31. **ADJOURN** – Chair Schmandt adjourned the meeting at 9:32 p.m. without objection.