



ELECTRIC UTILITY COMMISSION
REGULAR MEETING MINUTES – Approved 10-03-2011
SEPTEMBER 19, 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 5:00 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: Cheryl Mele, Elaine Hart, J.J. Gutierrez, Karl Rábago, Mark Dreyfus, Ann Little, David Wood, Kerry Overton, Alan Claypool, Alicia Loving, Scott Jarman, Beverly Bonevac, Pat Alba, Garry Durante, Elaine Kelly Diaz, Marnie Cervenka, Frank Richards, Jeff Vice, Stephen Leinweber, Chris Smith, Steve Machicek, Calvin Zanders, Drusilla Saenz, Rusty Maenius, Michael Osborne, Chris Smith, and Toye Goodson of Austin Energy; and Rosemary Ledesma of the Purchasing Department.
2. **APPROVAL OF MINUTES** - Approve minutes of the August 15, 2011 regular meeting and the September 1, 2011 special-called meeting. **Motion to approve minutes by Commissioner Fath, seconded by Vice Chair Shaw, passed on a vote of 7-0.**
3. **CITIZEN COMMUNICATIONS** – Scott Johnson spoke regarding air quality issues. Tom “Smitty” Smith and Cyrus Reed spoke regarding Item 4, the proposed contract for wind energy. Brandon Mathis spoke regarding Item 16, solar generation planning.

NEW BUSINESS – CONSENT ITEMS

4. Recommend authorization to execute a power purchase agreement with Iberdrola Renewables, Inc., for a term of up to twenty-five years for up to 200 megawatts of wind-generated electricity in an estimated amount of \$29,000,000 per year, for a total estimated contract amount of \$725,000,000. **Motion to approve by Chair Schmandt, seconded by Commissioner Smaha, passed on a vote of 7-0.**
5. Recommend issuance of a rebate to Dell Computers, Inc. for the installation of energy efficient equipment in an amount not to exceed \$122,403. **Motion to approve on consent by Chair Schmandt, seconded by Commissioner Bernfeld, passed on a vote of 7-0.**
6. Recommend authorization to award and execute a 36-month requirements supply contract with HANSON PIPE & PRECAST INC., Austin, TX for the purchase of concrete pullboxes and manhole covers and rings for Austin Energy in an estimated amount not to exceed \$93,675, with three 12-month extension options in an estimated amount not to exceed \$31,225 per extension option, for a total estimated contract amount not to exceed \$187,350. **Motion to approve on consent by Chair Schmandt, seconded by Commissioner Bernfeld, passed on a vote of 7-0.**
7. Recommend authorization to award and execute a contract with POWER SUPPLY, Austin, TX, for the purchase of station post insulators for Austin Energy in an amount not to exceed \$72,292. **Motion to approve on consent by Chair Schmandt, seconded by Commissioner Bernfeld, passed on a vote of 7-0.**
8. Recommend authorization to award and execute a 12-month requirements supply contract with JAE GROUP, INC., Austin, TX for the purchase of substation surface rock for Austin Energy in an estimated amount not to exceed \$190,976, with four 12-month extension options in an estimated amount not to exceed \$190,976 per extension option, for a total estimated contract amount not to exceed \$954,880. **Motion to approve on consent by Chair Schmandt, seconded by Commissioner Bernfeld, passed on a vote of 7-0.**

9. Recommend authorization to award and execute a 12-month requirements supply contract with EQUIPMENT DEPOT, PFLUGERVILLE, TX for the lease of forklifts for Austin Energy in an estimated amount not to exceed \$177,240, with three 12-month extension options in an estimated amount not to exceed \$177,240 per extension option, for a total estimated contract amount not to exceed \$708,960. **Motion to approve by Chair Schmandt, seconded by Commissioner Smaha, passed on a vote of 7-0.**
10. Recommend authorization to award and execute a 12-month requirements service agreement with ENTECH SALES AND SERVICE, INC., Buda, TX to provide corrective chiller repair services for Austin Energy in an estimated amount not to exceed \$28,500, with four 12-month extension options in an estimated amount not to exceed \$28,500 per extension option, for a total estimated contract amount not to exceed \$142,500.
11. Recommend authorization to award and execute Amendment No. 2 to a contract with OCCUPATIONAL HEALTH CENTERS OF THE SOUTHWEST PA dba CONCENTRA MEDICAL CENTERS, Round Rock, TX, to provide a medical surveillance program for Austin Energy to exercise the second 12-month option in an estimated amount not to exceed \$45,598, and authorize the final 12-month extension option in an estimated amount not to exceed \$45,598, for a revised contract amount not to exceed \$182,392. **Motion to approve on consent by Chair Schmandt, seconded by Commissioner Bernfeld, passed on a vote of 7-0.**
12. Recommend authorization to award, negotiate, and execute a 36-month requirements service contract with SUCCESSFACTORS (USA), San Mateo, CA for the purchase of an Application Service Provider (ASP) performance management hosted software subscription and software maintenance and support in an estimated amount not to exceed \$259,531 with two 12 - month extension options in an estimated amount not to exceed \$259,531 per extension option, for a total estimated contract amount not to exceed \$778,593. **Motion to approve on consent by Chair Schmandt, seconded by Commissioner Bernfeld, passed on a vote of 7-0.**
13. Recommend authorization to award and execute various supply and service contracts during the Fiscal Year 2011-2012 through the STATE OF TEXAS DEPARTMENT OF INFORMATION RESOURCES (DIR) cooperative purchasing program, Austin, TX, for the purchase of computer, telephone, and network hardware, and the related maintenance services in an estimated amount not to exceed \$27,643,524. *(AE's share is \$11,180,500.)* **Motion to approve by Chair Schmandt, seconded by Commissioner Smaha, passed on a vote of 7-0.**
14. Recommend authorization to award and execute various service contracts during the Fiscal Year 2011-2012 through the STATE OF TEXAS DEPARTMENT OF INFORMATION RESOURCES cooperative purchasing program, Austin, TX, for the purchase of technology services in an estimated amount not to exceed \$13,668,486. *(AE's share is \$6,702,000.)* **Motion to approve by Chair Schmandt, seconded by Commissioner Smaha, passed on a vote of 7-0.**
15. Recommend authorization to award and execute Authorize award and execution of various supply and service contracts during the Fiscal Year 2011-2012 through the STATE OF TEXAS DEPARTMENT OF INFORMATION RESOURCES cooperative purchasing program, Austin, TX, for the purchase of computer software and software maintenance and support in an estimated amount not to exceed \$13,613,472. *(AE's share is \$9,041,000.)* **Motion to approve by Chair Schmandt, seconded by Commissioner Smaha, passed on a vote of 7-0.**

STAFF REPORTS AND BRIEFINGS

16. Briefing on Austin Energy solar generation planning and City Council Resolution No. 20110804-027 by Michael Osborne, Special Assistant to the General Manager and Karl Rábago, Vice President, Distributed Energy Services. Chair Schmandt expressed concern that time constraints at the October 17 meeting would prevent them from discussing and providing input, as required in the resolution, prior to the November 2, 2011 deadline for Austin Energy to report back to City Council. Commissioners requested an update from staff prior to their November meeting. They requested that staff place emphasis on the bullets listed in the Resolution, that the report include a broader economic impact, and asked for more debate on a non-profit solar rebate. Chair Schmandt suggested that representatives from community solar and Foundation Communities provide input on this topic at the November 14 meeting.
17. Monthly Financial Report – a written report was provided due to time constraints.
18. Deferred Payment Arrangements and Disconnections Report – a written report was provided.
19. **FUTURE AGENDA ITEMS** – Chair Schmandt reiterated his request for additional discussion on solar generation planning at the November meeting.
20. **RECESS** – 5:57 p.m.

DISCUSSION OF RESIDENTIAL RATE RECOMMENDATIONS AND RATE OPTIONS – 6:02 p.m.

21. Citizen Communications – The following persons addressed the Commission on residential electric rates: Charles Cloutman, Johnny Limon, Consuelo Reveles, Mercy Lara, Leticia Reveles, Shirley Johnson, and Colin Clark.
22. Presentation of Residential Rate Recommendations and Rate Options by Austin Energy staff: Mark Dreyfus, Director, Regulatory & Government Affairs; Ann Little, Vice President, Finance & Corporate Services; Karl Rábago, Vice President, Distributed Energy Services; and J.J. Gutierrez, Vice President, Customer Care.
23. Presentations of formal comments by Citizen Panels regarding Residential Rates: Each panel made a 15-minute presentation followed by Q&A with Commissioners.
 - Panel 1: Revenue Requirement and Cost of Service as it Relates to Residential Rates – Lanetta Cooper, Texas Legal Services Center; and Joshua Houston and Bee Moorhead, Texas Impact.
 - Panel 2: Residential Rate Design – Mike Sloan, Virtus Energy; Tom “Smitty” Smith, Public Citizen Texas Office; and David Dollihite, CLEAResult.
 - Panel 3: Environmental Issues as they relate to Residential Rates – Trevor Lovell, Solar Austin; Karen Hadden, Sustainable Energy and Economic Development (SEED) Coalition; and Cyrus Reed, Lone Star Chapter Sierra Club.
 - Panel 4: Energy Efficiency and Residential Rates - Carol Biedrzycki, Texas Ratepayers’ Organization to Save Energy (ROSE); Tom “Smitty” Smith, Public Citizen Texas Office; David Clauss, YouthBuild – American YouthWorks; and Scott Johnson, Resource Conservation Contractor’s Association (RCCA).
 - Panel 5: Low-Income Customer Programs – Doris Williams, Concerned Residential Customer; Ruby Roa, Ladies of Charity; and Randall Chapman, Texas Legal Services Center.

At 8:45 p.m., the Commission called for a 10-minute recess. The meeting reconvened at 8:55 p.m.

24. Presentation by Independent Residential Rate Advisors – Gary Goble presented recommendations related to Austin Energy’s revenue requirements and Bob Wittmeyer presented recommendations on the overall rate structure.
25. Discussion and Q&A regarding Residential Rate Recommendations and Rate Options and discussion of the Decision Point List – Due to time constraints, Chair Schmandt proposed that Commissioners submit questions they may have regarding the Independent Residential Rate Advisors presentations or Austin Energy’s presentations via the ratereview@austinenergy.com email address. Commissioners agreed by consensus to proceed to the next agenda item.
26. Presentation regarding Austin Energy’s Revenue Requirements by Ann Little, Austin Energy.
27. Discussion and Q&A regarding Revenue Requirements and review of the Decision Point List – **Motion by Chair Schmandt to a) request that Austin Energy staff meet with Mr. Goble to review his recommendations on revenue requirements and submit to the Commission in writing prior to the next meeting a summary including points of agreement and disagreement between the two parties; and b) request that Karl Rábago and other Austin Energy staff, as necessary, meet with Mr. Wittmeyer to review time-of-use and solar issues and submit to the Commission in writing prior to the next meeting a summary including points of agreement and disagreement between the two parties. Motion seconded by Commissioner Fath, passed on a vote of 7-0.** Commissioner Day requested attendance at the meeting with Mr. Goble and Austin Energy staff.
28. Discussion of upcoming meetings and processes, including Citizen Panels and information requests from Commissioners – Chair Schmandt announced the deadline of September 23 to contact ratereview@austinenergy.com if interested in serving on a panel regarding commercial and industrial rates at the October 3 meeting. The EUC Working Group composed of Chair Schmandt and Commissioners Smaha and Day will provide the list of panelists, and their alignment and processes on September 27.

Commissioner Fath requested that Austin Energy post her entire information request dated September 6, 2011.

29. Adjourn – Chair Schmandt adjourned the meeting at 9:58 p.m. without objection.