



**AUSTIN CITY COUNCIL  
MINUTES**

**AUSTIN ENERGY WORK SESSION  
MONDAY, APRIL 30, 2012**

The City Council of Austin, Texas convened in an Austin Energy Work Session on Monday, April 30, 2012, City Hall at 301 W. Second Street, Austin, Texas.

Mayor Pro Tem Cole called the meeting to order at 9:08 a.m.

The presentation was done by Larry Weis, General Manager, Ann Little, Vice President of Finance and Corporate Services, and Mark Dreyfus, Director Regulatory and Government Affairs, Austin Energy, and Andy Perry, Attorney, Law Department. Council reviewed the decisions that have been made to date.

1. Discussion regarding rates for specific customer classes, including faith-based, community, and not-for-profit organizations, school districts, industrial users, and out-of-city ratepayers; rate design for distributed solar and energy efficiency goals; and the design and scope of low-income customer assistance programs.  
**See item 4 for action on the design and scope of low-income customer assistance programs.**
2. Discussion regarding Austin Energy's 2011 audited finances, off-system wholesale power sales in the nodal market, connection and disconnection fees, and Austin Energy revenue requirements not addressed in prior work sessions.  
**There was no discussion on this item.**
3. Discussion regarding fixed charges and alternatives, revenue regulation, inverted block rate structures, bundled rate plans for low-use customers, and the components and calculation methodology for the fuel charge.  
**The discussion was held but no action was taken.**
4. Discussion and possible action to give preliminary direction to the City Manager regarding prior work session topics: financial policies governing debt service coverage ratio, capital projects debt-to-equity ratio, reserve funds, and interim revenue options; general fund transfer levels and calculation methodology, other transfers, and payments for shared services; distributed generation and energy efficiency goals, and the design and funding of low-income electric customer assistance programs; budget reduction options, line extension and new service policies, and revenue regulation and decoupling; and cost-of-service methodologies for allocating costs among customer classes in setting Austin Energy electric rates.  
**There was a motion made by Mayor Pro Tem Cole and seconded by Mayor Leffingwell to reconsider the vote taken at the April 17, 2012 meeting concerning alternatives for removing the rate stabilization reserve. Mayor Pro Tem Cole withdrew her motion.**

Direction was given to staff to add time at the work session to discuss the allocation of funds to departments like EGRSO and the Sustainability Office when staff has the information ready.

Staff was directed to prepare a chart showing 100% of production demand costs allocated for 4 CP, 1 NCP, 12 CP, and 1 CP and 100% energy charge allocated the same way.

Staff was asked to show calculations using smaller customer charge and the offsetting changes in the electric delivery charge to recover fixed costs.

The following motion was approved on Council Member Tovo's motion, Council Member Spelman's second on a 6-0 vote. Council Member Martinez was absent. The motion was to give staff direction to expand the Austin Energy customer eligibility program to include citizens who are currently enrolled in the Supplemental Nutrition Assistance Program (SNAP), Telephone Lifeline and CHIP in addition to those already covered under the program. The motion includes development of an automatic enrollment program and to include adjustments to the assistance program in the annual budget to reflect the numbers of citizens needing assistance.

Staff was directed to change the posting language on future Austin Energy work session to allow Council to take action on items rather than giving preliminary direction to the City Manager.

Carol Biedrzycki, Executive Director, Texas Ratepayers' Organization to Save Energy (Rose), and Thomas Brocato, Lloyd Gosselink Rochelle & Townsend, P.C., were available to answer Council's questions.

5. Discuss participation by the independent consumer advocate, Paul Chernick of Resource Insight, Inc., in future Austin Energy rate work sessions, and authorize the City Manager to negotiate and execute an agreement with Resource Insight, Inc., to provide participation through the end of the City Council rate review process in an amount not to exceed \$70,000.

The following motion was approved on Council Member Morrison's motion, Council Member Spelman's second on a 5-0 vote. Mayor Leffingwell was off the dais and Council Member Martinez was absent. The motion was to pay Mr. Chernick's current invoices, after normal review and processing by staff, for services rendered to date and to pay for future services at his normal rate up to an amount not to exceed \$20,000 for services to Council Members, upper management and up to ten additional hours for consumer advocates. This includes participating in work sessions on the phone. Staff was directed to include in the renewal contract that the amount can not be exceeded without prior Council approval.

6. Discussion and possible action regarding amendments to the rate work session schedule and topics. There was no discussion on this item.

Mayor Pro Tem Cole adjourned the Work Session at 12:17 p.m. without objection.

The minutes for the Austin Energy work session of April 30, 2012 were approved on this the 24th day of May 2012 on Council Member Morrison's motion, Council Member Spelman's second on a 7-0 vote