



AUSTIN CITY COUNCIL  
MINUTES

WORK SESSION MEETING  
TUESDAY, MAY, 29, 2012

The City Council of Austin, Texas convened in a Work Session on Tuesday, May, 29, 2012, City Hall at 301 W. Second Street, Austin, Texas.

Mayor Leffingwell called the meeting to order at 1:34 p.m.

Larry Weiss, General Manager, Mark Dreyfus, Director of Regulatory and Government Affairs, and Ann Little, Senior Vice President of Finance and Corporate Services, Austin Energy, were present to answer Council’s questions.

1. Discussion regarding the City Auditor’s report on Austin Energy’s proposed revenue requirements.  
There was no discussion on this item.
2. Discussion of departmental conditions including horizon issues, unmet needs, key performance data and financial forecast for Austin Energy.  
There was no discussion on this item.
3. Discussion and possible action to make preliminary determinations and give direction to the City Manager regarding the following matters: financial policies governing debt service coverage ratio; capital projects debt-to-equity funding ratios; reserve fund policies; interim revenue options; general fund transfer levels and calculation methodology, other transfers, and payments for shared services; distributed generation and energy efficiency goals; the design and funding of low income customer assistance programs; budget reduction options; line extension and new service charges; revenue regulation and decoupling; cost-of-service methodologies for allocating costs among customer classes; 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; allocation of off-system wholesale power sale revenues; connection and disconnection fees; other Austin Energy revenue requirements not addressed in prior work sessions; fixed charges and alternatives; inverted block rate structures; bundled rate plans for low-use customers; the components and calculation methodology for the fuel charge; phasing options for the implementation of rate increases; potential rate impacts from Generation Plan updates; the total utility revenue requirement to be recovered through the revised rates; and the rate design and structure to be brought back to Council for final consideration and action.

**Residential Rates** – The motion to direct staff to include the moderate tier rates in the final rate proposal, as recommended by staff, was approved on Mayor Pro Tem Cole’s motion, Council Member Spelman’s second on a 7-0 vote.

**Out of City Customers** – The motion to not provide a discount to out of City ratepayers as part of the final rate proposal was approved on Council Member Tovo’s motion, Council Member Martinez’ second on a 7-0 vote.

4. Discussion and possible action to schedule additional rate work sessions and Council meeting dates for further discussion and action on Austin Energy rates.  
There was no discussion on this item.

**Mayor Leffingwell adjourned the meeting at 3:15 p.m. without objection.**

**The minutes for the Austin Energy work session of May 29, 2012 were approved on this the 14th day of June 2012 on Mayor Pro Tem Cole's motion, Council Member Spelman's second on a 7-0 vote.**