



ELECTRIC UTILITY COMMISSION
REGULAR MEETING MINUTES – Approved September 17, 2012
AUGUST 20, 2012

The Electric Utility Commission (EUC) convened in a special-called meeting 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 6:03 p.m.
Commissioners in attendance: Phillip Schmandt, Chair; Linda Shaw, Vice Chair; Gary ‘Bernie’ Bernfeld, Shudde Fath and Steve Smaha. Dr. Michael Webber was absent. (There is one vacancy on the Commission.)
Staff in attendance: Larry Weis, Ann Little, Mark Dreyfus, David Wood, Fred Yebra, Pat Alba, Jeff Vice, Michael Osborne, Sonny Poole, Scott Jarman, Adrienne Brandt, David Kutach, Pat Sweeney, Cathy Foster, Tim Harvey, Stephen Leinweber, Patricia Alofsin and Toye Goodson Collins of Austin Energy; and Rosemary Ledesma of the Purchasing Department.
2. **APPROVAL OF MINUTES** – **Motion to approve minutes of the July 23, 2012 special-called meeting, as corrected, by Commissioner Bernfeld, seconded by Commissioner Fath, passed on a vote of 5-0.** The correction is as follows: page 5, Item 25, fifth sentence: “~~She~~ Chair Schmandt drafted a resolution recommending...”
3. **CITIZEN COMMUNICATIONS: GENERAL** – None at this time.

NEW BUSINESS – CONSENT ITEMS

Items 5, 7, 9 and 13 were pulled from the Consent Agenda for discussion.

4. Authorize award and execution of a contract through the Texas Multiple Award Schedule (TXMAS) with ALTEC INDUSTRIES, INC. for the purchase of a track mounted backyard aerial unit in an amount not to exceed \$113,698. **Motion to approve on consent by Chair Schmandt, seconded by Commissioner Smaha, passed on a vote of 5-0.**
5. Authorize award and execution of a contract with SAUBER MFG. CO. for the purchase of a cable reel trailer in an amount not to exceed \$56,000. **Motion to approve by Chair Schmandt, seconded by Commissioner Smaha, passed on a vote of 5-0.**
6. Authorize award, negotiation, and execution of a contract with GE ENERGY CONTROL SOLUTIONS, INC. for the purchase of an upgraded control system for Austin Energy’s Sand Hill Energy Center Unit 5 turbine and generator in an estimated amount not to exceed \$274,619 and maintenance and support services for 60 months in an estimated amount not to exceed \$92,633, for a total estimated contract amount not to exceed \$367,252. **Motion to approve on consent by Chair Schmandt, seconded by Commissioner Smaha, passed on a vote of 5-0.**
7. Approve a resolution authorizing the filing of eminent domain proceedings for the construction of the 138 kV Gilleland to Techridge Transmission Line Project to acquire a 7.46 acre electric easement out of the William Caldwell Survey Number 66, Abstract Number 162, Travis County, Texas in the amount of \$152,931.00. The owner of the needed property interest is Travis County. **Motion to approve by Chair Schmandt, seconded by Commissioner Smaha, passed on a vote of 5-0.**

8. Authorize award and execution of four 24-month requirements supply agreements for the purchase of transmission insulators and insulator hardware for Austin Energy with KBS ELECTRICAL DISTRIBUTORS INC. in an estimated amount not to exceed \$205,762, with two 12-month extension options in an estimated amount not to exceed \$102,881 per extension option, for a total estimated contract amount not to exceed \$411,524; TECHLINE INC. in an estimated amount not to exceed \$179,780, with two 12-month extension options in an estimated amount not to exceed \$89,890 per extension option for a total estimated contract amount not to exceed \$359,560; POWER SUPPLY in an estimated amount not to exceed \$119,758, with two 12-month extension options in an estimated amount not to exceed \$59,879 per extension option, for a total estimated contract amount not to exceed \$239,516; and PRIESTER-MELL NICHOLSON INC. in an estimated amount not to exceed \$26,248, with two 12-month extension options in an estimated amount not to exceed \$13,124 per extension option, for a total estimated contract amount not to exceed \$52,496. For a total estimated amount not to exceed \$265,774 each and combined. **Motion to approve on consent by Chair Schmandt, seconded by Commissioner Smaha, passed on a vote of 5-0.**
9. Approve ratification of a contract with Lucidity Consulting Group LP., to assist in the configuration, testing and implementation of a new utility rate change to the City's newly deployed Customer Care and Billing System in an estimated amount not to exceed \$400,000. **Motion to approve by Chair Schmandt, seconded by Commissioner Smaha, passed on a vote of 4-0-1. Commissioner Fath abstained and read the following statement: "This proposed \$400,000, and many other costs and troubles, could have been avoided by delaying the complex new rate structure to the summer of 2013 and passing a simple 7% across-the-board rate increase this year on June 7."**
10. Approve a one-year membership in the TEXAS PUBLIC POWER ASSOCIATION, Austin, Texas, the nonprofit, non-partisan, service organization for the state's community-owned electric utilities including Austin Energy, in an amount not to exceed \$68,687. **Motion to approve on consent by Chair Schmandt, seconded by Commissioner Smaha, passed on a vote of 5-0.**
11. Approve the issuance of a Letter of Intent for a Performance Based Incentive to Abercorn International School for the generation of solar energy at their facility located at 601 Ranch Road 620 South, Lakeway, Texas 78734, for an estimated \$20,400 per year with the total amount not to exceed \$234,500 over the 10-year agreement. **Motion to approve on consent by Chair Schmandt, seconded by Commissioner Smaha, passed on a vote of 5-0.**
12. Approve the issuance of a Letter of Intent for a Performance Based Incentive to Caddo Minerals for the generation of solar energy at their facility located at 2714 Bee Cave Road, Austin, Texas 78746, for an estimated \$10,700 per year with the total amount not to exceed \$122,400 over the 10-year agreement. **Motion to approve on consent by Chair Schmandt, seconded by Commissioner Smaha, passed on a vote of 5-0.**
13. Approve the issuance of a Letter of Intent for a Performance Based Incentive to Circuit of the Americas for the generation of solar energy at their facility located at 9201 Circuit of the Americas Blvd., Austin, Texas 78617, for an estimated \$49,300 per year with the total amount not to exceed \$566,200 over the 10-year agreement. **Motion to approve by Chair Schmandt, seconded by Commissioner Smaha, passed on a vote of 5-0.**

14. Approve the issuance of a Letter of Intent for a Performance Based Incentive to Holt Cat for the generation of solar energy at their facility located at 9601 S. Interstate 35, Austin, Texas 78744, for an estimated \$45,500 per year with the total amount not to exceed \$522,700 over the 10-year agreement. **Motion to approve on consent by Chair Schmandt, seconded by Commissioner Smaha, passed on a vote of 5-0.**
15. Approve the issuance of a Letter of Intent for a Performance Based Incentive to Tarrytown Pharmacy for the generation of solar energy at their facility located at 2727 Exposition Blvd. Ste 105, Austin, Texas 78703, for an estimated \$5,900 per year with the total amount not to exceed \$67,600 over the 10-year agreement. **Motion to approve on consent by Chair Schmandt, seconded by Commissioner Smaha, passed on a vote of 5-0.**

BRIEFING AND REPORTS (Item 17 was moved up in consideration of the presenter.)

17. System Dispatch Briefing by Kenneth Ragsdale of ERCOT

3. **CITIZEN COMMUNICATIONS** – A speaker not present at the beginning of the meeting requested to address the Commission. Ms. Una Markel Rojas, Austin Energy customer, voiced concern that electric infrastructure near her home was unsafe. Austin Energy staff offered to investigate.

OLD BUSINESS

16. Discussion and Possible Action regarding Austin Energy's Proposed FY 2013 Budget – Ann Little, CFO, and David Kutach, Director of Budget & Planning, reviewed and answered questions on the proposed budget. Commissioner Bernfeld asked about funds for meter related projects and requested more information about meeting MWBE participation goals for construction contracts. Chair Schmandt requested more information about funding for multi-family rebates in relation to the ECAD Ordinance. He requested that future budget pages include more meaningful benchmarking for performance measures such as dollars per kW. Chair Schmandt expressed concern about increasing the solar program from 1.3 to 4MW savings. General Manager Larry Weis suggested a more in-depth discussion of the solar program at a future meeting.

Chair Schmandt invited speakers on this item. Tom "Smitty" Smith of Public Citizen urged increased funding of the solar program to \$10 million based on a recommendation by the Austin Local Solar Advisory Committee.

Chair Schmandt distributed a draft resolution for review by Commissioners. He read aloud the resolution and the following changes were made on the dais:

"Whereas, since at least 2007 the EUC has annually recommended that ratepayers not be required to fund the Economic Growth and Redevelopment Services Office (EGRSO), particularly if Austin Energy is unable to control the spending of money it contributes to that office; Whereas, Austin Energy's transfer to EGRSO has grown from \$4.2 Million in 2001 to \$8.5 Million in 2009; to \$9.8 Million in 2010 – 2011 and is projected to be \$11.4 Million in 2012-2013; Whereas, the City Manager has instructed Staff to include 100% funding of EGRSO within Austin Energy's proposed budget without seeking or allowing input from the public; Whereas, Austin Energy has taken great strides in increasing transparency in decision making in the last several years; Whereas, requiring ~~the EUC~~ Austin Energy to fund a City department that is not controlled by Austin Energy does not promote transparency and does not promote Austin Energy's mission to "deliver clean,

affordable, reliable energy and customer service”; Whereas, Austin Energy’s Repair and Replacement Fund has been reduced to zero contrary to prudent management as reflected in the City’s Financial Policies; Whereas, Austin Energy was required to transfer \$25 Million from its Strategic Reserve Fund in 2011-2012 to overcome operating deficits, and projects to transfer an additional \$10 Million from the Strategic Reserve Fund in 2012-2013 for the same reason; Resolved, that the proposed 2012–2013 budget for Austin Energy is not approved unless the approximately \$11.4 million allocated for EGRSO be deleted and those monies be spent on either replenishing the Repair and Replacement Fund or the Strategic Reserve Fund.”

Motion to adopt the resolution by Chair Schmandt, seconded by Commissioner Fath, passed on a vote of 5-0.

19. Discussion and Possible Action regarding solar generation planning – Michael Osborne, Special Assistant to the General Manager, reported meeting with representatives of CommunitySun and that staff continued to work on details of the pilot program and tariff. He suggested continuation of the discussion at next month’s meeting.

BRIEFING AND REPORTS (continued)

18. Monthly Financial Report by Ann Little, Chief Financial Officer, and Cathy Foster, Interim Director of Finance. Ms. Little introduced Ms. Foster who will present Financial Reports at future meetings. As previously requested by Commissioners, they also reviewed the most recent quarterly balance sheet.

OLD BUSINESS (continued)

20. Discussion and Possible Action regarding Resolution 20120607-038 directing the study and evaluation of governance models for publicly-owned utilities – Commissioner Smaha provided an update from the EUC Working Group formed to study the issue. They interviewed several former General Managers of Austin Energy and one from CPS Energy on issues related to independent boards including composition and qualifications. The Working Group plans to talk to current and past City Managers and other parties who have expressed interest in the governance issue. Commissioner Smaha said they are on track to receive a related report by Bob Kahn, a consultant on contract with the City Manager’s Office. The Working Group will produce a report to be presented to the full Commission at the October meeting, then to City Council members prior to the October 31 deadline. The Working Group consists of Chair Schmandt, Vice Chair Shaw and Commissioner Smaha.

FUTURE AGENDA ITEMS

21. Request items including information related to the Upcoming Procurements Report – Commissioner Bernfeld asked for a report on customer access to meter data so customers have the ability to better manage load. Commissioners and staff briefly discussed upcoming reports on Fayette and the solar program.
22. **ADJOURN** – Chair Schmandt adjourned the meeting at 8:28 p.m. without objection.