



ELECTRIC UTILITY COMMISSION
REGULAR MEETING MINUTES – Approved October 29, 2012
OCTOBER 15, 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 6:00 p.m.
Commissioners in attendance: Phillip Schmandt, Chair; Linda Shaw, Vice Chair; Gary ‘Bernie’ Bernfeld, Shudde Fath, Karen Hadden, and Steve Smaha. Dr. Michael Webber was absent.
Staff in attendance: Cheryl Mele, Dan Smith, Mark Dreyfus, Michael Osborne, Pat Alba, Fred Yebra, Pat Sweeney, Jeff Vice, Scott Jarman, Sonny Poole, Laura Lee Franks, Leslie Libby, Jaime Gomez, Jill Maness, Drusilla Saenz, Sylvain Lacasse, Cathy Foster, Tim Harvey and Toye Goodson Collins of Austin Energy; Yolanda Miller of the Purchasing Department; and Rolando Fernandez of the Contract Management Department.
2. **APPROVAL OF MINUTES – Motion to approve minutes of the September 17, 2012 meeting by Commissioner Bernfeld, seconded by Commissioner Smaha, passed on a vote of 6-0.**
3. **CITIZEN COMMUNICATIONS**
Paul Robbins cautioned against changing the governance structure of the utility.

NEW BUSINESS – CONSENT

Chair Schmandt announced corrections to Items 5, 12 and 13 shown below.

Scott Johnson was granted a late request to speak on Item 16, funding for the Clean Air Force. He said Council is expecting a staff recommendation next month on improving the City’s Air Quality Program, which will require funding, and this action is not related to the generation, transmission, or distribution of electricity or energy efficiency.

Items 4, 6, 7, 8, 9, 10, 12, 13 and 16 were pulled from the Consent Agenda for discussion.

4. Approve issuance of a rebate to Mira Vista-PCF, Ltd. for performing comprehensive energy efficiency upgrades at Mira Vista Apartments in an amount not to exceed \$200,000. **Motion to approve by Chair Schmandt, seconded by Commissioner Smaha, passed on a vote of 6-0.**
5. Authorize award, negotiation, and execution of a 24-month requirements supply contract with SIEMENS ENERGY, INC., or the other qualified offeror to RFP No. GAL0007, for the purchase of 145kV dead tank circuit breakers for use at Austin Energy substations in an estimated amount not to exceed ~~\$2,593,592~~ \$2,593,952, with three 12-month extension options in an estimated amount not to exceed \$1,296,976 per extension option, for a total estimated contract amount not to exceed \$6,484,880. **Motion to approve on consent by Chair Schmandt, seconded by Commissioner Smaha, passed on a vote of 6-0.**
6. Authorize award and execution of a supply contract for the purchase of dual socket meter adapters for Austin Energy with TEXAS METER & DEVICE COMPANY, LLC. in an amount not to exceed \$106,986, or the following qualified bidder, consistent with local preference law, KBS ELECTRICAL DISTRIBUTORS, INC. in an amount not-to-exceed

\$109,718. Motion to approve by Chair Schmandt, seconded by Commissioner Smaha, passed on a vote of 6-0.

7. Authorize award, negotiation, and execution of a contract with BARON USA, INC. for the purchase of the refurbishment and upgrade of an oil processor for Austin Energy substation equipment in an estimated amount not to exceed \$185,000. **Motion to approve by Chair Schmandt, seconded by Commissioner Smaha, passed on a vote of 6-0.**
8. Authorize award, negotiation, and execution of a 24-month requirements supply contract with CONTROL PANELS USA, INC., or the other qualified offeror to RFP No. GAL0008, for the purchase of relay panels for use at Austin Energy substations in an estimated amount not to exceed \$2,524,254, with three 12-month extension options in an estimated amount not to exceed \$1,262,127 per extension option, for a total estimated contract amount not to exceed \$6,310,635. **Motion to approve by Chair Schmandt, seconded by Commissioner Smaha, passed on a vote of 6-0.**
9. Approve a resolution authorizing the filing of eminent domain proceedings for the construction of the 345 kV Austrop to Dunlap Transmission Line Project to acquire a 3.662 acre electric easement out of the James Gilleland Survey No. 13, Travis County, Texas in the amount of \$39,453. The owners of the needed property interest are Fannie Ruth Salyer, et al; Sylvia Gay Meyer; and Don Allen Salyer. The general route of the project runs west from the Austrop Substation located on Blake-Manor Road to the Dunlap Substation under construction east of Taylor Lane. The easements being acquired run along and parallel to the south side of an existing City of Austin electric transmission easement. **Motion to approve by Chair Schmandt, seconded by Commissioner Smaha, passed on a vote of 6-0.**
10. Approve a resolution authorizing the filing of eminent domain proceedings for the construction of the 345 kV Austrop to Dunlap Transmission Line Project to acquire a 4.433 acre electric easement out of the James Gilleland Survey No. 13, Abstract No. 12, Travis County, Texas, in the amount of \$65,856. The owner of the needed property interest is Club Deal 120 Whisper Valley, LP. The general route of the project runs west from the Austrop Substation located on Blake-Manor Road to the Dunlap Substation that is under construction east of Taylor Lane. The easements being acquired run along and parallel to the south side of an existing City of Austin electric transmission easement. **Motion to approve by Chair Schmandt, seconded by Commissioner Smaha, passed on a vote of 6-0.**
11. Authorize award and execution of a 12-month service agreement with LONGHORN INTERNATIONAL TRUCKS LTD., Austin, TX, for the lease of a heavy duty hauling truck in an estimated amount not to exceed \$30,220, with two 12-month extension options in an estimated amount not to exceed \$30,220 per extension option, for an total estimated contract amount not to exceed \$90,660. **Motion to approve on consent by Chair Schmandt, seconded by Commissioner Smaha, passed on a vote of 6-0.**
12. Authorize award and execution of five contracts for the purchase, delivery and installation of furniture for Austin Energy's new System Control Center with INDOFF, INC., in an amount not to exceed \$49,806; GREENLINE DATA, INC., in an amount not to exceed \$24,622; ~~3MN~~ 3MB INTERIOR PLUS in an amount not to exceed \$9,240; AUSTIN BUSINESS FURNITURE in an amount not to exceed \$8,072 and SOUTHWEST SOLUTIONS GROUP in an amount not to exceed \$7,390, for a total amount not to exceed \$99,130; or Authorize award and execution of three contracts for the purchase, delivery and installation of furniture

for Austin Energy's new System Control Center, with INDOFF, INC. in an amount not to exceed \$49,806, ~~3MN~~ 3MB INTERIOR PLUS in an amount not to exceed \$6,840, AUSTIN BUSINESS FURNITURE in an amount not to exceed \$8,072, and the following qualified bidder, consistent with local preference law, INDOFF, INC., in the amount of \$34,543 (for Items 4, 7, and 12 listed in the body of the RCA), for a total amount not to exceed \$99,262. **Motion to approve by Chair Schmandt, seconded by Commissioner Smaha, passed on a vote of 6-0.**

13. Authorize additional funding in the amount of \$700,000 Owner contingency for a total contract amount not to exceed ~~\$61,933,249.34~~ \$62,636,710 for all remaining construction phase services to the Contract Manager at Risk Agreement with DPR Construction, Inc., Austin, TX, for the Austin Energy System Control Center project. **Motion to approve by Chair Schmandt, seconded by Commissioner Smaha, passed on a vote of 6-0.**
14. Authorize award, negotiation and execution of a 12-month requirements supply and service contract with LCG CONSULTING for the purchase of an UPLAN software license and support services for Austin Energy in an estimated amount not to exceed \$178,000, with four 12-month extension options in an estimated amount not to exceed \$178,000 per option, for a total estimated contract amount not to exceed \$890,000. **Motion to approve on consent by Chair Schmandt, seconded by Commissioner Smaha, passed on a vote of 6-0.**
15. Authorize award and execution of a seven-month requirements supply contract through the Texas Local Government Purchasing Cooperative (BuyBoard) with STAPLES CONTRACT AND COMMERCIAL, INC., for the purchase of office supplies in an amount not to exceed \$1,516,667. (Note: This contract is shared among City departments; AE's estimated share is \$177,905.) **Motion to approve on consent by Chair Schmandt, seconded by Commissioner Smaha, passed on a vote of 6-0.**
16. Authorize award, negotiation, and execution of a 12-month Professional Service Agreement for calendar year 2013 with CLEAN AIR FORCE, for a one-year membership in an amount not to exceed \$10,000 and to provide funding for the City's involvement in clean air programs for 2013 in an amount not to exceed \$80,000, for a total agreement amount not to exceed \$90,000. **The following motion by Commissioner Fath and seconded by Commissioner Smaha passed on a vote of 4-2 with Chair Schmandt and Commissioner Hadden voting no:** "I move the EUC recommend the Council does not take \$90,000 from Austin Energy to fund the Clean Air Force because Austin Energy has no special responsibilities for air quality in Travis County and the four surrounding counties; in contrast the Climate Protection Program under the Chief Sustainability Office as well as the Council's own \$5 million Sustainability Fund both include air quality in their mandates."

NON-CONSENT

NEW BUSINESS

17. Discussion and Possible Action regarding replacing or retiring coal-fired power production – Cheryl Mele, Chief Operating Officer, addressed questions regarding the related report requested by Commissioners. **The following motion by Commissioner Bernfeld failed due to the lack of a second:** "I move the adoption of the following resolution: Resolved, That...Whereas, the Austin City Council in Resolution No. 20111006-059 called upon Austin Energy (AE) to address (amongst other things) the feasibility of selling the City's

share of the Fayette Power Plant (FPP) to LCRA or a third party; and, the feasibility of “mothballing” the City’s share of FPP and stated that the analysis should discuss (amongst other things) “the carbon reduction effects and value upon closure”; and Whereas the Generation Plan unanimously adopted by City Council in April 2010 included a goal for reducing generation portfolio CO2 emissions to 20% below 2005 levels by 2020; and Whereas, AE in their September 17th report to the EUC stated that the FPP represents approximately 75% of annual CO2 emissions; and Whereas selling the FPP will only remove the plant from AE’s portfolio accounting, thereby making the “reduction of emissions” a bookkeeping entry only as the plant will still operate under different ownership; this will continue to place the same level of CO2 into Austin’s air, completely defeating the intent of the city directive; Now Therefore, Be it resolved that before the EUC can provide a final recommendation to the Austin City Council regarding the disposition of the FPP a motion is made to direct AE to provide the following information to the EUC preferably by the November meeting and no later than the December meeting in 2012: 1. AE’s Generation Plan presentation to the EUC on September 17, 2012 stated that “the joint ownership of the units and the Fayette Participation Agreement does not allow AE to unilaterally retire or mothball its share of the facility”. It is requested that AE reach out to the LCRA as was previously suggested by the commission to see if they might be planning a retirement of their half of the FPP, which could then change the dynamics of the discussion; 2. Determine any implications and potential legal authority that ERCOT may be able to exercise over the retiring of the plant as compared to CPS retiring the JT Deely Plant, while also under the auspices of ERCOT. 3. Present a financial snapshot comparing the sale (with anticipated price and net return) with the remaining depreciation of the FPP in AE’s books and how each would impact the bottom line for AE. 4. Present an anticipation of how long it would take to replace FPP’s contribution to AE’s portfolio with a hybrid of gas and renewables based on expected RFP’s yet to be solicited, while keeping rates within the 2% cap as confirmed by City Council. Be it further resolved that once this information is received and reviewed (in a closed meeting if necessary) by the EUC, then a more informed and appropriate decision can be delivered immediately thereafter to the Austin City Council.”

The following motion by Chair Schmandt and seconded by Commissioner Smaha failed on a vote of 2-1-3 with Chair Schmandt and Commissioner Smaha voting yes, Commissioner Bernfeld voting no and Vice Chair Shaw and Commissioners Fath and Hadden abstaining: “Resolved, That the EUC recommends Austin Energy pursue the sale of its interest in the Fayette Power Project in the manner described in staff’s memo of September 17, 2012, provided that: 1. The sale should be conducted by means of an RFP that incentivizes bidders to retire an existing coal generation permit or facility as part of the total package of compensation paid; and 2. Austin Energy should not plan to replace the electricity generated by Fayette with just natural gas, but should also consider hybrid or renewable sources, in a manner that does not cause Austin Energy to deviate from the affordability goals set by the City Council.”

OLD BUSINESS

18. Discussion and Possible Action regarding Resolution 20120607-038 directing the study and evaluation of governance models for publicly-owned utilities – Chair Schmandt thanked Vice Chair Shaw and Commissioner Smaha, his colleagues on the Working Group formed to research governance issues, for conducting interviews of former General Managers and other

public figures, and for drafting recommendations. Commissioners reviewed and edited the recommendations document. Commissioner Smaha said the Working Group had two additional interviews to conduct before finalizing their report. Commissioner Hadden urged the Working Group to interview Maria Berriozabal, a former San Antonio City Council member and current community activist. The Commission decided to hold a special-called meeting on October 29 to finalize their recommendations which, in accordance with the related Council resolution, are due to City Council members by October 31, 2012.

19. Discussion on the relocation of Law Department staff – Chair Schmandt requested a six-month update following the relocation of attorneys from Town Lake Center to City Hall. Ms. Mele reported that the utility continues to receive the service it needs from the Law Department.

BRIEFINGS AND REPORTS

20. Update on solar generation planning by Michael Osborne, Special Assistant to the General Manager; Fred Yebra, Interim Vice President for Distributed Energy Services; and Leslie Libby, Manager of the Solar Program.
21. Update on the Austin Local Solar Advisory Committee by Commissioner Bernfeld.
22. Monthly Financial Report by Cathy Foster, Interim Director of Finance.

FUTURE AGENDA ITEMS

23. Request items including information related to the Upcoming Procurements Report – Chair Schmandt requested information and a discussion on installing additional NOx controls at the Decker power plant and issues related to nonattainment.

ELECTION OF OFFICERS

24. Election of Chair and Vice Chair – Chair Schmandt requested nominations for Chair. Commissioner Fath nominated Commissioner Bernfeld. Chair Schmandt nominated Commissioner Smaha. Commissioner Bernfeld received four votes and Commissioner Smaha received two votes. Chair Schmandt requested nominations for Vice Chair. Commissioner Fath nominated Commissioner Smaha, who rejected the nomination. She then nominated Commissioner Hadden who was unanimously elected. Commissioner Bernfeld's term as Chair and Commissioner Hadden's term as Vice Chair begin on November 1, 2012. Chair Schmandt offered advice as parting Chair. He said, "Going forward, we should remember our role as a board. We need to advise on strategic level objectives and we should be focused on policy and not the tactics of management. Our value declines significantly as an advisory board when we start going into the day-to-day, tactical decisions of Austin Energy."

25. **ADJOURN** – Chair Schmandt adjourned the meeting at 9:10 p.m. without objection.