



## MEMORANDUM

**TO:** Electric Utility Commission

**FROM:** Jerry Hernandez, Interim VP, Electric Service Delivery

**CC:** Cheryl Mele, Chief Operating Officer

**DATE:** February 20, 2013

**SUBJECT:** Line Clearance/Tree Trimming Service Fee Update

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This memo provides an overview and staff recommendation to the Electric Utility Commission's April 16, 2012 request for staff to investigate the feasibility of implementing a new fee structure for customers requesting additional tree trimming consultation and services.

### **Background:**

Austin Energy (AE) completes tree trimming and vegetation management to over 2,378 miles of overhead lines on a four to five year cycle; this routine maintenance helps promote electric utility reliability and public safety. To maximize customer satisfaction and minimize complaints, Austin Energy provides property-specific, proactive notifications to customers affected by distribution tree trimming efforts. The proactive notification process (implemented at Council's request in 1997) includes a personal attempt to speak with the property owner at each affected premise. AE uses a door hanger and telephone call outlining the proposed work plan to communicate if the property owner is unavailable, and, lastly, a certified letter if AE ultimately cannot contact the property owner. AE also provides proactive notifications to neighborhood leaders and neighborhood associations prior to tree trimming efforts. As part of these notifications, a property owner has the right to request an on-site meeting with AE and/or AE's contractor to review the work plan; Austin Energy does not assess any fees for these meetings.

Tied to approval of distribution tree trimming contracts in April of 2012, the Electric Utility Commission (EUC) requested staff "prepare a proposal for a new fee structure for customers requesting higher levels of service", specifically, on-site meetings. To respond to this request, Austin Energy worked with our distribution tree-trimming contractors to identify costs associated with 'limb by limb' activities – these are maintenance efforts where property owners request additional support, including on-site meetings. AE also reviewed previous process

improvement assessments (including recommendations from the City tree trimming task forces) and recent customer satisfaction surveys related to distribution tree trimming.

## **Findings:**

### Cost

Austin Energy obtained three months (October 2012-December 2012) of 'limb by limb' costs from each of our two contractors. The average quarterly cost to AE of this specific activity was \$2,668 and involved 47 properties. For FY 2012, AE averaged a quarterly maintenance expenditure of \$1,463,796 for 2,673 properties. In total, 'limb by limb' activity equated to .18% of distribution tree trimming costs for less than 2% of properties worked.

### Process

Although proactive notifications have been in place since 1997, citizen concerns around tree trimming activities led to the formation of the City of Austin Tree Trimming Task Force (COA TTTF) in the mid 2000's. At the request of the task force, Austin Energy agreed to implement numerous process improvements, including provision of a tree-trimming options information sheet to customers. The tree-trimming options outlined to the customers are as follows:

- You may request an on-site meeting with a Contractor representative to review the proposed tree work
- You may request an on-site meeting with an Austin Energy employee to discuss the proposed tree work
- You may request to have a third party present during the meetings and/or during the work
- You may request modifications to the proposed tree work
- You may request to not have trees removed from your property
- You may request to be present when the tree work is performed

### Customer Satisfaction

Austin Energy has conducted quarterly surveys of customer satisfaction on distribution line clearance since 2008. Recent surveys show a customer satisfaction rating of over 70%, with a similar rating for satisfaction with communication. AE also finds that the direct interaction with customers on 'limb by limb' jobs provides a venue for customer education, minimizing the possibility of ongoing issues at a single property.

## **Conclusion:**

The costs associated with offering 'limb by limb' service to AE's customer base are minimal, estimated at \$10,000 per year. If AE were to provide this service as a fee-based program, administrative costs to manage fees, bill for services, and collect and process payments would outweigh any revenue potential.

More importantly, there could be a decline in customer satisfaction and a reduced opportunity for customer education and expansion of the urban forestry efforts.

Given these considerations, AE does not recommend adopting a fee for the enhanced service level. Please let me know if you have any questions.