

**Staff Response to Electric Utility Commission Budget Working Group
Requests for Information regarding the FY 2014-15 Austin Energy Proposed Budget**

Questions submitted 9/4/14 by Commissioner Butler:

1. Non-Fuel Operations and Maintenance Expenses
 - a. \$4 Million for Market Study of Utility-specific Job Titles (Explanation)
 - b. \$10 Million for Corporate Strategic Initiative Projects (Break Down of Projects and Costs)
2. Power Production
 - a. Additions and Improvements to Generation Plants (Break down or expenditure line item of amount of each proposed addition or improvement and correlating description of proposed improvement or addition)

Staff Response:

- 1.a. The \$4 million for market studies of utility-specific job titles began in early FY 2013-14 to compare the salaries of Austin Energy critical utility and information technology job titles to those in the electric industry for utilities in the surrounding Austin areas such as City Public Service (CPS), Pedernales Electric COOP (PEC), the Lower Colorado River Authority (LCRA). The general market for critical electric utility titles and critical information technology titles was also compared. Job titles affected included distribution and transmission titles, power production titles, critical IT titles, and some management titles in Customer Care. All job titles were specific to Austin Energy and not used in other city departments. The impact of these market studies is an increase to the FY 2014-15 budget of \$4,028,403 for a full fiscal year salaries and benefits.
- 1b. The \$10 million for Corporate Strategic Initiative Projects does not currently have a specific break down of projects at this time. This funding resulted from three areas within the Austin Energy operating budget; unplanned major expenditures, contingencies and strategic initiatives under the control of the General Manager. During the FY 2014-15 budget preparation, all Austin Energy divisions were instructed to budget at the current FY 2013-14 levels with the understanding that any unforeseen expenditures that arise during the fiscal year would be covered by this funding. Examples include: unplanned major maintenance expenditures at the power plants, storm damages to the transmission and distribution system, other major contingencies that occur during FY 2015 throughout the utility, and for costs to help implement strategic initiatives such as the Information Technology roadmap results. This is a new procedure for budgeting for Austin Energy by not allowing contingencies to be spread throughout the utility in each business unit.
- 2a. Additions and Improvements to Generation Plants includes:
 - \$20.0 million for additional generation resources deriving from the updated Generation Resource Plan. This amount was included to either begin work on the addition of a second combined cycle gas turbine at the Sand Hill Energy Center, or to provide funding for other additional generation resources that may come from the updated generation resource plan.

- \$19.2 million for on-site energy resource projects including \$8.9 million for chiller plant improvements including an additional chiller at the Domain, new infrastructure at the Seaholm development district, improvements to the Downtown satellite peaker plant, and \$10 million on piping additions and improvements including the Downtown chiller plant 2 loop extension, piping for Downtown chiller plant 3, and the Nueces and 4th street chilled water transmission line.
- \$15.6 million upgrades for Decker Power Station and Sand Hill Energy Center includes \$600,000 for the Decker river pump station improvements, and \$15 million for Sand Hill module upgrades and capital replacement parts.
- \$8.5 million for the South Texas Project includes \$5 million for plant investment and regulatory upgrades, \$1.5 million for a transformer replacement, and \$2 million for security and other plant aging upgrades and improvements.
- \$5.6 million for non-nuclear decommissioning related to the Holly Power Plant
- \$2.5 million for Fayette Power Plant upgrades including \$1.3 million for Phase 2 of the mercury and air toxics compliance upgrades and \$600,000 for combustion by-products landfill expansion.
- \$7.4 million in renewable energy projects including \$4.1 million for community solar, \$600,000 for PV solar on the new central library, \$2.4 million for emerging transportation technologies including a non-road and ancillary services program, \$200,000 for zero energy buildings and \$100,000 for high efficiency equipment installed in city and AE facilities.

Questions submitted 9/9/14 by Commissioner Heidebrecht:

1. What do "Expense Refunds" represent? For instance, Volume I, page 443 shows Expense Refunds for 2014-15 Proposed of \$63.6 million. Each budget activity also shows a line for Expense Refunds. For instance, Volume I, page 453 (Customer Care, 311 City-Wide Call Center) shows Expense Refunds of \$6.9 million.

2. For the Capital Budget, what is the difference between "Appropriations" and "Spending Plan?" I am referring to Volume II, page 307. On that page, it shows total Appropriation of \$642 million and total Spending Plan of \$810 million.

3. Please explain in more detail the \$17.3 million decrease in AE's share of operating costs for STP and Fayette (Volume I, page 451).

4. The increase in fuel costs of \$41.5 million is attributed to higher sales, different mix of renewables, and replacement power for unplanned outages (Volume I, page 451). **Can a dollar amount be assigned to each of these categories?**

Staff Response:

Answers pending.