

Austin City Council

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How Can Austin Energy Balance Its Affordability  
and Renewable Energy Goals?

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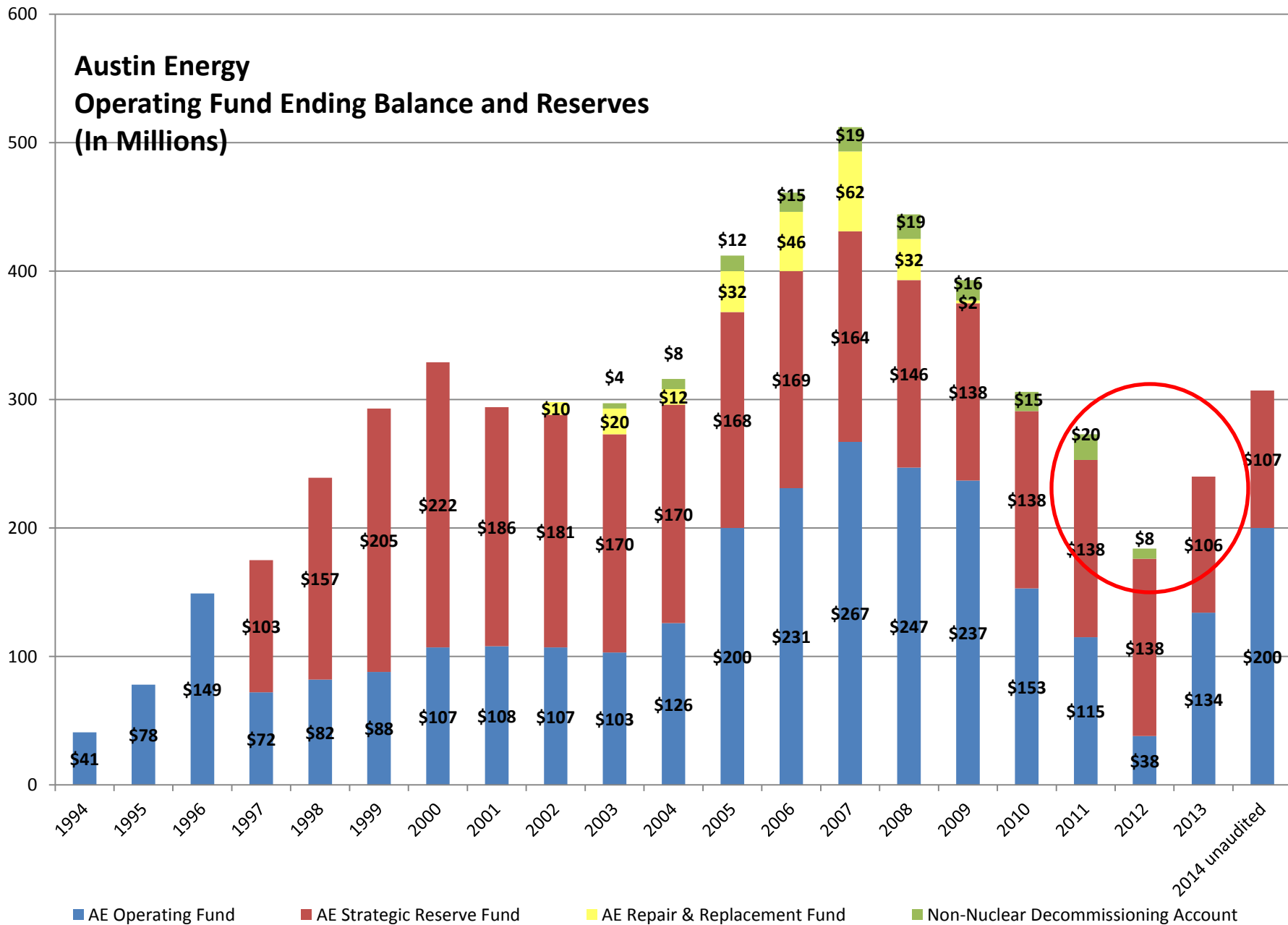
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# Focus on Policies that Enhance the Economic Health of the Utility

- What financial policies did prior councils adopt and are they being followed today?
- Financial Reserve policies are boring but play a big role in not just financial stability, but fairness
- Repair & Replacement Reserve, Rate Stabilization Reserve and Non-Nuclear Facility Decommissioning Reserve are all at or near \$0

Reserve Fund and description of use:		Target Balance	Unaudited		Audited	
		Based on the	Current Balance at	Portion	Current Balance at	Portion
		FY15 Budget	FY2014	Unfunded	FY2013	Unfunded
Working Capital (For day-to-day operations)		68,055,905	199,548,916	(131,493,011)	133,949,317	(65,893,412)
Target: 45 days of O&M less fuel and purchase power						
Repair and Replacement Fund (for non-typical construction projects)		76,495,417	64,000	76,431,417	64,000	76,431,417
Target: 1/2 of annual depreciation						
Strategic Reserve:						
Emergency Reserve Fund (funding of last resort)		90,741,207	90,741,207	(0)	90,741,207	(0)
Target: 60 days of O&M less fuel and purchase power						
Contingency Reserve Fund (funding of last resort before Emergency Reserve)		90,741,207	15,835,833	74,905,374	15,254,812	75,486,395
Target: 60 days of O&M less fuel and purchase power						
Rate Stabilization Fund (to defer future rate cases by paying for one-time events relating to generation)		126,379,024	-	126,379,024	-	126,379,024
Target: 90 days of Power Cost (Net of ERCOT Fees)						
Non-Nuclear Decommissioning Reserve Fund		55,577,818	-	55,577,818	-	55,577,818
Estimated cost to retire Decker and Fayette Power Plants						
	Total	507,990,578	306,189,956	201,800,622	240,009,336	267,981,242
Amount Included in Revenue Requirements to replenish reserves above:						
Contributions to Decommissioning Reserves				5,557,782		
Required Contributions to Reserves				24,535,357		
History Below: (Note that Non-Nuclear Decommissioning below has been fully allocated to Holly Closure)						

# **Austin Energy** **Operating Fund Ending Balance and Reserves** **(In Millions)**



# Austin City Council as an Advocate for Customers of the Utility

- How much in indirect transfers are paid by Austin Energy to City of Austin each year? 30 million? 60 million? 90 million?
- Why are out-of-city customers paying less than in-city customers?
- Utility bills are a regressive means to raise money
- Need an audit by outside firm to identify and quantify all indirect transfers

# Ordinance No. 770421-C

## An Ordinance Creating an Electric Utility Commission of the City of Austin

- It [The Electric Utility Commission] shall request the city council hire an outside consultant every five (5) years to make a comprehensive review of policies and procedures of the electric utility. Further, this Commission may at any time initiate an external or internal review of any or all policies and procedures of the electric utility. At any time the Commission undertakes such a review, it shall report all its findings to the city council and the city manager.

# Austin City Council as Stewards of our Environment through Management of Austin Energy

- What is the impact on our energy conservation goals when out of city customers have less incentive to conserve?
- When do we stop subsidizing all solar and only subsidize solar when it provides some other social benefit (solar for schools or non profits but not private homes)
- Think big. What new business models should be explored when price of solar plus energy storage makes utility scale generation a dinosaur