

Austin Energy Utility Oversight Committee Meeting Transcript – 03/27/2017

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We're going to get started. We have two on the way. Since we won't be taking any action, we'll get started with respect to all of your time. I'm Leslie pool, chair of the Austin energy utility oversight committee. We're meeting Monday, March 27, it is 9:43. Austin city hall, Austin, Texas, 301 west second street. We have five council members here currently. Four, I'm sorry. I keep saying five, I think I elevated Mr. Good, or demoted. Whenever way you want to look at it. We'll hold on approval of minutes. That's an action. Let's go ahead with citizens communication. I believe there's four people signed up. I have Austin hide this is for agenda -- I don't see you on the list, but there's five -- okay. Did you talk to Hayden? Maybe I should refresh this police. Yes, Dave Cortez, happy to have you come up and speak as well. There you of, before Paul. This is on items that are not on the agenda. You each have three minutes. Hayden will be giving you the time. That's great. Susan, good morning. >> Good morning, how are you all? It's good to see you. My name is Susan Litman. I work with Austin Texas environmental justice team, especially the climate justice team and I started work quite

[9:45:37 AM]

some time ago with generation plan we have now. It's been a world-shaking leading generation plan that's put Austin on clean energy map, so we keep wanting to follow up with that. We want to make sure as we go through the two-year review, that we don't lose traction on those goals and in fact, prices of energy have come down so much that we have every reason to increase some of those goals. I want to speak about the fayette power plant and we would like to retire that on schedule, at least before the end of 22. And I hope that you will keep after Austin energy and keep energy flowing to you, and plans, and benchmarks so we can stay on that path. B and if necessary, hire someone to help you get information. Keep negotiating with lcra. Maybe we can get them to close both units one and two or at least get joint control and close ours on schedule. It's a tremendous source of carbon pollution. It's very mess all in the immediate area but I'm concerned for general health. Our coal plants spew out so much pollution and a lot of it is damaging to people's health, that if you think about the power plants in the four corners area, they put out so much pollution it puts haze over the entire region, across the grand canyon. That happens in Texas, too, when the southwest breezes blow, the pollution across major industries and asthma rate may be connected to that. People have asthma attacks and look at pollen reports and say why am I having an asthma attack

[9:47:39 AM]

today. We know plus affects people's health. We also want council to always keep in mind the low income people who -- we want to make sure that the transition to renewable energy doesn't affect -- doesn't fall on the people least able to pay their bills. For instance, as you transition to solar, people who can afford it, can invest in the roof top solar and in the long run, they'll have lower bills to pay and as people in the energy utility know, as you shift more and more to this process, fewer and fewer people who aren't on solar are left paying the bills for the infrastructure, and we want to make sure we structure our transition so it's equitable for everyone. Thank you. >> Thanks so much, Susan. Austin Hyde, you're next, you have three minutes. >> Hi, I'm Austin Hyde, I've been working recently with Austin environmental justice team on the climate justice working group as well. Following up a bit on what Susan was talking about, in addition to the fayette coal plant, we also want the state to make a firm commitment to shut down the decker creek natural gas plant as well as sand hill natural gas plant. There had been a goal set of 2018 for decker creek but so far, it seems like no concrete measures have been take ton really achieve that goal, so we'd love to see a firm and achievable deadline in place, with a clear plan as to how to get to that. 2020 seems like a good date, and it's -- the decker creek plant is extremely old and clearly maintained. It doesn't run all of the time but when it does, it's polluting the air in east Austin. Sand hill energy center as well,

[9:49:40 AM]

I've lived here in east Austin and Dell valley where it's located and just to reiterate a bit, because now is such a key time in the transition to solar energy and other forms of renewable energy, when the cost is becoming lower and lower, we do want to see the benefits of that being distributed equitably, particularly to multi family housing, and areas of low income. We'd love to see policies that ensure that those -- basically, that those areas don't end up having to pay higher energy bills than middle income and higher income areas. Thank you. >> Pool: >> Thank you, kieva, you're next. >> Thank you for the opportunity to speak. I want to talk about the issue that's been touched on here about providing access and maybe expanding the equity of some of our programs, and particularly interested in our solar programs. I think Austin energy has done a great job so far and now there are a lot more people that have access to using solar at their homes and businesses because of the program that we've had here in Austin over the years and right now is a perfect time because costs have come down to expand those programs to be able to better serve low, and maybe lower income residents here in the city, and making sure that that does include renters as well. And I have a few specific suggestions. I think we have talked several times preach yufsy about getting a billing solution in place so that a single solar system can serve multiple

[9:51:41 AM]

apartments, this is something foundation communities, which I'm sure you know is the largest low income housing developer here in Austin, has tried to do, and Austin energy solar staff, I know, have been trying to get this done, but I think that there is a bit of confusion, I'm going to say, internally, between their department and perhaps the billing department that actually has to implement this. Whether or not that is a priority for city council. And I would encourage you to make it clear that it is a priority, because what I am hearing is that is perhaps not going to happen for about another year now and I think that that is, given that we've been talking about this for -- well, foundation communities has been talking about it for several years and have been talking about it at council for a couple. I think it's high time that we should get that done and shouldn't need to wait another 10, 12 months before it can be utilized. This would really make a measurable difference, cost 15 to 20 percent more to wire up

individual apartments as opposed to having one system that it's then just divided numerically on the billing side to benefit multiple apartments. So, I encourage you to send a clear message to staff that that should happen in a too manically manner. I also just wanted to let you all know that solar Austin is having a happy hour speaker tomorrow night, that I think some of you might be interested in. They are from CPS energy and power fin partners that they are administering a program called solar host and it allows customers to actually get solar put on their roofs for no payment because the utility actually owns the solar systems, and eventually the customer is leasing out their roof space. The down side is, they don't get as much of a benefit as if they bought the system but they have to put no money down. It's a way for low income people or people who don't want to make

[9:53:41 AM]

the investment themselves to guest some benefit in investing in clean energy technology. I encourage you, if you have the time, go to the happy hour. It's tomorrow at 5:30. Maybe some of your staff could attend, but I'd be happy to talk to you all about that program. >> That's great. That's really interesting. May I ask a question? >> Pool: Yeah. Go ahead. >> I would like to say I would love to explore more how we can combine our goals of affordability and solar energy. I think that's very exciting and I'd like to learn more. >> Great. I appreciate that. >> Pool: Mr. Cortez, you are next, three minutes. >> Can you hear me? >> Sure can. >> I hope you don't mind. I'm doing a filming thing. I almost got thrown out of Texas parks and wildlife the other day. >> It's completely fine. >> Thank you. >> Pool: You should have bigger cameras filming us. >> More people see it this way. I haven't spoken to all of you before. Many of you it's been a while. It's good to see you. A brief update on community engagement around energy, bills p-communication plan, climate change, Sierra club, Austin justice coalition, lots of organizations doing work in the community about the budget, about the gen plan, the general climate change issues. People are concerned that the EPA is pretty much going away for the next couple of years. They want to though what they can do locally. You'll start to see more calls and e-mails coming into your offices about those issues, particularly around the generation plan. Folks from Dell valley, pflugerville, may yard, montoolis have been coming to see our preliminaries about

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justice, coal, and parts of west Texas which is where I come from and they're start storing understand in order for us to have a just city you can't separate clean air from affordable bills. Every time I see the narrative many could up that you can't do one because of the other, you'll see me and more of my friends challenging that. We ask the folks at Austin energy to push staff to solve that problem, that they are not interchangeable, that they are not mutually exclusive. We've been community indicating. My colleagues on others from the Sierra club with the African-American resource commission with augusten energy about low income solar, low income energy efficiency, talking to members of community development commission and will be going out to meet with others as well. We don't have the date set yet but we're going to do screening of the coal films with Austin justice coalition in April for Earth month. We sold out a theater at the draft house last night showing the film, and, so, again, look out for phone calls and e-mails, because those people are pumped out. But we'll invite you all to come out and see this stuff. In Fayetteville, that coal plant some ash blew up for a rain storm and it rained, about 200 folks, it's a very small town, all of their vehicles were corroded because of that ash. If you remember, a couple years ago, Baylor creek turned milky white after stormwater rushed into the creeks contaminating those creeks and we secured commitments from you all. You all made a pledge to retire that plant, 2022 as well as decker plant in northeast Austin, we want to she those held even though it's harder and harder to get to those dates. >> House me --

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>> Houston: I can be mister today. >> Council member houston. >> Houston: Could you give me the dates of that? I didn't remember hearing about the corrosive nature of the explosion. Could you just follow up with me and give me the tats of that? >> Absolutely. I believe it was in March. It was either January or December in the last couple months. Just to clarify, it wasn't an explosion. It was a gust of wind. We had a heavy wind that came in and swept it up -- this is what they related to us. >> Thank you. I appreciate it. >> Pool: Where I was going with my mister, I was going to ask Mr. Cortez a question. The question is, we definitely need the organized class roots pressure locally. This group also needs organized grass roots pressure at the state level. Because we can do really good things locally, and I think that is our intention, and that is our mission, and that is our mindset. My frustration is that it's local, and it should be statewide, because the state also has a clear and definite role in these issues as well, and in fact -- so that's conversation I'd like to have with you all, too, about the organization, and the campaigns on a statewide level as well and it could be just organizing all of the municipals, right? And then push that -- have the pressure be upwards, so -- >> I'll >> I'll make sure my bosses hear that. >> Could I mention something about that? 350, fighting for 350 parts per million worldwide, we have to back up to get there, has a local chapter now and they're organizing to defeat house bill 420, which is one that would forbid the issue of climate

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change from being part of criminal prosecutions against polluters. It's an Exxon protection bill, or the exoneration bill as we call it. >> Pool: Great. It's always good to connect up all these dots. Thank you, all of you. Then Mr. Robbins is our last speaker. Is there anybody else who came in after we started who wants to speak after Mr. Robbins? . >> Mayor Adler: While Mr. Robbins is sitting down, is there an opportunity for speakers who sign up for citizens communication to put what they're speaking about? And I say that because under the open meetings act, we're not supposed to engage the speakers on a topic that hasn't been noticed. So I want to make sure that the speakers have the ability to put the topic down so that we can engage them. >> Pool: Thanks, mayor. We'll see if there's a way to make that happen. I know that, you know, we regularly respond at citizen communication and so forth, and I think we all recognize that we -- we shouldn't get too deep into any of those issues. So, Mr. Robbins? >> Before I start, Hayden, would you please say that I'll be speaking about the customer assistant program so that anyone who wishes to engage will be legally entitled to do so. >> [Off mic] >> Pool: Thank you, Mr. Robbins. Please proceed. You have three minutes. >> In September of 2015 -- excuse me -- in September of 2014, I informed the people running the customer assistance program at Austin energy that they were inadvertently giving some of the money to customers living in wealthy homes. In December of that year, this was made public in the form of

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news stories. And two and a half years after this was made public, we still have a partially broken program. I've just reviewed the January 2016 participant data, and what I've found is that over 500 participants getting water and drainage discounts either have improvement values above \$250,000 or have multiple properties or own multiple properties, or both. In fact, about 52 of these 500 have assets that I could identify of over a million dollars. And so two and a half years of a it's made public, it's still going on. Now, I'm not here to brow-beat any particular staff member or councilmember individually. I find most staff and most councilmembers to be hard-working and honest and intelligent. But, council, an

efficient utility does not do this. And there's been a bureaucratic malaise that has delayed necessary repairs too long, and I am urging you to end this. This can be ended relatively quickly by changing the tariffs to prohibit people with high improvement values and -- excuse me, let me change -- to mandate

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income verification for people that have high improvement values or that own two or more properties. Probably one out of 100 times there maybe a legitimate reason for a high value home to be on customer assistance, but it will be rare, and in those cases, customer valuation will allow that customer to continue on the program. [Buzzer sounding] If I could add up all the money that has been misdirected over the past three or four years, it's probably been several million dollars. Please end this. >> Pool: Thanks, Mr. Robbins. I want to circle back to approval of minutes. We have a quorum, so I officially call us to order at 10:04 A.M., and I'll entertain -- first, are there any changes to the minutes that you had in your backup? And I'll entertain a motion. Mayor pro tem moves and councilmember Houston seconds. All in favor, raise your hands. It looks unanimous with councilmember troxclair, Casar, Renteria and Garza off the dais with different places and endeavors. I want to also note, we are listed for an executive session today as numb number 7. But with so few of us here today and so many questions about the topic, we will be -- that's postponed from today and we will reset it tentatively for April 11, which is the work session -- a general work session for the council. And, now, item number 3 is the general manager's report. Ms. Sergeant. >> Good morning. >> Good morning. Jackie Sargent, general manager,

[10:05:53 AM]

Austin energy. I have a request to the agenda as well. Judy path reached out to me and demanded that, on item 6, staff that presentation but -- >> Pool: We'll go aheads with presentation. I know Judy has additional questions so it may be that we'll take it up again at another time but I'd like to proceed with that. >> Okay. Understood. >> Kitchen: Could I make a comment, please? I understand that Ms. Phath will be continuing to work with you on the questions. She had one question in particular that you don't need to answer now just lay it out there -- >> Pool: Let's hold onto that. >> Kitchen: I will have to leave and I will not be here. So I wanted to just tell you the question. You can answer it later because I let Ms. Phath know I will ask the question. Either that or I'll just give it to you in writing. >> Pool: Why don't you go ahead and give it to me in writing. I want to take up item 5 right now. >> Kitchen: That's fine. >> Pool: Let's do that Ms. Sarjent, please proceed. >> I want to talk about some upcoming procurements. Last Friday we sent out a memo summarizing responses to information or items that came up at the last utility oversight meeting, and hopefully that's responsive to what you need. If you have additional questions, just let us know. As I go through this today, if you want to have a broader discussion, I'm happy the work with the chair and look at getting a presentation back on the agenda at a later date, and we can manage that process. So the first item that I want to share with you is an update on the communication error that was sent out by one of our vendors a couple weeks ago. On March 2nd, a vendor for the city of Austin utilities inadvertently sent out an e-mail

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notification to approximately 40,000 customer, and it notified them that their E bill was ready to view. Customer care bill and balance information that was on our online customer system was accurate. The issue was that the incorrect e-mails contained old balance information and bill information. I want to reiterate, there is no problem with our billing system. The problem occurred as a vendor tested its e-mail alert system and they used old e-mails, and e-mails were not intended to be sent. They were

ininternetly sent. Efforts were coordinated with the vendor very quickly, notified that the customers of the error, we reached out to you in your offices to advise you, and we also issued a press release and posted the information on social media in both English and in Spanish. Austin energy operates the billing system for seven Austin utilities and is working with the vendor to establish appropriate protocols and safeguards to avoid that we never had a recurrence of this issue. I want to reiterate that we apologize for any inconvenience or confusion that this matter may have caused. And with regard to that, we have not received any follow-up requests or questions regarding that matter. Next I'm very pleased to share with you that the agreement with the state of Texas implementing the state of Texas contract service territory that you all approved in December has been signed by the Texas facilities commission. The agreement sets forth the terms and service for the state accounts through August of 2026. It resolves the cycle of uncertainty affecting these key accounts over the last several years. Prior to signing this agreement the Texas facilities commission has accelerated exploration and expansion of the use of our

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energy efficiency programs, which really creates a win-win situation for both us and them. I would like to recognize Harvey Hildebrand, the executive director of the Texas facilities commission, chairman Robert Thomas, commissioner Mike Novak, and the Texas facilities commission staff for working so closely and collaboratively with us so that we could reach and execute this agreement. There are a couple of upcoming procurements that I wanted to advise you of. The first procurement is for a five-year, \$17.5 million contract with burmax, inc. To provide manual meter read services for water and the electric you're able to say as well as other meter related activities. This contract award is not to the incumbent vendor who has been the meter read contractor for the last 15 years. The five-year contract is structured with a one-year contract with four annual renewal options to be held by the city, and this will cover meter reading services for both, again, water and electric. The majority of the meter reading portion of the contract, actually over 99%, is for water meter reading services, are the we main thing for opt out and hard to read electric meters. There's an automated meter reading system being highlighted. However, this contract will cover the day-to-day operations until both infrastructure and technology can be fully implemented. The majority of these manual meter read costs are allocated back to Austin water from Austin energy, but we manage the contract. And about 25% of the annual contract cost covers combined utility services, such as hanging door hangers, providing providingnotifications and other information customers may need. The second procurement I wanted to brief you on is auto five-year \$13.5 million contract with Oracle America for the purchase of Oracle utilities

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brand software products, maintenance, and software support services and other related services for Austin energy. The contract consolidates three expiring Oracle agreements into one product portfolio. The software is the -- in this portfolio addresses multiple functions within the utility, including customer care billing system, which provides a single service to generate bills for customers of all the city's utilities, scheduling and dispatching of service orders to field personnel, with the mobile workforce management program, and creating although profiles and conducting load analysis for financial analysis and planning with loadstar. The majority of the contract, 95%, is to support the customer care and billing system. Licensing costs are based on the number of customer accounts that are served. This agreement includes the purchase of licenses for an additional 121,700 customers to meet licensing compliance and meet the five-year growth expectations, bringing the total to 533,700 customer accounts. 22 new licenses are also being purchased for the mobile workforce management program to meet upcoming project needs that we have. If there are no other questions, I'm going to invite staff to

come up to provide a presentation on employee engagement, that section of the Austin energy dashboard. And just as a reminder, we're bringing those to you, each one of the panels -- there's six panels in total, and we've already shared information with you on financial health and customer collaboration. So today, we will be talking about employee engagement, and next month we're planning to bring the business excellence panel forward. >> Pool: That's great. Thanks so much, Jackie. Okay. We're moving to item 4. I suppose we could jump to shudde's item 6 if councilmember kitchen is still here and wants to engage that item. Was the question something you can take at the front end of

[10:13:59 AM]

item 6, or should we have the presentation, then I can ask it since you have to leave? >> Kitchen: You can ask it. >> Pool: Okay. Thank you. We'll move to item 4 then, which is employee engagement section of the Austin energy monthly performance dashboard related to safety and human resources. >> Good morning, y'all. >> Good morning. >> My name is Elena ball. I'm deputy general manager and chief operating officer for Austin energy. This mornings as Ms. Sarjent indicated, we're gee, going to be presenting the section of our strategic plan that ties to community engagement. For referencing we have six key categories in our strategic plan, which include financial health, customer collaboration, environment, employee engagement, business excellence, and grid modernization. It is our intent each month to update matrix associated with each of these strategic goals and bring to you information about progress toward our key performance indicators and key programs that we have to improve performance of the unit. For employee engagement, we define employee engagement as employees are safe, healthy, and engaged, and equipped with tools and training to effectively perform their work. So why do we include employee engagement? How is that important to the utility? When you look at our strategic plan and truly the work of the utility, all of those areas are driven and enabled by our workforce. Austin energy is no different than many of the businesses that you all interact with. We compete for talent across many sectors, both within the utility space, as well as in the vibrant economy that we have here in Austin. Austin energy's workforce profile indicates that the organization is going to have a significant wave of retirements over the next three to five years, so for us, there's strategic importance to recruiting, retaining, and developing our workforce to maintain and improve the utility's competitive position. Focus areas to the utility are worker safety, engagement and satisfaction, and recruiting metrics. If you look in your packet,

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you will have the trifold that includes our factors. The panel is community name of that I'm going to go into safety. Safety truly is the most important aspect of our utility's performance. We strive to be injury-free. Safety performance over the past few years has improved, year over year. If you look on the slide, you'll see safety performance and a graph to the right. We measure actually two aspects of safety. The first is really the frequency of injuries, and then the other is a severity of injury. In an electric you're able electric utility, both are very important. We have to drive down injuries and reduce the injuries to worker health. We've had substantial improvements over the past four years. We've driven from injury rates of over four injuries per hundred workers to now less than two. Our goal is, of course, to be at zero. A lot of the work that we've been doing in order to drive these improvements have been encouraging a culture of near miss reporting. We know hazards are out there, whether it's driving on Austin's roadways, or working in electric line work or in our plans. It's important that we have an environment where our workers can raise up hazards and have them addressed quickly. And that has been one of the key changes that we believe has resulted in lower injuries. We've also focused on training, making sure that our workforce is trained in the hazards of their environment, making sure that they have the

technical training to perform the work that they do. We think that has helped with both frequency and severity of injuries. Job preparation, you may -- in the morning if you're driving around and you see our crews stretching, you may think, what is Austin energy doing with crews out there exercising in the field? One of the key areas that we've had a lot of injuries has been strains and sprains, so you'll see our crews stretching, also dialoguing around the work to make sure they're prepared for the work and hazards they may face that day. We've also set up a lot of

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grass roots teams and committees that are worker led. We want safety to be a team sport, not something coming from the top down, but for our teams to raise up ideas and suggestions to make the workplace safer. We've also focused, as I focused, on mobility. Until we're at zero, we're not satisfied. Target zero is our goal. Another section of our dashboard is employee engagement. We have two predominant surveys or tools we use to determine how engaged folks are. When folks wake up, are they energized and driven to take the utility and work to the next level in we have a citywide survey called listening to the workforce. It's conducted annually. It's very comprehensive. It measures many attributes of city employment, has over 85 questions, and we as a city have a goal to improve satisfaction as measured by the workforce survey. In Austin energy we've also stood up a smaller survey, administered by the Gallup organization. It's semi-acknowledged based on 12 elements of employee engagement. Gallup has found that companies that score highly in these 12 areas have typically higher profitability, lower injury rates, and they perform in many attributes at a high level. So our goal is to improve that performance in those 12 areas, ultimately to achieve the other areas of our strategic plan. At the end of the day, these two tools are really just tools for management to identify and improve areas of workplace satisfaction and employee engagement and drive improvement to achieve the strategic goals set in our plan. With that I'll turn it over to Mark Nomwbroski. I'm chief human resources officer. I'm responsible for human resources at Austin energy. At our panel, we provide a number of metrics for you, and what I'd like to point out here is our Austin

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hiring trend. Our H.R. Division, one main responsibility is to recruit and retain a well qualified, engaged workforce. One of the metrics we often look like is the vacancy rate or the number of positions that are vacant. And what this shows us is a trend of internal and external hires because one of the things we try to do, obviously, is to monument our workforce as they can progress through their career. So even though our vacancy rate might not change very much, it's often because we're promoting. So this breaks down both or internal and external hires, where when we have an internal hire, often we fill the position but we don't change our vacancy rate. One thing about our H.R. Department is, while we operate our H.R. Department within Austin energy, we are an extension of the city's human resources division, which we also call hrd is the acronym, and that's the city's position. We have an outstanding relationship with hrd. They're very responsive to our needs. We enjoy working with them. And they will often set the policies for us, while the departments set the practices that we work with. A couple of areas that our H.R. Group works with is both workforce recruitment, employee relations, the administration of benefits and payroll. Point out that our payroll is manual time sheets. We do have a pilot program that's going to begin here shortly that we're participating with other departments to start doing electronic time sheets here at the city of Austin. We have a workforce of about 1,718 full-time positions, and about 122 part-time positions across eight major work locations across the city of Austin. Some folks have wondered why do people leave Austin

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energy? So I pulled the statistics. For the same period of time that you see the chart above it is. And you'll see nearly -- nearly 75%our workforce, vacancies are created about you promotions or retirements. We don't get a lot of resignations. People come to Austin energy and they tend to stay, and that reinforces a point, which Elena brought up, which is, we see a wave of retirements in the next three to five years as our workforce ages, and we're looking for specific talent to come into Austin energy. That's why this is so important for us and one of our key strategic areas. Two metrics we track, one is the vacancy rate, and the other one is the average days vacant. So the vacancy rate is pretty simple. It's the filled portions divided by the authorized positions for the '17-'18. Our target is to be equal to less than 6%. The reason we why 6% now, when we create our budget, we assume 6% vacancy so we take all of our costs, benefit coccyx except for costs, kept for hadand we assume a 6% vacancy rate when we're setting our rates and when we're setting our budget. The reason we don't do health care that way, that's negotiated by the city on the number of full-time positions we have, whether they're filled or not. The reason they do that is to get the low rates for the workforce. As I pointed out, when we do internal hires, it doesn't change our vacancy rate, so you're watching that rate, it doesn't mean there's not a flurry of activity. We often find it easier to recruit some of the entry level jobs. So I works itself through the various progressions before we can actually change that vacancy rate. The other one that we watch

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is the average days vacant, and that's just the sum of the days vacant by the total number of vacancies. And right now our target is equal too or less than 120 days, and that's based upon a hiring cycle we have. And it's really greatly influenced by our hard to fill positions. I've provided a list of those hard to fill positions on the paper here. They're not always vacant, but when they do become vacant, we find it difficult to recruit for these positions. And you'll see many of them are in the engineering family, especially the power systems engineering. And that goes because we just don't have a large pool of this talent here in Austin, so they're often coming from other parts of the country, or competing against priority industry for this talent. And we'll go out three and four times, is not unusual, to try to hire someone. And so these positions do become aged. I would like to point out that it doesn't mean the work is not getting done. We very often to backfill with a contractor while this position is vacant. And so we end up paying a multitude of that position's salary in order to get the work done while they're trying to recruit. One thing that I don't list on here that we also have a difficulty recruiting is our professionals - - >> Pool: Let me interrupt you. It's interests you find people available by contract but you can't hire them permanently or a full-time position. Do you have any ideas why that might be? If the contractor is available, that means there's somebody who has the skill set who is available. And I would presume under a contract, you know -- do people like the short-term nature of the assignment or something? >> It's usually pay. >> The engineering contractors we're talking about are different than, say, the call center contractors that we have discussions with this body

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about. These are typically professional engineers who have worked for these professional firms tore 15, 20 years, and they are paid a premium for their skill set. And so we -- we're paying additional dollars associated with that skill to use the contract versus having a full-time employee in that position so it's pay. >> Pool: Do these people tend to be older and retired and coming back just to make additional anyway. >> It's a mix. I would say the majority of contractors in this technical space that we're discussing are at least mid career so they definitely have skill sets and expertise that we're seeking in these more

senior positions to support the reliability of our electric system. >> Pool: Okay. I'm curious about this because it also means that someone in the middle of his or her career is also available for a part-time gig, even if it is at a higher dollar rate. >> It's part-time -- they work for another company that provides it as a service, and then we contract with that company as a service. >> Pool: Okay. So they're not actually losing a position with another firm. >> That's correct. >> Pool: They're coming over here to Austin energy for a period of time. >> That's correct. >> Pool: Okay. All right. Thank you. Yes. Councilmember Houston. >> Houston: Thank you. Before you go on, where do you advertise for these hard to fill positions? >> Right. A little bit later, but we tend to do passive recruiting here the city of Austin. , If we build it, they will come mentality. We expect people to apply. We're trying to get more proactive in our recruiting and trying to establish relationships with universities and technical schools to find this talent, and pull it into Austin energy is one thing we're working. But we're going to have to do a better job, much like we see in the private sector as far as recruiting to get this talent here.

[10:28:05 AM]

>> Houston: Because it's interesting, purview A&M university has an engineering school, and if you're passively recruiting, they're not going to get that information. >> That's correct. >> Houston: But if you're intentionally recruiting, you would be sending things out to them so they would know, engineers who graduate from that institution, they apply for a job here in Austin. >> That's right. And those are -- we need to establish those relationships and have a conduit for those graduates so that they know we're hiring this type of talent. >> Houston: I'll be happy to make those connections. >> Sure. >> Mayor Adler: Do any of these jobs require a four-year degree? >> The majority you see here on the hard fill do require a four-year degree, and some of the more senior engineers require a P.E., so that's usually engineering in training plus five years of training in order to pass the exam. So that's why some of the more senior positions are at least mid career type positions. And that's where we do a pretty good job in the entry level positions, as far as pay, and what we don't do so well is the mid and upper careers. And when you have a position open there, it's difficult, with our pay scales, to bring that talent in. >> Pool: Wouldn't you be moving people up through the system, though? You say you have a lot of internal promotions, that there should be -- like succession planning and a career ladder. Right? >> That's correct. And one of the things I'm going to talk about here later is having a career progression within these job titles. For example, as an engineer comes out and they're an engineering in training, they'll work for a time, then they take their P.E. Exam, they're qualified, now they're qualified to do more work. If they're not in a specific position that allows them to stamp someone else's work, we can't ask them to do that. So even if they have the skill set and talent, because of the way our labor

[10:30:05 AM]

is structured, we have to wait for a position to open and they have to apply for that position. So if they're eager, they might find an opportunity elsewhere. When that person is ready to accept the responsibility of the next job, we can promote that person without having to have an opening. So we have that in some of our jobs, including our distribution electricians, so they go from training de 1 to a de 3. They don't have to wait for another position to open before we can promote them. We'd like to do the same thing with our power systems engineers. >> What are the barriers to you doing that? >> We're working with hrd right now to establish that as a program. >> Pool: Okay. You are working on that. Are there any other job families that would benefit from that? >> There's wife. If you >> There's quite a few. Our I.T. Positions, we value that experience, Austin energy allows us to grow that person's career. What we hate to do is have someone -- a great employee that we want to retain, but we just don't have a more senior position for that person to apply to, so they leave the city's employment in order to

maintain their career. >> Pool: We definitely would like to hold onto folks who have trained up in our systems because I think our intentions is to continue to use their good skills and inspiration. >> Yes. We need those good employees. >> Pool: Any other questions? Councilmember Houston, your light is still on? Okay. Mayor, your light is still on? >> Mayor Adler: Sorry. >> Pool: Okay. Great. Please continue. Oh, councilmember alter. >> Alter: I just want to get a better idea of what the obstacles are. >> The obstacles? >> Alter: The obstacles to creating those career professions. >> Well, there's a number. One is, we have to ensure we comply with the civil service rules. That's one of the biggest obstacles, so we have to design a program to make sure it's competitive for all employees. Because we have an existing

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workforce, in those job titles, we have to design an existing workforce to ensure that progression it takes time to work the kinks out and make sure it will be beneficial to the city and we don't have any blow-back on it. >> Alter: I'd just like to ask the city manager Goode if this is something that is in operation across other departments. We've been talking, you know, at our budget sessions about issues over retention and recruitment across the board. You know, if this is -- the sounds like it may be a solution that could be useful in other departments, and they are probably using it. I, for one, would like some more information about that as we're thinking about the budget and the budget implications of these budget and recruitment issues. >> Certainly. You're hearing from Austin energy today, but this is really a corporate issue because if you do something in one utility that's not consistent for water and public works, who have engineers as well, then you youinconsistencies across the interpretation. It's very executive. >> Alter: What I'm hearing, there is that challenge and it's a challenge we as a city need to prepare for. This is one of the first examples of something concrete that I've heard of that has been presented in the sessions that I've been in, so as we're thinking about how we're spending our money on the budget, we should be thinking about these kinds of solutions that over the long run save is money and help us to continue to do the good work that we're doing. I guess I'm expressing that I want to understand that so that I can support that in the budget process and think about it across departments as a general problem that we have that we might be thinking more holistically in the budget.

[10:34:07 AM]

>> In the budget process there will be a spot where we talk about employees and the value of employees and whether the city chooses to be an employer of choice and all the issues, so very well taken. >> Pool: And the human resources division regularly does a reassessment of job classifications and how they're grouped in families and so forth. It's a long-term process. It's like painting the Brooklyn bridge. You know, you have to start over once you finish it. And that would be a good question for us to ask when we talk to hrd, find out where they are with the latest assessment of our job classifications. All right. Thanks. >> Hrd's policy, this is an example where they would set the policy and we go out and execute it. It's really an hrd policy and not an Austin energy decision. So just to give you an example here, this is our hiring process. And like we said, we have to comply with civil service as well as our own internal policies here in hiring. It's a very manual process. Part that I was, we don't have a human capital management system here in the city of Austin, and so many things that would be automated throughout the hiring process, as well as when that person is brought on board and we manage that person as an employee, it's, without that systems, many of our things are very manual. You know, we're shuffling paper around. It just takes a while to get to hiring, to the process. So while we make great strides internally, in reducing this as much as possible, there's only so much progress we can make. And I would strongly encourage us looking at a human capital management system citywide. >> Houston: Excuse me.

Chair? >> Pool: Yes, councilmember Houston. >> Houston: I appreciate the chart. There's several acronyms on here that I have

[10:36:07 AM]

no idea what they mean. >> Sure. >> Houston: So if you could always give me either an appendix so I know what neo is -- I don't have any idea what that -- >> Sure. It's an internal chart, I'm just using as a demonstrative to show the number of steps we have to go through to hire someone. It's not an instantaneous process. >> Houston: Right. But if I'm to understand it, I need to know what the acronyms mean. >> Absolutely. We'll get you those. >> Houston: Thank you. >> Pool: Thank you. >> Next is some of the longer term trends that you don't see on the dashboard to show that we are making significant improvements, both internally and across the city. So here on this chart, you can see the blue bars which is our vacancy count. And started just above 160 beginning of the fiscal year. I would note that during the last budget, you authorized us additional 45 full-time positions in our customer care area. We quickly -- because we use a contractor, we quickly staffed up and we filled those positions fairly quickly, as you can see there. You can also see the yellow chart is our average days vacant, and that varies. And, again, that is highly dependent upon these hard to fill positions. And so if you have a position, you have to go out and recruit three and four and five times for, the number of days that it's vacant starts to add up pretty quickly. Then the vacancy merge is vacancy percentage is the yellow line. You can see it's somewhat stable there. So some of the things that we've -- we're doing in order to improve our recruiting in our employee engagement, we've talked about these, ensuring our pay is competitive with our industry leaders. This is what chairperson pool mentioned, that we do have -- we look at market studies to try to benchmark ourselves. We're trying to improve our flow of information from

[10:38:07 AM]

Austin energy's H.R. Group to the city's hrd, again, because much of this is paper, things get lost. You can ma'am, it just slows the process down, so we're working internally to make sure when we ask for a decision, they have all the information they need in a proper format, in a timely fashion. We're trying to improve our recruiting capabilities in specialized skill sets, especially the hard to fill positions. Establishing the career progression programs we talked about earlier, especially engineering, finance, and I.T. Jobs, so that a person's job can grow with them as they grow in their career. We're trying to develop more active recruiting programs, establishing relationships with colleges and universities, trade schools, and even high schools. One good example that we use is our science fair, in which people come to expose to Austin energy, you know, very young in their increase, and that ultimately starts to establish a relationship. We'd like to improve the efficiency of our hiring process so that someone who enters the program -- usually if they're applying for a job at Austin energy, they're applying for a job somewhere else, and so if we're taking 90, a hundred, 120 days in order to get to a job offer, often we lose that candidate to someone else who's making a much quicker offer. Even if our pay is competitive in that area. And, finally, we'd encourage you to consider selection and implementation of a human capital management system. This would be a citywide system so that all departments can benefit from that. >> Pool: Thanks so much. Are there any other questions? Yes, councilmember Houston. >> Houston: Thank you for that additional information. Regarding the science fairs, is that an open call? How -- how do young people in schools get involved in the science fair?

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>> Yes, ma'am. We have an Austin science education foundation, and I can get you in touch with the executive door. We have a call for both school and individual student participation each year, and so we can make that connection. Right now we have just shy of about 3,000 students that participate, but more is better. >> Houston: So I would like some data on the number of schools in district 1, who are all title 1 schools, and whether they're participating because I can see that as an option for some students in some school, but if you don't have that as an expectation, then my school kids might not be participating. So if you could get me that information, I'd appreciate it. >> Yes, ma'am, we can. >> Houston: Thanks. >> Pool: We'll move on to item 5, which is customer debt arrearage management. I want to make sure to draw everyone's attention to the memorandum that we got from Greg masarus, director of Austin water earlier this week -- or late last week, March 2524. It was Friday. >> Good morning. >> Pool: Good morning. >> Good morning. I'm Jerry Galvan, vice president of customer care services, Austin energy. And as you may recall, council, I was here last month to provide an overview of the arrearage management program. This is a follow-up to that presentation where I will be providing -- reviewing the timeline for implementation. Okay? There is one material difference in the slide that we have in front of us, versus the one that staff submitted to you the first week of -- first part of last week. And that is that that original slide only showed Austin energy electric only participation in the arrearage management program in the summer of this fiscal year. But on Friday I received a call from Austin water to inform me that, indeed, they will be participating alongside with Austin energy and be able to fund the program as well, at the same

[10:42:09 AM]

time. >> Pool: So for those of you who may have printed out your backup before seeing the piece that was at our places today, you can see that underneath the July bar, it says tentative go live, and stabilization, below, it had Austin water contingent upon funding of mechanism. Then the change, as Mr. Galvan has noticed, on the updated sheet where it says the tentative go live and stabilization in summer months, both Austin energy and Austin water will fund the program. Thank you for that. >> Correct. So with that, I will start on the current month, which is March. As I mentioned briefly last month, I was here for the update. So March we are -- staff is working on customer care, billing configuration, and the business process development. In may, we look to test, do some system testing, and train our staff to handle those inquiries. In the early part of June, our plan is to kick off our marketing campaign and customer recruitment efforts. And as councilmember pool mentioned, our tentative go live and stabilization will take place in the summer months with participation from both Austin water and Austin energy. At the bottom of the slide, I just put a brief recap here and council resolution that empowered a Austin energy and Austin water and the utilities to work with community advocates on the following items. Council resolution 20131107.052, allowed Austin energy staff and community advocates to develop a payment arrangement policy, develop customer service practices, both of those were implemented in the latter part of 2015, and to develop an arrearage management plan or program, which is the

[10:44:09 AM]

part that we'll be executing this fiscal year. >> Pool: Great. Thank you. >> Any questions? >> Pool: Any questions? Great. It's good news. >> Thank you. >> Pool: Thank you so much. And Mr. Mazaru; thanks so much for the work you've done at the water utility. Is there anything you wanted to provide? Okay. And we have two speakers for item 5, Carol vizitsky and Paul Robbins. Welcome. Come on down. Mr. Robbins, you can come sit up here, too, if you'd like. >> Good morning. Oh, this chair is awfully high but I'll get by for three minutes. Good morning, chairman pool and councilmembers. I'm really very pleased

that this program is coming together with the participation of the water utility, and I am pleased about that because I believe that having both utilities participate, number one, increases the probability of the customer having a successful experience with the program, and number two, it also is better for, you know, both the utilities. What we're trying to do here is we're trying to get people who have, for whatever reason, low income people, who have a high amount of debt that need some type of a program to encourage them to pay on time and to help them see the light at the end of the tunnel. If you have a big bill and you know you're never going to pay it off, you say, what's the use? But if we give people something to work on that allows them to recognize the fact that, hey, I can get out of this, that it will be successful. That's the -- that's the philosophy behind all these

[10:46:11 AM]

programs all over the country. And I would also like to note at this time, because we forget -- I don't know if we forget it, but we forget to say it, that electricity and water are essential services, and people need them. And we do need to be serious about making sure that people can afford them and maintain them in their homes. Not having utilities is grounds for eviction. Not having utilities are grounds for the state, child protective services to remove children, you know, from the household. So as a utility, I believe that the utility has a greater responsibility than other businesses do to make sure that people can afford and maintain their products. And so even though it has taken two and a half years to get to this point, and I think we -- I'm happy that we have finally arrived, and I hope that this program is a success for the utility, but more important, I hope it's a success for the people who have dug themselves into a credit hole and can make themselves whole again and legitimately have their service connected at the utility. >> Pool: Thanks so much. Yes, mayor pro tem. >> Tovo: I just wanted to -- I'm sure I've done this before, but I just want to thank Ms. Pajetsky and the others who worked on this for so long. It's a basic and very essential service for so many Austin residents, and in addition to allowing -- I guess I'll take my glasses off. I'm sorry, I have a bad headache today. You know, for so many of those customer, it does allow them to dig themselves out of the the hole as you've put it, but also allows our utility to recover some of that debt that brings revenue into their coffers they mate not otherwise have. In the years I've been on council, I've heard from individuals in, I believe, all of the situations you've described, worried about

[10:48:11 AM]

being evicted because their lights have been off for so long, worried about medical equipment that might -- that would have to be shut off if they lose their electricity, you know, just the stories have been numerous and really heart wrenching, and I appreciate -- I appreciate the work you've done to make sure that we have a plan before us, and the staff, of course. Austin energy staff. To make sure that we have a program that works well both for the utility, as well as the customers who need this assistance. >> It was my pleasure to help you. >> Pool: Thanks so much. Mr. Robbins, you're next. And you have three minutes. >> Council, I have the same concerns that I had at the last meeting. What is the cost of this, and more important, what will the cost do to eventually draw down the funding for customer assistance program participation? I mean, this is a well meaning, probably good program, but will it take money from the flagship customer assistance programs, and do you find the trade-off worth it? You really have to answer the question before you move forward. I've tried, personally, to find the answer to this question. So far, my public information request has not been fulfilled. And I should also add that I tried, I've attempted, to go back and trace the origins of this program. I am not accusing the well-meaning low-income advocates like Bob batland of meeting in a closet and doing this in secret, but these meetings,

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to my knowledge, were not posted. I mean, I thought when I heard the last meeting, oh, this is strange. I've never heard of it. And I went online and I could find no record of it. Further, if this is brought -- has been brought to the electric utility commission, it is news to me. I went online last night and tried to find a record of the last three months, and I didn't see it discussed. Maybe -- maybe I missed it, but I did not see it. And I believe this should be brought to the uc for review. I mean, let me put it to you as pointedly as I can. All of us -- you have a finite amount of money. You're restricted from raising that money -- raising more money through the customer -- the community benefit fund, the community benefit charge, because of the rate settlement. So do you all want to be in the position of denying -- possibly denying future cap customers' participation because of this program? Might be -- maybe you think the trade-off is worth it, it's a legitimate policy concern, it's a legitimate trade-off that you'll have to answer. But right now, I do not believe the information is available for you to answer it. [Buzzer sounding] Thank you. >> Pool: Thanks, Mr. Robbins. Mayor pro tem. >> Tovo: Mr. Robbins, I understand the questions that you're raising, with one exception. I'm not sure that I understood you correctly about where the arrearage

[10:52:13 AM]

management idea initiated. Was that -- because it was the product of a resolution, and that led to the committee, or were you asking about when the committee and stakeholders met? >> There were two groups of stakeholders that met, and forgive me, I don't work with them, so I can't rattle them off to you, but there were two groups. And after the last meeting, I went online and tried to find some record of their meetings and could not. >> Tovo: Okay. >> Again, I'm not accusing them of skull duggery, I'm just saying it wasn't transparent. >> Tovo: But you're saying it came from a resolution. >> Oh, yes. >> Tovo: I assumed you were aware of that history, but if we -- I would ask the staff to get Mr. Robbins an answer about the meetings and when they met and whatnot. Thank you. >> Pool: All right. Let's move on to item number 6. And this is demand charges for general service customers below 20 kilowatts. And this is in answer to some questions that shudde Fath had raised. I know she's tuned in and watching us. Thank you for being here to speak to us. I do have the two questions Ms. Fath would like answered. When we get to questions, I'll post them for you. >> Great. Thank you so much. Madam chair, councilmembers. As you know, this is an item that's been somewhat ongoing. It originated with the 2012 rate review process, and at that time when Austin energy was looking at their rates and preparing for that rate review with council, they understood that there was a potential that their rate case could be taken to the PUC, if there were a significant number of customers that live outside the city limits and signing petitions and managing that. So as they were looking at that, they tried to align their process with the PUC

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process so that they'd be well prepared in the event that that would occur. So when they looked at their rates and their rate structures, they looked at what was a precedent on PUC cases that they had heard. And what they found was that when the original ercot market was formed, there was a consensus across the regulated utilities, or a process by which they set demand charges for these types of customers, and there was a threshold that was established at 10 Kw. So Austin energy instituted that subsequently to that, there were concerns alter of the rate case being finalized that these customers, or some customers, less than 20, but larger than 10 Kw may be harmed. So there have been significant

steps and things Austin energy has done since that time. And the first was, they instituted an averaging of the four summer peaks that these customers had, so that if they had one high -- high peak -- I'm sorry? >> Pool: Did you want to change the -- >> No, I'm going to let these guys do the presentation. So I'm just setting up -- >> Pool: Okay. >> So I asked staff to let me know and walk me through this process. I wanted to understand, one, how we got to where we are today, what are all the things we're doing, and is this the right level, and should I support that going forward. And probably didn't appreciate that very much because I know you spent a number of hours and all the staff involved in that are obviously not here, but it was a lot of work to review this issue, to respond to questions, and continuing to work with customers. And so as we instituted that or went through this process, I'm just sharing the things that I found out. And then there was a study -- or we averaged those four peaks, and that helped to reduce customer bills significantly. And then as part of the rate review process for this last rate case that was finalized

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in august-september of this last year, Austin energy newgen to do aist. They have a number of different research. It's kind of complex, but basically, it Gonzales that the cutoff could be at 7.5 7kw and we elected to leave it at 10. We looked at how customers use energy and established a load factor floor. So I'm going to turn it over to my team here and they'll introduce themselves and go through the mention, and we'll be happy to answer questions. >> Pool: Thank you. Welcome. >> Thank you my name is Russell [indiscernible]. I'm an Austin energy finance director. >> I'm Carrie Davis, I manage the program. >> We'd like to brief you quickly on several that Austin energy has done the mitigate the rate impact to our secondary customers and specifically those customers that lie between the 10 and 20 Kw, kilowatts of demand. So, as the next slide demonstrates, the pie chart illustrates our secondary customer class. And as you can see, that class is divided into three classes. And customers are assigned to those classes based on their average summer peak. And off to the right, you can see the subset of the 10 to 20 Kw customers, and that they are a sub set of our s2 class. There's some metrics on the load factor floor below that. That 10-20 group includes about 6200 customers. The metrics on the load factor, just for point of reference, load factor is a measure of efficiency, how well our customers use the system. A higher load factor means the customer uses our system more efficiently.

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As Jackie just reiterated, back in 2012, Austin energy had its first base rate change in approximately 20 years. And in that process, we looked at a lot of things, including our secondary class and whether we had the appropriate classes, and if they were sides correctly. Prior to 2012, that s1 class was 0 to 20 Kw. Following the 2012 rate case, that class was decreased, the s1 class was decreased from 20 Kw down, kilowatts, to 10 Kw, 10 kilowatts. And that's important because that 10-20 Kw group, for the first time, would be exposed to demand charges. Our s1 customers are charged much like the residential classes are. They get a customer charge and they get a charge per kilowatt hour or an energy charge, while our s2 and s3 class customers receive those same charges. In addition, they also receive a demand charge or charge per Kw. So it's pretty -- it's the distinction that we need to make because specific to this group is that for the first time they would be exposed to demand charges. We implement at the rates in 2012, and there was some unintended consequences that occurred. We found that low load factor customers in that 10-20 group, for the first time being exposed to demand charges, were experiencing rate shock. So we knew we'd have to adjust this or address it sometime between when we realized it and the next rate case in 2016. So one of the things, as Jackie mentioned, was, we went out and to look and evaluate to see, based on the empirical data where the classes should be

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broken and they reaffirmed that the s-1 class should be at zero to kq rate level. So, we've got this group of customers that are experiencing rate shock, and who are these guys, and what are we going to do to help them? Well, here's a quick sample of two our 10 to 20kw customers are. They are dental offices, floor shops, auto repair shops, art gallery, those are the type of customers that fall into the 10 to 20kw class, so, what do we do to help those people? Jackie hit on quite a few of them already. The first we changed the class from summer peak to average peak. What that does, if you're a small commercial customer, and you use 8 kilowatts a month for month one, month two and month three you jump to 12 kilowatts and in the fourth month you drop down to eight kilowatts, under the old regime, you qualify as an s-2 customer because you broke that 10kw barrier. With the averaging, you see if you average four months it's below 10kw. That way that customer would remain an s-1 customer and not receive the demand charges. What that do is removed the customers from s2 to s1 class. The other thing we did, we reduced base rates. As you can see, 10% for s2 customers and 5% for s3 customers. Probably the most important thing we did, for our low load factor customers is implement a 20 percent load factor for. And we can work for -- I understand there's questions that may come forward on that. But in essence, what happens, you assume -- if you're a commercial customer, s2 or s3

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and your actual load factor is below 20%, your load factor floor is automatic and adjusts billable kw and effectively reduces your bill. So, what does that look like? This is a chart that charts a 20 kilowatt customer through the various load factors so you can see they run there 10% to 90% and it measure us it as an average rate or average sense per kwh. So, the customers we impact lie to the left of the black vertical line. What the load factor does, it closes the gap between the dotted red line or solid red line, so, if I'm a 20kw customer, with a 10 percent load factor, 20% located factor floor reduces average cents per kilowatt hour by 6 sent cents. So, the proof lies in the pudding. The next slide shows an average customer bill. I believe it was a March bill. You can see the load factor adjustment reduced the bill by nearly a third. . So, in this instance, what it did, was it reduced -- if you can see online, where it says electric delivery charge and demand charge, and the regulatory charge, by implementing the load factor floor, it reduces those 17.6 kilowatts down it to a level that's representative of a 20 percent load factor floor. In this case, I know this customer is 10 percent load factor customer, so it cuts those billing units in half and

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produces about a third reduction on the bill. So, in addition to rate elements. Not only do we have -- we can address the problem through rate elements, we also have an array of energy efficiency programs that are available to these customers to assist them as well so we reached out through Austin independent business alliance and city of Austin and chamber. And we approached those customers offering up usage app, introduced them to energy efficiency programs and I'm happy to say to date we have not had any complaints regarding the floor. In addition to those services, we also have two dedicated key account representatives. That offer a variety of services such as conducting onsite assessment, and building equipment. They go in and sit down with the customer, explain, provide analysis on their electric bill and promote various Austin commercial energy programs. In particular, in this one case, we've had 200 customers in the last year where we've invested \$860,000 in rebates and are able to have a 1.5 mega watt in annual savings. So what did we learn? Right? We start looking at this

group in general, and we know it's a large group, it's varied. That the majority of renters and they don't necessarily have the incentive to maintain or purchase equipment that would reduce their load and improve load factor. However, there's still things we can do. One being the right design of the load factor floor. It's automatic, it occurs whether or not you have the 20 percent load factor or not.

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Even if you can't make the investment, we give you that credit. In addition to that, you have small business lighting and power partner thermostat programs. We found that -- in listening to the key accounts people, we found that that customer group tends to appreciate the service that we extend to them, and one of the problems that they have, they don't have a lot of visibility into their energy use, and there's an app, and some ongoing upgrades of smart meters that will be able to allow them that opportunity. So, there was an opportunity to look at additional things that we could do for the 10 to 20kw customers. So, we were asked to analyze two scenarios in lieu of the 20% load factor floor. The first scenario says, look, grab that 10 to 20kw customer and let's just create a class in and of themselves and we'll take the demand charges that you typically would apply, make those zero, whatever the revenue shortfall is, increase revenue charge. Go back to the customer, no demand charge. They have to have a higher energy charge to make up the difference and the second scenario is simply to expand the s1 class from zero to 10 back to zero to 20 like it was prior to 2012. We did that analysis, and in our opinion, neither one helps the customer as much as the load factor floor. In scenario 1, where we created a new customer class of 10 to 20 customer, and eliminated demand charges and increased energy charges, it would harm two out

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of the three customers. And, the -- the cost benefit to the customer class would be disproportionate. For example, a 20 percent customer with a 10 percent load factor, if they were to -- if they were to look at the 10-20kw in its own class. No demand charges, a 20kw customer with 10% load factor would see a \$1 increase in the bill. They would be one third of the customers that would benefit. On the other hand, that same customer, if you use the system more efficiently, 30%, say, they see a \$55 bill, and they were even more efficient and used 50% load factor, their bill would go up \$200. So, in scenario one, not only are two out much three harmed but the level of benefit to the bill increases as disproportionate, and under scenario 2, it is almost a non-starter. As you can see the pie chart in the middle, the blue piece, that's the s1 customers. If you were to expand or move toward with scenario 2 and expand that s1 class from zero to 10 to zero to 20kw, every one of those s1 customers, 28,000, would see a bill increase, along with about a third of that 10 to 20kw class. Doing that would raise the base rate for the charge in the current s-1 class by nearly 40 percent. So, our recommendation is, it's basically, we think we struck the right balance. We know that we have not been receiving any customer

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complaints about rate shock, that the scenario one and scenario two tends to harm more people than it helps and if we were to change rates it would probably open us up for another rate review process. We think that providing a 20 percent load factor floor, along with averaging the summer peak demands, strikes the appropriate balance and outside of the rate element changes, we think we've got staff or programs that either help or further help the existing customers. And that is the end of the presentation. Is there any questions that I can answer? >> I would just add one thing and that is that we have actually heard from some customer groups of the appreciation of what we've been doing. The

school systems being a good example. We've reached out to the small business groups, and are working with them, and we have not heard complaints, and so we've had nothing but positive feedback with these changes. >> That's great. Thanks. A real quick question, and then I will see if anyone else on the dais has any questions and I'll pose the two questions. When you say either scenario should go through a rate review process to examine all secondary customers is that because the number of people affected is significantly large, that it would trigger a requirement of a rate review? >> First of all, you literally change rates, so every time you change rates, I think you're exposed to an appeal. But more importantly, if you remember, these -- both of these scenarios harm for people than help. The first scenario, s-1, if you make a new class, 10 to 20, two

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out of three people are harmed so you do open -- you're certainly opening yourself up, right? You are literally changing rates. You would be creating a new class and create a charge that exists on the tariffs, so you simply open the door and know two out of three customers are harmed. And scenario 2, there's 28,000s-1 customers that would be harmed, so -- >> Got you. >> Yes, council member alder. I want to say those that are watching, who are not familiar with the terms you're using, could you clarify what you mean by the term "Load factor" so they can understand if they're trying to understand how this affects their small business. >> Load factor is a measure of efficiency. It's how well you use the system. If you are a high load factor customer, that means that you use the system more efficiently than, say, somebody with a lower load factor so it's a measure of efficiency. >> I could add to that that a lower load factor customer's profile looks like this, going up and down and very erratic, whereas a high load factor customer looks more flat-lined and that's easier from a system perspective to manage those types of customers than those that create those spikes here and there across the system. >> So, in this instance, having a high factor, means a higher efficiency, or a more effective efficient use of the system? >> Yes, ma'am. >> Okay. >> So this process is also rewarding people who are being more efficient. >> Right. >> As well as addressing the -- as well as addressing the rate crunch that's also encouraging more energy efficiency. >> That's one of the benefits, I think, that the load factor floor presents, because demand charges sent pricing signals and rewards those who use the system more efficiently the. So, we certainly -- our intent is not to harm those class of customers that use the system

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efficiently. So, changing -- scenario 1 and scenario 2 would absolutely do that. But what we're able to do is craft a solution and address only those customers at the lower end of the load factor. >> Great. All right. So, I have a sheet of paper here with questions. Question on item 6 about the 20 percent load factor floor. Everybody's interested in that. Which reduces the number of billable kilowatts for low load factor customers. Her question. Page 5 says, at 10% load factor, rates are reduced by 6 cents per kilowatt hour. So, she would like to know what rate is used. So, what was the rate before the 6 cents was subtracted? >> So, I think that question pertains to this graph >> Yes. >> And what this graph does, is it takes a 20kw -- a 20 kilowatt customer at various load factor phases, from 10 to 90, and applies the current s-2 rates, so they would have the \$27 customer charge and \$4.16 demand charge. So, that -- we actually take a 20kw customer at those kilowatt -- at those load factors, determine their kwh and we calculate their bill and then we take that bill, and we divide it by the kwh attributable at each load factor and it creates an average cents per kwh. So, the rate that's used is the current s2 rate. >> Okay. >> And this is only for base rates. And page 6 shows load factor adjustment amount. She's asking how is that calculated. What is the formula to achieve

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\$108.97? >> Well, I don't necessarily know if I want to do the math in my head as far as telling you how we can calculate it. And I will certainly be able to provide that formula, but this customer, as I said, I know is a 10 percent load factor customer, and since this is a 20 percent load factor floor, in essence, what this does, if you look at the three charges, the electric delivery charge, where they charge 17.6 kilowatts, time \$4.50 per kw, the line right below that, the 17.6 kilowatts at 4.19, and the regulatory charge, the 17.6 kilowatts times the 375, you can see those charges as they move across the line are roughly \$80, \$73, and \$66. So, if I do my math right, 80 and 70 is about 150, 155, and another 6 is 160, so about \$220, roughly, those demand charges are? And since this just happens to be pretty close to a 10% load factor customer, assuming the 20 percent load factor would cut all of those charges in half, so, I said it was around 220 bucks and my math is just about right. It's 109, 110. That goes back to the very first, or one of the first slides where I said this load factor floor adjusts the billing kw. So, we would take, in this case the 140 off kwh and back into using 20 percent load factor floor. How many kw would give you a 20 percent load factor floor and it's roughly half of that 18, about 9. >> Great.

[11:18:30 AM]

All right. And then she -- it says here that she does have other questions, and she just wanted to ask these today and so she may continue her conversation with you all. And I thank you for doing the additional research and work in presenting it in an understandable fashion to us today. Are there any other questions for our staff on item 6? All right. I think we're done with our agenda for today. Our next meeting is April, 9:30 in the morning on the 27th maybe and then we'll have an item for executive session mid point, in our regular work session? April, probably April 11th. Thanks, everybody. We are adjourned and it is 11:20. Thank you.