

Austin Energy Utility Oversight Committee Meeting Transcript

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[1:32:29 PM]

>> Pool: I'm going to go ahead and call this meeting to order. I'm Leslie pool. I'm the vice chair of the Austin energy utility oversight committee. And today is Wednesday, August 19th. It's 1:32 in the afternoon. We are meeting virtually and it looks like we have one, two, three, four, five, six folks here so we have a quorum. Present currently is mayor Adler, council member Renteria, council member Ellis, mayor pro tem Garza,

[indiscernible] And yours truly, council member pool. All right. We are called to order. I will go ahead and ask, do we have any -- I don't know, staff, I don't have any information about whether we have any speakers to hear from, from the community.

>> This is the av tech. I do not see any speakers on the line.

>> Pool: All right. Great. Thank you av tech.

[1:33:30 PM]

Appreciate that. So we will move now to the approval of the minutes. And do I have a motion -- well, first, any changes or corrections to the minutes? And I'm going to try a gallery view here so I can see everybody. It looks like -- oh, yes, okay. Council member alter. And I see council member Casar has now joined us.

>> Alter: I move approval.

>> Pool: All right. We have an approval. It looks like council member Renteria is seconding that. All in favor? Show me your hands. It looks like that is a 7-0 vote. Thank you so much. Just for the record, the chair, council member tovo will be joining us as soon as she can be here from the police pension board. And I have late word that council member kitchen will not be with us today. All right. So I still don't have -- let me see, maybe I can get an agenda in front of

[1:34:32 PM]

me. Somebody want to tell me what the next item number is? Here we go. Because we're going to move on to -- I guess it would be the general manager's report. Are you with us?

>> Yes, I am. Can you hear me?

>> Pool: Yes, we sure can.

>> Excellent. Thank you. Good afternoon, vice chair and committee members. I'm Jackie Sargent, I'm Austin energy's general manager. Today in addition to my general manager's report, our acting chief financial officer, rusty, I will be presenting the third quarter financial briefing. Deputy general manager and chief operating officer, Charles Dickerson, will present the third quarter operations briefing, along with an update on the decker workforce activities. Next slide, please. I want to start today with an update on our plus one assistance

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program. As you may recall, on April 9th, the city council passed an ordinance to ensure customers experiencing hardships due to covid-19 can get immediate utility bill relief. The plus one program helps residential customers who are having commercial difficulties and challenges and are unable to pay their utility bills due to unexpected emergencies. Since our last update to you in June, city of Austin utilities has provided an additional two and a half million dollars in assistant for a total of \$4.6 million so far this fiscal year. We have accomplished this through our new website and by working with our existing network of 56 nonprofit social services partners spread throughout our community. We are proud of the accessibility of this program and the enhancements made to help customers during challenging times. Our system's efforts are ongoing, and we strongly encourage customers who have been affected by covid-19 or other financial hardships to

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contact us or apply for help with their utility bills at [Austin bill help.com](https://austinbillhelp.com) or by calling 512-765-9721. Next slide. I would like to brief council now on Austin energy's upcoming request for council action or rcas.

>> Pardon me, I'm sorry to interrupt but I'm not seeing anything on the screen. I'm not sure if it was me or if it was everybody.

>> Renteria: It's everybody.

>> Pool: Something happened, Jackie.

>> Okay. Av, do you have the presentation?

>> Hi, this is the av tech. The screen is sharing. It must be something like a delay on the broadcast. I can go check on it real quick or we can just wait a minute. It's up to y'all. But I can see it on this screen right now.

[1:37:33 PM]

And it says it's sharing.

>> It's a pixilated version, like when there's a pop-up screen that it's not authorized to share, it looks like it's trying to give us the presentation, but none of the slides have pulled up pour me. Up for me.>> Okay. We're looking into the situation. Thank you for letting us.

>> Pool: In the meantime, general manager, your report is attached to our notes; right? The note that you sent around with the documents for today?

>> I believe so.

>> Pool: Okay. I'd rather keep rolling, if we could. Are y'all okay with looking at the documents that you have instead of looking at this? Jackie, maybe we can come back to look at --

>> Tovo: It is council member tovo. Thanks. Sorry to be late. I was -- I overlapped today with Austin police retirement committee, and there wasn't an opportunity for me to

[1:38:35 PM]

leave.

>> Pool: Water happy to have you back.

>> Tovo: I was going to suggest while we're working out the technology, perhaps we could go to the decker creek power station workforce presentation. That often doesn't have a powerpoint attached. Does that make sense, general manager?

>> That works for me. I can't see if the deputy general manager and chief operating officer, Mr. Dickerson, is on, from the display that I see.

>> Dickerson has just been added, actually.

>> Pool: He doesn't have a video and he's still muted, but maybe he's coming on.

>> Tovo: Mr. Dickerson, are you with us? Would you like to present?

>> Madam chair and vice chair, I've been on for a while. There's some av issues. I'm unmuted now. Can you all hear me? Let me turn on the video now. I've been on since the meeting started, but I have not been able to make the connections.

[1:39:38 PM]

Okay. That didn't scare you all, did it?

>> Tovo: We're not scared.

>> With respect to the decker update, we have not had any more of the team members at decker take any classes. The classes are still being offered. No one else has signed up for classes. We're going to hold our first virtual all employee meeting on the 25th of this month. Obviously, we're doing it as a condition of the covid concerns that we have, we don't want to put a lot of people in the same room, so we're going to do that virtually. We've added a number of additional classes for online links, different types of learning. We continue to do shadow, job shadowing where we're allowing members from the decker team to shadow people in our electric service business as we all noted there, because the power plant, power distribution, a lot of the skills that the people with the power plant use are transferable on the wire side, but they're still going to need some training, so we're allowing them to shadow people on the wire side with those people who

[1:40:39 PM]

choose to do that can get a better sense of what the day-to-day work is like. And that's pretty much the update. No additional training, it's all voluntary. We still have the windows open. We've added more classes and we're making them available.

>> Tovo: Thank you, deputy general manager. How many individuals have you had use the option of shadowing?

>> I do not have that number in front of me right now. I will get that number to you.

>> Tovo: Thank you. Any questions regarding the decker workforce issue? Council member alter.

>> Alter: Can you just review really quickly the dates for the decommissioning?

>> We don't have a specific date but we're going to be shutting the plant down sometime between the end of the summer and the end of the calendar year. So the specific date has not been set. Oh, I'm sorry, it has -- we gave notice, and I don't have that date -- those dates in front of me, last month.

>> October 31st.

[1:41:40 PM]

>> Yes. Thank you.

>> Alter: So October 31st of this year we're shutting down decker 1, and what about the other pieces of it? What's the time --

>> Unit 2 is scheduled for next year.

>> Alter: Okay. Thank you.

>> Yes.

>> Tovo: Further questions? Okay. Seeing none, council member -- vice cir, did you prove the minutes?

>> Pool: We sure did.

>> Tovo: Shall we try the technology again or --

>> Pool: The technology again, yeah.

>> Tovo: Jackie, you want to give it a go?

>> Looks like it's coming up all right. We can advance the slides because I had already started on the presentation. It went back to the gray

[1:42:40 PM]

now.

>> Tovo: How about we pick up with the section that isn't gray. Is that all in agenda item number 3? Jackie? The present -- the pieces of the presentation that were just visible, are those the third quarter --

>> That's the -- no, that's the general manager's report.

>> Tovo: And those are earlier in your presentation?

>> Yes. That's the first -- I'm giving the general manager's report, and then our interim, our acting chief financial officer, rusty menyez will be giving the financial briefing, then deputy general manager, chief operating officer Charles Dickerson, will come back on to give the third quarter operations report.

>> Tovo: So as you were just flipping through, it looked as if agenda item 3, the third quarter financial briefing is visible, and it looked to me like the third quarter

[1:43:40 PM]

operations briefing was visible. Was I wrong about that? As you were just flipping through the screens, I thought I saw those. At least we can start on those while we're trying to work out what's going on with the general report? Does that make sense?

>> Yeah. I don't have control of the screens. The city hall av tech has control of the screen. I'm not sharing my screen.

>> Tovo: Got it. So if you could -- I don't know if that's Doug or --

>> Renteria: Share, it is on TV so the public can see the report.

>> Tovo: They can't see it?

>> Renteria: They can. They can see it.

>> Tovo: Thank you, council member. Let's just proceed through because I think we all have had it mailed to us, and as long as the public can see, I think between each other, we have means of following. So general manager, if you would do your report, please.

>> Okay. So I've already started, committee chair, and I am

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now on the slide that has the items that are going to be coming forth to city council with request for council action. I have five upcoming items that I would like to address for you today. The first item is a contact center communications and infrastructure solution for the utility contact center and Austin 311. This will replace the current contract to host, maintain, and implement a robust contact center solution. The initial term is approximately \$8 million for three years with two optional one-year extensions. The second item is an amendment to an existing contract for the lease and maintenance of customized utility vehicles. These are the vehicles used by Austin energy field crews and include aerial devices that are mounted on truck chassises, cranes, and digger derricks. The proposed 9 and a half million dollars will

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allow for necessary replacement of Austin energy owned vehicles. Next is approval of a contract to provide an energy trading and risk management solution for up to 12 years, with a total contract amount not to exceed \$4.7 million. This contract provides a single platform to be used by Austin energy for tracking and monitoring activities and energy market risk management in the ERCOT market and natural gas markets. This replaces a contract that expires at the end of this year. The next item is a

contract to remove four obsolete chillers at the domain district cooling plant. This project consists of the demolition of four chillers, which were previously replaced. The contract is not to exceed \$1.4 million, and the work will take approximately 90 days. The last item I'd like to mention is a contract to provide a three-phase auto transformer for the

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Dunlap substation in an amount not to exceed \$4.7 million. The auto transformer supply additional capacity to Austin energy's transmission system due to the retirement of the two decker steam units. Without this addition, there's an increased risk to the reliability of the Austin energy transmission system and the potential for significant congestion charges. Next slide, please. Next, I would like to mention an award the city of Austin received in recognition of Austin energy and Austin transportation department efforts in advancing electric transportation and sustainability. The electric drive transportation association announced that Austin was selected as a 2020 recipient of the North American e-visionary award. The e-visionary award is presented by the world electric vehicle association to cities and regions across the globe for promoting electric

[1:47:45 PM]

vehicles and making E mobility a reality in their communities. Next slide. As I wrap up, I'd like to recognize the Austin energy employees who went to south Texas to assist with repair and restoration efforts in Mercedes, Texas, area, due to the damage caused by hurricane Hannah. Listed on the slide are the 16 employees who made this trip. Austin energy received the request for mutual aid from the investor-owned utility aep Texas, left Austin on July 27th with five bucket trucks, two digging derricks in. Austin crews made it safely back home and I'd like to take this opportunity to again convey my sincere appreciation. I'd also like to say thanks to all our essential employees who continue to carry out our

[1:48:46 PM]

mission to safely deliver clean, affordable, reliable energy and excellent customer service at a time when our community needs it the most. Next slide, lee. With that, I will pause and answer any questions you may have.

>> Tovo: Questions? Council member alter.

>> Alter: Thank you for that report and congratulations on the award and thank you to your staff. I was wondering if you could speak to how much additional we're spending because of covid, to the extent that you now how much additional expense that's creating on the utility.

>> I do not have that information at this time. And we can get back to you with that.

>> Alter: Okay. If it's relatively easy to get to me, I would like to know. But if it's -- if you don't have any way of accounting for it, then --

>> We do.

[1:49:47 PM]

We do have a way for accounting for those things that potentially could be reimbursable so I know that we've been tracking that. Obviously, the things that are causing cost to us now are the additional personal protective equipment that we need to do and how we're managing the work crews. So we'll look at that and see what we can come back to you with.

>> Alter: Thank you. I just think it's important that we get a fuller picture of how this has affected the finances and the operations. But, again, I'm not -- I don't want you to jump through a lot of hoops to get that. I'm assuming that you guys are watching that in a particular way.

>> We're watching it very closely, and one of the concerns that we have is the long-term impacts that are unknown at this time and what that's going to mean for the utility. But we are tracking it, and as we have better information, we'll be able to share that with you.

>> Alter: Okay.

[1:50:48 PM]

Thank you.

>> Renteria: Chair?

>> Tovo: Uh-huh.

>> Renteria: Jackie, on those four chillers at domain that's going to be -- is that a complete demolition, or is it -- are you making room to replace it with new ones?

>> So they've already been replaced.

>> Renteria: Oh, okay.

>> So these are the old ones that are obsolete so we needed to replace them, so we've got the replacements installed, so now we can remove these.

>> Renteria: Okay. And where's the Dunlap substation at, located at?

>> You know, that's a transmission substation, and we don't give the specific locations of those because they're considered critical infrastructure.

>> Renteria: Oh, okay. Never mind then.

>> Anything else?

>> Tovo: Other questions? General manager, I saw a post yesterday on neighborhood next-door about one of your Austin energy employees who's very involved in one of

[1:51:49 PM]

the isolation facilities, in helping lead some of those efforts, so thank you to all of your employees, both for assisting our neighbors to the south and other places in Texas, in the wake of hurricane Hannah, but also thank you to your employees who are helping out in the response to the pandemic and in ways that are, you know, really outside their regular job duties.

>> Thank you.

>> Tovo: Other questions? Or comments? Okay.

>> If not, before I turn it over to rusty menyez to provide that third quarter briefing, I want to mention that his team has been working on a rate adequacy review, and the preliminary results indicate that a rate change -- rate changes are not needed at this time. However, as we just discussed, there are a number of factors on the horizon that are going to impact Austin energy's finances, such as the generating unit shutdowns at Decker, exiting the Fayette power project, and then certainly the

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uncertainty -- uncertain operational and long-term economic impts of covid-19. In the coming days, we will be finalizing our review and we'll provide a memo to council. So I just wanted to give you a heads-up on that. And with that, I'll turn it over to rusty for the third quarter financial report. >>

>> Good afternoon. My name is Russell

[indiscernible] And I am acting chief financial officer, and I'll be presenting your Austin energy financial report. I'll wait for the av to get the powerpoint back to the beginning.

>> Alter: Can you speak up a little bit? It's pretty hard to hear.

>> Yes, ma'am. Can you hear now now?

[1:53:52 PM]

Is that better?

>> Alter: Yes. Thank you.

>> I'll lean into the mic. Maybe that will help.

>> Is this the correct presentation on the screen?

>> I just see a pixilated box.

>> Austin energy quarterly financial report?

>> Correct.

>> I'll advance the slide now if you'll just let me know as we go along.

>> Renteria: It's on the air on TV, but we can't get it.

>> Tovo: I think we all received it via email, and so if you would sort of walk us through it. If there are any

[1:54:53 PM]

colleagues who need that emailed to them, I'm happy to forward it.

>> There it is, I believe. I see it now.

>> Tovo: Thank you so much.

>> Okay. So we can leave it right there. So as I said, my name is Russell, and I'm currently the acting chief financial officer for Austin energy, and I'll present the third quarter report. This is a disclaimer. This slide just says that these presentations today are based on preliminary, unaudited numbers. Next, please. This is the typical agenda we follow, start with executive summary. One more, please. So -- can you go back one? Thank you. So Austin energy is generally compliant with its financial policies and its financial

[1:55:54 PM]

metrics. Through the first nine months, Austin energy has been rated \$958 million in revenues and incurred \$768 million in expenses. Now, that \$198 million delta is used to pay things like debt service and general fund transfer and other items. Our balance sheet remains liquid, we're adequately capitalized. At the end of this presentation I'll have a few slides on the impact of covid on both our load and energy portfolios. Next, please. One more time. Thank you. So Austin energy is compliant with all its financial policies, save and except the capital reserve, which currently has a balance of \$70 million. A minimum balance of

[1:56:55 PM]

102 million, so that \$32 million deficit is funded from yearly operating revenues if those funds are available for transfer. In budget '20-'21 we have funds slated to be moved into capital reserve. Next slide, please. As you can see here, we have four financial metrics that we monitor very closely. Basic cash on hand, debt service coverage, operating margins, and debt to capitalization. As you can see, Austin energy has met the minimums for both basic cash on hand and debt service. However, Austin energy has not met the minimums for operating margins and debt to capitalization, and Austin energy's inability to meet those minimums is attributed to

[1:57:56 PM]

the nacogdoches acquisition. There is accelerated depreciation on that plan which dampens operating margins and bond obligations Austin energy incurred to purchase

[indiscernible] Moved us above the 50% debt to capitalization. Now, that being said, Austin energy used both their inability to meet these minimums as shorter term situation that Austin energy stands by their purchase of

[indiscernible] That has proven to save our customers some \$300 million. Next, please. So we have two affordability goals. The first is that we maintain a system average rate at or below 2% of an annual compound growth rate, and we are meeting that metric. The second is that we stay in the lower half of all Texas utilities, residential, industrial,

[1:58:58 PM]

and commercial customer, we have not met that metric yet, although we are very close. We are at 100.4% of the state average. Next, please. One more time. Thank you. So as I mentioned earlier in the presentation, Austin energy has generated over the first nine months \$958 million in operating revenues. And that's within a million dollars of budget. And I'm particularly pleased that the base revenue is within two million dollars. Next, please. Same is kind of true with operating revenue. We've incurred

[indiscernible] Million dollars of operating expenses year to date, as opposed to budget of 750 million so we're \$10 million over budget. The majority of that can be seen in the delta in

[2:00:00 PM]

the electric service delivery. Most of that variance is due to high labor costs associated with covid and a \$2 million software cost. Next, please. This is our fund summary. As you can see, we have 11-million-dollar negative variance in operating income. We have actual operating income of 198 million versus a budgeted amount of 209 million. That's attributed to the expenses I just talked about. As you can see, other elements of the budget are the same, save and except interest revenue. So through the year we are running at a deficit of \$78 million, compared to a budget deficit of 66 million. And it's attributed to the revenue expenses that we talked about earlier. Now, if you look at our current operations compared to the prior year, our operating

[2:01:00 PM]

revenues and operating expenses are lower this year compared to the same time last year. That's primarily due to power supply adjustments. Also, debt service in the current year is slightly higher than the prior year, and that's due to the additional nacogdoches debt. Next, please. This is actual to budget retail energy sales, and you can see that there's -- while there's monthly variances through the nine months, we have sold 9,205 giga watt hours of energy. That's only four giga watt hours less than budget, so it's less than a quarter percent. Next, please. This graph shows our non-power supply revenues, and for the year we're \$12 million under budget. And that's attributed to

[2:02:01 PM]

the regulatory revenue. As you may recall, the Austin energy's response to the covid pandemic was to reduce the regulatory charge, so it's reasonable that regulatory revenues are lagging. Next, please. Would you back up -- thank you, sir. This is actual power supplied cost through the first nine months, and actual power supply cost total \$285 million. It's only a 1% variance year to date. The blue line represents the power supply adjustment revenue. Those are the revenues that we collect to pay power supply costs illustrated in the yellow bars. Now, you look in general over that nine-month period. The blue line historically stays above the bars. And that was intentional. We started the year with

[2:03:04 PM]

a \$21 million under recovery. So when we set the psa, we decided to set it just slightly higher than what we thought power supply costs were going to be. And we have been successful because through June, we have used that under-recovery under -- we have used that under-recovery from 21 million to 5 million. Next, please. This is our capital improvement plan. So you see horizontal bars on the right shows how our spend rate is on the improvement plan, and the pie chart to the left speaks to how we finance it. So as I was saying, we have a \$254 million improvement plan. We're three-quarters through the year.

We should be at about a 75% target. We're at a 71% target, which is very close. The biggest variance is under general, where we had planned to purchase a warehouse facility and

[2:04:04 PM]

were unable to consummate that sale, so we will -- we won't get that done this year. If you look at the pie chart, you can see that about half of our cip is funded with debt, and the remainder is funded with cash and contributions and aid to construction. Next, please. This chart displaces all the components of our power supply costs and demonstrates the value of our owned and contracted assets. Those assets work as hedges on our behalf. Consequently our load zone costs are reduced by 35% and saved our customers over \$200 million. Next, please. One more time, please.

[2:05:06 PM]

This is our gap base balance sheet on the left. And the information to the right, the circle gap highlights are our cash and working capital. And the lower bar charts below that highlight our commercial paper program. So I'd like to back up and go to the balance sheet. Current assets have increased \$50 million, and that's primarily contributed to an increase in receivables and inventory. Long-term assets have increased nearly \$400 million. Now, half of that is attributed to an asset retirement obligation related to fpt and stp. Remainder, \$78 million in deferred pension expense and \$88 million in deferred appreciation for the nacogdoches acquisition make up the remaining. Now, I just told you that about \$200 million of the

[2:06:08 PM]

asset retirement obligation, and also \$78 million in deferred pension expense were contributors to the increase in long-term assets. Well, the other side of that transaction is an increase in long-term -- long-term liabilities, and that's what makes up that increase. If you look to the right at the circle graph, we show that we have \$657 million in cash and reserves, and that represents 209 days of cash on hand. And to date or through the third quarter, we've drawn \$138 million on commercial program that's worth 275 million. Next, please. Thank you.

[2:07:10 PM]

One more, please. So the balance sheet on the left is just a little more detailed than the balance sheet that I spoke about in the previous slide. I'd like to draw your attention to the income statement where you can see the net income, that we are \$25 million less than the prior year of net income. We've booked \$26 million from the prior period, a million dollars now. That is primarily attributed to a one-time audit judgment for appreciation expense on

[indiscernible] Assets. The bar charts at the bottom, we've grown by some 12,000 customers, 2.4% increase. While we have grown customerwise, our growth in gigawatt hour sales

[2:08:13 PM]

has also increased at the , but not the same rate, increased at 1.4%. Next, please. One more time. Thank you. So this graph shows the secondary energy consumption over pre-covid and post-covid period. And what it does is it's not adjusted for customers and it's not adjusted for weather, but it's simply a comparison between this seven months and the prior period seven months. And as you can see, they track relatively close. Consequently, that, I think, is the stability that we spoke about earlier in regard to revenues in the budget. And so as you can see, there's little monthly variances on a monthly basis, overall, sales are

[indiscernible] 1% for

[2:09:13 PM]

[indiscernible] Total. Next, please. While total energy sales looks stable, the underlying data tells a different story. We are definitely seeing a reduction in commercial sales, and it is being backfilled by an increase in residential sales. So if you look at the graph on the left, you can see that the yellow bar which is 2020 from the residential sector is outpacing the prior year, and the opposite is true in the commercial sector. So we're almost having a flip-flop. Next slide, please. And the same is true on the load. A residential load represents a higher proportion since April. That's kind of when covid -- covid kind of kicked in around that March time and is really reflected in the numbers in April. So load is mimicking the atypical energy sales.

[2:10:16 PM]

And if you'll go to the final slide, please. Okay. So if we use secondary sales as a proxy, we know that total energy sales are consistent with the prior year. Like I said, they're not adjusted for weather and so forth.

[Indiscernible] Effect. But because we are consistent with 2019, which is considered a normal year, if you will, our budget to actual energy sales and operating are very close to budget through the third quarter. We do have changing load and energy profiles, where energy residential sales are higher than prior year, and they

[2:11:16 PM]

backfilled the reductions in commercial sales. It's just really important to show that right now, this is an atypical year, and as Jackie alluded to earlier, just don't know what the lasting effects are of the covid impact are going to be. We don't know that once we get through this, that we will return to what we consider normal or that it will have a lasting effect. And that is the end of my slides, and I'll be happy to answer any questions.

>> Tovo: Thank you, Mr. [Indiscernible]. Let's see, I can see some of you. Any questions? Council member alter.

>> Alter: Thank you. I just wanted to make sure that I understood on slide 17 the actual to

[2:12:18 PM]

budget power supply. So you said we had an underfunding of the psa before?

>> Tovo: Can we bring that slide back up, please? I think -- you said 17?

>> Alter: Yes. So I understand that the blue line represents the revenue that we actually had coming in and our actual to cost. Now, did we -- was the -- when you say there was an underrevenue for the psa, was that left over from the prior -- maybe being just help me understand --

>> Exactly right. At the beginning of the year we started with a \$20 million under-recovery.

>> Alter: Okay. So we charged more from -- to may?

>> And through June, we

[2:13:18 PM]

have reduced that under-recovery from \$20 million under-recovery to \$5 million under-recovery.

>> Alter: Okay. So we still have the 5 million under-recovery because we

[indiscernible] During that period, and that's a normal process because we can't always anticipate our supply. Supply adjustments?>> Yes, ma'am.

>> Alter: Okay. Thank you. That's what I wanted to clarify. Thank you.

>> Tovo: Other questions? I have a question about a residential -- comparison between the residential and commercial last year to this year. Sorry, I've forgotten what slide that was on, but one of the things that was of interest, you would certainly expect, you know, what your graph shows, not this graph but the graph you showed us earlier, looking at the spike in

[2:14:19 PM]

usage at residential, and that's no surprise because of so many -- so many people working at home. What was a little bit of a surprise is that also not more of a corresponding dip in the commercial usage. And I didn't know if you had any thoughts on why that was.

>> Well, it certainly is -- it certainly is -- it's a significant dip in the commercial. And not to underplay that. We have seen that fall off in that regard. So there's not necessarily a one-for-one swap, but we have seen significant commercial deterioration. But it's been busted by the increase in residential.

>> Tovo: By the increase -- in terms of -- from the utility's perspective. Okay. Thanks. I'll take another look at that graph once I have it in front of me again. It didn't seem terribly significant of a drop for June and July, especially, once we got past, I think, April was the lowest point for commercial, and then

[2:15:20 PM]

it -- and then it was almost -- it looked like it was almost at the level, but maybe the scale of our commercial usage is such that that is, you know, any drop, even if it looks like a quarter of an inch on the chart, is pretty significant. I'll have to look at the numbers again. But thanks for that assessment. Are you aware of any companies that are providing -- I mean just anecdotally, any companies that are providing stipends to their employees for working at home, given the increased usage? I know when -- when I brought forward with my co-sponsors the resolution to ask our utility -- our utilities, what kinds of provisions they might put in place for our customers, and you did, thank you, in terms of providing some bill relief, we also had some provision in there asking the city whether it would be appropriate to provide some stipends to employees who are now working at home, given their increased utilities. And, you know, we had conversation back and forth, and it was

[2:16:22 PM]

suggested that that was -- that resolution was not the right mechanism for doing so. But, you know, as like the -- as I look at your graph, which really, visibly, shows how those costs that were once absorbed by an employer are now being shifted to employees, I really just wonder about that, whether -- one,

whether it would be an appropriate consideration for the city of Austin in terms of our employees who are working at home, but more generally I'm interested to know if you know how businesses are handling that in this period where their employees are primarily working -- in those companies, where employees are primarily working from home.

>> Yes, ma'am. You make a really valid point, but I am not aware of what the market is doing.

>> Tovo: Yeah. I don't know if any of my colleagues are. I've been curious with B that throughout. Yes, deputy general manager.

[2:17:22 PM]

Oh, you're muted.

>> I chair, no pun intended, a call now monthly with the chief operating officers from the largest public power utilities around the country. And I asked this question about a month ago, and it's -- this isn't scientific, but I would say probably 40% are providing some type of stipend to either cover the additional cost of cartridges for printers or additional electric use. There's no scientific kind of study on it. Some are doing it and some aren't.

>> Tovo: That's helpful. Thank you.

>> Yes.

>> Tovo: And it makes kind of [indiscernible] Employees are absorbing those costs that were once borne by their employer. Any other questions? Council member Ellis.

>> Ellis: Are any of your service announcements helping businesses to know how to regulate their thermostats remotely? I know some that aren't having employees in the

[2:18:22 PM]

office may decide to save a little bit on energy in the commercial aspect, just since people aren't in the office. Is that something that Austin energy is reaching out about, or do they have any other information about a best practice that might be communicated to those types of businesses?

>> Right. So Austin energy does

[indiscernible]

>> Ellis: I'm sorry, I had a hard time hearing that answer.

>> Okay. I'm sorry. Austin energy does have programs --

>> Tovo: Just a second. We have a few people who need to mute their microphones. I think that will help.

>> Okay. Is that better?

>> Tovo: It is. But those who are not muted are still unmuted. If you would take a look and make sure you're

[2:19:27 PM]

muted if you're not speaking.

>> Tell me when.

>> Tovo: Okay.

>> Okay. So yes, the short answer is yes, Austin energy does have a program and programs in place to do just that, it's carried out through customer energy solutions.

>> Ellis: Okay. That's helpful.

>> Tovo: All right. Thank you. Seeing no other questions, that takes us to our last item, which is the third quarter operations briefing.

>> [Indiscernible] --

>> Casar: I have a question on the first item and the powerpoint got messed up. I didn't know if we were going back to that later. I have a question about the slide about plus one. Really quick, just -- I appreciate, Ms. Sargent, you mentioning that people can keep on applying and reaching out. I heard that you mentioned that 4.6 million in assistance

[2:20:28 PM]

so far this year. How far are we from hitting our budget or the amount that we still have left?

>> Well, council member Casar, thank you for asking that question. As you'll recall, with the April 9th ordinance that council passed, Austin water added an additional 5 million and Austin energy added 5 million, so for a total of \$10 million to the plus one program, plus our original budget, which I believe was 2.6 million, so that would be a total of 12.6 million. So we have funds that are remaining, and we plan to continue to be reaching out to customers and looking for opportunities to continue to provide that -- that assistance through that program. And we are looking at additional ways that we can reach out to customers to get them to call us. And so it's really important, if you have constituents that are contacting you that are

[2:21:28 PM]

customers that you encourage them to reach out and ask for that support so that we can help them.

>> Casar: Right. So generally, there's over 12 million in the budget, and we helped -- we've done about 5 million, a little over 5 million of it.

>> This was from a couple weeks ago when this was put together, and I understand that we've also been able to provide additional assistance. And I think we are close to the \$5 million number right now. We're continuing to have people call in, and we're continuing to reach out, and we will continue to support our customers, and we want them to call us so that we can help them.

>> Casar: Thank you very much.

>> Tovo: Great. Thank you. Deputy general manager.

>> Madam chair, with your permission, I'd like to go back and clarify two responses, one in response to council member alter and one in response to you, with respect to the decker

[2:22:30 PM]

closing. Both general manager Jackie Sargent and I responded to council member alter on the closing of decker 1. Both answers were correct, but someone from the outside looking in could probably misconstrue it. My answer, it will close sometime after the summer peak till the end of the year is correct. The general manager offered October 31st, but that's the very earliest we can close the plant based on notification. Again, we don't have a specific date yet, it depends, but it will be closing before the end of the calendar year, no sooner than October 31st. That's in response to council member alter. In response to your question about job shadowing, my vice president informed me that we pushed that out to the fall now because of some concerns again about covid. So once we pick that up, I will be able to or we'll be able to give you a report on how many people have taken us up on that.

>> Tovo: Thank you very much.

>> Okay. I'll wait for the av person to put up the presentation, and if not, I can go because you all have the presentation in

[2:23:31 PM]

front of you.

>> Is this the one we're looking for right here? Or can y'all see it.

>> I cannot -- I see just a pixel screen as we saw at the beginning.

>> The Austin energy operational update?

>> Yes. That's the one.

>> Thank you.

>> Yes, sir.

>> The presentation is up now, by the way.

>> Okay. They may be seeing it, as council member Renteria said, on the TV screen. I'm not seeing it here. So I'll go from what I

[2:24:33 PM]

have and hopefully we're going to be aligned because I'm not seeing it on the webex. So, again, just for the -- I'm Charles Dickerson from Austin energy and I'm going to deliver the third quarter operational update. Thank you chair, vice chair, and members of the committee for allowing me to present. I'm flipping to the next slide. You'll see two Orange pictures and discussion topics which we'll talk about performance on site energy resources and future state. I'm going to be speaking to outreach program, which we feel really good about the performance of it. Y'all may recall we introduced the acronym reach as part of the generational resource plan that we completed, and in conjunction with members of the city and various stakeholders, that was purposed to drive down to zero our

[2:25:33 PM]

carbon-based generation ownership, and it's purposed to do that by 2035. We have some interim steps we're going to take, so we're just not sitting and waiting, and reach was one of those, we're going to be scaling back our carbon-based units, and you're going to see in the slide coming up that's working really well. I cannot see the web screen because I'm doing my presentation off of my computer because I don't know if it's up there or not. Has it been loaded, or no?

>> Yes, sir. I'm looking at Austin energy operational update.

>> Okay. Let me see if I can see it. I'm still not seeing it.

>> Discussion topics, I can go forward or stay here, whichever you prefer.

>> I'll just let everyone know which page I'm on, and if you can just follow along, I think that's how I'm going to have to do it. So I'm on slide 4. Madam chair, if you all could turn, that slide is

[2:26:33 PM]

entitled commercial availability and

[indiscernible] Success. Basically you'll see as I report every quarter what the target levels are, what the actuals are, and the reach for the deltas this time are basically due to refueling at our Texas project, south Texas project, and generally seasonal maintenance that we do. The availability relative to the target is expected for this time of year during this report. The next slide that I've gone to now is net generation and load analysis. The takeaways from this slide is that it's interesting that in the upper right-hand corner, you'll see that we generated slightly more energy than our customers consumed, but it can't necessarily mean that we actually was net positive in that regard because this is a function of the timing when we generated, as opposed to the timing when we used it. But it is interesting to see the different generation mixes and how they transcript. Attribute. lastly, you'll see in the

[2:27:36 PM]

bottom right-hand corner our renewables are 41% of the amount that we consumed, and that number will flex, depending on how much load our customers are using or how much energy they're using over the course of the reporting period. But as we bring more renewables on, you'll see that that high one

[indiscernible] As opposed to the yellow. The next slide that I'm moving to is the system metrics. I'm proud to report that if you look on the right -- the left-hand side, saidi, which stands for system duration, those lines are starting to converge. The Orange line is starting to come down. Previous reports, it was moving in the wrong direction, we were working on vegetation management issues, working on some equipment issues, and we're starting to get that under control. You'll see the chart in the lower right-hand side, which is safety, which is the frequency of outages across the system is going down. Some say, Mr. Dickerson, what about the chart in

[2:28:37 PM]

the upper right-hand corner where the line is running in the opposite direction? That is a function of the math in the two lower charts. So cat, the acronym that begins with the C, is a function of dividing the Saidi by the saifi. If I can put this in practical terms, we're having fewer outages, but for the outages that we have, they're lasting a little longer. And so we're going to be working on how do we deal with those outages, the ones that we're having remain, and how do we get those to be restored in a shorter period of time. Some organizations, you can see a report where you could have caidi looking really good, but you can still have long durations, it's just the frequency is obscuring that. So to me, this is a good story that both the Saidi and the saifi are coming down. Our part -- I said a lot there, and sometimes it can be a little technical and confusing. Any questions on these reliability metrics?

[2:29:39 PM]

Okay. So I'll go to our carbon footprint. This is renewable generation as a percentage of load. This is a different look. And you'll see it flexes with the seasons. In January like when it's really windy and because we tend to be a summer-peaking utility, our load would be lower and our summer our renewables higher. As you look at May and June when load picks up, it's going to flex that fraction and so the percentages of renewables are going to come down as percentage of load. As we add more renewables, you will see that number on the bars will start to be higher over time. Here's my favorite slide in this report. I'm on slide number 9, those of you following in the written material on the television and it's entitled reach.

[2:30:40 PM]

This again is Austin Energy's plan that was agreed to with the various stakeholders and approved by council for how we would work to minimize our carbon footprint in advance of formally shutting units down. The long and short of it is we have changed the curving or the price at which we're willing to sell our power plants into the market during the shorter periods of time, we're actually doing a entire year, but during a shorter period of time the prices will come down the markets willing to pay and we adjusted ours up. What you'll see is the first number in the top of the chart, the 1,516,000 and some change was the actual amount of carbon that we emitted. You will see the number next to it, the 1.996, is what we forecasted and if the forecast would have been

[2:31:42 PM]

perfect, we would have emitted the 1.456. However, because we had reach, we were able to reduce 480,000 tons of carbon just as a result of reach alone. And then we have other reductions based on outages and the fact -- [inaudible] Will be slightly different than what we anticipated. We reduced 480,000 tons of carbon that we can definitively measure as a result of our reach program. This is a really good story for the city, for the environment and for the strategic direction city council has us executing and I just think it's worth pausing here a moment to see if there are any questions. Okay. Hearing none, this is a list

[2:32:43 PM]

of the worst performing feeders and I don't want to go into too much detail so I'll be brief. At the end of the day, even if we continue to meet make is -- make is system more resilient, this concept which is used all over the country is purpose useful continuous improvement. You will take the worst feeders, no

matter how good they are, still not as good as other ones, you will put extra effort into making certain those are good, they will move out of the worst ten and some will necessarily fall into the worst ten even if performance hasn't changed and we'll start focusing on those. To the right you will see some of the things we're doing. We've increased vegetation line clearance and that came out in some of the budget discussions. We're doing things with technical issues like feeders and a whole number

[2:33:43 PM]

of things and those things are purpose so next year so it goes over a calendar year none of those feeders should fall on the list. I've now moved on to slide 12 and the long and short of it we're a target for points 3, 4, the Mueller plant and the Austin community college. We're on target despite the fact we [indiscernible]. And the last slide I'll go to is our focus which when I first came -- a report card by which you grade me by and for the first time I'm happy to report about everything is green with the exception of asset management.

[Indiscernible] We have a lot of things that we're doing to [inaudible] More unique all the assets. We have tens of hundreds of thousands of various assets

[2:34:44 PM]

of various sizes and definitions we want to quantify them so we can put together plans for how we can do preventive maintenance and predictive maintenance. Third quarter we may have made the honor roll even if I saw so myself. With that I'll pause.

>> Tovo: Congratulations. Thanks for all the good work and thank you -- thanks for continuing to provide that information so that we can really track progress in all of these areas. That's really very helpful. Colleagues, what questions do you have? Mayor Adler?

>> Mayor Adler: I just don't want the chart to go by too quickly on reach. You know, in hindsight looking backwards it's such a simple and elegant action to take that could have as we see now such an incredibly dramatic impact on the carbon footprint.

[2:35:46 PM]

So it was clever, it was simple, and it actually is working the way that you said that it would. So congratulations for that.

>> Tovo: Councilmember Renteria, did you have a question?

>> Renteria: No, I just -- just really want to say thank you for the job that you are doing. I had a lot of doubts that you were going to be able to reach that, but I went ahead and went with you all guys and I'm glad that the report you are showing, it's positive and doing such a great job, I want to thank you.

>> Tovo: Other comments, questions? Councilmember alter.

>> Alter: So we've done a lot of things over the last year, but the reach -- if I'm not mistaken, was not in

[2:36:47 PM]

effect for the whole fiscal year; is that correct? When did it --

>> Can you hear me, councilmember?

>> Alter: Now we can.

>> You are correct, we implemented reach after we completed the generation resource plan and got council's approval.

>> Alter: So when did that -- because this is the year to date, which I assume is the fiscal year to date. Do you remember when we passed the plan and you started with reach?

>> 3-26 of this year. Somewhere around March, in that time frame.

>> Alter: Okay, so this is not [inaudible] Savings of almost 500,000 tons over, you know, less than

[indiscernible] So we would expect on annual basis moving forward we may be able to be reducing that even further if it's in effect for the full period.

>> Right, but we -- again, the short answer is yes, but

[2:37:48 PM]

I want to clarify that that number is obtained based off of forecast that we do and how much we think the plants will run. And what they actually one. And then we do a calculation on how much carbon we would have emitted if we had not had reach. Over the course of a full year, we should see far more carbon reduced. As we become more familiar and comfortable with the use of reach, because one of the things we're balancing this approach with is the affordability. For every ton we don't --

[inaudible] To the market is fine, but we're balancing that and getting even better at reach we will start applying it to other units. Right now coal units, but dispatching our gas units as well.

>> Alter: Okay. Thank you. But the same still holds that we didn't have reach in the first six months of

[2:38:50 PM]

the -- I don't know if it was six months, for five months in the process of these --

>> Right.

>> Alter: So that we might expect that our production would be greater for the year.

>> We expecting around about a 30% reduction in carbon based off our model this year.

>> Alter: Okay. And this is just 20%.

>> Right.

>> Alter: Okay. Thank you.

>> Yes, ma'am.

>> Tovo: I have a quick question. Sorry if I missed it, but what is a feeder? Are those just like

[indiscernible].

>> That's a very good question. I have a quick simple answer. Think of a feeder as a big branch coming off a tree and think of the small limbs as the wires that's going to the individual leaves and the leaves are like houses. So when he with do work on a feeder, in theory all of the smaller branches connect to

[2:39:51 PM]

the feeder and the houses should benefit from it.

>> Tovo: Okay. Thank you. I'll have to look at the chart with that in mind. Other questions? All right. Well, I think that takes us to our last agenda item. Does anyone at this point have a suggestion for things they would like to talk about next month? Or in two months? Okay. Well, thanks for all the great work to all of our Austin energy staff. Thank you, colleagues. Mayor pro tem.

>> Garza: Sorry, chair. Just popped in my head because I've actually had constituents talk about Austin energy and Tesla and I don't know if, you know, if staff wouldn't be prepared, but I think it would be interesting to hear some kind of presentation on the partnership and, you know, any kind of internship opportunities or job

[2:40:53 PM]

opportunities or just feels like this -- this committee is one that maybe would be working closely with them as they talked about all the, you know, opportunities they were bringing to our community, it

would be interesting to know what kind of discussions are happening behind the scene and if in fact Austin energy is part of those.

>> Tovo: That's great. I think that's a great suggestion. We'll make sure that's on the next agenda. Other things? All right. Well, colleagues, we stand adjourned at 2:41. Thanks very much. Good afternoon.