

Austin Energy Utility Oversight Committee (AEUOC) – 2/1/2022

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[4:21:08 PM]

>> I think we have a quorum between council members kitchen and tovo on the screen and mayor pro tem and council members Ellis and Fuentes. I'm the chair of Austin energy oversight. It is 4:20 in the afternoon. Little later start than we had hoped but I think we'll be able to move through the items expeditiously. If you have questions, please do contact them. There are a couple of -- I think our general manager will run through some rca's -- there are about nine of them at a high level but at any instance you want to dig in, the Austin energy staff is of course available to you. So we are called to order, and

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I'd like to call up Mr. Paul robins for three minutes. He is our sole speaker today. If someone could run a clock for three minutes for us today, that would be great. Hi, Paul. Hope you're doing well. >> Thank you. >> Thanks for coming today. Go ahead. >> Good afternoon, council. I'm an environmental activist and consumer advocate. I'll speak about Austin energy's green choice program that theoretically allows customers to purchase 100 per cent renewable energy by playing a charge on the surcharge of the bill. I'm advocating for a major change. I'm asking council to repurpose rechoice to find renewable

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energy. Green choice began over 20 years ago. In its prime it was quite successful, tremendously popular. Personally I've been a subscriber for almost 20 years. As a practical matter, though, green

choice customers cannot really buy 100 per cent renewable energy because as we know, wind and solar cells are not dispatchable on demand. There's a practical limit to how much intermittent power can be placed on the grid before the economics are untenable. Texas does not have a large amount of dispatchable renewables in the form of biomass compensate. At the same time wind and solar cells are becoming less expensive and the convert to carbon-free power is -- green

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choice has out lived its original purpose. We need to develop new technologies. By my estimate this program nets 5 to 6 million a year. That should be repurposed to other forms of dispatchable, renewable energy. Well, this is not a grand sum for a development of advanced energy concepts. This is seed money that will allow Austin energy to leverage larger sums of money and hopefully inspire other climate cities to collaborate with us. The concept could also offer a chance for economic development. Some companies pursuing R and D in Austin or central Texas will be more likely to stay here if the projects are successful and hire more employees. This is going to take awhile to

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consider, but I thought I would start the process off today. Thank you for your attention. >> Thanks, Mr. Robins. And I think, mayor, I should have done something about us coming out of executive session. Do you have -- >> Mayor Adler: Not a problem. Just for the record while we were in closed session we discussed issues related to E 2, E 3, and E 6. E 4 was withdrawn and one quick house-keeping matter, I would -- let's all take a look at the message board. Tomorrow night and also Thursday morning it may be if there's a delay of opening in offices we delay the beginning of the council meeting. Take a look Wednesday evening and also Thursday morning. Madame chair, thank you. >> Chair: Thanks so much, mayor. Before I call for a motion to approve the minutes from the

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last meeting I wanted to invite Jeff vice to come forward and the general manager and anybody else who is going to participate in this segment here. You all may know that Jeff has served with Austin energy for a really long time, and he's made quite an impression during his service time. And the vice chair, council member tovo, and I had a few words to send him off appropriately. Council member tovo >> Thank you, chair. Jeff, it has been a pleasure to work alongside you and to collaborate with you through the years. You have done such a terrific job of keeping council informed and being our liaison back to Austin energy, and I appreciate your years of service and am interested to hear council member pool read the

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proclamation because I think it really captures the spirit that you bring to your work. Thank you for your work -- a rate review and then subsequent rate reviews. And of course the winter storm -- you have done a great job of communicating with council, the constituents and keeping all party ins the communication loop. Thank you for your work and public service. >> Chair: I'll also say I have this gorgeous proclamation to read for Jeff and I just wanted to note that this proclamation was specially written and designed by his colleagues. Be it known that whereas for more than 21 years Jeff has served Austin energy as the notorious governmental

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relations and community liaison authority, and whereas Jeff has been a long-time volunteer for the city's mentor and tutor programs, Austin energy science fest, and meals on wheels central Texas, and whereas Jeff has been a leader and valued friend, always willing to support co-workers, also encouraging them not to be naughty, and whereas Jeff has left an indelible imprint at Austin energy and city hall and the city of Austin is grateful for his tireless service, distinguished character and his serenades, chair of this committee and behalf of Steve Adler, I proclaim February 1st, 2022 as Jeff Weiss day.

[4:29:24 PM]

Congratulations. [Microphone not turned on]. >> Mayor Adler: Jeff, thank you so much. >> Thank you, mayor. Appreciate it, sir. >> I know you're running late. Sorry. >> Mayor Adler: No, no. You've earned this many times over. >> Chair: Thanks and thanks to Jeff for all his really great work. I'll entertain a motion to approve the minutes. I see mayor Adler.

[4:30:25 PM]

Any second? Mayor pro tem? Alter? All in favor of approving the minutes? Looks like that's unanimous on the dais. Thank you. General manager sergeant. Upcoming recommendations for council actions, innovations, events and rewards in your report. Thank you for being here today. >> Good afternoon, madame chair, vice chair and committee members. I'm the general manager of Austin energy. If you could bring up my slides and go to the second. I have nine items for council action. I'll go through those rather quickly. First item is to authorize a five year contract extension and \$18 million contract increase.

This covers licensing costs and enhancement to the digital self-service customer portal. Next is to authorize execution

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of a five year program with electrical systems to provide switch gear for a total amount not to exceed 1.2 million. The next is to authorize two five-year contracts with tech line and westco distribution. Total of 3.5 million dollars. Next is to authorize negotiation of a contract. The study will identify potential system improvements and ensure reliability of power. Next is to authorize negotiation and execution of a 5 year contract with apple one employment. It will provide staffing for 3. 1-1 and utility customer care

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teams. Austin is transitions many contract employees to city employees in align with the 2019 resolution. The transition has started and will continue over the life of the contract. Next slide, please. Next item is to offer negotiation with power grid engineering for 6 million. This will provide relay services on an as-needed basis. Austin water is converting manual read meters to advance meters. Continues to -- Ami is expected in 2025. Next is office of real estate for purchase and sale agreement for warehouse. This has been contemplated in the strategic plan. The new facility allows us to

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consolidate from various facilities, B including the transition away from Ryan drive. We'll use a similar approach as we did for Austin energy headquarters. There will be a related item for real estate in March for the meter shop. We need that lease -- 1.5 million contract. The contract was authorized on an emergency basis to purchase and install replacement at the energy center. It was damaged during uri. Mueller provides water to the university of Texas research lab. It provides electricity to the children's hospital. Next slide, please. Next I would like to remind the committee of the plan 2022 rate review. Austin energy is required by city financial policy to conduct a rate review to ensure rates are designed to generate

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sufficient revenue. Last changed base rates in 2017 when we decreased them by 6.7 per cent. It was a decrease. We are preparing cost of service analysis and public process and will bring forward a

recommendation later this year. John Davis, our finance director, will cover the financial position. With that I'll pause and answer any questions you have. >> Chair: Any questions? Looks like you're good. >> Thank you. >> Chair: Next speaker. This is a briefing on our first quarter financials. >> Good afternoon, committee. I'm John Davis, director of finance for Austin energy. I'll give a brief overview for

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the quarter ending December 31st, 2021. Next slide. Since the data includes forecasted information. Results will vary for the forecast. For consistency we provided our standard report which presents the financial information followed by a section on market and industry analysis. We highlight some of the trends impacting ae, such as the general manager referred to. Next slide, please. Next slide. In our executive summary we report at the end of the first quarter ended December 31st, 2021. We were generally compliant with all financial policies, although contingency and capital reserve are sitting below the minimums. Once we consider the additional working capital available we exceed the required reserves.

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Operating revenue for the first quarter was 359 million, six per cent more than built. Operating expenses were 18 per cent more. Resulted from income operations of 15 million. Increase were due to weather-driven increase in usage for the quarter and timing when expenses were budgeted versus when incurred. We don't illustrate this on the slide but out of the operating revenue we made transfers to support the city as well as other Austin energy specific transfers to cover debt service and fund the cash portion of construction expenditures, which nets 4 million versus budget deficiency of 50 million. The cash balance is 286 million, which is a decrease of 118 million from a year ago. Austin energy continues to meet

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our target bond rating of aa. We see declines in key metrics that will require a rate change in the near future if we are to maintain that rating. You'll see later in the industry analysis included in your packet that we present a packet of declining sales on per customer basis compounded by the pandemic. This trend will inform and impact our next review and how we structure future retail rates. I'll leave it at that at the end of the executive summary and we'll present this same presentation to the euk on Valentine's day. Happy to answer any questions. >> Chair: Thanks to much. Any questions? Is item four is the first quarter operations briefing.

[4:38:41 PM]

>> Good afternoon, committee chair, utility oversight committee. I am Sidney Jackson. It's my pleasure to be here today to present the q-1 fiscal year operations report. Q-1 time frame represents the operations performance for the months of October, November, and December from an operation's perspective. These months are critical as they present what is called the shoulder months, meaning the post summer and pre winter season. Also, this time frame is often considered the power plant outage season where power plant maintenance are performed or outages are done to ensure we have readiness for the coming winter season or post December season. Moving to slide two I'll present brief highlights with renewable generation performance and will conclude with a brief review of the

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winter storm uri after-action report. Power plant performance remains. Availability is as expected. Austin energy power plant performance was near 100 per cent for the quarter that just ended q-4. However, the current quarter that was completed, performance was as expected but lower than the 100 per cent threshold primarily impacted due to scheduled outages. Lastly on this graphic, reliability and availability of the generation units was at 100 per cent, again confirming the reliability of those units. Moving to slide numb -- to the next slide. This affirms the renewable energy consumption at over 1.5

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million megawatt hours. Slide 11, please. Looking at renewable generation, recall March 2021 was the highest all-time month at 70 per cent threshold. December 2021 we approached that threshold as we reached 60 per cent renewable generation for that month. Robust renewable generation. Moving to slide 17 and I'll conclude with this slide as it is a review of the after-action report. As you're aware winter storm uri was a significant undertaking by the utility to -- in the after-action report there were 19 operational categories, 116 follow-up items and 55 per cent of those items are complete. As many of those initiatives were started immediately following the winter storm. And also, they were started prior to the report's issuance.

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22 per cent are on going. Those actions are in processes and practices. 22 per cent are in progress. Committee chair, that concludes the q-4 report. >> Chair: I think there's a question from the mayor pro tem. >> Alter: Where in here would I find the generational levels for the biofuel plant? >> Biofuels? They're not in the report >> Alter: Okay. >> Is that something you would like us to include -- >> Alter:

Now that it's operational, I would be curious. I mean -- >> It's including in the renewable aggregate but not broken out. >> Alter: I don't know how difficult that is or what percentage that is, but I think now that we have that operational it seems like we ought to? >> I can make that available and I will have it

[4:42:55 PM]

sent out. >> Alter: Can you speak to how that -- the start up in the transition? >> The biofuel -- start up associated with that. The production vp here is here. He can talk to that a little more thoroughly. >> Good afternoon, chair, committee members. So the plant was brought out of seasonal moth ball last may. It's run substantial. We've gotten quite a bit of production. I don't have the number but we can supply that. We've had good output from it over the last nine or so months. >> Alter: Thank you. I think it would be helpful to have more information as you have it. >> Chair: Anything else?

[4:43:55 PM]

Item 5, Austin energy fire mitigation and vegetation management update. Who do we have for that? >> Good afternoon, chair, vice chair, council members. I'd like to thank you for recognizing Jeff. His incredible contribution to Austin energy and the city is incredible. Thank you for taking the time. Second time I know you have the slide so if you want I can go to any questions or I can go through it. Whichever you would like. >> Chair: Want to see the slides? >> All right. Thank you. I'm vice president of field operations and in response to council member alter's request on a follow-up. At beginning of 2021 I spoke to you and committed to 10 of the high-risk fire mitigation circuits to be completed by the end of the year. She wanted a follow-up on that.

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That's what this is. Austin energy has continued a strong partnership with the Austin fire department on wild fire mitigation circuits identified in the area and tracted by the districts they're in. The ten we committed to in 2021 were all complete inned the 2021 -- completed in the 2021 time frame. Some of the challenges we've encountered not only at the end of last year but going into this year -- you gave us the contract on the budget money but trying to find a labor force is continuing to be a challenge. Usually 15 to 20 contract crews each month, depending on labor resources and covid since the crews work in close proximity to each other. We did the 10 we committed to and under that same presence if you'll go to the next slide, please. This shows the ones by area, if there is a district associated with it. Some of the nondistrict

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areas -- these were the ten that we did in the 2021 time frame. So maintaining that same view that we presented to you, I wanted to do the same thing for the 2022. Next slide, please. So this is the 2022 circuits that we are looking at at wild fire mitigation in cooperation with Austin fire department as the high risk. These are based currently on the operational presence. Right now that could change depending on circuit changes in the future. These are the one we're concentrating on. 40 of these are complete. We have five we're working right now. I have confidence we'll be able to accomplish these 10 for 2022. And that concludes my presentation if you have any questions. Yes, council member alter? >> Alter: This is a really important program, and I appreciate you providing

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details on the things you did. I have a couple of questions. One is, my understanding was that the premise was to complete all of the high-risk, low-reliability circuits by a certain date. Some of these are not as high risk, which is fine. I just want to understand if we were not only completing the 10 by the year but that of the low-risk reliability. >> No, ma'am. I never committed that. We have over 300 circuits. Some are in the wild fire area. What we are doing is more than the ten as we get circuits in but we're basing it on the high risk but looking at underperformed circuits so we can get underreliability as well as wild fire. Sometimes they overlap but not always. As an example this year we're looking at doing 44 circuits

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total for the year. We have 10 high risk that are the wild fire. Another 34 we'll look at. Some of those will be a dual -- could be wild fire and -- that's something we look at when we -- >> Alter: We can sit down and have a conversation about that. It was my understanding that the goal was to get the low-reliability circuits, which is not going to be every circuit, done within a shorter period. >> There will be -- if I understand you correctly -- your understanding was to concentrate on the wild fire and underperforming. If that statement is what you're asking, that is true. We are basing our 44 for this year -- they are all either an underperforming circuit or a wild fire risk, so we are doing the ones that are reliability issue or wild fire. Those are the ones we're doing first. At some point it will get down to the ones that we're just

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doing vegetation management on that are not a reliability issue, probably didn't have reliability. Those would be at the end of the program. If that is your question, that is correct >> Alter: We can take this off

line but my question is there are lines and many of the ones in my district are high wild fire risk and low reliability because the vegetation hasn't been managed well, so those were the ones that were among the groups that my understanding was prioritized and there are several of them on here and that's what I'm trying to understand, where it's done. We'll take that off line. The other piece I would like to be part of this is we are doing this for a reason. It's not just for the high wild fire. It's for the reliability issues, and I would love for you to be able to share with us some of the data that you're seeing by taking these steps with respect to vegetation management that we are improving reliability. It was my understanding anecdotely that you thought you

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were seeing changes and there was one line that has been done before this process started before the storm that experienced less issues than storm uri. I don't know if you can speak to that piece of the effectiveness. >> I can speak to the piece we presented to you. I believe that was north on 13. Prior to the vegetation management on it, it was completely ironically in January right before storm uri. On that one there were only three outages during the whole time frame and none for vegetated related. Before -- I know the council is familiar with stek-l 7 which we used to talk about. Now that that's been cleaned up we don't hear about it unless it's equipment. I'd like to get some of the higher ones that were underperforming and show comparison since vegetation management has been done. I think that would be a better

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visual. >> Alter: That would be great. I think it's important for us to see the progress that's been made and the difference it's making and that we can achieve both of these goals? >> Yes, ma'am >> Alter: Of securing us vis-a-vis wild fire risk. >> Chair: Any other questions? Council member Fuentes >> Is our strategy completely focused on the circuitcircuits? You mentioned 44 in 2022. Are we taking it by groups for vegetation management? >> It's about a seven-year program to get all the circuits to standard. In that seven years we go in and do a midterm cut on the fast growing. Due to the issues prior to last year on the vegetation requirements, it's going to take us seven years to get back

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to a normal cycle. So in seven years from 2021, we will have a normal vegetation cycle, and we can only do so many of those a year, and what we're doing is to -- 44 is driven on total numerical value we have on the circuits. That's where it came from. The challenges and availability is getting the labor out there. We've got the money. We just can't get the workers to do it. We're doing 44 a year. On a seven-year plan we would continue a continuous vegetation cycle where it says at industry standards. >> It would

be seven years? >> Yes, ma'am. >> Are there any other scenarios in which we can accelerate our efforts? >> Absolutely. I have the vegetation manager. Since we have the contract dollars, even though we didn't spend it last year, it's still in the contract. As we come out of covid and

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labor increases as people start taking the job, we'll start drawing and getting more crews than the 60 we were budgeted for. As we have the opportunity to use the money you gave us to trim this we will accelerate it when we can get the labor. >> Okay. Thank you. I appreciate it. >> Chair: Council member Ellis. >> Ellis: Thank you, chair. Do you have a full list anywhere available? Or can you send that to me? I'm curious since it looks like some of the work -- I appreciate it being laid out but seeing where the high wild fire risks are, it might be helpful to have that information in case constituents reach out and say when is something for me going to be trimmed for the vegetation management part of this? Do you have the plan anywhere? >> We do, but the problem comes in with the same thing with council member alter when we were presenting her circuits. We track by circuit -- when we

[4:54:07 PM]

were presenting her district. We track by circuit. If you'd like -- if you'd like to get with me separately and we can lay out what the circuits are, we can lay out what's going on. We try to stay one year out on the strategic plan but if the reliability changes and we have more vegetation issues, some of that can change as it goes through. The one-year plan -- anything past that we're waiting to see any reliability changes. I would be happy to work with you on that, council member. >> That would be great. I know of other work Austin energy is doing. >> Absolutely. Reach out and I'll give you whatever information I can give you. >> Ellis: Sounds great. Thank you. >> Chair: Any other questions for Mr. Richards? We will move? >> Thanks for your time. >> Chair: You bet.

[4:55:07 PM]

Item 6 is the decker creek power station workforce planning item. Good afternoon. >> Hello again. Very quick update on our decker transition. We are on track to retire decker unit two by the end of March 31st. We continued our training and job shadowing program with our team. Since we met with you back in November we've had additional folks take the opportunity to retire as well as new positions within the work force, and with that and with the ones cumulative, we're on track to get at or very close to our numbers that we're targeting currently for the work force post retirement. I do think it's important to remind council that we do have four gas turbines that we'll continue to operate after March 31st. We're not -- you know, closing out the entire site and removing the entire workforce. We are stepping it down and we're on track as we've been and continue to be on trend to

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get to the numbers that we're hoping for. >> Chair: Council member tovo, this was an item that we were continuing to track as at your request. You have any questions? >> I don't. Thank you. >> Chair: Anybody else? Thank you. Sounds like we're getting close to finishing up with decker. That's great. Well, general manager sergeant -- anything else you need to offer? Okay. So future items is item number 7 -- our last item. And it's -- does anybody have anything right now you'd like to pass on to me? Yes, mayor? >> Mayor Adler: If we could, we're getting media inquiries about prognosis of power outages or the like with storms coming up. I should probably have addressed this earlier.

[4:57:09 PM]

Is this something you can address for us? >> I'll do my best. If I can't I have plenty of staff here. >> Mayor Adler: And I think the question is for you or the staff. I think people are remembering what happened a year ago and looking at the storms coming in. Are we in a different place than we were last time? Do you anticipate based on what you're seeing with the weather -- just a measure of comment on that topic for the community. >> Right now all the indications we have from PUC, ERCOT and the state of Texas is we're in a good position to be prepared for the weather coming in. I know that the state held a press conference today, and they had many people talk in the different areas. But, you know, there's no way

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to make a guarantee or promise because it's situational and those situations could change. But with that said, Austin energy is well prepared. We've already established our incident command. We've been in communications, and we are having our teams prepared in stand-by mode and also what we're doing in terms of our generation. As you know, last year during this event, our generation overall performed very well, and the reason you know that is because we were able to reduce our power supply adjustment November 1st by six and a half per cent. I think with the things we've learned in the storm, all the actions completed in the after-action report to date, the attention this has gotten on a state-wide basis and a situation we're looking at that is not an impact from the north pole all the way down to the gulf coast.

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It's a different scenario. We are expecting from ERCOT perspective higher loads and we are looking at what that generation resource. So if the forecast holds, if the generation performs, and if ERCOT is not in a situation where they need to require a mandated load shed situation, we feel that we're well positioned going into this. I would also say, and I would remind the public, that this really is a community preparedness effort. There are things we need to do. We need to have a plan. We need to practice that plan. We need to stock up on some resources and have extra things, like food and nonperishable food, water, batteries, battery-operated radio. And really get out and know your neighbors. One of the things I'm so proud

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of from this community is how everyone came together and looked out for each other. You know what? We made it through. And we are prepared, and we are here and we are standing by and ready. >> Mayor Adler: Great. General manager, thank you very much. Thank you for talking about the precautions we should be taking. I think the one that you -- that also I've seen and we've tried to -- in order to keep people's pipes from freezing best they take a faucet somewhere in the home and turn it on just to drip through. >> There's a strategic way to do that and Austin water on their website has good information on how to do that. The other thing you want to know is how to turn off your water in the event you have a water leak. So you need to go to the main. There's a special key you need and you need to know how to do that. Good reminder. >> Mayor Adler: There's a video on that on your website too. >> That's correct >> Mayor Adler: Thank you very much. Thank you, chair. >> Chair: You bet.

[5:01:13 PM]

Mayor pro tem and then council member Tovo. >> Alter: I wanted to ask for future items if we can talk again about an update on the winter storm after action before it's at a future meeting and the progress you've made. We got a little bit of that today but I think something a little more focused. >> Chair: Council member Tovo? >> Yes. This really doesn't apply directly to the Austin energy meeting. It applies to the work session. This morning I was at another work event and missed the intro where you were talking for procedure for Thursday. I will go back and watch that. I wanted to ask if you had provided any guidance to the public about what to watch for if they were intending to come down and provide in-person public comment on Thursday >> Mayor Adler: Thank you for giving us another chance to

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mention this at the end of our meeting. What we're doing is we're asking everybody who's signing up to speak to sign up to speak remotely, whether they intended to try to speak in person or not. We know that if someone is not here on Thursday and speaking remotely it means we have less staff that has to

come down, and we're asking people to do that, not only for their safety but for the safety of our staff. We've also talked the possibility that the meeting could start later. We'll try to post that information Wednesday night and if not, early Thursday morning -- some people can see that. The weather is supposed to be bad, so we want everybody to stay home as best they can. I've encouraged everybody on this date to plan on doing the meeting remotely on Thursday whenever the meeting is called. Thank you, council member Tovo.

[5:03:15 PM]

>> As I bring this meeting to adjournment, I'll note the next meeting for Austin oversight will be -- I would ask our general manager between now and the next meeting if you could give a memo update on how things proceeded if anything untoward happened as we are looking forward to some bad weather later this week. Just keep us in the loop. And we are adjourned at 5:03 for Austin energy utility oversight committee >> Mayor Adler: At 5:03 we're adjourning the city council meeting as well.