

City Council Special Called Meeting Transcript – 11/15/2022

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[1:04:22 PM]

>> Alter: It's Tuesday, November 15, 2022. This meeting is being held in a hybrid way with many here on the dais. We have council member pool, council member Fuentes, council member Ellis, myself, and council member vela on the dais, and council member harper-madison virtually. The mayor is away on city business and council member Kelly is sick today, and then we have council member kitchen who has indicated that she's coming late. Hopefully we will see other colleagues shortly. Let me start by reading in the changes and corrections this afternoon. For items 2, 3, 26, 27, and 28, on November 9th, it was recommended by the water and wastewater commission on a 7-0 vote with commissioners Musgrove and Navarro absent and two vacancies. For item 6, it should read regional mobility program. That's for the spicewood springs road art and public places

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project. Item 21 on November 14th, it was recommended pi the electric utility commission on a 6-2-1 vote. Item 23, November 14th was recommended by the euc on a 9-0 vote with two vacancies. Item 24, November 14th was recommended by the electric utility commission on 8-0-1 vote with two vacancies. Item 24 has been withdrawn and replaced with addendum item number 58. Item 28 has been postponed to December 1st, 2022. Item 29 has been postponed to January 26th, 2023. Items 29, 30, and 32 have a November 9th recommendation by the water and wastewater commission on a 6-2 vote. Item 32 is postponed to December 38th. And then items 39, 40, and 42 should read city code section

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12464 instead of chapter. And item 48 is to be taken up at 2:00 P.M. So, we had revised or late backup distributed for item 4, item 5, item 6, item 14, 43, 45, 52, 54, and 56. We had one item that was pulled, item 62, and as we agreed to suggested that any pulled items would be postponed until we had a full dais. So, council member tovo, that's your item. I assume you'd like that for December 1st? >> Tovo: Yes. And mayor pro tem, if I could just make a quick comment about that. I think that's totally fine to postpone that on December 1st. Council member kitchen and I have also requested that our city staff provide us with updates about those four properties that are noted in that same resolution, and that is the property on Chacon,

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Guadalupe, one Texas center, and the fourth. The consideration of the economic development corporation will happen in conjunction with those in the same week, if we consider the economic development corporation resolution on that Thursday, on Tuesday, we'll have the update about the properties, about the four properties. And I believe the economic development corporation has some other items on the agenda as well, so that will all align well. >> Alter: Thank you. That sounds like a good plan. I just want to note that I think the changes and corrections sheet should be item 49 that needs to be taken up at 2:00, not item 48. So we'll make that correction to the last version of the changes and corrections. So, our consent agenda today includes items 1 through 46. I have item 48 and items 58 through 62 on my sheet. Items not on the consent agenda include item 47, which is an

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executive session item on labor negotiations, which we are not planning to take up today unless requested. Item 49, which is a public hearing and consideration of an ordinance adopting historic design standards. That item was noticed for 2:00 P.M., so we cannot take it up until 2:00 P.M. Or later. Item 50, which is a public hearing to receive public comment on Austin energy's proposed revised electric rates. Item 51, which is a presentation by our HPD department for the 311-315 south congress pud. And our zoning agenda, which is time-certain for 2:00 P.M. Today, which will include items 52 through 57 and item 63. And as noted, item 62 will be postponed to December 1st. We will take that up on the consent agenda. This morning, we have 14 speakers in chamber -- or this afternoon, we have 14 speakers in chambers and three individuals speaking remotely. They will each have three minutes. Of these speakers, two of the individuals speaking remotely are speaking to us on the ae

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rate case matter. And of those in the chamber, 12 of 14 are only speaking on the ae rate manner. So as I posted on the message board, I propose that we hear from our three virtual speakers. That's just sort of the nature of the technology, who are not speaking on zoning. And then we can hear from our speakers who are in person who want to speak about the consent agenda. In other words, any item that's not an ae rate matter. And then we will hear from -- we'll vote on the consent agenda, and then we can hear from our ae speakers. We'll go until 2:00. At 2:00, we'll move over to zoning, if we have additional ae speakers after we finish with the zoning speakers, and the zoning agenda as well as items 49 and 51. Then we'll go back to hearing folks who are here to speak on the rate case, and then we will have the presentation from the euc, Austin energy and time for a discussion and questions from

[1:10:33 PM]

council or for staff or for others in the room related to the rate case. Then we are not going to do the executive session for that. So, if there are any questions on the organization for the day... If there are none, we will move forward. Council member Ellis. >> Ellis: Not a question, but before we got moving with speakers, I just wanted to flag that item number 60 is our circle C Turkey trot. We still have \$2,700 worth of fee waivers that could be taken up by the council, but I appreciate the already 1,400 that's been waived by myself, mayor pro tem alter, council members kitchen, Renteria, and Fuentes, and look forward to seeing everyone at the Turkey trot on November 24th. >> Alter: Thank you. Council member pool, would you like to add to that? >> Pool: District 7 will add \$250 to the Turkey trot. >> Alter: Anyone else? Council member harper-madison. >> Harper-madison: We'd like to follow the lead of district 7.

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And thank you for offering the opportunity, council member Ellis. >> Ellis: Thank you. >> Alter: So another 250 from district 1 as well. Great. Thank you, everyone. Council member tovo. >> Tovo: I'm sorry, I lost track. Council member Ellis, do you still need additional funds? So, my office can contribute 250 as well. And mayor pro tem, sorry so backtrack us here. But I would ask -- I'm not sure who pulled the economic development corporation, but I would just ask if there are questions, if folks could put them on the council message board, that way we can be efficient on the 1st. >> Alter: So council member pool, if you could think about posting your questions. >> Pool: Yeah, since we have a little more time, I'll even put them into the q&a. >> Alter: And then while we have speakers, city attorney, if you could just confirm that we can take up 48 with the consent agenda.

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Council member vela. >> Vela: I would also like to contribute 250 to council member Ellis and the Turkey trot. >> Alter: Okay. So, we are going to move to speakers. We have -- we're going to make one

adjustment to the items that are on our agenda for consent. We're going to do 1 through 46 and then 58 through 62, and for 48 we'll have the hearing with the speakers, but we'll close that hearing after consent. Great, thank you. If the clerk would like to call our remote speakers, please. They will each have three minutes. >> First speaker, zanovia Joseph

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on item 40, 41, 42, and 48. >> Alter: Mayor pro tem, this is zanovia Joseph, and thank you, council. I am a little confused about the item 48. Is that going to be taken up by itself? >> Alter: I'm sorry, I couldn't hear what you said. If you could repeat it, please. It wasn't clear. >> Certainly. I'm just asking about item 48. Is that an item being taken up by itself? >> Alter: You can go ahead and speak now. We're taking all of the speakers now. It will come up right after we do consent, in term of the vote. But in terms of speaking, you can speak to 48 right now, please. Thank you. >> Okay. Thank you. I appreciate your clarifying. So I wanted to speak in opposition to item 48. That's where you're actually amending title 25 of the city

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code. Specifically, it's the project connect transit projects. And I just wanted to call to your attention, that in part 1 of the draft ordinance, it says project connect is the city's high capacity transit system expansion, which will ultimately consist of a light rail network, and expand its bus system. And when I testified before the zoning and planning commission on October 18th, 2022, I asked them to include bus system expansion in southwest and central Austin. Because it is not being expanded in northeast Austin. The justification or the proof that shows that it's not being expanded is twofold. November 3rd, 2017, there's an Austin chronicle article by jack Kramer, and it quotes capital metro as saying, supporters of the plan, including cap metro itself, acknowledge that every policy has certain casualties. So, project manager Lawrence Deeter actually acknowledged that there's an once an hour

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colony park bus that serves African-Americans and that the system in northeast Austin, there's a map in that article that shows that northeast west connectivity was eliminated. So, I just think it's disingenuous for you to keep saying that there's expanded service throughout the city. Just yesterday in northeast Austin, as you may be aware, in the Georgian acres area, there was the mobility hub opening for the traipsed sit desert. I just want to call to your attention that the million dollars that the university of Texas at Austin received for that mobility hub is actually governed by federal dollars, so the national science foundation, the department of energy, there are a number of homeland security -- a number of agencies, and all of them have title 6 complaint processes. And so I just want you to recognize that we

live north of U.S. 183, and the transit desert exists and the ordinance should reflect the accuracy of what is on the ground. As it relates to the other items that I listed, 40, 41, and 42,

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those are just speed limit adjustments from the Austin transit department, and my neutrality of this is that I get that you need to make these changes. However, I just want to call to your attention the transit desert, specifically there's a reduction of speed from 50 miles an hour to 40, that's the only area where route 392 passes. And it's a three-mile walk. So, there needs to be pedestrian hybrid beacons prioritized in that area, because it's at least a mile between the lights. And so I just wanted to call that to your attention, as well as Harris branch, which is 41 and 42, it's Howard lane. All these areas are 24 to 30 years, according to the March 9th, 2020 project connect plan on page 29. And I just want you to recognize that I get council member harper-madison in 2019 called

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the -- >> Thank you, speaker, your time has expired. >> But we pay taxes, too. And if you have any questions, I'll answer them at this time. And thank you for allowing me to make my comments. >> Next speaker is Scott delgado on item 50. >> Hi. I'm speaking on the Austin energy proposed rate. Is now the right time? >> Yes, please proceed. >> Okay. My name is Scott delgado and I live in district 7, and so I was just calling in today to talk about Austin energy's proposed rate increase, specifically the tier levels, and then also the base rates. I just wanted to discuss how devastating that would be to both me and a lot of people in

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my apartment complex with how much rents have been raised, how much inflation has increased. It's a huge rate increase for energy, it would increase my bill by almost 70%, going up to \$150, which is not something I can consistently afford. There have been other recommendations that the rate increases may be only \$2 or keeping the tiered levels. So I just wanted to make my opinion heard that this large rate increase would be devastating for me and my community. That's it. >> Next speaker is David riser on item 50. David riser, please unmute. >> Hello? >> Yes, go ahead. >> Yes. I'm here. Thank you.

[1:19:49 PM]

I'm speaking on -- in connection with the Austin energy rate case, and I'm representing her. Herf is an acronym homeowners united for rate fairness. It's a non-profit representing rate payers that live outside the city of Austin. It was originally formed in 2012 to address city of Austin's rate ordinance at that time. Hurf was reformed in 2022 to participate in this particular rate-making proceeding, with its principal purpose being to protect the fundamentals, the settlement reached in the 2012 appeal to the public utilities commission. Hurf's position is based on the settlement in PUC docket 40627 in 2013. The public utility commission approved a settlement

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relative to the rates to be charged to residents outside the city. The settlement established an out of the city customer, that they receive no benefit from the general fund transfer portion of Austin energy rates and should therefore be removed from their cost of service. This 2013 settlement was reaffirmed in 2016 in the rate review and is current public policy enforced today. Hurf asserts that for the reasons that disagreement has not fundamentally changed and should therefore remain in effect. The discount is and was based on public policy, not on cost of service. Hurf asserts that the similar reduction must be incorporated into the new rate proposal for the same reasons as previously litigated. Hurf requests a reduction in its proportionate share of the general fund transfer to the

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city, which totals \$121 million. Through the city's new proposed rate structure, hurf's proposed remedy is to delete the allocated expenses for general fund transfer, representing allocations to production, transmission, distribution, and customer functions respectively. Hurf also requests that the associated rate reductions due to reduced revenue requirements applied to by other customers be applied equally so that these benefits are fully recognized. It is notable that Austin energy has largely dismissed hurf's permission throughout the rate proceedings and instead relied on hurf needing to prove a false negative, namely suggesting that hurf has not provided received that -- that they do not receive city services. Austin energy's -- city council's independent hearing examiner addressed this position

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directly and indicated that the burden of proof on the outside the city residents benefits for city service -
- >> Thank you, speaker, your time has expired. >> Lastly, hurf requests the rate reduction be -- is requesting the rate -- believes the rate reduction is easily justifiable -->> Alter: Thank you -- >> Alter: Thank you, your time has expired. >> That concludes all the virtual speakers. >> Alter: Thank you. So we'll now take up those speakers who are speaking on our agenda items, and I think there may be one person who is speaking on the rate case and an agenda item. So it would be appropriate for them to

Speak now as well. They'll each have three minutes. >> Paul Robins on item 46 and 50. On deck -- that is the only one with two items.

[1:24:02 PM]

>> Alter: Mr. Robins, is he here? Okay, I don't see him. So, we'll see if he's back later when we speak. Please go on. >> All the others -- Bill McCannley on item 48. >> Thank you, madam pro tem, member. My name is Bill McCannley, I'm the executive director of Transit Forward, with a mission of doing education and engagement with a focus on Project Connect. Our board has taken an official statement regarding item 48 in support, and I'd like to read that to you right now. Our fellow Austinites voted overwhelmingly in favor of Project Connect in 2020 because of the benefits it will bring our community, including reduced traffic congestion, increased job growth, less greenhouse gas

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emissions, and safer streets. Therefore, Transit Forward sincerely appreciated proposing these foundational modifications and we strongly believe that these changes would prudently and appropriately expedite the construction of light rail and metro rapid bus lines, making sure our friends and neighbors get what they voted for sooner rather than later. And madam pro tem and the rest of the council, I did pass a letter on Friday to your offices with 27 allied organizations all in favor of this proposal. We appreciate it being on consent. We appreciate your support moving forward. And madam, thank you for your time. >> That concludes all the speakers. >> Alter: Great. Thank you. Before we entertain a motion for the consent agenda, I believe we have a presentation from law on some settlement items. >> Good afternoon, mayor pro tem

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and council. I'm Megan Riley on behalf of the law department, and here on behalf of our outside counsel representing us in several protest cases. I come to speak to you on items number 34, 35, and 59. Those three are settlements related to the May 2020 protests. For item number 34, it involves a lawsuit brought by Taylor Ellis involving an incident that occurred on May 31st, and we recommend a settlement in the amount of \$162,500. On item number 35, that involves a lawsuit brought by Cesar Fuentes involving a May 30th, 2020 incident and we recommend a settlement in the amount of \$162,500. For item number 59, that is related to a lawsuit brought by Meredith Williams, and we recommend a settlement in the amount of \$400,000 based on a May 30th, 2020 incident.

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>> Alter: Thank you. Any questions for law? Thank you. If we can enter those in the record for those items. Council member pool. >> Pool: [Off mic] >> Alter: I do want to state the numbers. We are going to take the consent agenda. We will take up 48 just after the consent agenda, just to keep things clean. Council member pool makes a motion. Do I have a second? Council member Ellis seconds. Are there any comments on the consent agenda? Council member Fuentes. >> Fuentes: Thank you, mayor pro tem. I have a quick I guess friendly amendment or direction to offer on item 31. This is a contract renewal for the motorola software services. This is paired with another item we have on the agenda, which is around the 311 app that I'm bringing forward, in that ifc, which is a version 3 which

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incorporates council member Kelly's amendment, which she posted about on the message board, we are directing certain upgrades and tweaks to the 311 app, and I just don't want us to get into a five-year contract with motorola if they're not able to deliver on those types of services. So what I'm seeking to do for item number 31 is change it from a five-year contract agreement to a one-year instead, and then if staff deems that motorola is unable to fulfill the direction set forth in item number 45, that we then pursue other options. >> Alter: Is staff comfortable with this direction, or would you prefer to negotiate and not execute? Where would you like us? >> Give me two seconds to confirm, but should be fine. >> Alter: Are there other comments on the consent agenda? If there are no other comments, why don't we just pull 31 for a minute and we can come back to that after

[1:29:05 PM]

we do 48 and see if we can get -- it was 31, correct? Let's pull that for now. So I have a first and a second motion. All those in favor of the consent agenda? Okay, that's unanimous on the dais 9-0 with councilmember Kelly and mayor Adler absent. We will now take up item 48. Do I have a motion to close the public hearing and move passage? Councilmember kitchen makes that motion. Seconded by council member vela. Are there any comments on item 48? Councilmember Ellis? >> Ellis: A question. Which recommendations would be included in that base motion? >> >> Alter: Item 48 is an item from staff related to the changes to the city code for project connect. They're mostly site

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development -- they're mostly site plan related and physical surety, all those recommendations that were in the backup. Zap would like to speak to that. >> Ellis: I know we were reviewing the zoning and platting recommendations so I wasn't sure if those were included. >> I'm Donna with the city's project

connect office. The work session would just be for the ordinance. Primarily a lot of the recommendations by zap and environmental commission were broader towards the program and we have forward those to staff in our partner departments, housing and planning department, for example, but none of those were specific changes to the ordinance. Thank you. >> Ellis: Thank you for clarifying. We can move forward. >> Alter: Any other questions or comments? Councilmember kitchen.

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>> Kitchen: I just want to thank the staff. And I see bill still here, bill Mckinley. Thank you for all the work you were doing with all of the groups in the community. We're making a lot of great progress on this so thank you for bringing this to us today. >> Alter: We'll take a vote. All those in favor? Councilmember harper-madison, are you ready? We have eight of us voting with councilmember harper-madison off the dais, mayor Adler and councilmember Kelly absent. That passes, thank you. We can take up 31 if we have an answer. >> Harper-madison: Mayor pro tem, if I may, I'm on the dais, I'm sorry. It was a fingers problem, but I'm here, I voted affirmative. >> Alter: Okay. I'm just going to redo -- well, councilmember tovo --

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okay. We're going to redo the consent vote or the 48 vote so that councilmember harper-madison can participate. All those in favor again? That is nine of us with two of us off the dais as noted before. >> Harper-madison: Thank you. >> Alter: No problem. So if we're not ready on 31, then we will move to the ae rate speakers that are in-person. They each have three minutes. Thank you, everyone, for being with us today. >> Paul Robbins. On deck is Chris Hughes. >> Chris Hughes.

[1:33:16 PM]

On deck is tray Salinas. >> Thank you, council members. Some of you may recall my name is Chris Hughes. I represent nxp semi conductors who we have participated fully in this rate review process. I won't take up much time. I will take a couple of points of follow-up on some. We had discussions last night with the euc regarding some of this stuff as with will. If you remember last week I discussed how the public utility commission of Texas often times deviates from the requests made by the utilities. In fact, they are often considered -- what they end up getting is often considerably lower than what we originally request, but I wanted to also -- following up on that part is let you know that the independent hearing examiner has issued a recommendation in this case. The PUC that would be the alj representing an

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administrative law judge making a proposal for decision. It is common in that process for the commission to accept, to alter, to reject portions of that proposed decision and come up with provisions of their own. And I believe that -- there are probably certain areas where the commission would have actually made revisions or deviated where they may believe that certain generally accepted rate-making principles were not followed or were maybe not followed completely. So I just want to point out that all of this process there's a lot of subjectivity to it. So I just would encourage you all to take that into account. In addition to that, in the last Austin energy rate case after the parties had filed

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exceptions to the final recommendations or the final briefs, the AIG in that case issued a final recommendation. That did not occur here, so I don't know what the process is for the council members taking into consideration the party's exemptions, but I would encourage you to look at those exceptions as well they were filed after Austin energy's brief. I do want to finish up by saying settlement discussions in this case have come off of hiatus and we have reassumed those discussions -- resumed those discussions and they seem to be positive right now. Hopefully they will continue. I think a lot of the parties are anxious to make that work and I would encourage the council to allow that process to work out, to work its way to final conclusion, even if that means delaying this process by a week or

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so. That's all I've got to say. Thank you. [Buzzer]. >> Pool: Mayor pro tem, I have a quick question. I just want to affirm when you speak of the impartial hearing examiner, that person is effectively acting in a judicial capacity, is that correct? >> In this particular case that person is acting as -- with regards to the PUC process would be the administrative law judge, so yeah. >> Pool: So my question is that person is acting in the role of a judge. >> Quasi judicial, administrative law judge, yes. >> Pool: And you are acting in the role of an advocate. >> An advocate. >> Pool: For the party that you are representing. >> Correct. >> Pool: And you take issue with the determination of the impartial hearing examiner who is the judicial actor in this process? >> We did and many of the parties did and that was in our exceptions -- >> Pool: Thank you so much. That was what I wanted to confirm. >> Alter: Thank you.

[1:37:25 PM]

Next speaker. >> Transitway Salinas. On deck is Ben hallmark. >> Good afternoon, city council. Thanks for your time this afternoon. My name is tray Salinas. I'm here representing the coalition for clean,

affordable and reliable energy, otherwise known as C care that constitutes your large commercial industrial customers along with school districts, hospitals. We have reentered into settlement discussions at your encouragement. We met yesterday and we will continue those suggestions. We still continue to think that the joint consumer alternative is an effective compromise between residential, environmental and industrial participants. The base rate model would help bring customer classes to their cost of service. According to the latest budget to talk about the general fund transfer again, total utility transfer revenue is projected to grow at an annual growth rate of 3.4%. If you will freeze the general fund transfer like you have done in the past when your reserves are in

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trouble, those savings can be passed on to the ratepayer. As a reminder, you just had to take a very painful vote and I had to ask you to vote for it on the psa adjustment. That was for your large industrials, that was a 30% increase to the overall bill. That is unbudgeted millions and millions of dollars. Compound that with what's being requested in the rate case. We run the risk of pricing our residents, our businesses out. As a remind everybody the psa was also a 15% increase on residential customers. So I just ask the mayor and council to remember that as you go into deliberations. Piggybacking on what Mr. Hughes said, we want to get to a settlement, we want to work with your staff to get to a settlement. If that means it takes an extra week, it takes an extra week. We're not calling for an extra week, just don't think of December 1 as the ultimate, ultimate deadline. You are the board of directors for Austin energy

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which means you are the public utilities commission in this situation. We're asking you to engage and to ask tough questions. As Chris said before also, remember, it is very common practice for PUC commissionerers to take part of what the hearing examiner says. They often take parts of them. I want you to remember that. Thank you for your service and for your time this afternoon. >> Ben hallmark. On deck is Craig nazier. >> Good afternoon. Thank you for having us here again on this important case. Ben hallmarkment I represent Texas industrial energy consumers in the rate case. I wanted to follow-up on a couple of questions from last week. I heard on the revenue requirement, one of the issues that the AIG actually

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flagged in his report was the question that we had raised about whether there needs to be a specific adjustment for winter storm uri outages during the test year. That was something that the AIG was concerned that Austin energy hadn't demonstrated that they had adequately accounted for. As a result

of that, and this is something that I think is different than the way the PUC process works, in Austin energy's exceptions, which they filed after the hearing, after the report comes out, they put some new numbers in there that tried to get to this issue, and in their view show that they didn't need to make an adjustment for winter storm uri. But I want to flag for you that those numbers were not part of the hearing process. We were not able to do discovery on them. We have not vetted them. And frankly, we still have concerns, in particular if you look at how usage during the test year on a per customer basis both for residential customers and commercial industrial

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customers, it was lower than in prior years. And the conclusion that our expert came to was that this is because of winter storm uri and this is something that causes the revenue requirement to be overstated. So I wanted to flag that issue because it's something that sort of has played out as this process has continued to go on. I also just wanted to spend a couple of quick minutes on a couple of these specific proposals in the joint consumer alternative where you may be wondering what are those items, where do they come from? One of them was the recommendation that Austin energy develop a primary substation rate for its next case. This is the issue where the AIG agreed with our position that the primary substation rate should be implemented. His position was not and do it in five years, but as part of this joint consumer proposal we are willing to

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defer that. Assuming that the costal indication to classes is consistent with what is in that joint consumer alternative. There's also a term about Austin energy working with customers, large primary customers to transition to transmission service if facilities can be purchased and negotiations can take place. That's something that Austin energy said in their exceptions that they are willing to work with customers to do. So I'm hoping that that term would be uncontroversial. Lastly, there was a term on line losses. Line losses represent the fact that as you generate electricity and transmit it all the way to the end user some of it is lost. [Buzzer]. This is something that the AIG flagged as well. And again, we're just saying let's defer to the next rate case and we'll certainly work with Austin energy to work on that process. So unless there's any questions I'll sit down. Thank you. >> Craig nazier.

[1:43:28 PM]

On deck is Rafael Schwartz. >> Hello, my name is Craig nazier. I'm the state chair of the Sierra club and I just want to stay that I know this is a very complicated issue. And I know there's a lot of people pushing everything either way. I am speaking from my point of view which is -- and the Sierra club's point of view, which is that climate change is a really big issue and it's a long-term issue. I know there's a lot of

short-term issues but it's a long-term issue. Winter storm uri was terrible, we all know that. That's a result of climate change. I got a sudden windfall inheritance from a second cousin I didn't even know I existed. So what I decided to do with that inheritance is to buy solar cells for the top of my home.

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If I had invested this money in ExxonMobil, I would have more than doubled it in the time between when I got the money and now. But I didn't. I put the maximum number of solar cells on the top of my home. And I paid this summer ten dollars a month in June, July and August for electricity. That's' eye opening. Not only that but because I put the maximum number in, I did my share to keep the grid from collapsing. Okay? If you raise that base rate too much, not only is it equitable to people who don't make much money at all. I'm a little better off than that. I'm retired. But you also make the people who are trying to do the right thing, you make it a lot harder. I've talked to all my neighbors about this and they're very surprised at how much they saved, but it's hard to put in the investment up front when they can buy shares of

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ExxonMobil and double their money. So that's one point. And the other point is when you make the line too shallow about the rate segments, that decreases people's incentive to save energy. And I know there's a lot more to this than what I'm saying, but you've just got to think about this. We have Samsung up there. Samsung uses a lot of energy. They have a huge campus. They have a lot of roof area. How many solar cells are on those roofs? I haven't heard of any. I would like to know. When you go look at Samsung you look at their online presence and they talk about how much CO2 they're saving by making chips and this and that, but where is the incentive for our 10 largest electric users to save any energy at all?

[1:46:34 PM]

You've got to think long-term on this. I don't know how it's going to be done, but I think it needs to be thought of this way. Those are some points. Thank you very much. [Buzzer]. [Applause]. >> Rafael Schwartz. On deck is Wilson strain. Wilson strain. >> Hello. My name is Wilson strain and I'd hopefully like to provide some context on how the rate changes will affect the largest majority of our population, the working class people of Austin. During a year of record high inflation, Austin energy wants to massively increase

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the rates for their poorest customers as if this company is somehow in need. As if Austin energy is the one struggling right now. In fact, we know Austin energy isn't struggling at all. We know this because the residents who use the most energy would actually see a 25% decrease on their bill thanks to this proposal. Austin energy would actually prefer it if people waste energy. They're incentivizing it with this proposal. I guess the more empty rooms with the lights turned on the better. This is clearly a direct attack on the working class, stealing from the most vulnerable among us so the rich can be even richer. Working class people should not have this heavy burden thrust upon them when they're already dealing with so much. People, families, will lose their homes because of these proposed rate increases. And Austin energy could not care less. Austin energy says they're customer driven, community focused. What a joke. Maybe they're driven by some

[1:48:37 PM]

of their customers, the ultra wealthy ones, but what community are they focused on exactly? Because I don't know of a single working austinite that would possibly support this. We should be honest and face the facts, Austin energy has a one track mind and they have zero concern for the well being of Austin's working class people. It's simple, Austin energy is profit driven, profit focused. Thank you for your time. >> Brianna Griffith. On deck is Preston Mannis. >> My name is bri and I represent the party for liberation and socialization and as well as the hundreds of people we have talked to about this proposal, most of whom in fact knew nothing about it. So Austin energy wants to raise their rates over 50% on the poorest residents and

[1:49:37 PM]

they have the audacity to call this fair and equitable. Austinites are struggling. Rent and food prices are skyrocketing. People are living paycheck to paycheck. And now Austin energy plans to add hundreds of extra dollars per year to our bills. This is going to be the straw that breaks the camel's back for countless people in this city. So let me ask Austin energy and anyone who supports this proposal this: Are you prepared to go out to those people who are financially ruined by this? Who are bankrupted, who are evicted, who have to choose keeping the lights on and feeding their families already? And are you prepared to tell people that they do -- to their faces this is a fair and equitable proposal? That they pay more while corporations and the rich pay less. This rate hike is not a neutral like a number shifting around. This rate hike is class warfare. It's a direct assault on us. We demand that city council

[1:50:38 PM]

reject it, we demand no new rate hikes on the poor. If the money has to come from somewhere, it should come from the richest one percent, the top one percent who will currently see a 25 percent decrease and it should come from wealthy corporations, not from us. Shame on Austin energy for even bringing this proposal forward and shame on anyone who votes this forward. The other thing is I was at the euc meeting last night and one of the things the electric utility commission was determining and could not come to an agreement on while I was there was how much money even needs to be raised. So they're proposing these rate hikes and the truth is we have no idea how much Austin energy even truly needs. They're claiming millions and millions of dollars more than what the independent consumer advocate found. So how is it that in just two weeks we may be raising rates extraordinarily on people when we don't even know how much, you know, allegedly the Austin energy is trying to raise from those who can least afford it. So we ask no new rate hikes

[1:51:39 PM]

on the poor. Thank you. >> Preston Mannis. On deck is Roy Whaley. >> Howdy folks. My name is Preston. I live and work in district 10. I hope councilmember Kelly gets better soon. My first job was graveyard shift at Amazon warehouse. Second job is doordashing. The context is I don't make a ton of money. I'm one of those folks that lives paycheck to paycheck. Austin energy's absurd base rate review proposal will punish those that conserve energy while rewarding those who waste it, reversing decades of progress and incentivizing energy conservation. It will hit the working class hardest while giving price breaks to commercial energy users. This proposal is a blatant and unjustifiable cash grab and act of class warfare.

[1:52:40 PM]

It is offensive that a so-called municipal utility company that supposedly owned and operated for our collective benefit rather than for private profit would produce a proposal so wildly anti-worker. Austin energy's ridiculous cost causation basis for choosing to bilk residential ratepayers while giving commercial ratepayers a break is as straightforward as an apples to Oranges comparison as one could find. This should have never made it out of the first draft, much lessened up as a final proposal. The residential working class has far shallower pockets and far fewer options for weathering rate increases than the commercial ruling class does. Austin city council should reject this proposal and adopt the recommendations of the independent consumer advocate. Thank you. >> Roy Whaley. On deck is Dave Cortez. >> Alter: Clerk, how many

[1:53:41 PM]

speakers do we have these two? >> Five. Yacht okay, thank you. Are Roy Whaley or Dave Cortez here? Okay. Moving on. >> Shane Johnson. On deck is Miera Johnson. >> Go ahead. Good afternoon, council. Shane Johnson, I use he/him pronouns. I'm a district 7 resident. My parents are district 7 residents for about 13 years now. I'm honestly struggling here for a second because there

[1:54:43 PM]

was a typo on the city website that said that registration closed at 1:15 today and not 12:15. When I came here there were at least five or six people in line to register who couldn't register from the public. There were three or four more people I personally knew who were hoping to register on time and I had to tell them don't bother. And that's shambolic. This public hearing today is a sham, first and foremost. I'm pretty livid. I'll try not to let that color my comments too much. Shambolic and should not have come to pass. And if it were possible you should take a vote or something to reopen registration. I don't know if you can do that, but that's what you should do. I also know that Rafael and Dave are both on the shorts and Dave Cortez are both on their way here. It's when people aren't allowed to register and many

[1:55:47 PM]

people aren't able to speak quick and people without childcare can't make it clear, particularly on a workday at 1:00 P.M. It's also shameful that this public hearing was allowed to be scheduled so early in the day. I'll pivot over, I have about a minute and a half to talking points on the Austin energy base rate increase, the rate hike. Again, shambolic, shameful. Earlier speakers I just heard put it better than I am, but the cost of living is skyrocketing. Rent has doubled over the last year according to some metrics. Working families are struggling to pay bills and cannot -- some cannot afford the 15-dollar a month psa increase. They can't possibly afford another \$200 a year roughly increase. It would be equally disturbing, frankly, for the city council to ignore the

[1:56:49 PM]

independent consumer advocate's recommendations or implications that Austin energy needs slightly over one-fifth. Revenue increase that they're claiming to need. I think this really is going to demonstrate how far this city council has openly shifted away from your supposed equity values or not. The shambolic public, quote, unquote today, is clearly democratic, anti-the city's supposed equity value. I would hope you all can learn from this -- [buzzer]. And not vote for anything higher than a two-dollar rate increase. Thank you for your time. >> Clarke, were you aware of the -- clerk, were you aware of the timing issue? >> No, I'm looking here and it says 12:15 and it was

[1:57:51 PM]

last updated on the 9th of this month. >> Alter: How many people were here that thought it was 1:15 that wanted to speak who were not able to sign up? Does anyone have an objection since this was supposed to be a hearing on Austin energy, we will let you speak. We will probably take you up, though, after we finish zoning so that the zoning folks can go. But that will be before we take up the item. I don't know what happened, but this was designed to be a hearing so we'll hear people out. And then if Mr. Cortez and Mr. Whaley arrive, we'll allow them to speak as well. I think we can take maybe one more right now? >> Sure. We have -- is Miera Johnson here?

[1:58:53 PM]

If not, Paul Robbins. >> Council, I do have a presentation to make, but I'm going to speak extemporaneously for most of my speech. If there's any time left over I'll go into the presentation. There's three things that I would like to convey urgently. First, I'd like you to consider rearranging the process. You're going to have a second hearing on December 1st and maybe a vote. I would like you to consider having a vote the week after December 1st. I don't know that there's any hurry. Second, I'd like you to

[1:59:54 PM]

consider the possibility of having a small rate increase as an interim. As you know, there's a big gap between the two sides as to how much is needed. Well, have a small increase and if it doesn't work, then come back for a larger one. Back in the day, and I've been through a lot of days, it was very common to have a rate increase every one to two years. I don't think that's outlandish. And third, at the work session it was almost lectured to me, to us, that all the parties need to compromise. I'm here to tell you that I have been to three of the four settlement hearings and they have been a colossal waste of time. Colossal waste of time. You could write a comedy on how uncooperative the utility has been.

[2:00:54 PM]

To give you an example, Friday was a holiday, yet that's when we received notice of a settlement meeting Monday. So someone who was out on a holiday wouldn't find out until 8:00 in the morning on Monday that there was a settlement. Of course, they didn't miss much. In the brief amount of time I have left, there's one slide I want to show you. This is from a spreadsheet that I have emailed you and I'm going to hand you again when this is over about various strategies that the intervenors have come

up to diminish the need or eliminate the need for a rate increase. I would like to encourage council to go through this line by line and come up with savings.

[2:01:55 PM]

You could have the Austin energy on one side who will argue against almost everything and the advocates on the other, and you can make a fair determination as to how salient, how good these recommendations are. Some can be done quickly like the town hall center sale -- town lake center sale. We know that's going to happen, we know it's a bird in the hand. Other things like biomass plant restructuring of debt that may take a few months, but all of these things could be weighed for value. I appreciate your time. And thank you for letting these other speakers break in. >> Alter: Thank you. If you are one of the speakers who came in late, if you can make sure you talk to the clerk if I didn't say that before, that would be helpful. Colleagues, I'm going to see if we're ready to make a motion on 31 so we can let

[2:02:55 PM]

those staff go. >> I just wanted to clarify, thank you mayor pro tem and council members, Romero Hernandez was able to confirm the contract. >> Good afternoon, this is Rafael Hernandez with capital contracting for Austin procurement. I wanted to clarify the terms of the contract. It is a three-year base term with a one-year -- one two-year term for renewal. Council member Fuentes, if we can recommend you to keeps that a three-year term and as we work with Austin energy to look at and respond to and get feedback on the coupe resolution that would be much appreciated. My concern with the timing of it is having to go back with motorola to negotiate a change from the current recommendation of the contract award to a one year term and knowing that the contract expires, the

[2:03:56 PM]

current contract expires December 31st. We'll be facing challenges for renegotiating pricing and it limits the liability. So our recommendation, council member Fuentes, is to keep the contract for the base three-year term. >> Alter: Council member Fuentes? Moves passage of 31 as indicated by our staff. Councilmember harper-madison seconds that. All those in favor? Sorry. >> Fuentes: Yes, thank you for clarifying that. I did review the rca and they have it as a five-year extension so I'm glad to have it on the record that this would be a three-year extension. And we are a tech city and our app should reflect the innovation and the level of service that we have as a city and I know me and my team spent time looking at other cities 311 apps, los Angeles as well as New York City both have really good examples and I think are a

[2:04:57 PM]

model in how we should be structuring the way we provide services to our community and how our community can engage with us through this app service. So just want to impress upon our team here how important it is for us to always be innovating and thinking through ways that we can deliver services efficiently and effectively. Thank you. >> Alter: Thank you. Any other comments? Okay. All those in favor? So it's eight to 0 with councilmember Renteria off the dais and mayor Adler and councilmember Kelly absent. Thank you. So we're now going to hear -- we're going to move to zoning. We have believe one speaker signed up to speak in-person and one to speak remotely. And we have one applicant speaking remotely if necessary. Each speaker will have three minutes. And the applicant will have five minutes if they want to present.

[2:05:57 PM]

Ms. Hardin, if you want to take us through our postponements? >> Yes, thank you, mayor pro tem and council, Joy Hardin with the housing and planning department. Your postponement items are as follows. Item number 53 is north I-35. A applicant postponement to your December 1st council meeting. Item number 54 is your west William cannon. There's a neighborhood postponement here to your December 1st council meeting. 57 is spicewood strings. And lastly item number 63, applicant postponement to your December 1st council meeting. >> Alter: Thank you. If the clerk can call the speakers remotely first, please. >> We don't have the online speakers, so the in-person speaker is rasi ha did on item 53. >> Alter: That's being proposed. They may not have come.

[2:06:59 PM]

Is there a person on the line? >> No, they haven't called in. >> Alter: Did the applicant -- okay. If you want to take us through our consent zoning agenda, which I have as 52 to 57 and 63. >> Thank you. Joy Hardin, housing and planning department. Your zoning begins with 52, c-14-2022-0089. This item is offered for consent on all three readings. Later in the agenda it has a related neighborhood plan amendment, which is item 56. Item 53 is c-14-2020-0143, there's an applicant postponement request to your December first council meeting. Item number 54 is c-14-2021-0161. There's a neighborhood postponement request to your December 1st council meeting. Item 55 can be offered for

[2:08:02 PM]

consent, second reading only and we'll bring this back for third reading at your December first council meeting. Tim number 56 is npa 2022-0028.01. This was related to the previous item number -- previous zoning item which was number 53. Resiliented to the previous item number 52. Item number 57 is c-14-2021-089. There's a staff postponement request to your December first council meeting and we have the addendum item, which is item 63, and that is c142022-0049 and there's an applicant postponement request to your December 1st council meeting. >> Alter: Thank you. Colleagues, is there any comments or amendments at this point? Okay. I will entertain a motion for the consent agenda, which is items 52, 57 and

[2:09:03 PM]

63. Councilmember pool makes that motion. Seconded by councilmember Ellis. All those in favor? Okay. That is 7-0 with councilmember tovo, councilmember Renteria off the dais, mayor Adler and councilmember Kelly absent. >> Thank you. >> Alter: Thank you. We are now going to take up item 49 which is a public hearing and consideration of an ordinance adopting historic design standards, this was noticed for 2:00 P.M. And could not be taken up before now. Then that will be followed by our staff's presentation on item 51. After those two items we will return to item 50. So if you would like to present item 49, please. >> Afternoon mayor and council. Kerri we are, housing and planning department. The historic design standards were initiated by the historic landmark commission in 2018 and created by a working group of community members and city staff from 2019 to 2020. They are intended to clarify

[2:10:04 PM]

existing general standards for historic landmarks and national register district properties. The standards will also increase equity by reducing the resources required for future historic district applications in providing an accessible educational tool for all historic property owners. The historic design standards were considered and recommended in fall 2020 by the historic landmark commission, the planning commission, zoning and platting commission, downtown commission and design commission. They're before you now for formal adoption. I am available for any questions. >> Alter: We need seven votes? I guess we're -- [off mic]. I'm sorry Kathie would want to vote on this. So we need seven to pass it

[2:11:04 PM]

on all three readings. We're seeing if we can grab another colleague. Great. Thank you. Do we have a motion to move passage on item 49, historic standards? Councilmember tovo moves it. Seconded by councilmember pool. All those in favor? Okay. It's unanimous with those of us on the dais. We have seven -- I think everyone was for, no one was against, correct? >> I was just checking the numbers to make sure I still had seven up here. >> Alter: So it's 7-0 with council member vela, councilmember

Renteria -- off the dais and mayor Adler and councilmember Kelly absent. That passes on all three readings. Okay. I think we are going to hear

[2:12:06 PM]

item 51, which is a planned unit development for 311-315 south congress. This is a presentation that we normally hear at the early stages of a pud. >> Thank you, mayor pro tem. Again, joy Hardin with the housing and planning department. I'm here today to present this development assessment item, which is case number cd-2022-0002. This is a briefing on a proposed planned unit development or pud located at 311, 313 and 315 south congress avenue. And just as a quick reminder to council, the city's land development code requires that prior to an application the applicant has to do a dry run of what they're proposing to submit. Staff offers comments and the comments come from numerous city departments and we give them back. We give the applicant back the comments and then we do a briefing to the council on the overall big picture

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items. And this is in reference to what the applicant is going to submit in their future pud application. So as I stated, this site is located at 311, 313 and 315 south congress avenue, which fronts south congress, but will be at the northeast corner of the proposed Barton springs extension and south congress avenue. We call this the fire stone pud because, of course, the site has fire stone located on it, along with a two-story office and a retail strip. The site is .8143 acres in size and is currently zoned cs-1p-np. The proposed project will include approximately 450 residential units, 7,500 square feet of ground floor pedestrian-oriented uses, commercial and retail, and up to 30,000 square feet of office. The applicant is requesting a pud as opposed to their existing zoning because they are proposing to go up to 400 feet in height with -- and the existing zoning does

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not allow for 400 feet, neither with the vmu overlay or with the vmu 2. The applicant is also requesting 15 to one floor area ratio F.A.R. It has changed for those increased entitlements which I've outlined the major ask would be the 400 feet in height and the 15 to hundred F.A.R. Applicant is offering affordable housing in compliance with the pud superiority outlined in the code, which is 10% of the bonus area at 60% mfi. And I know that you can find this in the backup that is online, but I just want to highlight a few of the other superiority items. Again, I said the 10% of bonus area of 60% mfi reserved for on-site affordable housing. They'll also be offering 2,500 square feet of affordable commercial space for local business or non-profit for a period of 25 years and no greater than 80% market rents.

[2:15:09 PM]

For their transportation. Some of their transportation superiority items are electric vehicle charging for six percent of overall vehicle spaces with wiring for 50% of spaces for future ev charging capability. They'll have on-site showers for use of tenants and employees of the project. 100% structured parking, mixture below and above grade. And loading trash collection located on-site, no public right-of-way manufacturing. They'll offer three-star rating Leed pilot bird deterrence compliance, solar power where feasible, dark skies compliance. And also this development assessment went to the environmental commission and the applicant in the environmental commission had a really good dialogue and some of the -- and the applicant I want to make sure I state this, is not asking for any environmental variances, but they are offering environmental superiority as function of green landscape solutions,

[2:16:09 PM]

100% on-site water quality treatment, purple pipe extension, integrated pest management and urban bee keeping initiative. So those are some of the environmental superiority items. So again, the major requests will be for the increased height in F.A.R. Just know that once this briefing is complete the applicant may submit their actual pud application. It will go through the actual process and review of the multiple city departments, use and by a minimum the environmental commission, planning commission, and finally back to council. I'll just state again they're not asking for any environmental variances, but we did take this to the environmental commission and so we'll also be taking this back. And this concludes the development assessment presentation. >> Alter: Thank you. Ms. Hardin. Can you outline what the 10% affordability, what that was based on? Was it based on the current entitlements or the south central waterfront. >> It is based on their current entitlements. So it's cs1, which is

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60 feet of height. So anything 60 to 400 feet in height their affordable housing would be based on that percentage. Does that make sense? >> Alter: Yes. I wanted to make sure you were doing it off of their existing. >> Yes, their existing height of 60 feet. >> Alter: Okay. Councilmember tovo. >> Tovo: Thank you. I'll start where you ended. Ms. Harkin, from that exchange I think I understood what you said. The bonus area is calculated on what their existing entitlements are, not the south central -- >> Not the south central and not -- currently they have B, which would allow 90. This was submitted prior to the vmu 2. So they could actually do 90 with the V so they could have south central entitlements as you said or the V, but it would be based on their base height of cs, cs 1, which is 60 feet of height. >> So this calculation of

[2:18:10 PM]

the baseline, joyous want to point out is different from the baseline that was used for the statesman, is that correct? >> Yes, it is. >> Tovo: So manager, I think I would like an explanation for that? I know it's come up in our previous conversations, but the statesman is not using their existing entitlements as the baseline. That was not used for the bonus area for affordable housing. It was actually the vision plan for the south central vision plan. So this is very inconsistent with what we're talking about here and Mr. Rusthoven remembers fondly the planned unit development stakeholders process from long, long ago, but there was a lot of conversation about how to set the baseline and how important it was to be accurate with the baseline because that's what calculates the bonus area. Thank you. I also had another question. We received a request that the south central waterfront advisory board receive a briefing about this project because it is within the south central waterfront. Is that something that you believe could be

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accommodated? >> Absolutely. >> Tovo: Great. Do we need to do anything to make that happen? >> No. I don't know when they're meeting, but we will definitely make sure that that happens. >> Tovo: Great, thank you. I think I had another question, but I'm forgetting what it is at the moment. I think you said 10% affordable housing, is that correct? >> 10% at 60%, yes. >> Tovo: I'd like to encourage the developers who I assume are here and we'll hear from soon, is so look at that area and the height, especially given the big jump from 60 feet, which is what we have in entitlement to the 400 feet they're requesting, I would like to see that percentage closer to 20%. I know the applicant is here and I did speak with the applicant and they said this is just a starting point. They also filed this in March prior to council adopting vmu 2. So this was submitted prior to that change and so the applicant did say -- I don't want to speak for them, but they did say this is a starting point. >> Tovo: That's great.

[2:20:11 PM]

Thank you for that information. >> Alter: Colleagues, any other questions or comments on this? Councilmember Ellis. >> Ellis: I don't have specific questions, but excited to see another area of land that's probably ready for redevelopment. I definitely want to make sure in this area that we're mindful to first floor walkability and any sort of bike and pedestrian infrastructure as well as any opportunities to minimize the amount of parking that's incorporated into this. I know we've had a conversation lately about whether it's city ordinances that are directing the number of parking spaces versus financing the project. So I think that's something that is relatively new as we look at parking standards and parking minimums versus maximums. And my last comment will just be I'm sure it's on their radar that given it's a car repair shop for part of this tract that there will be some environmental remediation prior to using

as a housing opportunity there, but those are just the first things on my radar for a plot of land like this, which is exciting to

[2:21:11 PM]

see what the next chapter will be. >> Thank you for those comment. And I would just say that some of their superiority items -- I cannot get that word out today -- do call for decrease in parking. But I'll take this back, thank you. >> Alter: Seeing no more comments, we can move on. We don't need to take a vote on this item. I do want to note for my colleagues that we will have a special called meeting Monday at 9:30 to canvas the election and to call the election. So we do need to have seven people there. It will be at the start of the audit and finance committee meeting, so if you can tune in virtually and we'll go -- I guess we'll have a special called meeting virtual, which I believe we can make be the same link for the audit and finance as for the council meeting. But we do need people to be in attendance so that we can

[2:22:12 PM]

call the election appropriately. I wanted to find that for folks. So how many more speakers do we have for item number 50? >> Seven in-person. >> Alter: We don't have any remote? >> No. >> Alter: Great. So we can move forward and each speaker will have three minutes. >> Okay. Rafael Schwartz. On deck is Roy Whaley. Dave Cortez. >> Good afternoon, folks and thank you for opportunity to speak on this wonky but very important issue. My name is Rafael wordsment I'm here with the Austin

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Sierra club. It's been clear I think listening to folks that equity is the huge issue here, but being that I'm an electrical engineer and a homeowner of a rental in south Austin that pays a tenant's electrical bills, I think someone more uniquely positioned to speak about the really quite massive energy efficiency implications at stake here. So for a typical single-family home the proposal will raise the base rate and lower the per unit cost of electricity from 16 cents all the way down to 11 cents per kilowatt hour. So as boring as it sounds it's an aniston initialing 40 or 50% difference in units of energy costs. Any type of energy efficiency makes 50% less sense. Every attic insulation project, every window replacement, every energy star appliance, none of this will likely make any financial sense anymore. So seeing this plan this past spring I can already stand here and say that I changed my personal plans to add insulation to a leaky

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attic since the pay back there never be there. Hundreds of thousands of austinites will adapt to the new rates and let their home leak more ac and heat when they buy, also less energy efficiency appliances. And just to end I wanted to say what would the council think if the state of Texas said hey, Austin, the heck with your Teslas and ev's, we're going to charge every austinite resident three or four hundred dollars a year whether you buy the gas or not as a base gasoline charge so that we can lower the price at the pump a lot and encourage everyone to drive more and more and further forever into the future. That's really what's happening with this proposal except the city is doing it to itself, so genuinely city councilmembers, thank you for listening and please think about the city's climate goals and this critical issue. Thank you. [Applause]. >> Miera Johnson. On deck is kaiba white.

[2:25:22 PM]

>> You were next. >> Three minutes, right? Thank you so much, council. And thank you, councilmember alter, for reopening this docket. I was touring a kindergarten for my daughter. I thought I had until 2:30 and I'm five minutes early if we go by that. Thanks for having us here. A few thoughts. I want to share some perspective based on what's been about 11 years of engaging this council about Austin energy. I haven't been in here for a public hearing in awhile, since my daughter was born, four and a half years ago, so it's a little odd being back, but I want to just remind folks on the history. I think there's a few staff over here from Austin energy that have been involved for about that long, if not longer. There's a few advocates here who have been involved longer than that. And what I can say is you have a tremendous responsibility to be accountable to us, to the utility, to the people of

[2:26:22 PM]

Austin. Time and time again, whether it was the previous council, the at large or the 10-1, we've seen a different range of cost figures, numbers, revenue estimates, come to the various council committees about what Austin energy needs. But really it's what they want. And so I want you to balance what the people of Austin are asking for and want with what this utility wants. We have always, always had to scratch and claw to get the public involved in these very wonky, complicated processes. We hope to generate 300 unique comments, not into our database system, just to getting the word out for the utility, for the people of Austin, for the city council, so people can comment about the increase in bills of that was back in June and July, more than 300 people, just by getting online and getting the word out. We've been organizing, we've been out in coalition. I was over at the food trailer park on Cesar Chavez

[2:27:23 PM]

and pleasant valley talking to the shop keeps there, what would you do with \$200 extra, what would you do with \$100 extra, what would you do with \$200 less? Folks are hurting, you know this, and you have the chance right now to hold this utility to a standard that will help a little bit keep people in this city. My mother does everything she can. She's been at the PUC, she's been at the capitol. She's been doing everything she can to keep her thermostat managed, to hundred her lights off at night, yet she's still paying more than 200-dollar a month Austin energy bill. There are so many stories of this happening and I want you all to take into consideration what you're going to hear today from other presenters. You have -- first the Sierra club and we're signed on as supporting \$12 million for this issue. You're going to hear from the euc saying 15. What was the number from Austin energy?

[2:28:23 PM]

I think it was something like 35? I think you know -- [buzzer] -- All you need to know. Thank you for the time. [Applause]. >> Miera Johnson. On deck is kaiba white. Kaiba white. On deck is Angela Enriques. >> Hello, my name is kaiba white. I'm here on behalf of public citizens Texas office. Thank you, councilmember alter, mayor pro tem, for allowing us to have the opportunity to speak. As I think you all know, public citizens, Sierra club and solar united neighbors intervene jointly in the rate case and we took up a number of issues. But I think all of our collective attention right now is really focused

[2:29:25 PM]

primarily on the residential rates. How much that increase will be and the form that it takes. And what I want to convey today is that there is not just two choices between giving Austin energy the money that they need or not giving them any money. And there's also more than two choices around how to structure rates. Personally I find the proposal that Austin energy has brought y'all on the residential rate structure professionally and personally offensive. It really just stands the policy it really just stands the policies of this city on their heads. It says equity does not matter, fairness does not matter, and energy conservation is no longer a priority. It says people in this city who have invested in energy efficiency, that they made a mistake financially. Maybe they did something good for the environment, maybe their made their home a little more

[2:30:25 PM]

comfortable, but financially, that was a bad investment. And I think that's a really negative message to be sending. You just heard from somebody who was trying to make that at the significance rite now in realtime. When you have neighbors who have said, well, I put all this money into insulation or new windows or whatever, it's never going to pay off, other people are not going to want to do that same thing. We know that when there's positive stories about solar and energy efficiency, that it's contagious.

People want to do more of it. And that's what we've said as a city, that we do want to support. These rate changes aren't just determined by the amount of money -- and I realize that that is important, the amount of money that Austin energy is going to get. But y'all can choose to structure those rate increases in a way that does not unduly punish those who are using the least energy. You can choose to keep more or less the existing structure and

[2:31:28 PM]

add some percentage to each of those rate tiers and the fixed charge, I understand might need some increase. But what has been proposed to you, I hope that you will just stand behind what I think is going to be a gut feeling that you may have, which is that it's not right. It's not right to ask people who are disproportionately poorer, even if it's not just the most poor, and you've seen some data from Austin energy that shows that it's not just the poor that are in a certain kind of usage range. Well, it's the poorer. It's the median and lower incomes. Let's not put this rate burden just on them. Thank you. >> Angela Enriquez. On deck is Daniella Silva. >> Hello. Good afternoon.

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My name is Angela Enriquez and I'm an intern with public citizen and a student at UT Austin. I believe the city council should not adopt Austin energy's proposed changes to the residential rate structure. I conserve as much energy as I can. Being frugal in my energy use helps my roommates and me have a lower carbon footprint and a smaller utility bill. I believe that my personal efforts in energy conservation are being violated by this proposal. How is it that I and thousands of other students at UT Austin are going to be burdened by this rate increase when most of us live in apartments? We do not use as much energy as higher income residents living in larger spaces than us. This rate increase is inequitable to the middle and lower classes of Austin and does not align with the city of Austin's climate plan.

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All residential Austin energy customers should have about the same percentage increase in their rates, and this energy rate proposal would not penalize higher energy users for raising the utility and environmental costs for everyday users. Thus, it is in the public's interest that Austin energy keeps its current rate of billing high energy consumers, a larger amount for the usage. Overall, the city council should vote to keep the current rate structure. Thank you. >> Tovo: Thank you. Thanks for your testimony. >> Harper-Madison: Mayor pro tem? >> Alter: Yes, council member Harper-Madison. >> Harper-Madison: Thank you so much. Before Angela leaves the room, I can't see chambers. I just wanted to say, I don't know if this is your first time coming down to speak to the body, but you did a really great

job. Very clear and confident and poised. And so I appreciate seeing you in chambers today and thank you for coming to talk to us. It's always a pleasure to see young folks, students and

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renters advocating for themselves and their peers. >> Daniela Silva. On deck is Dale Beulah. >> Good afternoon, council. I'm a resident of district 3. I'm here to speak along with many of my colleagues and fellow organizers about Austin energy, and I firmly believe that being a public utility should be serving in the public good, and right now, the proposal disproportionately increases low and moderate income families while lowering more affluent households' bills collectively, and simultaneously disincentivizes energy conservation, which I think goes in direct contrast of our goals as a city to be as climate-friendly as possible.

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Personally, having spoken to hundreds of residents within the district that I live, people are really struggling with paying their bills and getting by day-to-day. Not only are they having to face increases in rent or in property taxes, but cost of living alone is increasing exponentially, and adding this financial burden onto working class families, onto artists, musicians, EMS workers, is really placing an undue burden on those, as many have stated already, are some of the least consumptive of our energy usage. I know that personally within my household. We try to keep as many lights off as possible. We follow all of the temperature recommendations that are put out by the city to be as less strenuous as possible. And really, I think that any increase more than \$2 a month would be an undue burden onto

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folks who are already struggling to pay their bills. Additionally, I would just like to state that we have been asking people to take on energy conservation measures for years and years, and it's getting more popular. So I think we should do a better job as a city of planning how to transition with the disinvestment of fossil fuels and figure out how a decrease of demand is going to impact Austin energy and it's going to impact the way that we power the city. So, definitely something that we should focus on. So, in addition to the -- any refusal of rate increase of more than \$2 a month, I'd like to also ask for Austin energy to maintain a tiered rate structure with at least four tiers to help continue incentivizing the energy conservation that many people are wanting to implement into their homes. Thank you so much for your time. Dale Beulah. On deck is John Kaufman.

[2:37:31 PM]

>> Good afternoon, council, and thank you to my representative Alison alter for allowing us to speak. In 2004, Austin energy started a solar program, and I was one of the first to sign up for it, not because of huge federal tax credits or rebates, but because as a retired schoolteacher, I did not want to have to have a future of higher energy bills. It seems like this proposal is going to throw a monkey wrench -- wrench into that design. As a result of the investment I made for future, my monthly rate is in tier 1. In fact, it was always in tier 1 until covid hit and we had to stay home all summer, because we usually went to my aunt's house where it was cooler and we'd put our air-conditioning at a lower rate.

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So my concern right now is to keep people who want to use the lowest amount of energy in tier 1 not to have to pay anything more than. If we run above tier 1, maybe \$2 would be okay. Or whatever the rate might be for people in the higher thing. But my goal is to always use less than 500 kilowatts a month and I've been at that goal the last three months. So, please consider those of us that have been trying to do the right thing for many, many, many years, and please keep encouraging us to do the right thing. Thank you for your time. >> Alter: Thank you, Mr. Beulah. >> Last speaker is John Kaufman. >> Good afternoon. I'm John Kaufman. Me and the team of experts that I have make up the independent consumer advocate, and we have been participating in this process since about may, and it is definitely complicated this time around. We were involved also in the process back in 2016 for the rates that went into effect in

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2017. I want to make sure that I'm available to you, if you have any questions about where we are, what our current position is. We're happy that we are able to bring together most of the parties, most of the parties other than Austin energy, at least, on many of these issues. You still have -- and I want to acknowledge Austin energy has started negotiating again, and we hope that we can come to terms. If we don't, you have a couple of very difficult decisions. One is the overall revenue that the utility needs. We have -- in the spirit of compromise, come to the position that the utility should have about a \$12 million increase. We believe that that is fair, just, and reasonable. It is enough to give the utility what it needs to provide safe and adequate, reliable service. It should be enough to prevent them from facing any downgrades from bond rating agencies or otherwise. The risk if you go higher is

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that you will spur inflation in the city. We know that businesses and -- you know, we're representing residential and small business customers, and you already heard from the very large customers. Every bit of increase, you know, can have a cascading effect down the way. But we continue to believe the \$35 million is overstated. We believe that it is more than what the Texas PUC would offer. It doesn't comply with the rate-making principles as we understand them for known and measurable adjustments. But the truth is somewhere there. Somewhere in between, you know, 6 million and 35 million. We suggest that it's closer to \$12 million, and we would suggest that you adopt that as the prudent amount. You've heard a lot about the other difficult decision you have, and that is on the rate design. We have put together painstakingly crafted something

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that we believe is an interplead yacht compromise approach, one that does not flatten the curve, intermediate compromise approach, one that does not flatten the curve, and remove the incentive for energy conservation, but it does adjust it a little bit. We would increase the customer charge by \$2. That would be a 20% increase in that particular fee. But we have worked really hard at every level to reduce -- we've reduced the tiers from 5 to 4 and we believe that it would result in something that doesn't impact any particular subset of the city too adversely. And if you look at the last page, attachment 2 to the joint consumer alternative, you'll see that it would result in about an 8% increase, and it isn't -- it's a little -- the percentages are closer together, not quite as drastic as what Austin energy has. That's all I have. Thank you. >> Alter: Thank you. Mr. Kaufman, I assume you're going to be around if we have questions after the other

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presentations? Thank you. >> That concludes all the speakers. >> Alter: Great. Thank you. So, colleagues, we have planned that we will hear from Marty Hopkins, the chair of the electric utility commission. I don't know if the chair is here or on webex. Okay. Great. Thank you for joining us, chair Hopkins. She's going to give us a presentation on where the euc is at in this process. >> Good afternoon, council. Thank you for inviting me to speak today. By way of brief introduction, my name is Marty Hopkins and I'm the chair of the electric utility commission. I was appointed by former council member Greg Casar to my first term on the commission in 2017, and again for a second term in 2021. Council member vela reappointed

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me to the commission upon his election. When I'm not focused on my commission duties, I work as a state energy regulatory lawyer at evershed Sutherland, and my wife and I try to keep up with our 1-year-old. Before we get started, I'd like to note for the council that we are an 11-member commission, which

you know, of course. We have two vacancies. All nine members of the commission were actively engaged in reviewing the base rate review information in this base rate review. We heard from many stakeholders. We heard from many rate review participants, and Austin energy customers who did not participate in the rate review process. We reviewed a significant amount of material and had many thoughtful discussions on the

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commission. Though we tried to reach unanimous consensus on all material items for our recommendation, we were unable to do so on three important points. The first being the revenue requirement. The second being a specific gradualism mechanism. And the third being the residential -- the specific residential rate design. So, I'll be presenting to you today two resolutions. One that passed unanimously, and one that passed on a 6-3 vote. At the outset, I'd like to say that we recognize how difficult a rate increase will be at this time for many of our community members, and this, of course, will be magnified by the recently approved power supply adjustment increase. In making our recommendation, I think -- and I think I can speak for the other commissioners as well on this. Attempted to balance these very

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real concerns with ensuring the continued financial health of our utility. With this in mind, the electric utility commission unanimously recommends the following to council. One, apply gradualism of some form to each customer class equally to reduce rate shock. Two, maintain a tiered rate structure for the residential class with either five, which is the current number of tiers, or four tiers, which has been proposed by the independent consumer advocate who just spoke. And then as a second part to that, number two, limit the customer charge increase to 20% or a \$2 increase. Three, per the council's understanding of known and measurable changes and weather normalization to the 2021 test year. Four, require Austin energy to conduct a new -- excuse me, go ahead?

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>> Alter: Nobody said anything. >> Oh, sorry. I guess I got some feedback. Four, require Austin energy to conduct a new line loss study prior to the next base rate review. Five, require Austin energy to develop a primary substation rate consistent with the independent hearing examiner's final recommendation to be proposed in the next base rate review. Six, require Austin energy to develop a pathway for primary greater than 20 megawatt high load factor customers to purchase facilities necessary to interconnect at transmission voltage within one year of council approving rates set in this base rate review. Seven, adopt the value of solar tariffs proposed by Austin energy with the exception that the societal benefits

be collected through the psa. And cost recovery of the societal benefits be subject to review in the next base rate review. Eight, maintain existing differences in revenues and rate

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structures for Austin energy customers outside the city limits. Nine, direct the electric utility commission to examine Austin energy's contribution in aid of construction policy. Ten, instruct Austin energy to develop a plan to expand access to affordable power for electric vehicles and consider how to equitably charge ev customers for charging vehicles at home with low load factor. 11, instruct Austin energy to consider development of a tariff or program that incentives solar storage and v2v or v2h, or vehicle to grid or vehicle to home. 12, instruct Austin energy to hire a third party to update its 2015 non-nuclear decommissioning study. 13, instruct Austin energy to work with the electric utility to examine alternative enrollment methods for the cap

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customer assistance program to ensure maximum possible participation. Now, moving on to the non-unanimous resolution, again, six members of the commission voted to recommend to the council -- or recommend that the council: One, reject Austin energy's proposed base rate increase of 35.7 million, which was in Austin energy's rebuttal proposal. And reject the independent hearing examiner's recommendation of 31.3 million. Two, adopt a base rate revenue increase of at least 6.5 million as recommended by the independent consumer advocate, but no more than 15 million. Three, adopt a revenue distribution that would not increase rates on any customer class more than 7.5%. Four, consider adopting the independent consumer advocate's

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proposed residential rate design with a \$2 maximum customer charge increase and four tiers, and there are specific usage delineations in our proposal that have been -- in the two resolutions that have been circulated to you. Finally, I'll note that the significant disagreement on this second resolution or the non-unanimous resolution centered on the revenue requirement, as you are aware, there were many downward adjustments proposed by parties to the Austin energy requested revenue requirement increase, and the independent hearing examiner recommended an increase of 31.3 million. Those members who did not support this second resolution generally supported a higher revenue requirement increase than the upper range of the \$15 million included here. I, for example, at least I supported the independent hearing examiner's recommended

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increase of 31.3 million. I note that because of -- I note this because non-support for the specific gradualism and residential rate design proposals included in this second resolution stem from the disagreement on the revenue requirement specifically. So, as you will see, the commission unanimously support Ed applying gradualism to each customer class equally to avoid rate shock. And, again, speaking for myself, because I didn't agree with the \$15 million revenue requirement increase cap, a 7.5% increase cap on each class doesn't work in a vacuum. And so, because I had in mind a different revenue requirement, the 7.5% increase didn't work. Though, as I said, I support

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gradualism generally, and that's included in the unanimous resolution. A similar situation arises on residential rate design. In the non-unanimous resolution. The commission unanimously agreed on five or four tiers and a maximum of a \$2 increase to the customer charge. Again, but three commissioners did not agree on the specific tier delineations in this resolution. The second resolution. So, in sum, I would say that the commission unanimously supports some form of gradualism and a maximum increase of the \$2 customer charge -- \$2 to the customer charge, and a tiered residential rate design. We could not agree unanimously on a revenue requirement, but again, approved a 6.5 to \$15 million revenue requirement increase in a 6-3 vote. That concludes my prepared remarks.

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Thanks again for giving me the opportunity to speak with you today, and I'd be happy to try to answer any questions. >> Alter: Thank you, chair Hopkins. Are there questions? I have one for you. Can you speak a little bit about what you would recommend for the revenue requirement you said you didn't support the \$15 million cap. I think that's really the crux of the question that we have to answer first is what do we think the revenue requirement should be, and whether we think there is any thought in the proposal that has been presented to us by Austin energy. So I'd like to hear your thoughts on the revenue requirement and what was giving you pause. >> Sure. Ultimately, I support the independent hearing examiner's evaluation of the evidence that

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was put before him, and considering that he was hired particularly to conduct an independent and impartial review of this multi-party process, and came to the conclusion that Austin energy had supported its revenue request up to the \$31.3 million, I found that compelling. And again, think that --

well, I can't speak for the other folks who didn't vote in favor of the second resolution, but I believe that they expressed similar ideas. >> Alter: Thank you. Can you indicate the other two commissioners that didn't support? >> Yes, Carrie Furchill and commissioner Marshall Bowen. >> Alter: Thank you. Council member Fuentes. >> Fuentes: Thank you. Thank you for that summary. It was super helpful.

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Colleagues, the ICA proposal -- the ICA report had it at a \$6 million revenue requirement. The intervenor's proposal was at \$12 million revenue requirement. And please correct me if I'm wrong, but the EUC recommendation had it at a 11.4 million revenue requirement; is that correct? >> Actually, it's -- the recommendation is between 6.5 and 15 million. >> Fuentes: Okay. Between 6.5 and 15. So we're seeing a trend more in that 6 to 15 million. And so I just wanted to note that, because it was shared earlier that Austin Energy is negotiating on another proposal. And so, you know, I hope to see something more along that range come back to us for consideration. And certainly just want to punctuate that there have been several groups that have indicated support for a \$2

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increase to the customer charge. And so, I'm also more in line with that effort. >> Alter: Council member Pool. >> Pool: Thanks for being here. Could you give us a little more information on the range of the revenue amounts, and it was a 6-3 vote for the 6 million to 15 million, and then you and two other commissioners supported the 31.5 million. Could you give me a little bit more information on your assessments of why not only the impartial hearing examiner agreed with that number as Austin Energy had calculated it. >> Sure. So, I think the \$6.5 million lower end of the range that the commission approved recommended to you came from the independent

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consumer advocate's recommendation on the revenue requirement increase. And the \$15 million upper end of that range I believe came from just working together with commissioners and parties, and, you know, I didn't come up with that number, I'm not positive where that number came from. But I think it was just developed through consultation with one another and other parties. As you noted, there's a \$12 million joint consumer proposal that was made on November 8th. And then on the upper -- so that was the range that's been approved and recommended to you from the electric utility commission. As far as the other revenue requirement increase that was focused on at our commission meetings, I would say it was the \$31.3 million, which is the independent hearing examiner's recommendation. And that comes down -- I don't

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have the number off the top of my head, but a couple of million from Austin energy's rebuttal proposal, 35.7 million, I believe. And the hearing examiner goes into detail in his final recommendation about why he believed that ultimately, Austin energy was more persuasive on its evidentiary burden for the proposed revenue requirement with the exception of the general fund transfer adjustment, which he made to bring it down to 31.3 million. And so, ultimately, despite the party's presentations and evidence on the various adjustments that were proposed, and many of which have been talked about here today, I think the independent hearing examiner who has significant experience in this world and viewed that

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evidence as a -- you know, essentially acting as a judge, impartial, and viewed all of the party's evidence and concluded that Austin energy had met its burden up to that \$31.3 million number. So I found the hearing examiner's reasons compelling on that front, given his position on this case. And he was hired to do a very thorough and robust review of the information, and I ultimately agreed with his recommendation, I guess, on the revenue requirement increase. >> Pool: Thank you so much. >> Alter: Any other questions for the chair? Thank you very much for being with us. If you'd like to stay on in case

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there are other questions, you're welcome to. If you're not able to, we totally understand and really appreciate your time and your work on this. Colleagues, I do want to just underscore that I really do believe that we have to figure out as we go through this process what we're comfortable with the revenue requirement, and I think we're going to need some additional focused information from Austin energy, and then perhaps a chance to debate some of the pieces. If we can -- you may be presenting this today in your presentation, but if you're not, if we can get a really crisp summary of the elements of the 35.7 of the revenue requirement that you're asking for, and sort of a summary of the differences across the different proposals as well as your rebuttals to that, I think we heard that the ihe was okay with a lot of those, but we haven't actually

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had that sort of summary document that puts them all together where we can really analyze them all, all together. Or if you have that, if you can surface that for us, you may have that already. That would be

great. Council member pool. >> Pool: I want to add to that the 31.3 million was the figure from staff, the updated figure. It's a bit of a gap, and I'm uncomfortable simply taking a mid point, when I am pretty sure that there's a reason why Austin energy has pegged the revenue requirements at 31.3 million. And so to amplify what the mayor pro tem is saying here today, I would like additional explanation for those numbers to be laid out, because this is, for me, the crux of this conversation, and we have to be able to address that revenue requirement and we have to be able to trust that number. And I know Austin energy is

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working really hard on the negotiations with all the parties and that is continuing a pace, but I would like to see that be laid out for us with an explanation to shore up our understanding of how Austin energy arrived at their revenue expectation number. >> Alter: Thank you, council member pool. And just to clarify, Austin energy's number is 35.7 and the 31.3-ish number is the ihe, which takes off the general -- takes off a portion of the general fund transfer, just so we have the numbers. We may want to go to -- we may want to use the ihe number, but Austin energy has -- their number is the 35.7. Council member Ellis. >> Ellis: Thank you. I know we also heard from a number of folks across these past few weeks about the number of tiers and how steep those tiers should be calibrated, where the breaking points should be. And so I know it was mentioned here a couple of times that there were folks more supportive

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of going to four tiers instead of three, and trying to make sure that we are making sure we're looking out for a homeowner who has made improvements to their home and put money into making sure they're conserving energy. And I want to make sure our rate structure doesn't disincentivize people to turn off their lights and turn off their air conditioner and heating temperatures, because that's something we have the power to do. So I'm really interested in that conversation about the tier structures and how steep they are and where the breaking points are. >> Alter: Council member Fuentes. >> Fuentes: Thank you. I just have a process question. I would like to hear from Austin energy to go through each part of the expenditures with the -- associated with the revenue requirement. I know many of our offices have been having conversations with staff, asking for more detail, particularly digging in on the late fees. And so I think we need to create space for us to have that

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exchange with Austin energy in a public format. And then separately, once we as a council determine what revenue requirement we're comfortable with, then having a conversation on the cost allocation within that revenue requirement amongst the customer classes. And so, how is that going to play out

Der our next hearing? >> Alter: I think we have a presentation today. I don't know the full context of this, and this may all be contained in there. I just want to say they may have already anticipated all of these questions. So we may want to hear from them, and then decide how much more we need. I don't know what the content of their presentation is. So I haven't seen it. >> Fuentes: Okay. I will flag that I do have to head out here in about 30 minutes, so I will tune in for as much as this presentation, and then I'll work with staff with any additional questions. But just wanted some clarification on the process.

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>> Alter: City manager. Council member tovo. Thank you. >> Tovo: So I had a question -- I have a couple questions, and one goes back to an item that was on our agenda today that we approved, and that was the pretty large contracts to acquire old debt. And mayor pro tem, you asked some questions about the extent of that debt in the q&a, which I think was really useful, because there's a considerable amount of debt outstanding that the city -- that Austin energy has on the books, and we just approved I think up to \$5 million for two services to help get some of that debt. And I had intended to submit through the q&a and just didn't do it, so I'd ask that it become part of our Austin energy rate case page. A while back, we had some discussions with consumer advocates about bad debt and how to best -- what are some

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innovative practices that other cities are doing to get some of that debt back, and we had done a resolution, and I think we had a task force that looked at this, and then our Austin energy did quite a bit of work on it and came up with some recommendations for arrearage management. So, manager, I would ask that you put that work onto our Austin energy site. I'm afraid that so much time has passed that we're kind of losing steam on that effort, and it's really about managing payment plans in a way that allows the utility to get more of that -- collect more of that debt and also takes into account the various and individual circumstances that our families are facing in terms of struggling to pay their utility bills, and it was some substantial and useful work that I think we have an opportunity to better implement here in the future, especially as we're talking about increasing rates. So that's one. I would like Austin energy, maybe before their presentation,

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to talk about what happened in 2013 in terms of the two-step process. I've been communicating a little bit about this, but I think we've not nailed it. As I remember, and maybe I'm remembering wrong, there was a request from Austin energy for about a 13% increase after a series of really focused work sessions to make sure that the council understood revenue requirements and just various elements that were in dispute. The recommendation ended up being closer to 6-7%. But it was somewhere -- it seems to me,

and Mr. Robins you may remember this, but I don't know if I'm allowed to call on you, so perhaps there will be another way of getting this information. But I think what we finally came to was a decision that there would be a very short-term -- a shorter term rate increase with the understanding that Austin energy would come back to us, if what they feared would happen, which is that they continued to lose revenue at such a rate that

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something had to be done more dramatically. Manager, do you have any have any information about that? It seems like what we did last time. And I think that that's what I'm lean toward, colleagues. But because there's such dispute about the revenue requirement, and because there's dispute about whether this test year was really the best test year, and whether the pandemic rates didn't impact revenues in such a way, that many have offered a compelling case that the pandemic did decrease our revenue. That it might make sense to not think about this as a rate for five years, but to do something less drastic in terms of a rate increase and come back and revisit in a couple years. >> Alter: You can ask and he can answer if we can keep it brief. >> Tovo: Sure. Can you comment on that particular point, Mr. Robins, about whether it was a two-step?

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I know it was a two-step with some industrial rates that had yet to roll off. But in terms of our agreement about what the overall rate increase was. >> What I remember was that after considerable gnashing of teeth, a rate increase was created in the fiscal year 2013, and I think the next year, you championed a proposal to go to 100% capital recovery fees for the infrastructure immediately surrounding a building or development. This did not deal with capital recovery fees for things like power lines, but it did deal with hook-ups, and that created

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so much extra revenue that there was a rate decrease in 2017. That's the extent of my memory at this time. >> Tovo: Thanks. I'll have to go back to -- thank you. I had forgotten that, and I'll just create Judy Pfaff, the resolution that saved millions and generated millions. >> It was her idea, but council passed it unanimously. >> Tovo: Yep. So thank you. I had forgotten that, the way that plugged in there. But I do think we had an agreement that we were going to come back in a couple years, and that was one way we were able to be comfortable with a half. You know, almost half of -- about 50% reduction in the rate. So, that would be just helpful to know, and again, manager, I would like you to think about what that would look like if we passed something less than what Austin energy is considering with the

understanding that it would come back, or that the next council would come back in less than five years to revisit

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it. I know many of our interveners have talked about capital recovery, and we may not be fully recovering our capital cost there, and I'd like to better understand that. >> Alter: I think there's definitely something on the capital recovery that we have to get a few answers on. I'd like to ask Austin energy to come up and do their presentation. Thank you. >> Fuentes: Council member tovo, you mentioned a q&a. Do you know which meeting that was? >> Tovo: I think I was saying I intended to submit a q&a to make sure that the arrearage management stuff got hooked up, and I just neglected to do so. So I was asking the manager if he could hook up some of the arrearage management initiative powerpoint from February 2017 and some of the other stuff to our main Austin energy rate case page so that we can kind of review it and see what recommendations might be there

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to help with payment plans and help collecting that bad debt. >> Alter: Thank you. Good afternoon. Please go ahead. >> Good afternoon. Tammy cooper, Austin energy. I just wanted to kind of set up the information that we have on tap today to present to you. We have Thomas Brocato, outside counsel, who is going to discuss specifically the revenue requirement issues that you've indicated you want to dig a little bit deeper into. We also have Carrie Overton, who is here to talk about our customer assistance or our cap program. I believe at the last meeting, you had asked specifically that you wanted more information and council member kitchen had indicated she wanted a work plan with respect to how we might be expanding that program, so we have that as well. Also I believe Mr. Brocado may be able to share a few more memories on that discussion you were just having with Mr. Robins as well. And with respect to -- I just wanted to clarify, with respect to council member pool's question about Austin energy's request, I mean, it is in our

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rebuttal cases laid out to 35.p million. The independent hearings examiner did recommend 31.3, based on the general fund transfer. That is certainly something that is within council's purview to decide would be appropriate. It's just not something that we've been able to publicly say that we could, you know, make an adjustment to with respect to where we're at at this point in the proceedings. So I just wanted to clarify that. If you're ready, I can turn it over to Mr. Brocado to talk about revenue requirement issues. >> Thank you, mayor pro tem, council members. Thomas brocado, outside counsel for the city. If I may, let me start with the discussion a moment ago about the 2012 rate case. My recollection is that

Austin energy requested \$113 million rate increase at that time. And after numerous work sessions and discussions, council

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ultimately approved I believe \$105 million rate increase. We actually went back a while back to try to determine the basis for that difference. And I can't seem to find any basis for how we got from 113 to 105. But regardless, that was what was applied -- excuse me, what was approved. Austin energy at that time had a number of fixed contracts with some of their larger customers whose rates were frozen at the time of the decision in June of 2012. And so Austin energy was only able to collect approximately \$70 million of increased revenues at that time. But then, subsequently, when those contracts expired, they were able to increase the rates to those customers as well, and it was only at that point in time that they were able to collect the full \$105 million rate increase that was approved by council. Now, there was also an appeal, of course, from hurt to the

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public utility commission that ultimately settled in I believe February or March of 2013. That kind of changed the figures a little bit ultimately as part of that settlement. But that's my recollection. I can go back and confirm those numbers. That's my recollection of how things played out in 2012. The other thing that was mentioned a moment ago with council member tovo and Mr. Robins related to the policy, or what's referred to as the contribution in native construction. Basically, all utilities have a tariff or policy with respect to connecting new customers. You know, for example, if I'm a residential customer and I need 50 feet of drop line or 100 feet of drop line to connect from the pole in my backyard to my home, then the utilities tariff may provide, I can get that for free. I don't have to pay any additional costs. It's just recovered through my regular electric rates. But if I need 200 or 250 feet because perhaps I'm in the country or the pole is farther away, I have to pay what's

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called a contribution native construction. Similarly, if a commercial customer or a large industrial customer needs special infrastructure to be installed, in order to connect them for service, then there may be a payment that's expected of that customer. For many years, my understanding is that Austin energy perhaps was not collecting the full amount of contribution native construction. And then following the 2012 case, council did direct Austin energy to begin to collect the full amount necessary in order to interconnect these customers, and has been doing so ever since. It was nice to see Mr. Robins recognize that, because that's one of the items that he lists on his list of savings that could be achieved. I would say that to my knowledge, Austin energy is following the city's policy and collecting the full

amount of contribution native construction. I know the eec even last night mentioned putting that on an agenda item to discuss in some

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manner. I guess to ensure that Austin energy is collecting the appropriate amounts for customers. I know there's been allegations that growth should pay for themselves, and I think that kind of relates to this issue. So I share that with you as well. But my real purpose here today was to talk to you specifically about some of those downward adjustments, as others have referred to them, with respect to the revenue requirement. And so what I've got on this slide here behind you is a list of all the really contested revenue requirement issues in the case. And I'm not going to get really in the weeds and give you a full detailed analysis of every one of these issues. We can talk about them as much as you like. But my desire today would be to just kind of hit the issues quickly and let you know kind of what the underlying rationale was for the disallowance, and then Austin energy's response to it. And so, if I may, I'll just kind of start with the first issue,

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which relates to the 311 call center. Austin energy was proposing to include -- a known and measurable adjustment of 5.3 million to account for a new contract that had been approved by council in February of 2022. And that new contract required the hiring of a significant number of additional employees to staff the 311 call center. The independent consumer advocate proposed about a \$2.9 million adjustment because in his mind, at the time that we had the hearing back in July, not all of those employees had been hired at the time.

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And so, in his opinion, the full staffing level, the full cost of staffing at the full level was not known and measurable. It had not occurred yet. But in rebuttal testimony, and at the hearing, and then in briefing, Austin energy responded by saying that the five-year staffing contract had been executed in February of 2022, and more importantly, that the full staffing level had at that time been met, and has still been met today. And so, in Austin energy's opinion, the full amount necessary to pay these employees is appropriate and should be included in rates and they agreed with them. Moving on to uncollectible expense. The test year amount for uncollectible expense is 13.9 million. Austin energy made a downward adjustment of 7.8 million resulting in a request of 5.9 million. The ica recommended that the

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test year amount was abnormally high, and that instead, that there should be a three-year average of uncollectible expense that should be used as the basis for setting rates going into the future. Austin energy responded by saying that there was no indication that a three-year average was more appropriate than the actual test year. And, in fact, it even goes back further in time, so it's less reliable going forward. They also indicated that there was no connection to winter storm uri. That they made a separate adjustment to late payment fees as a result of the change in council's policy during winter storm uri, which waived the -- which temporarily eliminated late fee payments at that time. >> Alter: Before you go on, I just want to clarify that. There was an original number that was 13-some million that's

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from the test year. That was adjusted by how much? >> A downward judgment of \$7 million related to non-occurring events related to other revenue. >> Alter: So you started with a 13 million number, and what was the number used in your calculations? >> The original number, the test year number was 13.9 million. It was adjusted downward by just over 7.8 million to get an uncollectible expense proposed by Austin energy of really 6 million. 5,994,000. And the ica had proposed a three-year average uncollectible amount using fiscal years 2018 through 2020, which related in a \$4.6 million figure for that expense item.

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>> Alter: So your argument is that you have already adjusted these. >> Yes, and it's appropriate to rely upon the test year amount and not use a three-year average as the ica has recommended. >> Alter: Okay, thank you. >> Heavy equipment leases. >> Alter: Council member tovo had a question. >> Tovo: I'm sorry, I did have -- how do you want to handle this? Should we talk about them as Welch questions about the different points, mayor pro tem? >> Alter: If folks are willing, or you and I can just meet with them. >> Tovo: Either way, because I do have questions about storm in various ways, and I'm not clear from the exchange I just heard whether you're talking about the uncollectible expense, and this is the same -- this is the same requirement that the independent hearing examiner suggested if we want to lower it, he would not suggest eliminating -- he would

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suggest only focusing on contracting and overtime expense? >> No, that's -- >> Tovo: Are you talking about bad debt or expenses related to the pandemic or revenue? >> I'm talking about bad debt, also

referred to as uncollectible expense. Same thing. There's another recommendation, the one that you just mentioned, that we'll get to in a moment. >> Tovo: Yeah, I thought the bad debt -- to me, I was compelled by the intervener's testimony on that. I don't know how my colleagues feel. But I did -- I'm not fully understanding Austin energy's case. It did seem to me that the revenue on most years is higher. And so, as I see it, the ica was saying the average in the last two years was 5.5 million in terms of bad debt collection revenue, and the test year is 3.34 million that Austin energy

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is including, and I know you just answered this, but can you help me understand why Austin energy feels that the two years -- that the 3.34 is better? Is more accurate? >> You lost me on that number, the 3. -- Tell me again? >> Tovo: So the test year amount of revenue attributable to debt collection, late payment collection is 3.34. And the independent consumer advocate was pointing out that the average annual of late fee revenue in the two years prior to 2020 was closer to 5.55. So that's a differential of about two million. >> I don't -- >> Tovo: Anyway, maybe now is not the time to drill down into all of these. But let me just say that I found the -- to me, that was compelling that the independent consumer advocate's evidence was compelling and that results in about a \$2 million differential.

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>> I'm sorry, I don't feel you on the numbers. My numbers show that the test year amount was 13.9 million, as I mentioned a moment ago. Austin energy made a downward adjustment to basically try to take out the effects of winter storm uri and the temporary elimination of the recovery of late fees or uncollectibles. And that brought it down to \$5.9 million request. And the ica said no. In his opinion, the test year amount was still abnormally high, and it was more appropriate to take an average of fiscal year 18 through 20, which resulted in a recommendation of 4.574 million. The delta being about a million and a half. So basically, Austin energy says we need to include about \$6 million for bad debt. The ica says we need to include about 4.6 million.

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That's what I show on this issue. And Austin energy's response basically is, once you take out the \$7.8 million, once you sort of normalize the test year figure, if you will, then you don't need to do a three-year lookback. The ica, however, felt that no, you still have the effects of uri and covid and that it was more appropriate to do a three-year lookback, and then take that average and use that as the basis for accomplishing rates in the future. >> Tovo: Okay, I think you're talking about -- >> But it needs to be done. >> Tovo: You're talking about the section on 14. I was talking about the section on 43. So you're talking about uncollectible expense. And I was talking about late payment revenue. >> Okay. >> Tovo:

But I think both, in my opinion, both -- I think there's movement there that we should consider as council. >> Oh, yes. >> Tovo: And we should look closely at the independent, with all due respect, and I appreciate you addressing it.

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I think we should look at the independent consumer advocate's points on both of those issues. >> And yes, as you can see, there is a late payment -- a separate late payment fee. We can kind of come back to it, if you'd like. >> Alter: Why don't you keep going. >> Next issue, heavy equipment leases. Austin energy again made a known immeasurable adjustment of about 7.4 million to heavy equipment lease test year expense amount based upon a three-year average of lease payments on existing equipment. The ica proposed an adjustment of about 7.3 million based on fiscal year 2022 costs, and the basis was that the all tech heavy equipment contract was not, in his view, known immeasurable. Austin energy's response to that was that the all-tech heavy

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equipment lease has been the historical method by which Austin energy has acquired heavy equipment going back to 2007. A fully executed lease contract, but it provides for annual extensions, and I believe the ica was troubled by the fact that council approves those extensions each year. And so, in his mind, council could perhaps reject that, or that it wasn't fully known and measurable. And in response, Austin energy claims that the -- although the city council authorizes extensions annually, the financial obligations are set out in the original binding contract, and the current -- I should also note in the current extension has been approved in September of 2022. So, at a minimum, you've got that extension that's now known and measurable. But Austin energy's argument is that the contract is binding upon them, in the fact that council each year through the

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budget process kind of approves the extension, doesn't make it less known and measurable, or less appropriate to include in rates. And speaking of which, I would again remind you, I think it's noteworthy, and I mentioned this the other day, is that not a single party in this case has recommended the disallowance of a single penny based upon a determination, a recommendation that any of the costs incurred by Austin energy are either unreasonable or excessive. As you'll see, as you've already seen, all of these adjustments relate to really timing, which is an important basis for making a disallowance if it's appropriate. If the utility just says, hey, we want to start charging customers for something that we think might happen in the future, that's clearly inappropriate, which is why the PUC has always held them to a

high standard. You can't say we might execute a lease. You have to execute the lease. In Austin energy's view, however, they have met that

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standard. So, moving on, non-nuclear decommissioning. Austin energy has to collect in rates money to decommission their power plants. It's appropriate to collect those over the life of the plant. And the idea behind that is customers who received power or benefit from those power plants pay for the decommissioning, so that you don't just wait until a plant shuts down and then say we need to collect money from customers who may have just come on to the system and never really received any benefit from those power plants. This is the same amount that they included back in 2016. There's been no change from 2016, even though they've acquired an additional plant that's going to have to be decommissioned, nacogdoches. They went through the holly experience where they thought it was going to cost 19 million to decommission the plant and it

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cost 32 million. Considering there's been inflation since 2016. The ica recommended a downward adjustment of \$6 million. But the ihe rejected that recommendation, and Austin energy's response to it is that the ica was unaware, first of all, of the number of plants that needed to be decommissioned, was unaware that nacogdoches was a new power plant. Was unaware of the need to decommission the holly plant. Was unaware that the ica recommended total decommissioning expense of 9.89 million; but for some reason using the same report six years later recommended a \$6 million adjustment. So those are basically Austin energy's responses on that issue. Winter storm uri and covid expenses.

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And that's true and normally I would say that's not appropriate to do so. But this is one of those issues where the ihe made no firm recommendation. In fact, directed Austin energy to provide additional explanation on this very issue. And so that's why there was some discussion in Austin energy's exceptions on this issue. The ica recommended amortizing expenses associated with winter storm uri and covid over a five-year period. This is the issue perhaps you were referring to a moment ago, council member tovo, related to overtime pay or contract labor or labor and benefits. There were multiple components of this issue. Pacically, they said we're not challenging the reasonableness. We just think it's appropriate to spread it out over a longer time period. Austin energy, in their rebuttal

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case, explained that while yare was an exceptional event, they have storm costs all the time, and that these costs were not out of line with other types of weather events that they have, hurricanes or freezes in the winter and that sort of thing. So that was their response to the ica's adjustment. And the ihe, again, rejected the ica's proposal on that issue. Rate case expenses, this is a relatively small issue, but it's one that the ica made a recommendation on. So there were about \$1.8 million of legal and consulting fees associated with this proceeding that Austin energy proposes to collect in rates over a three-year time period. They've amortized it over a three-year time period. So you can think of it roughly as they took the 1.8 million, they divide it by 3, they get about 600,000, and that's what they put in rate.

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The ica said it's appropriate to have a five-year amortization period because Austin energy's last rate case was six years ago, so the recovery period of about five years ago would be more appropriate. So if you take that same amount, the 1.8 million divided over five years instead of three, you have a lower rate impact. You have an adjustment of about \$238,000 in rates. Austin energy's response and the response that was adopted by the ihe says that under the city's financial policies, a rate advocacy review shall be completed every five years at a minimum, but it doesn't prevent Austin energy from coming in in a shorter time period. You begin to incur rate case expenses in some period before you file the rate case. You may start a year in advance

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hiring a consultant to do a cost of service study and you don't want to be in a position where they refer to as pancaking rate case expenses, where rate cases are paying for the expenses from the last case at the same time they're paying expenses from the next case. But again, reasonable minds can differ as to an appropriate amortization period and they frequently do. >> Kitchen: Mayor pro tem, can I ask a question? >> Alter: You certainly may. >> Kitchen: Okay. It's just an observation, and you can help me understand where to look for that. This is a very helpful listing of the issues. It's hard to follow. I'm wondering if you can point the public to a document that does a side by side for each of these issues that talks about the different positions that have been taken? I mean, this is helpful to have you explain them and for us to be able to ask questions, but I

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suspect that it's impossible for people to follow. >> Right. >> Kitchen: Can you point us to a document that's out there? >> Sure. Actually, we did prepare what we called a scorecard that showed the

recommendations of Austin energy with the ica, and then with the ihe. I believe that you may have received that document. >> Kitchen: Yeah. Do you have it organized by these issues? >> It is, but we have since also put together what we call a dpl or decision point list, which is the same format, sort of an excel sheet that's got multiple columns, but it includes the recommendation of all the parties. Because it includes the recommendations of all the parties, it's significantly larger. It's a little unwieldy. But it's something that honestly, the PUC from time to time in a big case has relied upon and allows individuals who

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are interested to kind of see in a table format the recommendations of the parties. So we're happy to make that available as well. >> Kitchen: I'd just like to let the public know where that is. If someone is trying to follow along, they're going to have difficulty. >> We can put it on the clerk's website if you like. >> Pool: And we can put it up on the message board. >> Kitchen: I'm not so concerned about myself. I've got access to this information. It's just hard to follow for the politic. So I know there's information. If we could just tell them where it is. I think your suggestion you just made is a good idea. >> Pool: Message board, yeah. And it will be in the backup too with all the rate case documents. >> And I'm probably going to regret proposing this, but in fairness, what we might do is circulate that to the party since it does have a summary of their recommendations. While I'm not asking for a wholesale rewrite, I also want to reflect their positions accurately. So we'll do that quickly,

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hopefully. And then get that posted on the website so that folks can see it. >> Kitchen: Thank you, I appreciate this. I know you've done a lot of work. Thank you, council member pool. It was a good suggestion. >> Alter: I just want to add there is the Austin energy rebuttal, for those who want more detail, there's a lot of detail. >> Right. And I think the ihe, regardless of what you think of its final recommendations, does a good job of summarizing the compeing evidence that was presented beforehand. I think in an understandable way, when he says Austin energy says this, the other parties say that. Here's what I think about it. Would you like me to continue, or do you feel like we're -- whatever is your pleasure. >> Alter: I think we should continue, because if we don't figure this out, we're not going to be -- it's as good a time as any. >> Okay. I'll try to be quick. So as you know, Austin energy has moved to a new headquarters.

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They still own the town lake center. Two women rate payers proposed to amortize 35.5 million as an offset to revenue requirement. Basically, they took some type of evaluation or appraisal that I'm not

sure where they got it, but it may have been created by the city for all I know. They felt that that was an asset that the utility owns and that rate payers should get benefit for that -- the value of that asset spread over a five-year time period. Austin energy said in response that they have not entered into any firm agreement or understanding for the sale or transfer. Basically, it was Austin energy kind of arguing the opposite of what others have said on other issues. Basically, that transaction has not occurred and it's not known and measurable at this time, so it's not appropriate to include it as an offset to rates at this time. And the ihe agreed and made no

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judgment there. Other expenses, fep, that's fayette and nacogdoches. Sierra club and sun argue that all of the costs associated with the fayette power plant should be disallowed because there's no evidence in the record supporting the prudence of the utility's continued investment in the plant. Austin energy proposed no adjustment and their position was that the prudence of the plant's investment has previously been addressed and is appropriate, and moreover, that the plant continues to operate and produces electricity that has value to customers, and will continue to do so in the foreseeable future. Basically, the argument is as long as the plant's operating, it should be included in rates. If we have to continue to make expenditures to keep the plant

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running, then those are reasonable and should be included within rates. I think that Sierra club's argument was it's the policy of the city to try to shut the plant down, and while I won't speak to that today, the fact is the plant is currently run, and as long as it's run, it's providing some benefit and the cost should be recovered, that you have to continue to maintain the plant. And of course, Austin energy also points out that they're only a joint owner. And so lcra has a say in this as well. Other expenses. Nacogdoches, Mr. Robins proposed lowering the cost of the nacogdoches plant. Nacogdoches is not included in base rates, and so was determined to be beyond the scope of the case. Internally generated funds for construction. Nxptc and I believe c-care all

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recommended that the utility change the level of debt to equity funding when they invest in capital projects. Specifically, nxp recommended that Austin change its internally generated funds for construction level so that it targets a 35% rather than 50% equity basis and basically take on a greater debt. Tic made a similar proposal, but suggested that it be reduced to 40%, and that was shared by c-care. Austin energy's proposal was that when you take on more debt, it does come at a cost to rate payers. It can potentially impact your credit ratings, and that it's appropriate to maintain its goal of

achieving a 50/50 cash-to-debt approach. And that, again, was adopted by the ihe. General fund transfer.

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We talked about this issue. Austin energy included \$120 million in rates for the general fund amount. And it was based upon a known and measurable judgment to the test year general fund transfer to align it with the proposed base rates. A number of parties including two women rate payers, nxp, all proposed adjustments to the general fund transfer. The ihe agreed with their recommendations, and said that it should be reduced to 115 million, and that should be the amount that is included in rates, and that's how you get the delta between the 135.7 recommended by Austin energy and the 131.3 recommended by the ihe. And yes, I'm aware that that's not exactly a \$5 million delta, and that's because in part customers pay a gft on the gft. So it's not an exact match.

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>> Tovo: Thank you. I want to understand, as I read the impartial hearing examiner's comments, and collected summaries, it seemed to me that the points being made is that -- the points that were being made were that the previous years did not amount to as much as ae was claiming as a revenue requirement. When I hear folks talk, like c-care and others, they seem to be asking for a freeze on the general fund transfer. To me, there is a different position, which is to say that for the purpose of the revenue requirement, we think it should be closer to -- I'm doing it off the top of my head, because I can't find the amount here. Oh, I can actually now. On page 32. I think the impartial hearing examiner was saying it should be closer to 114, 115 based on historical data. What I think I hear some of the interveners saying is that we want the general fund transfer frozen at that amount.

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What I'm weighing, because I mentioned this the other day, what I'm weighing is having the general fund transfer amount in the revenue requirement closer to what the historic goal record tells us, which is 114, 115, not the 120 that's in Austin energy's calculations. But not actually freezing it at that amount. I understand that poses a problem if it's not -- if it's coming in higher. And then we have to adjust the rates potentially. Mr. Brocado, can you better articulate what I'm struggle with here? I just want to recognize that I hear people saying different things about it. One is about how much we include in the revenue requirement, which I believe I may agree with. I'm still deliberating on it. But by no means do I want to see that be the ceiling for the general fund transfer if the revenues are high enough that it would amount to more than 115. >> So if you include 115, or whatever number.

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We'll say 115 for now. If you include 115 million in rates, that's what the utility is going to collect from customers and rates associated with the gft. If you don't freeze it, and revenues grow, the utility will continue to pay 12% of revenues to the general fund transfer. And so, they will pay more than the 115 that they're collecting from customer. However, they will be collecting more revenues, and so there would be additional dollars there. They're just having to continue to pay that 12% over to the city. And I think what Mr. Salinas was saying was that if you freeze it, it means that between now and the next rate period, what Austin energy is collecting and what they pay to the city will remain the same or frozen, so that even if revenue has changed -- and they can go down as well, then the amount is fixed. I think that's what he's saying. >> Tovo: Yeah. And I think that's -- thank you. And that helps me maybe better

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articulate what I'm trying to say. I don't think we should freeze them. I think we should have them at the%. But it does seem like there's a pretty reasonable case that the number considered within the revenue requirement is closer to 114-115, than it is 120. >> I think another approach -- >> Tovo: I don't know if my colleagues have thoughts on that at the moment. >> Alter: I think that's clearly one of the places where we could get some movement in the revenue requirement. But Austin energy, as they've noted, doesn't feel comfortable making that concession without direction from council. >> Pool: And I'll just add in that's why I'm talking about 31.3 million. >> Tovo: Because of the revenue -- so you're adjusting the revenue requirement at the general fund transfer? But are you also proposing there be a freeze, or are you just saying that for the purposes of the revenue requirement -- you agree with the conclusion that it should be about \$4 million less?

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>> Pool: I see the general revenue transfer as a piece of the calculation to address this issue currently. I wouldn't want to freeze it, because that sets it and calcifies it going forward. I don't think that's necessary. But I do see that as a source of some of the resolution that we're untangling here. >> Mark Dombrowski. I can explain the 115. So our general fund transfer is 12% of net revenues and we use a three-year average. So for the '23 budget, we used 20, 21, and 22. And that number is \$115 million. For our rate review, we use a test year. And we use 12% of the test year revenue. And that is \$120 million. The exact same day that the council was presented the budget by the city manager and I was presented a page out of the '23

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budget by one of the attorneys and they said, can you read what the general fund transfer is. I said, it's 115 million. And they said, why are you trying to collect 120? The difference is, one is a historical number that's in the budget. The other one is a test year calculation. They're both based upon 12%. FY23 budget is not the same as the test year, and I think that's where the confusion arises. >> Tovo: May I? Mr. Dombrowski, I thought that it needed to be -- I thought that the interveners were suggesting looking at it over a period of time, and that it typically is 115. >> I don't have the exact numbers. I believe in FY23, it's 115 million. I believe in '22, it was either 114 or 115. It goes up about a million, million and a half each year, because our revenues are growing each year. So we're adding more customers, getting more revenue. And it's always 12% of the

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three-year average. >> Tovo: So if it was 115 in 2022 and 115 in 2023, but you're using 120 based on 2020. I mean, it does sound like 2020 was a higher year than 2022 and 2023. So that seems to be the case that's being made, that the test year was out of the ordinary, or was higher than the two years or the several years that came after it. >> Regardless of how the number comes out, it's 12%. You multiply your net revenue times 12%. If revenues go up and down, that three-year average you're going to get more or less over time. And we do a three-year average to smooth it out so you don't get wild swings. Like in '22, we had a really hot summer, so we generated a lot of revenue. So the general fund would have gone up. But using a three-year rolling average, it smooths those

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revenues out and that's the way we do it. >> Tovo: Okay. It sounds like there's some movement on the dais to kind of go to that 115 number. >> Kitchen: Can I ask a follow-up question? >> Alter: You certainly can. >> Kitchen: So the three-year average is -- council member Tovo, are you saying the three-year average is the 114 or 115? Does that comport with what you all are thinking? >> Right. So, for the current year we're in, that's a three-year average of '20, '21, and '22. >> Alter: And I would say that I'm leaning towards that reduction as well. The rationale is -- and perhaps you would want to speak to that. I'm not certain what the rationale is to stick to the test year. I mean, I understand we look at

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that for purposes of analysis. But when we're trying to look at what is to adjust the impact on the rate payers, it would seem that that's rather arbitrary, just looking at the test years. So I'm not hearing a

rationale for it, other than the fact that it's a test year. >> The outside city rate payers, hurf, also made a recommendation with respect to the gft. The recommendation was that the revenue requirement should be reduced for those customers to eliminate them paying a general fund transfer altogether. Austin energy's response to this was that the settlement in 2013 in docket 4067 at the commission was a black box settlement that did not specifically address the general fund transfer, and so there's no lasting, binding

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agreement with respect to the general fund transfer. And the outside city customers moreover. It's their position that it's appropriate to collect a general fund transfer or what can be analogized at times to a return for an investor-owned utility for all customers, and there's not really a test of whether you receive a direct benefit or not before you're required to pay a general fund transfer and that it's authorized by law. And then, just a couple of other -- three, actually, issues that were contested in the case. One is the late payment fee. So, late payment fees are revenues that the utility collects separate and apart from its base rates. And that revenue is used to reduce the revenue requirement. It's an offset to the revenue requirement. Austin energy did not make an adjustment to the test year late payment fee amount, but the ica

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proposed an upward adjustment, meaning that in his opinion, the revenue requirement should be reduced by 2.2 million, and he excluded fiscal year 2020 and 2021 due to covid and instead proposed an average of fiscal years 18 and 19 to develop a new late payment fee adjustment. Austin energy's response was that it was improper to use the 2018 and 2019 time period because those two years prior to the current test year of 2021 are outdated. They'll be four years old prior to the fiscal year. Excuse me. Prior to the rate year, when rates go into effect. And that covid and its impacts were ongoing and reach back in time before the pandemic does not reflect the current and ongoing reality of the pandemic's effects. Te iiha agreed with Austin

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energy on that point and recommended rejection of the ica's proposal. Also, on other revenues, facilities rentals. Austin energy made three adjustments to other revenues, including reducing facilities rentals by about 1.8 million to reflect an adjustment for pole attachment revenue that Austin energy does not expect to collect from a customer. The ica recommended that there be an adjustment to reduce other revenues by 1.8 million, that it should be eliminated. And that there was no reasonable degree of certainty that there will be no recovery of the balances that are due. In response and rebuttal, Austin

energy argued that the amount in question is associated with a disputed bill from one customer, a large customer. And that it has been past due for over a year. And that it's appropriate in their mind to make an adjustment

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to thing be books as they do not expect to collect that amount going forward, so they're required to do so under generally accepted accounting principles and the ihe recommended that the ica's recommendation be rejected on that point. And then lastly, there was quite a bit of discussion about the billing determinants and whether it was appropriate to make an adjustment to the 2021 test year adjustments. There were recommendations made by the tic, nxp, c-care, and two women rate payer. Basically all arguing that the impacts of winter storm uri and covid on the test year sales made it appropriate or make it appropriate to make an adjustment to the billing determinants. Austin energy's response was that test year sales were weather normalized. They did present the additional information, as I mentioned earlier, on winter storm uri in their exceptions and pointed out

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that when they look back at the actual kwh sales for February and March of 2021 when winter storm uri and its effects were occurring, that the actual sales exceeded the budgeted and test year normalized energy sales. And so therefore, it was their view that it was not appropriate to make an adjustment to the billing determinants. Again, the ihe agreed with Austin energy on that point and recommended no change be done. So, that's a -- I would say a fairly high level summary of the adjustments that were proposed by some of the interveners and Austin energy's responses, and I'm happy to go into more details if you'd like. But I understand that, you know, these are all real fact-specific issues, each with a history of their own. >> Alter: Councilmember pool. >> Pool: Are you ready to go into just general questions? >>

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>> Alter: Sure. I just want to remind folks they also wanted to present on the cap. >> Pool: I just have one question I wanted to talk to Austin energy about the gradualism. Who wants to take that ball? And this is in the context of the revenue requirement. And we employed the strategy of gradualism with our adoption of the approval of how we were going to handle the power supply adjustment last month, and we're talking about collecting over -- amortizing over a period of time in this context as well. And we are calling that gradualism. So I wanted to ask in the context of the revenue requirement whether implementing a three-year plan to amortize the debt, a

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three-year implementation plan for these increases to the customer charge, if that would work here. For example, if we were to increase over a period of three years, what the customer charge would be. And I'm interested in any approaches that would lessen the rate shock that may be experienced for utility customers. I think we all are in agreement about that. But I want to make sure about this piece here because the amount of money that we're trying to pay back and the hole we're trying to fill isn't static, it continues to grow. So is a gradual approach to the revenue requirement over three years, is that a sustainable approach? And would you recommend it? >> Yes, you could do that. So there's a relationship between the customer charge and the energy charge. And so if you were to increase a customer charge a set amount each year, you could then reduce the energy

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charge, a proportional amount each year as well. Each one would be designed to collect the same amount of revenue, but it would be separated between the customer charge and that, yes. >> Pool: So do we ever catch up? >> Well, it wouldn't be catching it, it would just be how you collect it, whether it's in the customer charge or the energy rate. The more you leave in the energy rate, the more volatile it is. If you have a hot year, you overcollect. The rates would be designed to collect that amount of revenue from that class of customer, the same amount each year. >> Pool: Okay. Thank you. >> Alter: Any other questions at this time? >> Pool: I would just add one last thing to that to remind everybody the gradually approach was supported by the euc membership. >> Alter: Thank you,

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councilmember pool. Who is presenting for the cap? Mr. Overton. And I know that we have some colleagues who are not on the dais who really care about this. I would just ask that your staffs please bring this to your attention. >> And city manager, my name is Kerry Overton, chief customer officer at Austin energy. Thank you for this opportunity to share our recommendations on how we can expand the caps discount program. I also have with me as part of this presentation and any questions you might have is Jerry Galvan, vice president of customer care services. Next slide, please. Am I going to do that?

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Before I go to the specifics of the expansion, I'd like to first share with you some background information on the customer assistance program just to level set. Austin energy manages these programs for all of the city of Austin utility services. These programs support our community that are the most in need for support. As a financial team has mentioned to you throughout these deliberations that the cost for the shared services is allocated to each department accordingly. Today I'm going to specifically focus on the discount program which is one of the main aspects of the customer assistance program and I'll refer to it as the cap. Providing these beneficial services to our most vulnerable customers help them in daily living and also in a multitude of ways. And you'll hear more about that as we go through the presentation. We have a designated team who works with the

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communities, our community partners and directly with our customers who have the most need, particularly those most vulnerable to provide a wrap-around suite of services from all of our caps program. These programs as referenced in the slide are provided to customers at 200% of federal poverty income level and throughout the presentation I'll refer to it as the fpio. I want to -- this that I'm showing you now gives you our plan for the discount program. The plan helps us mitigate some of the impact of the new rate recommendations to our limited income customers. We currently have 450,000

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residential customers in our ae territory. Out of those customers, yearly analysis that we look at and data shows that 93,000, just about as a rough estimate, of discount eligible customers in our territory. This data also is confirmed by the records that we receive from the Texas health and human services commission, the department of policy and performance. Currently we have 35,000 discount participants and our plans are to grow the program over to 50 to possibly 60,000 customers which are households in the presentation that we're making. Our plan is to increase this incrementally over a period of time of two years from 15 to 25,000 house holds during that time period to gradually bring that on board. The focus of our expansion

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is based on the fpio and this helps it align with our already current and existing infrastructure. We understand the value of mfi which oftentimes come into this conversation. We don't rule it out. We think that they support each other, but we'll also make some references to the fpio. It helps when you think about the mfi, it is the multi-family income index. It helps us target marketing areas of the community. It really is more of an economic signal for the real estate market to determine home affordability as well as even within the city for those to use as identifiers for section 8 housing. Whereas

when you look at the fpio, it's an indicator of poverty. It helps us to understand how a family is struggling to meet basic needs such as food, utility, and housing

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in the entire wrap-around service, medicine, et cetera that is one of the things we looked at in the caps program holistically. What we are proposing to provide some of that relief and expanding the program has a couple steps to it. It includes qualifying those that are already meeting the 200fpi. Part of the is the free lunch program, it targets additional limited households throughout our service territory. Preliminary data indicates there are 74,000 potential households. However, assessing and ramping up to include this program will require securing data use agreements, third-party contract negotiations, and analysis of data once we receive that to remove any unintentional cross-program duplications. For an example, a house

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receiving supplemental nutrition, known as snap, and free lunch will also be enrolled in the program and we want to eliminate that and that's why you don't see that number going to 74,000 households. It is a net factor after we do some research and cleanup work. An additional change is to the auto-enrollment life line program. Although the life line program is currently part of our self-enrollment initiative, changing it to an automatic enrollment program will require data use agreements and third-party changes as well. Operationally, we have some opportunities to increase enrollment expeditiously by implementing a few modifications. These potential discount customers are already meeting the current program qualifiers. We can maintain quality control measures and simultaneously grow the program. First we can modify the

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automatic enrollment process by changing the name match sensitivity indicator which provides more customers into the auto-enrollment. What I'm referring to here is by us taking a look at -- I'm sorry, the way when we get our data, we do a match on driver's license, social security number and address. When we lower that sensitivity that I'm referring to just only for the name match from 95 to 85, the controls we had are so tight that if all the other indicators checked, but a person who is named William really is listed as bill, they are kicked out of the automatic process and then they have to self-enroll. All of the other indicators are indicating that is the right person, their driver's license and all of the address and information is accurately. Presented to us. Secondly, we're going to increase the home

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improvement value, we're recommending from 250,000 to around \$450,000. The home improvement value defined by the appraisal district is about structure on the property and not about land value. We only use home improvement value as a qualifying measure in order to mitigate rising land values across the service territory. This value is used as part of our quality assurance and quality control. The increase is supported by higher than average historical data from the past seven years of appraisal district evaluations. The \$250,000 threshold, it's been in place since 2013, and it is -- has not been changed and is not keeping pace with the current economic conditions. Basically on everything that we have discussed in Roling

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out those major components of our plan, I wanted to just simply share with you the time line. I think that was councilmember kitchen's question. Both operational changes and problematic changes will bring new participants on about 6 to 8,000 customers as early as June right around the summer of the next fiscal year. And with the remaining of that 20 to 24,000 that we are recommending come on by the summer of 2024. This will require systems integration, data analysis, research and contract changes to ensure that we are capturing the correct population. Quality assurance and quality control measures will be integrated into the plan throughout, but there also is room that we put an in densified review during 2025 to stabilize those

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contract changes and the review of the customers we have receiving those benefits. We will bring back findings in other potential areas for future growth of that same targeted population. So in closing, here are a few of our key take-aways. Our plan recognizes there are opportunities to expand the discount program. By implementing operational and program design changes we are targeting increase from 35,000 participants to 50 on an average of 50 to 60,000 households over a two-year period. Throughout this time period we will implement and execute a multitude of outreach and marketing campaign efforts; however, right now at this moment until more decisions are made throughout the rate case it's too early to quantify the specific o&m budget impacts, but I'll give you an idea of those particular costs that could include either third-party

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enrollment contract changes and staffing support. Our total effort including the stabilization period, as I mention, will take place over two years, but also some of that will be working simultaneously. If we can achieve more success throughout that time period or during reviews, we certainly will add more customers to receive that. This will allow us to evaluate our progress and provide information for any potential future expansions. Thank you, council, for this opportunity to present our plan to expand the discount cap program. Your help is needed and that is if you agree to this recommendation, there are -- there's some language in the tariff, that would need to be changed, but could be done very on short order. And then also what we would ask for you, we have given you some materials, many of you may have had some

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materials here that explains the entire cap program and the marketing. But as we increase our marketing efforts, we think there are a couple opportunities for you to continue to share this new information, what you have adopted to your constituents, but also to the general public at large. I'll stop there and take any questions. And then we'll try to address those as much as possible. >> Tovo: Thank you. I -- >> Alter: Thank you. These are promising directions. I wanted to clarify when you would need to make those changes from -- by council for the tariff changes and the -- >> For those tariff changes, I would imagine, and maybe legal can help me, but I think within a week or two, but it's what is the formal process that you would have to approve is either at a posted meeting or something of that nature. But for us to prepare the document for you, that can be done readily pretty quickly. >> Alter: Does that have to be separately from what we are -- when we set the rate? >> I'm going to refer to

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mark. Would that be separate from the rate proceeding? >> Yes. The tariff changes for -- yes, for the improvement value. >> We could include it the same time we're doing the base rate changes. If they sync up. Yes, we could do it at the same time. >> Alter: You are saying we could do that -- as voting in December, we could do that in December? >> That's correct. If you agree with the policy change -- >> The cap program is embedded in the residential rate tariff. I think you had been planning to bring to who council afterwards, but it is part of the residential rate tariff, and if it was desire of council it could be incorporated with the changes to the overall rates. >> Alter: Okay. I don't want to speak for my colleagues, but what I've been hearing is a broad desire to be I believe

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improve the ---able to improve the cap program and it doesn't look like there's a scenario we don't have to raise rates a little bit and likely a lot. So I think it would be something that I know I would like to see

us be able to move forward with to advance these improvements along with the rate case. >> Yeah, the part that mentioned, so of those other costs won't be realized as part of the base rate. But to implement this program, this is paid through the cvc so we won't see the changes until we ramp up and add new customers. And that will take some time. The last time you approved us to go into the automatic enrollment to move from somewhere around 10,000 customers to the 35, we started the program as we were fashioning a little bit of the quality controls in it. We actually had the approval, but it took some

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time to actually add those customers on and we had a little bit of an overcollection. And it turned out that it worked well because we used every bit of that money during the emergency pandemic storm. So it did go right back to the customers that needed the most help. >> Alter: Thank you. I just think it would be good if we had an understanding of how we're moving forward on that piece in the context of the rate case. I'm not sure that I heard what the answer was, but it would be great to get greater clarity on that. In terms of the overlap of the timing. >> Okay. >> Alter: And how we would do that. Councilmember kitchen. >> Kitchen: Thank you very much. Could you go back to the time line slide. >> Yes. >> Kitchen: I just want to make sure I'm understanding

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the -- so the six to eight thousand in June or July, that comes from the -- the changes related to the name matching, right? Primarily. And the home improvement value, two things. >> That's correct. >> Kitchen: Let me ask you a little more about the name matching. So 85 to 75. Help me understand why it's 75 as opposed to 50 or something like that. Is it -- is it just that you're trying to catch the circumstance that you mentioned earlier? Because right now it kicks out. Right now if everything matches except for like the first name, then it kicks people out. So at 75 is that where you can -- you can match everything except the first name? >> Councilmember, I think you are referring to what we are proposing is go from 95% accuracy match to 85. >> Kitchen: I'm sorry. >> But the same concept is

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what you said is correct. What we have found over the years that -- and we were also asked to add a lot of quality controls, we did those measures, but what we found is that difference about 10% by moving to 85, we would still get the same 100% match on the person's driver's license and the social security number. The difference might be, again, as I said, William versus bill or Daniel versus Dan. >> Kitchen: Okay. >> But that is the same address for that individual. So if it kick out, we were already losing 10% of those eligible customers that could not auto-enroll, but we spent more time trying to send flowers --

flyers, sorry about that. >> Kitchen: Flowers. >> That would be a good idea. Flyers and other outreach to get that person to apply. Then you know from working with the social security -- the social services

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community, it gets more difficult to get them back into the program. >> Kitchen: I'm just -- my question really is that enough. I mean, I'm familiar with name matching, I've done those kinds of things in previous life so I know you have to do that. That's really important and it's hard to specify. I'm just exploring with you a little bit about is that dropping down 10% sufficient. Because I personally would rather err on the side of including, you know, including -- I would rather have someone stay in the program than fall out of the program I guess is what I'm saying. >> I think you raise a very good point. You don't have to have it up there, but the slide is part of that stabilization period. As we go, if there's opportunities for us to move that from 85 and tilt it down another 5%, another 10%, we think that would be a very appropriate measure to do. >> Kitchen: Okay. I think -- I'm glad to hear

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that because I know it takes a little bit of, you know, sort of working with it to see -- to see what percentage really works. And my perspective would be -- you know, what we're already saying is based on the numbers, which, of course, are not, you know, exact, but based on our estimate about the number of people that are low-income in our community, we're not getting that many of them at the moment. You know, maybe a third or so. That's rough. But if we think there's 95 or whatever that number was that are at 200% fpl and we're only getting 35 of them or so, we're not hitting that -- we're still pretty far below. 200% of fpl is not -- that number is misleading if you are not familiar with the number. That's not a living wage level even, you know. So -- okay, I'm glad to hear you would have built in the

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ability to adjust that as you look at it. >> Yes. >> Kitchen: You know. Okay. So then my other question -- oh, can we go back and look at the time line again? I'm sorry. Okay. So the thinking is that it will take that long, and that makes sense to me to make those kinds of adjustments. So but help me understand why it takes a year, year and a half to look at adding the -- well, it's free lunch basically that you are talking about adding, right? >> Yes. >> Kitchen: Okay. What's the thinking -- are you talking about doing these things sequentially or simultaneously is this. >> They will happen simultaneously. So there's a little overlap in that change and that's why you see the research on the contract changes. But that's going to require us to have new data agreements with other entities we don't have like the school districts.

Those are not in place, those are going to take some time. Also what happens is there's two ways to think about when

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we go to the free lunch. There are individuals in a school where -- and don't hold me exactly to this number, but at some point in time when 60% of a school is designated as qualifying for the free lunch program, then the entire school is designated as free lunch. >> Kitchen: Okay. >> So part of our data reach on those schools we're going to have to do different work. But for the schools that are not designated fully, then we know we have a better chance for those individuals that have been identified, but they've already qualified, so that work will go a little faster. And it will be a little overlap between that program design change and so even though we had the six to eight thousand, we could actually be picking up some of the free lunch, but it's mostly going to come from the first set of schools that are not designated wholly. >> Kitchen: Okay. >> Does that -- >> Kitchen: That helps me understand. The last question I have has to do with the -- and I'm sorry, I should know the

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answer to this, but when people sign up, you know, when they first become a customer, are they -- well, actually, I have a broader question than that. What do we do right now in terms of outreaching to people who help them understand this program? Do we do that at the point they sign up or how do we do that? >> We do it at the point of signing up. They also get some of the materials that you saw, and it's very extensive, and I don't even think this is the entire portfolio of work that goes out by our marketing and communication group. Shortly after they sign up, they also get follow-up information to actually recommend more the changes in the programs. However, oftentimes I think when customers sign up at that moment they are often more focused on getting their services on and other things associated with the move-in and things of that nature. We do call out to those customers. We continue to put

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information in our monthly fliers. We do also -- when we're having a conversation, which is the best time. When a customer calls for any other reason, our agents are well trained to hear key words and indications of needs. And we make sure we go through those programs. And in fact, at some point in time if they don't finish that conversation, it's automatically referred to the set-aside. We have 16 employees that only do caps work. They will do an actual outbound call to them. We also, as you know, we do community connections is an outreach effort. And our partners are very integral of that outreach of marketing. So it's very extensive in terms of the work we do, but we would agree with you, we could always keep doing more. >> Kitchen: I'm just thinking -- sounds like you are doing this already. I was

thinking more of the -- rather than the broader marketing more of the just one to one. You know, where you are reaching out to customers

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that you -- it sounds like you all are doing that. >> Yeah, well, if we get indications -- and I'll give you one example. When we had the emergency service and we'll keep information on this. As people go into the website and as they search and they go into the area, there was no follow-up on that. We actually would then generate a telephone call to say this looks like an area of interest. Is that -- you know. So we have all kind of innovative ways to do it. And also -- but as you are saying, the individuals that come into -- when we're looking at the data, our data research pool, we do do individual marketing to those households. >> Kitchen: Okay. And one last thing then. In looking at other services to auto enroll, I see the free lunch. I know you already have a pretty extensive

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auto-enrollment process. >> The ones presented included the life line. The other two they are already in our program. What you are really getting at, if someone, maybe the next phase of expansion, if they are outside of that, we will market to them. And if they come into the program, they would simply have to self-enroll. That is going to continue throughout the process. >> Kitchen: I was wondering if there are other programs that you looked at but decided for some reason not to include as the auto-enroll. >> Not at this time. But it is part of our research. A host of our options, we're not going to be limited basically to the four major steps that we rolled out today. That's part of that research period that you see there. >> Kitchen: Thank you. >> You're welcome. >> Pool: Mayor pro tem, I had something to add on to what councilmember kitchen was talking about. And also in conjunction with what Mr. Overton was talking about. Mayor Adler is planning to bring an ifc about the

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issues you were bringing up, councilmember kitchen, and thank you for digging in on those. This is the setting goals and reporting on the community assistance program and the outreach, working with Austin energy. I think that there are some slots on that ifc for anybody who might be interested in joining that for additional co-sponsors. And I think that's the work that the mayor is doing at this point on this topic. >> Alter: Thank you. Did Austin energy have other presentations? No? Okay. Any other questions or things that anybody wants to surface? I don't know if we've received the euc recommendations. We did, okay. Great. So just a reminder that we have -- thank you. Just a reminder that on Monday morning at 9:30 the audit and finance meeting we

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will have a special called meeting to canvas and call the election. We do need to have seven of us present in order to -- to vote for the calling of the election. So if you can please make sure if you are not on audit and finance you are tuning in virtually, that would be much appreciated. So with that, it is 4:30 P.M. And I would like to adjourn this meeting. Thank you.