Austin Energy Utility Oversight Committee (AEUOC) Meeting Transcript – 11/17/2026

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[4:03:44 PM]

>>And as chair of the Austin energy utility oversight committee, I call the meeting to order on November 17th at 404. Quorum is present. And first up, we have public communication, and I understand that we don't have any speakers today. That's correct sir. Thank you very much. Then I will go ahead and move on to the approval of the minutes from our September 22nd meeting.

[4:04:47 PM]

Can I a motion from council member Ellis and a second from council member seagull. All those in favor, please say aye. The minutes are unanimously approved. Item number two is approval of our 2027 meeting calendar. Next year's calendar keeps us on the same schedule we had this year, meeting every other month starting in January. And if there are no changes or objections, I will take a motion to approve the 2027 meeting calendar motion by council member seagull, second by council member Ellis. All those in favor, please indicate by raising your hands again, unanimous approval of the calendar for 2027 for item three. We will do our general manager's report from our general manager, Stuart Riley. Mr. Riley, the floor is yours.

[4:05:42 PM]

>> Good afternoon.

[4:05:44 PM]

>> Good afternoon. Chair, vice chair, committee members. I'm Stuart Riley, Austin, energy general manager. Let's see. I have four updates for you this morning. I'm sorry. This afternoon regarding winter weather preparation, regulatory requirements, our value of solar rates, and some recent community focused activities. We're in the time of year when Austin energy is ensuring our personnel and infrastructure are ready to protect customers during winter conditions. There's a strong el Nino event expected through the first few months of 2027, which in Texas increases our chances of storms and cooler weather with higher chances of rain or snow. And we prepare by ensuring our personnel are properly trained for winter conditions and conducting a host of winter weatherization activities. Substation events happen year round, but during the winter, the frequency of these inspections increases and personnel run through checklists and perform testing of critical components at the power plants, employees are ensuring protective measures are in place. Involves heat tracing, installing custom insulation around piping, and putting up wind barriers to protect exposed equipment from the elements. We're also checking inventory levels and ensuring adequate staffing for emergency events each year prior to December, I sign a winter weather readiness attestation to ercot and to the public utility commission stating that we're ready for the winter season, and our team puts in a lot of work to make sure that we can sign off on that. And we also participate in ercot winter inspections to demonstrate compliance with all the PUC's requirements.

[4:07:30 PM]

Speaking of requirements, I just wanted to mention to council some new state imposed compliance requirements that do come at a cost and with significant administrative burden. So during the 2025 legislative session, there were three laws passed that create ongoing requirements and filings for us to be submitted to the public utility commission. These laws are similar but have several differences, the first of which will have to come to council. So I wanted to make sure you all are aware before we bring that. So for those are the transmission and distribution structural integrity standards. These standards require us to inspect, assess, remediate and replace utility poles on a specific timeline and to file an annual report beginning this coming year, 2027. So city council, as our governing body, must adopt these standards that are promulgated by the public utility commission and will be bringing those to you in January. The second new requirement requires Austin energy to also file with the PUC, a distribution pole management plan. This plan must outline our objectives, a description of our processes, alignment of inspection and mediation timelines with the structural integrity standards, and our methodology for monitoring and compliance. That plan is due on January 1st with an annual compliance update every may 1st. And then lastly, on this slide, we are also required to file a wildfire mitigation plan as soon as practicable with the public utility commission. Importantly, this has to come forward as a contested case at the commission. This is an adjudicated hearing where parties present evidence and testimony before approval with an independent expert. And so this must include a vegetation management plan, an ongoing operational strategy to reduce ignition risk, de-energization procedures, communications protocols and detailed process for restoring service after a wildfire event. We've been ahead of most

utilities, particularly in the state of Texas, when it comes to wildfire mitigation, and we expect to file this plan in the first half of 2027. So I just lay this out to mention that this coming year is going to be a heavy lift in terms of all of our regulatory activities. We also have a transmission cost of service case before the public utility commission. That will be a significant lift. And as we are on track to meet all of these requirements, we are still assessing all of the operational needs and what the the burdens are. There may be budgetary impacts or a requirement for staff additions, as we try to keep track with all of these new regulations and compliance requirements, particularly as the need to comply with federal requirements is also increasing on the bulk electric system.

[4:10:15 PM]

Change of gears. I just want to talk about our continued efforts to make rooftop solar more attractive to customers. I've spoken to you recently about our increase to the upfront solar incentives. We recently increased that by 60% for residential solar rebates. Now, Austin energy has also increased the value of solar rate for participating customers. The value of solar is the bill credit that customers receive for energy generated for their solar production, to ensure they receive the full value of that solar energy production. Effective on October 1st, Austin energy increased the value of solar rate by 27%, and this adds hundreds of dollars to participating customers potential bills in terms of the credits that they're receiving. So, for example, an average solar customer in Austin energy area with a six kw rooftop system would see a $300 increase to the amount of of annual credits they receive. That gives their total that brings their total to $1,300 a year in value of solar credits for the average commercial system in Austin, that would be a 200 kw system. This increase increases their value of solar credits by $11,000 per year. So that customer would get to a total of $47,000 per year in value of solar credits. So these updates apply to all value of solar solar customers and Austin, whether they're existing customers now or future customers that add solar.

[4:11:43 PM]

And we really hope that these enhancements will help people make that decision to adopt solar. And this is my last slide. I just want to cover a few of our recent activities. This past Saturday was our annual community connections resource fair. We held it at Ojeda middle school in district two. I want to thank council member Fuentes for attending. It meant a lot to our teams. This free event seeks to assist families who could use just a little bit of extra help to meet their needs. We bring together over 150 local service providers and city departments to connect residents with assistance resources for moderate to low income families in the Austin area. This includes bill assistance, medical assistance, food services, education, job training, housing assistance, and more. It exemplifies the customer assistance program at Austin energy, that wraparound services model that we have at Austin energy to make sure that we're connecting our customers with every resource that they can get to, to be of assistance.

[4:12:43 PM]

Also, I want to mention that we wrapped up our our crews wrapped up our annual light up navajo trip. We had 16 crew members join fellow public power utilities to bring electricity to navajo nation homes for the very first time. And so working across rugged terrain, we had crews that installed 140 poles and six 60,000ft of wire. That's over 11 miles of wire powering 14 homes. And this is a win win for us because it also provides practical on the job training skills and a de-energized environment. That's that's helpful for our crews. And then lastly, of course, the zilker holiday TRE lighting tradition continues. This will be our 60th annual zilker holiday tree lighting and really showcases the dedication and skill of our crew members who keep the lights on for austinites day in and day out. And that holiday TRE lighting will be the Sunday after Thanksgiving. I just want to say thank you to all the Austin energy team members who participate in all of these activities and represent us so well and help out our community.

[4:13:44 PM]

Chair. That's what I've got for you this morning. Happy this afternoon. Happy to answer any questions.

[4:13:49 PM]

>> Yeah.

[4:13:50 PM]

>> Long way from the morning.

[4:13:53 PM]

>> Thank you very much, general manager Stuart Riley. Any questions from the dais? Vice chair Siegel.

[4:14:00 PM]

>> Thank you chair. Thanks so much for the presentation. GM a couple topics that maybe might be better addressed in a future meeting, but just want to raise and see if you want to share a take. Now, you may have noticed there's been some statewide political changes that are underway. Starting in January. And I guess I'm curious to what extent Austin energy has evaluated how this might impact our ambitious climate goals, including our ability to maybe wind down the coal plant at fayette and want to see if whether you want to share something now or if that's something you might be for our offices on or share at a future meeting. Absolutely.

[4:14:37 PM]

>> Thank you, vice chair, for the question. Yes, absolutely. I think this really changes the landscape for us in terms of our relationship with the state. Some of our goals, some of our clean energy goals have not been well received at times. Obviously, I was here last time talking about some of the talk about forcing municipal utilities into the competitive retail environment in Texas. And, and so we definitely are looking at kind of a different year ahead in terms of, of legislative session. And I hope that not only because of the political changes, but we've spent a lot of time kind of explaining the value of public power to lawmakers, to our community, and to show them how affordable we are and how reliable and how having a portfolio that strives to be as clean as possible is really not something that that that should be under attack. I would say that our, our goals in terms of clean energy stay very ambitious. I don't think this changes that. The thing that's really the limiting factor there is on the affordability and reliability and finding the right balance and some of the system challenges that we have for local generation. And so we're working to address that.

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But we do have a carbon free request for proposal out on the street right now. And we're hoping to get some new carbon free additions to our portfolio. So much more to take stock of, I think. But I think this is only going to be positive for our goals, positive for our relationship with the state, and and positive for communicating to our customers just how much value public power has.

[4:16:19 PM]

>> Okay. Thank you. We'll look forward to discussing that more in the days ahead. And then a separate topic that I know my office maybe others have received communication on, is the idea of whether it would be appropriate to have a rate case in 2027 for Austin energy. And I know previously we've discussed the advantages of not having a rate case, but I'm wondering if that could be something that y'all bring for discussion at a future meeting, kind of the pros and cons of having a rate case.

[4:16:45 PM]

>> Absolutely. And you know, the, our financial policies are clear that every five years we are to look at our cost of service, basically do a rate adequacy review to make sure that we're keeping up with costs. The five year cycle is for fy 26. So we just wrapped up fy 26. We get our audited financials late March, maybe early April. And then we'll be able to look at those financials. We'll be back early next year to talk to council about what this process could look like to to review rates. And we know that we we've we've had some difficult financial years just because of keeping up with costs and all the inflation on the all the things that we buy. And so we'll definitely need to continue addressing our financial health. And we can talk about what that could look like for the year ahead. But we're absolutely in alignment that that's something we're on that cycle already for that 2027. I mentioned a little while ago, we have a lot going on at the commission, a lot of regulatory requirements. You know, the first half of next year, we've got the transmission. Cost of service will start. We've got the other regulatory requirements I mentioned. We have budget, you know, so it may not be immediately just the very the very first thing of 2027. We have a lot of competing needs on the same teams, but we can chart that out and we're working on that now to be able to come back to council.

[4:18:08 PM]

>> Thanks so much, chair.

[4:18:10 PM]

>> Thank you very much. Any further questions for our general manager? If not, then thank you very much. Thank you, gentlemen, and we will go ahead and move on to item four presentation on the highlights from the fourth quarter. Financial report by chief financial officer Stephanie Koudelka. All yours.

[4:18:31 PM]

>> Good afternoon. Thank you, chair. Good afternoon, committee members. My name is Stephanie Koudelka. I'm Austin energy's chief financial officer. And as you mentioned, I will keep this brief. I will start on slide four, and I'll give you an executive summary of our financial health key performance indicators at the end of the fiscal year. I'll start with days cash on hand. We are at 187 days as of the end of the year. That is down by about eight days from the beginning of the fiscal year. We did have some

budget losses. We were projecting to have budget losses, and those did come to fruition. They were a little less impactful than we than we anticipated because of the weather. We had a very hot September record breaking heat even despite that, we lost some days cash on hand. Same for debt service coverage and our operating margins. Those two are under our targets. As you can see, we're watching those very closely. Costs are still like a general manager. Riley just mentioned putting pressure on the utility, and we're seeing the needs on the horizon to invest in our system for resiliency and other projects.

[4:19:41 PM]

And revenues do need to keep up with costs so we can meet our targets and keep our borrowing costs low for our customers and debt to capitalization. We are over our target. That hasn't changed much in the past few years. Also, watching very closely, we need to make sure that we have adequate cash on hand to offset some of the additional debt or leverage that we'll be putting into our portfolio as we make these investments that our system needs. And then I will move on quickly to slide 12. There are a couple of slides here that I want to show you from the energy, energy, energy information administration data that came out for calendar year 2025 that was recently released. Every year, we come to you and show you how our rates kind of stack up against utilities that are similar in nature to Austin energy in the state of Texas. This data for our average rates by customer class is limited to ercot providers. We're trying to show appropriately gauge how we stack up against like utilities. Our system rates are under the state average. We're at 10.8 $0.08 per kwh. And as you can see on the left side, our residential rates remain under that state average, we're at 13.1 $0.04 per kwh. Next slide. And finally, how does that look for our customers in a residential average monthly bill for that same time period, our customers are paying about $110 compared to that same pool of of utilities, average of $178.21. So the rates that you saw on the previous slide, coupled with lower consumption for our customers, they use about 835 kw, which results in a staying some of the lowest bills in the state of Texas.

[4:21:35 PM]

That concludes my brief overview. Chair. Happy to take questions.

[4:21:41 PM]

>> Any questions from the Dyess? All right. Well, it's interesting to note that the Munis all bunched up at the at the bottom half of the ercot scale on average energy prices. Again, I just think it's a testimony to the good work that the municipally owned utilities are doing and that the value that they provide for their, their, their customers. So thank you very much. And moving on to moving on to item five, the

presentation on the highlights from the fourth quarter operations report by our deputy general manager, Lisa martin. Welcome, miss martin.

[4:22:17 PM]

>> Thank you. Good afternoon, chair, vice chair Siegel, and committee members. Again, I'm Lisa martin, Austin energy's deputy general manager and chief operating officer. Today, I'm here to share the operations update for July, August and September or quarter four of fy 26. And given that this is the peak of the summer timeframe that I'm reporting on, I'm going to keep my highlights focused on that area. So I'll be happy to answer any questions about anything in the deck, but I'm going to hit some highlights first, starting on slide five. Here you see the percent of power we generated that is carbon free for each month in the fiscal year. Our nuclear and renewable generation this quarter averaged 64%. That's the average of the three bars that are to the far right. That 64%, when you take it and apply that same energy to our customer usage, you see that that served about 56% of our Austin energy customer load. Again, I'm providing numbers for the whole year, but I'm focusing in giving you the I'm sorry, I'm providing data for the full year on the graph, but I'm telling you, the average for the particular quarter, as you know, we participate fully in the ercot market and we won't always produce as much electricity as our customers consume. Generation is dispatched based off of market prices set by economics and reliability. And so this quarter, we did not produce as much generation as our customers consumed. And that helps to understand how 64% carbon free electricity generated covered 56% of our load. I also want to focus a little bit on our generator availability, since this is the time when we need our resources the most during the peak of the summer. This talks about commercial availability. That's a measure of how often the unit is available when it's commercially needed, which again, is set by the ercot market prices. This q4 reporting period is during the height of our summer season. We expect the most out of our units, and the actuals in the center column show that all of our resources are meeting or exceeding the commercial availability targets that are in standard across the industry, except for the decker peakers, you'll see that they're underperforming. They're simply not providing the reliability that our customers need. And thankfully, though, although these are our most critical during times of high demand as our last resort, local resources. Fortunately, we got through this summer despite them being under summer availability target. And then I'm going to jump to a final update that I included for some of the commissions that I thought you might want to hear as well. And this is related to our base power wholesale agreement, the initial batteries, as I believe you know, were installed in July of 2026, and the portfolio will continue to ramp up to the to the contractual 40mw over the next 18 months. As of November 15th, the beginning of this week, there were approximately

[4:25:17 PM]

215 customer installations. So the number there is as of October, I got a slightly updated number. So the the latest numbers are 215 customer installations for a total of 4.3mw. And so we're going to continue to see how we can keep these units and how we use them operationally in our portfolio as we build up

to the full 40mw that is part of our contract. And with that, I will end my presentation and take any questions you may have.

[4:25:46 PM]

>> Thank you very much, miss martin. Any questions or comments from the dais? Councilmember vice chair Siegel.

[4:25:52 PM]

>> Hey, thank you, chair, and thank you, miss martin, so much for the information. If we could go back to slide six, which looks at carbon free generation as a percentage of the load monthly for the year, I guess a couple of my commissioners reached out. It says, they say that I guess previously we were getting these reports in a comparison yearly over like the last 6 or 7 years rather than the last few months. And so I'm wondering if there's a reason why we switched to this format and if it's possible to kind of also acknowledge the annual comparison in future reports.

[4:26:27 PM]

>> Yes, yes. So we were getting a lot of questions about what is carbon free generation as a percentage of load means. So we tried to and we also often quote the carbon free generation that I showed on the previous slide. So we tried to focus this presentation quarterly on kind of the shorter near term. But that comment was also raised during our commission meeting. And I will include it in my semiannual update. So we can see kind of the long range and what the trajectory of where our, you know, our percentage of load, our carbon free generation is percentage of load is going compared to our resource generation plan goals. So well heard and will include.

[4:27:02 PM]

>> Appreciate it.

[4:27:03 PM]

>> Thank you, thank you.

[4:27:04 PM]

>> Thank you very much. And actually, before, I just want to make a quick clarification on approving the minutes. I'm not sure if I mentioned that it was version two of the minutes, but I just wanted to clarify for the public that there is a version two posted and that we're approving version two minutes from the last meeting. With that, yes. Councilmember duchin.

[4:27:30 PM]

>> Thank you. I just had a question about the base power contract. I know we've we're starting to get some concerns reported by customers that in particular, they sort of overpromised and under-delivered on a key feature that keeps getting pushed back to turn on. I don't know if that's been reported to you all. Or do you know anything about that or who I might talk to at Austin energy that can help us address that issue. This is a essentially, they've been promised like a firmware update, so they can try and actually have a connection to, I guess, sell, sell power back up to the grid. And that's been pushed off for like four months now. So is there anybody in Austin energy you can recommend I can visit about that? This feature that apparently has been that they sell these units as a result of, but hasn't quite been implemented yet.

[4:28:20 PM]

>> Council member Stuart Riley, again, you know, you bring up a, an area that's, that's unique for us because we've never had a partner on a power purchase agreement that has a direct relationship with the customer. And this is really bases offering. We've contracted with base for wholesale 40mw of power. That relationship in those commitments they make to the customer are their own. But we're happy to facilitate that. I have a I have some contacts there at base that I can get your constituent services that would be people in touch with. And they've, they've been great. When we've had any customer issues that have come our way, we've. We've sent them to that person and, and she's been able to clear everything up right away so we can go ahead and do that. I don't know the specifics of, of what you're talking about right now, but I think we can get it cleared up.

[4:29:11 PM]

>> That'd be great. Okay.

[4:29:12 PM]

>> Thank you, thank you.

[4:29:15 PM]

>> Any other questions or comments? If not, then are item six is a future agenda items. If anyone has anything you'd like to see at the next agenda, just please reach out to myself or to vice chair Siegel and we will get it on the agenda. And if there is nothing further, then I will go ahead and adjourn the November 17th, 2026 meeting of the Austin energy utility oversight committee at 429. Thank you all very much.