

KEEP THE POWER IN OUR HANDS!

Last Year Citizens Defeated an Ordinance to Give Away Control of Austin Energy



Citizens wisely told City Council Not to Give Austin Energy to Un-Elected Board

Austin Energy is our city's largest asset, worth \$3.8 billion. The utility is OURS and we're lucky to have such a great utility. It not only provides reliable electricity, but also funds our parks, pools, libraries, clinics and public safety. We should continue to keep improving our award-winning utility, by holding Austin Energy as directly accountable as possible. Last year City Council considered an ordinance that would open Austin Energy up to corporate control and special interests.

Instead, City Council kept control of our utility and formed the Council Committee on Austin Energy, which currently consists of all City Council members. This allows Council members more time to focus on the important oversight of our electric utility. The Electric Utility Commission (EUC) serves as a citizen advisory board. City Council is the utility's board of directors.

We Must Continue to Keep Accountability!

- ❖ We now hold Austin Energy accountable through City Council members that we elect, and can take out of office if we need to. We should keep Council control!
- ❖ Citizen involvement has helped shape our utility into one that is internationally recognized and strong financially, with programs that our community values.
- ❖ Austin has been a model for other utilities. Others should be adopting our governance model – because it works! We shouldn't adopt a model that doesn't.
- ❖ An un-elected board would lead to Council rubberstamping bad decisions, and using "expert" recommendations from the board as an excuse.
- ❖ Removal of a board member would come only after irreparable damage was done.
- ❖ Some said we should change governance because with approximately 400,000 customers, we're the largest municipal utility with Council oversight. This doesn't mean a change in governance is needed. Seattle is very close in size, with 398,000 customers. After two years of consideration, they decided to keep control of the utility in Council hands. They have a great utility too.

Who Wants to Change Control of Austin Energy... and Why?

- ❖ The only support for changing to an un-elected board came from CCARE – an organization of large industrial users and high tech companies.
- ❖ Special contracts worth \$20 million in discounted electric rates will expire in 2015. Is renewing these contracts their real concern?
- ❖ The cost of special contracts falls on the backs of residents, small businesses and churches.

Lessons should be learned from San Antonio's Experience

- ❖ San Antonio's CPS Energy is the model for the proposed board structure, but their insulated board caused massive problems, despite having professional business leaders at the helm.
- ❖ Due to citizen pressure, the San Antonio City Council told CPS Energy not to invest in a nuclear reactor project, but the utility spent hundreds of millions of dollars anyway, and no one could stop them. An appointed board doesn't improve transparency. CPS Energy managers *hid a \$4 billion project cost increase* from the board and the public for a year.
- ❖ CPS Energy went to court to try to get out of the nuclear deal, but ended up stuck with 7% ownership. Nuclear peddlers tried to get Austin Energy in on the project, which lacks enough investors. They may come knocking on our door again.
- ❖ Citizens struggled for years to get the CPS Energy board to halt investment in expensive nuclear power. They literally got locked out of one utility meeting.
- ❖ CPS wasted \$400 million on the nuclear investment. Rates went up and the utility could no longer install the coal plant pollution controls they'd promised.

Huge Projects Could be Pushed Forward by an UN-ELECTED Board

- ❖ The failed Council ordinance would have allowed an un-elected board to **approve contracts, purchases, power purchase agreements and capitol investments up to \$50 million!**
- ❖ Very few Austin Energy projects have exceeded this amount historically.
- ❖ Would this get Austin investing in coal or nuclear projects again? Would a \$500 million project, with costs spread over 10 years, become a possibility?

Accountability is Needed to Prevent Boondoggles and Keep Rates Low

- ❖ Dirty energy and expensive energy investments would likely increase with an un-elected board. We need to prevent the problems that San Antonio had.
- ❖ In Austin, **the energy efficiency programs, created by citizen demand later helped Austin Energy avoid building a billion-dollar coal plant. This is largely why we didn't have a rate hike for 17 years!** By contrast, CPS Energy had to build another coal plant. San Antonio had rate hikes, but we didn't.
- ❖ Citizens working with City Council members helped reduce the recent Austin rate hike.
- ❖ Citizen pressure on Council also kept Austin out of the two proposed nuclear reactors that cost CPS Energy and NRG Energy about \$400 million each.

We must ensure funding of Parks, Pools, Libraries, Clinics and Public Safety

- ❖ **At minimum, the City Budget should be protected by keeping in place the current level of transfer to the General Fund.**

The Bottom Line: Any efforts to take control out of the hands of the shareholders – the people of Austin, is a bad idea. Any Un-Elected Board should be opposed as it may create a slippery slope, with changes coming easily through future ordinances that might give them additional power.