

Austin Energy Governance Works Well— Don't Break It

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Three members of the Austin City Council are presenting a resolution February 14th to turn the governance of Austin Energy over to an “independent” governing board. This radical Council resolution will reverse a century of accountability and take governance of Austin Energy away from City Council.

Austin Energy has been well-managed by the Austin City Council since the 1900’s when the Council took back control from an “independent” board. They’ve won dozens of awards for having great customer relations, being one of the greenest, most efficient and well-managed utilities in the country. Our electric bills remain in the lower half of all utilities in the state. Our bond ratings are among the highest in the nation and just went up a notch.

The only constituency in Austin clamoring for this kind of radical change is the large commercial and industrial consumer group, which has deluded itself into thinking that this is magic solution to utility management.

Good decisions by City Council meant that rates didn’t have to be increased for 18 years. By pursuing low-cost energy efficiency, Austin Energy avoided having to build an expensive and polluting coal plant. Austin also avoided wasting millions on development of two expensive nuclear reactors thanks to wise decisions by City Council. Recent rate decisions took a lot of City Council time, but they rose to the challenge and the result was a fair rate package.

But now Mayor Leffingwell has a resolution on the February 14th City Council agenda that would give away a great deal of City Council control, and put it in the hands of an “independent board” with nominees suggested by “headhunters” who may not even live in Austin or understand Austin’s utility or energy policies. Why change a system that has been working extremely well and hand control over to a few individuals we don’t get to vote for?

In San Antonio, an independent board was largely to blame for a recent near financial disaster. The CPS board was insulated from citizen input, isolated, and unwilling to ask hard questions. Citizens were literally locked out of one Board meeting. A \$4 billion cost increase in the nuclear project was kept secret by utility managers. When news of the skyrocketing costs was leaked to the Mayor, a proposed rate hike came to a screaming halt and CPS Energy then sought a way out of the project in court. The final toll? A \$400 million loss had to be written off. It was only the good City Council decisions in Austin, influenced by citizen input, that prevented us from making the same expensive mistakes here.

Austin should take this story to heart. We believe in democracy. We value having public utility, one in which ratepayers have a say, and which pursues affordable green energy. We’re proud of Austin Energy’s many years of success.

It’s time to defend our utility. Direct accountability to the ratepayers must stay in place. Why risk predatory corporate interests honing in on our public utility? We must be able vote those who make crucial energy decisions into or out of office.

We think the way to solve the concerns about time and oversight is to create a sub-committee of the council, with one added out-of-town customer, that would meet monthly to oversee the utility and take the Austin Energy management away from the City Manager. This will increase oversight and keep Austin Energy as low-cost, green, and innovative as it has been since we retook control from an independent board over 100 years ago.