

Austin Energy Governance Works Well— Don't Break It

Tom "Smitty" Smith
Director of Public Citizen's Texas office

Three members of the Austin City Council are presenting a resolution February 14 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 constituencies in Austin clamoring for this kind of radical change are the large commercial and industrial consumers who think that creating an independent board, modeled on San Antonio's, is a 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" 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?

In San Antonio, the failure of independent board was largely to blame for a recent near financial disaster. The CPS board was insulated from citizen input by the utility, 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 and the board either didn't know or was part of the cover up. 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 citizens 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 and clean energy. We should be proud of Austin Energy's many successes.

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 in or out of office.

We think the way to solve the concerns is to create a sub-committee of the council, add one out-of-town customer, require them to meet monthly to oversee the utility, and take the management of the utility away from the City Manager. This will increase the 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.

Smith has been working on Austin Energy issues for 30 years- but has also appeared frequently before the San Antonio Electric Utility Board