

City of San Antonio



Minutes

Municipal Utilities

San Antonio, Texas 78205

2021 – 2023 Committee Members

Mario Bravo, Dist. 1 | Dr. Adriana Rocha Garcia, Dist. 4

Melissa Cabello Havrda, Dist. 6 | Ana Sandoval, Dist. 7

Chair John Courage, Dist. 9

Tuesday, September 29, 2021

10:00 AM

City Hall

Deputy City Clerk Aurora Perkins took the Roll Call noting a quorum with the following Municipal Utilities Committee Members present:

PRESENT: 5 – Bravo, Rocha Garcia, Cabello Havrda, Sandoval, and Courage

1. Briefing on the CPS Energy Rate Advisory Committee [Ben Gorzell Jr., Chief Financial Officer; Troy Elliott, Deputy Chief Financial Officer]

- A) The Rate Advisory Committee Chair will provide a briefing on the Committee's progress to date.
- B) CPS Energy staff will provide an overview of the rates advisory process
- C) City Staff will provide a briefing on the process for reviewing rate requests and a proposed timeline for consideration of CPS Energy rate request.

Item 1A was addressed at this time.

Reed Williams, Chair of the Rate Advisory Committee (RAC), provided an update on the Committee's progress to date associated with CPS-Energy and rate discussions and relevant studies conducted to include reports conducted by CPS Energy in 2017 and recent surveys conducted by the Committee.

Cabello Havrda asked about analysis conducted and used for recommendations. Mr. Williams stated that benchmarking was conducted and analysis of rate impacts to consumers. Councilmember Cabello Havrda asked what defined "energy burden" for consumers. Mr. Williams stated it is the percent of

disposable income spent on energy. He noted that the energy burden to consumers was at times difficult to predict. Councilmember Cabello Havrda requested a visual diagram be provided that depicted the process for rate adjustments and considerations. Mr. Williams stated that City staff would need to provide that.

Councilmember Sandoval thanked the members of the RAC for their time on the Committee. She stated that it was unfortunate that the RAC was not able to discuss the rate structure more thoroughly before being asked to give an opinion on the proposed rates. Mr. Williams explained the technology limitations associated with block rates and time of day rates. Mr. Williams also explained that both business models and recovery models have different fixed and variable costs that need to be considered. Councilmember Sandoval asked that the fixed cost component on multi-family units be considered as well. Mr. Williams agreed to take that into consideration.

Councilmember Sandoval asked if the STEP Program would be taken on in the next rate increase. Mr. Williams stated the RAC did not have the authority to change the STEP Program and that only the City Council and CPS Energy Board was able to do so.

Councilmember Rocha-Garcia noted that the RAC has looked at the equity lens and makes comparisons to other cities but noted that income levels vary among cities and asked for wage information to be considered. She stressed the importance of considering lower income families when making recommendations for rate changes

Councilmember Bravo noted that while the Committee did not have final authority to make decisions on rate changes, stressed that the Committee needed to make recommendations to City Council and utilities trustees associated with rates and other identified issues.

Chair Courage noted his concern that a 2017 year used as the base year for the rate analysis. Mr. Williams stated that more recent years would be impacted by COVID and stated that the 2017 was representative of who causes certain cost to be incurred. Chair Courage asked for clarification on the relationships between rates and fuel adjustments and how future court cases could impact these items. Mr. Williams stated that the City, CPS Energy, and their auditors should work closely to determine where those cost should be placed.

Chair Courage stated that Paula Gold-Williams while not present was listening to the meeting virtually.

Public Comment was taken at this time.

Chair Courage called on individuals registered to speak on Public Comment.

C. Darby Riley of the Sierra Club noted his concern that the utilities would not listen to the Committee's recommendations and stressed that City Council should be the entity making decisions on rate structure. He discussed decoupling practices for utilities.

Greg Hartman with the Sierra Club discussed energy burden of consumers of utilities and spoke in opposition of rate increases.

DeeDee Belmares provided her perspective of being a RAC member and challenges faced by the

Committee in making recommendations. She recommended that the Committee consider the equitymap.org website for additional energy burden data.

Anacua Garcia expressed her concerns on the utilities rate process and spoke of efforts associated with petitions for Utility Trustee recalls. She added her concerns of utility disconnections and impact on the community.

Marco Acuna expressed concern of utility disconnections and of treatment of utility users.

Meredith McGuire spoke on the definition of residential rate users and impacts of rate increases. She discussed the differences between commercial and residential usage data and comparisons of how rates are adjusted and factors impacting that.

Valerie Morales spoke on the impact of utility rate increases on residents especially vulnerable populations such as senior citizens. She noted the challenges residents faced in acquiring utility assistance.

Chair Courage began a discussion on a timeline for individuals to sign up no later than 48 hours prior to the meeting. Discussion was had by the committee on timelines for public speaker sign ups. Chair Courage asked that public comment sign up be closed at 5 PM the night prior of meeting but agreed that it be closed one hour prior to the meeting in order to make sure that all Committee business could be conducted in a timely manner.

Councilmember Rocha Garcia expressed concern on the ability of individuals to sign up to speak in a timely manner and stated that the topic should be a greater conversation to determine the proper notice for Public Comment sign up. She stressed that there should be a greater uniformity to the Public Comment process for all the Council Committees which would be determined by the entire City Council Members.

Councilmember Sandoval expressed concern on how individuals without email access could access the public comment system. Councilmember Cabello Havrda stated that individuals could require longer than 48 hours and expressed some concern on closing the Public Comment portal too soon. Mr. Gorzell provided an update on the PrimeGov public comment speaker system that was being implemented and would be used for all Council Committee and City Council meetings. Chair Courage recommended that individuals be allowed to sign up to an hour prior to the meeting which would be 9 AM. Councilmember Bravo supported the greater discussion concept presented by Councilmember Rocha Garcia and agreed that closing Public Comment sign up one hour prior to the meeting was appropriate at this time.

The meeting continued with Item 1B.

Rudy Garza, CPS Energy Chief Customer and Stakeholder Engagement Officer, provided an overview of the Rates Advisory Committee (RAC) and the Community Advisory Committee (CAC) input associated with the engagement process related to consideration for energy rate changes. He reviewed the engagement process timeline of surveys and review of collected survey data.

Chair Courage expressed concern that CPS Energy would provide their perspective of outcomes and not true public engagement findings. Mr. Garza reiterated that CPS Energy was committed and

responsible to present the facts no matter what the outcome to CPS Energy. Chair Courage stressed the importance that CPS Energy keep the Committee and City informed of community engagement and feedback provided by customers and stakeholders.

Councilmember Rocha Garcia asked how survey results and other energy consumer information was to be collected from the general public. Mr. Garza provided specifics of how communications were being dispersed to include social media, public events, and other communications to include billing statement notices.

Councilmember Cabello Havrda asked for assurances that consumer comments and concerns were being considered by the RAC and CAC to the City and Utility leadership. Mr. Garza noted that consumer information was being provided to the committees and that complete transparency was always the goal. Councilmember Cabello Havrda asked that a report be provided to the Committee in order to see the recommendations made by the RAC and CAC and the entire list of what was considered in order to review the vetting process and outcomes. Mr. Garza stated that he would make the Board aware of the request for consideration.

Councilmember Sandoval noted that in the recent past, Council Members had requested to the CPS Energy Board that the CAC be an open meeting to the general public and asked if the meetings were still closed meetings. She stated that the issue was discussed and did not proceed forward due to concerns that CAC members would not continue to serve if meetings were in a public setting. Mr. Garza stated that the meetings were still closed meetings but that all outcomes and materials were available to the general public for review. Councilmember Sandoval asked her City Council colleagues to have discussions with their committee appointees to determine if they had any concern of continuing to serve if the meetings were made open meetings.

Item 1C was addressed at this time.

Mr. Gorzell provided a summary of the process for reviewing rate requests and a proposed timeline for consideration of a CPS Energy rate request. He noted that City Council has oversight through the bond indentures in four different areas which were rates and charges, issuance of debt, condemnation, and the Board appointment process. Mr. Gorzell reviewed the process of the City and CPS Energy Board development of a rate case and identifying the potential need for a rate increase and then he makes a formal recommendation to City Council on the proposed rate change.

Mr. Gorzell reviewed factors associated with the rate approval process and oversight from the City staffed Office of Public Utilities. He provided a review of the proposed timeline for the approval of a rate change which would tentatively come to City Council for review in January 2022 and become effective on March 1, 2022.

Chair Courage asked if there was ever a time when the City staff did not support a rate increase presented to them by the utilities. Mr. Gorzell stated that the staff works closely with the utilities prior to the utilities making a formal request to City Council, working to make adjustments to become aligned with the recommendation.

Councilmember Rocha Garcia expanded on the process of reviewing proposed rate changes asking if it was based on changes in demand or population growth and if the City Charter defined a requirement for Council to hear a rate increase if a utility asks for one. Mr. Gorzell stated that the City Charter did

not specify a requirement, but due to the importance of the utilities to the City, from a practical standpoint, it is advisable to discuss a request if made.

Councilmember Sandoval requested a future presentation on decoupling of utilities in order to determine any potential benefits or stability to energy rates.

2. Briefing by the San Antonio Water System and CPS Energy on Plans for Addressing Past Due Customer Receivables [Ben Gorzell Jr., Chief Financial Officer; Troy Elliott, Deputy Chief Financial Officer]

- A) SAWS Staff will provide a briefing on plans for addressing the past due customer receivables including the recently approved COVID-19 Relief Plan
- B) CPS Energy will provide a briefing on plans for addressing the past due customer receivables include plans for resuming disconnections.

Item 2A was presented at this time.

Robert Puente, SAWS President and Chief Executive Officer, and Mary Bailey, Vice President of Customer Experience and Strategic Initiatives, provided a presentation on SAWS COVID-19 Relief Plan and disconnection process and the significant increase in delinquent accounts since the COVID-19 pandemic. Ms. Bailey reviewed the resumption of service disconnections, communications to customers experiencing payment difficulties, and the expanded payment plan options made available to customers in order to minimize service disruptions and encourage payments when possible.

Ms. Bailey provided specific details of the COVID-19 Relief plan and eligibility criteria for assistance, adjustments, and available discounts. Ms. Bailey discussed that SAWS had a reserve for uncollected accounts which totaled \$41.2 million as of August 31, 2021 and stated that the reserve and federal disaster recovery funds would be substantially sufficient to absorb the financial impact of the COVID-19 Relief Plan.

Chair Courage spoke in support of the SAWS program and asked how much SAWS anticipated receiving on delinquent accounts utilizing this plan. Ms. Bailey discussed several variables that could impact collectability but hopes to collect at least 37.5%.

Councilmember Rocha Garcia asked what the process was for current public comment sign up. Mr. Puente stated that it was up to the time of the meeting. Councilmember Rocha Garcia applauded SAWS on their public engagement and communications provided to customers. She noted that SAWS did have a reserve and was glad that they were willing to tap into the reserve.

Councilmember Sandoval asked for additional information on the Plumbers to the People Program. Ms. Bailey provided parameters on the program. Councilmember Sandoval recommended that ARPA funding be used to perform utility assessments on customers who are past due and fund capital improvement to improve efficiency, reduce energy burden, and help with sustainability goals.

Councilmember Cabello Havrda asked if there was a formula used related to the number of disconnections for commercial versus residential customers. Ms. Bailey noted that there was not, and disconnection priority was based on who owed the most on their water bills.

Councilmember Bravo supported Councilmember Sandoval's recommendation on using ARPA funds for utility improvements in residences experiencing bill challenges. Councilmember Bravo asked when the last time SAW tapped into the reserve and how long it took to collect the reserve. Ms. Bailey noted that the reserve is required by accounting standards is replenished every month and that the reserve has grown primarily since March 2020. Mr. Gorzell clarified that the reserve fund was an accounting entry for covering unpaid accounts and not a reserve fund for unexpected emergency purposes.

Item 2B was addressed at this time.

Rudy Garza, CPS Energy Chief Customer and Stakeholder Engagement Officer, provided a presentation on disconnection practices, customer delinquency rates, and financial impacts of account non-payments to CPS Energy. He reviewed communications and programs available to customers requesting utility payment assistance and customer enrollment into installment plan programs.

Chair Courage asked for clarification on how residents qualified for the REAP assistance program. Mr. Garza provided information on qualifications for services. Chair Courage asked additional questions focused on automatically enrolling delinquent customers. Mr. Garza provided detail on processes and efforts for assisting customers.

Councilmember Sandoval agreed with Chair Courage on payment plan practices and asked that CPS emulate SAWS' program. Chair Courage clarified that the Committee could make recommendations, but not direct the utilities to take an action. Mr. Garza stated that he would share Councilmember Sandoval's perspective with the CPS Board. Councilmember Cabello Havrda also noted that she supported the recommendation.

Councilmember Bravo asked if it would be beneficial to automatically enroll residents who were in the disconnect process. Mr. Garza stressed that CPS Energy conducts outreach to make sure that customers could get on payment plans and avoid disconnection.

3. Briefing by San Antonio Water System and CPS Energy on the status of implementing the recommendations from the Committee on Emergency Preparedness' Report [Ben Gorzell Jr., Chief Financial Officer; Troy Elliott, Deputy Chief Financial Officer]

- A) SAWS Staff will provide a status report on utility's actions implementing the recommendations from the Committee on Emergency Preparedness' Report.
- B) CPS Energy Staff will provide a status report on utility's actions implementing the recommendations from the Committee on Emergency Preparedness' Report.

Steve Clouse, SAWS Chief Operating Officer, provided a status report on the utility actions implementing the recommendations from the Committee on Emergency Preparedness. He noted that there are tracking 67 recommendations from all sources and he briefs the SAWS Board monthly on status. He added that SAWS is charged with meeting compliance to Senate Bill 3 which includes development of a Critical Load Report by November 1, 2021 and an Emergency Preparedness Plan by March 1, 2022, all to be reported to TCEQ. Further, SAWS is updating their internal Emergency Response Plan.

Chair Courage asked for more detail on the status of the recommendations brought forward and if there was a report that depicted those resolved and others still pending. Mr. Clouse stated that a report would be provided to the Committee at the next meeting. He used an example of a completed action where SAWS worked closely with CPS Energy to add critical water pump stations to the CPS critical facilities list.

The discussion was stopped at 12:41 PM due to loss of Committee Member quorum. Chair Courage apologized to CPS Energy staff for not being able to present their item and asked that they present their report in writing. Mr. Gorzell mentioned that the CPS report was included in Committee package for review.

Executive Session

An Executive Session was not held.

Consideration of items for future meetings

Next Scheduled Meeting Date: October 26, 2021

Adjourn

There being no further discussion, the meeting was adjourned at 12:41 PM.


John Courage, Chair

Respectfully Submitted


Debbie Racca-Sittre, Interim City Clerk