

RENEWABLE ENERGY IS FLOWING INTO AUSTIN

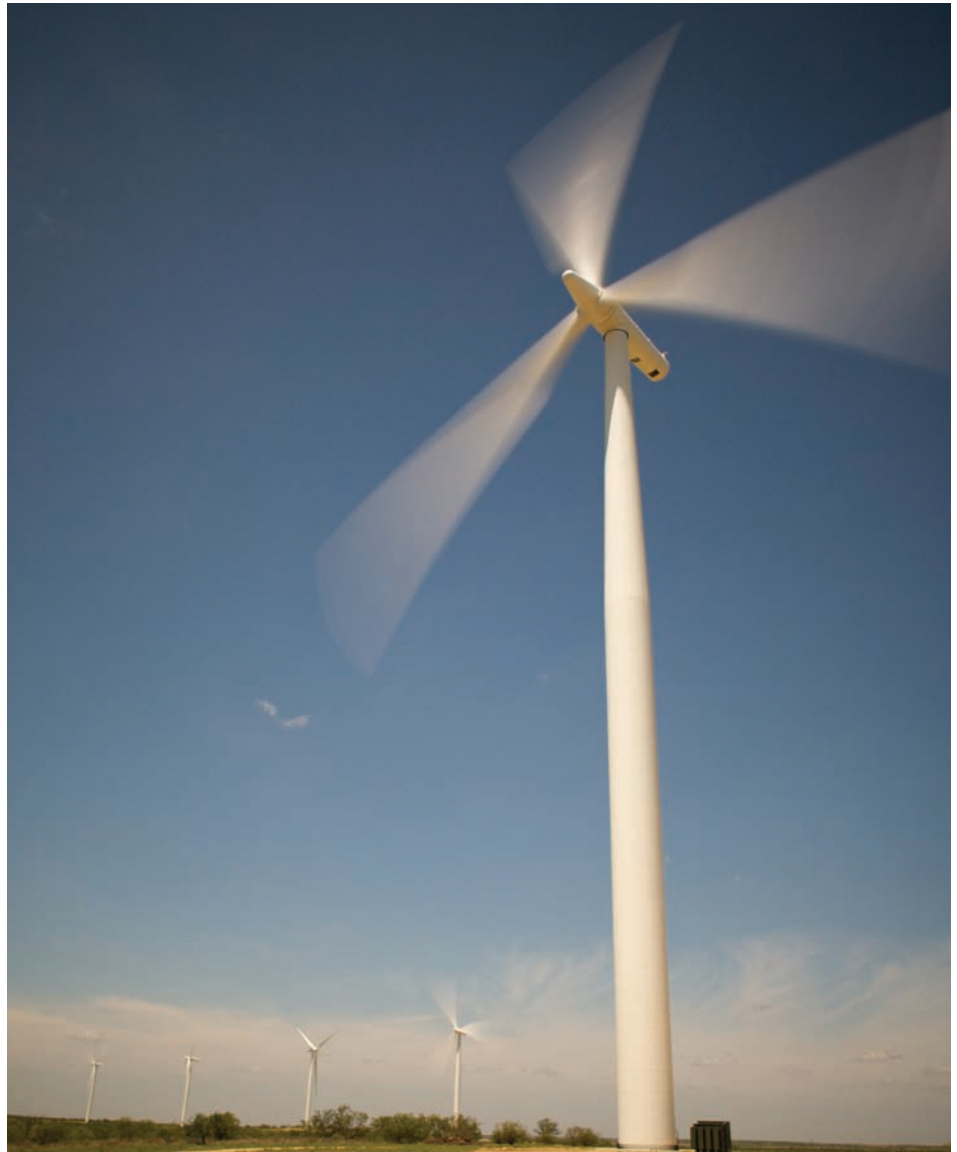
GreenChoice® is Austin Energy's renewable energy program that provides customers with a fixed GreenChoice charge instead of a traditional fuel charge during the term of the subscription.

Subscribers to the program are buying energy produced from 100% renewable sources like wind power and methane gas from landfills.

HISTORY

The GreenChoice Program resulted from a collaboration between Austin Energy and the Sustainable Energy Task Force that began in 1999. The goal of that collaboration was:

- » to develop a program for Austin Energy to support the development of new renewable energy projects in Texas
- » to offer Austin Energy customers the option of choosing renewable energy for their electricity sources.



BATCHES

Energy supply for GreenChoice is presently based on long-term purchase contracts between Austin Energy and renewable energy providers. Customers sign up for GreenChoice by subscribing to a specific "batch."

- » A "batch" is defined as the energy from one or more

specific purchase contracts sold for a predetermined amount of time at a predetermined price.

- » A batch term may not exceed the term of the long-term contract(s) upon which it is based.
- » A batch is "sold out" when the anticipated annual energy from the batch sources is fully subscribed.

BATCH PRICING

Prices for each batch are based on the costs of delivering the renewable energy from where it is generated to the Austin area. Price components may include:

- » A long-term purchase price
- » Administrative fees assigned by the independent electric system operator Electric Reliability Council of Texas (ERCOT)
- » Transmission congestion fees
- » Administrative fees and marketing costs

Not all batches include all price components.

Each new batch price requires review by the Electric Utility Commission (EUC) and Resource Management Commission (RMC) and approval by City Council.

GENERAL SUBSCRIPTION INFORMATION FOR ALL CUSTOMERS

Both residential and commercial customers may subscribe to the GreenChoice program. Some policies are the same for both residential and commercial subscriptions.

Subscription: Defined as one customer, either residential or commercial, signing up with one or more accounts, with the same terms, i.e. start date, expiration

date, fixed GreenChoice charge which replaces the regular fuel charge.

Accounts: The number-specific electric accounts in Austin Energy's Customer Information System (CIS).

Portability: All customers can transfer their GreenChoice subscription to another electric account in their name. Upon closing one account and opening another, the customer should request the GreenChoice subscription be transferred to the new account.

Eligibility: All customer classes (i.e. residential, commercial) are eligible for GreenChoice.

Expiration of Agreement: Upon the expiration date of a GreenChoice subscription, the GreenChoice charge will be removed and the account will revert back to the regular fuel charge. The customer may choose to enter into a new agreement which would levy the GreenChoice charge in effect at that time.

RESIDENTIAL SUBSCRIPTIONS

Applications: Residential customers may apply for the program by contacting

(512) 494-9400, by e-mail (green.choice@austinenergy.com), by mail, or by online application on the GreenChoice Web page <http://www.austinenergy.com>.

Agreements: Residential subscribers are not required to sign an agreement; however, they must be informed at the time of sign-up that 100% of their electric consumption will be billed for fuel at the current GreenChoice rate, until the expiration date of the subscribed batch.

Subscription Start-Date: The fuel charge will be changed to the current GreenChoice charge on a customer's account within 30 days of the request. The new rate will be used for the next billing cycle.

Subscription Levels and Terms: Residential customers subscribe for 100% of their actual annual usage at the current batch price through the ending date of the current batch.

Participation: Participation in the GreenChoice program is contingent upon the participant remaining an Austin Energy customer for the duration of the GreenChoice program as set forth by this rider. If participant's

electric service is involuntarily terminated by Austin Energy, or if participant discontinues electric service and relocates outside of the Austin Energy service area, participation in the GreenChoice program shall end immediately. If the participant relocates to another premise within Austin Energy's service area, the participant may cancel participation within 15 days of such relocation. Participants who are terminated from the GreenChoice program or who cancel their participation shall be ineligible for further subscriptions to the program. Subscriptions are not transferable from customer to customer.

Customers who leave the program will receive the rate change on the first bill after 30 days from the date of notification to Austin Energy.

COMMERCIAL SUBSCRIPTIONS

Commercial subscriptions are handled through GreenChoice sales staff.

Applications: Commercial customers may apply for the program through our call

center (512) 974-7827, the GreenChoice Online Application (www.austinenergy.com), their Key Account Manager or other account sales staff.

Agreements: All commercial subscribers are required to sign contractual agreements with Austin Energy, acknowledging acceptance of Terms & Conditions. GreenChoice commercial agreements are processed on a first come, first served basis. Any new accounts added by a commercial customer will be added to the original customer agreement as long as the batch subscribed to is available. If the batch is closed, any new accounts require a new agreement under the current batch.

Subscription Start-Date: All commercial subscriptions must be signed by both the customer and the Austin Energy designated Sales Manager. An agreement is deemed executed on the date of the Sales Manager's signature.

Transferability: The GreenChoice subscription may be transferred from any closed account

to another account held by that customer. A commercial subscriber who closes all accounts can transfer the GreenChoice subscription to new accounts if opened within six months after the closing and if the customer has informed the GreenChoice staff that a new account is pending. A GreenChoice agreement is not transferable from one customer to another. However, assignment is allowed as long as (1) it is limited to the existing facility being served by the account, and (2) it is effected through merger or acquisition.

PUBLIC UTILITY COMMISSION REQUIREMENTS AND GREENCHOICE PROGRAM REQUIREMENTS

Austin Energy is not required to participate in the Texas Renewable Portfolio Standard (RPS) established by the Texas Public Utility Commission. However, Austin Energy has voluntarily agreed to operate its GreenChoice program as closely as possible to the same rules which apply to the RPS.