



MEMORANDUM

TO: The Electric Utility Commission

FROM: Roger Duncan, Interim General Manager
Austin Energy

DATE: February 11, 2008

SUBJECT: General Manager's Report

- **Utilities across North America now face serious audits** to assure compliance with mandatory federal electric grid reliability standards. The mandatory standards stem from the August 14, 2003 blackout that left over 50 million people in the dark in the northeast and northwest USA and Ontario, Canada. **Violations of these standards can now result in fines up to \$1 million** for each day of violation. These are audits by federal and state regulators to determine if you operate your power plants and electric system to standards in a consistent and reliable manner. AE's Generation and Energy Market operations had its audit earlier this month and passed with flying colors. AE passed the audit with no discrepancies at all. The audit was originally scheduled for 2 days (Jan 30 and 31). Because AE staff had prepared for the audit so well, the auditors were only here for one day.
- **The AE transmission system experienced no voltage sags** during the last quarter (November-January). 15 years ago we formed the AE Power Improvement Action Committee (PIAC), a group of large power sensitive customers, primarily high techs. We meet with them quarterly to report on transmission system performance including any voltage sags. AE may be the only utility in the country that has established such a standing meeting. Last quarter's spotless performance was the first in the 15-year history of PIAC. No voltage sags at all over a three-month period is pretty exceptional for any electric system. Our staff has been implementing new programs over the past five years to make our transmission reliability the best in the country and the number of voltage sags which had not been that great – have declined even more in recent years.
- **AE has begun the quarterly surveying of a sample of customers whose trees were trimmed through** our tree trimming program. More than 100 customers were surveyed during November-December who had trees trimmed within the previous three months. The majority were satisfied with the tree trimming process, noting high levels of courteousness and professionalism displayed by the tree trimming work planners. And nearly 100% of the respondents stated that they thought tree trimming was important, citing outage reduction as the number one reason to trim trees growing into power lines. Each quarter, AE will survey customers in a different section of town.

- **GreenChoice Batch 5, which went on sale** January 14th, is seeing good results. To date about 50% of the available 189-million kWh has been subscribed. 13 Key Accounts and large commercial customer have signed for 77-million kWh - about 55% of their portion of the supply; 27 Small Commercial customers have signed for 4.3 million kWh or about 19% of their allotment and 1,100 residential customers have signed for 13.2 million kWh or about 54% of their allotment. The green power (fuel) charge on this batch stays fixed for 15 years. The green charge is 5.5 cents per kWh versus 3.65 cents for the fuel charge.
- **Installation of solar demonstration arrays at another six schools** is being completed this month--bringing to 16 the number of schools AE has outfitted with solar over the past three years. All schools received 3 kilowatt (kW) solar photovoltaic systems. All systems are mounted atop large poles with the exception of Lake Travis High School which is a rooftop system. The systems are 3 kW to give parents and students an idea of the approximate size of arrays being installed on homes (the average is about 2.5 kW). The schools include the solar arrays in their science curriculums with the students tracking the output of the systems, among other duties. The six arrays cost about \$190,000 total to install. The schools in this group include Gus Garcia and Clint Small Middle Schools (Austin ISD), Dessau and Parmer Lane elementary schools (Pflugerville ISD), Lake Travis Elementary and Lake Travis High school (Lake Travis ISD).