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Dear Client:

Better take a close look at your November electric bill from Austin Energy. Two of those half-dozen or so charges listed on the bill are going up. And, for some, it could amount to an increase on charges that make up about one-third of your monthly bill.

It could be a bit deceptive. This is why you need to read the bill closely. **It's possible your overall bill could be lower because the "winter rates" go into effect.** You see, the Austin City Council for years now has charged higher "summer rates". Even though the summer months are the time when you use more electricity (primarily due to air-conditioning), the City Council in its wisdom set the "summer rates" higher hoping to urge you to use less electricity.

Now, as the "winter rates" kick in, your overall bill probably is lower. So it is an **opportune time for the Austin City Council to slip in increased "other" charges on your city-owned Austin Energy statement.**

The two fee increases are listed under Power Supply Adjustment (PSA) and Regulatory Charge. These are not small buck-98 charges. In many cases, they could combine to amount to one-third of your monthly electric bill.

The PSA is adjusted annually to reflect the changing cost of fuel and power purchases. **When the utility underestimates the cost, it raises the PSA to make up the difference.** The Regulatory Charge is for **Austin's share of using the statewide transmission grid** that, among other activities, extends lines to carry electricity from West Texas wind farms to Austin Energy.

The net effect of these new fee increases will be even more obvious in 2015 when the higher "summer rates" show up on your Austin Energy bill. Remember, the PSA is an annual adjustment.

Our September 12th issue referenced the rate increase as a result of the City Council Budget Action. Incidentally, while these fee increases were being instituted, Austin Energy put out a press release saying it achieved **"the highest reduction in peak demand through energy efficiency in the history of the electric utility."** Interestingly, during this "reduction in peak demand," **the utility said power prices were higher than what the utility predicted.** It used this as a justification for the increase in the Power Supply Adjustment fee to recover the costs that resulted from underestimating the costs for power.

A lot of new names are on the statewide ballot Tuesday. But when the vote counting is completed, political control of Texas is not expected to change. According to one political observer, Wayne Thorburn, Republicans will continue to dominate state offices despite major efforts by Democrats, and he gives five reasons it may stay this way for some time.

This claim is based on number-crunching – not emotion or political wishful thinking. He made the case in his recent book *Red State* published by the UT Press. The five reasons:

- 1. The suburbs are the fastest-growing part of the state, and the people who live there vote Republican.** Suburban counties make up about 20% of the state's population and 64.7% of their vote when to GOP Governor **Rick Perry** in 2010.
- 2. The counties that house the state's six big cities are becoming more liberal, but they are not as liberal as the suburbs are conservative.** 52.3% of the Big Six counties voted for Democrat **Bill White** in 2010 – a much smaller percentage than the 'burbs gave to Perry.
- 3. Small towns may be getting smaller, but they're becoming more and more reliably Republican.** Small-town counties had 25 seats in the Texas House of Representatives in 1993, only one of which was held by a Republican. By last year, 2013, these shrinking counties had only 18 seats in the House, but 15 of those were held by Republicans.
- 4. The Republicans may have a Hispanic problem, but the Democrats have a bigger Anglo problem.** In 2012, 63% of the Texas Hispanic vote went to **Barack Obama**. But 76% of the Texas non-Hispanic white vote went to **Mitt Romney**.
- 5. The Texas Democratic Party is still in shambles.** (Okay, okay this is a *political* conclusion, even though Thorburn provides numbers to back up his claim.) He points out that in 165 of Texas' 254 counties, no **Democrat filed to run for County Judge**, the county's main administrative office. He said in 86 counties, no **Democrat filed for any county-wide office**. And this includes 8 counties with populations of more than 100,000. Finally, he says in 59 of the 150 House districts **there is no Democratic choice on the ballot for the Legislature**.

Democrats had several reasons to feel optimistic about making inroads in GOP strongholds this election cycle. Massive funding was poured into Texas to support “**Battleground Texas**,” a major Democratic organizing effort. They cited an **emerging Hispanic majority** and the **high profile candidacy of Wendy Davis for governor**.

It will be interesting to sift through Tuesday's election results to see if Thorburn's analysis holds true. (We should also point out that Thorburn is a longtime Republican activist, so he likely has his own agenda. **The proof – or lack thereof -- will be in the official vote totals.**)

A factor to consider as you assess Tuesday's local election returns: most all of the Austin mayor/council races will not be decided until you vote again in six more weeks.

A record number of candidates for a record number of council seats will mean the top two vote-getters in each district will face-off in a run-off December 16th. **Very few candidates, if any, are likely to get 50% of the vote Tuesday to win without a run-off. The same is true for mayor.** Just a prediction, but the odds are with us on this one.

Not true for the urban rail/roadway and Austin Community College propositions.
It's an up-or-down vote for them. There is no tomorrow.

When you circle December 16th, you will notice it falls during the run-up to the holidays – a period full of distractions. **The run-off elections will be a different animal from Tuesday's voting.** Remember, we tipped you to this back on August 22nd (click the "Archives" button at the top of this edition for the details.)

More than 10,000 new apartment units are expected to be ready for occupancy in the Austin area within the next 12 months. And 2,000 new units have already been added so far this year. But apartment rental rates are still increasing.

Why are rates still rising? Because the newer units are commanding higher rental rates. And because the new supply of apartments has not caught up to the need. **Apartment Trends Robin Davis reports that occupancy rates are going up by more than one-half a percentage point. At the same time rents have risen by one-and-a-half percentage points.**

So the demand is still strong. Even with 20,500 units in the construction pipeline – and half of them due to be complete within the next year – **she indicates the trend toward rising rental and occupancy rates is expected to continue.** This is based on 3rd quarter data.

The weather? What's going on with the drought? Is there rain on the horizon?

First answer: Not much change in drought conditions in Central Texas or, for that matter, statewide. The Texas Water Development Board reported this week that "drought and reservoir storage conditions remain relatively unchanged from last week."

Second answer: Lower Colorado River Authority Chief Meteorologist **Bob Rose says the latest long-term forecasts call for above-normal rainfall in Texas this fall and winter through the end of March.** He's counting on the El Nino weather phenomenon to trigger the increase in rain. But he's not mentioning the words "drought-buster." Stay tuned.

If you're planning to go to Austin-Bergstrom International Airport (ABIA) next week, it's best to avoid Monday, unless you really like crowds and long lines.

For the past two years, the Monday after the Formula One United States Grand Prix has resulted in **single day passenger traffic records at ABIA**. In fact, airport officials are gearing up to make it a bit easier for air travelers, such as setting up an alternative car rental return location. But still, you should plan to arrive two hours before your departure to ease your hassle factor.

A recent analysis reported there were 1,652,700 residential toilets in the Austin area, ranking #9 in the nation in the number of toilets per 100 people. Say what? You heard right. The area is flush with porcelain thrones.

Plunging deeper into the numbers, you find there are **91 toilets per 100 people in the Austin area**. The only city in the nation that handles its business with more residential toilets than people is **Boulder, Colorado with 102 toilets per 100 people**. **Miami scrapes bottom with a piddling 62 toilets per 100 people**. (In Miami, you'd probably have to stage a coup d'loo to get some throne time!)

Okay, okay, enough. But, you ask, who would conduct such an analysis? And why? **It's real estate-related. The real estate firm, Redfin, reports too few toilets in a home are often a deal breaker**. So it wanted to determine how many homes have residents dancing around yelling "hurry it up in there!" **So, Austin – once again – sits in another Top Ten national ranking**. And with growth and a hot economy supporting new residential building, the demand for toilets in the Austin area is lifting the lid (Groan! That's it. No more. Promise. Except, naturally, for a comment from Dr. Louis Overholster.)

Speaking of restrooms, **Dr. Louis Overholster** has a patient who was so exasperated at work that, on the day she quit, she pasted this sign on the men's room door: "This is the only room in this entire office where anyone knows what they are doing!"

Sincerely,



Editor/Publisher