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Dear Client:

In less than 30 days, the Austin City Council-approved increase in base electric rates for residential and commercial usage goes into effect. A look-back and a look-forward are quite illuminating.

But first, let's pick-up a point that needs to be highlighted – the high *rates* you pay each summer, compared to the rest of the year. If a residence used 3,000 kWh of electricity monthly **each summer when residents use air conditioning for relief from the oppressive heat, the monthly bill was \$332. But during the other months when a/c usage was not as necessary, the monthly bill was \$287.** The city's logic: when a customer normally uses *more* electricity, charge them a higher rate to force them to conserve.

The same logic holds when residential rates are increased in October. For the same 3,000 kWh of electricity, **instead of \$332 monthly for the old summer bill, the new summer bill will be \$426 – a 28% increase. The non-summer rates rise from \$287 monthly to \$362 – a 26% increase.**

Possibly recognizing the enormity of these rate increases, and possibly realizing that “summer” doesn't normally run for six months, **the City Council reduced the “summer” designation from six months to four.** The “summer” rates, going forward, will be in effect from June-September.

These are *base* rates. As you examine your monthly Austin Energy bill, you will notice a number of fees – such as “**regulatory**” charge and “**community benefit**” charge. They, of course add to your monthly tab.

Commercial electric rates also are rising for Austin Energy customers next month. And there is the same “discrepancy” between what commercial users are charged during the summer and non-summer months. Commercial summer rates are higher, non-summer rates are lower.

Commercial categories have a wide range of rate designations – too numerous to detail here – so **commercial customers should dive deep into the weeds to determine the impact on their monthly bottom line.** There is no question, it will probably be a hefty increase to the monthly electric obligation. The Austin City Council adopted these new rates June 7th 2012. The rates go into effect October 1st 2012.

September and October are the two months when the Central Texas area is at the greatest risk of ozone pollution of the air we breathe. High ozone readings will not only impact the health of many residents, but there could be economic consequences as well.

The US Environmental Protection Agency (EPA) has set nationwide standards for measuring ground-level ozone. **If those standards are exceeded, penalties may be imposed** on the five-county Austin-Round Rock-San Marcos Metropolitan Statistical Area (MSA). Historically September and October have been the months when ozone readings in the metro area have peaked each year.

In fact, the Central Texas Clean Air Coalition (CAC) points out **the Austin metro is only one high-ozone reading away from noncompliance with the EPA standards.** This could trigger sanctions in the MSA.

As an example the Coalition says **“if the ozone monitor at Murchison Middle School measures a daily 8-hour ozone average of 79 parts per billion or higher,” the Austin metro will “violate the standard.”** And the measuring “season” runs through the end of October.

The reason for this concern: **Saturday August 11th, Austin measured its highest 8-hour ozone average since 2003.** That was when the ozone monitor at Murchison measured **an 8-hour ozone average of 94 parts per billion.** Elevated ozone was also measured at other ozone monitors in Austin on the same day, but none nearly as high as Murchison Middle School.

If the Austin area receives the designation of “nonattainment” for ozone levels, **the impact of a high ozone average will be two-fold – economically and individually.**

The economic impact will be measurable if the Austin area reaches the nonattainment standard. The designation could make the Central Texas area **less attractive for economic development** and it would **complicate transportation planning.** Plus it would take any mitigation efforts out of local control.

This federal standard is health-based. **High ozone pollution puts at risk some of the most vulnerable Central Texans** – children, seniors and, most especially, people with compromised respiratory systems, such as those with asthma or chronic bronchitis.

The CAC suggests steps be taken to keep the pollution level low during this month and next — such as **drive your vehicle only when necessary and when you do, don’t idle the car while waiting** when the engine could be turned off to lower the amount of engine exhaust. Elected officials from the five-county metro area comprise the CAC. It is chaired by Travis County Judge **Sam Biscoe.**

Following a discussion of the Austin metro *air*, it's appropriate to check out the *water* situation. After all, it is dry and getting drier, following last year's exceptional drought.

Given the severity, the City of Austin continues to juggle water restrictions for its customers. **Just this week — September 4th, to be precise — Austin increased Stage One restrictions that have been in effect for six weeks to a more severe Stage Two.** The trigger for this move: the combined storage capacity of lakes Travis and Buchanan, sources for almost 900,000 water users throughout the area, dropped below 900,000 acre-feet.

A few weeks ago, the Austin City Council approved changes to the Water Conservation Code. The changes created **four stages that ramp up water use restrictions** during times of drought to maximize water conservation.

For the last six weeks, a two-day per week watering schedule was in effect during Stage One. Stage Two cuts the watering schedule back to once a week. There are other changes. Go to www.AustinWater.org for more details.

Austin area temperatures hit triple digits this week, increasing the evaporation rate of water in the lakes and on your lawn. **No significant rain has fallen over the entire area in quite some time.** And September traditionally is a hot month with the earliest recorded Austin freeze occurring in late October. Historically, conditions favor a continuation of the current situation.

This could change dramatically, however, if the remnants of a tropical storm or hurricane move into Central Texas. And September has proven to be an active month for such events. So, keep an eye on the tropical forecasts.

Bottom line: you need to be concerned about the area water situation, but **there is no crisis looming.** Just be thankful you're not in a much more dire situation such as occurred last year.

Speaking of dry conditions, a fire weather watch was issued Thursday for Saturday afternoon through Saturday night, due to the passage through Central Texas of a dry cold front.

You'll notice gusty and dry north-to-northeast winds Saturday morning that will increase in the afternoon creating **critical fire weather conditions.** Minimal relative humidities will drop into the teens and 20-foot winds will increase to 15-to-20 miles per hour. **These conditions will persist into Saturday evening** before winds begin to decrease and humidities recover.

Yeah, but what about the forecast that calls for isolated showers and thunderstorms Saturday? The Weather Bureau reports that "wetting rains will be very spotty." And, in fact, **"some storms Saturday afternoon could produce dry lightning which would ignite wildfires."** And, the Bureau added, **"any fires that develop will spread rapidly."** Be advised.

So, after the Dallas Cowboys beat the New York Giants this week, you may be thinking about a road trip to Dallas to see one of their big home games. If so, be prepared for the highest online ticket prices in the entire National Football League.

Oh, come on. How high can a ticket price be with the season just getting underway? Well, right now, the **asking price for one ticket for the December 16th game with the Pittsburgh Steelers is \$479.81. It is the highest price tag for an NFL game ticket this year.** Oh well, maybe you can drive across town and check out one of the Texas Longhorns' home games this fall where the most expensive ticket is \$95 face value for the West Virginia game October 6th.

Following a stinging defeat in his quest for the GOP nomination for the USSenate, Texas Lt Gov David Dewhurst says he will seek re-election. What are the implications?

The Lite Guv has been considered the most powerful Texas statewide office because, as the presiding officer of the State Senate, he **controls the makeup of powerful Senate committee positions and the agenda for any legislation that is proposed.** (This power has diminished somewhat due to the fact Gov **Rick Perry** has been in office so long he has appointed every single member of all state boards and commissions, where most have 6-year terms.)

Dewhurst keeps his power since his re-election announcement keeps him from becoming a lame duck. However, the announcement didn't discourage possible GOP challengers, Agriculture Commission **Todd Staples** and Land Commissioner **Jerry Patterson**. They both said they will run for the post in 2014. And State Comptroller **Susan Combs**, with a massive campaign war chest, is keeping her options open.

Speaking of politics, **Dr. Louis Overholster** likes this quote from **Ronald Reagan** on **Jimmy Carter**: "We have a president who doesn't allow alcoholic beverages to be served in the White House but whose aides smoke pot. That makes this the first administration in history that can truly be called high and dry!"

Sincerely



Editor/Publisher