SPECIAL MEETING OF THE CITY COUNCIL
OF THE CITY OF SAN ANTONIO HELD IN
THE COUNCIL CHAMBER, CITY HALL, ON
MONDAY, AUGUST 30, 1976.

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The meeting was called to order at 8:30 A. M., by the presiding officer, Mayor Lila Cockrell, with the following members present: PYNDUS, BILLA, CISNEROS, BLACK, HARTMAN, ROHDE, TENIENTE, NIELSEN, COCKRELL; Absent: NONE.

76-40 REQUEST OF CITY PUBLIC SERVICE BOARD FOR RATE INCREASE

The following discussion took place:

MAYOR LILA COCKRELL: Good morning. At this time, as the Council and the citizens know, the Council has moved to reconsider its previous decision to disapprove the requested rate increase for the City Public Service Board. I would like to ask the City Manager, do you wish to open up with any statements, Mr. Granata?

CITY MANAGER SAM GRANATA: Yes, Madam, I certainly would.

MR. BOB BILLA: Mayor, before he gets started, I'd like to ask a question if I may. What will be the order of business? I think that we have had, in my own opinion, citizen input. I think all citizens, as I am, are opposed to the rate increase but if it would please the Council, I would like to hear staff and other people and then for the Council to take upon themselves responsibility and come back with some sort of motion or recommendation that we could pass.

MAYOR COCKRELL: Just a moment. Was there a citizens to be heard roster posted? May I have the roster?

DR. D. FORD NIELSEN: I would, Madam Mayor, while they're securing that, urge the Council to move as quickly as possible on this.

MAYOR COCKRELL: I know we do want to move as quickly as possible. Let me see how many citizens have signed up and so forth. We had hearings, of course, on Thursday.

MR. RICHARD TENIENTE: Mrs. Cockrell, Madam Mayor.

MAYOR COCKRELL: Yes, Mr. Teniente.

MR. TENIENTE: We've got to work. I've got to do, as everybody else, we've got to just keep moving, but this is a good example. Right now this piece of paper, the type of information that we're given. Right as we're starting a meeting. Now, if this is something that has already been presented to us, then I'd like to be reminded of when it was presented. Again, we've got about 10 pages of information here that we're supposed to be able to read, if we could read, if we had taken that fast reading course and be able then to come up with a decision. This is a typical example of the type of information we've been getting. I just don't appreciate this. I wish we'd - we could have gotten it over the weekend. I'm sure this wasn't typed this morning.

DR. NIELSEN: Not knowing when this was typed, I think that we're going to get lost in the shuffle again if we argue over timeliness, untimeliness or whatever. I think we have got some facts to deal with this morning and let's just deal with them.

MAYOR COCKRELL: Now, in looking over this list of citizens to be heard, nearly all of these persons were heard on Thursday when we had the public hearing or public comment on this issue. The Council, of course, has the sign up sheet. I wonder in order to speed this up, if we could first give the Manager's presentation and then if we could possibly ask the cooperation in receiving comments and perhaps just one

representative of each group who is here and then those present who are in support of that position could stand, we will certainly know the impact that is supporting. But there are 15 persons registered and this is going to take, at the very minimum, I would say an hour and a half just to hear the same statements that were made last Thursday. What I would like to do is urge that we could condense this somewhat.

MR. AL ROHDE: I'm sorry I didn't.....

MAYOR COCKRELL: Excuse me, let me first call then on the City Manager for your comment.

CITY MANAGER GRANATA: Yes, Madam Mayor, thank you and with regards to, I'm sorry if this comes to you at the last minute. The staff worked with me Friday, Saturday and the last typing was yesterday afternoon late, right after the rain and it was impossible to get them delivered to you, and I apologize for that. And I proceed now with my statement.

"As The Council requested, I am reporting on several possible actions you can take on the CPS rate. This is a comparison of the impacts of these actions upon CPS revenues and upon the City payments.

I will compare rate increases of 6.6%, 5%, 4%, 3% and no increase at all.

6.6% Rate Increase

This rate increase is based upon the CPS long-term capital program, and is recommended by the Council's consultants, O'Brien and Gere. The City based its budget upon the anticipated increase resulting from this rate. Council was informed of this in budget discussions.

I did not consider this speculation. I had no reason to think that the increase would not be granted since it is necessary for completion of the coal plants and for continued participation by CPS in the South Texas Project. All actions by the Council indicates its approval of this participation. When the Council considered the last 60 million dollar CPS bond sale, it was told that some of this money would be used for the South Texas Project, and the bonds were approved on this basis. Last month, the Council approved the transmission line to bring the South Texas energy to San Antonio.

The rate increase will yield $17,238,000 to CPS and $2,682,000 to the City. If approved by six members of the Council, the rate increase can be implemented for the entire service area without approval by the Public Utilities Commission, and there will be no City budget cut.

5% Rate Increase

CPS advises me that they can effect an overall rate increase of about five per cent by implementing the proposed rate increase for electric service only, and leaving the gas rates at the present level. This will reduce CPS revenues by $2,960,000 and, under the present rebate ordinance, will reduce City payments by $494,000. The shortfall to CPS is relatively slight and will have no immediate impact upon its overall financing plan.

It has an added advantage in the fact that it can also be made effective for the entire service area immediately.

I like two things about this particular approach to a rate increase. One is the protection it gives to the fiscal integrity of the system and the other is the aid it gives the needy families of our City by keeping gas bills as low as possible.

4% Rate Increase

Before we go into the figures on this alternative, I must point out that CPS does not have a legal rate design or a billing system which could implement this rate before the end of the month. It would take at least eight weeks to develop and implement such a rate. This

would bring us past the deadline when the Public Utilities Commission assumes control, and Council approval would make it effective within the City limits. Hence, until the other cities and the Commission approved it, we would have a situation where San Antonio residents would be paying higher rates than those outside the City.

Since the rate would apply only within the City limits, and since there would be a two month's delay in billing, the gain to CPS would be only $8,102,000.

With this increase, CPS can probably maintain its capital program, but will have to come back for another increase within a short time.

As was pointed out last Thursday in the flow of funds chart distributed to you, and was contained in the blue book furnished the Council Committee several weeks ago, the bond indenture requires the income to CPS to be applied in a definite order of priorities. Most of the payment to the City has only fifth priority. Because of this, there will be a loss to the City budget far greater than a proportionate part of the drop in total CPS income. At the 4 per cent rate level, the City will lose $4,166,000.

3% Rate Increase

The same considerations that apply to four per cent apply to this rate increase, except that the impact upon both CPS and City finances is much greater. The gain to CPS is $6,776,000, and the loss to the City will be $5,939,000.

No Rate Increase

Due to the bond indenture, refusal to grant any rate increase would result in funds being transferred from City payments to the CPS Improvement and Contingencies Fund. The loss to the City budget would be $11,255,000, of which $8,573,000 would be transferred to CPS. The details of the loss from the current level of City payments can be found on Page 2 of the green book which was transmitted to each of you in July by CPS.

If the rate increase is denied, or if an increase is granted which results in loss of revenue to the City, the Council has two choices:

1. Increase revenues from other sources. Obviously, the ad valorem tax would be the principal, or sole, source.

2. Cut the budget by the amount of the shortfall.

To yield the amount needed, we can either increase the tax rate or increase the basis of valuation. It might be better to seek a combination of the two. We can expect revenues from CPS to continue to decline, resulting in the need for further tax increases in the future. A tax rate which does not approach the constitutional limit of $2.50 too closely would be the safest way, if the Council elects to go this route.

As an example, a 28 per cent increase in taxes would be needed to offset the $11,255,000 shortfall in CPS payments resulting from no rate increase. If you chose to only increase the tax rate, an increase of 47 cents would be needed, or a rise in the rate from $1.65 to $2.12, per 100 dollars evaluation.

If the Council grants a rate increase less than the requested 6.6 per cent, the resulting shortfall to us will be less, and the necessary offsetting tax increase will be smaller.

If the Council decides to cut the budget, I will prepare a plan for this and submit it to you for approval. Most of the cut will have to be made by separating personnel and this will involve a great many considerations including Charter requirements, personnel rules, state laws, federal laws, EEO guidelines and other things over which we have no control.

I will mention that all activities and services will not be reduced equally. Those involved in protecting persons, property and public health will be relatively untouched, while less essential ones will be reduced more severely. It will be similar to the plan for a budget reduction which the Council rejected at budget time.

As an example, Parks Department submitted a plan for reducing its budget to 10 per cent below last year's level. If called for, one hundred seventy-two full time and thirty-three seasonal positions eliminated, drop selected recreation programs, reduce operational hours at recreation centers, swimming pools and golf courses, reduce security patrols, eliminate selected maintenance functions, and drastically reduce the remainder of the maintenance operation. New facilities slated for completion during 1976-77 could not be opened, operated, or maintained.

Regardless of the Council decision, it must be made today, because of the way in which City finances are structured. As you know, we live most of the fiscal year on bank loans which are paid back when taxes come in. Section 8 of the contract with Frost National Bank is of great concern to me. It reads as follows:

> Section 8. In order to deal prudently with the possibility of tax strikes, or litigation over payment of City taxes, or any other obvious material failure of the City to receive budgeted income on a timely basis, it is understood that the bank is vested with the right to determine for itself when and to what extent such conditions do exist, and to suspend further advancements on loans of money until, in the bank's judgment, the City has appropriately and effectively adjusted its budget to the existing conditions and maintains its ability to repay its loan.

This could result in the bank refusing to make further advances and leave us without funds to meet the payroll.

My recommendation to you is that you follow the advice of your own consultants, O'Brien and Gere, and approve the 6.6 per cent request. Failing this, I recommend the CPS plan for an approximate 5 per cent increase, as being in the best interests of the public, the City and the system. To do otherwise will place a burden upon citizens of San Antonio that is not borne by residents of the bedroom cities.

(Mr. Granata then read figures taken from the Bond Indenture Flow of Funds Chart. A copy of all the attachments, which includes I, II, III, IV, and V are included with the papers of this meeting.)

That concludes my statement.

MAYOR COCKRELL: All right. Now, in addition to the impact of this particular item on the City budget since we're discussing all this in relation to the City budget, there's one other item that is imminent and I want to ask you to have your staff comment on this. On September 1st, the City Public Service Board is scheduled under present legislation to go under the Public Utilities Commission. The same law that passed that would place it under the Public Utilities Commission also stated that school districts and the hospital districts would not be subject to payments in lieu of taxes. Now in terms of the impact of the loss of those funds, or the potential loss of those funds, have they been computed as to their relation? As I understand it, those funds were also included in the proposed City budget and do we have any estimate of what the potential loss there is assuming that as of September 1 we go under the Public Utilities.

CITY MANAGER GRANATA: Yes, $700,000.

MAYOR COCKRELL: $700,000. That would be in addition to the $11 million.

CITY MANAGER GRANATA: $11,255,000 with no increase in rate. That's right.

DR. NIELSEN: Well, that's in addition to.....

MAYOR COCKRELL: And those funds were also included in the proposed budget.

CITY MANAGER GRANATA: That's correct. As though we were going to get them as revenues, the school funds, yes.

DR. NIELSEN: (Inaudible).....

CITY MANAGER GRANATA: Yes.

DR. NIELSEN: But since then now beginning the first of September, they're keeping those funds in an escrow account until this is all resolved.

MAYOR COCKRELL: The situation, though, is not only the lawsuit which affects the past but how the law reads in relation to the new Public Utilities Commission. All right, yes, Mr. Hartman.

MR. HARTMAN: Yes, Madam Mayor. First of all, I would just like to point out one thing that I think, perhaps, leads to some of the confusion we run into from time to time. On the second page, the statement is made once again at the top of the page, this rate increase will yield $17,238,000.00 to CPS and $2,682,000.00 to the City. Now that is the figure I think has been in everybody's mind and I know was in the discussion quite to an extent during the several weeks that we reviewed this, that there would be - that the yield to the City would be $2.6 million. That is the statement that was made here. And yet, the fact is that the rate increase will actually spell a difference of $11 million as far as the City budget is concerned. I think that is the area of confusion that got us in the pickle that we were in Thursday. That's part of my point, Madam Mayor, is the fact that these points have to be explained fully. I think that's the difficulty here.

I would like to go on to say, Madam Mayor, the alternatives that are indicated here, in terms of what can be done with regard to the budget, are the two alternatives with regard, basically, to raising the tax rate and, secondly, expelling a number of employees. These are, indeed, the two most harsh alternatives that we could consider. Inasmuch as Reverend Black stated Thursday, our review here this morning will be in the context of addressing the budget primarily and then relating that to the Flow of Funds from CPS. I think that there are other areas of the budget, I would hope, that we could also look at. I would think, perhaps, in terms of projected purchases of new equipment or other expenditures that could, perhaps, in some way be delayed and these are matters, and again I don't know what the impact would be on the budget, but I would certainly hope that we could look at some alternative that would not be (inaudible). But I do wish to call out to the fact that in discussion of this type, the average citizen, I am sure, is totally confused by how the Council seems to get so totally fouled up from time to time, but when a statement is made that this would yield to the City $2.6 million and we find ourselves in $11 million deficit, it is awfully hard to reconcile those two, particularly in the press, that these discussions take place from time to time.

MR. BILLA: Mayor, may I say something?

MAYOR COCKRELL: Mr. Billa.

MR. BILLA: This Council has been advised by the Manager on previous occasions that it had not received payments from CPS because of the priorities of the payment and that it's very obvious to me if they don't have a sufficient flow of funds and we're last in priority of payments, that we're going to have a shortfall. But we have been advised on previous occasions that the CPS had not made its payment to the City because of the flow of funds.

MAYOR COCKRELL: Dr. Cisneros.

DR. CISNEROS: I have a question here. Sam,a factual point here - could you explain - we had it explained before but could you explain the top paragraph on page 3 (of your statement) the discussion about exactly what it means to come under the Public Utilities Commission. What you described here is, as I understand it, but there is another element about the fact that we wouldn't come under the Public Utilities Commission as far as rate analysis is concerned unless CPS appeals because they quarrel with some rate decision as far as the City of San Antonio is concerned. Can you clear up that whole question of precisely what it means to go into the Utility Commission and why the rush and all of that?

CITY ATTORNEY PARKER: Well, as of the first of September, the Public Utility Commission assumed certain jurisdiction as far as rates are concerned. Up until September 1st, 1976, the City Public Service Board was setting the rates through the City of San Antonio. With the advent of the first of September, 1976, each city in which the City Public Service Board operates will have the initial or primary jurisdiction to set the rates as far as electrical. The gas comes - I mean for everything within the City - the gas outside of the City limits does not come under the Public Utility Commission. That comes under the Railroad Commission. So, you're going to have to go to another body at that point in time to get any approval of that rate. There's a procedure set that you post notice with them for 35 days and then you have to go through a bunch of public hearings and so forth after that, Henry.

DR. CISNEROS: (Inaudible)

CITY ATTORNEY PARKER: Actually it's anything below the five. It's my understanding from Public Service that it will take them approximately six weeks, as I recall correctly...in that framework to program their computers and their rates.

DR. CISNEROS: (Inaudible)

CITY ATTORNEY PARKER: They couldn't - they could not get the bills up. Their problem is that they would have to have in the mail...

DR. CISNEROS: Do the bills have to be mailed out or the rates have to be set?

CITY ATTORNEY PARKER: Well, the rate has to be set and has to actually be mailed to at least one district. That's what they were planning on doing tomorrow. If there was a rate approved today, that their computers can handle, then they would have mailed out bills tomorrow to comply.

MAYOR COCKRELL: May I just...yes, certainly.

DR. CISNEROS: I'm still having a little trouble with that. In other words, if we establish a rate which meant (inaudible) three or four something like if we establish that rate and mail it out tomorrow to the citizens of San Antonio, I liked the fact that there was not - the computer was not geared up to mail the OCL part of it.

CITY ATTORNEY PARKER: Would not meet - I don't think the problem they've got is also that the written part of the ordinance could not be prepared. They say is beyond their capability to prepare all that. Saturday morning is when we talked about that.

CITY MANAGER GRANATA: Don Thomas is here. Don, can you help out a bit on that, please?

MAYOR COCKRELL: Let's see, as I understand it, the reason - well, the reason the five percent can be applied is that an overall average of applying the rate increase to the electric only and following the computations that have already been done from electric only, but not applying

it to the gas. On the others, you don't just take all the bills and, say apply three percent, it's involved in the actual computation that's run - Mr. Thomas.

MR. DON THOMAS: Right, Mayor, and that's a very good question. Of course, what has to be done to prepare a rate is, of course, you have to go back to your cost study, distribute what money you have to each of the classes to make sure they're fair between the classes. So, that's the first step that has to be done. Then, you have to develop a schedule. You know a rate has several steps. You don't just change the step because there's a relationship between the rates. For example, so that you don't have commercial customers going on the residential rate and back and forth. Then you have to plot them, you know, make sure that they compare to one another. Then, you have to prepare the necessary ordinances. The only reason that we can implement something like the five percent, if you recall, we provided the Council two packets. One was the proposed rates and the other was the restated rates. We took the precaution to go ahead and start programming the restated rates because at that time when we started, the lead time was already beginning to get us on the programming. So, we did take steps to program the restated rates, which is effectively putting in the higher price of fuel on electric and gas with no rate increase. So, we happened to have that set of programs ready and that's the only reason we could implement that. The rate sheets were all ready if you'll remember. The other booklet, the smaller of the two booklets, the rate sheets were already prepared and all of the work had been done prior to filing that with the Council. So, that's the only reason why we could even possibly implement that. I don't know whether that really answers your question, Dr. Cisneros. But see, we read some meters today. We're reading meters today and we will bill - we are scheduled, and of course, we just have to make these assumptions and they're assumptions that the Council has the prerogative, of course, and starting at noon today some of those books will come in and we'll start this afternoon. Well, we have from a programming and billing point of view, we really have three basic options. We can bill the 6.6, we could bill the 5 or we could bill the old rates. The problem with the 3 or 4 is that we just don't have any rates ready for that sort of thing. Just talking about the options without indicating the technical problems.

MAYOR COCKRELL: Couldn't you also, by billing the old rates, are you talking about the old rates restated or the old rates as they were?

MR. THOMAS: I'm talking about the old rates restated. You see, I thought that they would be - if it did go then, it would seem that the Council set, I believe a week or so ago, the objective that they wanted the level brought up to $1.75. It would seem that following that, that the Council would probably, it seems to me anyway, from what they said earlier, that they would want the restated gas rate rather than the current rate. It produces no more money to CPS. It would produce no increase to a gas customer. It's just a restatement of the rate.

MAYOR COCKRELL: All right. With that other - yes, Mr. Billa.

MR. BILLA: Mayor, I just want to say one thing and I want to remind this Council that we passed these incremental rate increases. The Water Board came in and asked for a thirty percent rate hike, which I wasn't in favor of, but there's statistical data indicating it was needed and I made a motion to approve that to be through with it. So, we messed with it for ten months and give them incremental increases 19 and 10 percent, which actually amounts to 30.9 increase and all they asked for was 30. I think that the CPS has come to us with sort of a bare bones request. I mean, just the fact that it's an oddball figure like 6.9 suggests to me that they have looked at every aspect of this thing and tried to get it to the lowest possible figure. We've spent $256,000.00 on O'Brien and Gere consultants. That's previous Council and this Council, and they come up with a recommendation that this rate is needed to have a viable company. I'm opposed to a rate hike, most definitely opposed to a rate hike, but here we get down to the wire and not because we haven't had good

staff input or the CPS hasn't kept us apprised of what's going on. We don't recognize inflations occuring, we've given everybody a raise increase or a wage increase, rather. And now we accuse the Manager of not being efficient, but also expect him to be a magician. We grant these rate hikes and don't tell him or won't let him get the funds from where they're available. So, I think that we have to vote for this 6.6 rate increase or at the very minimum, 5 percent, and it's going to be an incremental increase, and it's going to wind up as being more than the 6.6. So, I'm ready to move on the 6.6, as unhealthy politically as it is, but I think it's essential that we do this.

MAYOR COCKRELL: All right. Now, there are some citizens who are registered. There are several speakers, in some cases, from individual organizations. We're going to ask if you can possibly do it to combine speakers. First, there are a group of five speakers registered from the COPS organization. May I ask, is it possible for you all to combine the speakers anyway? Mr. Castillo.

MR. RAMON CASTILLO: No, Madam. We would rather have all five to speak. We have a big problem here and I think that you should listen to the five speakers that we have.

MAYOR COCKRELL: Well, if you insist on taking your five, then we will have to take the whole fifteen, and that means that the Council will be here for quite a long time and the Council Members listened to everything you had to say on Thursday. Mr. Castillo, then we will listen to the citizens. Go ahead.

The following citizens spoke in opposition to the proposed rate increase:

Mr. Ramon Castillo
Ms. Beatrice Cortez
Ms. Inez Ramirez
Father Benavides
Ms. Beatrice Gallego
Mr. Milton Brenner
Ms. Thelma Brenner
Mr. Gunter Krellwitz

Mr. Brenner read from a prepared statement, a copy of which is included with the papers of this meeting.

The following citizens spoke in favor of the proposed rate increase:

Mr. Mike Morrow
Mr. Henry Munoz, Jr.
Ms. Linda Ramirez
Ms. Helen Dutmer
Mr. Walter A. Bielstein

MAYOR COCKRELL: All right, we have now completed the citizens to be heard. The Council needs to take action. At this point, as all of you know, last Thursday I voted for the 6.6. However, my recommendation at this point to the Council is that, in view of where we are, all of the contingencies, and in view of the fact that the majority of the Council had desired if possible not to have any rate increase, I would recommend that we have the alternative of the 5.5 which would give no rate, 5 percent, excuse me, 5 percent, I don't know where I got the 5.5. 5 percent which would mean no increase at all on the gas rates and we feel that the burner tip gas impact is where the persons with more income probably are hurt the most in that they do not use as much electrical air conditioning as they use gas heat in the winter. So I would recommend that we go the 5.5 alternative raising the rates on the electric and having no increase on the gas but having the new integrated rate structure as the CPS has computed. Now, that would just be my recommendation to the Council.

REVEREND BLACK: Before we get into the concrete recommendations you are making, I would like to raise one or two questions on this. In this paper that was prepared by the Manager he has indicated that the rate increase was based upon CPS long term capital program. Now, we will remember on Thursday that the cutting edge of the decision that was made was at this level on the capital, on the long term capital program. Now, what I am really asking because there has been and I would not like to be caught in this same situation again, there has been indicated that there is a 12 percent request that is related to this. A continued request so long as we do not deal with the long term capital program. Now, it seems to me that while we are dealing with the problem of the increase in the City, the needs of money in the City budget, we are also not dealing with the basic capital long term capital program which will of course, bring us up at the next point where we will be making a request for 12 percent increase and then on top of that another 12 percent increase. Now, my problem on this is that - are we on a train that we can't get off? Are we, you know, on a merry-go-around that there is no way to get off of this except to - because it is all tied in with the potential needs, economic needs of the City budget. Is this 12 percent that we have been talking about and that CPS has indicated they are going to need, is it also, will we also be against facing the problem of whether or not we are going to eliminate personnel or else we have got to give that 12 percent? Because, somewhere along the line, and this is possibly where my failure to examine this with as much care because I have had in the very beginning a great concern for the South Texas Project, which is indicated by the official vote that I made when the South Texas Project was considered under the other Council. I have tried to voice that position at other times, recognizing that we were caught up in it. Now, how do we deal with this? I just simply like to get some Council, how do we deal with the basic issue that is expressed on the 6.6 rate increase, long term capital program and also deal with the fact that we are not at the same time committing ourselves to these additional 12 percent increases that are coming in the future because if this is true, we need to say it that this is where it is tied, it is tied to the budget, that we cannot get away from the 12 percent increase as a part of the series of increases that are ahead of us and we have been advised by CPS that that is where it is. So we are not just voting on a 6.6 increase. I would like to have that clearly understood. We are voting on and if we vote on a 6 point increase, we are voting also on the additional 12 per cent increase and the additional 12 percent increase that is coming on then. And how do we deal with that?

MAYOR COCKRELL: All right, I think I will answer that, Reverend Black. The City Public Service has given you those projections because it does not want to be in the position of trying to hide the long term needs and I think that that certainly is commendable that they would very truthfully say this is what we anticipate. However, it is certainly true that each rate increase has to be considered on its own merits. Now, we have stated at the request of both you and Mr. Hartman that we would have a review of that nuclear commitment. Now, I strongly favor the nuclear commitment and at this point have no reason to believe I would change my mind. But at your request and Mr. Hartman's, we are going to review that. As we all know, it is a capital intensive program where the cost of the plant is high. It has to be borne. The bonds have to be paid for and assuming

that we continue with that commitment, the projections that had been given us are accurate. The only change I can see would be if we make a decision to change that position. Now, the reason, as we all know, that we have gone into that decision is because, based on all the projections that we have, that the cost to the citizens is going to be less when we get on the nuclear fuel. And so, we are making a higher capital investment on the substantial hope and projection that we are going to have a lower cost energy available. So, that is where we are. Now we are committed to having another review and another look at that program, but the only way that I know that the projection would change would be if either we changed our capital program or if there were some other factors that would affect us that we don't know about now. But your vote today simply is on this particular rate increase but with full knowledge of what projections have been made realistically.

REV. BLACK: Well, then am I to understand that there is associated with this a commitment on the part of this Council to deal with the critical issue that is related to this increase which is the long term capital program. Now, I don't know how this affects the additional expenditures of CPS and that operates on this 6.6 increase but I certainly am concerned that that somewhere along the line this Council commits itself because that is where it is. It seems to me.

MAYOR COCKRELL: Well, we have, of course, had a complete review but as again, I think the Council has made a commitment to have a review once again of this area. Dr. Nielsen.

DR. NIELSEN: Just very quickly, without belaboring the point, I want to pick up on Claude's symbol, you know of the train on the track. I think we are stuck at right now is whether we are going to slow the train down a bit or whether we are going to derail it. Very candidly, not granting even 5 percent, at least temporarily, derails the train. There is no question about that. I think that would be irresponsible.

MR. HARTMAN: Madam Mayor, I think, once again, we find ourselves confronted with the situation that has both long term implications, one area of which Reverend Black has pointed out, as well as short term implications, and once again we seem to be dealing with both of these parts together with short term expedience. We have seen the message from the Manager here which indicates to us some alternatives that we have. Once again, dealing strictly with, over the very short term. We have not looked at other options that certainly are germane to this issue. We have, for example, not raised one time this morning the question as to what kind of help can we provide to those people who simply will not be able to pay this rate. There has been no discussion this morning as to what kind of relief or plow back we can provide for those who simply are not able to pay their bills now. I think that is a very key question. This again is a short term matter but I think it needs to be dealt with at this time. The long term capital matter that I brought up Thursday and which Reverend Black has brought up again this morning, I am hopeful that we can tie any action we take today with an absolute commitment that we are going to look at those long term capital matters. I think also that any action we take today must absolutely must look at alternatives other than those that have been presented here. I say it again, this is not the full spectrum of alternatives that we have before us. I think there have been some other areas identified for possible consideration. I think that any matter that is as serious as this, that impacts as broadly as this, we have to look at something else beside saying either we take the 6.6 percent or we take the 5 point percent or we lay off 1200 people and we raise your tax rate. That to me just doesn't seem to be the full spectrum of alternatives and I think we have got to come to grips with it.

MR. BILLA: I wanted to say this that I think that the 6.6 is essential, and based on what CPS's projections are there, I think it is in accordance with what Mr. Hartman fully recommends all time that they have a plan and unfortunately, the plan is escalating in costs. I think that we do have options and alternatives. I think that it has been very clearly stated and that we need to either vote on the 6.6 or whatever alternatives we have in the lower spectrum or vote against it and take the consequences. I am prepared to do that now.

MAYOR COCKRELL: All right. Dr. Cisneros.

DR. CISNEROS: Mayor, I am not prepared to do that until I have some questions answered and I am sorry that this is going to delay the process a little bit to ask some questions and I don't know what the vote is, and who is favoring what. But until I get some questions answered, I am not going to be able to vote for any increase. So, the questions are.....

MR. AL ROHDE: I'll stay here all day for you my fellow Councilman.

DR. CISNEROS: The questions are again to get this situation straightened out on the Manager's suggestions about what 4 percent would mean. The Manager says that 4 percent would yield the utility $8,102,000 because you could not apply it to outside the City limits, because the billing would not be possible by the end of the month and that at the 4 percent rate level the City would lose $4,166,000. Now, it also indicates in direct opposition to what Dr. Nielsen said a moment ago about how the train would be derailed if we went with 4 percent that with this increase CPS could maintain its capital program. So there is no derailment that would occur because of the 4 percent.

DR. NIELSEN: (Inaudible).

DR. CISNEROS: All right. Now the question then becomes, this whole business of the Public Utility Commission and I am sorry, but I am just not clear why, what the problem is, after the 1st of September.

MAYOR COCKRELL: All right. May I just explain the way I understand it and I hope I understand it correctly. If the rate - the City has still original jurisdiction on its own rate and if we pass a rate increase that affects the City limits we do not have the authority then for that to be, to apply throughout the system. The other individual cities would have the right to request rate hearings in each of their cities and in addition, the Public Utilities Commission would have original jurisdiction in the unincorporated areas.

DR. CISNEROS: So, the question is so what?

MAYOR COCKRELL: So, it would require all of those individual rate hearings, it also, of course, requires City Public Service.....

DR. CISNEROS: What would happen in the interim, there would be no increase.....

MAYOR COCKRELL: There would be no increases, that's correct. Until all of those rate hearings have been affectuated.

DR. CISNEROS: But even if there were no rate increases in those other areas, the CPS take would still be $8,102,000, is that correct? And they would still be able to do the capital programming.

CITY MANAGER GRANATA: That's as I understand it, yes, sir.

MAYOR COCKRELL: But only the citizens in the City limits would pay it and the people outside would be exempted from the rate increase.

CITY MANAGER GRANATA: That is correct.

DR. CISNEROS: CPS is absolutely certain that there is no way that the programming can be done. Is that correct?

CITY MANAGER GRANATA: Let's ask Public Service, they are the ones that give us the information.

MR. PYNDUS: Stay with that question, I'd like to have it answered, Mayor.

MAYOR COCKRELL: Fine. Mr. Don Thomas is coming forward.

MR. DON THOMAS: Dr. Cisneros, I think I have to categorically say it cannot be done. I do that knowing the pressure that that places on the Council and the pressure that is placed on me by saying it. We have worked approximately two months having about 6 or 7 of our very top analyists just to get ready in our billing system to implement the 6.6. We took the precaution because of the time frame to also in duel process program the restated rate. If it were not for that just taking the precaution, we wouldn't even be able to even recommend the 5. We are not recommending the 5, you understand, but it is offered in the interest of options for the Council to consider.

DR. CISNEROS: Let me ask you this. To make it legal, all you have to do is to apply it to one district, is that correct? Would it be impossible to compute a billing for one district?

MR. THOMAS: We have about 12,000 bills in each district, Dr. Cisneros. Someone suggested why don't you compute them manually? I don't know if you have ever seen what 12,000 bills look like...or what it takes.....

DR. CISNEROS: But, what I am saying is even if it causes a delay beyond the first day, is it not possible to do a crash program for one district?

MR. THOMAS: We are on a schedule that we, of course, have waited until the last day, I mean, not because of any particular reason but that is where we are. We are going to have a tremendous problem just getting the bills postmarked by tomorrow. Now, it is my understanding from a conversation I had with commission staff and our attorneys have had prior conversations, of course, they can't make a ruling because we haven't asked them for a ruling. But we asked them specifically what constitutes implemented. It is my understanding that one of the staff members considered it as a serious enough question to ask the Chairman of the Commission what constituted implemented. He says in his opinion it had to be billed and in the hands of the customer. That is the basis of which we are going on. It is the only information that I have, it's been checked a couple of times, informally, that's all I know about it.

DR. CISNEROS: But the prime problem then is just the question of whether or not there is going to be some difference between the City, in City rate and outside the City rate during the time in which this matter is being appealed or whatever.

MR. THOMAS: Well, it is our projection, it is our projection, it took us about 3 months of staff work with consultants working full out about 6 people to put together the proposed 6.6. Three months. Normally, I tell management six months is the minimal to put together a set of rates. Since we have some information, I cut that in my projection it takes two months to put together a set of rates that would yield a certain money. Certainly, you can put together a rate package very easily and you might yield 3 percent or you might yield 6.6 anyway. I would not think that would be the desire of the Council to put together that kind of a program. In order to do that you would have to take the time to test the revenues, make sure, and then we have to look who is going to get the increase. I think Mr. Krellwitz' illustration is vivid in rate work. You can get an increase a lot of different ways but how it impacts, that has to be checked out. And this is the technical problem in rate design that you run, particularly in electric rates.

MR. BILLA: The explanation that he has given it seems like in trying to lower this rate or not implementing would just penalize the citizens of San Antonio only and the other people living outside the City have the advantage.

MAYOR COCKRELL: Mr. Pyndus has had his hand up.

MR. PYNDUS: Don, if - can you tell me the legality of, in order to meet the deadline we give you the rate that you requested, in order to meet the deadline, and to carry this rate a sufficient period of time for you to recalculate so that we can reduce that rate legally down to the point that we want it.

MR. THOMAS: All right, Mr. Pyndus. The mechanics you suggest is that we go with the rates we have ready and then we go to work on some different rate that produce the less revenue.

CITY MANAGER GRANATA: Okay, if you're ready yes.

MR. THOMAS: All right, we would put it into effect at this point all the mechanics of that, I think we're down into mechanics to a large degree. You put that rate into effect, then you go into study, two months, three months, whatever it turns out to produce a lower rate which I presume that would be the thrust of your question. We come up with a new set of rates. At that point we would have to come back to this Council. They would adopt a new set of rates. We'd have to go to the other 23 cities and they would also have to adopt that rate. We'd have to go to the Public Utility Commission to get the rate adopted in the unincorporated areas. Then after everyone approved that, then we could reinstigate a new rate that would be consistent overall, if I follow the thrust of your arguments. I predict that would be about a year.

MR. BILLA: Mayor, before I forget, I want to say one more thing. I'm prepared, based on the statistics that I have and the data and so forth, I have to vote on the 6.6 provided the City and this Council take the position that once it reaches that plateau of revenues that we have projected in the budget, that no further monies be received from CPS and that that amount be returned to the citizens in a reduced rate for those periods.

MAYOR COCKRELL: Dr. Cisneros.

DR. CISNEROS: Okay, I still have a problem with this. It seems from what this paper reads and from what I've heard you say, that four per cent would be sufficient to do the capital program.

MR. THOMAS: No, sir, I would not draw that conclusion at all.

DR. CISNEROS: Well, that's what this paper says.

MR. THOMAS: This paper says that there's enough money to generate funds for the City at 4 percent. If you'll recall, it says there that it generates about $8 million I believe to City Public Service. If you'll recall, our expected yield from this would be about $17 million. We would get about half of what our expected yield would be. I think there's a further statement in there that undoubtedly this will accelerate the need to come back to this Council at a very short possible time. We are hopeful...

MR. BILLA: But the word probably is prominent in the statement. It's probable.

MR. THOMAS: That's a very important word, I think. Now, as the Mayor has so aptly put, this rate increase has to stand on its own but all we can do is lay out the projections as best we know how. Certainly, we don't want any more rate increases and we've just shown that again to lay out. Now what I should mention in a little answer to Rev. Black's statement earlier, I mentioned the other day that those were 12 percent in there. I was incorrect there are 15 but that's on the base rate. In the terms of the total bill would be more in the order of 5 percent. But what you also have to look in that picture which doesn't show as dramatically is that we're tilting the base rate up but the fuel cost is coming down and that would not be the increase on the total bill. I think that's fair also to say that.

DR. CISNEROS: Can you answer some questions yes or no real quick here. The inclusion of the $1.75 base rate, is that part in parcel of the ordinance that we'd be passing?

MR. THOMAS: That's correct. Both electric and gas.

DR. CISNEROS: So that is changing. The inverted rate structure, how much is there, by way of inversion in there?

MAYOR COCKRELL: It's flat.

MR. THOMAS: The residential electric rate is a flat rate in the summer. It has a ratchet effect in the winter which for those customers that have heavy use in the summer and low use in the winter, they do provide some inverted rates. And those that are flat, it's a flat rate.

DR. CISNEROS: What are plans for removing toward greater inversion? Are there?

MR. THOMAS: Excuse me.

DR. CISNEROS: What are our plans for moving toward a more inverted structure?

MR. THOMAS: Well, I think that you'd only have to look back, let's see, in '74 and '73, we had a rate structure that had declining blocks that went from five cents down to 1½...and in two rate steps now we have moved from five steps declining structure to a single flat step.

DR. CISNEROS: What are our plans for moving toward this?

MR. THOMAS: Well, our plans would be to look when and if we have to have another rate increase which I hope is a long time off. Our projection is about 3 years, is to look at the technology at that time, look at the costs and at that time make the decision what kind of rate structure to move to. I'm not sure inverted rate would necessarily be the way that you'd want to move. You might want to move to a time of day rate.

DR. CISNEROS: All right, what kind of peak pricing demonstration of the order that we talked about are you all planning to undertake?

MR. THOMAS: We have no immediate plans since we were not awarded the FEA grant to do any time of day testing except within our very limited testing program.

DR. CISNEROS: Which you said would be about 300 customers if you did that on your own.

MR. THOMAS: No, we only have about 50 meters now. There would be about 50 or 60 is our limitation now.

MAYOR COCKRELL: I do point out, some members of the Council have advised me that they're going to have to leave and we do need to move toward a decision.

MR. BILLA: Mayor, if I can just please ask one more question, if I may and I promise you I won't ask another one.

MAYOR COCKRELL: All right, Mr. Billa.

MR. BILLA: It pertains to this 6.6 rate hike. Is there any provision in there that will anticipate a wage increase in the future? For the employees?

MR. THOMAS: The preparation, of course, Mr. Freeman and Mr. Spruce could speak further on this, if they want to walk up here. But in the preparation of the budget and the projection, there is an anticipation of inflationary factors which would include wage increases in our labor components and the budget projection remaining on those basis as outlined.

MR. PYNDUS: Don, may I ask you another question, please? In the technique of an increase, what is humanly possible to provide before September 1st, other than 6.6 by your utility?

MR. THOMAS: I think I've indicated to the City staff and my management as the only possible alternative that we can do is the 5 percent.

MR. PYNDUS: I see, that's the only possible alternative.

MR. THOMAS: Mr. Pyndus, there is just no other way, I'm very sorry to have to say that, and it's not a pleasant position to be in to say that, but we are at that point, in my opinion.

MR. PYNDUS: Thank you.

MAYOR COCKRELL: Mr. Hartman was next.

MR. HARTMAN: Yes, Madam Mayor, I would like to - Don, if you'd come back to the microphone again.

MR. THOMAS: I'm not trying to run away, Mr. Hartman.

MR. HARTMAN: I realize that you become accustomed to getting solid information from questioning and that's the reason I want to come back and stay with me. I'd like to pursue the point that Mr. Pyndus raised a moment ago with regard to what, in effect, is an imterim for a rate increase. I would like for the City Attorney also to tie in very closely with this. Just to go through the scenario. First of all, is it legal and ethical to establish a period of time during which the rate increase would be effective say for a three month period of time, strictly for the purpose of examining the many alternatives that we have postulated here with the full understanding that that rate increase would be effective only for that period of time? Strictly because we're found in the debacle here of statistical manipulation. How would that wash within the structure of the Texas Utility Commission?

MR. THOMAS: Let me give you two answers as briefly as I can on those, Mr. Hartman. It is not totally uncustomary, I wish I could say it was, for a commission to grant rate increases under - while they're under review pending the final outcome.

MR. HARTMAN: Now run that by again.

MR. THOMAS: Some commissions across the country, if they can't hear the rate case in a certain period of time, will go ahead and put the rate increase into effect subject to the final order. It seemed like to me what you're suggesting is something of that - might be something of that version, you put it into effect subject to some final determination which may or may not change it.

MR. HARTMAN: Well, I'm not suggesting, I'm exploring this as an alternative.

MR. THOMAS: Well, it is an alternative I believe you could consider.

MR. HARTMAN: In other words, it could be for a specified period of time, not to exceed.....

MR. THOMAS: I can't speak specifically whether it could be for a specified time. You certainly can put it into effect and the Commission having regulatory authority can review the rate at any time.

MR. HARTMAN: Okay. But let's carry the scenario to the extent that effective 1 September, the Public Utility Commission, of course, has purview so that at the end of that 90 day period, this Council would, of course, have no further impact except with regard.....

MR. THOMAS: In the City of San Antonio. You limit your...impact.

MR. HARTMAN: The interim rate increase applicable outside the City limits would run out and at that point in time each of the municipalities, separately incorporated municipalities then would act on their own and then go to the Public Utilities Commission.

MR. THOMAS: For the unincorporated.

MR. HARTMAN: And, well, unincorporated of course would be under the Public Utilities Commission.

MR. THOMAS: Right from the beginning.

MR. HARTMAN: Right off the bat. In other words, they would have initial jurisdiction. So, in effect then, that would put the City of San Antonio in the position of dealing with this rate increase only unto itself and would leave the whole matter...In other words, the interim period would run out. It would revert back to the present rate.....?

MR. THOMAS: No, I don't think that the Council - presumably if you took that course, you approve a rate now and at the end of the period of your study could approve a new rate. It could be the current rate, it could be the same rate or anything in between. In other words, you would approve a new rate at that time whatever it would be. It might revert back to the current rates, it might be the 6.6, it might be something in between.

MR. HARTMAN: But it would be the Public Utility Commission that would be acting at that time.

MR. THOMAS: No, you could act for the City of San Antonio.

MR. HARTMAN: Okay, only for the City of San Antonio.

MR. THOMAS: But that distinction is.....

MAYOR COCKRELL: Mr. Reverend Black.

REV. BLACK: Mayor, I'd like...you have proposed the 5% rate increase on the electric service only.

MAYOR COCKRELL: No, actually it's the 6.6 on the electric and none on the gas. But it averages out five percent overall.

REV. BLACK: All right. Fine. Do you have any kind of dollar expression on what would it do to the average bill on that? Do you have that?

MAYOR COCKRELL: Well, it would not change the gas bill. It would then have the effect on the total electric bill, yes. Mr. Thomas.

MR. THOMAS: In one of the earlier pieces of material that we gave you was a green book that had a table of four typical - four users and they were provided to us. I believe the lowest one in that category under the proposed rates would yield about a six percent increase. If you did not approve the gas only the electric, that increase averages 3 percent. So for the very low user instead of talking about a 6 per cent increase in the total bill this has the effect of dropping that about in half on the low end.

MAYOR COCKRELL: All right. Let me just advise the Council at this point. For those who don't feel they can go with a 6.6 percent, it seems to me that we really have only one viable alternative if we are going to put this into effect and that's to have the rate increase on the electric but none on the gas, averaging 5 percent.

DR. CISNEROS: I'm sorry to take time, but it seems to me that the four and the - that has been outlined, the four percent is a durable proposition. Even though there's a distinction, you know, there's that difference between what the in-city people and the out-city people would be, assuming that they're going to appeal, assuming that they are going to, and some would not. And you can deal with that difference by talking about the franchise fee which is State imposed, but we could direct the — legislative delegation to help us on the franchise fee. And that would, on the one hand - on the one hand while those people were appealing, they would be charged less and their money bills outside the city limits, but on the other, reversal of the franchise fee would mitigate against that. And as far as the City shortfall, which Sam has indicated would be four million dollars, we're just going to have to make some decisions about how we're going to use our Revenue Sharing money, and we have to make some decisions about how CDA money could be used to do some projects that are presently general fund projects, and we have to make some decisions about other sources of money than requiring it from the CPS payment.

MAYOR COCKRELL: All right, you do understand that under the four percent that we, it cannot take effect until, for some months. That it would be delayed...

DR. CISNEROS: I understand. The in-city portion can.

MAYOR COCKRELL: No, it can't, because they have to recompute. It would be two to three months. Then all the other cities have to have their separate rate hearings. We have no reason for assuming that we can cause a change in their policy to set a franchise fee. They are legally entitled to do that. We can appeal to them, not to do it, but we have no reason to believe that they're going to change their position. And so, actually, I honestly don't consider it a viable alternative. At this point, do we have any motions?

MR. BILLA: Mayor, I move that we adopt the 6.6 except that there be a ceiling imposed on the revenues which are projected in our budget and that those funds beyond that be returned to the rate payers in the form of reduced rates.

DR. NIELSEN: Second.

MAYOR COCKRELL: It has been moved and seconded that we approve the 6.6. Now, before we go any further, I don't believe we've had a caption read.

The City Clerk read the following ordinance:

AN ORDINANCE 47,118

REGULATING THE RATES FOR ELECTRIC AND GAS SERVICE THROUGH THE SAN ANTONIO ELECTRIC AND GAS SYSTEMS OPERATED BY THE CITY PUBLIC SERVICE BOARD OF SAN ANTONIO

* * * *

MR. PYNDUS: Mayor...

MAYOR COCKRELL: Mr. Pyndus.

MR. PYNDUS: I have a question. Does this fact, does this mean the average 5 percent or is this the 6.6?

MAYOR COCKRELL: No, this is just the 6.6. If you wanted to consider the other alternative, you would have to move for an amendment.

MR. PYNDUS: I'd like to speak against the 6.6, Mayor Cockrell.

MAYOR COCKRELL: All right.

MR. PYNDUS: Since I've been on the Council I have seen the telephone rate increased, I've seen the water rate increased, I've seen the sewer rate increased, I've seen the high utility bills that people have called and said that are higher than their house payments. I've seen the City budget go in a three-year period from $80 million to $136 million. And now, I feel boxed in. That because of a deadline, I have no choice unless we're going to destroy our utility system. And frankly, I do not like this position, and frankly, I think the information that we have belatedly is not timely, and I think that places a strain on this Council that's unnecessary. And here I find that we could, this morning, allow a 5 percent increase rather than 6.6 increase, but we cannot allow a 4 percent increase because of the technics involved. Now, I cannot support a 6.6, it has another increase in salary for the Public Service utility and we are accelerating the entire situation instead of arresting it. So, I would definitely speak against the 6.6.

MAYOR COCKRELL: Do you wish to move an alternate proposal?

MR. PYNDUS: Yes, I would move that, very reluctantly, I move that we accept the consultant's report, the figures that we have been given, the methodology of computing the thing and time to beat the deadline, and go to the 5 percent as proposed. And to me I would like to tie with that a corresponding decrease in the City budget of $5 million.

MAYOR COCKRELL: Well, that actually - that can't be legally a part of this motion. I don't see how it can be.

MR. PYNDUS: Yes Madam, it can, and I'd like to ask the City Attorney if we gave a four percent increase, the City shortfall would be about $4 million, and I would like to have this tied into this motion that we have a $5 million decrease into City budget.

CITY MANAGER GRANATA: The City shortfalls on its - the City shortfalls $494,000.00.

MAYOR COCKRELL: Let me speak to the Council. Just a minute. If everyone goes off on their own pet kick this morning, we're not going to be able to accomplish anything. Now, I think the only way that this Council has any hope of getting together this morning is to take the five percent average. Now, that will mean the increase on the electric bill, but no increase on the gas. Now, if we start adding all kind of codicils and different plans that one wants 4 percent, one wants this, I think there's not going to be any hope of getting together. Now, it's going to have to have six votes whatever is approved this morning, has to have six votes. And I don't want anyone to come and tell me later they didn't know that. Because six votes are needed for it to go into effect today. And so, I want to just urge that we keep our eye on the only ball that I think is a practical ball at this point...

MR. PYNDUS: I withdraw my pet project...

MAYOR COCKRELL: I appreciate it.

MR. PYNDUS: ...of reducing the City budget, but I'll look at it later, I assure you.

MAYOR COCKRELL: Now, we do have a motion for an amendment which would be to put the 6.6 on the electric bill and on the gas bill to have no increase but to have that, new amended budget, the new amended rate structure that simply recognizes the cost of gas, but not any increase. All right now, is there a second to that amendment?

DR. NIELSEN: I'll second it.

MAYOR COCKRELL: Okay, we have a motion and a second. Now then, I think that really I want to urge the Council to think about this very seriously. If you vote this down you've got to prepare to face up to the consequences of our City budget as well as the CPS shortfall, both. Mr. Billa.

MR. BILLA: Mayor, I just want to say that I think that this Council is apprised of all the consequences and alternatives that we have and I want again to speak against the incremental increases. I recite the water board rate hike. They came in and asked for 30, and this Council incrementally granted them a 30.9 rate hike.

MAYOR COCKRELL: Mr Billa, I understand your position, but I think you could read the tea leaves this morning and see you're not going to get the 6.6. Okay. All right, we are now going to vote on the motion to amend. The motion to amend is Mr. Pyndus' motion which is to amend the main motion by having the ordinance apply the rate increase to the electric rates, but not to the gas rates. Yes, Dr. Cisneros.

DR. CISNEROS: I'd like to make a substitute motion that the rate be 4 percent.

MAYOR COCKRELL: Well, at this point, Dr. Cisneros, is there a second to the 4 percent?

MR. PYNDUS: Tell me how you would implement it.

MAYOR COCKRELL: The motion dies for lack of a second. Mr. Hartman.

MR. HARTMAN: I would like, again, to raise the question with the Council. The fact that we have not dealt with the impact that this rate increase is going to have on the people. We have not dealt with the matter of are we thinking of the follow on considerations. Are we going to talk in terms of this being an interim rate increase while we do address ourselves of, to these other problems. We just simply haven't dealt with those matters.

MAYOR COCKRELL: Is there any other comments before we have a vote? We need to move on with our vote.

MR. PYNDUS: I'd like to respond to that, Glen, and...

MAYOR COCKRELL: Mr. Pyndus.

MR. PYNDUS: The reason that we have to handle it in a interim manner is because we have a deadline of two days. If we did not have this deadline, I would not go with the 5 percent.

MR. HARTMAN: Okay, Madam Mayor, I make a motion that this 5 percent period be for a ninety-day period during which these reconsiderations be given.

MAYOR COCKRELL: Hearing no second, the motion dies for want of a second.

DR. CISNEROS: I'll second it.

MR. PYNDUS: Well, now this will throw the thing back to the...

MAYOR COCKRELL: Then this means that you have to have the rate hearings throughout all the individual cities at the end of 90 days and that you have to go with a case that could be delayed for months. It can be a year before this could be put into effect.

MR. PYNDUS: I'd like to speak against that, if I may.

MAYOR COCKRELL: All right. The discussion is on the substitute motion.

MR. PYNDUS: I feel if we're going to do that for a ninety-day period, the 5 percent, we could go on a lower percent for a ninety-day period because it's going to throw this whole thing into the different

incorporated or unincorporated townships anyway. So, rather than have that delay over our head, Glen, I think we can review this policy with the compromise that has been suggested by the Mayor this morning.

MAYOR COCKRELL: All right. Well, let me just say - just ask to call the roll on the substitute motion.

REVEREND BLACK: No.

MR. HARTMAN: No. I'm sorry, wait a minute.

MAYOR COCKRELL: This is on your substitute motion.

MR. HARTMAN: Yes.

MR. ROHDE: No.

MR. TENIENTE: No.

DR. NIELSEN: No.

MAYOR COCKRELL: No.

MR. PYNDUS: No.

MR. BILLA: No.

DR. CISNEROS: Yes.

CITY CLERK: The motion failed.

MAYOR COCKRELL: The motion failed. The vote will now be taken on the motion which Mr. Pyndus made which would have an overall effect of five percent.

MR. BILLA: Yes.

DR. CISNEROS: Yes.

REVEREND BLACK: Yes.

MR. HARTMAN: I vote no because we have still not discussed the basic questions that are pertinent.

MR. ROHDE: I vote no. I want to be consistent.

MR. TENIENTE: No.

DR. NIELSEN: Yes, with the clear understanding that it's, in a sense, it's an interim rate anyway.

MAYOR COCKRELL: Yes.

MR. PYNDUS: Yes.

CITY CLERK: The motion carried.

MAYOR COCKRELL: All right. We now vote on the motion as amended.

MR. ROHDE: What did we just vote on, Mayor?

MAYOR COCKRELL: We voted on the motion as amended. We had previously had a roll call on the amendment and we just now voted on the motion as amended.

MR. ROHDE: I want to be consistent. I vote no. No rate hike.

MAYOR COCKRELL: All right. Mr. Rohde wishes to be re-recorded as voting no. Mr. Hartman votes no and your vote was recorded.

MR. ROHDE: Mayor, I always thought we were going to have a roll call. I'd like to ask for a roll call.

MAYOR COCKRELL: We always record the no votes anyway and so if you...

MR. ROHDE: I ask the Chair for a roll call.

MAYOR COCKRELL: All right. Will you...Call the roll then. I think we know exactly how it is.

MR. PYNDUS: Yes.

MR. BILLA: Yes.

DR. CISNEROS: Yes.

REVEREND BLACK: Yes.

MR. HARTMAN: No.

MR. ROHDE: No.

MR. TENIENTE: Abstain. It doesn't make any difference, it's passed.

DR. NIELSEN: Yes.

MAYOR COCKRELL: Yes.

CITY CLERK: The motion carried.

MAYOR COCKRELL: All right. The motion carried. Yes, Dr. Nielsen.

DR. NIELSEN: Let me just remind the Council of an old Oriental proverb that says he who has putty is confused and I think we've seen a heck of a lot of that this morning.

MAYOR COCKRELL: Thank you very much. The meeting is now adjourned. Yes. You have two more ordinances. All right, go ahead, sir.

MR. THOMAS: I hate to bring this up. We have two ordinances that have to be passed in conjunction. If you will recall, we have one day of August to bill under the adjustment with the new rate and then we have to amend the ordinance that you passed on Thursday to get the fuel adjustment for next month lowered because we would have a higher base rate. It's the same revenue and those two captions are there and the ordinances are prepared to accomplish that. So we would need .....

MAYOR COCKRELL: All right, may we have the captions read then.

The Clerk read the following ordinance:

AN ORDINANCE 47119

AMENDING ORDINANCE 46949 WHICH ESTABLISHED THE ADJUSTMENTS TO CHARGES FOR ELECTRIC AND GAS SERVICE FOR THE AUGUST, 1976 BILLING CYCLE IN ORDER TO CONFORM WITH THE RATES ESTABLISHED BY ORDINANCE 47118, AND DECLARING AN EMERGENCY.

* * * *

MR. HARTMAN: Madam Mayor, I'd like to have the caption re-read. I can .....

MAYOR COCKRELL: All right. May we ask the audience to be quiet, we're having a caption re-read. Mr. Jackson.

The City Clerk re-read the ordinance.

MR. PYNDUS: I move adoption of the ordinance.

DR. NIELSEN: I second it.

MAYOR COCKRELL: It's been moved and seconded. Any discussion? Those in favor say Aye, any opposed no. Motion is carried. The next ordinance.

The City Clerk read the following ordinance:

AN ORDINANCE 47120

APPROVING AND SETTING THE ADJUSTMENTS TO CHARGES FOR ELECTRIC AND GAS SERVICE PURSUANT TO ORDINANCE 47118, AS AMENDED, FOR THE SEPTEMBER, 1976 BILLING CYCLE AND DECLARING AN EMERGENCY.

* * * *

MAYOR COCKRELL: Do I have a motion?

MR. BILLA: I move adoption of the ordinance.

MR. PYNDUS: I second it.

MAYOR COCKRELL: It's been moved and seconded. Those in favor say Aye, any opposed no. The motion is carried.

MR. BILLA: Can we adjourn?

MAYOR COCKRELL: All right. Is there any further business?

REVEREND BLACK: Mayor, I'd like to ask this question. Since you have indicated by your public statement that there would be an occasion for reconsidering the long term capital program, I would like to know whether or not there is any time set on this.

MAYOR COCKRELL: We have not yet set a time. I would say that it will probably be, Mr. Spruce, you all have that material ready at any time. It's just a matter of finding how quickly we can get it on every Council member's agenda. I would say probably in about two weeks, I would estimate.

REVEREND BLACK: As a matter of fact as I said, the problem I had with this morning's vote is that these things are tied together with your regular operation and I'd like to somehow get them separated.

MAYOR COCKRELL: Right, fine. The business of the meeting having been concluded, the meeting is adjourned.

76-40 There being no further business to come before the Council, the meeting adjourned at 10:50 A.M.

A P P R O V E D

Felix Cockrell

M A Y O R

G. V. Jackson Jr.

ATTEST: CITY Clerk