PUBLIC HEARING CONCERNING THE
PROPOSED RATE INCREASE BY THE
CITY PUBLIC SERVICE BOARD HELD
IN THE CONVENTION CENTER BANQUET
HALL ON TUESDAY, MAY 7, 1974.

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The hearing was called to order at 7:30 P. M., by the presiding officer, Mayor Charles L. Becker, with the following members present: COCKRELL, SAN MARTIN, BECKER, BLACK, LACY, BECKMANN, PADILLA, MENDOZA; Absent: MORTON.

Also present were: City Manager Sam Granata, Jr., and City Attorney, Crawford Reeder.

The following discussion took place:

MAYOR CHARLES L. BECKER: Ladies and Gentlemen, I think we might as well get started here. We had a citizen come to the last Council meeting last Thursday and requested that we have a night hearing on the utility rate increase subject. So, the Council agreed to accommodate him, so here we are this evening. And to the best of my knowledge, it was well publicized. I think everyone knew about it that wanted to know about it. So, if you all care to, you can gather close around so that we won't look like we're strangers to one another here. Glenn, do you want to become whoever that name is there? You can change your card. Alfred, who is that name that you just changed? Reverend Black? Okay.

I don't know exactly what you all would like to hear this evening. We've been over this subject, I guess, well, I'd hate to guess how many times. To some of us up here, it's old hat. We've heard it time and time and time again, but we have some citizens that have signed up to be heard and from that might stem some questions from the audience.

DR. JOSE SAN MARTIN: Mr. Mayor, I think that for the record of this hearing and just to give it continuity and to proceed properly, I'd like to request that the Chairman of the City Public Service Board briefly explain at the beginning of the proceedings exactly the reason, the purpose, and the amount of money needed so that, perhaps, this will encourage the citizens in the audience to answer or ask questions. I think it would be really the proper way to start the meeting. I'm sure that Mr. Berg will be able to condense it and present the case for the City Public Service Board as briefly as possible, and from then on the staff can answer questions from the citizens in the audience.

MAYOR BECKER: I think that's a good suggestion, Doctor. Tom, would you care to lead off with a short resume?

DR. SAN MARTIN: If he wants to sit down, I know you're not feeling very well. Why don't you just.....

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MR. TOM BERG: Thank you, this will be all right. Thank you, Dr. San Martin. I appreciate your concern, and you're being a doctor recognize some of the late problems I have.

MAYOR BECKER: Tom, I might suggest this. You're welcome to come up here and use one of these chairs up here and then that way you'll be facing, we've heard it so many times that we have it memorized, so those out there in the audience might be the ones that would be exposed to it for the first.....

MR. BERG: Some people will probably think I'm a Councilman.

MAYOR BECKER: Well, there's worse things than that, you know. I don't know where, but somewhere on this earth. The only thing bad about this job is the salary. The rest of it is great.

MR. BERG: I will be brief. I don't know if this is on. It is, okay. I will be brief because we have with us tonight, of course, the staff who are specialists in managing the day to day operations of the utility, but I would like to - and they will be prepared to give all of the details to whatever extent anybody would like. I would like to initially say that nobody likes to have a rate increase, nobody likes to have a price increase. I don't want one. I don't want one from a personal standpoint. I don't want one from a business standpoint. Our own utility bill, at our company, went up $53,000 last year. I'm certainly not anxious to have that go up. So, wearing the hat of a homeowner and then the hat of a businessman, I'm like everybody else, none of us want to pay more money, none of us want to pay double the price for a loaf of bread or for a bottle of milk. Naturally, none of us want to pay more for anything. We then come to the problem at hand, and I have to now put on a hat called the Chairman of the City Public Service Board of Trustees, and I have to forget that I'm a homeowner, and I have to forget the other hats I might have to wear. I find that we're charged with the fact that the City of San Antonio has consumers and people, and when they go to the wall and want to turn the switch. They want to be sure electricity comes out of it and if it doesn't, you have every right to scream. You also have every right that if you build a house somewheres, you want to call up and say I want some electricity, and you expect it to be connected. You don't want to be told, well, let's see, it will be three years before we will be out there because we don't have generating capacity, or we don't have the money to buy the transformers or the lines but we will three years from now.

This is not really funny or an exaggeration. It is the basic facts at hand. It's purely a case of money, about 75 percent of the costs are involved in the fuels and gases that we have as fuels for generating electricity and the cost of gas for the home for heating and cooking. So that when those fuels double and triple in price, somewhere the difference has to come. Unfortunately, we're not like the Federal government that's had a major portion of the responsibility for a meeting like tonight because of the very poor regulation policies over the years have caused these shortages to suddenly creep up upon the entire United States. Now, it's easy for us to say here in San Antonio, we're way ahead of this city or that city or we're behind that city or this city; but we do know this, we know that the vast majority of cities, and I've been talking to a number of utility heads of other cities have said, you people were hit first. You responded and you're one of the few that have a 1,200,000 barrels of oil in storage which cost us $10 million and which the people who supplied the oil wanted their money in 20 days. Or gas that we buy, we have to pay also in ten days after the end of the month billing. If you buy, as we are a coal plant, that coal plant which will come onstream in 1976, 1977 for the two plants, it would have been much easier a year ago at this month to have left it as a gas

fired boiler plant. The costs for those two to maintain the growth of San Antonio which is 11 percent per year, in other words, the population and business and job opportunities resulted in running at about 11 percent per year, was easy to have left that at its original expenditure which was $100 million to build those two large generating stations.

Well, with the gas not being available, we had to be sure we protected that. When you flipped the switch, you got electricity or when you built some houses or when your company came in and expanded, you'd get power. We had to move to coal. A year ago this month we approved the change to coal and that was in many of the, ladies and gentlemen, you're looking at today, we're at that famous day because the shocking figures were that the increase in price to make a coal plant was greater than the original cost of the gas-fired plant. The cost about $215 million to make those two plants handle coal against $100 million for gas.

Where is the money coming from. We do not have a money machine. The other problem is that to have coal, you've got to pay for it. There will be approximately 25 million dollars of coal sitting on the ground as an inventory to protect for railroad strikes, coal miners' strikes. That emergency that does occur in any business. That's a lot of money that's got to be paid for. When we buy coal cars, the people want their money. When the turbines were bought for the '76, '77 plants, progress payments had to be made. We had to shell out the money now, and we are talking about paying ten and fifteen million dollars out. You're not going to get one penny of it in revenue until 1976 or 1977. This utility does not work on a return on investment basis the way a private, publicly held, corporate type of business would operate on. All of our money goes back into the operation in the way of improvement or construction.

I'd ask the people within the utility operation, the management to tell me when was the last time a rate increase in the basic rate, not the residential. I'm not talking about the fuel adjustment clause, which is in everybody's rate bill. Fuel adjustment depends upon on what we have to pay for fuel. But the basic rate, and I was amazed to learn that the basic rate has been steadily coming down from the past 48 years. There has not been a single increase in 48 years. During that time there were some 12 or 13 basic reductions in the price of electricity in the City of San Antonio. So, we are faced with a problem that we've hit the bottom and if the gas which nobody, not only in San Antonio, but I don't care what city is involved, will eventually not be permitted to be used for generating electricity. The oil which now instead of $3.50 a barrel costs $12.00 a barrel, and coal that you ought to be able to buy for perhaps $3.00, $4.00 a ton will probably be $25.00 a ton. If these weren't the facts we are faced with, we wouldn't be here tonight.

This is why we have hired outside experts to come in to confirm what our people have come up with as the money required on a year-to-year basis in a orderly manner to pay the bills, get the plants built so that the City can continue to have an economic healthy outlook. Not be a City where businesses will say, "well, don't go down there because they're short of electricity." That means that companies will go elsewhere with their jobs. Builders will be able to build more houses. The community will expand. We'll have a healthy, growing, brilliant future. Without electricity

it is not possible. The only way we can get electricity is to build plants. The unfortunate thing is they cost a tremendous amount of money, and they have to be paid for when they are built, because when the man ships you that merchandise, he wants to get paid. That's the highlight of what has caused this to take place. This year we will be spending about $100 million in improvements and construction. It will be $150 million next year. With that, it will clear the essentials of why we are where we are.

MAYOR BECKER: I think that was done very well, Tom, and you gave all the salient points.

MR. BERG: Thank you.

MAYOR BECKER: I think from that dissertation as to the necessity of this situation and the reasons why and the exigencies of it, we can go directly from Mr. Berg's commentary to the Citizens to be Heard who have signed up, and I would only ask that you identify yourself when you do start speaking because we forgot our Identify Yourself sign. Also, the reminder that you are being recorded so for those of you who are not familiar with the procedure, these things are taped, and you know what that could mean.

So, Mr. Harvesty, we'll let you be the number one to lead the list here, and you can see whether or not the thing has a short fuse connected to it, or a long fuse. It just depends on what you might say to it, whether or not the trap door is released underneath. You've been here before, haven't you?

MR. STEVEN HARVESTY: Not under these wonderful circumstances, but I have met you gentlemen and Council lady before. My name is Steven Harvesty, and I am here representing an organization called Involved Texans. Our organization is made up of the people of San Antonio. We are concerned about what is happening here today and in the last few days, insofar, as the electric rates are concerned. Now, this hall should be filled tonight. The sentiment of the people of San Antonio is that this rate is unjustified, and its passage would work hardship on thousands of persons in the low income brackets. The reason this hall is not filled is not the fault of the people. We know how they feel. It is the deliberate attempt by those in charge of this meeting to keep the attendance as low as possible by announcing it through the newspapers in a small inconspicuous article. Why even one of the members of the City Public Service Board told me he didn't know about this meeting until yesterday afternoon. Now, when the City Public Service Board wants to announce anything in their own favor, they notify every customer with notices all inserted with their monthly bills. Of course, these are all printed at people's expense and, of course, they are all added to your electric light bill. A lot of you will remember I came before the City Council sometime ago and objected to the type of advertising that was in style insofar as advertising properties for sale. They have such fine prints in these articles and they are in the advertising pages where the ads are -such fine print that I had to use a magnifying glass to read it. And, I have pretty good vision. Well, today's article I happened to find by mistake or just by mistake I found out that this meeting was tonight. I did not hear you mention it at the City Council meeting. I'm sorry.

MAYOR BECKER: Mr. Harvesty, may I interrupt you for just a second please. Just one second, if you don't mind. I know of absolutely no attempts, any collusion, any concerted efforts, or anything else on the part of anybody in the City government or the City Public Service Company to keep this meeting an absolute secret. Now, it was announced publicly at the last City Council meeting, while the press was sitting right where they usually are seated there. All the news media that was assembled in the regular public, whatever that office is back there, heard it because the public speaking system, the loud speaker system is on, the PA system. I just think really with all due respect to the relationship that we've enjoyed over my three years of being on the Council that that's really an exaggeration, and a figment of your imagination. If you'll be so bold as for me to be able to say that to you. You know, if you'll be so kind I should say, because I think that's an error that shouldn't really be perpetrated upon the audience that we have here or the people that might happen to see this thing on television or whatever other news media. Forgive me for the interruption.

MR. HARVESTY: I accept that with this qualification, Mr. Mayor. I do not say that this, did I say deliberate?

MAYOR BECKER: I think you did.

MR. HARVESTY: Many times whenever the people's concern comes before either the City Council or should be advertised so that they should be there at a certain place, it may not be deliberate. I'll take the word back. But enough emphasis isn't placed on it. We have a radio, we have TV's, we have plenty of other news media that we could put this through, and these were not taken advantage of. There's not enough emphasis on it. Even on voting day, you know, if I was the manager of a newspaper in any metropolitan city in this country, on the day before the voting day and the next day I would have it typed that high. Vote tomorrow and vote today. But even this is put usually on the inside pages. More sensational news is more important than the affairs of the people.

MAYOR BECKER: Now, that I agree with.

MR. HARVESTY: Now, let me state at this point, if the full story of the CPSB operations were known and made public, the shenanigans would make Watergate look like a Sunday School picnic. I have a book. I didn't bring it with me. It's entitled, Overcharge. If this book were read and understood by the people of San Antonio, there would be a revolution. The people would demand that these yo-yos who run the CPSB should be removed from their jobs and the real owners, the representatives of the people who are responsible to the people would take their place and run this utility as it should be run, as a service and not a means to satisfy human greed. Now, let's look at some of the frauds committed on us by the management of the CPSB. In 1972 I noted a remark in their balance sheet, balance sheet brochure, that clearly indicated that the CPSB was planning a nuclear power plant. General Manager Sommers at that time said that this was not true, and he called me a liar before the City Council. Now, you know the rest of the story. Sommers knew it then, but it was necessary to keep the facts from the people. This is a fraud of the first water. In that same year, 1972, I accused the CPSB of fraudulently stating that their monthly billings were based on a discount billing basis. It was clear then and it is clear now that your monthly, that the people's monthly net bill, if paid on time, is the true bill and if you were late a penalty of five percent is added. Yet, they insist in their

current literature, they still insist on calling this penalty a discount. This penalty has no place in the billing of a City-owned utility, and it should be eliminated. It's a darn right fraud. Now, I would like to - I heard a couple of remarks tonight before that I had in my prepared speech. I heard the Mayor announce that they're going to hear things tonight, it may be a lot of old hat to some people, and old hat to others, I'm hoping that the Mayor did not reputiate his attitude of a year ago and his attitude now on toward the City Public Service Board. I have a headline of the Evening News of June 9, 1973, and it says, "Becker cites City of Austin ownership. The Mayor suggests control of CPS by a bond purchase." In February 2, 1974, the headline reads, "that the City can sieze the CPS range, the City is told." Now, I hope that this attitude is not old hat to the Mayor, as far as his fundamental belief that this utility is owned by the people, and it should be controlled by the people in every respect.

MAYOR BECKER: Would you like for me to comment on that right at this time?

MR. HARVESTY: You'll have your opportunity, Mayor. I would rather not be interrupted right now. I have a train of thought. This City Council , not willing to face the wrath of the people of San Antonio, if they voted a rate hike, decided to hire an outside consulting firm to determine if the requests for a 25 percent hike is called for. This City Council knew all along that this consulting firm would uphold a rate increase of some kind and they spent your money, the people's money to find that out. I am an accountant, and I am fully aware that all of the utility companies in this country have a uniform accounting system. Everyone of them slanted against the consumer and amounts to overgouging. So when this consulting firm examines the books of the CPSB which is uniform with the record keeping in style in this country and is the only system that the consulting firm is aware of, their study of this 25 percent rate hike could come to only one conclusion, a rate hike was necessary. I would almost mention to state that while the request was for a 25 percent hike, it could be that all they expected was a 19 percent hike, which is all that the consulting firm recommended. So, the City Council can hide behind that report and frustrate the mandate of the people. It should be made clear to everyone by now that this rate hike whatever percentage it is, is not merely a hike in the electric rates. It will amount to a direct rise in the costs of living for every consumer in the San Antonio area because all stores, all service establishments and all manufacturing plants use electricity. They will pay more because of the rate hike, and they will pass the increase to the people. Even the federal government has raise Cain about the increase. And the remark was made by the Government lawyer that the government could not afford to pay the hike asked for. If the Government can't afford to pay it, how in God's world do they expect the people to pay it. Uncle Sam like the merchants will pay, of course, but the people here will have to make up the difference by paying more taxes. So, they not only will pay additional price for their electricity, but they will pay an additional price in their taxes and in the consumer goods which they need badly. So, this decision, by the City Council to raise the rate in any percentage, whether it's five, ten or 19, actually raises the cost of living, but quick for the people in San Antonio. There is only one solution to this problem. The people of San Antonio must take back their public utility, and the only way that can be done is by this City Council getting behind a refinancing plan and pay these yo-yos off and get rid of them. Whatever the bond issued necessary. It should be sought. I am confident the people will approve when it is properly explained to them. It has been brought to my attention that the

refinancing of these outstanding bonds will get, will be at a higher rate of interest than we now pay. My reply to that is that these yo-yos must be gotten off our back whatever the cost. And the reason I say that is that if you think this 25 percent rate hike is the last, you are mistaken. And ask them, they'll tell you. There will be more, many more. In this morning's paper the City Water Board predicts a rate hike of at least 85 percent in your water bills. The people, so you see, the people are losing control. Now is the time to end this rate fight once and for all. If this City Council refuses to take the hard, courageous approach by advocating the refinancing of the City Public Service Board outstanding bonds, then the people must take a hand, they have an alternative. According to Chapter 35, Act of the regular session of the 53rd Legislature of Texas in 1953, Article 1118, Vernon's Civil Statutes, the people of San Antonio may by petition, stop the issuance of the 85 million dollar bonds recently requested by the City Public Service Board. Refusing these bonds will hurry the confrontation between the people and the City Public Service Board. But we must start tonight. The seconds are ticking away. Then steps can be taken by the City Council to follow up on the mandate of the people. But outside of all this action, the City Council can still save the people of San Antonio these difficult, expensive and heartbreaking efforts to protect themselves and get back the utility. The City Council can take the initiative in all this. We must buy back the City Public Service Board now. I would like to make a couple of further remarks that I did not have in my prepared speech, and this is in reply to the gentleman that talked for the City Public Service Board at the beginning. He says that he must forget that he's a homeowner, he must forget that he's a consumer. Well, that's kind of tough for the little guy to do. I wouldn't ever dare tell an audience where I was speaking whether it's political or about economics, or about nuclear power plants, that they're gonna have to forget that they are endangered, that they're gonna have to pay, they're gonna have to forget that they are homeowners, that they're gonna have to pay higher utility rates and higher bills. I cannot forget that I am a homeowner, and I am going to continue to tell people of San Antonio that they are homeowners, they are taxpayers, and that this public utility belongs to them and they should control it in every respect. Now, one of the reasons the City Public Service Board wins, may win, could win, on the nuclear front and on these rate hikes is not because they are right. It's because of people apathy. You can see that behind me today. And if proper steps were taken to advertise this meeting, with no disrespect shown to you, Mr. Mayor, or to members of this City Council, this hall would be filled tonight. And these people would ask that they be represented, that their problems be heard, that they should be considered because they're the ones that will have to pay the bill in the final analysis. Thank you.

MAYOR BECKER: Thank you very much, Mr. Harvesty. I'm going to take this opportunity to comment on some of the remarks that were made, particularly those that question my attitude with respect to whether or not the City Public Service Company belongs to the people. I haven't changed my opinion of that one iota. It still belongs to the people. It always did. It always will as far as I'm concerned. I think everybody in the Council shares that same attitude. Who else does it belong to if it doesn't belong to the people? Now, the rate analyst that we

employed were of a very reputable reputation, qualified, highly respected firm, and we hired them to see exactly what, if any rate increase would have to be given to the City Public Service Board, in order for them to be able to carry on with the operation of that institution. Their recommendations were by six points lower than the City Public Service Board's, but in saying so, they readily admitted that their suggested rate of increase would just be a borderline, deadlock type of an increase in order to conduct the affairs of the City Public Service in the way that they should be.

Now, the matter of taking over the City Public Service Company, Mr. Harvesty, I think the City Public Service Board is something that's easier said than done. For one thing, taking it over at this time on the part of the City just as a financial matter would probably not be the best thing that the City could do. The City, fortunately in its operation, having not been exposed to the tremendous changes in the availability of fuels and that sort of thing, has not experienced the tremendous inflationary pressures and total composition, change of total composition of the materials and resources that they're working with like the City Public Service has been forced to recognize and accept the transition from gas to coal, from coal to nucleus. All is fantastically expensive, and I might add that this particular utility in this City isn't the only one that's suffering from the prospects of having to make these transitional changes. Practically every utility in the world is going to be experiencing identically the same type of, you might say, a metamorphosis of going through these various stages. Now, I'll be the first to tell you that in days past I've been just as critical of the City Public Service as you've been for the simple reason that their attitude was intransigent. Their attitude was one of indifference. Their attitude was one of almost total disregard for what anybody in this community, you, me or anyone else thought about what was occurring over there. I'm happy to say that at this time with the new membership of the Board, there has been fostered and nurtured in this spirit, a new willingness to cooperate. I don't think I'm being deceived. I've been around the horn a few times in my own life and I think I know when I'm being led down the primrose path and when I'm not. I see a genuineness in their willingness to sit down and work together with the City of San Antonio and the City Council in an attempt to solve all the various matters and problems in a manner that is satisfactory, I think not only to the Council and the City government but also satisfactory to most of the citizens in this City. So that in difference and disregard, in my own opinion, has been eradicated from the operation of the City Public Service.

Now additionally, I'd like to say that the operation of that particular type of a business is a highly complicated, highly complexed type of a thing. I must confess that it's a rather awesome prospect for just ordinary folks, you might say, to move in and start running something that requires highly skilled technicians, engineers, and all those kind of people. So I'm not so sure that it would be the most desirable thing to do. Now, if we can achieve exactly the same goal that you and I would like to see achieved without making this great upheaval in bringing about this great chaos and wreckage and what not that might result from taking this utility and just more or less and turning it over, let's say to amateurs if that be the word, then I think we should leave it in the hands of the people who are running it for the most part at present. Because there is, believe me when I tell you, there is a great deal of influence, and guidance, and coercion, and pressure and various other types of forces being applied to the operation of that institution that herefore have been lacking. I'll grant you they were lacking, but they're present now and I don't see that the great crisis or the great emergency that at one time in my opinion used to exist, I can't truthfully and honestly say that I think that at any further in this point that it does exist. I just offer that to you as my own opinion.

MR. HARVESTY: May I have a few remarks. This is very interesting and I think the people should follow this line of reasoning out to its fullest extent. Now, when we say that the people should take over, that doesn't mean that Harvesty is going to get in there and run it. The technicians will remain, but the politicians who are not responsive to us have got to go. Now, one of the things that have occurred to me, I thought of a couple of other things that I think I ought to mention if we have time, I'd like to get them off my chest.

One of the reasons the City Public Service Board is in the condition that it's in is that it is over-extended. You know, this is supposed to be a utility for the City of San Antonio, and let's say Bexar County because that's metropolitan San Antonio. But they know and I have found out from various records that were shown to me by some of their engineers that they service electricity far out of this county, and we are paying for this today. We're going to pay through the most part until this situation is taken care of. Now, let me say one other thing. Here's an article from the San Antonio Light, well, I think it's about two months old. It's, The Student Consumer Group Hits Exorbitant Utility's Profits. The Texas electric companies make 23.5 to 33.9 per cent more profit on the average than the national rate of return. If Texas electric companies had been held to the national average, they would have $100 million less. They would have made $100 million less in 1971, enough to reduce every residential bill an average of 25 per cent or $44.00. Now, I will agree that this probably refers to the investor-owned utilities, and we are not an investor-owned utility, but they use the same rates, that mostly the same rates, the same type of bookkeeping, the same kind of reasoning, and as long as we are subservient to the bondholders, this condition will exist. I say this, it is not being operated in favor of the people of San Antonio.

Now, there's one thing I was going to call your attention to earlier. A year ago in a national tabloid magazine, an article appeared by a gentleman in California. He invented a new type of automobile engine. This engine uses no oil, no gas, and it is now being manufactured to run an automobile. They are on sale in California. Now, this engine, the inventor claims it can be built up to 1000 horsepower. I talked to some of the engineers in the City Public Service Board about the possibility. How could this engine, assuming that it is true and it can be built and that it will work at 1000 Horsepower, what impact would it have on the operation of the City Public Service Board? He told me that if that is true, it will be very good news for the people of San Antonio and the only thing that I can infer from that is that we wouldn't have to buy oil to run some of our.... the 1000 Hosrsepower by the way, I (inaudible) and I will admit, the engineer told me that it does not come up to the horsepower that runs our big generators, but you could have smaller units. When you have a new development coming up out here in San Antonio, you won't have to extend the CPSB lines to it. You could have this as a smaller community generating plant, and it wouldn't be any drain on the main plant. This could go on, and on, and on and I think that this is an exciting possibility.

I am at present corresponding with this gentleman and if he is willing, I'm willing to start, I don't have any money myself, I'm willing to start an investment company in San Antonio to have this assembly plant located in San Antonio to build these engines. Not because we need it, but because all the other cities in the United States would be glad to hear this. They wouldn't have to buy nuclear plants. They would be clean, and they would be safe and they would be cheap. I think that this ought to be explored. I forget the name of the gentleman I talked to on the Public Service Board, but I don't think that this is a secret. I think they saw the article too, but they weren't excited about it from the same stand point that I was. I immediately saw the possibilities, not only for the automobile. If this automobile replaces the internal combustion engine, we will save more energy, more gasoline and oil than all the rest of the world uses. This is what we want, and we want it so far as making electricity is concerned also. Thank you.

MAYOR BECKER: Thank you, Mr. Harvesty. Next is Mr. David L. Davidson. Will you identify yourself, please sir.

MR. DAVID L. DAVIDSON: My name is David L. Davidson, and I am a representative of the Sierra Club. I would like to thank you gentlemen for having an evening meeting so that citizens can try to participate in their government from time to time.

MR. AL PADILLA: Excuse me, Mr. Mayor, would the gentleman repeat who he is a representative of.

MR. DAVIDSON: I am representing the Sierra Club. You have doubtless heard of us.

MR. PADILLA: Thank you. Yes, but I didn't hear you when you originally said it.

MR. DAVIDSON: I want to start by recounting just briefly for you what the Sierra's Club involvement in this process has been up to this point and the reason why I am here tonight. We began being very concerned about energy problems here in San Antonio in 1972, early in 1972. I think that was a good while before there was an energy crisis locally or nationally, at least when it was recognized. If you would have had your eyes open, you could have seen it coming for along time. We began meeting with the staff of the City Public Service Board in the summer of 1972 discussing more or less technical matters with them and trying to find out some of their plans. I guess our involvement with the City Public Service Board actually came to a climax on the 27th of March 1973 when we met with the Board itself and we had tried to make them understand what we felt was necessary to be done in the light of the situation. We have met with the City Public Service Board's rate making staff several times and with other members of the staff numerous times to look at the philosophy of the great structure that they were creating; it's relationship to socialogical and environmental problems and we believe that we have received very courteous and very good handling by the staff. However, involvement with the Board was not quite as good, because you said, Mr. Mayor, that they seemed to be disregarding of what people had to say or seemed to be somewhat intransigent in their attitudes towards what other people were interested in telling them. And we felt very much that this was the case when we were there that they simply didn't give a damn what we had to tell them, even though we had gone to a great deal of effort to reason our presentation to them and to present them with facts that other people had gathered not just ourselves. Information that was nationally known information.

MAYOR BECKER: What date did you say you visited.....

MR. DAVIDSON: The twenty-seventh of March, 1973. We felt at that time that just about the only person that understood what we were trying to tell them was John Newman. And Mr. Newman is now either is, or will be no longer with the City Public Service Board. The principal thing we tried to tell them was the fact that energy conservation was going to have to be a very important part of what they were doing down there, and that we felt that they should leap on to that with both feet while the time was right and to try to do something about that from the long term commitments standpoint. And that that would be advantageous not only from an environmental standpoint but from an economic standpoint. And basically the thing I am here to tell you this evening is that again. I think that the predicated growth rate of the City Public Service Board which is 11 per cent is business as usual allowed before 1973. This 11 per cent growth rate is approximately what's been the growth rate for this City for many years, and the City Public Service Board in their rate request is extrapilating out at 11 per cent again. They haven't begun to take into account any of many of the methods that they might use towards conserving electricity in this area, thereby lowering the growth rate, thereby saving everybody an awful lot of money including myself and you. I think what you have when you have a commitment to a policy of energy conservation is

a commitment towards trying to do something about the growth rate, and I believe everyone here this evening has expressed how expensive continuation of this 11 per cent growth rate is going to be. And I don't think there's too much question about that. That's a very easily verified fact. The question is do we have to continue this 11 per cent or even a 10 per cent or a 9 per cent, or an 8 per cent growth rate. I guess it's obvious that we cannot do that forever. That sometime or someplace we're going to have to make a decision about what gets the priorities in our community in terms of the economics. And I can, you can well see that whatever expenditure for additional plant and equipment goes for the City Public Service Board is in essence going to be money that will not be available for other things. So, I suggest strongly that the City Council look into why the City Public Service Board has not continued with some of the energy conservation projects which they began back when things looked pretty rough in this area. And why you have such things as the total energy concept for the medical centers, the shopping centers now shelved and why you have all the other suggestions that we gave to them on energy conservation techniques, why they haven't looked into them, why they are doing very little about them, because I believe that that would essentially show you that the 11 per cent growth rate is not necessary without causing large economic hardships on many people in this community without causing businesses to go away, and, in fact, it might even be a pretty good boom to some attraction of the labor intensive and not water or energy intensive industry which is what I think we want in this area. Try to better the life styles of people we have here. I think you also ought to be somewhat aware of the legal situation, at least, as we see it, with respect to this craving for additional generating capacity. I think that by just lightly going ahead with an 11 per cent growth expansion rate which seems to be what wants to be done is that you're opening yourself to two forms of possible legal action. One is through a taxpayer's suit or something associated with like a taxpayer's suit. Mr. Harvesty I think could probably fill you in on the details of that. And secondly, from the standpoint of the administrative parts of the environmental tax statements that will have to be issued on these power plants for which the funding is trying to be raised. In that, you may or may not be aware of this, but in thos environmental impact statements you have to have satisfied the hearing examiners that you have looked at the alternatives to that proposed action which in this case is the building of a power plant. And in this particular case, I think it's going to be pretty tough to make them believe that you have, in fact, tried to look at all the other alternatives involved. And so, you may have some trouble with the hearing examiners or you may have trouble with people like us who are going to watch those environmental impact statements very carefully, and that's simply from a legal standpoint. Now, I think it's very important to look at the relationship between the environmental aspects of this problem and the economic aspects of the problem. We have learned, I think, over the last few years that we have been involved in a number of environmental affairs that good environmental policy is good economic policy. Many times they run hand in hand. Another thing which I think you need to look at very carefully is the water situation here. You've just been, I think if I read the newspapers correctly, that appeared to be some very expensive water projects. Water is undoubtedly a critical resource in this area. If you are thinking about importing it for various incentive purposes, it's going to get much more expensive. But when you generate electricity with it, particularly with nuclear reactors, you use an awful lot of it for the generation of that electricity. I think in a few years when we have another drought, you're going to have to ask yourselves maybe you won't, but your successors are going to ask themselves or somebody is going to have to ask the question, are we going to generate electricity with it; are we going to maintain stream standards downstream in the San Antonio River which is required by law; are we going to maintain sufficient flow for the downstream water users also required by law; and are we going to have sufficient water for use in our everyday uses of it. So at the low stream flow, at the low flow portion of the problem during a drought, there's going to be a severe problem with water

use in this area particularly when it comes to generating more electricity. And there's going to be an enormous interaction between the amount of water that's available to this community and the amount of power that they generate. Presumably most of that power could be generated with sewage affluent, but you still have the problem of keeping the people downstream happy. You still have the problem of maintaining water quality in the San Antonio River. And as I calculate the problem, you only have a very limited amount of expansion that you can do before you use up all the available water. You ought to think of the economics of the situation too. People are talking about 85 per cent rate increases in water prices. Well I'm not sure that it's good economics for a lot of that water to go towards the generation of electric power. Finally, I would like to speak to the rate structure here a little bit since we have had some conversations with the City Public Service Board rate makers. Now, I think basically that the rate structure, now I'm not speaking about the detail of how much increase is going to be involved because that requires a lot of detailed cost analysis that I simply don't have the professional capability of doing, but the rate structure is something else. I think it's important and the Sierra Club has decided to support the rate structure proposal that has been put forth by the City Public Service Board because it will be energy conservative in it's basic philosophy. Now, in other words, let me put that another way, the rate structure that is being proposed is, will help to conserve some electricity. It has been set up so that if you conserve electricity during the peak periods of electricity generation in the summertime that you will get a reduction in your winter time rates when there is less electricity being generated. The reason being behind this is that the peak load is what requires the big plant. So, if you can decrease the size of the big plant to meet that one peak in the summer, you don't have to spend so much money towards building plant facilities. I think therein lies a very interesting tale in that if you can decrease the peak plant capacity that you have to have, you decrease the total plant and, therefore, you save a lot of money. Energy conservation by many other techniques would do exactly the same thing. It's good economics again. It's good economics also to have this conserving rate structure because it keeps your plant on a constant load more of the time or at a higher percentage of load, therefore, it helps to pay itself off better, which is good economics also. The only problem with this proposed rate structure is the fact that it, although it's very good in theory, it has actually very little impact economically. For example, myself, my own personal household, if I lowered my energy consumption during the summer peak period in the summer time, I would save myself 20 cents a month during the winter. Now, that's not much incentive. It's a good idea, but it's just not going to carry us very far towards energy conservation. So the Sierra Club supports this idea at least in theory, but in practice it just doesn't amount to very much. So, I think the position of the City Council ought to be before they just give a blanket rate increase to the City Public Service Board, I think they ought to ask a few questions and to use your idea there to use their influence with the City Public Service Board towards trying to implement some of these many, many energy conservation techniques that are available, to do something about the lowering of that 11 per cent expansionary, which can be done. They're technologically feasible. It's just a matter of policy and a matter of desire to do it, and which in my opinion, will save this community in the long run a hell of a lot of money and make it an economically, much more viable community. Thank you.

MAYOR BECKER: Mr. Davidson, I just made a few notes while we were listening. The matter of zero growth rate, of course, has always been an interesting subject. In some nations on earth today, they're highly in need of the zero growth rate. India and certain nations such as that.

MR. DAVIDSON: I take it you wouldn't consider this country in need of it, zero growth rate.

MAYOR BECKER: That isn't what I said. Well, I said was that India and and such countries as that which have proven and demonstrated almost without any reasonable doubt that they are incapable of feeding themselves

and so forth, clothing, providing work and all the various things. Now, this nation of ours hasn't quite reached that point yet. And I can only think of a few places on the North American Continent that might enjoy zero growth of rate, one being Point (unintelligible) or some place up like that near the North slope where they're drilling for oil and even there they have an influx of population due to the search for oil, or some other place in the equator or some tropical zone that mankind can hardly survive in. It takes natives that have been living there almost since the beginning of time. Now, I always have to wonder if people have the right of mobility in a free society. I was under the impression and I still am, that in this United States of America we live and enjoy the privileges of a free society. Sometimes you wonder, but I think there are vestiges of it that are still retained that so far outstrip and exceed the rights of people in other nations such as perhaps some of our Communist nations and what not. I rather enjoy it the way we have it here. I always have to wonder whether or not we might have the right to tell someone from Pensylvania, New Jersey or one of those type of places that they can't move to San Antonio, or they can't migrate to Texas, or any of this sort of thing.

MR. DAVIDSON: I'm not asking you to do that Mr. Mayor.

MAYOR BECKER: I can only say what I've read in the effects that I've seen upon New York City with respect to the problems of Consolidated Edison there that have been brought about by many lengthy, involved and tenuous lawsuits attempting to control the actions of that utility. And they practically rendered to New York City in the envirous thereof almost in a hopeless state at this point in time.

MR. DAVIDSON: Let's look at it another way if you would for just a moment. Let's look at it from the standpoint, would you agree that the resources of this area are finite.

MAYOR BECKER: I think everything is finite, but what my next statement was going to be simply this and it has relationship to that question that you just asked me. I think mankind has been solving problems ever since he first emerged from the cave, and problems are always going to be presented to man and many of them are going to be new. A lot of them are going to be terribly old. Some of the old ones we haven't solved yet. Such as better social order and better relationships with our fellowman which still is one of the most serious that we haven't really seemed to make great in roads on, but waste materials that must be dealt with, whether it be from nuclear plants or whatever, all the other things that ..(unintelligible)..come from mills, taconite mills, tailings and all that sort of thing. Something all has to be done with this stuff. We must find ways and means of providing ourselves with water. I don't know that we can just say well, now, we don't know the solutions to these things so we're going to avoid the occurrence by not letting any of this sort of thing happen to us.

MR. DAVIDSON: Well, you're putting yourself in a situation of having to run extremely hard to continue a growth rate of this type. And I'm saying to you that I think that if you want to push the economic system that hard that the least you ought to do is to do it with something more useful than more electricity in that you can utilitze the same capital input in ways which will better the quality of life for the people in this area an awful lot more.

MAYOR BECKER: I have a rather unlimited faith in the scientific ability of not only the scientific community in this nation but also the world that we're going to make some break throughs on solar energy and some of the other things that we keep reading about, thermonuclear fusion and all this sort of thing. I don't think we've reached the state where we are at the end of the rope by any means. I know I can only answer you in this way, sir, and that is that when I was young I didn't have my life figured out this way at all. I thought by the time I was approaching my 55th birthday if I worked hard, which I think I've done in my life, that

I would be retired living in the life of luxury, so to speak, fishing somewhere every day and sleeping until noon and all that sort of thing, and not worrying about anything, and here it is, seems like the older I get the more involved I become. So, we're all running a little bit harder, I think, just to stay even this day and age. Maybe that's part of the fun of living. Maybe that's part of the challenge.

MR. DAVIDSON: Well, I share that with you in that I think that we're both involved with what's going on in our community, but let me further say that with respect to your total reliance upon technology to make things better that I am a scientist by profession. And I have a great deal of faith in technology also, I think we can solve many of our problems. On the other hand, I don't think that that faith is blind. I think that you have to have faith that's very reasoned, and I have watched the technical aspects of the energy situation develop in this country for a long time, and I am convinced that we will be able to continue our use of energy in this country for a long time even when we run out of oil. But I'm not convinced that we will be able to do it at an increasing rate that we have had in the past. And I think it only makes good common sense and certainly it makes good technical sense and good economic sense that we don't continue to expand at an expandable rate which has been more or less our countrywide basis forever. I think you are beginning to see that point in the expansion of oil that is sloping off. There's just no way around that. I'm sorry to tell you that. The resources are finit. The question I'm asking you to try to begin to deal with here locally is exactly the same question. We cannot expand in population in this area forever because we have a finite resource base. Now, I'm not asking you to use any of the draconium methods to which you have eluded to stop that growth rate, but I do believe that you as one of the leading citizens of this area have a certain responsibility because of your educational and your financial situation and so forth to begin to make people to understand that our resources are not finite. That we can't go on with an 11 per cent expansion rate forever and I think that you have a particular responsibility because of the position that you're in here, so you've got a big educational job on your hands. The Sierra Club does, too, and we're working on it, but you get the voice of the people a lot more than - you get to hear the people a lot more than we do and so you have a much greater responsibility than we have and so I think it's beholden upon you to begin to look at this whole idea of 11 percent growth rate or whatever to begin to see if you can't do something about that because in the final analysis it is going to cause trouble.

MR. BERG: Could I add a comment to that? Would you mind - or after you're through?

MAYOR BECKER: I was just going to say, I don't think any of us have a fixation about an 11 percent growth rate. I think most of us and practically everybody in this country of ours today and many of the peoples in the world are beginning to show and indicate an awareness of the very thing that you're speaking of that certain things do have finite limitations. I believe we're beginning to understand this. I don't think we have great variance on that point. I don't believe that it's, you know, like tomorrow. It could be 30, 50, 100, I don't know, but that's something, of course, that's merely conjecture on my part. I'd like Mr. Berg to make his comments.

MR. BERG: Thank you and the point the Mayor has made was in the same area that I wanted to make a comment on also, Mr. Davidson. There's nothing magical about it. We have - and I don't know anything about your prior experiences with the Board so we can just.....

MR. DAVIDSON: You were there.

MR. BERG: That must have been the first time I was ever there, then that must have been the month that I was elected, I guess. So if you're well-informed on it you'll know also that month. I would like to say several things first of all, we'd like it to be a lot less obviously. It's not magical, we'd like to find an assurance of the average of about 10 per cent in the total overall city's or systemwide conservation could be made 20 per cent and we coulc be assured of that you know, on a year to year basis. We subscribe in general a basic thesis, I don't think there's any disagreement on the basic philosphy. The problem is, we don't know and facing that problem - in other words, we don't know along the line of free society - can we get people just like with the speed limit. People that are inching up past on 55 and going 60 and so on. We don't know whether the control can take place for an extended period of time because it takes from 7 to 10 years from the planning state to completion to construct a power plant. And you've got to have a wonderful crystal ball to know what's going to happen. The other problem is that thrust upon in our case in San Antonio, we needed a fine four-year university which is going to thrust upon us some 20,000 or more people and their families and pretty soon, you'll put the multiplier factor in there, we may have 40 or 50,000 additional bodies involved. The medical complex, all of the hospitals that are involved. These add to the importance of San Antonio it gets it back where it belonged. We were the largest city in Texas at one time, we - let's say we don't want to take and be again that just because we want to be but the point is we need the economic growth for the economic well-being of the citizens, the job contents - to raise the economic well-being of these persons living in this city. Now, if we had no hospitals ever being added, no universities being added and all these large developments not coming here, well, then, this might be 3 per cent growth or 2 per cent. So I think we're all talking the same thing. Our problem is, and you as a scientist recognize, there's no way of being sure in the planning stage what's going to happen out there. And all the utilities are faced with that same perplexing thing, they're all wrestling with it, we're all talking about it. In our own Board meetings, I have said many times, gee, you know, how about thinking about 9 per cent or 10 per cent or 8 per cent-but we're not sure. The other factor which is so very, very important is the fact that I would like to reassure you that the points that you made regarding impact, water requirements, working with staff people on those needs are things that we're concerned about. We will continue to have our people work with you. You feel free to come down and ask and seek out whatever information you need because we too have to know that. We're both looking for the same answer. I think you recognized that. What it will be we don't know, but it's got to be looked at before a final decision has been made.

MR. DAVIDSON: Mr. Berg, I suggest to you that there are two things that could be done by the City Public Service Board that are not being done. Evidently you're not covering with respect to trying to do something about this 11 per cent growth rate. The first is to have an established policy well known, well publicized policy that you are going to do everything you can to conserve energy. Be sure that energy is in fact conserved, and secondly,.....

MR. BERG: Who is going to conserve that? The citizens will or the utility will? You see over 60 per cent of the electricity in this area is consumed by residential. Mr. and Mrs. Householder to be that conservation group.

MR. DAVIDSON: No, that's not totally true. You have a large amount of energy consumed by shopping centers, and by the government, and by hospitals and things of that nature.

MR. BERG: True, but let's take these, let's take them in order. Sixty per cent is by the residential, that's the largest single group and everything from then on is smaller.

MR. DAVIDSON: You're going to have to work on that area. I grant you that. That area is a hard one to work on. I also grant you that. But you can - I think where you start any energy conservation program is at the easiest places and those are not the easiest places. The easiest places are with the large consumers. And see if you can't do something about energy utilization in their plants, see if you can't do something about total use of energy in the medical complex where you could save an awful lot of energy because you wouldn't have to - you could generate it locally and use it much more efficiently 65 per cent instead of 35 per cent efficiently. There are many things like that - the shopping centers, you could work on those, there are lots of places where you could effect some energy savings in this community.

MR. BERG: I'm sure there are.

MR. DAVIDSON: And it wouldn't change the day to day life of the citizens of San Antonio enough to where they'd ever notice it. Yet you can save a hell of a lot of energy this way. And I submit to you that it would be good economics to do that in addition to good environmental policy.

MAYOR BECKER: Mr. Davidson, I'd like to ask you if you would, with Mr. Berg's concurrence of course, that you meet with the properly appointed people at the City Public Service or at the City government. Mr. Granata? I was asking Mr. Davidson to meet with either the properly appointed people at the City Public Service or at the City government to discuss with them your ideas with respect to conserving the energy that you're speaking of with these total energy systems and that sort of thing. We're more than willing and eager to know and learn of these thoughts of yours. I know one thing, we could start right here in this hall. We have I don't know how many candle power burning here and enough to illuminate half of San Antonio and yet we only have about 50 people. Now that's probably our fault because we anticipated a rather large audience but it could start right here as far as that's concerned.

MR. DAVIDSON: I'd like to speak to that if you may, for just a minute. We will of course continue to be happy to meet with any of the representatives either from the City or from City Public Service as we've done in the past but I might add that I don't think I have had any original ideas in this, I think the City Public Service Board staff understands very well exactly what is being discussed here tonight. Now the only problem is that there is no emphasis, no decision from the top down to implement these decisions or these energy-saving techniques.

MR. BERG: If the problem would go to say for example, North Star Mall or Wonderland and say tomorrow, we must shut off all the air conditioning in the mall and save the many hundres of tons or maybe thousands of tons of air conditioning and therefore tremendous power that is being used to air condition this huge mall, we have no legal authority to say it's got to be done.

MR. DAVIDSON: Here's where my faith in technology comes in.

MR. BERG: I think that's where you're concerned that there's a great waste.....

MR. DAVIDSON: I don't want you to do that, I think that would be very foolish. What I do want you to do is, I want you to start looking at some of the alternative technologies to building 1200 megawatt nuclear plants that cost a hell of a lot of money and some of them are total energy plants within the shopping center that will get you a big increase in effiency and will cause you to use less power on the long run. So, what

I'm asking you to do is not to use any draconiun or any methods that we don't believe in in our free society. What I'm asking you to do is to put a little bit of faith in technology and use some of the modern techniques of saving energy. I mean if you want to write the President's Office on Energy, the President's Energy Office or if you want to talk to the City Public Service Board personnel, they are well aware of the many energy conservation techniques. Or if you want to talk to anybody you want to talk to on the subject of energy conservation, there's a lot of people around this day and time that know how to conserve an awful lot of energy, and none of this is happening here in San Antonio. And I don't understand why. That's my basic message this evening.

MAYOR BECKER: I think one of the things you're also saying Mr. Davidson, excuse me just a second Lila, you're not condoning waste.

MR. DAVIDSON: Right.

MAYOR BECKER: Well, neither am I and neither are the rest of us here.

MR. DAVIDSON: Well, then why have you been doing it for so long?

MAYOR BECKER: Well, because I think that was not necessarily the way we were raised but the acceptance of the fact that we were living in the land of plenty. And as you say, these resources are becoming limited and they won't last forever. They are finite. So, there is quite a change, I think, in attitude that is being reflected generally in the entire world, the peoples of the world with respect to waste, and our country has been very guilty of waste. There's no question about it. When I say our country, I'm speaking of the people, including people like me. So, we are not condoning it either, and for that I commend you and we would like to at least have your ideas and your thoughts and I'm sure they're worthwhile.

MR. DAVIDSON: Let me reiterate again, Mr. Mayor, and say that we have talked with the City Public Service Board about this problem, but the engineers there, and I think they well understand what the problem is, but they have no directive from the top telling them to begin to do some of these things.

MAYOR BECKER: I don't think we've had the benefit of your suggestions at the City. And I'm sure that Mr. Berg and the present trustees of the Public Service Board and all the general manager and all the personnel, the attitude has changed particularly since we got ourselves in this tight, so to speak. We have a tail to crack now and you can't move about as freely as we use to, you see. Mrs. Cockrell?

MRS. LILA COCKRELL: Yes sir, I wanted to address myself to some of the things that Dr. Davidson had said particularly about the manner, about the matter of energy conservation because I concur that we have not nor are we doing enough in this respect. We went on a short term, sort of a crash program in the field of energy conservation. We had a tremendous amount of publicity over a very short term. I think most homeowners started to cooperate. Some businesses did, although I would say there was still a large major of cooperation yet to be attained from the business community. The City tried to cut down on lighting on the thoroughfares and so forth. And then what happened? About the next billing period, there was a public announcement that due to the fact that so much energy was saved everybody's bills were going to cost more because this was throwing the economics of the CPS out of whack because we were having, you know, less energy used than anticipated. And I have gotten questions ever since about really is it worthwhile to reduce our energy because our bills are going to go up anyway and the more we save the more it costs. That is the idea that people have, and if the major amount of electricity is used in the home, as Mr. Berg has pointed out, I think we've got to resell the homeowner on the economics of cutting back and the economics of conservation. Last week at the City Council I said, just this morning my husband asked me, are we still trying to conserve energy. He had, as an executive director of the Medical Society, he has the responsibility for their

building on West French Place and they've been trying to conserve. And he said, "I just don't know if we're still suppose to be doing this." I think we've got to continue our efforts. I think we started a campaign and we didn't quite finish it. We're not carrying on. Everyone is just sort of slacked off on the subject. So I think it is something that we've got to take as a long term commitment and I think your point about the growth policy not in terms of the fact that we don't see growth in the future, but the fact that through energy conservation, that we can curve the rate of growth and have some control over it. It's a very good point. And also, one point that I got from Mr. Harvesty's remarks and I think was a very valid comment that he made, was that we do need to ask ourselves what is the service area to be served. It again relates to the growth factor. How far do we want to expand and extend and I think that's a very valid point.

MR. DAVIDSON: May I answer you briefly on that. As I understand, the economics of the situation, one of the reasons why we have problems economically as we slow down our rate of energy consumption or in other words as we conserve energy, is because we have to have those additional funds for further expansion, for continuous expansion which is going on. And, so, therefore, we get ourselves into an economic squeak in trying to pay off the bonds we already had floated and to continue to try to pump money into further expansion which those pressures we would not have and, therefore, the economics would be considerably different did we not have that pressure for expansion. I may not be totally right on that, but that's my concession of it.

DR. SAN MARTIN: Mr. Mayor, may I just answer, perhaps comment, not necessarily answer Dr. Davidson, but as Mrs. Cockrell has correctly pointed out, the City did undertake a very comprehensive energy conservation program. Even the parks were not allowed to be lighted at night and expressways became dangerous because of the light elimination, and residential areas had to be preserved from thieves and robbery and crime. So there is just a point of diminishing returns when you conserve up to a certain point. I think I agree with you that the most guilty of all are our citizens, are the business areas which continue to flash extremely energy consuming signs, for instance, until all hours of the day, and they stay on. I don't feel that the City administration or the City Public Service Board is necessarily guilty of gross neglect. You ask the Mayor, what have you done? The nation as a whole is guilty of waste. I think in the area of energy conservation that the City Manager suggested and has Council approval of a program which would be implemented immediately. You say that City Public Service did not have directives from the top, didn't you say that Dr. Davidson?

MR. DAVIDSON: I think you're confusing two thing, Dr. San Martin. One is a short term commitment towards breaching a crisis which I think the City has done very well. And two, is a long term commitment towards trying to do something about the increased.....

DR. SAN MARTIN: Well, if I remember correctly, Doctor, the City Council did direct itself to the short range and the long range programs of energy conservation. We also went into the areas of energy sources for business, for industry, not only in the short range but in the long range. I think the City has given direction to the City Public Service Board.

MR. DAVIDSON: Let me point out to you one area of non-homeownership which for example, you might try to attack. You have two cement companies here in San Antonio, one of which is the largest user of electricity in the area and the other which is the largest user of gas. Now, I'm not suggesting to you that those cement companies ought to be shut down, although they had to be temporarily during the crisis of last summer. I think it's clear that that technology has not changed since the mid 1800's. It's an extremely energy intensive technology. We need cement, but there are other ways, modern technology and my faith in it. There are other ways of making cement besides the same old method that have been used since the mid 1800's. And we don't have to have some cement

or situation. We can have both. But it's time somebody began to start pushing some people in that direction. They are not going to do it until it just gets to the point where it is - they have to. And part of the things you don't have that energy to use in other places if they're using it. So, I'm with you, Mr. Mayor, I believe that technology can solve many of these things. What it requires is commitment on the part of people and that we don't have.

MAYOR BECKER: There's every reason to believe that, and I'm not telling you or many people in the audience anything you probably don't already know, there is every reason to believe that the Federal Government, the Congress of the United States is ultimately going to make a mandatory adjustment in the usage of natural gas and curtail that usage probably to home usage only before this thing's all over with. Reserve it for burner tips, for the preparation of food, and the heating of homes and that sort of thing, and the industrial complexes will probably be placed on coal. I doubt if they'll even be permitted to oil forever because as you stated that's in dwindling supply. So, what are we in a totalitarian type of a state, government of that nature could immediately issue an edict overnight, you know. We will do such and such and that would be it. But luckily for us, we do not suffer that type of government.

MR. DAVIDSON: I think perhaps it might be worthwhile to make one comment to this idea of totalitarian government in the relationship between freedom and resource use. I think you are going to find as our resource base shrinks and as we have to try to support more and more people on our reduced resource base, that government is going to become much more powerful because it has to. Now, I don't look forward to that situation. I feel that my personal freedom will be fastly curtailed when that happens, and that's one reason why I'm standing here tonight is to try to begin to get some thinking going in that direction. So, that is staged off for as long as possible or perhaps forever. I don't know. There is very real direct relationship between government and the numbers of people that we have to govern.

MAYOR BECKER: We're in agreement on that. I think all of us in this room are, sir.

MR. DAVIDSON: May I make one last summary of what I would like to see the Council do if I may, is that appropriate do you feel? I think it's time to ask the City Public Servcie Board for a policy which will include somewhere reasonably high upon on the rung of the priorities a policy of energy conservation. And I feel that that would be good economics for this City as well as good environmental policy. And I think it's going to require some sort of leadership on the part of the City Council and certainly on the part of the City Public Service Board members to get this going. I think the staff is ready to go if I understand the people that I talked to down there. They're ready to go. They're ready to charge off. What they've got to have is direction and that's what they don't have.

MAYOR BECKER: I think one of the most distressing things that I witnessed during a real, recent most serious appearance of crisis was almost the complete indifference that was shown by some of the business community in this City with respect to the burning of these illuminated signs, advertising their places of business. Now, I'm not saying that all businesses are guilty, I'm not saying that all business reacted in the right fashion to the appeal to conserve energy. Some did more than others, I'm sure, in some areas of the business community. But some of them absolutely showed total disinterest in assisting in any way, and I don't know. You can't go out and arrest them perhaps or charge them with something. You would have thought that they would have done it voluntarily out of the sense of fairness, out of sense of necessity to cooperate and recognize that we did have a very serious problem that was of an extreme emergency nature.

MR. DAVIDSON: You might be interested in knowing that we have asked City Public Service where their power goes. How much of it goes to this and how much of it goes to that. And they, of course, in general, know but they don't in particular know, for example, nobody knows how much goes towards lighting signs. But it's not very much, so whereas, I agree that the spirit of cooperation would have been visible with respect to turning off these signs. Really there's just not a hell of a lot of energy that goes in that direction. And one of the things I think City Public Service recognizes that it needs to do is to make a study which will tell them where are the areas where we need to conserve the most. Because it's never been as you pointed out the economics have been such that we've never had to worry about this before. So they haven't spent time on it and they haven't done that yet.

MAYOR BECKER: I think Mr. Deely was first, Reverend.

REVEREND CLAUDE BLACK: All right, I wanted to ask you a question after he is through.

MAYOR BECKER: Tom, did you want to say something?

MR. TOM DEELY: Mr. Mayor, I think it would be inappropriate for me to sit here with our lips sealed as to what we're doing and what we're trying to do and so forth and so on. I'm not in disagreement with what he has said, but I do think it's appropriate that we tell you what we're doing in the areas for example of energy centers. He brings that up. It's one of the things we should be doing that there has been no direction from the top. Well, quite the opposite is true and I think I'll ask Mr. Poston who's in charge of that area to come up and tell us really what we're doing in this field.

MAYOR BECKER: All right, Mr. Poston?

MR. JUSTIN POSTON: I'm Justin Poston with the City Public Service. The systems which Dave Davidson talked about he called a total energy systems, are systems which as he said our people are very familiar with. In fact, I think all utilities are familiar with total energy systems and as Dave mentioned several times our people, our engineers and the professionals out at Southwest Research where Dave is have worked very closely on these and other issues many of which Dave mentioned this evening. The total energy system that he speaks of is one in which a cluster of high use type customers would have their own generating plant so to speak and they would extract electrical energy from the generators and then the heat that is normally wasted to the atmosphere in a more conventional type system would be captured and used for heating and cooling. And as he said the efficiencies that are experienced in these kind of systems are higher than the standard electrical systems that utilities use. Public Service in connection with the Southwest Research Institute has for years for the past few years had concentrated efforts studying these things as they have the energy sub-center concept that Mr. Deely talked about and in that situation you might have a subdivision with all of its support systems, like its doctor's offices, grocery stores, high-rise apartments maybe, standard residences, maybe it's own disposal plant and a closed cycle type of thing where you would put maybe oil or gas into that energy sub-center and maybe water and you would reuse your water by proper treatment of your sewage affluent and you would just have a total support system. We've looked at all these things very carefully not only with the Southwest Research engineers but with national groups and made a determination recently as follows: Number one if our thesis was and if it is a fact that the shortage and the unavailability of fossil types of fuels to wit the oil and the gas is a fact, and number two, if you need the redundancy in these kinds of systems that our customers, that all customers are accustomed to and back up support, that the economics and feasibility of pursuing that at this time we feel were not warranted with press for more vital energy type issues. What I am saying is this, that if these total energy systems would rely on gas and oil which they do and if the hardware requirements for the redundant systems are what they are, then we felt it was more economical to get off the dependence in the future for oil and gas, even though these efficiencies are somewhat higher we felt that these other features, fuel availability and cost of energy with the coal power, the nuclear power offset

any economies that would be realized with these smaller systems. The concept has not been shelved, so to speak. We have taken the available manpower that we had on those projects, are staying state of the art by staying in touch with the Southwest Research and other national research institutes and we are funding further study and supporting with our people and with some other aids, the national foundations and the industry type research groups that are pursuing these things further. Dave raised many other issues that we could probably answer. Dave knows what our answer is. As he mentioned, we talked about these things regularly. He doesn't surprise me with the issues he brings and the answers that I give won't surprise him, but I think as Mr. Deely pointed out he did raise the question, I think, which should be of interest to the citizens and to rate payers and I hope that I've answered that particular one.

MAYOR BECKER: Thank you Justin.

MR. DEELY: Mr. Mayor, if you would one other point that our systems group has studied and is studying the question the amount of load that we have in various areas. I believe that in Mr. Davidson's discussion with them that they told him what they were doing and told him that this was the next step in the process. I don't know whether the idea was originally with him or originally with our people but I will ask if you will, Mr. Thomas, would you come up.

MR. DON THOMAS: I'm Don Thomas and I might just mention as Dave also mentioned, I participated in some of the discussions concerning the rate matters that he mentioned here today. We did discuss with him the concern that we had about conservation and the need for the data that he spoke of in the latter comments that he made. Part of the problems that utilities have is that these problems are brand new. All of them are groping with the problems that we don't entirely know where all the energy is used. In order to determine this, we have to go out into the field and we have to test numerous conditions, try to find out where energy is used, learn more about it so that we can develop positive programs to seek out ways that can conserve and eliminate the waste and at the same time still meet the requirements of our customer. We told him in our rate planning, in our engineering planning that his would be the step that we had to undertake really about this time, right now. That we had to investigate a great deal of lead research and that actually that would form much of the basis of the filing that we would bring back to the Council for next year. We are in conversation with consultants at this time to lay out work scopes for this particular work so that we can get under way with the testing and determine these particular load trends that he's referring to. I just wanted to mention that in the way of general planning information that we are under way with right today.

MAYOR BECKER: Thank you, Don. Do you have any further comments, Tom?

MR. DEELY: Not at this time.

MAYOR BECKER: All right, Reverend Black, would you care....

REVEREND BLACK: Dr. Davidson, I'm impressed with the presentation. I'd like to just make this comment to see if I clearly understand what you are saying and then raise a question with you with reference to your opinion in this matter. If I understand you, then you are saying that in dealing with energy conservation that we can possibly take care of this increased growth without bringing about this exceptional cost for dealing with the growth. Is there a relationship between energy conservation in your concept of limiting growth?

MR. DAVIDSON: Well, I think your statement in essence is true. I think although these gentlemen here are much more capable of answering this than I am, but I think that you could show that you could virtually take care of the increased load growth through energy conservation techniques, yes.

REV. BLACK: Now, is it your opinion that you can deal with this whole problem of conservation and growth so long as your policy bodies pass and act positively on matters that tend to contribute to an expansion of growth? Or is there at some point or another that the policy bodies are going to hate to have to take such action that makes a demand on the part of our institutions to deal with these matters in the kind of terminology that you have indicated? Do you think there's a possibility for free action and this is what I'm asking?

MR. DAVIDSON: Well, I don't really know how to answer your question.

REV. BLACK: In your opinion.

MR. DAVIDSON: But, I think there's going to have to be a lot of pressure from the top down in order to get a change manifest in our system. We have been as the mayor pointed out, sort of as it has been put, on an energy joy ride for a long time, and there's got to be change in that system. Now, exactly how much pressure it takes from whom I don't know, but it's going to require a lot of awareness on everybody's part, and one would hope that the policy bodies don't have to act in such a way as to put pressure on everybody. Hopefully they would be some education, as well as some heat put on. So I'm not sure that the City Council or any other body has to absolutely stand on anybody's head in the process, but I can see some enlightened cohercion and some effect, like the Mayor was talking about, when he talked about influence by people. I can see that to be a very useful thing. I'm sorry. I probably haven't answered your question.

REV. BLACK: The reason I'm saying this. I know I come out of the, out of a situation where a great deal of my experience has been where a change never comes except through a tremendous amount of pressure. I'm simply asking for your opinion because you may bring another set of experiences with a completely different kind of concept.

MR. DAVIDSON: As an environmentalist. I am well aware that you have to hit the needle on the head with a two-by-four before you can begin his training, let's put it that way.

MR. BERG: That's been true since the cave man, I guess.

MR. DAVIDSON: I don't necessarily believe in that concept.

MR. BERG: Along with the question he asked, the San Diego story is a famous one, in San Diego last year they tried to put into effect a penalty. They made a 35 per cent reduction, or as a mandatory thing after clammer and yelling from everybody, they cut it back to 20 and then to 15 and then they passed, or tried to pass an ordinance fining users if they used more energy than what they did last year less ten per cent. They tried everything, and the net result was that they finally ended up doing nothing but just appealing to the public for more conservation, and the problem is still in the unknown. But I think all of us are saying the identical thing. We are trying to get our arms around the problem and do something. And we are going to do something in essence to the problem.

MR. DAVIDSON: I think what you said is a very important thing, because philosophically there are two ways to go about this. There are ways to try to lead people to energy conservation and there are ways to try to drive them to it. In San Diego, the story is the latter of those two. And I think it's very important that in a free society that we try to use all the means that are at our disposal including public education. To keep from having to do that.

MR. BERG: Yes, I would agree with you.

DR. SAN MARTIN: Mr. Mayor, I'm not going to ask you any questions Mr. Davidson, I would just like to ask the Mayor if we can perhaps redirect hearing tonight to the question of rates. I think that we have digressed into other areas such as conservation and perhaps areas which are not as pertinent as the question of the rates. Perhaps some of our citizens in the audience have not participated because they haven't heard exactly what the rates are going to be. So, Mr. Berg will be kind enough to assign someone from the staff to a specifically tell how it's going to hit each homeowner. How much of an increase it's going to be in dollars and cents. Maybe we can have the discussion on the track that I thought we have should taken from the beginning.

MR. BERG: Is that what you would like to have done? Shall we proceed that way?

MAYOR BECKER: That's fine. Don, did you want to....

MR. BERG: Mr. Deely would you assign the people that should come up with the details?

MR. DEELY: Yes, Mr. Mayor, this would be part of the regular presentation that we have. If you want to see the comparative costs that has been shown briefly to you before and Mr. Thomas has slides that will illustrate what those costs are if that's your pleasure.

DR. SAN MARTIN: Well, I would just like to have some kind of a order in this sequence here so that we can talk about rates, Tom, exactly what the rates are now, how much the average homeowner is going to have to pay if we increase it 25 per cent, 19 per cent and I think that's what most of the people in here are interested in. I know that conservation and consolidation of services and everything else is pertinent, but I think the rates should take precedence over any other type of discussion.

MR. DEELY: Fine, we'll be very glad to do that. Most of these people that are here are from the City Public Service. We saw very few faces other than that. I don't know whether any have come in since the beginning of the program, but all of our people have been thoroughly briefed on this, but we will for those who are not from the City Public Service be glad to show this information.

MAYOR BECKER: I think what the Doctor wants is an expression and I don't like to deal in approximations and I'm not suggesting that he does care for approximations, but if your energy bill in your home was $10.00 a month then you use the same amount of electricity with gas and all that, approximately what would it be after the say 19 per cent rate increase, something on that.

MR. DEELY: Fine Mr. Mayor and Dr. San Martin, I believe I'll ask Mr. Thomas to come up.

MAYOR BECKER: As far as the slides and all that, I don't know that that's totally necessary.

MR. THOMAS: Well I have the same tables here, I think perhaps maybe some of the numbers - we could quickly go through those. We've been trying to present to the Council on a monthly basis the typical bills which you all are very familiar with. Let me just, let me see if I can find the correct table, yes, Mr. Deely asked me to ask City Public Service Board people to hold their hand up so that we can see how many of those here. I think most of them are.

MR. PADILLA: While we're waiting on Mr. Thomas, may I see a show of hands of the people in the audience who are not connected with Public Service or another City agency. Thank you. Go ahead Mr. Thomas when you are ready.

MR. THOMAS: All right, we normally use for the average homeowner about 750 kilowatt hours as the overall average for homeowners on a monthly basis in San Antonio. Using the March fuel adjustments, which of course you are familiar with changes every month, the elctric bill for that particular consumer currently is $17.93. Under the proposed rates that particular electric bill would rise to $20.81. On the gas side for the use of about 5,000 cubic feet, which again is the average gas consumption, the current bill is $5.35, and under the proposed rates that would rise to $6.79. Taking those two figures together is $23.28 currently, which would rise to $27.60. That's about $4.00 a month, something in that range. And this is the general range in increase in the residential categories. I think in other tabulations I've presented to you this particular increase will be a little over 20 per cent overall. The increase in the gas residential bill is a little less than 20 per cent while the increase in the electric side is in excess of 20 per cent would average overall slightly an excess of 20 per cent for the residential or average homeowner. I did present in other presentations that the increases for users lower than that are less than 20 per cent. I think we've prepared some tabulations that were in the rate filing that a small electric residential user's increase would be about 18 per cent and so that's some indication....

DR. SAN MARTIN: Are you giving us figures for the request for 25 per cent?

MR. THOMAS: That is correct Mr. Martin.

MR. PADILLA: Mr. Thomas, you dealt with the average residential bill. Is that correct.

MR. THOMAS: That's correct.

MR. PADILLA: What, if any, is our minimum in San Antonio and how does the proposed rate increase affect minimum billing?

MR. THOMAS: All right, the current rates call for a 50 cent minimum

of billing in both the residential gas rate and the residential electric rate. Under the proposed rates, we have raised those minimums to $1.50. I think corresponding to that we include in the rate filing that the basic cost of service to the utility to serve a minimum user is closer to $3.60. Now, of course, we did not feel like in this San Antonio area that we could increase it that much and we've tried to hold the line on the minimum billing to that level.

MR. PADILLA: What percentage of the customers of CPS fall into the minimum category?

MR. THOMAS: Mr. Padilla I think that by in large there's less than three or four per cent of our total bills in a year's period that actually pay the current 50 cent minimum bill. Very few individuals actually pay that minimum bill. We find that by survey that the people that generally pay that particular minimum bill are persons that have unoccupied home or second home or cottage or something like that and actually there is no one there. Most anyone that's there that has anything at all will use in excess of the minimum bill.

MR. PADILLA: Could you comment at all, Mr. Thomas do you have the figures, or do you have a way of getting the figures for a small resident as opposed to this average residence which of course is the average of the very large homes and the very small homes, do you have any way of telling us what the impact of all of this would be on say two or three bedroom home? Perhaps it does not have central air but it has only necessities, served by gas & electricity.

MR. THOMAS: Yes, I have tabulations here that have the complete range of usage. I would think that a minimum user, the lowest numbers that I have here on the tabulation for electric use is 100 kilowatt hours, which I might mention that if you have a refrigerator running all month, it will use 90 kilowatt hours. So 100 kilowatt hours is pretty low I would think. That bill currently for electricity is $4.14 and that would increase to $5.00 on the electric side. In the case of the consumer that uses 1,000 cubic feet which is less than a water heater would use in a month, that bill is $1.25 and would rise to $2.30. If you're taking those in addition, you have a current bill of $5.39 would $7.30. I would think that a combined residential gas-electric bill of $5.00 is a very, very low amount and that would be what I would say would be the impact in that area.

MR. PADILLA: What would that be about 30 per cent?

MR. THOMAS: I didn't, I don't have the addition, what did I say, $7.30 from $5.00? It should be in the 20 per cent, somewhere along there.

MR. PADILLA: You raise $5.32 in round numbers.

MR. THOMAS: Right. And what I was trying to mention there are very few customers that even are in that lower range. I took the most extreme range. There are very few customers that would use that little. For example, Mr. Padilla, we sampled some areas in San Antonio that by the 1970 census data have the lowest income in the City of San Antonio, and when we surveyed those particular areas we found that the average usage in those areas for electricity was more like 400 kilowatt hours.

MR. PADILLA: Well, Mr. Thomas, if I may, this is I think you're on the trail of what I'm really trying to determine. We have been told many times and we realize that the impact will probably be the hardest hit because of impact will probably be the very low income, the people on fixed incomes, people on welfare, people who just cannot find it the toughest to adjust to higher rates. I'm trying to determine what the impact for your proposed rate increase, what impact it will have on that type of people in that income category.

MR. THOMAS: Right, and so what I'm saying is I think what we found from our surveys, Mr. Padilla, of those areas I think you would be referring to, that the bills are not $5.00 but they're $12.00, $15.00 per resident. I found that hard to believe but we actually went to

those areas and extracted the records and the consumption to check those ourselves. When you compare the bills in those ranges where the predominantly low numbers of people in the lower income find, we find that the rate increase overall is about 17 or 18 per cent in that particular range where is the area where you are speaking of. Obviously when you raise the minimum bill from 50 cents to $1.50 that's more than 18 per cent, but when you go a little further, we've held the rate down so that where they actually are the per cent increase in that range is in the 18 per cent. I mean, this is many combinations here and we tried to test this and this is the result that we found.

MAYOR BECKER: Thank you. Any further questions for Mr. Thomas? Thank you very much, Don. I'm going to announce to the audience that I'm going to excuse myself at ten o'clock. There's a gentleman that came from Chicago, Illinois to discuss the possibility of joining my company and I want to spend some time with him before he has to leave and catch whatever plane it is that goes back to Chicago. So I'm going to be leaving in 20 minutes and Mr. Padilla will be in charge of the meeting from then on as Chairman. I just want to make that announcement so you wouldn't think I was walking out on whoever might be speaking at the time because I was unhappy with something they might have said. I think our next speaker is Mr. Guenter Krellwitz. Did I pronounce that right? Guenter?

MR. GUENTER KRELLWITZ: Yeah, you did. Thank you. You're getting really better on pronouncing my name. I appreciate that. My name is Guenter Krellwitz, I live at 5518 Chancellor in San Antonio and first of all I want to thank you for giving the citizens of San Antonio a chance to participate in an evening meeting of the City Council. Unfortunately, and I'm very saddened that so few people showed up to participate in it. Nevertheless, it is a very good gesture and I think at least you have tried. You might not have succeeded but you have tried.

When I mentioned to several people that a meeting was going to take place this evening, unfortunately a lot of people said, what is it of any use or have they made up their mind already and just going through the motions? Well, I believe that that is not the fact, I believe that you are sincere in determining what impact it will have on the citizens of San Antonio. Now I'm going to make it very brief but I'd like to make a few comments here and these are that utility costs has increased last year alone by 48 per cent for gas and 14 per cent for elctricity. Now I support these figures and I believe I have given you - not the last Council meeting but the Council meeting before that - a breakdown of my utility rates or my utility bill and we find that there's a continued increase, although sometimes a decrease, in the rates. So that I came up, the way I see it, the way I have calculated it and the way everybody sees it, with an increase of 48.9691 per cent for gas from March, 1973 to March, 1974 and an increase of 14.02765 per cent in electricity. And then of course, my question goes, are these increases going to continue after they get the 25 per cent increase, if they get it or are they going to cease? Now some of that I'm sure is due to the fuel adjustment clause. In fact, these rates here, the increase, was due to the fuel adjustment clause but here again is that going to continue? What surprises me most, Mr. Mayor, is a discrepancy in figures which the gentlemen from the City Public Service Board are releasing to the public. 44 per cent in February, which was announced was then reduced to 21 per cent but according to my figures, it still turned out to be 44 per cent after all and I have the figures to prove it - I'm not talking out of my head. And the 11 per cent reduction which was supposed to be done in March turned out to be a 1.5 per cent reduction. Also again these figures, I can prove. So the people have really come accustomed to figures which they do not necessarily believe and I suggest to CPSB that they come forward with figures which the public can believe, which the public an support and which the public can relate to and understand. Now the City's 14 per cent rebate which goes into the general services is actually a disguised

taxation. In my case, I will have an extra 100 dollars in federal deduction, which is a 14 per cent, which would give me a net of perhaps $25 at the end of the year. Now since we are putting that in electricity and gas rates, I cannot claim that on my tax deduction. Business, of course, can claim that as a tax deduction. Therefore, it is the same thing for them, it doesn't make any difference, but the 14 per cent would make very little amount to the average people if you please. So the decrease in gas and electricity rates are contrary to what you are trying to - oh, excuse me, the decrease in gas and electricity rates on a scale, the more you use the less you, is really what you are trying to accomplish is not going to take place, you're not reducing the consumption but you're increasing the consumption. So realistically, if you would increase the rates, realistic increase the rate for a normal expected amount of usage, you would accomplish your objectives better. By that, I mean, you have to - business should not be penalized when they use more, there has to be a realistic adjustment of what business should use but if they use more, they would pay more.

Now I don't oppose every increase, ladies and gentlemen, I just ask you to very carefully look into every expenditure which is presented to you. I ask CPSB to exercise every cost in their saving method available to them. Let's look not only to what CPSB means but let's look also to what the people of this City can afford. This rate increase is not the only one, others will follow, I'm sure, and are already announced and the snow ball will get bigger and bigger. There's a limit to what people can pay. Not what they can afford but there's a limit to what people can pay.

Some of you, especially you Mr. Mayor, remember probably my budget which I presented to you during the annexation battle. These figures still stand. Perhaps they have gotten more dismal since. So may I ask you again to use restraint when you vote on Thursday. We all like to live here but we also have to exist here. And I thank you very much and I have one more question, and I already asked that, will the fuel adjustment clause still be in effect? The second question, what action is being taken to receive the compensation due us from Lo-Vaca and Coastal States due to their non-fulfillment of their contract? And I thank you.

MAYOR BECKER: Thank you, Mr. Krellwitz. The first question, I'm sorry, sir I didn't get the entire meaning of it. What was your first question that you had?

MR. KRELLWITZ: Oh the first question was, will the fuel adjustment clause which was bringing the rate up or the average bill up, still be in effect after CPSB gets the increase, if they get it the 25 per cent, will this clause still go up? In other words, will we still have the increase by next year of another 44 per cent or perhaps 30 per cent over and above the 25 per cent which we are granting them now?

MAYOR BECKER: Yes. Where is the ....Mr. Matthews, did you hear Mr. Krellwitz' two questions? They had to do with one, the fuel adjustment increase, as to whether or not it would still be applicable after the CPS gets the rate increase, whatever that might be; and two, what is being done with respect to the Lo-Vaca situation?

MR. WILBUR MATTHEWS: Well, of course the fuel adjustment clause would be contained in the new rates and of course, there would be an adjustment upward and downward, depending on the fuel costs just as it goes up and down now. This new rate is not by - specifically by fuel where if it's to build plants to go to other fuel and cheaper fuels that eventually will make this City free of higher price and constantly fluctuating price gas and put it on a stable price coal, where this fluctuation will cease to occur. And we have to bite the bird here and get on to these stable fuels and get us back in a time when we will not have these fluctuations. And in order to finance those things we - these are necessary to the citizens sure to have the

additional money and for the citizens to put it up for their own best interest. This community cannot exist without ample electricity and fuel for the homes and for the businesses. And the real efforts here in the tremendous expenses involves are to rectify this unstable situation due to the scarcity of natural gas and the constantly increasing price of natural gas. And as I say to get us on a stable fuel where these adjustments will not then be necessary. Now, that isn't going to happen over night. Because the construction of these coal plants, the construction of these nuclear plants are very long term projects. Another thing that has to be understood and that is the savings of cutting off lights or even reducing your thermostat isn't going to necessarily decrease the necessity of putting in these alternate fuels. For instance the ordinary homeowner can save every day during the summer when the day isn't too hot, but if everybody everybody when it gets real hot and in the 90's and up to 100, if everybody turns their air conditioner on, you've got to have the same amount of installed capacity to meet that demand as if they hadn't saved a single kilowatt in the meantime. Because it's a peak demand that measures the total amount of electric generation you have to have installed and that is to meet the maximum demand. Now, the experts of this Board and outside experts that have been consulted say that these in projecting even at a lower rate than 11 per cent as a lot of discussion is taking place here. These are necessary to change the fuel use. These funds are, and we've got to spread them out, we've got to start these rates, these higher rates as soon as possible to maintain the financial integrity of these utilites and we've got to support them fully. And it would certainly be dishonest to say that this is the last rate increase because it is not going to be, if you are going to meet these constantly increasing demands that are going to make this changeover to the newer fuels with the very expensive plants as it will be necessary to use. Now on the question of coping with Coastal States. Coastal States now is furnishing this gas at the actual cost that it takes each month to get the gas from the producers of gas. The increase is not going into Coastal States coffers, the increase is going to the producers of the new gas and the renegotiated contracts that attempt to improve the supply of gas from the older wells that are reworking and so forth. Now all of those things are going to stay with us and we're going to have apparently, as far as we can see and the experts have advised the Board, the gas situation is going to get worse and worse, and we have to go to coal and nuclear, and as I say that will put us on a stable situation and we'll avoid the monthly fluctuating, but we're going to have them for quite a long while and we might as well realize it and be honest about it. Because that's what going to happen. They're getting now five cents per MCF along for the gas furnished. Which according to the experts and our own experts who have been employed to study the actual operating cost and maintenance of this pipline system is barely enough to keep it operating. Now they say when are we going to get some money out of them. You can't get blood out of a turnip. The only source of money in this situation is going to have to be from the holding company. From the stockowners, Coastal States Gas Producing Company. Now we now have an order of the Railroad Commission that requires the producing company to contribute $2,500.000 to Lo-Vaca for the sole purpose of extending mains to get new gas for putting in treatment for new gas. They have to have treating facilities in order to take the gas and put in the system. And for advance payments that are now demanded by the producers of gas because of the competitive situation. Others offer it and so if Lo-Vaca is going to get it, they've got to have money to do it. Now, the Railroad Commission has done that much about it. Our last audit showed that they were putting that $2,500,000 in. I don't know if we have audited them in the last month or so. We've got so many things and only a certain number of people and there's only 24 hours in a day. But we will, as I understand from the staff, continue periodically on it. We now have a recommendation for a system of accounting and reporting that will minimize the difficulty of the audit and check up periodically if the reports are made. That's been recommended in this report of the

examiner of the Railroad Commission and we hope will very quickly be that feature be placed into effect. Now, then of course, we have talked about suing. There's no question that we will sue as I understand the decisions of the client here. I'm the lawyer. I don't decide whether to sue or not. The clients decide. Now then we're going to sue them as I understand. Everybody that has anything to say about it. Every member of the City Public Service Board. The question is, do you sue them while you've got the Railroad Commission now fixing, having a recommendation before it's undisposed of that will require them to set up a continuing indebtedness and account of the difference between the contract price of the gas and the price that's paid for under Railroad Commission orders. Now that's pending. It hasn't been adopted by the Commission. Now, there are some and I believe the City Attorney is one of them that said we ought not sue now until we find out how far we're going to get that relief which is the major part of the relief we could get in court. Now, the attorneys are at the disposal of the clients here. The question is, what's the smart thing to do? It's a difficult problem. It isn't one that is black and white, I mean white or absolutely black. It's on, there's all kinds of considerations in the thing. Those things are not legal problems about when. When you do it, you then start the legal questions and the legal procedures. Now, the question is when is a matter up to the judgment of the best minds that we can put together here and I think our Board is fully conscious of it. I'm sure every member of this City Council is. We've discussed this as you know in our legal briefings on it and it seems to me that from every member that's on this City Council it's a pretty good unanimity of opinion on a very intelligent reaction to everything that we're doing about this. The idea that we're sitting on our hands or that the interests of this community and the consumers of electricity and gas have not been served, I say,is just somebody's opinion against other people's informed opinion. Is there anything that I've.....

MAYOR BECKER: Does that answer your question Mr. Krellwitz? All right. Thank you Wilbur. Now as I said, I'm going to be man of my word and keep my promise. I'm going to depart. Before I do I want to thank the members of the City Council who were kind enough to take out their evening to be here. Mr. Berg, Chairman of the Public Service, Mr. Centeno, other members of the Public Service, Mr. Deely and all of his staff,and Mr. Matthews, the general counsel and various other people, plus the press and news media and all of you interested ladies and gentlemen in the audience and in particular the various speakers that we've had up to this point in being here this evening in expressing your concern giving your views and offering your suggestions. I think it goes without saying a healthy sign to see interest on the part of people regardless of whether they're many or few, they are still interested and that really is what this country is all about, the right to speak your peace and that's essentially what we have here this evening. I, too, am disappointed that there weren't more people in attendance for this hearing, this briefing, this explanation, whatever you care to call it. But they weren't and for that I'm regretful. Be that as it may. So if you will forgive me, I'm going to excuse myself. Mr. Padilla would you care to assume the roll of Chairman please.

MR. PADILLA: The first thing I want to do is declare a five minute recess and we'll reconvene at 10:05. (RECESS)

Mr. Louis....., it looks like Robinson, perhaps I'm mispronouncing it, Rayburn.

MR. LOUIS RAYBURN: I'm Louis Rayburn and I work with the Civil Service. I'm a property owner here in San Antonio. I've lived here seven years and I've noticed that the rates have gone up in the last few years and haven't gone up at the rate that they're asking now. And working with Civil Service I have to take a position of the president set guidelines for making an example out of us to begin with and holding inflation down, you're asking for 19 plus per cent. I understand and I agree with everyone else in this country that with the oil situation the way it is things have to go up. And I know you are paying a tremendous amount for fuel oil and you're having to pay more for explorations for gas and other things and Lo-Vaca Company cuts the rates back and you have to switch to fuel oil. Well the citizens have to pay for this and it makes things unstable. I know San Antonio is a city where you have a lot of retired military, retired civil service and the people that are retired on social security. I think you have to give a lot of thought to a tremendous amount of increases to those people which I don't know what the percentage is, in San Antonio, but I am sure it is a great number. And they are the ones that are going to be hurt by this tremendous increase. Now, I agree that it should be increased because of fuel costs. Now the oil companies for some reason or another got us into this situation and they've made tremendous profits that have been announced over the television and through the newspaper in the last few months. So many hundred million by certain companies. One company announced three days ago they were going up seven cents a gallon gasoline and other companies said they were coming down 3½ cents a gallon and another one said it's going up 3 cents today. And price controls were lifted just a few days ago, so we can't tell how inflation is really going to go. I have to work with people at Kelly Air Force Base that are planning on retiring and I have a good idea of what they get when they retire. And people who have retired in the last four or five years are living on a whole lot lower salary than those that are retiring now. So, if you want people to stay in San Antonio and continue to live here and I'm sure that they like the climate, I love it, but it's a matter of economics. They will go somewhere else if they can live without having to pay the increased costs. Now, the cost of gas I know is due to the fact that you've had to cut back to fuel oil, and with the oil companies making these tremendous profits it's up to them and the people of this country to put the pressure on the oil companies to be sure that those profits are spent in exploration and drilling to seek out new deposits of gas, natural gas and as fast as they can. I hear the story, they can't get pipes for the oil field to drill with, to replace. I think the steel men in Pittsburgh and wherever the other plants are located should convert all their energy to getting all of the pipe that the oil fields need and get it out there. I've worked and had to work with oil field people. I know now you cannot put people to work in the oil field because the work is too hard and they can come into the City and get a job at almost the same wages and not have to sweat half as hard. So I think the Federal Government should back some of these oil companies not the company itself but the men that work out there, pay them a little bit more. So they'll stay out there and these oil companies, I'm talking about the little companies, not just the big company, where they can expand and seek out wildcatting and this country, I think will find that they have more oil and more gas than they ever dreamed of. Now, I know that my statements may not be heard by anyone else here at this meeting and I was surprised that there were so many CPS members in the audience, but I am thankful to have been able to address to you and the members in the audience that I know we're going to have increases. I know we're going to have inflationary factors, but until the economy becomes stable and I don't believe it will become stable until the pressure is put on the oil companies to keep all

fuel supplies at a steady as low an increase if possible, if not, hold it at a level. And if anything can drop, it will be a great thing for the people that are all elderly, retired and military and civil service and those on social security plus all those that are on in the lower income brackets that are on welfare and those that are at the very level right now of where they don't have to pay taxes, it's going to place a tremendous burden on them more than anyone else. I won't be hurt as bad as some people, but I'm willing to pay my share and I know that having studied nuclear physics, that the problem now lies with getting the nuclear generating plants built at a faster rate than what they are right now. We're just at the start of the atomic age really, even though the bond was exploded in '45. We're still in the very dawn of the nuclear age and with some great developments and inventions that come up in the field of fision and fusion, we will have, I think, all of the energy we need later on. But we have to try to keep things as low as possible and try to keep the economy on an even keel. And this City, it was the 13th largest maybe it's dropped back now, but I think San Antonio should set some kind of an example for the nation, and if we can, I have ideas on how to conserve energy. I haven't submitted any to CPS. I've called down there, but I have ideas and I know I could save money. And American people may not agree with my conservation ideas, but this country has reached the point where we are going to have to conserve and where the majority are in favor, it's going to have to go that way for the betterment of all of us. I thank you for letting me speak.

MR. PADILLA: Thank you, Mr. Rayburn. Mr. Rayburn was the last speaker to sign up. I think from this point on, I will ask Mr. Centeno, since Mr. Berg has left, if there are any closing remarks from him or any other member of the CPS management team. All right, is there any one from the Council? All right, Mr. Deely, go ahead.

MR. DEELY: Excuse me, did you want the Council.....

MR. PADILLA: No, go right ahead.

MR. DEELY: Mr. Padilla, I just wanted to say one thing. It will take me just a second. I wanted to call the Council's attention, if it has not been to their attention, the fact that O'Brien and Gere, in their report in recommending the 19 percent, nothing less than 19 percent, recommended that for the fiscal year. We have made some figures on the requirement to raise that amount of money for the balance of this year, this fiscal year, and it comes to more than 26 percent. No, I just wanted to point that out to the Council so that they would be aware of it. And, of course, we're talking of cash flow situation and it would take, even to raise the amount that O'Brien and Gere recommended, it would take more than a 26 percent rate increase at this time to raise that money in this fiscal year.

MR. PADILLA: For the benefit of the audience, Mr. Deely, when did your fiscal year start?

MR. DEELY: February the 1st.

MR. PADILLA: Thank you. Would any member from the Council like to take this opportunity for closing remarks? Reverend Black? Mr. Lacy?

REVEREND BLACK: I'd like to hear from - what was his name?

MR. PADILLA: Oh, I'm sorry, I have one more citizen who signed up late, Mr. David Farley.

MR. DAVID FARLEY: My name is David Farley, and I don't really represent anybody except myself, I guess, and maybe my two grandmothers who are widows and on fixed incomes. I just had a question. I've heard this and I don't really have any statistics on it, so maybe somebody can help me, that the consumer utility rates in this City are among the highest in the State while the industrial rates, or the commercial rates for the utilities are among the lowest in the State. And I was just wondering if somebody could give me some figures on that, whether it's true or not.

MR. THOMAS: Since this question had been raised, I believe last Thursday in the Council meeting, we updated all our comparison of rates with the major Texas cities, Dallas, Fort Worth, Corpus, Houston, and I have reviewed those comparisons just this afternoon. I can assure you we do not have the highest rates in the State of Texas for either gas nor electricity. There are areas where one city has a rate for a particular range that's lower than ours. In another range, ours are lower than that particular city. Generally, our residential and commercial rates and industrial rates have been the lowest in the State for many, many years. Of course, with our impact of fuel that has preceded some of these other cities, our rates have increased sharply. But I would assure Mr. Farley that our rates are competitive currently, and even with the proposed 25 percent increase, we will still be generally in the mid range as compared to the major Texas cities for all ranges of usage, residential, commercial, industrial, all across the board. I just summarized with that. I do have tables if you would care to have other figures in that regard if the Council would desire that information. We have that for you. Does that answer you, Mr. Farley?

MR. PADILLA: Thank you, Mr. Farley and Mr. Thomas. Would any member on my left care to say anything? All right. I would like to just make a brief statement partly to Mr. Deely as well as the other members of the Public Service Board. Because of circumstances which faced me last week that are no longer applicable, I would like to repeat the remarks I made last week, Mr. Deely, and that was substantially that it distresses me very much everytime the City Council gets a request for a rate increase either from yourself, from the Water Board, or Transit, or the phone company. I said last week that I've been entirely consistent, and you will find that I will be and have been. The point that distresses me very much is that we sit here as rate makers as a City Council, and we look only at the bottom-line figure and the need for additional monies. I would like to see some effort made to assure this Council in a substantive sort of way, not just remarks that are assuring to us, something that would show this Councilman a concrete way that every effort is being made, and a citizen brought it up today, I brought it up last week if you will recall, that we are effecting all of the cost cutting procedures that can possibly be implemented, that we are effecting every efficiency possible that we have cut waste to the bone and I recognize that lacking perfection we are all going to have organizations that are less than perfection that do have some waste incorporated. But this ties in to some of the suggestions that I have made, that members of this Council have made, which are not implemented as of this date. Perhaps they are small savings. Maybe 100,000 here, 50,000 there. But I know I would like to see it implemented and I think the Council would like to see it implemented. I think in spirit, you are with us. It is distressing though to sit as rate makers and to just constantly answer the need for additional funds. We would like to see, I would like to see every effort made, and I would like to see substantial proof that every effort is being made to make the CPS organization as efficient as humanly possible so to speak. I think that we owe to the citizens of the community, the consumer, not only to ask him for additional money, and monies are necessary, that's the world we live in, but we owe him first of all to prove to him that we have done everything possible to effect every saving that we can in the operation of the organization itself.

MR. DEELY: Mr. Padilla, I certainly agree with you 100 percent. You referred to some of the things that we are studying along with the City and with the City Water Board in your remarks, I believe, last week. We will have a report, Mr. Granata, on the 15th for you. I know I've been having meetings practically daily with some of these committees since that time, committees that are appointed, and this is concerned with the consolidation of services. And I think we'll have some reports for you there that you'll find agreeable, and I want to assure you that I and the staff of the Public Service are continuously looking at this situation insofar as expenses are concerned, insofar as efficiencies are concerned, and we would welcome the opportunity to take you personally and show you some of the things that we have done and are trying to do at the City Public Service. I think you'll find it enlightening and I think that you'll find it agreeable to you.

MR. PADILLA: Thank you, Mr. Deely. Anyone else from the Council have a remark?

DR. SAN MARTIN: I move the meeting be adjourned, Mr. Mayor.

MR. MENDOZA: Second.

MR. PADILLA: I declare the hearing adjourned. Thank you.

(The meeting was adjourned at 10:30 P. M.)

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