

REGULAR MEETING OF THE CITY COUNCIL  
OF THE CITY OF SAN ANTONIO HELD IN  
THE COUNCIL CHAMBER, CITY HALL, ON  
THURSDAY, MARCH 18, 1982.

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The meeting was called to order at 1:00 P.M. by the presiding officer, Mayor Henry Cisneros, with the following members present: BERRIOZABAL, WEBB, DUTMER, WING, EURESTE, THOMPSON, ALDERETE, HARRINGTON, ARCHER, HASSLOCHER, CISNEROS. Absent: None.

82-12 The invocation was given by Reverend Delbert Brown, Oak Meadow United Methodist Church.

82-12 Members of the City Council and the audience joined in the Pledge of Allegiance to the flag of the United States.

82-12

HONORARIUM

Mayor Cisneros spoke of the reputation of San Antonio's Emergency Medical Service system for its many lifesaving actions down through the years, and noted that today's citation to Emergency Medical Technician Terry Jones was symbolic of the many such lifesaving actions of EMS. Mayor Cisneros then read the following Honorarium:

EMERGENCY MEDICAL TECHNICIAN TERRY JONES

"In recognition of the lifesaving efforts of Emergency Medical Technician Terry Jones on November 10, 1981. Mr. Jones, part of the first EMS team to reach the scene of a major accident, immediately recognized the life-threatening crisis involving Ruth Feiser and immobilized her head to prevent any further movement of her neck, thus preventing further nerve damage or possible paralysis.

He held her head and neck for hours as she first was freed from the wreckage of the automobile, carefully moved to the modulance and transported to Southwest Texas Methodist Hospital. At the emergency room, he continued to hold her head and neck immobile until physicians could provide a more permanent brace, preventing further spinal injury.

Mr. Jones' emergency medical training proved invaluable, first allowing him and his fellow technicians to size up the situation at the accident scene, assess the critical nature of the injuries, instantly recognize the life-threatening injury to Ms. Feiser, and take the steps necessary to prevent further spinal injury and perhaps save her life.

The City Council commends Jones for his devotion to duty and expresses the sincere appreciation of a grateful citizenry."

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Mayor Cisneros stated that Jones' actions were made known through a letter from Ms. Feiser to his superiors.

Ms. Feiser briefly explained details of the accident and Jones' actions, and praised San Antonio's EMS system for its efficiency.

Mayor Cisneros presented the Honorarium to Mr. Jones, and members of the City Council individually congratulated him.

Assistant Fire Chief Charles Shaw, speaking on behalf of Fire Chief I.O. Martinez, thanked the Mayor and Council for the honor.

Mayor Cisneros asked that Ms. Feiser's husband and members of Mr. Jones' family, present in the audience, to stand and be recognized.

Mr. Jones spoke of the event as being a team effort rather than an individual one, and spoke to the actions of his EMS partner and the backup EMS team, also called to the scene to assist, as well as the efforts of other firefighters, who continually sprayed the area with water to prevent any chance of fire as technicians worked to remove Ms. Feiser from the wreckage of her car.

Several other members of the City Council spoke of the fine work of the EMS system and, in this case, Mr. Jones.

82-12

BROWNIE TROOPS 520 and 774

Mayor Cisneros recognized the presence in the audience of members of Brownie Troops 520 and 774, along with their adult leaders. He noted that Troop 520 is located at Southwest Elementary School while Troop 774 is located at Indian Creek and Sky Harbour Elementary Schools. Mayor Cisneros asked all to stand and be recognized.

Mr. Thompson stated that these two Brownie Troops had 'adopted' a City block as their personal group project to clean up and from which to remove debris, and commended the troop members and leaders for their efforts.

82-12

FRIENDS OF THE PUBLIC LIBRARY

Mayor Cisneros recognized members of the Friends of the Public Library, present in the audience, and spoke to that group's having raised some \$10,000 in a private fundraising effort last fall in order to supplement public funds for the San Antonio Public Library system.

Ms. Barbara Wells, President of Friends of the Public Library, spoke of this first largescale private fundraising drive on behalf of the library system. She presented Mayor Cisneros with a check for \$10,000 to be used for books for the system.

Mayor Cisneros and members of the City Council personally accepted the check on behalf of the library system, and thanked the group for its contribution to learning.

82-12

FIESTA SAN ANTONIO COMMISSION

Mayor Cisneros recognized the presence in the audience of Mr. Wilbur Littleton, President of the Fiesta San Antonio Commission; Mrs. JoAnna Parrish, Vice-President; and Mr. Davis Burnett, Executive Director. Mayor Cisneros stated that the group was here today to present to each Council member a number button supporting Fiesta San Antonio 1982, in recognition of the fundraising drive underway to sell these buttons in order to help raise more money to offset the costs of Fiesta Week.

Mr. Wilbur Littleton stated that plans for Fiesta Week 1982 are well underway with 82 events planned. He introduced representatives from a number of participating organizations, present in the audience, then outlined the plan to sell 100,000 Fiesta buttons to help defray Fiesta Week costs.

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Mr. Littleton, Ms. Parrish, Mr. Burnett and organization representatives then pinned Fiesta buttons on each Council member.

Ms. Berriozabal stated that the Spanish Information Network will provide television coverage of Fiesta events for presentation in Mexico this year.

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82-12 The minutes of the meeting of March 4, 1982 were approved.

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82-12 ECONOMIC DEVELOPMENT ADVERTISING CAMPAIGN

Mr. Alderete stated that three Council members attended a meeting earlier today and looked over advertising that the Economic Development Foundation, using EDF and City money, planned to place in economic trade journals in a campaign to boost San Antonio as an economic development location for companies wishing to locate or re-locate. Mr. Alderete expressed his opinion that the City should have an opportunity to review such advertising before it reaches anything approaching final stage, and stated that a closer review of this campaign process is needed.

Mayor Cisneros stated that the campaign matter would be placed on next week's "B" Session agenda for Council review.

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6. CASE 8785 - to rezone Lots 24 through 27 and 53 through 56, Block 1, NCB 6328, 240 Bushnell Avenue, from Historic "A" Single-Family Residential District to Historic "R-3" Multiple-Family Residential District, located between Bushnell Avenue and Laurel Heights Place, being 127' west of the intersection of Shook Avenue and Bushnell Avenue, having 200' on Laurel Heights Place and Bushnell Avenue, and a depth of 284.3'.

The Zoning Commission has recommended that this request of change of zone be approved by the City Council.

Mr. Andy Guerrero, Planning Administrator, stated that of the 24 notices mailed out to property owners within 200 feet of the property, 14 were returned against the request and two in favor, with an additional 16 letters of opposition returned from homeowners outside the 200-foot radius of the subject property. He further stated that nine affirmative votes would be required for approval of the request before the Council, and that there was opposition present in the audience.

Ms. Karen Vaughn, 1655 Frost Bank Tower, attorney representing the proponent, General Western Corporation, stated that the Bushnell Apartments were constructed in 1926, and when zoning laws were created for this area, the apartments enjoyed non-conforming use as multi-family housing. She stated further that the rezoning is needed in order that major electrical repairs can be made during the current renovation of the Bushnell Apartments. Ms. Vaughn stated that neighbors fear that something will be done with the four lots facing Laurel Heights Place if the rezoning is granted, lots on which covered parking for the Bushnell Apartments now is located, and spoke to having the proponent agree to a 50-year covenant not to remove the existing parking structure from those lots in order to make another use of the property. For these reasons, she asked for R-3 zoning on the entire tract.

Mr. Mendel Kaliff, 226 Bushnell Avenue, stated that he opposes the request, fearing that a rezoning would set a precedent for other area properties in this predominantly single-family neighborhood.

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Ms. Nancy Anderson, 519 Shook Avenue, stated that she fears construction of apartment units on the back four lots at a later time, if the rezoning is granted. She spoke of heavy traffic problems in the area already because of student parking around Trinity University, and asked Council to preserve the integrity of this historic area.

Ms. Margaret Eldridge, 511 Shook Avenue, spoke to her concerns for heavy traffic congestion because of Trinity University, the University Presbyterian Church and Alamo Stadium nearby.

Mr. Andrew Kline, 519 Shook Avenue, an attorney, spoke of his objections because of fears for safety of area residents because of the already-heavy traffic.

(At this point, Mayor Cisneros was obliged to leave the meeting. Mayor Pro-Tem Thompson presided).

Mr. Henry Roberts, 134 Laurel Heights Place, stated his opposition to the request as it being not in the best interests of the neighborhood, and spoke specifically in opposition to R-3 zoning on the entire tract, although he stated that he was in favor of the renovation of the Bushnell Apartments.

Mr. Paul Kinnison, Past President of the Monte Vista Historical Association, read to the Council a letter from Mr. Gus Van Steenburg, President of the Association, stating the group's opposition to the rezoning of Lots 53 through 56, fronting onto Laurel Heights Place, but that the group is not opposed to R-3 zoning on Lots 24 through 27, on which the Bushnell Apartments are located. Mr. Kinnison recommended the Council either rezone only Lots 24 through 27 or ask the proponent to postpone consideration of the request until the City Planning Commission can meet to consider possible Planned Unit Development (PUD) zoning for the property concerned.

Mr. L.C. Vaughn, 101 Laurel Heights Place, spoke against the request and asked Council to preserve the historic nature of the area. He spoke to his belief that area traffic will decrease if the rezoning is requested because covered parking will be retained for Bushnell Apartments occupants, and also spoke to the restrictions which the planned 50-year covenant would offer.

In response to a question by Mrs. Dutmer, Mr. Guerrero discussed the strictest zoning that would allow covered parking such as this, and stated that if fire were to destroy more than 50 per cent of the covered parking structure, an R-3 zoning would be required for the owner to rebuild that parking structure.

Mrs. Dutmer stated that she opposes R-3 zoning on the entire tract but would favor R-3 on Lots 24 through 27 only.

A discussion then took place concerning possible loss of the non-conforming rights on the property, should renovation cause the apartments to be unoccupied for more than 12 months.

Mr. Thompson spoke against the request.

Mr. Archer stated that he had met with some of the neighbors, then spoke to the efforts of the Monte Vista Historical Association to restore the neighborhood, stating that to grant this request would set a precedent.

Mr. Archer then moved that the recommendation of the Zoning Commission be approved provided that a 6-foot solid screen fence is erected and maintained along the east and west property lines, and that the applicant work with the Traffic Engineering Division for street dedication if necessary. Mr. Alderete seconded the motion.

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Mr. Eureste spoke in favor of rezoning Lots 24 through 27 only.

Ms. Vaughn stated that the proponent needs an R-3 zoning on all lots, and repeated the agreement to a 50-year covenant to retain the covered parking on Lots 53 through 56.

Ms. Berriozabal stated that six options exist in this matter, and no single option is acceptable to both sides. She stated that the owner cannot make major repairs to the Bushnell Apartments under its present non-conforming usage, and stated that she feels that something like "performance zoning" is needed in this case.

Mr. Guerrero stated that City staff still is looking into the matter of "performance zoning".

Mr. Kaliff stated that neighbors also oppose a PUD zoning for the property because under such a designation, the owner can do any renovation while retaining the non-conforming usage. He further stated that he feels other property owners in the area would seek a similar zoning if R-3 is granted on this property.

Mrs. Dutmer moved to grant R-3 zoning on Lots 24 through 27 only, subject to the same stipulations as outlined in the previous motion. The motion died for lack of a second.

(At this point, Mayor Cisneros returned to the meeting and presided).

After consideration, the motion to approve the recommendation of the Zoning Commission failed to carry by the following vote: AYES: None. NAYS: Berriozabal, Webb, Dutmer, Wing, Eureste, Thompson, Alderete, Harrington, Archer, Hasslocher, Cisneros.

Case 8785 was denied.

Mr. Archer stated that he would work to help improve the property if possible under the existing conditions.

In response to a question by Ms. Berriozabal, Mr. Louis J. Fox, City Manager, stated that the Planning Department staff would meet with representatives of the Monte Vista Historical Association on the matter of possible "performance zoning".

7. CASE 8758 - to rezone Lot 1, Block 36, NCB 3695, 900 Cupples Road, from "C" Apartment District to "B-1" Business District, located on the east side of Cupples Road, between Menefee Street and Depla Street, having 349.45' on Cupples Road, 161.2' on Menefee Street and 160.6' on Depla Street.

The Zoning Commission has recommended that this request of change of zone be approved by the City Council.

No citizen appeared to speak in opposition.

Mr. Eureste moved that the recommendation of the Zoning Commission be approved provided that the applicant work with the Traffic Engineering Division for street dedication and for ingress and egress, and further provided that a 6-foot solid screen fence is erected and maintained along the east property line. Mr. Webb seconded the motion.

Mr. Thompson questioned the need for the fencing requirement.

In response, Mr. Andy Guerrero, Planning Administrator, stated that it has been departmental policy to require fencing as protection for certain abutting property when no specific usage is noted as the reason for the zoning change request.

Mr. Thompson then made an amended motion to delete the fencing requirement. Mr. Hasslocher seconded the motion. After consideration, the amended motion prevailed by the following vote: AYES: Webb, Dutmer, Wing, Eureste, Thompson, Alderete, Harrington, Hasslocher, Cisneros. NAYS: None. ABSENT: Berriozabal, Archer.

The main motion as amended, carrying with it the passage of the following Ordinance, prevailed by the following vote: AYES: Webb, Dutmer, Wing, Eureste, Thompson, Alderete, Harrington, Hasslocher, Cisneros. NAYS: None. ABSENT: Berriozabal, Archer.

AN ORDINANCE 55,070

AMENDING CHAPTER 42 OF THE CITY CODE THAT CONSTITUTES THE COMPREHENSIVE ZONING ORDINANCE OF THE CITY OF SAN ANTONIO BY CHANGING THE CLASSIFICATION AND REZONING OF CERTAIN PROPERTY DESCRIBED HEREIN AS LOT 1, BLOCK 36, NCB 3695, FROM "C" APARTMENT DISTRICT TO "B-1" BUSINESS DISTRICT, PROVIDED THAT THE APPLICANT WORK WITH THE TRAFFIC ENGINEERING DIVISION FOR STREET DEDICATION AND FOR INGRESS AND EGRESS.

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8. CASE 8783 - to rezone Lot 6, Block 5, NCB 15635, 9802 Roosevelt Avenue, from Temporary "R-1" Single-Family Residential District to "B-3R" Restrictive Business District, located southeast of the intersection of Sanz Street and Roosevelt Avenue, having 43.4' on Roosevelt Avenue and 130.3' on Sanz Street.

The Zoning Commission has recommended that this request of change of zone be approved by the City Council.

No citizen appeared to speak in opposition.

In response to a question by Mrs. Dutmer, Mr. Andy Guerrero, Planning Administrator, stated that of the notices mailed out to property owners within 200 feet of the subject property, two notices were returned in opposition to the request and one notice was returned in favor.

Mrs. Dutmer noted that the request is in the Villa Coronado area and spoke of the efforts of the Villa Coronado Neighborhood Association and its efforts to upgrade the area. Mrs. Dutmer spoke of the lack of restrictions upon the sale of alcoholic beverages in a B-3R zoning.

Mrs. Patsy Campa, 9802 Roosevelt Avenue, the proponent, stated that she plans to reopen an old business on the site to sell second-hand items for area senior citizens.

Mrs. Dutmer moved that the recommendation of the Zoning Commission be approved provided that a 6-foot solid screen fence is erected and maintained along the east property line adjoining the residential zoning, and that the applicant work with the Traffic Engineering Division for street dedication if necessary. Mr. Wing seconded the motion. On voice vote, the motion carrying with it the passage of the following Ordinance, prevailed by the following vote: AYES: Webb, Dutmer, Wing, Eureste, Alderete, Cisneros. NAYS: None. ABSENT: Berriozabal, Thompson, Harrington, Archer, Hasslocher.

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AN ORDINANCE 55,071

AMENDING CHAPTER 42 OF THE CITY CODE THAT CONSTITUTES THE COMPREHENSIVE ZONING ORDINANCE OF THE CITY OF SAN ANTONIO BY CHANGING THE CLASSIFICATION AND REZONING OF CERTAIN PROPERTY DESCRIBED HEREIN AS LOT 6, BLOCK 5, NCB 15635, 9802 ROOSEVELT AVENUE, FROM TEMPORARY "R-1" SINGLE-FAMILY RESIDENTIAL DISTRICT TO "B-3R" RESTRICTIVE BUSINESS DISTRICT, PROVIDED THAT A 6-FOOT SOLID SCREEN FENCE IS ERECTED AND MAINTAINED ALONG THE EAST PROPERTY LINE ADJOINING THE RESIDENTIAL ZONING, AND THAT THE APPLICANT WORK WITH THE TRAFFIC ENGINEERING DIVISION FOR STREET DEDICATION IF NECESSARY.

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82-12 Zoning Case 8755 S.R. was withdrawn from consideration.

10. CASE 8773 - to rezone Lots 6, 7-C and 7-D, NCB 10949, in the 4200 block of Clark Avenue, from "B" Two-Family Residential District to "B-3R" Restrictive Business District, located on the west side of Clare Avenue, being approximately 700' south of the intersection of Goliad Road and Clark Avenue, having 95.1' on Clark Avenue and a depth of 416', with a width of 190.2'.

The Zoning Commission has recommended that this request of change of zone be approved by the City Council.

No citizen appeared to speak in opposition.

After consideration, Mrs. Dutmer moved that the recommendation of the Zoning Commission be approved provided that a 6-foot solid screen fence is erected and maintained on the west property line adjacent to the single-family residences, and on the south property line of Lot 7-D; further provided that street dedication is given if necessary. Mr. Webb seconded the motion. On voice vote, the motion carrying with it the passage of the following Ordinance, prevailed by the following vote: AYES: Webb, Dutmer, Wing, Eureste, Thompson, Alderete, Cisneros. NAYS: None. ABSENT: Berriozabal, Harrington, Archer, Hasslocher.

AN ORDINANCE 55,072

AMENDING CHAPTER 42 OF THE CITY CODE THAT CONSTITUTES THE COMPREHENSIVE ZONING ORDINANCE OF THE CITY OF SAN ANTONIO BY CHANGING THE CLASSIFICATION AND REZONING OF CERTAIN PROPERTY DESCRIBED HEREIN AS LOTS 6, 7-C AND 7-D, NCB 10949, FROM "B" TWO-FAMILY RESIDENTIAL DISTRICT TO "B-3R" RESTRICTIVE BUSINESS DISTRICT, PROVIDED THAT A 6-FOOT SOLID SCREEN FENCE IS ERECTED AND MAINTAINED ON THE WEST PROPERTY LINE ADJACENT TO THE SINGLE-FAMILY RESIDENCES, AND ON THE SOUTH PROPERTY LINE OF LOT 7-D; FURTHER PROVIDED THAT STREET DEDICATION IS GIVEN IF NECESSARY.

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11. CASE 8722 - to rezone Lots 71 and 72, Block 3, NCB 11967, 515 Ramsey Road, from "A" Single-Family Residential District to "B-3R" Restrictive Business District, located on the north side of East Ramsey Road, being 280' east of the intersection of Plymouth Avenue and East Ramsey Road, having 140' on East Ramsey Road and a maximum depth of 366.7'.

The Zoning Commission has recommended that this request of change of zone be approved by the City Council.

No citizen appeared to speak in opposition.

After consideration, Mr. Thompson moved that the recommendation of the Zoning Commission be approved provided that proper platting is accomplished if necessary. Mr. Webb seconded the motion. On voice vote, the motion carrying with it the passage of the following Ordinance, prevailed by the following vote: AYES: Berriozabal, Webb, Dutmer, Wing, Eureste, Thompson, Alderete, Harrington, Hasslocher, Cisneros. NAYS: None. ABSENT: Archer.

AN ORDINANCE 55,073

AMENDING CHAPTER 42 OF THE CITY CODE THAT CONSTITUTES THE COMPREHENSIVE ZONING ORDINANCE OF THE CITY OF SAN ANTONIO BY CHANGING THE CLASSIFICATION AND REZONING OF CERTAIN PROPERTY DESCRIBED HEREIN AS LOTS 71 AND 72, BLOCK 3, NCB 11967, 515 EAST RAMSEY ROAD, FROM "A" SINGLE-FAMILY RESIDENTIAL DISTRICT TO "B-3R" RESTRICTIVE BUSINESS DISTRICT, PROVIDED THAT PROPER PLATTING IS ACCOMPLISHED IF NECESSARY.

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82-12 The Clerk read the following Ordinance:

AN ORDINANCE 55,074

APPROPRIATING ADDITIONAL FUNDS FROM THE GENERAL FUND CONTINGENCY ACCOUNT IN ORDER TO MAINTAIN DAY CARE SERVICES FOR THE BALANCE OF THE FISCAL YEAR.

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Mr. Thompson moved to approve the Ordinance. Mr. Webb seconded the motion.

Ms. Lillian Reyes, representing Zion Child Care Center, stated that her facility was not included in allocations in this Ordinance, and noted that Zion Child Care Center still is negotiating with the State Department of Human Resources on state funds to be made available to them. She further stated that Zion had been forced to reduce the number of children served in her Center by 12 because of the loss of some \$25,000 in funding this year, and asked that Zion be allotted that sum in this Ordinance.

Mr. William Donahue, Director of the Department of Human Resources and Services, stated that the City has had no firm figure on Zion's needs because its state funding level has not yet been firmed up. Mr. Donahue stated that it was his belief that the City Council had directed City staff to return to Council with a recommendation on funding for Zion when that state figure is final, and he stated the staff planned to do it.

Mrs. Dutmer moved to amend the Ordinance to include the firm understanding that the Council would consider additional funding for Zion Child Care Center when the City receives a firm funding figure from the state's Department of Human Resources. Ms. Berriozabal seconded the motion.

After discussion, the amended motion prevailed by the following vote: AYES: Berriozabal, Webb, Dutmer, Wing, Eureste, Thompson, Alderete, Harrington, Hasslocher, Cisneros. NAYS: Archer. ABSENT: None.

The main motion as amended, carrying with it the passage of the Ordinance, prevailed by the following vote: AYES: Berriozabal, Webb, Dutmer, Wing, Eureste, Thompson, Alderete, Harrington, Hasslocher, Cisneros. NAYS: Archer. ABSENT: None.

Mr. Archer stated that it was his opinion that it was a mistake to open the gates on additional funding of child care centers.

Mrs. Dutmer stated that she favors paying this to child care centers, rather than having it go to welfare for parents unable to have their children properly cared for in day care centers while they worked.

Mr. Thompson stated that today's vote constitutes a compromise, and stated his belief that the City Council is compassionate toward the needs of others such as the day care centers.

Mayor Cisneros complimented Mr. Donahue and his staff for its good work in this matter.

82-12      DISCUSSION ON ELECTRICAL AND GAS SYSTEM'S RATE INCREASE

MAYOR HENRY CISNEROS:      This is a public hearing on consideration of an ordinance which will determine the level of revenues required for operation of the electrical and gas system of the City and authorizing the City Public Service Board to develop appropriate rate schedules, that means a rate increase.

MR. JOE WEBB:      Mr. Mayor, I want to ask a question.

MAYOR CISNEROS:      Yes, sir.

MR. WEBB:      On that last vote did everybody vote an affirmative or did anybody vote no.

MR. VAN ARCHER:      I voted no.

MAYOR CISNEROS:      One no.

MR. WEBB:      One no by Mr. Archer? Thank you very much.

MAYOR CISNEROS:      All right, we'll now declare the hearing open. Mr. Hasslocher, did you have something?

MR. JAMES HASSLOCHER:      Are we going to vote on this?

MAYOR CISNEROS:      After the hearing, on CPS rate, that's what you're talking about?

MR. HASSLOCHER:      Yes.

MAYOR CISNEROS:      After the hearing. Ok, we'll start with Communities Organized for Public Service. Sonia Hernandez is the speaker. Sonia, if you don't mind, we'll wait just a second to let the people from the day care centers clear, then you can have the undivided attention of the entire auditorium. Alright, are we ready? What is that projector for?

CITY CLERK: For the City Public Service's presentation.

MAYOR CISNEROS: We can have the CPS presentation first if you're going to do that. CPS plans a presentation, is that correct?

CITY MANAGER LOU FOX: That's normally how it's handled Mayor, I believe.

MAYOR CISNEROS: What's that? Mrs. Hernandez, it seems to me that it would make sense to hear the CPS staff, and then hear the citizens. Unless you want to go first, it really doesn't matter.

SONIA HERNANDEZ: So long as it's not too long, we do have a large contingency here of senior citizens.

MAYOR CISNEROS: How long is the CPS presentation?

MR. JACK SPRUCE: About 20 minutes sir.

MAYOR CISNEROS: Is it possible to cut that in half, say?

MR. SPRUCE: Sir?

MAYOR CISNEROS: I think the Council fairly well has a sense of where it's going. Is it possible to cut that in half? Let's proceed with that, do it in ten minutes, we have a large number of folks. Ok, proceed.

MR. SPRUCE: Mr. Mayor, Members of the Council, I'm Jack Spruce, representing City Public Service. City Public Service is here to present to the Council a request for an increase, an average increase in gas and electric charges of 5.1% over current levels, and this is during the period, we predict they will be in effect, that is, from the 1st of May, 1982 through September of 1983. This combines a request which we had presented to the Council earlier last fall. As Council knows, well, pending Council's action on this request, we would have to go back and develop a rate sheet which would properly allocate the cost and bring back to you probably next Thursday with your permission the rate sheets and charges that are applicable to this increase. This increase would yield 32.4 million over the first twelve months that it would be in effect and would allow CPS to continue financing the necessary construction that is outlined in our current budget. The need for the rate increase is brought about by the need to maintain earnings ratios at the required level in order to be able to issue additional bonds needed to finance construction projects to offset the effects of inflation, and to meet other trust indenture provisions and requirements including payments and other benefits of the City of San Antonio. I would like for Mr. Thomas who is manager of our rates and regulatory matters to give you a brief slide presentation. It was originally planned to be approximately 20 minutes, we'll run through that just as quickly as we can, and give you some more detailed information on the general information I just gave you.

MAYOR CISNEROS: Council members are signing up to speak. We'll take the questions just as soon as the CPS presentation is finished, then we'll hear the citizens right after that.

MR. THOMAS: I'll try to go through this presentation, Mr. Mayor, and Council people as quickly as we can. I think many of you are aware that this handout was given to you at the "B" Session two weeks ago, but we did want to make a couple of points that each slide talks about and with your permission I'll run through that quickly.

In the first place, we are all aware that the bills have gone up dramatically over time, this chart shows that, in fact, that has occurred. Once again, we'd like to point out that the main reason for the increase as can be seen on this chart is the dramatic rise in fuel, more importantly on the bottom part of this chart, it can be seen that in fact the internal funds of the City Public Service have actually decreased since the middle period.

This is the reason we need the rate change at this time. Also you can see that some other costs have gone up, but the big lion's share of the increase over time has been to fuel suppliers. Stated another way, looking at a current residential bill of about \$65 where does the money go? Once again, this is another way of seeing that the fuel suppliers, again, are getting the lion's share of the bill. Some 52% portion goes to the City of San Antonio to outline the indenture and the balance would go for various aspects under which City Public Service has some control or relative little control. Again the point is this, the small triangle of pie shaped there for, available for construction is some 4% of the total bill remains internally to CPS to finance additional construction. Over time, if you take a look at 10 years ago versus now, who got the increase in the bill? The bill actually went from some \$18 to \$65 bill, an increase of over \$47. Once again you can see that the major part of the increase went to the fuel supplier, a fairly good portion went to the City of San Antonio, and once again, this chart shows that a certainum that we actually are taking less out of the revenue dollar for internal construction today than we were 10 years ago, and that is reflected by the higher increase in the debt service. We've gone to more debt financing than less from revenues.

Why are we here? I think that it's all well known by the Council that we're here to meet the customer growth requirements, we've got a growth of some 1.7% in gas customers, some 2.7% growth in electric customers, and we are trying to provide you with plans and financing that's necessary to meet the growth of this city. This chart has been seen by you in other presentations but again this is reflective of the capital requirements that we have to meet. In other words, as the customer's load growth changes some 5% per year, we're having to add these additional power plants, and you can see how they are stacked from the existing coal units, the South Texas unit, on with the lignite into the early 90's and 1990. And as you can see, this simply keeps up with the growth requirements of our customers. Once you have projected your customer requirements, we have to pay for the fuel bills that are necessary to meet these requirements, this is the trend in unit price of fuel, for gas, and for electricity. Rather dramatic increases which we are all aware - gas prices continue to rise, and will continue, it appears, in the future. When you multiply these unit prices of fuel that we have to pay the suppliers times the quantities of use that our customers require, you result in what is referred to as the total fuel bill to City Public Service. This chart simply reflects the history of this number for gas, for resale and the fuel to power the power plants for the electric generation. This is going to continue to rise, and this chart obviously demonstrates it.

The other expenses to operate City Public Service have to do with the paying of the wages for some 3000 employees, the necessary minor materials, and what have you. This graph shows the sum total of these expenses over which City Public Service has some control. These have grown a little bit in the past, and are predicted to go with inflation to some extent in the future. What is more important is to express these other expenses on a per customer basis. Since City Public Service is constantly adding customers, it is only appropriate to look at these expenses on a per customer base, and this section chart simply divides the previous expenses by the customer growth. What is important on this chart is that in the past ten years or so, 7 or 8 years, the actual inflation rate of our expenses per customer has been about 8.2% and the inflation rate has been 9.1. We believe this is demonstrative of the fact that we have tried to hold the line on expenses where we could, and have indeed had escalations less than the inflation rate. Another way of looking at this is to compare our operating expenses with comparable utilities in the regions surrounding us, some 15 utilities were compared, and it can be seen that in the different categories of expenses, City Public Service compares quite favorably. This is another measure of the efficiency of the utility, we believe. Another chart is the one that shows that we are serving more customers per employee as time progresses, in other words, with the addition of a certain block of customers, we do not have to add an equal block of employees, this is attempting to try to maintain the growth of employees and, consequently, the wage rates and the total impact on a rate payer.

Obviously, the big dollars that go out of City Public Service which you are well familiar with go to the capital program. This is where we'll go in the next five years with the yellow block representing the portion of the total capital budget that goes to STP. Next, the year that we're in now, some 197 million total, which 116 million is geared for STP. Towards the tail years you'll notice that STP starts dropping off and the other electric begins to pick up. This will begin reflecting the movement to the lignite plants in the future.

The main thing that we wanted to show the Council today, and which controls a lot the rate level is, what is our earnings ratio? This is a trend of the earnings ratio City Public Service over time. As you can see, this has steadily declined as we have financed more and more of these heavy capital expenditures with bonds to the point where we're now slightly above the  $1\frac{1}{2}$  level. We've indicated three projections on this line. One, what would happen to this earnings ratio with no rate increase, what would have happened had the fall increase been granted, and what we're really recommending today. Essentially, this shows that within a very short period of time this earnings ratio would be below  $1\frac{1}{2}$  without some rate change at this time. The trust indenture requires that we maintain a  $1\frac{1}{2}$  earnings ratio, or we cannot issue new bonds. So, this becomes a critical factor in the determination of the rate level. Looking at it another way, what is an adequate earnings ratio? This chart simply depicts the different levels. Obviously, the higher the earnings ratio, the more that is being financed out of earnings, and less out of debt. We are trying to hold it into the 175 to 200 range which is a balance between debt and earnings from current rates. So, therefore, our projections anticipate rate levels that would bring it into the green block area. Of importance to the City is the other trust indenture that provides for the payment of the City funds. This is a chart that shows by month for the next two years what will happen to the City payment according to our best estimates with the rate change, without a rate change, and whatever. It is quite important to note that if a rate change would not be forthcoming, we will have some shortages in the City payment according to the projections. With the proposed rate change, we would meet all the trust indentures including the earnings test ratio and the full indenture requirements of the City of San Antonio. I won't cover this chart, but this is the flow of funds; it's in your packet - if there's been some questions in the past about the priority of funds, this is how that works and as laid out in the trust indenture.

So what are we recommending today? We're recommending a plan that would give rate increase such that the earnings ratio would be maintained into the future at a level in the area of 175 and down below it shows that we also meet the City payment trust indentures as well as the other obligations indenture. We believe that another test as to the reasonableness of a rate change, is how would we compare with other utilities? This is not to ignore the need and the problem of paying utility bills today, but it is an outside measure of - are we running this utility comparable to other areas. This chart simply compares San Antonio rates, current rates, without the change, to other major Texas cities, and a few regional cities on a residential base. Again, we find that San Antonio compares favorably. Another way of looking at it is compare a trend that's prepared by the Jacksonville Utility over time which is a trend of our rank, meaning how well do we compare with 60 other utilities as time is progressed. I think it's noteworthy that back in the mid 70's, we had, we were pretty high; we were 30th out of 60. The effect of the coal plants can be seen that as those came on the line, the fuel savings begin to occur, our relative comparison to other utilities actually improved. Such that we're about 9th today out of 60 utilities. Same general story when you come to commercial rates; again, San Antonio compares very favorably. The same pattern on industrial rates with these same cities, and one last comparison - how San Antonio compares on a combined residential bill with the 25 largest cities in the country. This is published not by the City Public Service, but by Pacific Gas and Electric. In overall, what we think this demonstrates are several things:

1) That we have attempted in every way that we can to control the cost, keep the cost comparisons competitive, meet all the indenture requirements by this proposal, and still keep the utility able to finance the needed construction and growth that's necessary for San Antonio, and I believe that pretty well covers the presentation as Mr. Spruce said. The proposal is to adopt the overall revenue requirement, which is 5.1% over revenues that would be produced at current rates from May '82 through September of '83. This is the time that these new rates would be in effect. So, it's an increase over that period of time. And I'll be happy to answer other questions if the Council would like to go into more aspects.

MAYOR CISNEROS: I presume it is the Council's pleasure to ask questions now, or would you like to hear the citizens first? Is there any strong preference about that one way or the other?

CITY COUNCIL: Citizens first.

MAYOR CISNEROS: Is that all right with those who've signed up, Mr. Eureste, Mr. Wing, Mrs. Dutmer, Mr. Thompson - citizens first? We'll begin with the citizens to be heard. That is the CPS presentation, is that correct? There is no further to add? We'll begin with Mrs. Sonia Hernandez of Communities Organized for Public Service.

The following citizens then spoke on this matter. Their summarized remarks are as follows:

Ms. Sonia Hernandez, Executive Secretary of Communities Organized for Public Service (COPS), read from a prepared statement, noting that her organization has four demands on this issue: 1) they are against the planned 5.1 per cent rate increase; 2) they demand a 'lifeline' utility rate for senior citizens; 3) any rate increase must be across-the-board; and, 4) CPS must pull out of Unit 2 construction at the South Texas Nuclear Project.

Ms. Hernandez displayed charts depicting utility costs to San Antonio residents compared to utility costs of other major Texas cities, and San Antonio's income picture as compared to other cities' incomes, and stated that San Antonio's utility costs are high when compared to our average income level. Ms. Hernandez spoke of her group's desire that CPS pull out of STNP. She spoke in support of establishment of a long-term CPS program that aids senior citizens on their utility bills, and asked that residential customers and business/industrial customers pay the same across-the-board rate increase.

Mr. Carlos Cadena, senior citizen volunteer worker, stated that utility rates hurt those on fixed incomes, and stated that many senior citizens cannot purchase food or medicine because of the need to pay their utility bills. He spoke in opposition to a rate increase and stated that, if given, any rate increase include some provision to help the senior citizen rate-payer.

Ms. Rosa Sandoval, speaking in Spanish, stated that she is not able to afford the necessities of life such as food and physicians' bills because she must pay the CPS utility bills, too.

Ms. Angela Guzman, speaking in Spanish, talked of her hardships brought on by high CPS bills, and spoke of having considered cutting off her telephone, except that it is vital for safety and protection. She asked for compassion for senior citizens on fixed incomes.

Mr. Agapino Garcia stated that a number of utilities are now asking for rate increases, and that senior citizens need a break. He asked that if any rate increase is granted, that the rate increase be assessed equally against business and residential customers.

Father Michael Gerolami, St. Timothy's Catholic Church, stated that senior citizens are precious to the community, and asks that the Council have compassion on the people. He stated that senior citizens need a break, and asks that Council reject the rate increase request.

Ms. Lilly Lopez, Quadrant 4 Area Vice-President of COPS, stated that a 'lifeline' utility rate would be good for the citizens, but that the people cannot afford more rate increases. She asks the Council to oppose rate increases to any utility, but if one is passed, that it be applied equally to all customers.

Ms. Hernandez again stated the four demands of COPS.

Mayor Cisneros thanked COPS for its leadership in assisting the senior citizens of San Antonio.

Mr. Howard Rogers, representing San Antonio Manufacturing Association, stated that he does not favor any rate increase, but knows that they are necessary. He stated that CPS needs this rate increase, and spoke in favor of the structured 5.1 per cent increase as projected by CPS, stating that there is a need for a strong power company for San Antonio.

MAYOR CISNEROS: Thank you very much. We'll now proceed to the Council discussion, Mr. Bernardo Eureste.

MR. EURESTE: Yes, I want to ask the CPS representative to please identify the three structures that were talked about. Please.

MR. SPRUCE: The three rate structures, sir?

MR. EURESTE: Yes. Right.

MR. SPRUCE: The three basic rate structures are residential, commercial, and industrial. Those would be the general categories of rate application.

MR. EURESTE: And is it true that commercial and industrial pay less per unit electricity? Is this what the COPS representatives are alleging?

MR. SPRUCE: On an overall cost per kilowatt-hour, that's probably true. You can pick out individual situations in either one and find variations, but the rates are designed and are based on what we call the cost of service to supply each of these various rate classes. We look at the residential customers as a class, commercial customers as a class, and industrial. We compute what it costs us to serve that class of customer by allocating the amount of the power plant that goes to them, the sub-stations, the transmission distribution, reading of the meters, that is what makes the rate structure. We also penalize the large customers for having to hold that amount of plant in readiness for them in such time as they may call on us for it. That's what is called the demand charge in the commercial and residential area. But basically that's the way it works.

MR. EURESTE: The earnings ratio test that is discussed here that talks about the 1.75 to 2.0 or to the 2.25, what are we talking about there as far, what is that ratio comparing? You're comparing the amount of money available for construction and financing debt service requirement, is that it?

MR. SPRUCE: Let me ask Mr. Freeman to give you a precise answer on that please. What it is, it's a measure which gives an indication of our ability to support indebtedness. But Mr. Freeman will give you specific formula for that.

MR. HOWARD FREEMAN: I'm sorry, the earnings ratio is the test that's applied to the building and issue bonds.

MR. EURESTE: Right.

MR. FREEMAN: And under the new series bond ordinance we're required to have earnings which is the gross revenues less operating expenses. And that is the net amount that is available to pay for debt service, that has to be at least 1½ ...

MR. EURESTE: What is that ratio right now?

MR. FREEMAN: For the last bond issue, in order to meet the test it was 1.67 times.

MR. EURESTE: 1.

MR. FREEMAN: 1.67. It must be a minimum of 1.5.

MR. EURESTE: And we have 1.67?

MR. FREEMAN: Yes.

MR. EURESTE: How much money was that?

MR. FREEMAN: I'm sorry, I don't .... 1.65 times. That was \$173,684,655.

MR. EURESTE: And the debt service requirement with that bond issue brought it up to what?

MR. FREEMAN: This is an estimate of the debt service for all outstanding issues plus the one we were issuing, and it was \$105,160,792. So, that was 1.65, I told you 1.67.

MR. EURESTE: And the gross revenues was what, five hundred and what?

MR. FREEMAN: \$525,000,000.

MR. EURESTE: And the operating?

MR. FREEMAN: Precisely for the calendar year '81, it was 512,000,000 for gross revenues and the operating and maintenance cost was 338,000,000.

MR. EURESTE: Okay. Do you know what this, what your schedule looks like through the year, say 1989?

MR. FREEMAN: I don't have that information with me. I can tell you what, you mean for bonds or revenues?

MR. EURESTE: The ratio.

MR. FREEMAN: The ratio for the test, is somewhere in the range of 1.75, it was shown on the chart, I don't know precisely...

MR. EURESTE: You would maintain that ratio?

MR. FREEMAN: Yeah, what we're trying to do is maintain that.

MR. EURESTE: All right, and in order to be there with that ratio, you know that you're selling so much in bonds over the next seven years, through 1989, or even beyond that. And you worked in the rate increases to give you that ratio capability. Is that correct?

MR. FREEMAN: That's correct.

MR. EURESTE: All right, what is the rate increase next year?

MR. FREEMAN: The one that we had in our forecast was about 6% as I recall.

MR. EURESTE: That's for '83.

MR. FREEMAN: Yes.

MR. EURESTE: And that, that already has adjusted for this year's rate increase.

MR. FREEMAN: Well, actually what we had in the forecast here was the 3.2% on the basic rates, which goes back to the old 2.4% rate increase that we had talked about as of April, and a 6% increase in the fall.

MR. EURESTE: All right, so what's the total?

MR. FREEMAN: Relates very closely to the 5.1 that we're asking for now.

MR. EURESTE: Okay. And in '83?

MR. FREEMAN: 6%.

MR. EURESTE: Okay. And in '84?

MR. FREEMAN: 5%.

MR. EURESTE: Okay.

MR. FREEMAN: And the following year was 3½%, and we had estimated 3½ the year after that.

MR. EURESTE: 3½. And the year after that?

MR. FREEMAN: I'm sorry, that's the only ones that I have with me right now. I'll have to get the others for you.

MR. EURESTE: Okay, but you have rate increases ongoing? Okay.

MR. FREEMAN: Yes, 'cause we have ongoing construction.

MR. EURESTE: Right; what do you estimate your debt service requirement to be in 1989?

MR. FREEMAN: Councilman, I'm afraid I'm not going to have that long of a period with me, I just brought the information we have on the newer term which goes out about '87.

MR. EURESTE: What do you have, what is that debt service requirement in 1987?

MR. FREEMAN: We had estimated it to be about \$200,000,000.

MR. EURESTE: \$200,000,000! Okay. Would we have by then sold all the bonds for the STNP?

MR. FREEMAN: We would have sold basically all of them. The, I think the on-line dates for the first unit was '88, and the second, or '87, second unit was '88. So, we still would have some small amount of bonds.

MR. EURESTE: Okay. Now you have built this schedule and the ratio schedule that you have, and your debt service requirements for the future, and your rate increases for the future on a very key ingredient to this whole economic forecast, and that is the nuclear project. And the Nuclear Project in 1975 had a cost to the partners of \$1,200,000,000. And today the cost of the partners is \$4,700,000,000. That has represented a 21.9% increase as we worked it out last time per year. Now you, what you have done is that we have a, we can build a curve for increases in the cost of the project from 1.2 billion to 4.7, and we can plow out a curve over the past seven years. And you're saying that, and your assumptions are that in 1982 that curve flattens out? Is that not what is built into your assumptions? That the curve flattens out?

MR. FREEMAN: Our assumption is that the estimate of 4.8 billion dollars is the total cost of the project.

MR. EURESTE: All right, I'm going to ask you again as a statistician that you probably are. Is it not true that the assumption for the long run that you've made on your debt service requirements, rate increases, the ratio that you need to maintain a 1.75 of earnings to the debt service requirements? Is it not a fact that, that assumption carries with it, or the assumption you make is that that curve which has been escalating very sharply all of a sudden in 1982 flattens out?

MR. FREEMAN: Well, you know I just think we're kind of apart on what the question is.

MR. EURESTE: All right, let me ask you this. In 1982 the curve has been moving up, and it has come to a point in 1982 of 4.7. In 1983 your assumption is that the cost is going to be 4.7. In 84, 4.7. If you plot those points on a chart, and you connect those points with a line, what kind of line do you form?

MR. FREEMAN: But, see, I think the farther, I think we're further along and we've got more information.....

MR. EURESTE: No, I'm .....

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MR. FREEMAN: We've got half the plant paid for.

MR. EURESTE: It makes no difference. I'm asking you...

MR. FREEMAN: Well, you know I, certainly if you wanted, if you want to look at the estimate now, I think anytime that you come up with an estimated cost tht total estimated cost of a project, and if you say from now until it's completed, if you plot that out against the past estimates and costs, and if there's been any increase you're going to get a flat line. You know.....

MR. EURESTE: Right.

MR. FREEMAN: In the way you're talking there. But, I think that certainly there is still some chance that the project will go up, and there's still some chance that it will go down.

MR. EURESTE: I'm just asking you, just to put a little point on 4.7 and stretch it out over the next 4, or 5, or 6 years and then connect the points and you come up with a flat line.

MR. FREEMAN: Well, I think you've already noted that.

MR. EURESTE: Okay. That's basically the assumption that you have built in here. Now the history, the pure history of this whole thing is that it has gone up by 21.9% per year. Now, if you were to build in 21.9% per year until you complete this project, does it not affect the ratio that you might need to maintain, does it not affect, well, maybe it doesn't affect the ratio that you need to maintain, but it's going to affect your ability to maintain that ratio. It will impact the rate requirements that you need, the rate increases that you need.

MR. FREEMAN: If the point that you're trying to make is if the project continues to have increases, will it have an effect on the rates, I'd say yes, the answer is certainly.

MR. EURESTE: I read a very simple paper, not simple. It's about a 20 page paper. It's not that simple, but it made a very simple conclusion and that is that the cost of the nuclear projects go up by 20% each year from the principal cost, or the original cost that one has estimated. This project is not really that different because it has gone up historically at 21.9, almost 2 percentage points above and beyond what experts say happens to projects like this. And I would, I ran out some numbers through '93 because I don't believe you're going to do it in '89, or '88, so I did it through '93 because this project has had slippages that are unbelievable in time. And, by '93 the cost of the project, instead of being the cost that we've talked about today - 4.7, and you haven't added the interest to that, and if we add the principal and interest in 1993, the cost of the STNP to all the partners is \$135,000,000,000. In 1989, if you work out the numbers using the 21.9, the total cost to the partners is not 4.7 plus whatever interest is involved, about, it would make it about 11 to 12 billion dollars today with interest. It runs at about 65 billion dollars. The cost to San Antonio in 1989, instead of the 1.344 plus interest, which today has a cost to the City of over \$3,000,000,000 in principal and interest. It has a cost in '89, not of 3.3, or 3.4, but of \$15,000,000,000, \$5,000,000,000 in principal and about \$10,000,000,000 in interest. Now, that prediction is really the best prediction that's ever been around. It beats anything you guys have said about future costs of this project and particularly when you come in here and you show us schedules into the future about the costs of this project, and about the need for rate increases. I worked out another calculation, not through '87, but through '89. Your debt service need in '89, they're not going to be \$200 million plus whatever, from '87 to '89, but it's going to run somewhere in the neighborhood of over 500, between 500 and 600 million dollars, not 250, not 300,000,000, but between 5 to 600 million dollars. Now, if you want to maintain a ratio to that, you need an earnings that is at least close to twice that amount.

Now, if we take what you have right now, your gross revenue is 5 to 1 to your debt service requirements. For every \$5 that is put out, \$1 goes to finance debt. So, instead of \$500,000,000 in 1982, as compared to the future, in the future in 1989 you're going to need, for 5 or 6, you're going to need about 3, you're gonna have \$3,000,000,000 of gross revenues; the rate increases that you need to support the STNP alone are much greater than you project right now. I would say they are at least 5 times the schedule that you have, that you're looking toward for the future, I would say that average increases in rates will go between 25 to 30 percent per year between now and 1989. And all I'm telling you is that 1% on \$1 is very insignificant, but 1% on \$4,000,000,000 is a heck of a lot of money.

MR. FREEMAN: What I think you need to look at is the alternate, if your numbers are correct, and you've seen mine, but I haven't seen yours, but if your numbers are correct, I think we also need to look at what the alternates are, and if we don't do anything, and we just wait and pay the higher cost of gas, I'm not sure, at least our figures at this point in time indicate that the cost to the consumers are going to be even greater by just sitting back and not building anything. You know I think I've gone ....

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MR. EURESTE: I didn't say not to build anything, I haven't taken a position opposing lignite, I haven't taken of building more coal plants and you know the gas situation everybody knows that there's going to be a decontrol that eventually will shoot the prices higher. You know, you want to take me on an argument on natural gas you've got me beat, I surrender right now. I'm not going to argue with you on that, but I will argue with you on the need to divest ourselves, to rid ourselves of a piece of the action at the STNP. I think when that guy spoke the other day and said that we were going to abandon one half of that project, I believe that he has made a statement that is very real somewhere in the industry there is discussion, there is knowledge that we're going to abandon Unit #2.

Second point, the story that you have been giving us about the hand down between Bechtel & Brown and Root is not as rosey as you make it out to be. We have information that says that it is very different from that.

Number three, the eventual completion or the work that will be done on the STNP, will be filed with more controversy because of the controversy that has been laid down as a foundation for the STNP and my only advice here is that we ought take a close look at that Unit #1 and see if we might not be willing to eat a little bit of loss right now, rather than be faced here with massive rate increases down the road. You have admitted today and over the and maybe not today but you have admitted over the past at times that you've appeared here, and Mr. Spruce representing Mr. Spruce, that the STNP drives interest rates today. You've mentioned on your charts or at least illustrated on your charts that we don't do a lot of financing with hard cash anymore. Well, we don't because, we're completely out of the ball game with terms of what we used to do and what we're doing today. Our debt service requirement has shot up to a line right up and up and up and up. Unlike any time in the history of CPS, we're into capital construction at an unbelievable rate and we're involved with the tail, and it's going to take us crashing right through that wall, you know, along with the bull and ourselves hanging right behind it, and I just hope we don't get cut by the glass.

MR. FREEMAN: Well, Mr. Eureste, all I can say is that the staff is committed to trying to find the cheapest method of producing energy. I think I can tell you that none of us are wedded to the nuclear project if there's something that looks better. That we would recommend a change in the nuclear project if that doesn't look the best to us because we all live in San Antonio and we want to try to have energy for San Antonio, and we want to have at the most competitive and the lowest prices we can. So, we will continue to look at that, and we will continue to make the recommendations to the Board and to the Council on the best information we can get. We're looking now at the prices that Bechtel will estimate the cost of the project when they re-estimate the project this summer. Whether if they come up much higher and it's the decision to sell any part of the project or all of the project and then the next thing is to find someone to buy it or to walk away from our investment that we already have in it. I think that these are going to have to be weighed they are going to have to continuously be weighed. The capital program that we are embarked on is high, it is - it's one that we're going to have to do if we get out of South Texas Project, and we go to lignite we're probably going to be paying somewhat close to the same cost for KW for lignite that we would start now as we are paying for the nuclear that we got under way. And I don't think that it is going to be a bed of roses to put nuclear, I mean to put lignite in San Antonio. I think that there's going to be a lot of problems with it. I don't know what other alternatives we have other than coal, western coal or some type lignite and nuclear, and we've got to make the choices between these the lead time on it is tremendous in order to get something in and have the energy that we need for San Antonio. What we've given you, I think is our best estimate of the situation. We're looking for some additional information come this summer, and we'll have to assess the position at that with the best information that is available.

MR. EURESTE: Ok, my information at least what I'm able to decipher from what has been said not by CPS but by others is that the best is not going to come out in reports this summer, but rather fears that probably we would not like to hear and that is that the cost cannot be contained at the cost that it has been estimated today. That there's no assurance that you can put a management control schema on the project that brings it under any better control than it has been in the past. So I'm just not that confident. I think that what I hear also from CPS and the proponents and the partners of the project, those that still support the project, is a somewhat different at least a communication to the public and that is a question about what the summer report will be like. I thought I saw more optimism a few weeks ago, then I do today about what Bechtel is going to say, and I think that's based on some feeling that has not officially been communicated, that's coming from Bechtel that we're going to look at the abandonment of Unit #2, where at least that is in the scenario of strategies that are being considered by Bechtel.

All I'm saying is that if this is the road we're taking, I think that would be the wisest road to take and the other one is that I hope that when that course is at least set upon that we pursue that course without any hesitation because the sooner we get out of hanging on to the tail of this wild animal I think the better off all of us are going to be.

MR. FREEMAN: Well, what I've given you is my assessment as financial officer with CPS and I think it's up to me to make a recommendation to the Board and to the Council based on the best alternatives that we can find.

MR. EURESTE: Ok, let me just tell you that you get paid good money for what you do. Mr. Spruce gets paid good money and all of the staff of CPS at the top get paid good money. I get paid very little for what I do. Very little monetary gain that comes this way, but I can tell you that I have been better on the projection, then you have. And all I have, I don't have a computer, I have a little calculator and all I put that is on chain multiplication and I can churn out projections from to the year 1999 if I have to, and I can tell you that I can sit here today and tell you that next year this project will go up by 20% or more. I can tell you that very likely we won't get a report a year from now, we'll get a report with in the next few months. We'll probably get a report two years into the project from this date that will show an escalation for an 18 month or 20 month period that will show over a 40% increase in this project and you guys you've come here before and I've told you, work that into your schedule, this way you don't have to sit here like folks that don't know what the future looks like. It's your field, it's your game, it's, you know, I'm just a Council member. You're the energy experts. You know if I were you, I would have myself a back-up schedule. You'd call it the Eureka back-up schedule. You know that would show you what that real future looks like. I'm a very realistic person and if I know what that, if you're showing me the reality then, you know, perhaps I can deal with you, but part of the problem is, you say this and is something very different then what you've said.

MR. FREEMAN: I think we have the Eureka back-up schedule. We've got other methods of generation if it looks like that we can't afford or will not be able to get the South Texas Project on in time.

MR. EURESTE: Ok, thank you.

MAYOR CISNEROS: Next speaker is Mr. Wing.

Mr. Wing: I will wait if I could be recognized after the vote.

MAYOR CISNEROS: Mrs. Dutmer.

MRS. DUTMER: I did know what I wanted to ask him a long time ago. Oh

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I know what I want to do. On your chart here for the construction cost that you have I see that you have steel mains and so forth then you go into plastic mains. My concern is, are we going to do the same thing with CPS as we're having to do with the Water Board now go back to these plastic mains and replace the whole cotton picking structure of them?

MR. SPRUCE: Well, we don't believe that any of the plastic we have put in is subject to the same type of deterioration that plastic water services is receiving. We've gone back and examined a number of a large sampling of plastic lines that have been installed over the years we've been using plastic, and we see none of the problems with that pipe that has been experienced by the Water Board, in fact we're not seeing any problems with deterioration with any of our plastic. The main problem we have with it is dig ins it's much softer, of course, contractors or someone hits one with a back hoe trencher piece of machinery will rupture much more easily than the steel pipe would. We're not having any problem like that.

MRS. DUTMER: How long, Mr. Spruce, has CPS been using the same type.

MR. SPRUCE: I believe since about '62, would that be about right OK, early 1970's we've started putting in some plastic.

MRS. DUTMER: Then I would ask, Roger, how long has City Water Board been using their plastic?

MR. ROGER IBARRA: Mid 60's. They're using two different types of plastic pipes ... (inaudible)....

MRS. DUTMER: In other words, we have no comparative analysis here since one has been in a lot longer than the other. Is the cost differential such that you can't go back to the more permanent type installations, Mr. Spruce? I would hate a little bit further down the road and plastic, of course, is petroleum based and when it dries out it does become brittle. It does deteriorate very rapidly. Is that cost differential so great that I ..... (inaudible).....

MR. SPRUCE: Yes madam, the cost differential is substantial, we feel quite comfortable with the type of plastic we're using and we will probably later getting into it than other utilities, if you'd like to have a little comment on that I can ask Mr. Schnitz to tell you some of the history of piping that has been used in gas systems and some of the testing that we've done on theirs. Would you like to hear<sup>m</sup> brief comments on it. —

MRS. DUTMER: What, I'd like to know is what type of plastic piping you're using for — — — —

MR. SPRUCE: Let me ask Mr. Don Schnitz, who is

MRS. DUTMER: I would hate to have to go in a couple of years from now maybe five, six, seven years from now and then have to have another huge increase to replace all the pipings that we put in.

MR. SPRUCE: We certainly share the same feeling. This is Mr. ....

MRS. DUTMER: That isn't saving really.

MR. SPRUCE: This is Mr. Don Schnitz, Superintendent of Fuels Planning.

MR. DON SCHNITZ: Yes, we have looked into plastic pipe and gone back and reviewed the earlier decision that we made to enter into the use of plastic pipe. We're using a polyethylene plastic 3406 type plastic, and it is a high density plastic pipe that other utilities have been using longer than we have in the gas industry, and we know of no problems with this type of plastic pipe. Recently the American Gas Association had a plastic pipe seminar here in San Antonio, and we had an opportunity to attend that and hear some of the comments from other utilities about their use of plastic, and we feel that the type

of plastic that we're using is the best available to us, the high density type plastic. — We heard of one instance of a problem in Phoenix, Arizona with the polyethylene plastic but it was another type 3306 type not as high density pipe, and they had the problems with stress cracking similar to what the City Water Board had. Now the City Water Board pipe to my understanding that most of that was a polybutalen plastic.

MRS. DUTMER: Yes I know it was, that's the reason I asked about yours. Well, of course, having a direct bearing is the type of soil we could put plastic piping in here and put it in somewhere else depending on the type of soil would make a difference in the longevity of the pipe. But how are your pipes joined? That's another concern, how are they joined together?

MR. SCHNITZ: They're joined by heat fusion.

MRS. DUTMER: Heat fusion.

MR. SCHNITZ: When we join two pieces of plastic together we heat each piece of plastic and then join them together it's actually melting the plastic together.

MRS. DUTMER: Well, I just have a little bit of problem, and I'd like to sort of have a report on this if you would, I'd like to have a report on your use of piping how it's put together, you know, and where it's installed and the differential and the costs.

MR. SCHNITZ: Ok, we just recently went back and had done a study of our plastic pipe and the procedures that we use just to make sure because of the problems that have arisen, and I will make that available to you.

MRS. DUTMER: Alright, because I am quite concerned about having to go back in there possible and redo the whole mess like they're doing now.

MR. Schnitz: We are very concerned about that, too, and we are trying to keep tracking. There other places that the gas research institute which is an organization of gas in the gas industry that is responsible for research into new products, new devices is also looking into plastic pipe. It's an on going continuing study and we're keeping abreast of each and everything that is being done in that area.

MRS. DUTMER: Alright, thank you, And now, Mr. Spruce, on another of your charts here, the one that you're comparing the typical residential gas bills over first the U.S., first over the United States and then through the Texas Cities, and I see that Denver, Colorado, which is a much colder climate than we have and Denver is out more than the City spread of San Antonio whether we realize it or not. Yet their residential bills run \$21.40 and San Antonio's run \$24.91, do you have that chart, it's the last one .....

MR. SPRUCE: Yes, madam, I'm familiar with them. Denver has been lower than San Antonio.

MAYOR CISNEROS: Is that the electric bill.

MR. SPRUCE: Both on gas .....

MRS. DUTMER: It's on residential gas bill. Is it because Denver doesn't use as much gas, is it because the rates going out of state are lower. What's the rationale.

MR. SPRUCE: It's the cost of gas, I'm sure that's what it is. You want to comment on that Don.

MR. FREEMAN: Let me just mention one thing, the comparisons that your looking at, are for the same usage. The only way we can make these comparisons, are by using the same usage.

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so it's not indicative of what the people in Denver are using.

MAYOR CISNEROS: Probably the inter-state regulated gas.

MRS. DUTMER: No, that isn't what - - I know that you are using the same amount as your bases. You have to do that to make a comparative test. However, their's comes out using the same amount of gas and everything, their's comes out cheaper than ours. I'm looking for a reason for it, why is ours higher when we have all the gas here. Is it the infront inter-state situation?

MR. FREEMAN: There is production of gas in that state and that's what it is attributed to, it's just cheaper. Their inter-state gas is cheaper than ours.

MRS. DUTMER: It's cheaper than ours. That's the question that I wanted. I think that we better get busy on some lawmakers and find out what's going on here - rate makers and keep it in mind. Let me see there was one other thing I wanted. I will ask your handed opinion, should we say no to your rate increase today, where does that leave us. I know, but I want to hear it.

MR. SPRUCE: Well it just does not permit us to maintain the debt coverages which we pointed out. It would prevent us from being able to issue additional bonds and it would keep us from being able to meet the terms of the indentures as far as the City payment and the other obligations that are normally structured by the indenture and by the flow of funds.

MRS. DUTMER: And would it preclude us from meeting our obligation with the STNP according to contract?

MR. SPRUCE: Well eventually, of course, it's conceivable that we could issue probably another set of bonds or so and still not drop below the 1.5 but when we began to get closer to that, of course, our rating begins to be put on a more perilous balance. Eventually, we would not be able to issue bonds and at that time there is no way we could continue to make our payment to the South Texas Project and the other construction project.

MRS. DUTMER: And then that leaves us subject to - it possibly could cost us more than if we go forward with the project.

MR. SPRUCE: I would say inevitably there would be a suit for default.

MRS. DUTMER: Thank you. I wanted to get that on record Mr. Spruce.

MAYOR CISNEROS: Bob Thompson.

MR. THOMPSON: Couple questions, in a moment I want to get to the specific rates, rate increase for those three categories, but before we do that, one of the charts and I don't know, there's no numbers but it is, Other Operating Expenses Per Customer and it is one of the few charts that relates percentage wise. The rest of them are in dollars and I'm sorry I can't - fiscal year is ending and then it's got dollars per customer, entitled Operating Expenses Per Customer. It lists percentage . . . . .

MR. THOMAS: Is that the operating cost?

MR. THOMPSON: And what I'm driving towards is, to conclude once we have these questions answered the cost increase that has been driven by fuel cost and the rates, how much has it increased in the last - just look at two years that's about as far as I can think backwards. In the last two years how much have our bills gone up by fuel adjustment charges and how much of the increased is the result of what rate increases we've authorized? If you can tell me.

MR. THOMAS: Well, Councilman Thompson, I don't think we have that exactly here but you could get at it, if you'll look on the first chart.

MR. THOMPSON: Ok, I'm looking . . . . .

MR. THOMAS: Look at the first chart, you do have a comparison between '80 and '81. That's the total money that is required from all rate payers. So, in other words, for rate payers we went up from 367 million to 444, that's the total money from all rate payers. So that's . . . . .

MR. THOMPSON: 77 million.

MR. THOMAS: 77 million out 360 which is about 20 - in the 20%.

MR. THOMPSON: 21%.

MR. THOMAS: 21%. All right, then of that table the fuel - the top portion of that table - you don't have it on your chart but you might write 1980 figure is 197.8 million, and 239 for fuel in 1981, which is 42 million increase - 21%.

MR. THOMPSON: Okay, then that leaves 35 million.

MR. THOMAS: All right, the City payments, next block. If you try to guess the increase by what caused the over-all increase I think . . . . .

MR. THOMPSON: What I'm looking at is the cost increase the fuel adjustment increase, which we have no control over.

MR. THOMAS: All right then the fuel would be the 41.2 million over a 197.8 which is . . . . .

MR. THOMPSON: Comes out to 21% again.

MR. SPRUCE: That's probably right.

MR. THOMPSON: Ok, but . . . . .

MR. SPRUCE: 41.2 over one . . . . . (inaudible)

MR. THOMAS: That's 20.8%.

MR. THOMPSON: All right, 21% again. Now in the last two years what kind of rate increase has the Council allowed? What kind of actual rate increase have we voted?

MR. THOMAS: The Council voted a 6% rate increase on the total bill that was effective June of '81. So, a part of this '81 year, part of this increase . . . . .

MR. THOMPSON: Ok, before that what was the last rate increase?

MR. THOMAS: It was in 1979, and it was a staggered one.

MR. THOMPSON: Staggered in what sense?

MR. THOMAS: There were 6 over all . . . . .

MR. THOMPSON: You mean staggered in the categories?

MR. SPRUCE: . . . . . (inaudible)

MR. THOMPSON: One time and then we went, ok, I remember that. Was that about a 6% rate increase? So, we're talking about 6.5% about if they're equal or not and ones about 3 times the other so you have about 6.1 or 2%.

MR. THOMAS: The over all in 1979 was 6%. It was 8.7 in gas and 5.4 in electric.

MR. THOMPSON: Okay.

MR. THOMAS: That was on basic rates.

MR. THOMPSON: So '79, '80 and now into '81 and '82, we've had a 6% and a 6% rate increase. So '79, '80, and '81, that was three years, we've had a 12% cumulative increase. 12%.

MR. THOMAS: I'd say it wouldn't be quite that much because that 6% in '79 was on a basic rate and that's not the whole bill.

MR. THOMPSON: And the other 6 though was on the gross.

MR. THOMAS: The last 6 was on the total bill.

MR. THOMPSON: Okay.

MR. THOMAS: So, you can't quite add them together but it's close.

MR. THOMPSON: Ok, so since '79 our bills have increased about 12% by the active statement of Council increasing cost to consumer?

MR. THOMAS: I'm not sure exactly how the bid being . . . . .

MR. THOMPSON: Ok now. With that, what has been the total increase in fuel adjustment? What kind of percentage increase have we had '79, '80, '81 and now in '82 that has been caused by fuel adjustment increases?

MR. THOMAS: Well, I just have the breakdown for '80 and '81 here. But I would say between '79 and '80 it would be slightly less than the 20% but it would be 15%.

MR. THOMPSON: Let's say 17% and then 21%. And then a tab for this year, so you're looking at 39 - about 40%.

MR. THOMAS: That's where the big increase is.

MR. THOMPSON: All right, we've 12% in rough figures that Council has voted and about 40% increase in the last 2½, 3 years as a result fuel increase - fuel price increase.

I'm not going to publish this in some kind of thesis, I'm just saying that we're in some ball park. Ok, so we've had about a 50% increase in our bill in the last 2½ years. 12% has been caused by action of City Council and about 40% of that or 40% of the increase, 40% well it would be 80% increase, but 40% increase of our bills has been without our control. So, as we try to de-couple ourselves from the factors that we have no control over, that is, the fuel cost, that's where we lead back into this bond issue and all the things Councilman Eureste spoke of. All right, I understand that better, I don't know whether anybody cares or understand, cares about it nor understands it either. Now I want to look at residential rates, commercial rates, and industrial rates as that is broken up in this particular 5.1% rate increase. What rates are going to apply in what category?

MR. THOMAS: That has not been provided the Council, we do have a preliminary breakdown from these studies, if you would care to go into that, that we have been working on that adds up to the 5.1.

MR. THOMPSON: Well, I don't know if there's any kind of proprietary claim on that. I don't, Mr. Mayor, is there any concern on your part or anyone else's part that that might be prematurely disclosed?

MAYOR CISNEROS: No, I don't have any.

MR. THOMAS: I might make one point, Councilman Thompson, along the line you were talking about the breakdown of the bill. We did a comparison which may give you some other aspects on this. If you look on that second chart it shows that the bill in ten years went up some \$18 as third charge. And what we are trying to do, what you're trying to do is

try to break it down by components. We did for the ten years it went from 18.52 to \$65. We did another computation that I think gets to what you're talking about is we computed what would the current bill be; what would the bill used in '72 rates been with today's cost and that bill is within \$9 of the \$65 bill, in other words, the Council has granted increases to City Public Service out of that \$65.00 of only \$9.00. And I think that puts in perspective how much of that change from 18 to 65 over the last ten years is really due to this Council's action, or prior Councils in total rate increase.

MR. THOMPSON: Well, that gets back almost to the same ratios of 20-80, 20%, 80% of increase.

MR. THOMAS: And I think that's a very valid point. . . . (inaudible) due to the factors outside this Council or City Public Service.

MR. THOMPSON: Well it's important to note that the bills that people are so concerned about, that we in fact only control a 20% of the increase of those bills. 80% of the increase is a passthrough which we have no control over and unless we are wise in our planning we'll continue to have no control over it.

MR. THOMAS: I think that's exactly correct.

MR. THOMPSON: Right. Now, let's turn our attention to this sheet. The electrical which is about 70%, I guess, of our bills - residential will see a 6.5% increase, 6.75, commercial 4.7%, industrial 6.58%, street light and then sales to municipal That's a whole sale rate, isn't that correct?

MR. THOMAS: That's correct.

MR. THOMPSON: That last category? Ok, now, and then the gas 2.07%, schools, hardly anything, ½ percent and stand by last transportation, could you explain that one.

MR. THOMAS: Well, we have one rate that if you're using gas just as a standby fuel, it's a separate rate as opposed to the other rates. The transportation rate is, there is a contract involved whereby we transport gas for Valero from the City gate stage to the military bases. The military bases are gas customers of Valero; so we charge them a fee for the use of the line, that's the transportation rate.

MR. THOMPSON: So that's not very much in dollars.

MR. THOMAS: Very few dollars in the whole . . . . .

MR. THOMPSON: Ok, now, with the percentages that you've shown here and the sale to municipalities in the street lighting - we'll just eliminate those two I don't think that's really significant in light of the other two - three categories. What kind of percentages of revenue do you generate residential, compared with commercial, compared with industrial, if we just wrote those other two off as being less than a considered percent?

MR. THOMAS: It's probably between residential, commercial and industrial gas and electric combined. It's going to come fairly close to one-third each.

MR. THOMPSON: Okay.

MR. THOMAS: It's not, it's closer to the other magnitude.

MR. THOMPSON: Ok, now, all the other figures, we've got total bills on here, but those bills that you always compare are based upon some stated, as Councilwoman Dutmer got into just a moment ago, some stated amount of

use.

MR. THOMAS: That's correct.

MR. THOMPSON: Now, what is the average bill in San Antonio?

MR. THOMAS: Residential or all?

MR. THOMPSON: Yes, residential. The average residential bill.

MR. THOMAS: It's in the 65, about \$66. That's year round, residential gas and electric bill.

MR. THOMPSON: \$66.

MR. THOMAS: It's current fuel level, it's constantly changing, but that's the current fuel level.

MR. THOMPSON: Ok, well it's always going up, but right now your best snap shot would be \$66. I hear those figures, and I'm always amazed that for everyone of me there's got to be somebody paying \$5. And I don't know who's paying the 5.

MR. THOMAS: Well, let's look at it another way. There in the statement, this one.

MR. THOMPSON: Everybody out here is always paying \$80, \$90, and \$100, I never find anybody paying less than \$66.

MR. SPRUCE: Well, we don't get many calls from those that are in the \$20 and \$30 range, but there are that many, there are. This is an average bill.

MR. THOMPSON: Ok, than excepting then the \$66 is an average bill and then applying this 6.75% to that, is that . . . . .

MR. SPRUCE: You see, you're looking just at the electrical. This 65.85 is for 750 kilowat hours of electricity per month, and 5,000 cubic feet of gas per month. That would be 65.85 average increase to the residential customer, you'd have to combine the electric rate and gas rate.

MR. THOMPSON: Gas and electric.

MR. SPRUCE: And gas rate, so we project that that customer's bill will increase by \$3.36 a month, which will raise it to \$69.21.

MR. THOMPSON: Ok, now what percent is that?

MR. THOMAS: Well, that is computed assuming the 5.1 applied, the rates would not necessarily be exactly 5.1.

MR. THOMPSON: Somehow or another, we've got to go around this circle and get back where we started.

MR. THOMAS: What we're getting at, is at this stage we are designing rates on electric to produce increases and residential electric rates of 675 and increases of 207 on residential gas rates. Those rates have not been finished. We do not have those today. This is what we're designing them to produce, then when you design the rate you can then compute a bill and get the actual increase. We do not have that number today to give you a count.

MR. THOMPSON: Will 6.75% increase.

MR. THOMAS: But you can look at it by roughly weighing the 675 and the 207. It's going to be somewhere inbetween those two numbers.

MR. THOMPSON: Can it be, well, that's right, it's going to be about a 7.5%.

MR. THOMAS: No, no these are not additive, these will not be additive, it will average between the two. In other words, if you take 2% on one piece and 675 on another piece . . . . .

MR. THOMPSON : Ok, I understand.

MR. THOMAS: And express on it totally it will be a percent somewhere inbetween.

MR. THOMPSON: That's right.

MR. THOMAS: I don't know exactly what that will be because we don't have the rate, but it should be in that 5 category. As Mr. Spruce said earlier, if it be the Council's pleasure, we believe we'll have those rates in time for the some of the Council, if it be a pleasure by next Thursday.

MR. THOMPSON: Well when we vote for a dollar increase, that's important for your consideration and how we're to look at the financial picture and to get your 1.75 ratios and so forth. But that really very quickly hits the street as a residential rate increase.

MR. THOMAS: That's correct.

MR. THOMPSON: And that's what I'm interested in. That's what I have to know and be ready to discuss knowledgeably with those that are paying the rate and calling me with some degree of concern as to why I in fact voted for 8% rate increase when I thought it was a 5% increase.

MR. THOMAS: I should point out that the ordinance reported today does not specify how much goes to class. It just specifies the over all of 5.1. Then there would be required a second ordinance that would look at the actual rates and then we could show you some typical bills, what the rates will really produce.

MR. THOMPSON: When are we going to get that?

MR. THOMAS: We are proposing to have that to present next Thursday, at data at the earliest. We're working on them.

MR. THOMPSON: Those things seem to be so, so connected. That to vote 5.1% and not know the categories yet and then come back and what if we got locked up on the categories, which is very possible. Dead locked even.

MR. THOMAS: Well, that's why we try to get this distribution to give you a better indication at this point.

MR. THOMPSON: Ok, now.

MR. THOMAS: It's the best that we can do. You'll recall, we had planned to go for a second proposal by this fall. This has been a merging of the two together in a very short period of time, that's the reason we do not have that data, but we could have it by next Thursday.

MR. THOMPSON: I think that it's best for the rate payers. We look at a rate increase like this rather than another 6% in the fall, if that's required, to go ahead and get a little bit of that paid now. Have you had any discussions, I haven't spoken with Councilman Wing, and there's been some statements about life line rates and so forth, I haven't, have you all worked with Councilman Wing on that, and is there an agreement on some kind of life line rate?

MR. THOMAS: We have met with Councilman Wing and discussed some thoughts that he had and provided information to he and the City staff.

MR. THOMPSON: Well, not to get into that, I think that's up to him to disclose that, but have you all reached an agreement on this?

MR. THOMAS: I think we have, as I understand it.

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MR. THOMPSON: All right. The last question, and it's more in the form of a comment. We look at cost of service, and setting our rates, the cost of service, now how do we, how do you factor in the construction costs like our Nuclear Plant - a large capital cost to provide that reserve - how do you look at that in a cost of service formula?

MR. THOMAS: All right. That is reflected two ways. Number one, we have already issued bonds for a portion of the work in progress, substantial portion and that now has a certain annual debt service. So we allocate part of the debt service to each of the classes. So, therefore, they are picking up currently . . . . .

MR. THOMPSON: Based on what? How do you allocate it?

MR. THOMAS: Based upon their allocated plant. For example, we say that the residential customers are responsible for so much of the total electric systems, so much of the total . . . . .

MR. THOMPSON: But how is that so much? Is it a percentage of use?

MR. THOMAS: On the basis of their rate of peak usage, which is essentially the way the power plants are designed. They're designed to meet the peak usage in the summer. So, therefore, we construct how much of that peak usage is due to residential, how much due to commercial, and then, therefore, we allocate that much of the plans, and so forth. So it's done in a sequential manner, class by class.

MR. THOMPSON: Ok. Then that satisfies that question. Considering that the 5.1% rate increase is granted, considering that you come back here next week and the subclasses are in fact defined in the categories, the rates per category are approved, when would the rate increase actually effect the user, consumer?

MR. THOMAS: The ordinance before you, and our proposal would be that it would start with bills on meter readings on May 4. The meters that would be read on May 4th would be computed that night.

MR. THOMPSON: And there forwarded.

MR. THOMAS: Like on the 5th or 6th of May that went out, would be at the new rates, if this proposal would be adopted.

MR. THOMPSON: But the 5th or 6th of May? So it would be for the month prior to that, the usage . . . . .

MR. THOMAS: April. We're trying to get the approval now so that then citizens would have 30 days before the first rate increase would hit. That way, in other words, the billing would be, they'd have a chance to make whatever modification they could at this time on usage before the rate increase took effect.

MR. THOMPSON: Thank you very much.

MR. THOMAS: I had some more breakdown on that revenue. We had them here.

MR. THOMPSON: Where?

MR. THOMAS: I'm looking at residential electric is 150 million and residential gas is 58 million. That's 212 million out of total of 488 million. I can provide you this breakdown. We talked about 1/3 each, it's not quite a third, but I did find these figures here.

MR. THOMPSON: Well, that's within 30 . . . . .

MR. THOMAS: Pretty close to 40%, I think it is.

MR. THOMPSON: Yes, but the third, third, third for residential, commercial, and industrial is about, we'll stick with that.

MR. THOMAS: Right.

MR. THOMPSON: Okay.

MAYOR CISNEROS: Mr. Hasslocher.

MR. HASSLOCHER: Mayor, I want to ask the lady that spoke on behalf of COPS earlier.

MAYOR CISNEROS: Mrs. Sonia Hernandez?

MR. HASSLOCHER: Yes, sir. Are you a housewife, or do you work?

SONIA HERNANDEZ: I work.

MR. HASSLOCHER: Where do you work?

MS. HERNANDEZ: I work at Omega Center, I'm the director of a retreat center.

MR. HASSLOCHER: I'm sorry.

MS. HERNANDEZ: I'm the director of a retreat center.

MR. HASSLOCHER: Of a retreat center.

MS. HERNANDEZ: Yes. And I am a mother. I have a 4 year old, and I've tried to maintain my own household.

MR. HASSLOCHER: What retreat center, if I might ask?

MS. HERNANDEZ: Omega Center is in Boerne.

MR. HASSLOCHER: Omega Center.

MS. HERNANDEZ: Yes.

MR. HASSLOCHER: Thank you very much.

MAYOR CISNEROS: Is that it? Mr. Webb.

MR. WEBB: Ok. Well, I've - my writing has gotten real cold, so you might have to help me with it, Jack. Number one, the City of San Antonio is totally wrong in collecting 14% revenue from the City Public Service in lieu of taxes is actually what we're doing. I want to make that point clear. I think that's absolutely wrong and I want to speak against it. And I know a lot of Council members don't like what I've said, but I said it when I got on this Council, I came on this Council those of you who weren't here in 1957, and I made this statement then, I think Dr. Cisneros was one of the ones who was making the same statement that I was making at that time. We have to address that problem, and I think I'm going to devote all of my energies the rest of the time that I'm on the Council to see if we can't do something to correct that. We need to raise taxes and stop taking money in lieu of taxes away from our senior citizens. That's the part where we ought to be looking at.

Number two, not only are we collecting the 14% as the City of San Antonio, but we're right on top of that collecting another 3% for the City of San Antonio for the City Sales Tax. Yes, sir, we're collecting 5.5% on every utility bill that goes out. Is that correct?

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MR. SPRUCE: No, sir, there's no sales tax on residential. There is sales tax on commercial bills, but I don't know what the percent is, but there is no sales tax .....

MR. WEBB: On residential?

MR. SPRUCE: On residential, that's correct. The state law was passed I think during the last legislature that eliminated that.

MR. WEBB: Well, I thought I saw a bill where it had the sales tax.

MR. SPRUCE: Well, now, you could, sir, at your place of business.

MR. WEBB: Well, I'm not talking about that. I'm talking about that also, but I'm talking about the bills in the past that I've looked at, but if you say that they aren't on the residential, well, you know I haven't looked at those real carefully, but I do know that I have a commercial business, I want to talk about that also, we also pay 5.5% plus on top of that the 14% that we collect, and I think that is totally wrong. Last month my utility bill was about \$600, and that comes to about \$30 give or take, and that's wrong, and if the residents are not paying that, I stand to be corrected for that, but I thought sure we were all paying the same amount. And I think we need as, do we have any lobbyists in Austin? City Public Service?

MR. SPRUCE: City Public Service does not have any full-time lobbyists. City Public Service has an employee who goes to Austin intermediately during the legislative session, Mr. Schooler, Mr. Stuart Schooler.

MR. WEBB: Wherever that gentleman was that was speaking a little while ago talking about the fantastic job that City Public Service has done, Mr. Howard Rogers I believe was his name.

MR. SPRUCE: Yes, sir.

MR. WEBB: And I think maybe him and those people that he represents ought to take a real good look at that 5.5% that we're now paying as commercial and industrial customers. And I want to make that as emphatic as I can and I want to give the same charge to the City staff, Mr. Manager, that we take our legislative authority and see if we can't cut that off, because we're paying double, that double jeopardy. Not only are we paying a 14%, but we're also paying the 3% to the City of San Antonio, the total of 5.5% I think it comes out to 3.2. That's not correct?

MR. FOX: We don't get 3¢, the City, under the 5½¢ gets a penny, I believe, and the state collects the balance of that, and ½¢ for VIA.

MR. WEBB: I got that from the Mayor, and I guess he's, I thought it was something, well, anyway, we're both wrong, I quoted, I thought we got 4 pennies of it.

MR. FOX: I wish we did.

MR. WEBB: All right, but at any rate, whatever we pay is too much, because it's double jeopardy. And, I hope the point is taken. Mr. Mayor, I would ask that we begin to do something about-through our legislative authority that we have built into the City through Ms. Karen Davis, give her a real big job to do - to work on that, I'm in favor of it, I think maybe I might get signatures on this Council, I'll work on it anyway. To cut out the double jeopardy of the sales tax that we pay on our utility bills. And I would like to see that cut out.

Number two, I am in favor of any kind of rebate to a senior citizen that's on a fixed income. When they pay \$70, \$80, \$90, \$100 when the utility bill is at its highest during those winter months when they pay more, any kind of \$10, \$15 or \$20 off of their bill is a great assistance, and I'll tell you because I know for sure that there are many by the end of the month, by the 25th of the month there's not enough oatmeal in the refrigerator and milk, and sugar, in order to feed themselves with, I know that for a fact. I don't have, I haven't been told, I've opened a few refrigerators and seen what the condition was. So, you can buy a week's supply of bread for that \$2.50 a week, or whatever that amount would be. Now, this stuff has really gotten cold, well, also, I'm going to be opposed to the rate increase, number 1 is, the rate increase is going to go for STNP, and I want to know how much of the rate increase will go to STNP.

MR. THOMAS: We don't have an exact number as we just look at the total requirements, Councilman Webb, but I would guess it's in the approximate two-thirds, 60% of the total rate increase probably goes to STNP, when you consider the debt service, plus the new requirements.

MR. WEBB: You know when you showed me those maps, those charts on the board about the cost and so forth, that's the cost of your fuel costs is way out here, you see, you saw that .....

MR. SPRUCE: Yes, sir.

MR. WEBB: That's where the problem is, and 60% of it is going to STNP. Now, you tell me how you can survive, you've spent a billion dollars and haven't received not one trickle of energy, and there's no way for you to survive. I went to a meeting out here last year out at Lubbock, and I had some information given and I brought the information back, and gave it to the Council, and gave it to the CPS, and I think you recall, told you about closing down the generator or the other plant, plant #2, and putting all of your emphasis on plant 1. You remember that?

MR. SPRUCE: Yes, sir.

MR. WEBB: And I also told you that it would be 1990 before you get any energy out of this plant, and now, and I can give you another prediction that you won't even get any energy by 1990. So I can't sit here on this Council and represent a people that's going to, and I get tired of saying this over and over and over again, but everytime you come for a rate increase, or sell \$150,000,000 worth of bonds, I find myself repeating myself, and I think what I'll do is I'll just pull out the old tapes and just start playing those instead of saying what I'm going to say, but since it took us three hours to get this far, I thought maybe I'd better have my say so.

MAYOR CISNEROS: Mr. Alderete.

MR. JOE ALDERETE: Thank you. Everything's been asked that can be asked, except one question, Jack. Let me ask you, what was the last date that you gave for completion of unit one and unit two, that you gave the Council?

MR. SPRUCE: We probably gave you the official date that we're still using, which is completion, complete fuel load of unit 1, December '86 for commercial operation in '87, fuel load December of '88 on unit two for commercial operation in '89. Now those are the official dates and those correspond to the last assessment that was made by Brown & Root prior to them leaving the job, and that was consistent with the 4.8 billion dollar total cost estimate.

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MR. ALDERETE: Have you been working pretty closely with Bechtel and those guys in Houston Power & Light? As of all the changes, and everything else? I mean as ---

MR. SPRUCE: Well, our staff has, yes sir. Mr. Poston, as you know, is on the management committee.

MR. ALDERETE: Do they keep you all posted about everything?

MR. SPRUCE: Yes, sir.

MR. ALDERETE: Those dates you just gave me, I assume are the latest public official notice dates, is that correct?

MR. SPRUCE: Well, you may have reference to a letter that was sent to the Nuclear Regulatory Commission by Mr. Goldberg which gave some dates. He told us at the last meeting that he would be required to submit some dates to the NRC and an application for extension to construction permit to unit 1, which term runs out on it this June, and I haven't, I don't recollect those dates, but he did send some dates up there that could differ slightly from that. Possibly an extension of .....

MR. ALDERETE: Let me tell you, Jack, I question time and time again, I think the news media needs to be aware of this and cognizant of this. I've questioned time and time again the management of this project by Houston Power and Light, and I've stated consistently that they're not keeping you informed; they're not keeping the public informed. They're not keeping the news media informed. I've got a letter here dated March 12th, 1982, and it's from HL&P, and it's to Mr. Harold R. Denton, he's a director, NRC. And it is from Mr. George W. Oprea, Jr., Executive Vice President of HL&P, Project Manager of the South Texas Nuclear Project. And his opening paragraph to Mr. Denton is to hereby request, and I'm going to boil it down, requests the latest construction completion dates of South Texas Nuclear Projects for unit 1 and unit 2, be extended from May 31, 1982 to December 31, 1987 one year later for unit 1, and from October 31, 1983 to December 31, 1989 for unit two. His opening paragraph here, Jack, which I feel that you and everybody else on CPS should know ahead of time is that he's telling us right now that we can anticipate and expect, and we are requesting through our project manager a one year delay on the South Texas Nuclear Project. Now, it's here in black and white, it's from our project manager of South Texas Nuclear Project, it's the Executive Vice-President of HL&P who is supposed to be working with Jesse Postin here and dated March 12, what's the date today?

MR. SPRUCE: Today's the 18th.

MR. ALDERETE: Six days later and here I have a copy in my hand, and you guys who are supposed to be the energy company for San Antonio are not aware of it. Now, I'm not blaming you for it, what I'm saying is that there is a total mismanagement on the part of HL&P of this entire project. At the least, the charts could be a massive lack of communication with San Antonio. Now, if you, I don't know if Howard or anybody else can convert one year's delay in principal and in interest, and in cost escalation, but I would imagine we're talking tremendous dollars.

MAYOR CISNEROS: Let me interrupt you if I can and explain that letter. That is a letter that was known to CPS Board, because it was briefed at the last meeting of the Chief Executive Officers group in Bay City.

MR. ALDERETE: Excuse me, it was known to who?

MAYOR CISNEROS: To the City Public Service Board, to anyone who was present at that meeting at the Chief Executive Officers Group in

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Bay City.

MR. ALDERETE: Was it an open meeting?

MAYOR CISNEROS: No. It was not an open meeting. Let me tell you what it is. What it is is that the renewal of the construction permit will be up this May, the permit to construct unit one and unit two. They have to go back and ask for a renewal of construction permit. We do not have yet the information, the July report, on when they are going to finish. So, to go back and ask for a construction permit they took a, an extra built-in, they built in extra time in order that it doesn't happen again that the construction permit runs out. And this was explained, and I had a press conference and made it public, and it was in the newspaper a week ago last Tuesday.

MR. ALDERETE: Why? Well, if that's public information how come Mr. Spruce' response just now was .....

MAYOR CISNEROS: I can't explain that. But I can tell you.....

MR. ALDERETE: I mean wait a minute, wait a minute. You're on the Board and he's the director, you know, General Manager, I just asked him for the final completion dates, and all of a sudden he made reference to another letter, but he never touched base on this one.....

MAYOR CISNEROS: The only completion dates that exist right now, the only completion dates that exist right now are the parting shot from Brown & Root. We've all been waiting on the July report; we're still waiting on the July report. But everything can't just slow, stop. So, there was a need to seek a renewal on the construction permit, they build in extra time that does not mean that the time has slipped, we don't know where the time has slipped. It doesn't mean that the project has been delayed, we don't know that the project has been delayed. All we know is that they have to put in the dates for a permit.

MR. ALDERETE: By way of tradition and so on and so forth, has the time slipped consistently?

MAYOR CISNEROS: Yes

MR. ALDERETE: Ok. Based on tradition and what you have found, Mr. Spruce, is it safe to assume a one year delay in the project?

MR. SPRUCE: I would not project any new completion date, that, mainly I apologize, the letter was signed by Opr , I thought Goldberg signed the letter.

MR. ALDERETE: Yes, you gave me a different name.

MR. SPRUCE: Anyway, that is the letter that I was talking about, it had to be sent in the application, but we are not prepared to make any confirmation of that date, or give any new projection until Bechtel gets through with their assessment. The idea about the .....

MR. ALDERETE: If you're not going to give confirmation on this date, why does the Mayor, who is an ex-official member of the CPS, have a press conference and talk about these extended completion dates? If you're not willing to make that commitment, or give that as a completion date. That's a conflict I don't understand.

MR. SPRUCE: Well, if I can put that in a context, what the project people told us was, and what was made public, and it was in the newspaper, was that in a few days you will be advised that we're asking the NRC for an extension of our construction permit, and we're going to have to give them some dates. We would hope the date we give them would be the worst case. We don't know what its's going to be, but this will be sent to the NRC and there will probably be some publicity about it. The date has no official standing.

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MR. ALDERETE: It has no official standing. But tradition and pattern has consistently showed us that there are going to be delays . . . . .

MR. SPRUCE: There very well may be delays forecast in Bechtel's assessment this summer.

MR. ALDERETE: You're not even willing to admit, Jack, that this is a safe assumption that we're going to be delayed one whole year on the South Texas Nuclear Project?

MR. SPRUCE: No, sir, I think that there was very ----

MR. ALDERETE: What are you willing to admit by way of delay on the project, Jack?

MR. SPRUCE: I'm not willing to admit anything until I see Bechtel's re-assessment.

MR. ALDERETE: You know I, the thing that I don't understand is that, you know, this should have been in the hands of every member of Council, so they would know ahead of time before they are going to give you a rate increase, see now you're not being completely informative with us, just like HL&P. When I was making the assumption was not being completely informative or communicating with you guys, but here is our own energy company not providing us with this information. You may have had a report in the newspaper, but was not complete. And here there is a little bit more completeness to it. We're talking about one year later, we're talking about adding that much time to the construction period. We're talking about a lot of money in principal and interest, and that's where the whole problem surrounds itself. You know we just need to have this information, Jack. You're asking us for a rate increase, but you're not telling us about a potential, and I'll use that term, potential one year delay. That's a point I want to make, because the public needs to be cognizant of that. So when somebody like myself, or Ben, or Maria, or Joe Webb votes against a rate increase we want you to know the full facet or the whole gamut of problems that lie with CPS. It's not only, you know, cost escalation by way of due to inflation and construction, not only fuel escalation, there is a definite communication problem between this Council and the City Public Service Board. There is not complete and accurate dissemination of information to this Council. This letter, if you're going to play your cards, in all candor with this Council, you come and lay this letter right here in front of all eleven members and say this is the potential one year delay in the South Texas Nuclear Project, and our request to them for an extension to the Nuclear Regulatory Commission. Then we're being honest, then the people of the media can carry that message forth to the public, and then we can understand more clearly what we're voting on. And this is an extremely conservative delay, very, very conservative delay. That's my point. There is either a lack of communication that I'm starting to think is a willful lack of communication between City Public Service, and this City Council, in order not to catch any more heat, or flack on the whole item of South Texas Nuclear Project. We know it's a fiasco, Jack, and we recognize that. We just want to be told all the information to assure us that we've got a fiasco on our hands. That's the problem. You know I, I just want to be told what is happening, and City Public Service Board is not telling us. You ask us to make a decision to give you more money, but you don't want to tell us about the negative side which is a potential one year delay in the South Texas Nuclear Project, according to your request through your project manager to the Nuclear Regulatory Commission. So you had some say in this extension, I'm sure, as you stated earlier Mr. Poston was working with HL&P. You should be cognizant of it, but this should be told to the Council, and it should be made public information. That's my point, Mayor.

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MAYOR CISNEROS: Mr. Harrington.

MR. HARRINGTON: Thank you, Mayor. Mr. Spruce, I personally appreciate the work that you do at CPS and think that you did a commendable job. However, I would hasten to add that I really don't like rate increases either. But I recognize them as a necessary evil especially in inflationary times and especially to support a sound fiscal policy for CPS or for any other entity. In a like manner, I also appreciate the efforts that COPS makes in certain arenas, because in all fairness, to everyone involved, I think that they have an influence that sort of keeps us honest sometime not you honest but tightens the awareness of people and keeps us all on our toes and keeps us honest. But, I perceive this to be a necessary requirement, this rate increase that you're asking for. I perceive it to be reasonable, and Mayor, I'd like to move that we adopt the ordinance that's presented here today for this increase.

MAYOR CISNEROS: Thank you very much. Mrs. Berriozabal.

MS. BERRIOZABAL: We have voted on rate increases for CPS, I think about four times since I have been on the City Council, and I'll vote again against it, and it'll pass, and it'll pass without some of our votes. The people who came today with great effort to talk to us, the senior citizens, I was looking at them and many, many of them are from my district. And it's such a difficult thing to try to explain to people. Last December, no January, I had a gentleman who came, he had a \$90 bill. His bill had increased from \$55 to \$90 in a month's period, and I checked with CPS, and everything was fine there, there was no error, and the man had an increase in his bill of that much. So, I went over to his house to see what the situation was, and we found great big cracks in the windows, in the doors, there were holes in the floor, and he was using a lot of heat, and most of it was going out of the house.

The other day when the people from COPS came, two weeks ago, and requested that we look in the life line program that is used by Austin, I had heard about it, and I asked for information from one of the Councilmen in Austin. Unfortunately, I just got it a couple of days ago, and have not had time to review it all. But they addressed this problem as very new, and it really hasn't been proven yet, because it's very new. But they are looking into a lot more than just giving breaks to people on their bills, they're looking at conservation; they're looking at weatherization, they're looking at the equity in having people pay for their utilities, such as how much does the big commercial interests pay as oppose to the percentage that the poor, the small businesses pay of the bills. And they're trying to bring equity to the situation. In their statement, their proposal that they had, they mentioned the need for senior citizens, particularly, to get assistance during the summer months, also for their for the utility bills. The elderly are susceptible to certain diseases because of the strokes that they get during the summer when it's very hot, and they can't afford to turn their air conditioning on. When I was reading that, several questions occurred to me that I'd like to ask you. Up to now, as part of the City Public Service Board policy, the City Public Service is a public body; it's funded by public monies, taxes, in so many words. What responsibility do you feel to address these issues? Issues of, I think you would call them, maybe, even social issues, or just humane issues, in dealing with your running of the City Public Service Board. Do you think of planning for things such as weatherization programs, or education programs, to teach people how to conserve energy, and to fit the whole issue of conservation in your rate structure so that it will benefit people when they conserve, and not be a penalty to them. In your planning, do you think about those things?

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MR. SPRUCE: Yes, and apparently we have not done a very good job of communicating to the Council as much as we are doing in conservation. We've got a staff of about 12 or 15 people who spend full time talking to citizen groups, going out and making energy, what we call energy audit surveys, and giving people living in a house a list of things that we think they could do to minimize their consumption of gas and electricity. And one of the things we've talked about in just in the last few days is getting with individual Council people and trying to establish some contact with groups that you know of that apparently we have not been aware of, but we do go out and audit at no charge to the customer, his house, his dwelling or business, or whatever, and try to assist him in finding ways to minimize his cost of gas and electricity. As far as our philosophy about it, how CPS funds should be used, we have generally followed the guidelines of the Public Utility Commission Act for the State of Texas which provides that rates should be designed based on cost of service, which says that one group of ratepayers would not properly subsidize another group of ratepayers, and that's our concern about the so-called life line rate. It involves one group of customers paying more money, and that money being used in some way to defray the costs of serving another group - - -

MS. BERRIOZABAL: Proportionately, isn't that what's happening right now, with the poor paying a substantial percentage of their income as opposed to businesses or people who have more income?

MR. SPRUCE: At the present time the indications are that commercial and industrial customers are subsidizing residential customers, that's based on the rate increase that was granted last June, 6%.

MAYOR CISNEROS: She said proportionately.

MS. BERRIOZABAL: Proportionately. Like the income they get. I'm talking of people - - -

MR. SPRUCE: Well, if you want to look at the proportion of income of a person on a fixed income versus proportion of income of another, the utility has a hard time looking at its rate structure in that same manner. You see because - - -

MS. BERRIOZABAL: You've answered my question, and that's very unfortunate, I know that to be the fact. When I was in high school, I became introduced to the City Public Service Board and a lot of programs that you have, and you still have them, because from time to time I see pictures of the people who are home demonstration agents, I think you call them - -

MR. SPRUCE: We call them Home Economists, yes, madam.

MS. BERRIOZABAL: And I'm interested in getting a report from the City Public Service Board for my own information, if I can get it, on how much money the City Public Service Board spends on these programs, and there is a considerable amount of printing that's done. There are such subjects as how to freeze food. They are in the area of nutrition, and they give you recipes. There's a lot of services that the City Public Service Board has for how to efficiently use your appliances. I know that when we purchased a new appliance, I called, I just never had time to follow through on it, but there's a lot of services that are available, and there is budgeted money, other items budgeted for those purposes, I think public education, or whatever, I'd like to know how much of that you do, how much it costs, and then how you make it available to people. I would think that a time has to come when you need to think of how the money that is being spent for public education are being spent and how they are being made known to the public. I would think the money would be a lot better spent realizing that there's a crunch, and that we should take care of the priorities. The best use of the money would be in teaching people how to conserve or to prevent heat loss, or to efficiently secure their homes so that they wouldn't waste energy as opposed to, let's say, printing recipes, spending money on printing books with recipes. I'm very interested in finding out more about that.

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MR. SPRUCE: If I might comment on that. Several years ago when we had the sort of thoughts that you have, we did away with almost any service like that that was just sort of nice to have type of thing. I don't think, I doubt if we spent \$100 printing recipes in the last year, year and a half. We used to do much more than that. We demonstrated appliances and preparation of freezing, and microwave ovens. We pretty well discontinued that type of service. Now, those same people we still have Home Economists. They're involved with our energy conservation program, and that is almost 100% of what they do at the present time. We used to participate in these, wasn't exactly a parade home, they had these homes where they demonstrated these kitchens, that's all been discontinued. But I'll be glad to give you . . . . .

MS. BERRIOZABAL: Well, I'd like to know what remains there and how it's used. Because I can tell you that in my district, I don't think very many people take advantage of it, or even know that it's there, for the most part. I, one of my colleagues, has some work that he's done in trying to alleviate the situation for the senior citizens, and I'm going to be looking very eagerly to that because I want any break that we can give people, I'm willing to look at it. But, I'm also personally going to look at this program in Austin, in Austin, Texas. They have implemented it; they have even been asked to testify in a Legislative Committee as to its effectiveness, and I've got some testimony here that I'm going to be looking at, and we'll, hopefully, be working with you on it, too.

MR. SPRUCE: If you would want to spend any more time on the philosophy rate-making and the problems that have come up with life line rates, we do have Mr. Jorguera here with Ebasco Services who has a very, I'd say even international experience with the application of rates and determinations of costs of services, and if you want to spend any time on that, I'd be glad to ask him to make a couple of comments, or if you want to do it at a later time.

MS. BERRIOZABAL: Not right now.

MR. SPRUCE: All right.

MAYOR CISNEROS: Mr. Eureste.

MR. EURESTE: How many Home Economists do you have?

MR. SPRUCE: About three.

MR. EURESTE: So, that's that program that's been scaled down.

MR. SPRUCE: Yes, sir.

MR. EURESTE: You did have 14.

MR. SPRUCE: Oh, no, no, I don't think we ever, probably most we ever had was 6 or 7.

MAYOR CISNEROS: He said 12 on conservation.

MR. EURESTE: Oh, on conservation. While ago you gave the completion dates for the projects, and when they would be ready to operate. Given the letter that was sent to the NRC, what would that, what would be, given that letter, what would be the time for using that as the deadlines for the completion of the construction for unit one and unit two? How far from that point would they be in operation. How many months?

MR. SPRUCE: Well, I hate to give any significance . . . . .

MR. EURESTE: Let me back up then.

MR. SPRUCE: Ok.

MR. EURESTE: When given the schedule to day, when is unit one supposed to be operational?

MR. SPRUCE: Fuel load, December of '86 for unit one. December of '88 for unit two. Now, when those are made, all of the participants review those and carefully accept them, because that is the basis for all of our forecasting for budgets, floor funds, milestones that are expected to be reached, and so forth. At the present time, we are just in a state of limbo - - -

MR. EURESTE: Wait a minute. December 31, '86 for unit one.

MR. SPRUCE: Fuel load.

MR. EURESTE: Ready for fuel to be put in.

MR. SPRUCE: Yes, sir.

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MR. EURESTE: Ok. Now, operation

MR. SPRUCE: Operation by the, we generally say by the summer of the following year, we really don't know.

MR. EURESTE: How many months do you give?

MR. SPRUCE: Well, six months.

MR. EURESTE: So, that would be May.

MR. SPRUCE: May or June, yes, sir.

MR. EURESTE: So that would be May . . . . .

MR. SPRUCE: Or June, Yes, sir.

MR. EURESTE: May, June. June 1987. Or, we could theoretically say hypothetically June 1988, because you now have shifted your deadline to December 31, 1987.

MR. SPRUCE: I don't know if he's talking about fuel load there, he probably is.

MR. EURESTE: Yes, he calls it fuel load ready.

MR. SPRUCE: Ok, just one year, that would be right.

MR. EURESTE: Says ready for fuel loading.

MR. SPRUCE: Ok.

MR. EURESTE: Alright, then the second unit would be ready six months afterwards for operation, after you constructed it.

MR. SPRUCE: Second unit is similar to the first one, it should be ready for commercial operation about six months after the fuel load.

MR. EURESTE: So that would be June

MR. SPRUCE: '89

MR. EURESTE: June of 1989, and now would you believe it or not, we are now talking about June 1990.

MR. SPRUCE: Yes sir, he added one year to go.

MR. EURESTE: Yes, I think we have entered upon a very historic date for this event for this project. I think it would be a milestone. Mr. Webb, and I don't know if he's here or not, but I do recall that over the years, and through a secret meeting that he had with an insurance salesman in some city in west Texas, this man revealed to him what he saw on the crystal ball, and that was that this projects would be ready by 1990. Is that right Joe?

MR. WEBB: That's about right.

MR. EURESTE: Till 1990. And we already seeing 1990 on the horizon. I think that that's a very important, I mean for people that sit here and criticize this plant, you know, we need to, we need to have a few victories. And we seem to always be on the losing end of the vote, but we seem to be pretty good on talking about money costs, and also the

completion dates for this project, and I now see that my colleague, Joe Webb, predicted more than a year and a half ago, maybe two years ago that 1990 is a more realistic year to look to. And I think that the figures that, or the date that you all are using is not just thrown in there to give you an extra year, I think it's thrown in there because you're not sure. You're not comfortable with what you've got. And when you're not comfortable with what you've got, I'm not comfortable with what you've got, and when I'm not comfortable with what you've got, the people that I represent aren't comfortable with what you've got. So you know, thousands and thousands of people are not comfortable. That's fine, I guess we've been very uncomfortable for a long time now. I want to ask you about the, is this the City of San Antonio rates sell to municipal utilities, this 2.37?

MR. SPRUCE: That municipal utility rate is the rate under which we sell bulk power to the cities of Castroville, Floresville, and Hondo. They don't have any generation of their own, they expire all of their power from San Antonio Public Service, and they in turn redistribute that power and sell it to their retail customers, those three cities.

MR. EURESTE: And is it possible to say that the residents of Castroville would have a rate increase less than the residents of San Antonio?

MR. SPRUCE: Well, they make their own rates, just as we do here. They go to their City Council, and they say here's our cost of operation, and here's the way we recommend the rates be charged to our customers. I don't know if we have anybody here from any of those cities or not. They've been in to see us several times, of course, they're like we or anybody else, they're not pleased with the rate increase, but . . . . .

MR. EURESTE: Well, I understand that.

MR. SPRUCE: I don't know what their rate structure is.

MR. EURESTE: A lot of people are here that are not comfortable with your rate increase.

MR. SPRUCE: Maybe Don can give you an idea on how they - -

MR. EURESTE: You're proposing a 6.75 residential to the people of San Antonio, and our, I guess our immediate area, but - -

MR. SPRUCE: Of course these are based on our best determination of what it actually costs. The proper allocation of costs to the various places of customers, and that is one class of customers.

MR. EURESTE: So, they maintain their own lines and distribution systems.

MR. SPRUCE: Yes, from the meter on, that's right.

MR. THOMAS: So they would have to add any increases they would have for their debt service on top of this, and I can tell you this part, the rates for residential in all those cities are higher than the San Antonio by a fair amount. Because they have had . . . . inaudible . . . some problems.

MR. EURESTE: Ok. And I guess the final one, you know what you, and I understand the philosophical position that you have taken, and that is CPS doesn't feel that it should be in the-in the game of economic redistribution of, or the redistribution of dollars between categories of people, and this is what might happen if we were to standardize the rates for everyone. I mean, I think that that's a point that you've made. And that you don't feel that one group should be subsidizing another group. Given commercial is lower because it costs less to deliver, industrial is somewhere in between, I would assume, because it would cost you know, somewhere in between to deliver. So when you

go up, you go up at a different rate for each of the different categories that you have. Given that then, you cannot support life line to senior citizens because then that gets you into the game of redistributing the economic benefits, I guess that you have in these structures. Is that more or less?

MR. SPRUCE: Well, in general I guess, we, as I've mentioned earlier, are trying to follow the principles that were set out by the Public Utility Commission Act. I'm sure that in many cities and areas of the United States some experiments have been made with trying to distribute the costs so as to accommodate people who have more difficult time. We feel that by doing that we subject ourselves to suits of charges of discrimination, and we believe that these can stick. We know of instances in other states where discrimination has been established where utilities attempted to distribute those costs based on people's ability to pay rather than based on costs of service.

MR. EURESTE: All right, but watch this. You think that, you're saying to me that there are people in this City that would take us to court if we established a life line, say for senior citizens.

MR. SPRUCE: I say that the possibility exists, I don't know what the probability is, but CPS has recommended to the City, that if the City wants to accommodate that sort of thing that they establish a fund and make some sort of distribution to those people who they recognize as having difficulty. Something on the order the way food stamps are handled, or the way that some people have rent subsidies, and that sort of thing. Because we feel in operating the business for the City, the most prudent thing for us to do is to allocate the costs to the various classes of customers. This is standard utility practice, and I know a lot of people say, just cause you always did it doesn't make it right, but we feel that that is the safest and best thing to do, and if the City is in a much better position to judge how distributions might be made, and that possibly the City might want to take some funds, possibly part of the CPS payment and use that to assist the citizens.

MR. EURESTE: But you yourself would not favor doing it through the rate structure.

MR. SPRUCE: Well, as I see my responsibility it's operate the utility in the most economical manner to accommodate the entire community, and we certainly recognize the problem, we know who a lot of those people are that have trouble paying their bills, but we just don't really believe that that is the function that is really the responsibility of the utility. The City can discuss that with the Trustees and with us, and under direction well we'll do whatever we're told to do, but our recommendation to you is based on our idea about how the business should be operated, like the fellow in the grocery store, he feels sorry for the people who have less money, but he's got the same price of beans for this fellow as he has for this one.

MR. EURESTE: Ok, I understand. I mean, the real, if there is going to be any action, it should be at the Council, and at the Board level because those are the people that give you the direction.

MR. SPRUCE: Yes, sir.

MR. EURESTE: Good point. Thank you very much.

MAYOR CISNEROS: Mr. Alderete.

MR. ALDERETE: Yes. Jack, is Mr. Poston around?

MR. SPRUCE: No sir, he's not in town today.

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MR. ALDERETE: There were copies of this letter that I mentioned earlier sent to Citizens Concerned About Nuclear Power, and Citizens for Equitable Utilities, J. B. Poston, and A. Von Rosenberg, which I assumed was received on the 12th or maybe the 13th or something like that. And I just want to ask you how come you all didn't tell the Council Members if you had it in hand?

MR. SPRUCE: I thought - I see, I'll tell you how we felt about that letter. I have not read the letter. Mr. Poston got one because he's on the Management Committee, and Mr. Von Rosenberg is alternate, Citizens Concerned About Nuclear Power are official legal interveners in the hearing before the Atomic Safety and Licensing Board and thereby get copies of all correspondence. Obviously the letters in our shop over there, but as mentioned earlier it had been discussed, and perhaps it's a very significant point to you. We did not regard it as a significant enough event that we needed to immediately make press release on receipt of that letter. It had been publicly stated that with a few days the project would write a letter to the Nuclear Regulatory Commission asking for an extension of the construction license, because of the existing licenses is going to expire, I think about the 1st of June.

MR. ALDERETE: But that's a construction license. Clarify how that differs from the completion date.

MR. SPRUCE: Well, a construction license is an authorization from the Nuclear Regulatory Commission to build a power plant, and that construction license is going to expire, I think, the end of May this year, and without that the project would not be authorized to continue construction. So we were told at the last meeting that this letter was due to be sent, and that there would be a date in it, and it was just a date that they would throw in there. A date that they felt would give them time, a framework within which to work, pending completion of the assessment that's now being made by Bechtel, which will be publicly announced.

Now, as soon as any of those official changes are made, we have immediately advised the Council, issued press releases and discussed it with the public. As I mentioned earlier.....

MR. ALDERETE: Why don't you unofficially tell us the, Jack, if you don't want to tell it, say it publicly, why don't you unofficially tell us. Example, Jess Poston told Roger Ibarra, our Public Utilities Supervisor, orally that this letter was in the making and that Mr. Polston would be receiving a copy of it. If you can tell one of our staff personnel about it, why can't you tell the policy makers who vote on the bonds and who vote on the rates, and who are supposed to be accountable to the community? That does not make sense, I cannot understand how you can either make a rational argument against withholding that information from us, the policy makers, but yet are willing to disseminate it to some of the staff, either orally and to other groups that are intervenors. I just don't understand why you withhold this information.

MR. SPRUCE: Well, I can try to explain that again. Roger was at the meeting, Councilman Eureste, I believe was at the meeting that day when it was announced that such a letter would be sent. The Mayor said in his press conference that a letter would be sent with a date....

MR. ALDERETE: Were dates given at that press conference?

MR. SPRUCE: No, they had not arrived, I don't recall that they mentioned any dates. But, that thing, that date has no bearing on our present cash flow or our structure fund, or anything else. The official dates that we work off of are official dates such as the ones that are budgeted under which we are now operating, and when a new assessment is made, the end of this summer, at that time it will be reassessed and our budgets will be structured accordingly. And that will be what we will be working off of. This date, I'm sorry that you feel that you have not been kept properly informed. This date has no bearing whatsoever on this rate request.

MR. ALDERETE: Well, it may not, but its's going to have a bearing on future rate requests. If this completion date becomes a fact, then it will have a bearing on future rate requests.

MR. SPRUCE: Well, if it becomes a fact, if that just accidentally turns out to be the date associated with the new forecast, it would have an effect, or if NRC fails to renew our construction permit, it would certainly have an effect.

MR. ALDERETE: If it accidentally becomes a fact, I understand. Let me ask you another question. Have you or any member of your staff received a quadrex report?

MR. SPRUCE: The quadrex report?

MR. ALDERETE: Yes. The quadrex report, Bechtel's assessment of the quadrex report.

MR. SPRUCE: You may have reference to a recent publication that was issued called, "The Bechtel Power Corporation's Assessment of Quadrex Report as it relates to the South Texas Project"... Yes, those have been sent out.

MR. ALDERETE: Has that information been disseminated to the City Council?

MR. SPRUCE: A copy was sent to Roger Ibarra, and he gave one to the

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to the Mayor, we only got the three copies, one went to the Chairman of the Board.

MAYOR CISNEROS: What's that?

MR. SPRUCE: The Bechtel.

MR. ALDERETE: Did we get an assessment report to the Council?

MAYOR CISNEROS: I understand there's one in my office. I haven't seen it Roger told me when I came over.

MR. ALDERETE: Let me ask the City Manager. Do the Council Members have the assessment of the quadrex report?

MR. FOX: I'm not sure. Roger.

MR. ROGER IBARRA: Mr. Alderete, the report was received by CPS the day before yesterday. I received it yesterday afternoon. There was one copy, and I just brought it over to the Mayor's office. We have not had a chance to reproduce it yet.

MAYOR CISNEROS: We'll be happy to get you a copy.

MR. ALDERETE: Would that information within the quadrex report, Roger, or whoever, have damaging information on the South Texas Nuclear Project or any of the construction partners, architectural partners, or on the management partners, is there any information?

MR. ROGER IBARRA: I had a change to brief, just to scan it, I don't recall the actual quarter, but from my assessment of what it read, it does not make any reference to any costs or schedules. All it is is basically Bechtel's assessment of the quadrex report.

MR. ALDERETE: Was the assessment positive, negative, mediocre?

MR. ROGER IBARRA: Well, what they did is basically, in the quadrex report there were certain statements made about, specifically there were several things that were made about the operations of Brown & Root with respect to the South Texas Project. Some of them were specific to certain specific discipline, such as civil engineering. Some other things were generic type statements about generalized statements, but not referring to a specific item. Each one of those itemized in the quadrex report, Bechtel's task force has in turn evaluated those and made their own assessment. One thing that is very important and it'll be in the, this assessment is not an audited assessment in the sense that everything that has not had the time to go back and to go to every and each individual record and physically, etc. audit it.

MR. ALDERETE: This is what it looks like on the surface type of.....

MR. ROGER IBARRA: Yes. It's not meant to be a final definitive statement.

MR. ALDERETE: Would you in your opinion say the positive report on either those generic items or those--

MR. ROGER IBARRA: I would say that the conclusion, and, again, I haven't had time to study the conclusion, states basically there is nothing there that can consider in general, that cannot be corrected. And the only, I'm paraphrasing it.

MR. ALDERETE: Be corrected, and will not have an impact on construction completion?

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MR. ROGER IBARRA: They generally make no reference to cost or schedule. The only thing they general make reference, these things need to be looked at on the order of priority, and examined. That's the general type of, the nature of this thing.

MR. SPRUCE: About two thirds of those were regarded as those that had already been addressed and can be considered closed, or had no standing, and they ended up, I think with about five that said they needed to spend a lot of more time reviewing those and look at them and made no prediction as to how they might afford the project, either cost wise or scheduled wise.

MR. ALDERETE: Can you make any predictions how those four or five have an impact?

MR. SPRUCE: No, sir.

MR. ALDERETE: Ok. You known just, again, just the mere need for dissemination of information to the Council before it makes a decision is just that it's not proper for us not to have this information beforehand when they come to ask for a rate increase, and that's you know, at least the courtesy should be afforded the Council Members. I can understand you getting copies as ex-official member of CPS, but I think it takes six votes to make a decision on this Council.

MAYOR CISNEROS: Alright, we have a motion and a second to approve the rate increase. Those in favor say AYE (AYE), THOSE NO (NO).

MAYOR CISNEROS: Motion carries. Roll call please.

AYES: Dutmer, Wing, Thompson, Harrington, Archer, Hasslocher, Cisneros.  
NAYS: Webb, Eureste, Alderete, Berriozabal, ABSENT: None.

MAYOR CISNEROS: Motion carried. Mr. Wing.

MR. WING: I'd like to make a motion that the City Manager set aside \$2,000,000 in the fiscal year '83 budget to be used as a rate relief fund that would apply to senior citizens rate payers of the City of San Antonio. Senior citizens rate payers of the City of San Antonio. And that the relief be provided for the, from what the data that I researched would be the coldest months of the year, and rebate or whatever you want to call it, be given for the months of December, January, and February. And depending upon the population figures that I've heard, between 30 and 50,000 it could range from 15 to approximately \$25 a month, depending on...also that the Department of Human Resources be used to do the outreach work to qualify the senior citizen ratepayers for the City of San Antonio, and also if there's someday you could work in a community effort that would reach out into the different areas of the community and bring in the different community groups to help them in several areas, not only to register, if you will, the senior citizen ratepayer, but to also provide some form of education on how to avoid heat loss, for example, in the cold winter months, and also an effort should be made at that time also that some type of safety demonstration or seminar be held for the senior citizens to inform them of the perils of open heaters, space heaters, ventilation, etc.

MR. ARCHER: I would second it, provided, is this a report that's.....

MAYOR CISNEROS: No, this is to set it up.

MR. WING: Yes, sir, I would like to make that a motion that we set it up as part of the 1982 Fiscal Year Budget. A \$2,000,000 rate relief fund.

MAYOR CISNEROS: It to be effective the 1st of December?

MR. WING: Yes, sir.

MAYOR CISNEROS: And the monies are to be drawn .....

MR. WING: Incorporated.....

MAYOR CISNEROS: City Public Service payment to the City, is that correct?

MR. WING: Yes, to be incorporated, yes, to be incorporated in our budget year in October.

MAYOR CISNEROS: And the outreach program that you suggested would use the nutrition centers and senior citizen centers, etc. to try to make sure the persons who are over 65 years of age have an ample opportunity to sign up.

MR. WING: Yes, sir, and besides the Department of Human Resources has the resources available and the contacts. Would also be able to provide follow-up services to those senior citizens that need something other than a rate relief. It would be for ratepayers, for senior citizen ratepayers in the City of San Antonio.

MAYOR CISNEROS: With no income.

MR. WING: No, sir. Just the senior citizens.

MR. HASSLOCHER: With no criteria at all?

MR. WING: That they live in the City of San Antonio.

MR. ARCHER: I would second it.

MAYOR CISNEROS: Mrs. Dutmer, is the first speaker.

MRS. DUTMER: I think we should have some qualifications. There are some senior citizens, and I am one, who are better off than others, and you need some criteria for it. There are some young families with children who are having equally a hard a time and I would go along with this, if you were to put a criteria to it, but I just can't open it up and say senior citizens, I might apply.

MAYOR CISNEROS: Mr. Archer.

MR. HASSLOCHER: At 39, Mrs. Dutmer?

MR. ARCHER: There are lots of people having a hard time. Most everybody is having a hard time, I can understand that, and, I, but the way I feel about this is that, you know, a lot of this rate increase is an investment in the future. And so senior citizens are not getting as much of the benefit as are other people in our society. So, I think there's a lot of merit in Councilman Wing's motion, and I understand what you say. I know there are some wealthy people that are senior citizens, but when you go making qualifications, who's going to be the one that's going to ascertain who shouldn't get it, I mean, I don't want to have a Human Resources Department come up with a recommendation. Like that book I just got there on who should get the rate relief, and who shouldn't. If you make it across the board, everybody get \$15 or whatever it is per month, then I think there's a reasonable chance of passage.

MAYOR CISNEROS: It depends on what the number finally ends up being. There's 250,000 people in the rate base, is that correct, households in the rate base, rate payers for gas in the City. That's the total base ok. So, in the City it would be less than that, say 200,000. In order for the number to be 50,000 senior citizen rate payers, that would have to be  $\frac{1}{5}$  of the population, which is not true. So, the number is probably significantly lower than that, maybe 30,000.

So, if you take 30,000 and divide it into a \$2,000,000 fund, you're talking about \$60 over three months, comes to \$20 per month, which is a very, very good help on the gas bill. \$20 a month break is a great deal for persons over 65 years of age.

MR. ARCHER: Well, I'm just convinced in my own mind that Nuclear Energy is going to be a big savings to most everybody in the community.

MAYOR CISNEROS: But people may not be around to reap the benefits.

MR. ARCHER: That's right, there are senior citizens will get less of the benefit than anybody else, so I think there is some merit in giving them a break.

MR. HASSLOCHER: Ok, can I ask a point of information from Mr. Wing?

MAYOR CISNEROS: Yes, what is your point?

MR. HASSLOCHER: Councilman Wing, what's going to happen when this money runs out?

MAYOR CISNEROS: Alright, that's a factual matter of substantive discussion, so we'll have to go around the table for that Mr. Thompson.

MR. THOMPSON: I agree with the concerns that Councilman Dutmer has made, and I've spoken with Councilman Wing earlier. That I'm concerned about that, and I certainly want to address need, and during the discussion I had with Councilman Wing, the argument that Councilman Archer made was not brought up, and I think it's a very relevant consideration is the out year benefits that senior citizens might not enjoy. The fact that has to be considered, I guess in making a decision like this. I don't like the idea of this, of assistance being given when need doesn't exist. If someone has a \$3,000 a month income, and is very comfortable in that, and their demands are low on that income, and we provide a measly \$10 a month or something in light of a \$3,000 payment, it's insignificant to that person. Whereas, if \$10 or \$20 a month to someone that's on 200 or \$300 a month income, that is significant, and it has great relevance. But I have difficulty in saying that the re-distribution formula applies only to age and it doesn't address need. We start out looking at need, and suddenly shift into a category of age as a criteria.

The second thing I would like to ask is the monies are going to come from CPS draw downs during the, during what period? When do we accumulate the funds?

MAYOR CISNEROS: It is my understanding that the fund would have to be accumulated between now and the 1st of December. There are indications that a result of the rate increase that was passed, and as a result of the City's payments of City's sale of energy to Houston, and as a result of the 14% on the higher price of gas, that the payment from CPS to the City, may be as much as \$4,000,000 higher than what was budgeted in the City Budget before the fiscal year that we're in. So, just get, if you just get the clock clicking right now, between now and the end of the fiscal year, its's likely you can build a \$2,000,000 pot, just out of the CPS payment to the City, between now and the 1st of October.

MR. THOMPSON: Mr. Mayor, by virtue of our budgeting process, that money is available and not spent.

MAYOR CISNEROS: It's going to be sent by CPS and budgeted separately from other city funds. As a matter of fact, the City staff, it's my understanding has asked that the money from the Houston sale be brought and put into a separate account, which means that it can be factored into this fund very easily. Let me give you just a quick example of what's happening with respect to the sale of energy at Houston. The City budget was prepared with a number of \$750,000 being the demanded figure by Houston per month, that is, in effect a situation where they pay that face every month. In fact in January, instead of \$750,000

we actually sold 3.2 million. The City's take 14% of 750,000 is \$100,000, on 3.2 million, it's about \$450,000. So, just in sales to Houston, it's likely that the City is going to make in the range of \$3,000,000 or more this year in excessive budgeted figures. If you just earmark just the sale to Houston money, you could build the revenue relief pot that Frank is talking about.

MR. THOMPSON: As we discussed in this vein of monies that are available and how we can with some, I wouldn't say ease, but it's not going to be a great stress upon our income to accumulate this fund, that's well and good. It does come down time though, that when we do target the \$2,000,000 now that when we get into the actual budget process, without fear or contradiction, we will run short of money as we look at the needs and demands of the City, and that will happen. It always happens. The point that I also would like to ask is "very artly" said seniors or over 65 rate-payers. And as someone that might have their parents living with them, or have a senior citizens in their home over 65 that does not qualify for any kind of exemption. I'm not satisfied with that; I'm not settled with that very cold.....

MAYOR CISNEROS: It is the only way we can do it administratively. So whether you like the philosophy of it, or not, there's no other way to do it.

MR. THOMPSON: Well, anytime that somebody says that this is the only way, I will take issue with them, no matter what. If somebody says this is the only way, then they've got some reason to say that. They're, in fact, bargaining for something that I don't understand at that moment, therefore, I become very defensive, as I am now. I know there's another way. I will assure you there are mechanisms that can be put in place to achieve other results. So it can't be just that's the only way. Are we bargaining for more than one year? If this a one year project? A one year shot? Are we thinking in terms of continuing this? I don't know.

MR. WING: We'll worry about this year. And, hopefully, if you're addressing me, then in the interim we can come up with a more permanent solution and maybe more of an assistance. If you're asking me.

MR. EURESTE: Well, if you're asking me.

MR. THOMPSON: You're right. The question was if, and the answer is no. No one said anything about other years, and it was a one time \$2,000,000 into our budget.

MAYOR CISNEROS: I would personally vote for it every year. If you'd look at what the CPS payments to the City are going to be doing over the next several years, we ought to be doing that and more.

MR. THOMPSON: Ok, but you're also saying that you would limit it to over 65 ratepayers. You would limit to that category of people within the city limits of San Antonio, and the outreach question was mentioned that we'd use existing city facilities to achieve the role qualifications of those that would receive that benefit. That would actually be a stipend that would come from the City of San Antonio, money coming to the city, and then we in turn paying it back to our utility in the way of rate subsidy or payment subsidy for those that qualify for the rate. Is that correct?

MAYOR CISNEROS: What was the question?

MR. THOMPSON: The transfer of funds.

MAYOR CISNEROS: In other word how do people get their relief? They get a credit on their bill for three months. Obviously, there's a lot of questions there about how it would work, and there's only so many ways that it can work because of the computer situation, the computer problem.

The computer has to be given certain information, like the names of people who have applied, so that means that you do things like set up cut-off dates, by which everyone who is going to apply who's a senior citizen will have applied. And then the rate payer distinction is the truth of the matter is that those are the people who are hurting. The people who are paying the utility bill are the ones who are hurting, from this problem. So, who would you want to extend it to people who aren't paying utility bills?

MR. THOMPSON: Air Force Village is made of senior citizens.

MAYOR CISNEROS: I know, but they don't pay utility bills.

MR. THOMPSON: They don't pay utility bills! That is a fiction you're indulging in. A fiction. Because they are paying for the maintenance, the upkeep, the utility of that facility on a non-profit basis. Utilities are passed through to them. Whether they pay it directly or indirectly, the payment is the same.

MAYOR CISNEROS: Ok, but they do not receive a utility bill in their name. So that's one, that's a cut at the problem. That is the people who have to make an out of pocket payment to the City Public Service Board. Ok, that's number one. Number two, is the way it would work would be CPS would then just take those names, and when those people get their bill, there is a line on it that says credit \$20, or whatever the number is when you divide the total applicants into the \$2,000,000 fund. And that bill would then be that much less. \$13, \$13.50, \$15, \$20 whatever the number is, it will be that much less, on the gas bill in the three winter months.

MR. THOMPSON: The gas bill only.

MAYOR CISNEROS: Only the gas bill.

MR. THOMPSON: Ok, and if Mr. and Mrs., the man is 69 and the woman is 43, he qualifies, that's a qualifying home.

MAYOR CISNEROS: Anyone that is registered, anyone whose name is on the bill who is over 65 years of age. Just like the homestead exemption. Now there's going to be some shenanigans. I'll tell you what will happen. Somebody will have their father living in the house, so they will switch the bills to the father's name because the father is over 65. A certain amount of that will happen, and you've got to, hopefully, find those problems out and try to root them out somehow. But, I suspect that will be a very small percentage, and it's not going to affect the number by very much.

MR. THOMPSON: Well, in the District I represent there might be a large percentage, you might be ready to look at. I understand that, I think we're going in the right direction, but I'm not ready to narrow down and say this is the program in total or in final. I think the concept is a good one, I applaud Mr. Wing for doing that, I think were addressing the right concept with the right thing-money. But, I got some difficulties.

MAYOR CISNEROS: Ok., Mr. City Manager, did you want to say something?

CITY MANAGER LOU FOX: Mayor, just a couple of technical issues. One is that the funds, the \$2,000,000 would be set up as a general fund expenditure item, and we would not specifically earmark CPS revenues. Yes, we are receiving more income from CPS, but it is incidental to this issue. So we stay out of the life line issue, alright. We stay away from that, in other words, it would be a general fund expenditure which would be funded by, essentially funded by CPS increases in revenue, but would be a part of the general budget. Ok., there are 46,000 senior heads of households in San Antonio, according to our census data, there are approximately 25,000 who are homeowners, so somewhere in between that issue we'll find in between those two numbers, we'll find the utility rate payers so the 30,000 number seems to be reasonable.

We would like to come back to the Council in a couple weeks with a program as to how we would administer this, how it would be handled through our City and CPS, and come back with a plan for your approval, which would be an operational plan, if that would be acceptable.

MAYOR CISNEROS: I personally think that Mr. Wing has come up with a good plan and I'm going to back him 100%, and I don't care what efforts are made to try to screw it around. I'm going to back up Mr. Wing's plans, that's the one I'm going to support. And I don't need another operational plan. He's devised a plan, and that's the one I support. But if you want to do that, whatever the majority of the Council wants.

CITY MANAGER LOU FOX: No, what I'm suggesting is that we would come back to the Council with a way of how it would be done.

MAYOR CISNEROS: I understand how it would be done, it's been explained to me by Mr. Wing. But, whatever you want to do, whatever the majority wants to do.

CITY MANAGER LOU FOX: I'm not communicating, Mayor, I'm not communicating. What I was suggesting was that we would take Mr. Wing's motion and put it into a procedure for administering the program. How we would propose to go out and assuming it would pass, to go out on Outreach and bring people into the system.

MAYOR CISNEROS: I don't know what else, details need to be done. I think he's done a very good job of detailing the program. Mr. Harrington.

MR. HARRINGTON: Mayor, I can support the \$2,000,000 reserve, and I have a great deal of faith, especially Mr. Wing. But I also have some doubt as to, as was pointed out previously the shenanigans that go with, that might go on within the fund, I would hate to see a lot of meters being put in elderly people's name just so they can take advantage of this, which really don't need that sort of assistance. While I can vote, certainly, for the reservoir and for the intent of the fund, I would like to go along with Mr. Fox' recommendation that we really review the way the program is to be implemented before we vote on that type of implementation, because I support what Mr. Wing is saying in essence, but I really haven't looked at the way that he's proposing that this thing be implemented, and don't we have enough time to do that? Is this of the essence that we pass it today? We don't have enough time to do it for next week?

MR. WING: I don't know when all of the Council will be in town to take it up again.

MR. HARRINGTON: Well, can't we, can't we vote on establishing the fund, and then the parameters later? No, you don't want to do that. I would so move, Mayor, that we establish the fund, and that we look at the parameters for qualifying.

MAYOR CISNEROS: Ok, now that's distinct from the original motion.

MR. HARRINGTON: Yes.

MAYOR CISNEROS: Which is to adopt Mr. Wing's plan. Ok. Mr. Wing, next speaker. I didn't hear a second, Mr. Wing.

MR. ALDERETE: I'll second.

MR. WING: You know, I'm having problems with the some of the arguments that have been presented. You know, I don't know what the age is for a so called quote "senior citizen", and I don't necessarily know what's going to happen in '83, much less what's going to happen in '84, '85, '86, or '87. I don't even know what's going to happen tomorrow, and if any of my colleagues do, but you know there's homesteads, there's homestead exemptions, there's exemptions from your income tax, if you're a certain age, or considered a senior citizen. Your school districts give you a certain amount of discount if you're a senior citizen. With the impending cuts in social security, and with the impending cuts in Medicare and Medicaid, you know, there is a direct distinct class of people that need help, and

they filled the Chamber today. And I don't care when anybody says, the majority of the people that were here today do not live in Air Force Village. The majority of the people that were here today live in the south, east, west, and north sides of town that need rate relief, particularly in the winter. You heard the people testify to that. I don't see why you want to take something that is supposedly simple, a budget item. I don't care where it comes from, although down deep inside we know where its's going to come from legally, it has to come from legally. And it could get so muddled. It's an attempt to try and help the senior citizens of the City of San Antonio, the ratepayer. There are programs that we have that help children and elderly. From the time that the child is born, there are programs that help them. There are programs that the federal government has that retrofit houses, that weatherize houses. There are programs that help people not 55 years old, or if you're 65 and married to an 18 year old. There are programs that are based on needs, different types of social programs. I don't know how long around they'll be, but this is a program that's designed to help senior citizens, the type of people that you saw here today. So, just vote your conscience.

MAYOR CISNEROS: Ok. we'll continue with the discussion. Let me just say once again I favor what Mr. Wing has made by form of original motion. It is a program that would set aside \$2,000,000 for persons over 65 years of age, who are rate-payers within their household, that is, to say they receive a bill from CPS, either because they are a homeowner, or because they are a renter. We expect that there's something like 45,000 or something of those people there. That would mean when you divide 45,000 into 2,000,000 you come up with something in the range of, if it is 45, something in the range of \$50 or so for the three months, divided by three, comes then to something like 16, or 17, or 18 dollars for month on the gas bill for the three winter months. I think that, I personally feel strongly about the those parimeters as already outlined by Mr. Wing. Because I think it addresses the problem area, and to leave it open a little further just leaves it, frankly just leaves it open, and so it's that much, it gets more and more difficult to have decided something, and I think it's important that we decide something. Mr. Alderete.

MR. ALDERETE: Just a question, Mr. Spruce, or whoever is there. How much would you have to raise either the commercial or industrial rate bill in order to accomplish that \$2,000,000 increase? Commercial and industrial together, being that they have the lower rate increase, versus the residential, that way we don't lose money. We make it up somewhere else.

MR. TH : We have approximately in 1981, \$2,000,000,000 from commercial and industrial, so that's 1%.

MR. ALDERETE: So, you would divide like  $\frac{1}{2}$ % to either commercial and industrial, is that more or less.....

MR. SPRUCE: \$2,000,000 divided by that is 1%, roughly.

MR. ALDERETE: Thank you. I'd like to, Henry..... That should be an item that should be explored.

MAYOR CISNEROS: It's the question of the commercial rates versus the residential.

MR. ALDERETE: Well, the commercial and industrial rate off-setting the monies that are coming to go into this general fund pot, or whatever you want to call it, rate relief pot. Let me just tell you, what you're doing right, what we're doing right now, we are taking it out of your left hand, and putting it into a specific area of your right hand.

MAYOR CISNEROS: Let me try to answer that. Two points. The first point is this.....

MR. ALDERETE: It doesn't require an answer, I'm just trying to find some a recurring funding for the proposal, instead of where it's coming from.....

MAYOR CISNEROS: The first point that you made, is switch about from the left hand to the right. Not really true, because this is money that was budgeted, this is money coming from CPS out of the fact that the gas prices have risen, out of the fact that rate increase was given, out of the fact that we're selling energy to Houston. So, it's not exactly like you're taking, you know, in hand city money. That's not exactly the case.

MR. ALDERETE: It would have gone to City, though wouldn't it.

MAYOR CISNEROS: Yes, it would of gone to City.

MR. ALDERETE: Ok, correct. Okay, that's the left hand.

MAYOR CISNEROS: The second issue, do you want to do something permanent? Yes, I'd like to do something permanent. Yes, I might consider a life line rate. But we don't have the facts before us. The only facts that are before us, are that we can do something relatively simple, or to take effect on the 1st of December and it is legal, and it deals. It's a rifle shot at the problem. We're dealing with the citizens of our City within the City limits, with our revenue. It's not CPS' revenues and legal questions as to whether you can set up life lines or not, and how you do it with the out of city, and the bases, and the school districts, it's non of that. It's money coming to the City, funneled back to the senior citizens just like the home exemption is. So it's legal because we've already done it. We did the rate relief program a couple of years ago, now we're just refining it and doing it for senior citizens so it helps those who really have the problem. So, yes we can do a life line, somebody needs to do the staff work on it. I don't know whether that's doing to be Maria, I don't know whether it's going to be you. I don't know whether it's going to be a committee. I don't know whether it's going to be CPS. Somebody needs to really take that, and say this is my baby, I'm going to staff it, I'm going to bring you the facts, and we're going to try to set it up the way Frank Wing has done on this project. All I know is that I have it in front of me right now, and I'm going to go for it.

MR. ALDERETE: I don't have any arguments with what you stated, I'm just saying let's set up recurring funding for it versus the loss that the City as a whole in its general fund is going to take. So you set up recurring funding my suggestion is thru the commercial and industrial rate.

MAYOR CISNEROS: Which is a life line proposition.

MR. ALDERETE: Ok.

MAYOR CISNEROS: But it has to be worked out.

MR. ALDERETE: But that way it could be worked out so that we're heading that direction, because right now you're taking it our of the whole pot that everybody would of shared in called the general fund.

MAYOR CISNEROS: Ok, I see your point.

MR. ALDERETE: Versus an artery that would be feeding in constantly so that this thing would have the sense of permanence. That's all I'm talking about. Don't get excited.

MRS. DUTMER: Yes, there's a little bit of excitement here. I would point out to you that this is going to have to be done, more or less, under the Manager's form, and you can say that that's an attempt to shoot it down if you want to, I am just as concerned about these people as you are, but it will have to be under the Department of Human

Resources, you will have to have some guidelines, you cannot just say 65. I would point out to you exemptions from taxation and other things were done by an act of the legislature of the Texas Legislature voted on by the people, and it makes a world of difference than eleven Council people sitting up here and deciding that people over 65 are going to get the break and the rest of you are going to pay for it. Now, I just ask you to sit down and think a little bit and I want to go with what Frank has, I want to set up the fund for it, but it's got to be done right, or you're going to pay out three times this amount in law suits. Very candidly, I've just been chatting with the City Attorney and she's biting her finger nails, and she says we have to do it under a program under Human Resources, and there has to be some criteria, it's that simple, and I'll vote yes for Frank setting up the fund for it, and letting staff set it up according to law.

MAYOR CISNEROS: Ok, Mr. Eureste.

MR. EURESTE: Yes, that's exactly what we're going to do. They're going to set it up according to law. I mean they couldn't set it up according to non-law. It has to be according to law. Pure and simple. Now, we don't need this is not Austin: we're not legislators at the State

level, we're Legislators at the local level, and we're making decisions like we've made them before for other things, and it's well within our power, well within our right to do what we're doing. This item will be reviewed at budget time by the entire Council because that budget for 1982-83 has to be approved by this Council. This is an item in that budget. This program will be contained in the budget for 82-83, and it will be elaborated upon. You just watch, they're going to give us you know, maybe a couple of sheets of paper, and they'll tell us how the program works. The reason I think that the Mayor is saying, don't give me this, and don't give me that is because I feel like him, I support this plan 100%. I don't want us to be meeting until now and then to be talking about it, just do it, and give us the best plan you can give us. I don't think the administrative would want anything but that kind of range to go out and do some work. And, if you haven't decided what a senior citizen is, I would look at the tax exempt status provisions, particularly the age limit that is used there as a means to start dealing with who is a senior citizen and who is not, and here I'm talking about the age grouping. And I think that age is, what is it 62?

MRS. DUTMER: 65 is a senior citizen.

MR. EURESTE: 65. Good. That's fine.

MRS. DUTMER: No, 55 is a bonafide senior citizen, you're eligible for government housing; you're eligible for . . . . .

MR. EURESTE: No, for the tax exempt status.

MRS. DUTMER: The tax exempt status is 65.

MR. EURESTE: That's what I'm talking about.

MRS. DUTMER: Well you, no one made that clear that it was going to be tax exempt . . . . . exactly what we've been saying all along.

MR. EURESTE: Tax exempt status. That's exactly what Mr. Wing said earlier and that's what the Mayor said a little while ago, that's what most

MAYOR CISNEROS: Let me try and clean up a . . . . .

MR. EURESTE: By the way, I'm through.

MAYOR CISNEROS: We have two speakers, and then we'll like to get to vote. I'd like, I'll try to understand, Mr. Hasslocher.

MR. HASSLOCHER: Mr. Mayor, let's move on.

MRS. DUTMER: I'm not going to just sit here, and let it make me look like I'm stupid. While ago when I suggested that we have some criteria to judge these people by, everybody threw up their hands and hollered no, we're just going to say 65, now all of a sudden we've mellowed and we're going to do this and we're going to do that. If you're going to vote it in, I'll go along with you and vote it in, and then let staff do the work.

MAYOR CISNEROS: Mr. Thompson.

MR. THOMPSON: We're addressing senior citizens, and that seemingly described the population of fixed income, no ability to cope with increasing fuel costs. There are other categories that qualify for that just as clearly as senior citizens, ADFC Mothers, the people that are totally disabled for this, or blind, or they're a disabled veteran that has fixed income, there's a whole lot of categories that we are saying we have defined the problem as this. We are applying the money to that category, and at the exclusion of all these others. Now, sure

it's a clean rifle shot. It is, in fact, you cleanly miss a group of people that might just as easily qualify under another set of circumstances standards, a disabled person, war related, whatever it might be, but they're on a fixed income, as meager as they might be, social security only. There's some categories of people that are in just as bad in dire need as senior citizens and need doesn't come in different kind of packages like that.

MR. ARCHER: What about a person with a lot of gray hair?

MR. HARRINGTON: What about one with no hair?

MR. THOMPSON: Maybe the ones that asked the questions can demonstrate their targets of concern. I am not asking those kind of questions; I am bringing, I think, concerns that we have to talk about, and when you say you get a clean rifle shot . . . . .

MAYOR CISNEROS: You're legitimate, your point's legitimate.

MR. THOMPSON: Well, we're excluding them, and that's because that proposal, are we excluding them or not, I get no here, and yes here.

MAYOR CISNEROS: If his proposal passes, you are excluding disabled people under 65 years of age, because if they're not 65 years of age, they're not in the program. All I can tell you . . . . .

MR. THOMPSON: All right, I have no more questions.

MAYOR CISNEROS: All I can tell you but somebody has to take a stand and decide something, we're going to do something, ok. We're going to do something. All right, the Legislature didn't include AFDC Mothers in the home exemption, the property tax, but they did include senior citizens. They made a decision, they said that's who we're going to help with this program. With this effort, we're going to help the persons over 65 years of age who pay a utility bill on which there's a gas portion in the winter months when the weather is cold and they have to use a lot of gas. While it's not a perfect, perfect group in the sense of all of them are very, very poor. The fact of the matter is that that's a pretty good proxy for people who are on fixed income like social security checks. All right, it's not perfect, I grant it, that's why I say we cannot leave it opened ended terms of parameters, or whatever, you will take a stand. You say I am for 65 years of age without an income grouping, alright, who are payers of the natural gas bill, and that is the motion. If you disagree with the motion, make an amendment. And we'll see if people agree with it. But the fact of the matter is, that whatever there are votes for . . . . . and what I am for is what Frank Wing has proposed. It says specifically what he's supposed to do.

MR. THOMPSON: Councilman Wing called me this morning at 10:02 and I discussed it for 30 minutes whether it would come up on the Council agenda. I had no background, I had not had the time to get into these kind of things, it wasn't posted on the agenda, I was previewed only by that phone call in a very brief discussion which was held around your chair a week ago, that anything like this was coming, anything. Now, I am now being challenged to be able to make up my mind whether I favor, or disfavor, I think, a very complex issue. Now, anything can be treated very simplistically, in saying this is it, this is the way it's going to be done, and I'll hear no other issue. Well, my motion, my consideration is that staff should look at this and how we implement this. That seems to be blurring purpose, that's right, and I think, and I would share this with the Council, that those kind of considerations is not an indication that we're fuzzy in thought: it's not an indication that we're without commitment to the purpose. It's only to make sure that we have addressed the problem in the most efficient, effective way. And if we're satisfied that we have done that, I think some of you are already satisfied, you've obviously worked on it a lot longer than I have, I haven't had the time nor the background information that apparently you have had to work on this. I don't apologize for it; I'm just telling you that I am not ready to make those kind of narrow, precise cuts that you are willing to commit on to today. I would like for us to study a little more, every phrase seem to have a yes. I'm just trying to express

my point that I am not ready.

MR. WING: I hope my colleague doesn't vote for this, I hope he doesn't. Ok, the argument that he's presented do not warrant; mothers with aid to dependent children, they're already getting a subsidy. Veterans, if they're disabled, and it's war connected like you said, they get a break on their license plates; they get a break on their automobile; they get a break on their insurance; they get a pension. That's a group that already quote "being taken care of". This is a group that isn't being taken care of. That's all I'm saying, and I don't know what the cut off, whether it should be 55, the only thing that we can do at this point and time is to address the particular age limit. And if my colleague doesn't recall that he signed the memo, the latest one that I floated on this very same subject, September or October of last year, that note put the program before him, and he signed it for discussion, if he doesn't remember last year then I'm sorry.

MR. THOMPSON: I don't recall it being on the agenda for today.

MAYOR CISNEROS: Mr. Eureste.

MR. EURESTE: Nobody else has given the excuse that they don't know anything about it. So, there are ten people here that know a little bit about it. I should be the one that should be complaining because I have been out of town for the past nine days, and I know about it. I know about it, I read it in the New York Times, not really, when I was in Washington, I met with a Senator that asked me about the Wing Plan almost everybody seems to know about this. I don't know . . . .

MAYOR CISNEROS: Let me try to delineate, if I can, the difference between the two motions. Please correct me if I misstate it, Mr. Harrington, but your motion is, as I understand it, said "set up the fund now, but leave some of the parameters, as you said, open so that the staff can prepare some options on those parameters and bring them back", that is in contrast to the Wing motion which lays out the specific parameters as to age, income, status of rate payer . . . . .

MR. WING: No income.

MRS. DUTMER: That's what I said, it only says over 65, there's no parameter.

MAYOR CISNEROS: There's no income. That is a parameter. That's a parameter, there's no income of it. Ok, age, no income characteristic. The rate payer status of the person, living within the City limits at three winter months those are clear parameters as opposed to the more open ended situation.

CITY CLERK: Mr. Harrington's substituted motion is to establish a budget item of \$2,000,000 to provide rate relief for senior citizens in November, December, and January 82-83, the qualifying for the assistance and fund parameters will be established after reviewing recommendations of staff.

MR. ARCHER: Can I make a substitute motion from that?

MAYOR CISNEROS: You're out of order.

MR. ARCHER: Wait a minute, not a substitute, but a amendment. Instead of having, I'm not going to vote for it, but instead of having the November, December, and January, I think it ought to be December, January, and February. I am.

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MAYOR CISNEROS: Alright, we'll vote first on the substitute motion. Mrs. Dutmer you have . . . . .

MRS. DUTMER: Yes, I think we should make an amendment in there, didn't have any age limitation in there, I think it should be over 65.

MAYOR CISNEROS: 65 and over.

MRS. DUTMER: 65 and over, I would like to amend your motion and then I can vote for it and I would like to change the date to December, January, and February.

MAYOR CISNEROS: We'll vote first on the amendment made by Mrs. Dutmer, substitute motion. Oh, you accepted it as part of your motion. Those in favor of the amendment say, the substitute motion as amended, say aye (AYE) oppose no (NO). Call the roll.

AYES: Thompson, Alderete, Harrington, Dutmer.

NAYS: Wing, Eureste, Archer, Cisneros, Berriozabal, Webb, Hasslocher.

ABSENT: None.

MAYOR CISNEROS: Ok, we vote now on the original motion which is Mr. Wing's plan as set out with a specific parameter he has identified. Those in favor say . . . . .

MR. ALDERETE: Those specific parameter again? That wasn't outlined in the original motion.

MR. WING: 65 years old, resident of the, rate payer of the City of San Antonio, no income limitation. That's it, December, January and February.

MR. ALDERETE: Ok, that wasn't in the original motion.

MR. WING: Yes it is.

MAYOR CISNEROS: Those in favor say aye (AYE) oppose no.

AYES: Berriozabal, Webb, Dutmer, Wing, Eureste, Alderete, Harrington, Archer, Hasslocher and Cisneros

NAYS: None.

ABSENT: None.

ABSTAIN: Thompson.

MAYOR CISNEROS: Motion carried. Now, we have the four o'clock hearing on the bobcats.

Mr. Steve Arronge, Assistant City Attorney, provided brief details of the request of Ms. Jo Mehaffey to keep three cougars on her property in San Antonio, and stated that Dr. Courand Rothe, Director of the Metropolitan Health District, denied that permit request because of the danger that the animals might escape and because of the danger of them spreading rabies if infected.

Mr. Robert Hershorn, attorney for Ms. Mehaffey, stated that his client realized she was asking Dr. Rothe to do something out of the ordinary, but that she had had cougars on her property for some three years, and feels that she is entitled to the permit as a responsible owner. He stated that all three animals had been de-clawed, and further stated that in his opinion, the issue is whether the facility where the cougars are kept is safe and whether or not they constitute a nuisance. He stated that there had been no complaints of either and noted that the U.S. Government has licensed Ms. Mehaffey to have these animals at her home.

(At this point, Mayor Cisneros was obliged to leave the meeting. Mayor Pro-Tem Bob Thompson presided).

Mr. Hershorn stated that these animals are fourth-generation cougars born into captivity. He then displayed an architect's rendering of the caging area, and submitted photographs of the caging area to the City Council.

Mr. Hasslocher stated that he had visited Ms. Mehaffey's home the previous night and viewed the caging, and spoke of having played with one of the cougars through that caging. Mr. Hasslocher spoke in favor of allowing Ms. Mehaffey the permit to keep these three animals until each died, with the provision that no additional animals be permitted to be kept. He spoke of all three cougars having been purchased from captive stock, and noted that padlocks secured each entry into the caging area.

Mr. Eureste spoke against allowing the permit, and also spoke against the concept of allowing cougars to be sold as pets.

Mr. Hershorn then passed out to members of the City Council photographs of the area where cougars are kept at the San Antonio Zoo, noting that his client's facilities are at least comparable. He stated that the male cougar weighs some 200 pounds while the two females weight some 120 pounds. Mr. Hershorn further stated that it costs about \$2,500 to feed the three animals each year on a diet of four frozen chickens per day.

A brief discussion followed concerning the possibility the animals might be set free.

In response to a question by Mr. Eureste, Mr. Hershorn stated that the oldest cougar is four years of age, while the youngest is a cub, under one year of age. He further stated that cougars generally live some 20-25 years.

Mr. Hershorn stated that his client would have the animals neutered if necessary, and noted that three neighbors are in support of the request for a permit.

Mr. Eureste expressed fear the animals might somehow get free from the caging facility.

Dr. Courand Rothe, Director of the Metropolitan Health District, spoke of his reasons for denying the permit, and noted that vandals even have struck the City's Animal Control Facility at night, freeing some of the animals held there. Dr. Rothe stated that he fears the animals might spread rabies if contracted, since there exists no licensed rabies vaccination serum for wild animals. He then spoke of an incident in which a cougar being used for advertising purposes badly mauling a young child in Pittsburgh recently. Dr. Rothe further stated that several complaints have been filed in Municipal Court here against these cougars belonging to Ms. Mehaffey.

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Mr. Eureste stated that he has two fears in this case: that cougars don't belong in an urban setting, and a fear that they might somehow be set free.

Mr. Hershorn stated that these three cougars never have been free in the wild state, and thus do not constitute 'wild animals'. He spoke of the same cougar which mauled the child in Pittsburgh being the same cougar which, only six weeks ago, had been taken into a San Antonio elementary school.

Mrs. Dutmer stated that she disagrees that a 200-pound cougar is harmless, and spoke in favor of Dr. Rothe's ruling.

Mr. Hasslocher spoke of Ms. Mehaffey as a responsible animal owner and the possibility of a rabid bat infecting one of the animals, stating that such could just as easily occur at the San Antonio Zoo with cougars kept there.

Dr. Rothe stated that a commercial market exists for these cougars, in which they could be sold by Ms. Mehaffey as pets to other persons not so restricted in the keeping of wild animals.

Mr. Alderete stated that the threat of injury to someone still exists, even though the cougars have been de-fanged, noting that their other teeth remain.

Mr. Hasslocher moved that the City Council grant Ms. Mehaffey the waiver of the refusal to grant an animal permit by the Director of the Metropolitan Health District, for use at this address only; that there be no additional such animals added to the present three; and that her permit be revoked if the United States Department of Agriculture detects any violation at this address. Mr. Harrington seconded the motion.

After discussion, the motion failed to carry by the following vote: AYES: Thompson, Harrington, Hasslocher, Cisneros. NAYS: Berriozabal, Dutmer, Wing, Eureste, Alderete, Archer. ABSENT: Webb.

Mr. Hasslocher asked that the City Council permit Ms. Mehaffey a period of some 90 days in which to dispose of the animals.

A brief discussion followed concerning the amount of time needed to dispose of the cougars.

Mr. Hasslocher moved that the City grant Ms. Mehaffey a temporary permit of 120 days' duration in order to allow her sufficient time in which to dispose of the animals. Mr. Thompson seconded the motion. After discussion, the motion prevailed by the following vote: AYES: Berriozabal, Wing, Eureste, Thompson, Alderete, Harrington, Archer, Hasslocher, Cisneros. NAYS: None. ABSTAIN: Dutmer. ABSENT: Webb.

82-12

CITIZENS TO BE HEARDMS. NORMA TORRES

Ms. Torres, 243 Cunningham Street, thanked the City Council for having public forums to discuss utility matters in San Antonio. She also spoke in favor of some form of relief for senior citizens from utility bills, and stated that she hopes such relief will not be made up by further increases in utility bills.

82-12

EMPLOYMENT BANK FOR SAN ANTONIO

Mr. Harrington asked for Council concurrence to ask City staff to look into the possibility of setting up some form of 'employment bank' of persons in San Antonio who would be available for temporary employment, with no fees to be charged for this service and no questions asked. He spoke of the need for the City to assist in bringing together the persons who might desire temporary employment with the persons or firms who desire to have such temporary work performed. He further stated that the Texas

Employment Commission does not address the problem of temporary jobs.

Mr. Archer seconded the motion.

On voice vote, Council concurrence was granted.

(At 7:51 P.M., Council recessed for dinner, reconvening at 8:35 P.M.)

82-12 The Clerk read the following Ordinance:

AN ORDINANCE 55,076

ACCEPTING THE PROPOSAL FROM THE JOINT  
VENTURE OF JOSE LUIS HERNANDEZ AND  
REUS & SPEEGLE TO PERFORM A HISTORICAL  
AND ARCHITECTURAL ASSESSMENT FOR THE  
PLAZA DEL RIO PROJECT.

\* \* \* \*

Mr. Alderete moved to approve the Ordinance. Mr. Harrington seconded the motion.

In response to a question by Mr. Thompson as to whether or not this would constitute a conflict of interest, since Mr. Hernandez is also a member of the City's Historical Review Board, Mr. Louis J. Fox, City Manager, stated that it was his opinion that it was not.

Ms. Jane Macon, City Attorney, stated that Mr. Hernandez is a member of an advisory board and not a Charter-appointed board, and thus was not subject to the conflict of interest concern.

After consideration, the motion carrying with it the passage of the Ordinance, prevailed by the following vote: AYES: Berriozabal, Dutmer, Wing, Eureste, Thompson, Alderete, Harrington, Hasslocher, Cisneros. NAYS: None. ABSENT: Webb, Archer.

82-12 The Clerk read the following Ordinance:

AN ORDINANCE 55,077

AUTHORIZING AND DIRECTING THE CITY  
MANAGER TO EXECUTE REVISED ENTITY  
SEWER SERVICE CONTRACTS WITH LOCAL  
MILITARY INSTALLATIONS.

\* \* \* \*

Mr. Hasslocher moved to approve the Ordinance. Mr. Alderete seconded the motion.

After consideration, the motion carrying with it the passage of the Ordinance, prevailed by the following vote: AYES: Berriozabal, Dutmer, Wing, Eureste, Thompson, Alderete, Harrington, Hasslocher, Cisneros. NAYS: None. ABSENT: Webb, Archer.

82-12 The Clerk read the following Ordinance:

## AN ORDINANCE 55,078

CLOSING AND ABANDONING VERAMENDI STREET  
BETWEEN NEW CITY BLOCKS 133 AND 909, AND  
AUTHORIZING THE CITY MANAGER TO EXECUTE  
A QUITCLAIM DEED TO THE RANDSTONE VENTURE,  
A TEXAS LIMITED PARTNERSHIP, THE ADJACENT  
OWNER, FOR A CONSIDERATION OF \$63,100.00.

\* \* \* \*

Mrs. Dutmer moved to approve the Ordinance. Mr. Harrington seconded the motion.

After consideration, the motion carrying with it the passage of the Ordinance, prevailed by the following vote: AYES: Berriozabal, Dutmer, Wing, Eureste, Thompson, Alderete, Harrington, Archer, Hasslocher, Cisneros. NAYS: None. ABSENT: Webb.

82-12 The Clerk read the following Ordinance:

## AN ORDINANCE 55,079

ACCEPTING THE LOW QUALIFIED BID RECEIVED  
FOR CONSTRUCTION OF THE WOODLAWN LAKE  
PROJECT, PHASE II; APPROPRIATING FUNDS  
AND AUTHORIZING PAYMENT.

\* \* \* \*

Mr. Alderete moved to approve the Ordinance. Mr. Archer seconded the motion.

Mr. Ronald Darner, Director of Parks and Recreation, stated that this was a good contract price for this phase of the project, the final phase in dredging work on Woodlawn Lake. He further stated that another phase yet remains, that being the one dealing with the amenities such as lighting, restrooms, walkways and other features of the project.

After discussion, the motion carrying with it the passage of the Ordinance, prevailed by the following vote: AYES: Berriozabal, Dutmer, Wing, Eureste, Thompson, Alderete, Harrington, Archer, Hasslocher, Cisneros. NAYS: None. ABSENT: Webb.

82-12 The Clerk read the following Ordinance:

## AN ORDINANCE 55,080

AUTHORIZING AN INCREASE IN THE CONSTRUCTION  
AMOUNT FOR THE LA VILLITA RECONSTRUCTION  
PROJECT, PHASE II, AND AUTHORIZING TRANSFER  
OF \$60,000.00 THEREFOR FROM THE GENERAL  
FUND.

\* \* \* \*

Mr. Archer moved to approve the Ordinance. Mrs. Dutmer seconded the motion.

Ms. Berriozabal spoke of problems resulting from installation of uneven walkways in the La Villita reconstruction project, and asked if plans had been made to allow as much use as possible of the La Villita facilities, even though they are not yet completed.

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In response, Mr. Ronald Darner, Director of Parks and Recreation, stated that much of the restoration and reconstruction work has been completed, and briefly outlined the extend of such work. He also spoke of the progress being made in relocating previous tenants into La Villita.

In response to a question by Mr. Alderete, Mr. Alex Briseno, Assistant City Manager, stated that negotiations concerning the use of stone from the Guadalajara area continue to be held.

After discussion, the motion carrying with it the passage of the Ordinance, prevailed by the following vote: AYES: Berriozabal, Dutmer, Wing, Eureste, Thompson, Alderete, Harrington, Archer, Hasslocher, Cisneros. NAYS: None. ABSENT: Webb.

82-12 The Clerk read the following Ordinance:

AN ORDINANCE 55,081

ACCEPTING THE PROPOSAL OF HONEYWELL, INC.  
TO FURNISH THE CITY OF SAN ANTONIO  
CONVENTION FACILITIES WITH A FIRE PRO-  
TECTION AND ENERGY MANAGEMENT SYSTEM.

\* \* \* \*

Mr. Hasslocher moved to approve the Ordinance. Mr. Harrington seconded the motion.

Mr. George Olvera, representing Johnson Controls, Inc., spoke of a number of concerns his firm has with this planned Ordinance, and read a prepared letter, a copy of which is a part of the papers of this meeting. Mr. Olvera spoke of the abilities of his firm to perform the required specifications, and noted that his firm has installed a similar system at International Airport. He stated that the City might conceivably save money by also using his firm's proposal for the fire protection and energy management system at the Convention Facilities. Mr. Olvera recommended that an unbiased engineering firm review the proposals submitted to the City in this regard, and asked City Council to delay consideration of this Ordinance until it receives such an assessment from an engineering firm.

Mr. Joe Madison, Director of Convention Facilities, stated that the system is a \$254,000 value which the City is acquiring through a time-purchase plan. He stated that no specifications for the proposal were questioned during the bid process, only after the proposals were opened. Mr. Madison briefly discussed the procedures for a 'request for proposal', noting that the recommendation on a successful bidder was based on a committee decision.

Mr. Alderete noted that Johnson Controls, Inc. was the apparent low bidder on this project.

Mr. Madison stated that this was so, if only the equipment purchase was considered. He spoke to other services offered by Honeywell and the fact that Johnson did not offer a 'guaranteed' savings in energy costs. He explained the concept of 'guaranteed savings' and noted that Honeywell backed up their guarantee with a bond in the amount of \$264,000 if the system cannot produce savings of the guaranteed amount.

A discussion then took place concerning a 'request for proposals'. Questions raised by Johnson were posed and discussed.

Mr. Alderete made a substitute motion to postpone action on this item until an engineer reviews the entire matter of the two proposals and a report made to City Council. Ms. Berriozabal seconded the motion.

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Mr. Thompson spoke of the proposed backup role that could be played by the Johnson Controls system at International Airport.

Mr. Harrington spoke in support of the staff recommendation.

After consideration, on roll call, the substitute motion failed to carry by the following vote: AYES: Berriozabal, Alderete. NAYS: Dutmer, Wing, Thompson, Harrington, Hasslocher, Cisneros. ABSENT: Webb, Eureste, Archer.

On roll call, the main motion carrying with it the passage of the Ordinance, prevailed by the following vote: AYES: Berriozabal, Dutmer, Wing, Thompson, Harrington, Hasslocher, Cisneros. NAYS: Alderete. ABSENT: Webb, Eureste, Archer.

82-12 The Clerk read the following Ordinance:

AN ORDINANCE 55,082

ACCEPTING THE HIGH BIDS RECEIVED IN CONNECTION WITH \$3,000,000 IN CITY FUNDS AVAILABLE FOR DEPOSIT IN INTEREST-BEARING CERTIFICATES OF DEPOSIT.

\* \* \* \*

Mr. Hasslocher moved to approve the Ordinance. Mrs. Dutmer seconded the motion.

After consideration, the motion carrying with it the passage of the Ordinance, prevailed by the following vote: AYES: Berriozabal, Dutmer, Wing, Thompson, Alderete, Harrington, Hasslocher, Cisneros. NAYS: None. ABSENT: Webb, Eureste, Archer.

82-12 Agenda item number 20 was withdrawn from consideration.

82-12 The Clerk read the following Ordinance:

AN ORDINANCE 55,083

AUTHORIZING EXECUTION OF AN AGREEMENT WITH ABELARDO VALDEZ RELATING TO THE PROPOSED FOREIGN TRADE ZONE, AND AUTHORIZING PAYMENT.

\* \* \* \*

Mr. Hasslocher moved to approve the Ordinance. Mrs. Dutmer seconded the motion.

In response to a question by Mr. Alderete as to the role that the Institute of the Americas will play in the foreign trade zone proposal, Mayor Cisneros stated that eventually IOA will be used to help identify possible trade zone tenants from Mexico. He further stated that the actual trade zone application thus far has been handled for the most part by the Department of Economic and Employment Development through Dr. Ken Daly and Mr. Bob Kreuter, principally.

Mr. Narciso Cano, Director of the Department of Economic and Employment Development, spoke to the qualifications of Mr. Valdez.

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After consideration, the motion carrying with it the passage of the Ordinance, prevailed by the following vote: AYES: Berriozabal, Dutmer, Wing, Thompson, Alderete, Harrington, Hasslocher, Cisneros. NAYS: None. ABSENT: Webb, Eureste, Archer.

82-12 The Clerk read the following Ordinance:

AN ORDINANCE 55,084

ACCEPTING A GIFT OF ONE THOUSAND  
SMOKE DETECTORS FROM HANDY DAN  
HOME IMPROVEMENT CENTERS, INC.  
AND PROVIDING FOR DISTRIBUTION  
THEREOF TO THE NEEDY.

\* \* \* \*

Mr. Wing moved to approve the Ordinance. Mrs. Dutmer seconded the motion.

Ms. Berriozabal stated that she has been in receipt of material from a group of persons concerning warnings about the use of ionized smoke detectors, particularly the manner in which these detectors are discarded after their lifespan is used up.

In response to a question by Ms. Berriozabal as to which type of detectors these are, Mr. George Noe, Assistant to the City Manager, stated that these detectors are the battery-operated type.

Ms. Berriozabal made a substitute motion to postpone action on this matter for one week, to allow further investigation into the smoke detectors. The motion died for lack of a second.

Mr. Noe stated that the Fire Chief would look into the matter.

After consideration, on roll call, the motion carrying with it the passage of the Ordinance, prevailed by the following vote: AYES: Dutmer, Thompson, Alderete, Harrington, Hasslocher, Cisneros. NAYS: Berriozabal, Wing. ABSENT: Webb, Eureste, Archer.

82-12 The Clerk read the following Letter:

March 12, 1982

Honorable Mayor and Members of the City Council,  
City of San Antonio

The following petition was received in my office and forwarded to the City Manager for investigation and report to the City Council.

March 9, 1982

Petition submitted by Mr. Emeterio T. Padron, requesting the City Council to reinstate the name of "Plaza de las Islas" and combining it with "Main Plaza" in order that the area be known as "Plaza de las Islas-Main Plaza."

\* \* \* \*

/s/ NORMA S. RODRIGUEZ  
City Clerk

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There being no further business to come before the Council, the meeting was adjourned at 9:25 P.M.

A P P R O V E D

*Henry Cisneros*  
M A Y O R

ATTEST

*Karna J. Rodriguez*  
C i t y C l e r k

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