

**INTERGOVERNMENTAL RELATIONS
COUNCIL COMMITTEE
MEETING MINUTES**

WEDNESDAY, DECEMBER 12, 2012

10:00 AM

MUNICIPAL PLAZA BUILDING – B ROOM

Members Present: Councilmember Ray Lopez, *Chair, District 6*
Councilmember Diego Bernal, *District 1*
Councilmember Elisa Chan, *District 9*

Members Absent: Councilmember Cris Medina, *District 7*
Councilmember Carlton Soules, *District 10*

Staff Present: Carlos Contreras, *Assistant City Manager*; Sally Basurto, *Intergovernmental Relations*; Christine Wright, *Intergovernmental Relations*; Stephanie R. Johns, *Intergovernmental Relations*; John Jacks, *Assistant Director of Development Services*; Veronica Zertuche, *Assistant City Attorney*; Martha Lambaria, *Office of the City Clerk*

Also Present: Rudy Garza, *Vice President of External Affairs, City Public Service (CPS) Energy*; Greg Flores, *Vice President of Public Affairs San Antonio Water System (SAWS)*

Call to order

Chairman Lopez called the meeting to order.

I. Approval of Minutes of the October 10, 2012 and October 31, 2012 Intergovernmental Relations Council Committee Meetings

Councilmember Chan moved to approve the Minutes of the October 10, 2012 and October 31, 2012 Intergovernmental Relations Council Committee Meetings. Councilmember Bernal seconded the motion. Motion carried unanimously by those present.

II. Possible Action Items

a. CPS Energy Legislative Briefing

Rudy Garza, Vice President of External Affairs, CPS Energy

Carlos Contreras introduced Rudy Garza, Vice President of External Affairs, City Public Service (CPS) Energy. Mr. Garza provided a briefing on the 83rd State Legislative Session for 2013 to include:

- Interim Reports Due
- Statewide Issues
- Industry Issues

- Public Power Issues
- Austin Energy (AE)

In response to Chairman Lopez, Mr. Garza stated that CPS maintains relationships with: 1) Texas Public Power Association (TPPA), 2) Austin Energy (AE), 3) Association of Electric Companies of Texas, and 4) Electric Cooperative Association.

In response to Chairman Lopez, Mr. Garza stated that the restoral processes with regard to brownouts are currently manual, consisting of CPS rolling a truck with a service man out to open a reclosure that allows them to load power to meet requirements that ERCOT has requested. He noted that brownouts are carried out in 15 minute intervals and are managed outages to ensure that the entire system is not lost. He added that transitioning to become automated with Advance Metering Infrastructure (AMI) and smart grid will allow outages to be addressed in a control room and will allow opening and closing a reclosure in a matter of milliseconds.

Councilmember Chan thanked Mr. Garza for the presentation and insight regarding the industry. She asked if CPS was currently under any threat to be deregulated. Mr. Garza replied that CPS was not under threat to be deregulated.

In response to Councilmember Chan, Mr. Garza replied that from a public perspective, CPS's position for either an Energy Efficiency or Demand Response Model was neutral. He added that the position/preference depends upon the proposal. Councilmember Chan confirmed that at the point in time; CPS was neutral on the Market Model depending upon final proposal. Mr. Garza informed the committee that CPS was in an Energy Only Market and contracts for what is needed. He reported that the Capacity Market is different, in which it bears the cost for additional capacity for liability purpose. He noted that CPS energy can operate under either structure because it is a non profit entity.

Councilmember Chan asked for CPS's position on Non-Wind Renewables and Solar. Mr. Garza replied that at this time; Non-Wind Renewables and Solar does not apply to Texas. He stated that if mandates became applicable to Texas then CPS would recommend a more diverse set of options.

In response to Councilmember Chan, Mr. Garza stated that CPS is not in favor of the External MOU Transmission or of the Bill Discounts. He added that CPS does not want to be mandated by the state on Bill Discounts.

Chairman Lopez thanked staff for the presentation.

b. San Antonio Water System Legislative Briefing

Greg Flores, Vice President of Public Affairs, SAWS

Sally Basurto, Intergovernmental Relations, introduced Greg Flores, Vice President of Public Affairs, San Antonio Water System (SAWS). Mr. Flores presented the SAWS

Legislative agenda and introduced SAWS Staff. He provided a briefing and presentation to include:

Major Initiatives

- Groundwater Management Reform
- Long term permits
- Meaningful Appeals process for Desired Future Conditions (DFC)
- Favorable Brackish Groundwater Laws
- Water conservation

Legislation to Monitor

- Fees or tax to bottled water
- TCEQ Flushing Requirements
- Registration of Fracking
- Sewer Spill (SSO) Reporting Requirements
- Edwards Aquifer Authority (EAA) Act
- Allowing pumping cap exemption to military bases to convey to utilities serving bases

In response to Chairman Lopez, Mr. Flores replied that he did not believe that there was a water shortage in the state of Texas. He stated that there was a political shortage and water is restricted. Chairman Lopez noted that the reason water cannot be accessed is because everyone controls their own supply. In response to Chairman Lopez, Mr. Flores replied that he believed that equitable distribution is a State Issue. He noted that projects require special legislation and it is a political challenge. He noted that something needed to be carried out to move water around and fund projects, and that action would eventually occur.

Chairman Lopez asked if water could be captured more aggressively. Mr. Flores replied that in terms of the Edwards Aquifer, the only water available is the amount that a permit allows. He added that SAWS has optimized the use of the Edwards Aquifer by conserving water better than anyone else in the country, by means of pumping and storing water away. In addition, he stated that recycling and reusing water that has been used once was another approach that was applied. He noted that although there was more to be done, SAWS was conserving water significantly.

In response to Mr. Contreras, Mr. Flores stated that the strategy for passing water regulations is to change the Edwards Aquifer Authority (EAA) Board composition which is majority Non-Bexar County. Councilmember Chan concurred with Mr. Flores with regard to the need for changing the EAA Board composition.

Mr. Flores expanded on Texas Law (Rule of Capture) which states in terms of water, the property owner is able to withdraw water under their land and that it is a private property right. In addition, he stated that the Supreme Court recently affirmed the property owner's right to capture that water, subject to some regulation. Discussion ensued.

In response to Councilmember Chan, Mr. Flores stated that SAWS converses and dialogues with Home Owner Associations (HOA's), and connects with those that are registered with the City of San Antonio and those at the State Level. Mr. Contreras noted that they have lobbyists as well.

Councilmember Bernal moved to endorse both Legislative Programs for City Public Service (CPS) and San Antonio Water System (SAWS). Councilmember Chan seconded the motion. Motion carried unanimously by those present.

III. Consideration of items for future meetings
a. Next Meeting Scheduled: Jan 9, 2012.

Chairman Lopez informed the IGR Committee that the next meeting was scheduled for January 9, 2012 and that Dr. Folks would provide a general overview of education lawsuits that are pending at that meeting.

Mr. Contreras announced that there was a B Session tentatively scheduled for January 9, 2013 for Transportation. In addition, he announced that January 8, 2013 is the opening day of the Legislation Session and suggested organizing a trip to Austin to attend. Councilmember Chan suggested extending the invitation to all Councilmembers.

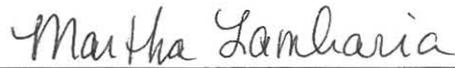
IV. Adjournment

There being no further discussion, the meeting was adjourned at 11:34 am.



Ray Lopez, Chairman

Respectfully Submitted,



Martha Lambaria
Office of the City Clerk