

## ..... SPECIAL REPORT .....

### Electric utility to cut 400 jobs, slash funds for energy rebates

Metzler unveiling a plan to make the utility competitive

#### Electric Politics

Metzler & Associates will offer drastic recommendations that only an outsider could deliver. That's what the firm promised on Dec. 12, when their contract was being considered: "Radical, not incremental change. Nothing is sacrosanct." This harsh pill may be needed. The timing could not be worse, coming 10 days before an election in which voters will pick a mayor and three council members. Instead of being decided on the merits, Metzler's proposals are going to be dissected in the demagoguery of political campaigns, and will eclipse all other issues. While the timing is bad, the schedule was set up in Metzler's contract.

What will be telling is whether the city staff and the current city council unify behind this radical plan. Electric Utility Department director John Moore will have 25 years service this summer, and could retire with no sacrifice in retirement pay. He would get about 65 percent of his current \$121,805 salary. And he could probably get a job in the private sector making more than he's earning with the city to boot. Moore would not discuss what Metzler would recommend. Nor would he disclose whether he's had job offers. He did talk about the role he plays for the city. "Sometimes it's scary, but most times it's exciting and I want to be involved," Moore says. "My work is not done here, and I'm not ready to leave."

Would-be competitors who want to pick off Austin's biggest electric customers can forget it. **Electric Utility Department** director **John Moore** says industrial customers have been flocking to sign new contracts. Companies that have now agreed to remain Austin's customers for at least seven years in exchange for lower rates include **Advanced Micro Devices**, **IBM** and **Motorola**, says strategic marketing director **Steve Bartley**. **Applied Materials**, **Seton**, and **Texas Instruments** "are looking at it," he says. The council made a tough decision in lowering rates for these customers. "This sends a good message to our potential competitors that we're not going to be so easy," Moore says. "The door's shut right now."

Another message for competitors is that the EUD will be leaner and meaner in a big hurry—if the council doesn't intercede to stop the proposed radical reductions in personnel and commercial energy rebates. **Dale Probasco**, who heads the consulting team from **Metzler and Associates** of Deerfield, Ill., is to present an implementation plan to the council today (April 23) on what the EUD must do to survive the coming cutthroat competition for customers. When competition will arrive is debatable. That it's coming is as sure as nightfall. Neither Moore nor Probasco would reveal what's in the plan, but *In Fact* has learned that up to 400 positions could be cut from the EUD's workforce of 1,232, most in mid-to-upper management. Some jobs will be vacated through early retirements. The **Texas Legislature** is considering a bill that would increase retirement pay by hiking the multiplier from 2.3 percent per year of service to 2.6 percent, Moore says. The bill would allow the city to pay for early retirements as well, says **Greg Powell** of the **American Federation of State, County & Municipal Employees**. Attrition will empty other positions. Temporary employees will be eliminated at the end of this month, Powell says. Layoffs could start as early as July, says one source close to the utility. (Powell says Probasco assured him there would be no layoffs.) Last December, the council voted to reduce the energy conservation budget by \$500,000 a year to reach \$11.4 million by 2001. Under Metzler's plan, commercial energy rebates will be eliminated entirely. Cutting operating expenses and eliminating the rebates could save "as much as \$50 million a year in two to three years," says mayor pro tem **Gus Garcia**. This money could be used to reduce debt and shave electric rates. Massively cutting the workforce and eliminating energy rebates are political dynamite. The employees and the energy conservation programs have strong constituencies, both on and off the city council. Powell says an employee advisory committee will kick in once Metzler's report is made public. "Then we'll meet with employees and see how it will be implemented," he says. In the brave new world of competition, operating electric utilities with fewer people is unavoidable. **Texas Utilities Electric** went from 18,000 workers to 15,000 while jumping its customer base from 1.8 million to 2.5 million. "Every utility's got to cut staff," says **Roger Gale**, president of the **Washington International Industry Group**. "To be competitive in the future, you've got to be a nickel-and-dimer." ❄