



**City of Denton  
MINUTES  
PUBLIC UTILITIES BOARD**

City Hall  
215 E. McKinney Street  
Denton, Texas  
www.cityofdenton.com

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**Monday, January 22, 2018**

**6:00pm**

**City Council Work Session Room**

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After determining that a quorum of the Public Utilities Board of the City of Denton, Texas is present, the Chair of the Public Utilities Board will thereafter convene into an open meeting on Monday, January 22, 2018 at 6:00p.m. in the Council Work Session Room at City Hall, 215 E. McKinney Street, Denton, Texas

**Board Members: Chair Randy Robinson, Brendan Carroll, Lilia Bynum, Charles Jackson, Allen Bishop and Deb Armintor**

**Ex Officio Members: Todd Hileman, City Manager and Mario Canizares, Assistant City Manager**

**Absent: Vice Chair Susan Parker**

**REGULAR MEETING**

**1. CONSENT AGENDA**

- A. PUB18-011** - Consider recommending approval of a resolution of the City of Denton, Texas, approving the Solid Waste and Watershed Protection Sponsorship Program guidelines and application process.

This item was pulled by Deb Armintor.

Ethan Cox, Director of Solid Waste, stated this is a resolution formally adopting the sponsorship recommendations that came to this Board and Council for their input. This item mirrors DME's sponsorship program. The same criteria will apply when accepting applications, anything over \$2,500 will be presented to this Board and Council for approval. There will also be a quarterly report on these sponsorships.

Board Member Bynum asked why the \$2,500 cut off. Cox answered it mirrored the DME program. Bryan Langley added that when they reviewed this they looked for a good cut off point, most are small and believed the \$2,500 would be a good point.

Armintor stated that she supports the programs that this supports, but for the same reasons that she voted against the DME sponsorship her vote will be no.

**There was a motion by Board Member Bynum with a second by Board Member Carroll to approve item PUB18-011. Vote 5-1 approved.**

**2. ITEMS FOR INDIVIDUAL CONSIDERATION**

- A. PUB18-014** Consider approval of the Public Utilities Board Meeting minutes of January 8, 2018.

**Minutes approved with clarifications. Jackson/Bynum**

**B. PUB18-004** Consider recommending adoption of an ordinance accepting competitive proposals and awarding a contract for the supply of electric meter equipment for the City of Denton to be purchased on an as-needed basis; providing for the expenditure of funds therefor; and providing an effective date (IFB 6612-awarded by section to Anixter Inc. for sections A, B, and F, Texas Electric Cooperative for sections D and E, and Techline for section C in the three (3) year not-to exceed amount of \$4,289,250.00).

JR Richardson, Metering Superintendent, gave this presentation beginning with the background. The previous three year supply of electric meters and equipment for DME expired October 2017. The new IFB was advertised October 2017 with proposals received November 2017. The bids have been reviewed, tallied and evaluated.

Currently there are over 53,000 electric meters in the City. There are 29,658 that are AMI remote disconnect residential and 19,006 that are AMI non-disconnect residential. There are also 4,498 commercial AMI meters.

The bid was broken up into six sections. Richardson explained the electric meters and why DME orders them. He then talked about meter sockets. DME uses instrument rated electric meter sockets with specific color coding to aid with properly identifying each of the potential and current phase conductors and associated test switches. Instrument rated transformers are used for electric metering services that are too large for a self-contained meter, and to meter customer loads that require metering rated current transformers to properly measure consumption.

Richardson showed a picture of the AMI equipment and explained how it works.

Staff recommendation is to recommend approval of the lowest vendor for each of the bid sections in the total annual not to exceed amount of \$1,429,750 for each of the three years bid timeframe.

Carroll stated that he thought the customer is responsible for the meter base. Richardson stated they are, the only ones DME purchases are the thirteen and six terminal bases.

Board Member Armintor asked if the AMI non-disconnect has to be disconnected manually. Richardson agreed stating that originally the remote meters they were rolled out for multifamily dwelling because of the short lease terms with apartments and the two universities, there are many disconnects with students. All new meters will be remote only.

Chair Robinson reiterated that the remote was for higher turnover residences. Richardson agreed that was the thought initially, now they will all be remote to position DME for the prepaid account program that will be rolled out in the summer time frame. The remote meters will be useful if DME ever goes to a 'time of use' metering.

Board Member Jackson asked why only one bidder. Brandon Hamby, Electric Metering Manager, stated the criteria was sent out as to what was needed for the meters, there were six sections. Most bidders passed on that section except for the one bidder. Over 200 companies received this, with six or seven responding and only with one responding for the section in question.

**There was a motion by Board Member Jackson with a second by Board Member Bishop to approve item PUB18-004. Vote 6-0 approved.**

- C. **PUB18-008** Consider recommending adoption of an ordinance of the City of Denton approving an easement and right of way agreement granting an 0.857 acre easement to Oncor Electric Delivery Company, LC, located in the Moreau Forrest Survey, Abstract, No. 417, in Denton County, Texas for the purchase price of forty-nine thousand six hundred thirty dollars and NO/100 (\$49,630.00) and Providing a severability clause and an effective date. [Arco Substation].

Brent Heath, Executive Manager for Energy Delivery, spoke about the Arco Substations and the easement that is needed for two of Oncor's transmission lines.

The summary included the location of the Arco Substation which is on the northeast side of Denton at Geesling and Blagg Roads. Due to the completion of the new Arco Substation, Oncor requires an easement for their interconnection to the substation. Oncor has agreed to pay the same price per square foot for this easement that DME paid for the substation site.

Heath showed a map of the area pointing out the easement area.

Staff recommends approval of the Oncor easement on the Arco Substation Property.

Board Member Carroll asked if this is for aerial or will they need an access road. Heath answered there are two poles that are currently out there they will have to build a drive underneath for maintenance and problems that arise.

**There was a motion by Board Member Bishop with a second by Board Member Bynum to approve item PUB18-008. Vote 6-0 approved.**

- D. **PUB18-009** Consider recommending formal adoption of a Renewable Resource Plan for Denton Municipal Utility.

George Morrow, General Manger DME, gave the conclusion of the Resource Plan for DME. Enterprise Risk Consulting (ERC) presented a draft Renewable Plan to this Board and Council in October 2017. The purpose of the presentation was to get direction on four key questions and to present preliminary study results. The purpose today is to get formal recommendation to adopt the Renewable Resource Plan.

Morrow reiterated the four key questions which were:

1. Should Denton accelerate renewable purchases? Yes
2. Should Denton move forward the date of the 100 percent renewable goal? Yes
3. Should Denton delay solar purchases because of a potential solar tariff? No
4. Should 'white tail' be counted as a renewable resource? No

Morrow gave a snapshot of the existing power resources beginning of January 2019. With the exclusion of 'White Tail', Denton's renewable portfolio will be about 44 percent. This also assumes the retirement of Gibbons Creek on September 30, 2018.

With the direction received, the Plan's principal objective was to evaluate various resource options to move to 100 percent renewable by 2020.

To get to 100 percent renewable goal by 2020 the Plan targets the mix of 200 MW solar and 100 MW wind.

There is an existing RFP out, with offers received in October 2017. There were 40 offered and 84 unique projects. DME, DCM, purchasing and ERC are reviewing the offers. One award is anticipated. There should be a recommendation within the next two months of the preferred contract. There will be several additional RFP's issued following the project selection from the current RFP.

Morrow then gave an update on the Denton Energy Center. The project is 89 percent complete. Staffing is ongoing for plant operators, mechanics and technicians. Commercial operation anticipated for early summer. As noted in the Plan, the DEC will provide a 'hedge' against ERCOT electric market price spikes. Value may increase given the possibility/reality of early retirement of conventional power sources. All trading/marketing options will be evaluated with a goal of enhancing the DEC's value.

Morrow then spoke about White Tail. This is a 2009 contract, which was extended twice, with NextEra providing firm around the clock power with corresponding Renewable Energy Credits (REC). It initially started with 30 MW and 30 MW of REC's.

Staff is doing deeper research into the White Tail transaction. If new, relevant information is developed, it will be compiled and presented to this Board and Council for consideration.

Board Member Armintor asked the specifics of the deeper research, there was discussion but Morrow was not ready to bring all the information forward.

Chair Robinson stated that when we call something renewable it needs to be renewable. What may have seemed like renewable in 2009 may not be now.

Board Member Armintor asked if DME staff only or DME staff and the consultants are looking into White Tail. Morrow answered he is heading up the review himself. He explained further why and believes it is worth him reviewing it again.

Board Member Jackson asked the term of the contract, Morrow answered it expires in 2023.

Chair Robinson agrees and looks forward to any more information.

Morrow then gave the summary and stated a Renewable Resource Plan has been developed for Denton. The primary objective of the Plan is to provide strategic input to achieve a 100 percent renewable goal by no later than 2020. The highest rated renewable is solar followed by costal wind. Evaluation of renewable offers received under current RFP are ongoing. Future solar and wind RFP's are planned with possible participation by other municipalities.

Staff recommendation is formal adoption of the Renewable Resource Plan by the Denton City Council.

Chair Robinson asked about the RFP and where it is in the process. Morrow answered they are looking at the bids and low bidder. They will begin discussing contract terms and if the offer is still available. The plan is to get the contracts this year for the 100 percent renewable. Some of the projects will begin in the out years.

Board Member Armintor asked in the 86 page report there was one question (page 20) should Denton purchase additional renewable supplies above its target level because of the annual variance production amounts. She asked Morrow to elaborate. Morrow stated to him achieving 100 percent means that we

have contracted for renewable energy equal to our annual load. He further explained and there was discussion.

Mario Canizares passed out an email he received from an outside individual. That email will be discussed at a future meeting.

**There was a motion by Board Member Carroll with a second by Board Member Jackson to approve item PUB18-009. Vote 6-0 approved.**

There was further discussion on this item by the Board.

- E. PUB18-012** Consider recommending adoption of an ordinance of the City of Denton, Texas providing for the schedule of miscellaneous fees, deposits, billings, and procedures for administrative services to City utility customers; providing for a repealer; providing for a severability clause; providing for an effective date.

George Morrow begin talking about this item and stated that smart meters have been installed on almost all the homes and businesses in Denton with exception of a small number of customers. This policy is how to address those that do not want a smart meter. There are benefits that customers may not be aware of. This policy has a rate to opt out of the smart meter program. He then introduced JR Richardson to give the presentation.

Richardson then showed the topics for discussion regarding the opt-out program. Currently there are over 53,000 electric meters in the City with 99.99 percent being on the AMI System. There are about 40 meters that are non-standard meters.

Richardson then went over the safety aspects of the smart meters.

The disadvantages of opt-out for customers include ineligible for pre-paid billing. Historic data on 15 minute intervals is not available, nor are they able to be on an outage management system and cannot participate in 'time of use' billing.

There are many disadvantages for the utility some include safety issues.

Richardson showed a table with other utilities that have a smart meter opt out fee he also talked about Bryan Texas which do not offer an opt-out option.

On January 9, 2018 City Council approved a credit and collections policies ordinance. A draft AMI opt-out fee schedule will be added to the rate schedule fee.

Richardson went over the two options available. Option 1: No opt out option. Option 2 Implement Opt-out option with a one-time fee for existing non-standard meters of \$131 and a monthly fee of \$30.00

Staff recommends Option 2.

Board Member Armintor prefers an opt-out option. She then asked about an Option 3 that includes opt out, but no charge. Morrow answered that there are special handling for these customers when a meter has to be read in the field. There is also special handling for the manual billing. The fees cover the cost of service.

Board Member Jackson have we talked to the residents and let them know there may be a charge. Richardson answered they have been talking to citizens as they call in but since there were changes in management this has caused a delay.

Board Member Carroll stated it sounds like there may be others that want to opt out. Richardson answered it is possible. There was an example given on when the AMI meters would benefit the customer.

**There was a motion by Board Member Armintor with a second by Board Member Carroll to approve item PUB18-012. Vote 6-0 approved.**

- F. PUB18-015** ACM Update:
1. TCEQ Wastewater Quality Fee
  2. Future Agenda Items
  3. Matrix

### **CONCLUDING ITEMS**

Under Section 551.042 of the Texas Open Meetings Act, respond to inquiries from the Public Utilities Board or the public with specific factual information or recitation of policy, or accept a proposal to place the matter on the agenda for an upcoming meeting AND Under Section 551.0415 of the Texas Open Meetings Act, provide reports about items of community interest regarding which no action will be taken, to include: expressions of thanks, congratulations, or condolence; information regarding holiday schedules; an honorary or salutary recognition of a public official, public employee, or other citizen; a reminder about an upcoming event organized or sponsored by the governing body; information regarding a social, ceremonial, or community event organized or sponsored by an entity other than the governing body that was attended or is scheduled to be attended by a member of the governing body or an official or employee of the municipality; or an announcement involving an imminent threat to the public health and safety of people in the municipality that has arisen after the posting of the agenda

**Jackson - Address email that was sent to the Board.**

**Armintor -**

- **Customer service issue – Customer pay the bill over the phone and was charged a fee (There will be an ACM update with fee schedule)**
- **Leverage for more transparency of gas prices**
- **Consider joining natural gas supply collaborative group**
- **Future: if a contract is recommended in closed session to vote in open session**

**Adjournment: 7:27 pm**

**Approved February 12, 2018.**