

**MINUTES
PUBLIC UTILITIES BOARD**

Monday, August 14, 2017

9:00a.m.

City Council Work Session Room

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, August 14, 2017 at 9:00a.m. in the Council Work Session Room at City Hall, 215 E. McKinney Street, Denton, Texas.

Present: Chair Randy Robinson, Vice Chair Susan Parker, Barbara Russell Lilia Bynum and Brendan Carroll

Ex Officio

Members: Todd Hileman, CM and Mario Canizares

Absent: Allen Bishop and Charles Jackson

OPEN MEETING

WORK SESSION

A. PUB17-171 - Receive a report, hold a discussion and provide staff direction regarding the Denton Municipal Electric community sponsorship program.

Bryan Langley gave the overview presentation. DME Currently has \$100,000 budgeted for sponsorships. These funds are typically used for non-profit organizations, and sometimes other city department events. The past few years, DME has spent between \$42,000 and \$64,000 on such sponsorships.

Other sponsorships for the City require City Council approval. These sponsorships also have an application process, selection criteria, and formal agreement that is entered into by the City and other parties. DME has had no formal process, only an internal approval process.

Staff is seeking direction from this Board to whether the program should be continued. If the program is continued, staff will present this Board and Council with a proposed application and approval process for future sponsorship requests.

Board Member Carroll asked if the \$100,000 isn't used, where does the money go. Langley answered back to the fund balance of DME.

Carroll asked which departments have an application process. Langley answered all other departments have a formal process, for example 'The Hotel Occupancy Tax Process'.

Board Member Parker asked if there was a process developed could that be part of the budget process. She is in favor of these sponsorships, believes they are necessary. Langley answered yes that can be part of the budget process.

Board Member Russell stated that this Board has reviewed these sponsorships before. Some have come about by urging of Council and former City Managers. Believes there should be a process and that this is a good program.

Chair Robinson stated that we need to be as consistent across the city. Being a municipal owned

utility, there is an obligation and many non-profits that are deserving. It would be nice to be in the budget process. Robinson asked staff to come back with a process and plan going forward.

Board Member Bynum wants to keep program and be as generous as possible. Having criteria for this process is important.

Russell added that the lineman rodeo is good for morale.

Parker added that the Lineman Rodeo helps our lineman work better and safer in outages, which is important.

Langley will bring back guidelines and an application process. This is going to Council for their feedback as well.

CONSENT AGENDA

A. PUB17-163 - Consider recommending approval of a Professional Services Agreement (PSA) with D&S Engineering Labs of Denton, Texas to perform inspections and materials testing in the construction of Cells 3B, C, and D and associated site improvements of the City of Denton landfill, located at 1527 S. Mayhill Road, Denton, Texas, for an amount not to exceed \$78,310.00. (PSA 6508)

Board Member Russell motioned to approve this item. There was a second by Board Member Parker. Vote 5-0 approved.

B. PUB17-167 - Consider recommending adoption of an ordinance of the City of Denton, Texas Authorizing the City Manager or his designee to execute an agreement for interconnection and parallel operation of distributed generation with Target Corporation for the installation of a solar Photovoltaic system; and providing an effective date.

Board Member Carroll pulled to ask what the plan is and what the project is.

Jessica Rogers gave a brief presentation for this item. This item is for an interconnection agreement with Target, the retail store. Normally when we have interconnection agreements they are small systems (between 4 and 10Kw). This item is 660Kw, a very large installation.

Typically these agreements are executed by DME staff, the process has now changed where they will be brought forth for review. These agreements go through the DME engineering department, building inspections and staff makes sure they are safe for interconnection.

There is a requirement from the PUC (Public Utility Commission of Texas) for a pre-interconnection study, which has been finalized. The summary stated it is safe to interconnect with the DME system. They will be applying for the building permit this week.

The Super Target system will be the largest rooftop solar photovoltaic system within the DME service territory. The permitting process cannot be approved without this executed agreement.

Staff recommends approval of the executed agreement for interconnection and parallel operations of distributed generation between the City of Denton and Target Corporation.

Rogers added that this agreement does not obligate DME to purchase any energy produced by the system that will be brought back at a later date.

Bynum asked if this is a trend. Rogers answered says it is the second large commercial installation. In general the price of solar panels have decreased drastically so we will probably continue to see this type of installation.

Carroll stated there will get another presentation regarding purchases of their power. The interconnection agreement states that any system that is over 50Kw have a separate agreement that will address the rates.

Carroll then asked if we allow negotiations of the rate. Rogers answered there is a discussion.

Robinson stated it will probably be hard to answer how much DME will be able to purchase until their usage is known. What is the amount of methane that we receive from the landfill. Heath answered 1500 kW. Robinson added that he likes the idea of purchasing energy from customers.

Russell stated that she notices more rooftops with solar as of late. Would be interesting to see statics of how they are increasing. Rogers will bring that back.

Board Member Carroll motioned to approve this item. There was a second by Board Member Parker. Vote 5-0 approved.

ITEMS FOR INDIVIDUAL CONSIDERATION

A. PUB17-170- Consider recommending approval of the Public Utilities Board Meeting minutes of July 24, 2017.

Approved as circulated

B. PUB17-174 - Receive a report, hold a discussion, and provide a recommendation regarding a compressed natural gas (CNG) fueling facility at the intersection of Mayhill Road and Spencer Road.

Kenneth Banks brought an update presentation to this Board regarding the compressed natural gas facility and the associated fleet.

This item was also presented to Council at length. They recommended a CNG station for COD use only but requested staff first search for existing CNG stations. The closest existing CNG station is in Grapevine/Irving which is a 40 mile round trip. There is a 'possible' Denton CNG station in the planning stages, but would still have a 20 mile round trip.

The fleet of CNG is 24, which has a very low mileage per hour. This has been reviewed and using the possibility of a Denton station at a 20 mile round trip would cost about \$3.2 million in added operating expenses. This option is obviously more expensive than constructing the CNG pumps at the existing station. There are many risks in that staff doesn't know if this project will actually continue.

Staff continues to recommend the fuel island to be constructed at the COD facility without public sales.

Carroll asked how the fuel will get to the island, will it be piped to a source or mobile distribution into a tank. Banks answered there is a connection at 1001 Mayhill which is just down the road. The meter would be located there and the line would be extended to fuel station. This is an Atmos line. Carroll asked about the environmental difference. Banks added that from an ozone perspective it is slightly worse, from a Greenhouse gas standpoint it is much better. Carroll then asked if there is something that staff can do to make sure the trucks are burning it properly and is there anything we can do to make sure Atmos is handling it properly. Banks answered he is unsure about pressure on Atmos but knows there is improvement with fixed fueling versus a mobile option. Emission controls are always evolving as well.

Bynum asked how long will it be to phase out CNG vehicles. Banks answered most are fairly new within the last two years, it will probably be five to seven years. Bynum then asked how long will CNG fueling last. Banks answered he isn't sure but the line will last decades and ten to fifteen years for equipment. Bynum asked if the station can it be converted once we are finished with CNG. Banks answered probably not, but it is already a full service fueling facility.

Robinson stated the major difference between public sales and COD use only is the grant money. Banks agreed. Robinson added there would be operations and maintenance for public sales that was not on the proforma, so returning the grant money isn't the only difference. Banks agreed, staff is unsure what that cost would be since we have not been in the retail sales component before. Security is also an issue.

Robinson added that if there is a commitment to construct this CNG fueling island, there will be stranded costs. Todd Hileman agreed it is stranded costs but the costs are higher without the construction.

Lastly Banks showed what a mobile option would look like.

Board Member Parker motioned to approve this item. There was a second by Board Member Russell. Vote 5-0 approved.

The Board agreed this is the best way to recoup the stranded costs.

C. PUB17-173 - ACM Update

1. Water Ordinance Updates
2. Senate Bill 1004
3. Matrix

Carroll - Add report on existing solar rooftop installations and rate that the power is bought back at.

Carroll – Our fee for pole attachments versus Senate Bill 1004

Carroll - Review ordinance to change the rebate structure regarding batteries

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.

**This was Barbara Russell's last meeting, she was thanked for her service.
New Member Deb Armintor was in the audience.**

Adjournment 9:51a.m.

Approved on 8/28/17.