

**MINUTES**  
**PUBLIC UTILITIES BOARD**  
October 26, 2015

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, October 26, 2015 at 9:03 a.m. in the Service Center Training Room at the City of Denton Service Center, 901-A Texas Street, Denton, Texas.

Present: Vice Chair Phil Gallivan, Barbara Russell, Lilia Bynum, Charles Jackson, Brendan Carroll and Susan Parker

Absent: Chair Randy Robinson

Ex Officio Members: George Campbell, City Manager and Howard Martin, ACM Utilities

**OPEN MEETING**

**CONSENT AGENDA**

- A. **PUB15-043** Consider recommendation of approval of concrete crushing services, RFP #5910 by Big City Concrete Crushing, Dallas, TX, to crush concrete material for the City of Denton, Texas for a period of (3) three years in an amount not-to-exceed \$300,000.

**Board Member Russell pulled this item to ask about the pricing and the scrap.** Kemler answered Solid Waste has been using the same contractor for three years. They give a pricing concession in exchange for the rebar. The concrete is crushed up; some is sold, some is used for temporary roads. Martin added that none of the concrete goes into the landfill.

**Board Member Russell motioned to approve this item with a second from Board Member Jackson. Vote 6-0.**

- B. **PUB15-046** Consider recommending approval of a Professional Services Agreement for Architect or Engineer between the City of Denton and Freese and Nichols, Inc. in the amount of \$1,072,977.00 for Engineering Services associated with FM 2181 Utility Relocations project.

**Board Member Russell pulled this item to ask if a local title company would be used.** Frank Payne, City Engineer, answered this was bid as a turn-key job, there was no specifications of who the contractor uses. **Russell would like local used as much as possible.**

**Board Member Russell motioned to approve this item with a second from Board Member Parker. Vote 6-0**

- C. PUB15-026** Consider recommending approval of Utility Adjustment Agreement Amendment (UAAA) 002 for Project Utility Adjustment Agreement 35E-U-0503 in the amount of \$1,627,185.71 between the City of Denton and AGL Constructors for the adjustment of City of Denton facilities located within the IH35E Managed Lanes corridor.

Board Member Jackson asked for more information on this project. Payne answered that the mechanism by which AGL facilitates this work with a municipality is a Project Utility Adjustment Agreement. Denton Water Utilities has a number of assets along the IH35E corridor which will be impacted by both the ultimate roadway improvements (the raw water lines from Lake Lewisville and water distribution and wastewater collection lines in the areas around North Texas Boulevard). Since no betterment costs are included in UAAA 002, all of the costs are payable by AGL Constructors at TxDOT's expense (no cost to the City).

**Board Member Jackson motioned to approve this item with a second from Board Member Bynum. Vote 6-0.**

### **ITEMS FOR INDIVIDUAL CONSIDERATION**

- A. PUB15-048** Consider recommending approval of the Public Utilities Board Meeting minutes of October 12, 2015

**One correction made, approved with correction.**

- B. PUB15-042** Receive a report, and hold a discussion on the existing Transmission Cost of Service (TCOS) recovery structure in the ERCOT region and its relation to DME's Capital Improvement Plan.

Phil Williams, General Manager DME, made the presentation. Transmission Cost of Service, per Public Utility Commission Substantive Rule 25.192 every "Load" in the state pays for our transmission system and we pay for theirs.

TCOS is based on Transmission related FERC capital and expense accounts. This includes: All facilities, lines, structures, operated at 60kV or above.

Substation facilities on High side of Transformer where voltage is transformed from greater than 60kV to less than 60 kV.

The cost of purchasing, installing, and maintaining all transmission facilities between substations can be recovered through TCOS.

For substations, the costs must be functionalized (split) between the appropriate Transmission and Distribution FERC accounts.

Brief history of DME TCOS:

- 2004 – PUCT Docket #30358 established DME's TCOS allowed

Rate of Return (ROR) and wholesale rate at \$73.41/Mw

These rates stay in effect until reset by PUCT

ROR does not change unless the utility files a full rate case.

Wholesale rates can be reset by filing interim or full rate case.

Interim Rate Case only re-establishes Capital Requirement.

- - 2010 – DME’s interim case (#38815) set the wholesale rate (access fee) at \$158.08/Mw based on a 4CP of 60,858.3314 Mw
- - 2014 – DME’s interim case (#42770) set the wholesale rate (access fee) at \$201.86/Mw based on a 4CP of 65,250.1968 Mw
- - 2015 – DME’s interim case (#45071) sets the wholesale rate (access fee) at \$298.90/Mw based on a 4CP of 63,680.7096 Mw (increased revenue of approximately \$5.8 million).

Williams then explained the wholesale transmission rate base (schedule B) and wholesale transmission cost of service (schedule A).

Lastly Williams talked about the challenges. They include:

Booking and functionalizing costs to the proper FERC accounts

Booking transmission assets to Electric Plant In Service in a timely manner

Tracking new and retired assets

Coordinating the PUCT filings with the energizing of the facilities

After a short discussion, the Board went to the next item.

#### **C. PUB15-049 ACM Update**

##### **1) Matrix**

#### **No Changes to the Matrix**

#### **CLOSED MEETING**

- A. PUB15-037 Deliberations regarding Real Property - Under Texas Government Code Section 551.072; Consultation with Attorneys - Under Texas Government Code Section 551.071.

Receive information from staff, discuss, deliberate, and provide staff with direction regarding the potential acquisition of real property interests located in Denton, Denton County, Texas, for the construction, expansion and use of electric power transmission lines and an electric utility substation, located along the east side of South Mayhill Road between Spencer Road to the north and Pockrus Page Road to the south, if deliberation in an open meeting would have a detrimental effect on the position of the governmental body in negotiations with a third party. Consultation with the City’s attorneys regarding legal issues associated with the acquisition of the real property interests described above where a public discussion of these legal matters would conflict with the duty of the City’s attorneys to the City of Denton and the Denton City Council under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas, or would jeopardize the City’s legal position in any administrative proceeding or potential litigation. [Pockrus to Mayhill transmission route and substation].

### **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.

**Adjournment 9:52 a.m.**