

MINUTES
PUBLIC UTILITIES BOARD
January 11, 2016

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 11, 2016 at 9:00 a.m. in the Council Chambers at the City of Denton City Hall, 215 E. McKinney Street, Denton, Texas.

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

Absent: Charles Jackson

Ex Officio Members: George Campbell, CM; Howard Martin, ACM Utilities

OPEN MEETING

CONSENT AGENDA

A. PUB15-084

Consider recommending approval of Utility Adjustment Agreement Amendment (UAAA) 003 for Project Utility Adjustment Agreement 35E-U-0503 between the City of Denton and AGL Constructors in the amount of \$436,470.09 for the adjustment of City of Denton facilities located within the IH35E Managed Lanes corridor.

Attachment: Exhibit 1 - Utility Adjustment Agreement Amendment

B. PUB15-088

Consider a recommendation for the approval of RFP #5866 for Links Construction to enter into a contract with the City of Denton in the amount of \$522,743 to provide construction and renovation services within an existing Solid Waste and Recycling Department building located at 651 S. Mayhill Road, Denton, Texas.

Attachment: Exhibit 1 - RFP 5866 Pricing Sheet

A motion was made by Board Member Russell to approve items A and B, second by Board Member Parker. Vote 6-0 approved.

ITEMS FOR INDIVIDUAL CONSIDERATION

A. PUB16-009

Consider recommending approval of the Public Utilities Board Meeting minutes of December 14, 2015.

With one clarification, the minutes were approved.

B. PUB15-080

Receive a report on use of innovative technology for operation and maintenance of the wastewater collection system

PS Arora started presenting this agenda item. There are 522 miles of mainline sewer in the City of Denton. The first sewer lines in Denton were constructed around the Court House square along Elm, Hickory and Oak Streets in the mid 1930's. The first major interceptor, the Pecan Creek Interceptor serving the core of the city was constructed in 1925.

The Asset Management Program includes: ESRI GIS, Cityworks CMMS, WERF SCRAPS Model, Infoworks Sewer Model and InfoMaster Sewer Model.

Using these models a CCTV priority ranking of all the sewer lines was developed. This allowed spreading out of the CCTV effort over many years based on the priority ranking of the sewer lines. The EPA required CCTV of all clay pipe sewer lines by end of 2015. The Wastewater Collection Department made the decision to use a flushing truck nozzle mounted camera to CCTV the sewer lines as the lines were being cleaned. This met the EPA requirement.

Drew Huffman, Field Services Supervisor, talked about CCTV.

Quick Cam is used to meet EPA requirements, cleaning confirmation, Pass/fail pipe assessment quickly, tool selection for pipelines, and safety purposes.

The camera procedures were conveyed with pictures and video.

Arora talked about CCTV versus Quick Cam.

Quick Cam is less expensive to use, \$1.33 per foot versus \$.019 per foot.

Justin Diviney, Manager Wastewater Collections, looked for a system to repair lines that was non-invasive so the lines would not be dug up.

David Brown, Engineering Tech IV, talked about the procedure known as the Quick Lock System.

The Quick Lock System was chosen because:

- trenchless no-dig point repair,
- utility locates are not required, no wait time,
- permanent, reliable, and instant fix,
- can be installed with flow present,
- no resins = no cure time or restricted time frame to position sleeve
- cost savings = average of \$800 per point repair vs open cut

There were pictures and video shown of how the repairs are accomplished.

Arora completed the presentation with final thoughts. The savings to date of 69 point repairs has been \$55,200. Total cost savings between Quick Cam and Quick Lock are \$296,000.

D. PUB16-008

Receive a report, hold a discussion, and give staff direction on the Denton Renewable plan and activities related to the future power supply plans to meet the City's growth and needs.

Attachments: Exhibit 1 – Dec WS Presentation
Exhibit 2 – Nov 1- WS Presentation
Exhibit 3 – Dec 15 WS Presentation
Exhibit 4 – Jan 5 WS Presentation

Phil Williams presented this item starting with the executive summary.

Council Direction: renewables, rates, reliability

DME response: Renewable Denton Plan

The Renewable Denton Plan:

- 70% Renewable Energy, replaces coal generation
- Rate decreases beginning in 2020
- 74% portfolio emission reduction

This presentation

- Utility scale battery update
- Size of proposed quick start facilities
- Community emissions impact
- Questions

Utility scale battery update.

- Capital cost is 3-4 times higher than quick-start plants
- Life span is 1/2 as long or less than quick-start plants
- Technology has not been proven over many years
- Used for ancillary services, not to meet load requirements
- Uncertain rules in ERCOT for operations
- Citibank analysts expect battery storage to start to be cost effective around the year 2030

Why 220 MW of quick start units?

- 100 MW gibbons Creek, 100MW wind energy and 20 MW solar energy and accounts for load growth.
- 100 MW: backs up wind energy
- 20 MW: backs up solar energy and accounts for load growth

Williams showed a graph of usage on an average summer load day in 2019.

The comparison of twelve versus six units was discussed as was the projected emission and gas usage reduction.

Board Member Russell stated there are citizens that has asked about the battery technology.

Williams answered as new citizens are engaging there are many of the same questions being asked that has already been answered. Staff is working on expanding the question and answer page on the website. Russell then asked if more could be done for advertising that this is on the City of Denton's webpage. Williams answered there is a question and answer session for the Public slated for January 23 at 9:30am Council Chambers. This will be a different format, more interactive with staff. This will be highly advertised.

Board Member Carroll asked if rate payers will be notified through their bills. Williams stated for this meeting there isn't sufficient time. The plan is for anyone that has been in contact and we have the email, they will receive an email. The newspaper and website will also be utilized.

Board Member Gallivan asked if it will be in the Dallas newspaper. Williams answered we have not used the Dallas or Fort Worth paper before but could. Channel 5 has been good about reporting this type of meetings.

Gallivan asked about the battery technology. Williams answered they are used in environments that have a heavy air conditioning load at night. There would be solar panels on the roof for charge during the day and at night would power, use is good in California. In Texas we are talking about in August during a peak time when air conditioning runs most of the hours of a day. There would have to be some type of generation to charge during the night hours as well. The battery technology today is insufficient, will probably get there in the future.

Board Member Parker asked about the cost estimates and rates going up. Williams answered there is some movement in the exchange rate and that has increased the cost some. Interest rate has also increased some as well.

Carroll stated through social media he has read that members of DME are meeting with people in the community. What is coming out of those meetings. Williams answered the week after Christmas there was a meeting that was a couple of hours with a follow up meeting. At the end one said while they don't agree, they now understand. That is what staff is trying to do, answer questions.

Board Member Bynum stated with social media there are many questions on Facebook. Does DME plan on having a Facebook page to talk about the issues or put out information. Williams answered there is a Twitter account but will talk to staff for further media ideas.

Russell asked when a citizen says they understand but do not agree, do they have alternative. Williams answered some disagree on the length of time it will take battery technology to move forward. Some believe there is a better answer.

Carroll said he can address one which would have to do with cost. There are people that know of the extra costs including the pollutants that go into the water, or your body. There are added costs to repair your body to clean the water to clean the air, and those costs are not included. Some believe fossil fuels cause health problems.

Chair Robinson said there are people that believe any amount of fossil fuel in our portfolio is going to be too much. How do you be efficient, rate conscience, and have reliability and at the same time be responsible. There is a balance.

Carroll asked about the emissions details. Kenneth Banks added that the CO₂e is the COE equivalence it essentially takes into account all the greenhouse gas forming compounds that could be emitted by a plant like this. It takes something like methane or much more of a global warming potential than CO₂ is as an example and combines and looks at the relative global

warming potential of each one and then equates that to what the global warming potential would be as just CO₂. It is a way of looking at all of the compounds and comparing them back to a common metric. Carroll then asked if the plant is burning properly we would not expect any methane to be given off. Banks stated there would be a very small amount associated with the operation that we have factored into the calculations. The amount of gas that will be consumed compared to business as usual is substantially less under this plan.

Carroll asked regarding the summer day load graph, if one could be prepared for residential versus commercial rate payers. Williams will look into that and see what can be accomplished.

Robinson added it would be interesting to compare the summer day load graph to what it is now.

Councilman Briggs asked what year the city study was done on battery technology. Williams answered the contacts they have had on different storage projects since 2009 and 2010 and the recent conversations on batteries last few months. The Citibank analysis was this year.

A. PUB16-010 ACM Update

1. Joint Meeting
2. 4th Quarter Financial Report
3. Matrix

Attachments: Exhibit 1 - Joint Meeting PUB/CC
Exhibit 2 - FY 2014-15 4th Quarter Financial Report
Exhibit 3 - Matrix

Matrix no changes

Went into closed session at 10:17 am

CLOSED MEETING

A. PUB16-005 -

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 and discuss, deliberate, and provide staff with direction regarding the potential acquisition of real property interests located in Lot 1, Block 2 of the Municipal Utility Addition as shown by the plat thereof recorded in Cabinet G Page 346 of the P.R.D.C.T., in the City of Denton, Denton County, Texas; where discussion had, deliberation, and direction given, by the Denton Public Utilities Board 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; discussion of these legal matters in an open meeting would conflict with the duty of the City's attorneys to the City of Denton

and the Denton Public Utilities Board 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. [Brinker Substation]

B. PUB15-007 -

Deliberations Regarding Certain Public Power Utilities: Competitive Matters - Under Texas Government Code Section 551.086

Receive a presentation from Denton Municipal Electric staff ("DME") regarding public power competitive and financial matters pertaining to plans, strategies, opportunities, and developments for generation improvements to the DME system; discuss and deliberate strategies regarding same; discuss and deliberate opportunities and strategies for the City to acquire purchased power and enter into agreements regarding the same, in order to meet its future energy needs. Discuss, deliberate and provide Staff with direction. [TPMA]

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 11:13 a.m.