



City of Denton

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

AGENDA INFORMATION SHEET

DEPARTMENT: City Attorney's Office
ACM: Mack Reinwand, City Attorney
DATE: March 4, 2025

SUBJECT

Consider adoption of an ordinance of the City of Denton, a Texas home-rule municipal corporation, authorizing the approval of a Fourth Amendment to an engagement between the City of Denton and Lloyd Gosselink Rochelle & Townsend, P.C., amending the engagement approved by the City Council on July 20, 2021, in the not-to-exceed amount of \$550,000.00; amended by Amendments 1, 2, and 3, approved by City Council; said Fourth Amendment to provide additional legal services for the City of Denton; providing for the expenditure of funds therefor; and providing an effective date (File 7762 – providing for an additional Fourth Amendment expenditure amount not-to-exceed \$200,000.00, with the total contract amount not-to-exceed \$1,150,000.00).

INFORMATION/BACKGROUND

Denton Municipal Electric (“DME”) filed an application for a Full Transmission Cost of Service (“TCOS”) case with the Public Utility Commission of Texas (“PUCT”) on November 1, 2021. PUCT ultimately ordered DME to perform a depreciation study of its assets. After DME performed the depreciation study it filed an amended application December 1, 2022. After the application was deemed administratively complete, a hearing for the application was scheduled for May 11, 2023. The PUCT issued their final order in October of 2023 and DME has been pursuing the appeal of this order since. On November 13, 2024, the Travis County District Court heard both DME’s and the PUCT’s arguments related to the appeal. On January 16, 2025, the Travis County District Court ruled on DME’s appeal of the Final Order issued by the PUCT. The Court agreed with DME that the PUCT’s decision to set the debt service coverage ratio at 1.25% was arbitrary and capricious. The Court reversed and remanded that portion of the Final Order for further proceedings regarding the debt service coverage ratio but did not provide any further direction to the PUCT. The Court did not grant the other relief requested by DME in the appeal, namely the PUCT’s denial of the general fund transfer and its authority to force the City into a rate case. On February 14, 2025, DME filed a notice of appeal in Travis County regarding the Court’s denial of the aforementioned items.

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

On July 20, 2021, City Council approved an engagement with Lloyd Gosselink Rochelle & Townsend, P.C., in the not-to-exceed amount of \$550,000.00.

On July 18, 2023, City Council approved an engagement with Lloyd Gosselink Rochelle & Townsend, P.C., in the not-to-exceed amount of \$300,000.00.

On November 19, 2024, City Council approved an engagement with Lloyd Gosselink Rochelle & Townsend, P.C., in the not-to-exceed amount of \$100,000.00.

RECOMMENDATION

Award Amendment No. 4 with Lloyd Gosselink Rochelle & Townsend, P.C., to provide additional legal services for the City of Denton, in a not-to-exceed amount of \$200,000.00, for a total amended contract amount of \$1,150,000.00.

PRINCIPAL PLACE OF BUSINESS

Lloyd Gosselink Rochelle & Townsend, P.C.
Austin, TX

ESTIMATED SCHEDULE OF PROJECT

Now that DME has appealed PUCT's ruling, there is additional briefing due and possibly oral argument. This timeline could expand months to a possibly one year. The City Attorney's Office will update City Council with a more certain timeline once the Court of Appeals provides briefing and potential oral argument dates.

FISCAL INFORMATION

These services will be funded from Denton Municipal Electric operating account 600004.7879. Purchase Order #198255 will be revised to include the Fourth Amendment amount of \$200,000.00. The total amended amount of this contract is \$1,150,000.00.

EXHIBITS

Exhibit 1: Agenda Information Sheet
Exhibit 2: Ordinance

Respectfully submitted:

/s/ Devin Alexander
Deputy City Attorney

Legal Staff Contact:
Devin Alexander