



City of Denton

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

AGENDA INFORMATION SHEET

DEPARTMENT: Denton Municipal Electric

CM/ DCM/ ACM: Todd Hileman

DATE: May 1, 2018

SUBJECT

Consider adoption of an ordinance of the City of Denton authorizing the City Manager, or designee, to execute a transaction confirmation for the purchase of natural gas under an existing base contract for sale and purchase of natural gas between the City of Denton and Enterprise Products Operating, LLC, a Texas limited liability company; and providing for an effective date.

BACKGROUND

The City Council approved Ordinance No. 2018-017 on January 16, 2018 authorizing the execution of a Base NAESB Contract with Enterprise Products Operating, Inc. (Enterprise).

Ordinance 2018-17 also stated that Denton is authorized to buy natural gas for use in the testing and operation of the Denton Energy Center (DEC) under the authority previously provided in Ordinance 2014-060 which approved the 2014 DME Energy Risk Management Policy (2014 ERMP).

A transaction for the purchase of natural gas has been negotiated for operation of the Denton Energy Center for a certain period of time after the test phase. A Confirmation Agreement (attached is a redacted version of the Confirmation Agreement) that contains the business terms of the natural gas purchase will be executed by the parties. Redactions are necessary due to terms of the base contract with the natural gas seller.

The recommended Ordinance affirms and grants, as necessary, authority to the City Manager to consummate a natural gas purchase Confirmation Agreement as described in this agenda information sheet.

RECOMMENDATION

Staff recommends approval of the attached Ordinance by the City Council.

Sufficient funds for the purchase of natural gas as described above are budgeted in the electric utility's FY 2017-18 purchased power budget.

PRIOR ACTION/REVIEW (Council, Boards, Commissions)

The Public Utilities Board reviewed this item on April 23, 2018 and voted 4-1 in recommendation.

STRATEGIC PLAN RELATIONSHIP

The City of Denton's Strategic Plan is an action-oriented road map that will help the City achieve its vision. The foundation for the plan is the five long-term Key Focus Areas (KFA): Organizational Excellence;

Public Infrastructure; Economic Development; Safe, Livable, and Family-Friendly Community; and Sustainability and Environmental Stewardship. While individual items may support multiple KFAs, this specific City Council agenda item contributes most directly to the following KFA and goal:

Related Key Focus Area: Public Infrastructure

Related Goal: 2.3 Promote superior utility services and City facilities

EXHIBITS

Exhibit 1: Agenda Information Sheet

Exhibit 2: Ordinance Affirming/Granting Authority to Consummate a Natural Gas Purchase with Enterprise Products Operating, Inc.

Exhibit 3: Natural Gas Confirmation Agreement (redacted)

Respectfully submitted:

George Morrow

DME General Manager

Prepared by:

George Morrow

DME General Manager