

**DRAFT MINUTES
PUBLIC UTILITIES BOARD**

Monday, August 8, 2016	9:00a.m.	Service Center Training Room
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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 8, 2016 at 9:00a.m. in the Service Center Training Room at the City of Service Center, 901 A Texas Street, Denton, Texas.

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

Ex Officio Members: Howard Martin, ACM Utilities

Absent: Lilia Bynum

CLOSED MEETING

**A. PUB16-169 - Deliberations Regarding Certain Public Power Utilities: Competitive Matters --
- Under Texas Government Code §551.086.**

Receive a presentation from staff regarding public power competitive and financial matters related to the City's participation in, and the overall operational and financial aspects of, the Texas Municipal Power Agency; discuss and deliberate strategies regarding same; discuss, deliberate and provide staff with direction.

**B. PUB16-170 - Deliberations Regarding Certain Public Power Utilities: Competitive Matters --
- Under Texas Government Code §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.

**C. PUB16-182 - 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 South of W. Hickory Street and East of S. Bonnie Brae Street, and terminating at DME's Locust substation just South of W Collins Street and East of Fort Worth Drive in the City of Denton, Denton County, Texas; for the construction, expansion and use of electric power transmission lines; where discussions had, deliberation, and direction given, by the Denton Public Utility 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 Utility Board under the Texas

1 Disciplinary Rules of Professional Conduct of the State Bar of Texas, or would jeopardize
2 the City's legal position in any administrative proceeding or potential litigation. [Hickory to
3 Eagle TM Line]
4

- 5 **D. PUB16-183** - Deliberations regarding Real Property - Under Texas Government Code
6 Section 551.072; Consultation with Attorneys - Under Texas Government Code Section
7 551.071.
8

9 Receive information from staff and discuss, deliberate, and provide staff with direction
10 regarding the potential acquisition of real property interests located East of Bonnie Brae St
11 and West of N Locust St, and terminating at DME's Northlakes substation just South of Loop
12 288 in the City of Denton, Denton County, Texas; for the construction, expansion and use of
13 electric power transmission lines; where discussions had, deliberation, and direction given,
14 by the Denton Public Utility Board in an open meeting would have a detrimental effect on
15 the position of the governmental body in negotiations with a third party. Consultation with
16 the City's attorneys regarding legal issues associated with the acquisition of the real property
17 interests described above; discussion of these legal matters in an open meeting would conflict
18 with the duty of the City's attorneys to the City of Denton and the Denton Public Utility
19 Board under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas,
20 or would jeopardize the City's legal position in any administrative proceeding or potential
21 litigation. [Bonnie Brae to North Lakes TM Line].
22

- 23 **E. PUB16-191** - Deliberations regarding Real Property - Under Texas Government Code
24 Section 551.072; Consultation with Attorneys - Under Texas Government Code Section
25 551.071.
26

27 Receive information from staff, discuss, deliberate, and provide staff with direction
28 pertaining to the potential acquisition of real property interests in the A. Hill Survey,
29 Abstract No. 623, the S. Hiram Survey, Abstract 616, the W. Daniel Survey, Abstract 378,
30 the A. Hickman Survey, Abstract 521 and the B.B.B & C.R.R. Survey, Abstract 196, City
31 and County of Denton, Texas, and generally located along U.S. Highway 377 (Fort Worth
32 Drive) the limits of which being bounded to the north by Interstate Highway 35 East and to
33 the south by FM 1830 (Country Club Road). Consultation with the City's attorneys regarding
34 legal issues associated with the potential acquisition or condemnation of the real property
35 interests described above where a public discussion of these legal matters would conflict with
36 the duty of the City's attorneys to the City of Denton and the Denton City Council under the
37 Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas, or would
38 jeopardize the City's legal position in any administrative proceeding or potential litigation.
39 (Fort Worth Drive Utility Relocations project)
40

41 **OPEN MEETING**

42 **CONSENT AGENDA**

- 43
44
45 **A. PUB16-181** - Consider recommendation of adopting of an ordinance partially releasing,
46 abandoning and vacating a 0.4138 acre public utilities easement recorded in Volume 2637
47 Page 12, Real Property Records, Denton County, Texas, and located in the B.B.B. & C.R.R.
48 Survey, Abstract No. 141; and declaring an effective date. [Abandonment of public utility
49 easement in Medical Center Addition to allow for lot development].
50

1 **B. PUB16-184** - Consider recommendation of adopting of an ordinance partially releasing,
2 abandoning and vacating a 0.188 acre public utilities easement recorded in Volume 923 Page
3 431, Deed Records, Denton County, Texas, and located in the A. Hill Survey, Abstract No.
4 623; and declaring an effective date. [Abandonment of public utility easement to allow for lot
5 development; Locust Substation Addition].
6

7 **C. PUB16-190** - Consider recommendation of an ordinance of the City of Denton determining
8 the public use, need, and necessity for the acquisition of various permanent easements and
9 temporary construction easements generally located along U.S. Highway 377 (Fort Worth
10 Drive) the limits of which being bounded to the north by Interstate Highway 35 East and to
11 the south by FM 1830 (Country Club Road) and being situated in the A. Hill Survey,
12 Abstract No. 623, the S. Hiram Survey, Abstract 616, the W. Daniel Survey, Abstract 378,
13 the A. Hickman Survey, Abstract 521 and the B.B.B & C.R.R. Survey, Abstract 196, City
14 and County of Denton, Texas, and with the use, purpose and legal descriptions of each
15 easement being more particularly described in the attached Exhibit "A" (the "Property
16 Interests"); authorizing the City Manager and City Attorney, or their respective designees, to
17 acquire the property interests by agreement including making all offers required by law;
18 authorizing the use of the power of eminent domain to condemn the property interests if an
19 agreement cannot be reached; and authorizing the City Attorney, or her designee, to file
20 eminent domain proceedings if necessary; authorizing the expenditure of funding; making
21 findings; providing a savings clause; and providing an effective date. (Fort Worth Drive
22 Utility Relocations project).
23

24 **Board Member Gallivan motioned to approve items A - C. There was a second by Board**
25 **Member Russell. Vote 6-0 approved.**
26

27 **ITEMS FOR INDIVIDUAL CONSIDERATION**

28

29 **A. PUB16-177** - Consider recommending approval of the Public Utilities Board Meeting
30 minutes of July 25, 2016.
31

32 **Approved as circulated**
33

34 **B. PUB16-176** - Consider recommending approval for a three-year Professional Services
35 Agreement (PSA) with SSP Innovations to provide professional services in aid of Denton
36 Municipal Electric (DME)'s Operation Technology and related software systems. Texas
37 Local Government Code 252.022(4) allows for an exemption to competitive requirements for
38 the expenditure of funds for procurement for a personal, professional, or planning service.
39 Approval is for an amount not to exceed \$2,000,000.00. (PSA 6122).
40

41 Jerry Fielder gave the presentation starting with the objective of this item. Understand where
42 DME is at with operation technology and preparation for automation and identify best practices
43 approach to operation technology and innovation.
44

45 Fielder went over the changed roles of the technology professionals from informational
46 technology (IT) to operational technology (OT).
47

48 The Innovation Technology Plan:

Provides a roadmap, or plan, for the vetting and implementation of technology for use on the electric distribution system.
Added service value to the end use customer and/or operational and management excellence must be a component of a project.
Allows DME to operate as a stand-alone entity during disasters and emergencies.

The PSA itemized projects include:

- Integration of OMS with Workforce Management
- Integration of OMS with AMI
- ArcGIS Online Public Streetlight Reporting Application
- Integration of OMS with DME Community Relations Outage Application
- Improvement of Public Facing Outage Map
- Implement new DME Web-based GIS Solution
- Implement Management GIS Dashboard
- Implement reporting solution for legacy OMS
- GIS Health Checkup
- Assist with GIS Upgrades
- Review Disaster Recovery & Backup Solutions for OMS and related systems
- Implement GIS based asset management (field equipment)
- Develop DME GIS Training materials
- GIS Related Projects for DA and UAS
- Implement Graphic Work Design & Work Order Management System
- GIS and Systems Maintenance & Support

Discussed in Innovation plan:

- Enhance Customer Services
- Text/Email notifications
- Distribution Management System software
- Distribution system advanced analytics
- Production tool enhancements for System Ops (Dispatch)
- Automatic Vehicle Location application
- Research opportunities and partnerships with the community and universities.
- Evaluation and planning for design and build of emergency backup data center, dispatch, and service restoration facility

Standard Purchasing Rules Apply to this PSA. The costs are for SSP Innovations to assist DME Operational Technology with the implementation of the projects. Costs include implementation, but not procurement of specified software identified as required. Software purchases will be made per the City of Denton purchasing requirements and approvals.

DME has used ESRI and Schneider products for over 20 years. DME Staff have personal knowledge and experience with vendor.

Key points include:

DME already has the foundation and is planning for the future.

The PSA is a required for success of the plan.

DME's experience with SSP Innovations has been positive.

All financial and other controls remain in place to assure implementation does not have a negative effect on existing corporate or operational practices.

1 Board Member Carroll asked how many years it will take for the projected plans. Fielder
2 answered they are five year projected plans. Carroll then asked if he thinks this will drive
3 additional staff. Fielder answered he doesn't believe so, it will take current staff and use them
4 more effectively.

5
6 Gallivan asked if this came about because staff feels like IT is out of date. Fielder answered that
7 is not the case, IT functions well for business operations. Phil Williams went on to say that there
8 are different streams of data that come from other sources including ERCOT that need to be able
9 to communicate with each other to read the data. This new platform will make it happen. Parker
10 added that this is becoming an emerging best practice in the utility industry because OT and IT
11 have to work together to collaborate. Williams stated with this technology when a meter is out it
12 can send a message that the power is off to send staff to repair the problem. Parker asked if this
13 will be paperless, Fielder answered it is a step in that direction but not completely at this point.

14
15 **Board Member Parker motioned to approve item B-PUB16-176. There was a second by**
16 **Board Member Russell. Vote 6-0 approved.**
17

18 **C. PUB16-185 -** Receive a report and hold a discussion regarding information security and
19 Technology Services' security practices.
20

21 Melissa Kraft, Chief Technology Officer, started the presentation with her agenda that would
22 include information security overview, City of Denton Information Security Practices and
23 Electric-Specific Security Information.
24

25 Information Security is the practice of defending information from unauthorized access, use,
26 disclosure, disruption, modification, perusal, inspection, recording or destruction. Goals for
27 information security include: security, integrity and availability. Some of the security measures
28 for a sound security program include taking care of people with education, training and
29 awareness. Ensure processes are in place by looking at policies, standards and procedures. The
30 City of Denton wants the right technology and IT solutions in place for protection.
31

32 Information Security is not a single technology; rather it is a multi-layered strategy comprised of
33 the people, processes and technology necessary to prevent, detect, document and counter threats
34 to digital and non-digital information.
35

36 Kraft went over examples of what security the City of Denton has in place for common threats
37 like software attacks or forces of nature.
38

39 The City of Denton detected 55 million threats last year. This includes over 30,000 instances of
40 spyware and 5,000 viruses. The City of Denton has blocked over 990,000 attacks from 367
41 unique attack types last year. On average, we block about 50,000 malicious webpages a month.
42 Received over seven million emails last year. Out of those, 69% were detected as threats and
43 only 30% (2,968,927) were delivered to email recipients. A staggering 43% of companies have
44 experienced a data breach in the past year (per USA Today).
45

1 The worse data breaches of 2015 were talked about including one that happened to the City of
2 Denton.

3
4 Kraft then talked about some IT security processes and procedures that include hiring, security
5 awareness training, education, assessment and accountability.

6
7 The City of Denton has processes to prevent security breaches. In place is security architecture
8 and design. Also used are physical security controls, password policies and access controls.
9 Administrative access is only given to those that absolutely need it. Proactive monitoring and
10 analysis of logs are key to our security. Vulnerability assessments, penetration testing and
11 tabletop exercises are administered.

12
13 The City of Denton has a plan to react when security breaches happen. There is site redundancy
14 with incident response plans. Security retainers with companies specializing in information
15 security.

16
17 Some of the technologies that are in place that the City of Denton uses includes: Perimeter
18 Security, Network Security, Endpoint Security, Application Security and Data Security.

19
20 Some other opportunities are to provide security awareness and training to the entire
21 organization. Training should cover security issues, policies, standards, procedures and
22 regulations. Implement a comprehensive, written information security policy. Review our
23 Incident Response Plan. Use ITIL methodologies to improve information security by allowing
24 current practices to be replaced with standardized, integrated processes based on industry best
25 practices. Evaluate possible security and reliability improvements gained through a centralized
26 IT model. Centralization will create a more effective disaster recovery strategy, minimize labor
27 redundancies, and allow for volume discounts on technology purchases, and lower maintenance
28 and training costs through standardization.

29
30 Kraft then introduced David Wright, Electric Technology Division Manager, to complete the
31 presentation.

32
33 DME uses the City Tech Services policies and procedures for all staff computers. DME also
34 maintains a completely independent SCADA network that controls the electric grid,
35 communicates with ERCOT, and collects data regarding electric usage and the bulk electric
36 system. DME maintains 3 full-time staff members to manage the SCADA network and ensure
37 compliance with NERC CIP requirements. We are required to self-report at any time that we
38 become non-compliant. Subject to NERC audits and potential fines for non-compliance.

39
40 The SCADA network, including the electronic and physical controls surrounding it, are regulated
41 by NERC and their Critical Infrastructure Protection (CIP) standards. DME meets all of these
42 standards and has been compliant since their effective date of July 1, 2016.

1 The next steps include a complete build-out of the redundant DMZ site. Continue to review and
2 enhance our internal processes and systems. Develop plans for the new Denton Energy Center
3 (RDP) and the related NERC CIP requirements affecting that project.

4
5 **D. PUB16-178 - ACM Update**

- 6 1. Water Ordinance Update
- 7 2. ERCOT in 2016 Energy Summit
- 8 3. Matrix

9
10 **Matrix no changes**

11
12 **CONCLUDING ITEMS**

13 Under Section 551.042 of the Texas Open Meetings Act, respond to inquiries from the Public
14 Utilities Board or the public with specific factual information or recitation of policy, or accept a
15 proposal to place the matter on the agenda for an upcoming meeting AND Under Section
16 551.0415 of the Texas Open Meetings Act, provide reports about items of community interest
17 regarding which no action will be taken, to include: expressions of thanks, congratulations, or
18 condolence; information regarding holiday schedules; an honorary or salutary recognition of a
19 public official, public employee, or other citizen; a reminder about an upcoming event organized
20 or sponsored by the governing body; information regarding a social, ceremonial, or community
21 event organized or sponsored by an entity other than the governing body that was attended or is
22 scheduled to be attended by a member of the governing body or an official or employee of the
23 municipality; or an announcement involving an imminent threat to the public health and safety of
24 people in the municipality that has arisen after the posting of the agenda.

25
26 **This was the last meeting for Mr. Phil Gallivan, he has been on the Board for 12 years.**

27
28 **Adjournment 11:35 a.m.**