



City of Denton

City Hall
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Denton, Texas
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AGENDA INFORMATION SHEET

DEPARTMENT: Denton Municipal Electric

CM/ DCM/ ACM: Todd Hileman

DATE: September 19, 2017

SUBJECT

Consider adoption of an ordinance of the City of Denton, Texas amending the schedule of rates for electric service contained in Ordinance No. 2016-272; amending the provisions of the Residential Service Rate (Schedule RES); amending the provisions of the Residential Renewable Energy Service Rider (Schedule RG); amending the provisions of the Residential Prepaid Service Rate (Schedule RPP); amending the provisions of the Residential Time Of Use Rate (Schedule RTOU); amending the provisions of the General Service Small Rate (Schedule GSS); amending the provisions of the General Service Medium Rate (Schedule GSM); amending the provisions of the General Service Large Rate (Schedule GSL); amending the provisions of the General Service Time Of Use Rate (Schedule TGS); amending the provisions of the Local Government Small Rate (Schedule G2); amending the provisions of the Local Government Rate (Schedule G1); amending the provisions of the Weekend Service Rate (Schedule WK); amending the provisions of the Athletic Field Rate (Schedule AF); amending the provisions of the Street Lighting Rate (Schedule LS); amending the provisions of the Traffic Lighting Rate (Schedule LT); amending the provisions of the Unmetered School Zone/Crossing Flashers Rate (Schedule UFL); amending the provisions of the Unmetered Traffic Lighting Rate (Schedule ULT); amending the provisions of the Unmetered Security Camera Rate (Schedule USC); amending the provisions of the Unmetered Wi-Fi Devices Rate (Schedule UWF); amending the provisions of the Other Lighting Rate (Schedule LO); amending the provisions of the Non Standard Street Lighting Rate (Schedule DSL); amending the provisions of the Temporary Service Rate (Schedule T1); amending the provisions of the Economic Growth Rider (Schedule EGR); amending the provisions of the GreenSense Incentive Program (Schedule GIP); amending the provisions of the Energy Cost Adjustment Rate (Schedule ECA); amending the provisions of the Renewable Cost Adjustment Rate (Schedule RCA); amending the provisions of the Transmission Cost Recovery Factor Rate (Schedule TCRF); amending the provisions of the Distributed Generation From Renewable Sources Rider (Schedule DGR); amending the provisions of the Independent Wholesale Generator Rate (Schedule IWG); amending the provisions of the Commercial Renewable Energy Service Rider (Schedule CGR); amending the provisions of the Special Facilities Rider (Schedule SFR); amending the provisions of the Dark Fiber Rate (Schedule DFR); amending the provisions of the Pole Attachment Fee (Schedule PAF); adding the provisions of the Banner Install Fee (Schedule BIF); adding the provisions of the Wireless Node Attachments (Schedule WNA); adding the provisions of the Wireless Node Unmetered (Schedule WNU); providing for a repealer; providing for a severability clause; and providing for an effective date. The Public Utilities Board recommends approval (6-0).

BACKGROUND

The Proposed FY 2017-2018 Electric budget and Capital Improvement Program were presented to and recommended by the Public Utilities Board in June. The Proposed FY 2017-2018 Schedule of Rates for Electrical Service included in this agenda item is designed to recover the cost for Denton Municipal Electric to serve its customers, and provide a positive or break-even net income. The overall schedule of rates is

being decreased about 1% on average this year and an example of the effect on average residential customers is shown below.

The average residential customer using 1,000 kilowatt hours of electricity per month would incur the following monthly electric charge:

<u>Current</u>	<u>Proposed</u>	<u>Decrease</u>
\$116.22	\$114.89	-\$1.33

The attached Electric Rate Ordinance includes adding the provisions of:

- The Banner Install Fee (BIF)
- The Wireless Node Attachments (WNA)
- The Wireless Node Unmetered (WNU)

The attached Electric Rate Ordinance includes amending the provisions of:

- The Residential Service Rate (RES)
- The Residential Renewable Energy Service Rider (RG)
- The Residential Prepaid Service Rate (RPP)
- The Residential Time Of Use Rate (RTOU)
- The General Service Small Rate (GSS)
- The General Service Medium Rate (GSM)
- The General Service Large Rate (GSL)
- The General Service Time Of Use Rate (TGS)
- The Local Government Small Rate (G2)
- The Local Government Rate (G1)
- The Weekend Service Rate (Schedule WK)
- The Athletic Field Rate (AF)
- The Street Lighting Rate (LS)
- The Traffic Lighting Rate (LT)
- The Unmetered School Zone/Crossing Flashers Rate (UFL)
- The Unmetered Traffic Lighting Rate (ULT)
- The Unmetered Security Camera Rate (USC)
- The Unmetered Wi-Fi Devices Rate (UWF)
- The Other Lighting Rate (LO)
- The Non Standard Street Lighting Rate (DSL)
- The Temporary Service Rate (T1)
- The Economic Growth Rider (EGR)
- The GreenSense Incentive Program (GIP)
- The Energy Cost Adjustment Rate (ECA)
- The Renewable Cost Adjustment Rate (RCA)
- The Transmission Cost Recovery Factor Rate (TCRF)
- The Distributed Generation From Renewable Sources Rider (DGR)
- The Independent Wholesale Generator Rate (IWG)
- The Commercial Renewable Energy Service Rider (CGR)
- The Special Facilities Rider (SFR)
- The Dark Fiber Rate (DFR)
- The Pole Attachment Fee (PAF)

The major changes made this year are listed below:

- The Electric Rate Schedules were decreased by an average of 1%
- Term “Energy Charge” replaced with “Usage Charge” throughout the book
- Labels “Tier 1” and “Tier 2” added to the Usage Charge throughout the book
- Time of use rate on, off, & super peak definitions adjusted slightly
- Added LED facility charges to Schedule LS
- The name “Denton Municipal Electric” was replaced with “The City” wherever possible
- Peak definitions from Residential Time-Of-Use Schedule added to Schedule ECA & Schedule RCA
- Removal of language allowing for PUB to set ECA, RCA, and TCRF (Change made by Legal Department)
- Variations in rate names were conformed to one consistent name per rate
- Added Banner Install Fee, Schedule BIF
- Added Wireless Node Attachments, Schedule WNA
- Added Wireless Node Unmetered, Schedule WNU

RECOMMENDATION

The Public Utilities Board recommended approval 6-0 on July 24, 2017 (PUB17-140).

ESTIMATED SCHEDULE OF PROJECT

The schedules of electric rates contained in Ordinance No. 2016-272 are to be amended, reviewed, and approved prior to the new ordinance effective date of October 1, 2017. The City Council’s vote on adoption of the proposed ordinance is anticipated to take place on September 19, 2017.

PRIOR ACTION/REVIEW (Council, Boards, Commissions)

The Public Utilities Board reviewed the proposed ordinance on July 10, 2017 and recommended approval on July 24, 2017.

FISCAL INFORMATION

The rates and charges included in the Electric Rate Ordinance provide the revenues necessary to cover the cost of serving Denton Municipal Electric’s customers. The proposed electric rates represent a 1% decrease to the overall rates by means of a \$0.002/kWh decrease in the Energy Cost Adjustment (ECA). This decrease generates \$1.33 of average summer monthly savings for a residential customer using 1,000 kWh of electricity monthly.

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 facilities

EXHIBITS

Exhibit 1: Agenda Information Sheet

Exhibit 2: Electric Rate Ordinance

Exhibit 3: Electric Rate Comparison

Respectfully submitted:

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