



DATA SHEET
Agenda Item No. 21.

Meeting Date: December 7, 2017

Agenda Item:

Authorize the Executive Director to select an Electric Energy Service Provider, establish terms, conditions and rates, and enter into an Electric Energy Services Agreement according to specific parameters for electrical service for the Taylor Regional Water Plant and Intake, the Non-potable Water System and Lakeview Regional Water Reclamation System for an additional period of 24 to 36 months after April 30, 2020.

Placement: <input type="checkbox"/> Consent <input checked="" type="checkbox"/> Individual Consideration <input type="checkbox"/> Executive Session
Vote: <input checked="" type="checkbox"/> Non-Weighted <input type="checkbox"/> Weighted Capital
Recommending Department: Business

Background:

The Texas State Legislature enacted Senate Bill 7 in 1999 that restructured the retail electric market within certain areas of the State. The Taylor Plant and Intake Structure, Non-potable Pump Station, and the Lakeview Regional Water Reclamation System are located in one of the deregulated areas. In a competitive process, the District has contracted for electric energy to support operations of these key facilities. The District's current agreement is with Reliant Energy. The price per kilowatt-hour is \$0.04787 through April 30, 2018. Recently, the District obtained a two-year extension from May 1, 2018 through April 30, 2020 at a price of \$0.03798 per kilowatt hour. In discussion with the Officers of the Board, they suggested that staff explore the market for an additional two to three year extension.

The District has an agreement with Pro-Star Energy Services to provide energy consulting services in securing the most advantageous rates for electric service. Pro-Star has surveyed the current outlook for the market from 2020 and beyond. Based on indicator pricing at this time, Pro-Star is projecting a rate slightly less than the District's already contracted rate for the two-year period beginning May 2018. According to Pro-Star's recent pricing update, the District could expect a per kilowatt price in the range of \$0.034 to \$0.036. These prices could fluctuate up or down over the next several weeks and Pro-Star has recommended that the District be in a position to take quick action in order to lock in the best possible price, terms and conditions. The District has a choice; we could wait and see what rates are available in 2018, or we could pursue an agreement at this time based on known terms.

Financial:

Funding for the current electric energy service provider is included in the annual operating budgets.

Recommendation:

Based on current market conditions and the economic outlook, the Officers advised it would be advisable to lock in a favorable rate for electric service for up to five years into the future. Staff recommends approval of the enclosed Resolution which authorizes the Executive Director to select an Electric Energy Service provider, establish terms, conditions and rates, and enter into an Electric Energy Services Agreement; 1) for a period not to exceed 24 to 36 months beginning May 1, 2020, and 2) at a rate not to exceed \$0.036 per kilowatt-hour.

Enclosures:

Proposed Resolution

Submitted By: 
William A. Greenleaf, Director of Business Services

Date: December 1, 2017



RESOLUTION

RESOLUTION # 2017 - ____

A RESOLUTION OF THE BOARD OF DIRECTORS OF UPPER TRINITY REGIONAL WATER DISTRICT AUTHORIZING THE EXECUTIVE DIRECTOR TO SELECT AN ELECTRIC ENERGY SERVICE PROVIDER, ESTABLISH TERMS, CONDITIONS AND RATES, AND ENTER INTO AN ELECTRIC ENERGY SERVICES AGREEMENT BEGINNING MAY 2020 ACCORDING TO SPECIFIC PARAMETERS.

WHEREAS, the Upper Trinity Regional Water District (District), is a political subdivision of the State created by the Texas Legislature in 1989 by the passage of HB 3112 Chapter 1053, Acts of the 71st Legislature of Texas Regular Session 1989 (the Act), as a conservation and reclamation district under Article 16, Section 59 of the Texas Constitution; and,

WHEREAS, District has proceeded to carry out its legislative purposes of establishing water and wastewater systems on a wholesale regional basis for Denton County and its environs, for members and other entities who provide utility services on a retail basis; and,

WHEREAS, District has the power conferred by Chapter 54 of the Texas Water Code and the Act to enable it to carry out its purposes; and,

WHEREAS, the Act provides legal authority for District to acquire, construct, improve, maintain and operate wholesale water and wastewater systems and treatment works necessary to provide such services to its customers; and,

WHEREAS, the Texas State Legislature enacted Senate Bill 7 in 1999 that restructured the retail electric market within certain areas of the State; and,

WHEREAS, District facilities that do not receive electric power from the CoServ Electric Cooperative are within the restructured electric service area; and,

WHEREAS, District has contracted for electric power in the restructured electric market since 2002; and,

WHEREAS, District's current Electric Energy Services Agreement with Reliant Energy Retail Services, LLC, for provision of electric energy will expire April 30, 2020; and,

WHEREAS, under current State procurement laws, District may solicit proposals from Electric Energy Service Providers, select an Electric Energy Service Provider from the qualified proposals received, and subsequently enter into an Electric Energy Services Agreement; and,

WHEREAS, District is in the process of obtaining indicative pricing, as well as proposed agreement terms conditions and other information from several qualified Electric Energy Service Providers; and,

WHEREAS, current market conditions appear to offer an opportunity to extend the District's contracted service under favorable terms for up to 24 to 36 months; and,

WHEREAS, the Executive Director recommends that the Board of Directors authorize the staff to execute an Electric Energy Services Agreement with the Provider that offers the most favorable terms available to the District.

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE UPPER TRINITY REGIONAL WATER DISTRICT:

SECTION 1. That the Executive Director be and is hereby authorized to select an Electric Energy Provider, establish terms, conditions and rates, and enter into an Electric Energy Services Agreement for the provisions of electric energy service for the District; 1) for a period not to exceed 24 to 36 months in length beginning May 1, 2020 and 2) at a rate not to exceed \$0.036 per kilowatt-hour.

SECTION 2. That the Executive Director be and is hereby authorized to sign documents as necessary for the successful execution of the agreement.

SECTION 3. That the Executive Director be and is hereby authorized to pay monthly electric energy bills that occur as a result of the agreement.

SECTION 4. That this Resolution shall become effective immediately upon its passage.

DULY PASSED AND APPROVED THIS 7TH DAY OF DECEMBER 2017.

Recommended: 
Thomas E. Taylor, Executive Director

Executed: _____
Kevin Mercer, President

Attest: _____
Mike Fairfield, Secretary

