



**WEST-CENTRAL TEXAS MUNICIPAL WATER DISTRICT**

410 Hickory Street, Abilene, TX 79601 · Phone 325-673-8254 · Fax 325-673-8272 · www.wctmwd.org

391<sup>st</sup> Meeting of the Board of Directors

<b>STATE OF TEXAS COUNTIES OF: JONES, SHACKELFORD, STEPHENS, TAYLOR, EASTLAND, AND PALO PINTO</b>		<b>SPECIAL MEETING October 17, 2017 1:00 PM ABILENE, TEXAS</b>	
<b><u>DIRECTORS PRESENT</u></b>		<b><u>DIRECTORS ABSENT</u></b>	
<b><u>ABILENE</u></b>		<b><u>ABILENE</u></b>	
Russell Berry-By Phone	Kelly Kinard-By Phone		
Norm Archibald-By Phone	K. O. Long-By Phone		
Ron Butler-By Phone	Joe Canon-In Person		
<b><u>ALBANY</u></b>		<b><u>ALBANY</u></b>	
Randall Palmore-By Phone	David Cleveland-By Phone		
<b><u>ANSON</u></b>		<b><u>ANSON</u></b>	
Rowland Foster-By Phone		Jimmie Richmond	
<b><u>BRECKENRIDGE</u></b>		<b><u>BRECKENRIDGE</u></b>	
Paul Prater-By Phone	Stan Carstens-By Phone		
<b><u>STAFF AND OTHER GUESTS PRESENT</u></b>			
Chris Wingert, General Manager Christy Ferguson, Admin. Services Manager Tim Ennis, Priority Power-By Phone		David Buhrmann, Attorney-In Person Debbie Strayer, Admin/Finance Specialist	

**Call to Order**

President Palmore called the 391st meeting of the West Central Texas Municipal Water District Board of Directors to order at 1:03 p.m. on Tuesday, October 17, 2017, in accordance with the statutes of the State of Texas. A quorum was present. This meeting was conducted via telephone conference call and video. Mr. Palmore asked each Board member

and guest that was taking part in the meeting to please state their name and acknowledge that they were present for the meeting. Those present for the meeting via phone were: Randall Palmore, Paul Prater, Stan Carstens, David Cleveland, Rowland Foster, Norm Archibald, K.O. Long, Russell Berry, Ron Butler, Kelly Kinard, and Tim Ennis. Those present in the Abilene office were Joe Canon, Chris Wingert, David Buhmann, Debbie Strayer, and Christy Ferguson.

### Public Comment

President Palmore asked if anyone from the public was present for comment. Mr. Palmore stated that no one was present.

### Electric Power Purchase Consumption History & Issues

Mr. Wingert stated that the District has a power contract with The Texas Coalition of Affordable Power (TCAP) that applies only for the Hubbard Creek Reservoir facilities. Currently the District is paying 6.372¢ per kWh for the energy component which is strictly energy and does not include items such as wire charges and ancillary charges and this contract will expire 12/31/2017. GEXA is the current energy provider for TCAP customers. The District also has a contract with MP2 Power, which covers all of the West Central Brazos related accounts and the District will convert all GEXA/TCAP accounts to MP2 Energy after the 12/31/2017 expiration date. The contract with MP2 Power is called an un-banded contract, which means there is no penalty if actual consumption is either more or less than what the predicted load shape is. The District pays MP2 Power 3.702¢ per kWh for energy and that contract expires 12/31/2022.

Mr. Wingert stated that he has consulted with Tim Ennis from Priority Power and that Mr. Ennis recommends that the District solicit Requests for Qualifications (RFQ's) to take quotes for a five year power contract that would go into effect after the current contract with MP2 expires. Mr. Ennis estimates that the District could possibly purchase power for around 2¢ a kWh under that scheme. Mr. Wingert stated that the District's actual power consumption varies greatly depending on drought conditions and he reviewed consumption history and energy cost comparison based on 2016 use. Mr. Wingert stated that if the District can get the pricing as Mr. Ennis believes, then it could result in a \$300,000 savings per year beyond 2023. Mr. Wingert then turned the presentation over to Mr. Ennis.

### Electricity Rates and Options

Mr. Ennis (Priority Power Management or PPM Consultant) stated that he has noticed what is deemed to be a possible floor in the market for the ERCOT West Zone. Mr. Ennis presented a market update and noted that at the current time, the market is extremely low and ERCOT (Electric Reliability Council of Texas) and the PUC (Public Utility Commission) are doing their best to incentivize power prices to go up. ERCOT and the PUC do not like the market where it currently is because the power plants are not making

any money, especially coal power plants. The supply and demand curve in Texas has been great because there is little activity the past couple of winters and summers. Mr. Ennis stated that now is a good time to lock in power rates. Mr. Ennis shared with the Board the announcements of coal plants being retired and that since those announcements, power prices are beginning to rise. Priority Power believes once prices begin to increase that they will continue to rise instead of decline.

Mr. Ennis told the Board that the kind of contract that the District will need is an Unlimited Bandwidth/Unlimited MAC. Priority Power wants to make sure the District stays covered in a drought or a heavy rain season. Mr. Ennis believes that the District may only get two or three bidders with qualified options.

Mr. Ennis' recommendation is:

- Lock in long term fixed un-banded product-WCTMWD should consider a 5-year extension
- Float congestion terms-The District can always come back and lock in congestion if it begins to be an issue
- Build interest in invoice management-PPM Manages invoicing and reports for CRMWD at a cost of \$12,000 per year

Mr. Wingert questioned if Mr. Ennis had heard of any projects on the horizon to move power out of West Texas into East Texas and how that would impact congestion fees. Mr. Ennis replied that he did not think that would be an issue and further noted that the main reason is that Oncor, AEP and other utility providers out in West Texas have been doing a lot better job anticipating load growth. The utility providers have taken a much more cautious forward view on utility upgrades and there have been large scale transmission and distribution upgrades in the West Texas area. Mr. Berry questioned if the District could actually get the 2¢ and Mr. Ennis replied he felt pricing would be right around 2.9¢ to 3.0¢ depending on which term the District chooses. Mr. Canon questioned what the total quantity of load that is coming off line with the closing of the three power plants would be. Mr. Ennis predicted they would see 5,000-6,000 kWh coming off line starting in March 2018. Miscellaneous discussion was held regarding Mr. Ennis' presentation. President Palmore asked if there were any other questions and there were none.

### **Power Contract Extension** **Required Steps and Timeline**

Mr. Wingert stated that time is of the essence since prices are already starting to reflect the absence of the retiring coal plants. Mr. Wingert told the Board that the District's goal is to be in a position to operate around the November 7<sup>th</sup> Board Meeting and that in order to do that, the Board will need to grant approval today for Staff to run ads for RFQ's in order to meet advertising requirements. The District will receive qualification packets and request pricing from one, two or possibly three of the respondents to get indicative pricing at that point ahead of the November 7, 2017, Board meeting. The Board could consider authorizing the General Manager to evaluate contract terms and to execute the power

purchase at the Board meeting. Mr. Wingert explained the process of how Staff and PPM would monitor the market and know when to lock in at the best prices.

### Board Discussion and Authorization

Mr. Kinard made a motion to authorize the General Manager to solicit RFQ's and bids for the purchase of the District's electric power for a period of five years beginning January 1, 2023. Mr. Berry offered a second and the motion carried unanimously.

### Manager's/Staff Report

Mr. Wingert brought the Board up to date on the current status of the BRA/Abilene District Interlocal Agreement amendment. Mr. Wingert told the Board that in the current contract, the BRA is to provide the District and/or the City without cost, a preferential right or option to purchase up to 20,000 acre feet of Possum Kingdom water per year. He then added that an amendment to the original contract (2005) was executed on February 12, 2015 which made 20,000 acre feet of water contingent upon sufficient supplies of water being granted to BRA in the system operation permit, with such determination of availability of water being at the sole discretion of the BRA. He noted that the Amendment contained a clause that the option must be executed within one year of TCEQ's final action to grant Application 5851 and any repeals of that action being resolved. Mr. Wingert said that he visited with the BRA this morning and they stated there are still some appeals that have not been resolved. Mr. Wingert stated that the BRA made the decision to only offer 12,800 acre feet or 64% of the 20,000 acre feet that is available under the interlocal agreement as amended. Mr. Wingert told the Board that BRA has also offered to sell Abilene directly 7,200 acre feet of water and that Abilene is considering the purchase. Mr. Wingert visited with Scott Hibbs today and he stated that his staff reviewed the changes and that Abilene is in favor but it has not gone to council. Mr. Wingert then told the Board that the changes would mean that the total amount of BRA system water available through the option will not exceed a volume of 12,800 acre feet per year.

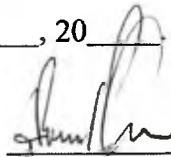
No Board Action was taken or needed on the above items.

There being no further business before the Board, the 391st meeting adjourned at 1:45 p.m.

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Approved this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_

  
Stan Carstens, Secretary

  
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J. Randall Palmore, President