



City of Denton

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

AGENDA INFORMATION SHEET

DEPARTMENT: Denton Municipal Electric

DCM: Cassey Ogden

DATE: September 29, 2025

SUBJECT

Consider recommending adoption of an ordinance of the City of Denton, Texas, amending the expenditure of funds to authorize an increase of \$112,218.15 for the payment of wholesale transmission charges to American Electric Power; declaring a public purpose; and providing an effective date.

BACKGROUND

Each year, the Public Utilities Board (PUB) and City Council approve an ordinance authorizing payment to Transmission Service Providers (TSP) with net payments exceeding \$50,000 each. In October 2024, both the PUB and City Council approved ordinances authorizing a total of \$9,437,871.69 in payments to these TSPs. Actual payments to American Electric Power will exceed the authorized amount by \$112,218.15 due to an adjustment in their transmission cost of service. It is important to note that there are a number of smaller net TCOS bills (i.e. less than \$50,000) that are being concurrently paid under standard City payment authority.

The Texas Public Utility Regulatory Act requires that each Transmission Service Provider (TSP) file a tariff for transmission service with the Public Utility Commission of Texas (PUCT) in order to get such tariff approved. The tariff applies to all Distribution Service Providers (DSP). As a DSP under 16 TAC § 25.5(33), Denton Municipal Electric (DME) is obligated to compensate TSPs for their transmission cost of service based on DME's pro-rata share of the total ERCOT electric load. Other Distribution Service Providers are similarly obligated to compensate DME for their respective share of DME's transmission costs as a Transmission Service Provider.

	Current	Proposed
American Electric Power	\$1,376,897.60	\$1,489,115.75
City of Bryan	75,456.16	75,456.16
Cross Texas Transmission	428,249.90	428,249.90
Electric Transmission Texas, LLC.	1,962,084.80	1,962,084.80
Garland Power & Light	217,164.61	217,164.61
Lone Star Transmission	590,189.21	590,189.21
Lower Colorado River Authority	3,727,680.19	3,727,680.19
Sharyland Utilities	244,739.82	244,739.82
Texas Municipal Power Agency	189,155.20	189,155.20
Wind Energy Transmission Texas	626,254.20	626,254.20
TOTAL	\$9,437,871.69	\$9,550,089.84

These payments are mandated by the Texas Public Utility Regulatory Act and the Public Utility Commission of Texas.

RECOMMENDATION

Staff recommends approval of the ordinance authorizing an increase of \$112,218.15 for payment of wholesale transmission charges to American Electric Power.

FISCAL INFORMATION

Funds to meet these regulatory fee obligations were budgeted in 2024-2025 budget account 600100.6072.5650A.

EXHIBITS

1. Agenda Information Sheet
2. Ordinance

Respectfully submitted:
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