



## **MEMORANDUM**

**DATE:** December 15, 2025  
**TO:** Membership of the Public Utilities Board  
**FROM:** Antonio Puente, DME General Manager  
**SUBJECT:** Retroactive Council Items

The following item was approved by the City Council on November 18, 2025. However, due to the lack of a quorum, the Public Utilities Board did not convene on November 17, 2025, and therefore did not provide a recommendation to the City Council regarding this item.

PUB25-208	ID 25-2061	FY25/26 Transmission Charges
Consider adoption of an ordinance of the City of Denton, Texas authorizing the expenditure of funds for the payment of wholesale transmission charges in the total amount of \$10,803,259.00; and providing an effective date.		

Please find attached documents from the City Council meeting held on November 18, 2025.

Prepared By:  
Melissa Cuevas, Division Manager of Business Services

Submitted By:  
Antonio Puente, DME General Manager

## **OUR CORE VALUES**

Inclusion • Collaboration • Quality Service • Strategic Focus • Fiscal Responsibility



# City of Denton

City Hall  
215 E. McKinney Street  
Denton, Texas  
[www.cityofdenton.com](http://www.cityofdenton.com)

## AGENDA INFORMATION SHEET

**DEPARTMENT:** Denton Municipal Electric

**DCM:** Cassandra Ogden

**DATE:** November 18, 2025

### SUBJECT

Consider adoption of an ordinance of the City of Denton, Texas authorizing the expenditure of funds for the payment of wholesale transmission charges in the total amount of \$10,803,259.00 and providing an effective date. The Public Utilities Board will consider this item on Monday, November 17, 2025.

### BACKGROUND

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.

Approval of this item will authorize the issuance of purchase orders to each of the following entities to reimburse them for DME's share of their transmission costs, as per the state law referenced in the above paragraph, less the amount that each entity owes DME for DME's transmission costs (i.e. these are net amounts). This is being brought forward to the Public Utility Board and City Council for transparency/accountability since these net payments exceed \$50,000 each. In prior years, budgeted TCOS payments, have been made administratively since they are statutorily mandated payments and amounts. A number of smaller net TCOS bills (i.e. less than \$50,000) are being concurrently paid under standard City payment authority.

American Electric Power	\$ 1,913,727.79
City of Bryan	82,836.78
Cross Texas Transmission	427,971.57
Electric Transmission Texas, LLC.	2,088,952.71
Garland Power & Light	230,964.76
Lone Star Transmission	589,805.58
Lower Colorado River Authority	4,190,054.83
Sharyland Utilities	244,580.72
Texas Municipal Power Agency	189,032.24
Texas New Mexico Power	141,631.75
Wind Energy Transmission Texas	703,700.27
TOTAL	\$10,803,259.00

It should be noted that the TCOS payment process overseen by the PUCT is iterative and that these initial billing amounts may be trued-up later by the PUCT. At that time, minor adjustments to the issued Purchase Order amounts could be necessary and will be handled administratively by the Finance Department.

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

### **RECOMMENDATION**

Staff recommends approval of payment of PUCT approved transmission charges to each of the eleven transmission entities in the total amount \$10,803,259.00.

### **FISCAL INFORMATION**

Funds to meet these regulatory fee obligations were budgeted in 2025-2026 budget account 600100.6072.5650A.

### **EXHIBITS**

1. Agenda Information Sheet
2. Ordinance
3. Presentation

Respectfully submitted:

Tony Puente

940-349-8487

DME General Manager

Prepared by:

Melissa Cuevas

940-349-7591

Division Manager of Business Services

ORDINANCE NO. \_\_\_\_\_

AN ORDINANCE OF THE CITY OF DENTON, TEXAS AUTHORIZING THE EXPENDITURE OF FUNDS FOR THE PAYMENT OF WHOLESALE TRANSMISSION CHARGES IN THE TOTAL AMOUNT OF \$10,803,259.00; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, all Distribution Service Providers (“DSP”) in the Electric Reliability Council of Texas (“ERCOT”) is required under the Texas Public Utility Regulatory Act (“PURA”) to compensate Transmission Service Providers (“TSPs”) for its wholesale transmission charges, commonly referred to as Transmission Cost of Service (“TCOS”), after the same have been filed with and approved by the Public Utility Commission of Texas (“PUCT”);

WHEREAS, the City of Denton (the "City"), acting under the trade name of Denton Municipal Electric, is a DSP in ERCOT;

WHEREAS, the City is required to compensate the following TSPs for its TCOS as set forth below:

<u>Name of TSP</u>	<u>Amount</u>
American Electric Power	\$ 1,913,727.79
City of Bryan	\$ 82,836.78
Cross Texas Transmission	\$ 427,971.57
Electric Transmission Texas, LLC.	\$ 2,088,952.71
Garland Power & Light	\$ 230,964.76
Lone Star Transmission	\$ 589,805.58
Lower Colorado River Authority	\$ 4,190,054.83
Sharyland Utilities	\$ 244,580.72
Texas Municipal Power Agency	\$ 189,032.24
Texas New Mexico Power	\$ 141,631.75
Wind Energy Transmission Texas	\$ 703,700.27
TOTAL	\$10,803,259.00

WHEREAS, the amounts due to the above TSPs are trued up by the PUCT and may require additional compensation by the City to one or more of the above TSPs; and

WHEREAS; the City Manager, or designee, has reviewed the above TCOS submitted by the TSPs and recommended that the City Council approve and authorize the payment of the same; NOW, THEREFORE,

THE COUNCIL OF THE CITY OF DENTON HEREBY ORDAINS:

SECTION1. The facts, circumstances, and recitations contained in the preamble of this ordinance are found and declared to be true and correct.

SECTION 2. The total expenditure of funds in the amount of \$10,803,259.00 for the City's obligation as a DSP in ERCOT to following TSPs for its TCOS is authorized and payable as set forth below:

<u>Name of TSP</u>	<u>Amount</u>
American Electric Power	\$ 1,913,727.79
City of Bryan	\$ 82,836.78
Cross Texas Transmission	\$ 427,971.57
Electric Transmission Texas, LLC.	\$ 2,088,952.71
Garland Power & Light	\$ 230,964.76
Lone Star Transmission	\$ 589,805.58
Lower Colorado River Authority	\$ 4,190,054.83
Sharyland Utilities	\$ 244,580.72
Texas Municipal Power Agency	\$ 189,032.24
Texas New Mexico Power	\$ 141,631.75
Wind Energy Transmission Texas	\$ 703,700.27
TOTAL	\$10,803,259.00

SECTION 3. That as the above payments are subject to being trued up by the PUCT the additional expenditure of funds, if required, is authorized. However, this additional expenditure is specifically limited to each TSP receiving additional payments not to exceed five percent (5%) or less of the payment set forth in Section 2 above. Payments in excess of this specific limitation will require further approval by City Council.

SECTION 4. That this ordinance shall become effective immediately upon its passage and approval.

The motion to approve this ordinance was made by \_\_\_\_\_,  
seconded by \_\_\_\_\_, and was passed and approved by the following  
vote [\_\_\_\_ - \_\_\_\_]:

	<b>Aye</b>	<b>Nay</b>	<b>Abstain</b>	<b>Absent</b>
Mayor Gerard Hudspeth:	_____	_____	_____	_____
Vicki Byrd, District 1:	_____	_____	_____	_____
Brian Beck, District 2:	_____	_____	_____	_____
Suzi Rumohr, District 3:	_____	_____	_____	_____
Joe Holland, District 4:	_____	_____	_____	_____
Brandon McGee, At Large Place 5:	_____	_____	_____	_____
Jill Jester, At Large Place 6:	_____	_____	_____	_____

PASSED AND APPROVED this the \_\_\_\_\_ day of \_\_\_\_\_, 2025.

\_\_\_\_\_  
GERARD HUDSPETH, MAYOR

ATTEST:  
LAUREN THODEN, CITY SECRETARY

BY: \_\_\_\_\_

APPROVED AS TO LEGAL FORM:  
MACK REINWAND, CITY ATTORNEY

BY: Marcella Lunn

# **TRANSMISSION CHARGES**

**Fiscal Year 2025-26**



**Melissa Cuevas**  
**Division Manager of Business Services**  
ID 25-2061

# FY 2025-26 TRANSMISSION COST OF SERVICE (TCOS) CHARGES

Transmission Service Providers	Total
American Electric Power	\$1,913,727.79
City of Bryan	82,836.78
Cross Texas Transmission	427,971.57
Electric Transmission Texas, LLC.	2,088,952.71
Garland Power & Light	230,964.76
Lone Star Transmission	589,805.58
Lower Colorado River Authority	4,190,054.83
Sharyland Utilities	244,580.72
Texas Municipal Power Agency	189,032.24
Texas New Mexico Power	141,631.75
Wind Energy Transmission Texas	703,700.27
<b>TOTAL</b>	<b>\$10,803,259.00</b>

This item will authorize the expenditure of Transmission charges totaling \$10,803,259. The charges will reimburse other Transmission Service providers for DME's share of their transmission assets.



## TCOS FY 2025-26 PAYMENT DETAIL

**\$0-50,000**

**Transmission Service  
Providers**

**TOTAL**

Cherokee County Electric Cooperative Association	\$1,255.41
Deep East Texas Electric Cooperative	908.12
East Texas Electric Cooperative	1,532.33
Fannin Electric Coop	951.52
Farmers Electric Cooperative, Inc.	4,297.91
Grayson-Collin Electric Cooperative, Inc.	9,865.95
Houston County Electric Cooperative	9,837.30
Lyntegar (GSEC handles)	4,933.41
Rio Grande Electric	4,279.68
San Miguel Electric Cooperative, Inc.	8,899.24
South Texas Electric Coop	6,580.60
Southwest Texas Electric	412.82
Trinity Valley Electric Cooperative	4,650.38
Wood County Electric Cooperative	824.33
<b>TOTAL</b>	<b>\$59,229.00</b>

**\$50,001 and Over**

**Transmission Service  
Providers**

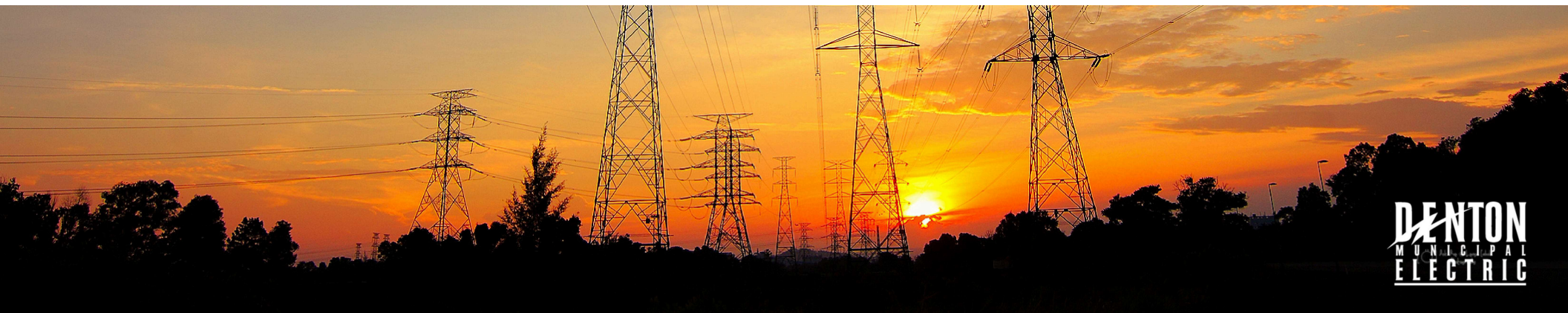
**TOTAL**

American Electric Power	\$1,913,727.79
City of Bryan	82,836.78
Cross Texas Transmission	427,971.57
Electric Transmission Texas,	2,088,952.71
Garland Power & Light	230,964.76
Lone Star Transmission	589,805.58
Lower Colorado River	4,190,054.83
Sharyland Utilities	244,580.72
Texas Municipal Power	189,032.24
Texas New Mexico Power	141,631.75
Wind Energy Transmission	703,700.27
<b>TOTAL</b>	<b>\$10,803,259.00</b>

**Staff approves charges below \$50,000, however anything above \$50,000 is approved by PUB and City Council**



**QUESTIONS?**



**DENTON**  
MUNICIPAL  
ELECTRIC