



# 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 30, 2025

### SUBJECT

Consider 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. The Public Utilities Board will consider this item on Monday, September 29, 2025.

### 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
<b>TOTAL</b>	<b>\$9,437,871.69</b>	<b>\$9,550,089.84</b>

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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