



City of Denton

City Hall
215 E. McKinney Street
Denton, Texas
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:

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