



## Legislation Text

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### Agenda Information Sheet

**DEPARTMENT:** Denton Municipal Electric (DME)

**ACM:** Howard Martin, 349-8232

**DATE:** September 16, 2014

#### **SUBJECT**

Consider adoption of an ordinance authorizing the City Manager or his designee to expend funds to reimburse Texas Municipal Power Agency ("TMPA") for costs TMPA has already incurred related to the ARCO Substation reconstruction project now assigned to the City. The total amount of reimbursement is not to exceed \$1,020,000.

#### **BACKGROUND**

The existing Arco Substation is a TMPA transmission facility. Oncor is in the process of constructing a second 138kV transmission line into the station from the east. The station configuration does not have the ability to be reconfigured and the site does not have the space to be expanded to accept the new transmission line. The station bus and equipment are not of adequate capacity to meet the projected needs of the future. The only solution is to reconstruct the station on an adjacent site. TMPA initiated design of the new station, procurement of a site immediately north of the existing station, and purchased eleven circuit breakers for the station.

Subsequent to TMPA's start of the project, a decision was made that Denton Municipal Electric ("DME") take over the project and acquire the site, complete the engineering and construction, and own the new station. Because of the possibility that the project would transition to DME ownership, a project for reconstruction of the Arco Substation was included in DME's CIP for the current year. Since DME will own the new station, it is appropriate that DME reimburse TMPA for the expenditures made on the project and take possession of the circuit breakers purchased. The circuit breakers are new and all but one has been delivered to Denton.

This reimbursement is strictly for TMPA's cost, and TMPA is making no financial gain from this reimbursement.

#### **OPTIONS**

1. Adopt an ordinance authorizing reimbursement of TMPA.
2. Do not adopt an ordinance authorizing reimbursement of TMPA.

#### **RECOMMENDATION**

DME staff recommends the approval of the reimbursement to TMPA

#### **ESTIMATED SCHEDULE OF PROJECT**

January, 2016

**PRIOR ACTION/REVIEW (Council, Boards, Commissions)**

PUB review on 8-SEP-14

**FISCAL INFORMATION**

The costs for this project will be funded out of amounts budgeted for specific projects. The work proposed will be in the transmission category. These costs for transmission projects will ultimately be recovered through the Public Utility Commission transmission cost of service program (TCOS). The approved CIP project will be funded with bond funds from project account 603268500.

**BID INFORMATION**

N/A

**EXHIBITS**

1. Ordinance,
2. TMPA invoices and backup for charges

Respectfully submitted:  
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