



City of Denton

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

AGENDA INFORMATION SHEET

DEPARTMENT: Denton Municipal Electric

DCM: Kenneth Hedges

DATE: July 14, 2026

SUBJECT

Consider adoption of an ordinance of the City of Denton, Texas, establishing the schedule of rates for Electric Service; providing for a repealer; providing for a severability clause; and providing for an effective date. The Public Utilities Board recommends approval (6-0).

BACKGROUND

Consistent with Ordinance 26-0295, approved by City Council on March 24, 2026, DME has assessed the adequacy of the current Energy Cost Adjustment (ECA) rate of \$.0462/kWh. Through that analysis, staff determined that the current Energy Cost Adjustment (ECA) rate of \$0.0462/kWh remains adequate to maintain the system ECA account balance within the target range of +/- \$20 million over the next 12 months. In addition, to accommodate the unique power purchase requirements of Large Load customers- defined as those with a single metering point load of 20 MW or greater- the ECA LL rate will increase from \$0.0606/kWh to \$0.0696/kWh, effective July 15, 2026. (See page 36 in FY 26 Electric Rate Ordinance). The ECA LL account balance buffer will continue to be maintained between \$0 and \$20 million.

Staff have determined that the Transmission Cost Recovery Factor (TCRF) rate remains adequate for ERCOT transmission charges. No changes are recommended.

PRIOR ACTION/REVIEW (Council, Boards, Commissions)

On June 22, 2026, this item was presented to the Public Utilities Board (PUB) for consideration and the PUB recommended approval 6-0.

RECOMMENDATION

The DME General Manager and Finance Department recommend maintaining the current rates for the Energy Cost Adjustment and the Transmission Cost Recovery Factor. And recommend increasing the Energy Cost Adjustment for Large Loads to \$0.0696/kWh.

EXHIBITS

- Exhibit 1: Agenda Information Sheet
- Exhibit 2: Rate Ordinance Redline
- Exhibit 3: Rate Ordinance
- Exhibit 4: Presentation

Respectfully submitted:

Melissa Cuevas

Executive Manager of Energy Services