



# City of Denton

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

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## AGENDA INFORMATION SHEET

**DEPARTMENT:** Denton Municipal Electric and Finance

**ACM:** Christine Taylor

**DATE:** April 01, 2025

### **SUBJECT**

Consider adoption of an ordinance of the City of Denton, Texas establishing the schedule of rates for electric service; amending the Energy Cost Adjustment and Transmission Cost Recovery Factor Schedules; providing for a repealer; providing for a severability clause; and providing effective dates for this ordinance and the schedule of rates. The Public Utilities Board recommends approval (6 - 0).

### **BACKGROUND**

Consistent with Ordinance 24-463, approved by City Council on March 19, 2024, DME has assessed the adequacy of the current Energy Cost Adjustment (ECA) rate of \$.0462/kWh to maintain an ECA account balance over the next six months between +/- \$5 Million. Through that analysis, staff determined that the forecast horizon and upper and lower limits need to be revisited. The purchase power cost varies greatly throughout the year. Depending on where in the year the 6-month outlook targets, the \$5 million buffer could be inadequate without making large shifts in the ECA rate for the upcoming period. For that reason, staff recommends changing the upper and lower limits to +/- \$10 Million. Staff also recommends changing the forecast horizon to 12 months to try limiting the variability throughout the year. If staff is able to move forward with these modifications to the ECA calculation process, the current ECA will be sufficient moving into the next quarter.

The Transmission Cost Recovery Factor (TCRF) has a current forecast outlook through the end of the year. Staff would like to adjust this outlook to a 12-month time frame. This would also help to keep the rate at a steadier level throughout the year as opposed to fluctuating during months with lower energy sales. If staff is able to move forward with this modification to the TCRF forecast process, the current TCRF will be sufficient moving into the next quarter.

Additionally, there were some administrative changes made throughout the rate ordinance that do not have a material impact and are included in the redline revisions.

**RECOMMENDATION**

DME General Manager and Finance recommends adoption and approval of the Ordinance modifying the upper and lower ECA fund balance limits to +/- \$10 Million, extending the ECA forecasted period to 12 months, extending the TCRF forecast period to 12 months, maintaining the current ECA rate of \$0.0462/kWh, and maintaining the current TCRF rate (see table) effective April 1, 2025.

<b>Customer Class TCRF</b>		
<b>Class</b>	<b>Current Rate</b>	<b>Unit</b>
Residential	\$0.0176	kWh
GS Small	\$0.0176	kWh
GS Medium	\$5.02	kW
GS Large	\$6.95	KVA

**EXHIBITS**

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

**Respectfully submitted:**  
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