



# City of Denton

City Hall  
215 E. McKinney Street  
Denton, Texas  
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## AGENDA INFORMATION SHEET

**DEPARTMENT:** Denton Municipal Electric

**DCM:** Cassey Ogden

**DATE:** March 24, 2025

### **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 (5-0).

### **BACKGROUND**

Consistent with Ordinance 25-2255, approved by City Council on December 16, 2025, 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 \$0.0577/kWh to \$0.0606/kWh, effective April 1, 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 has determined that the Transmission Cost Recovery Factor (TCRF) will be adjusted to reflect updated ERCOT transmission charges. As a result of this quarterly review, the TCRF rate will decrease from \$0.0176/kWh to \$0.0156/kWh, effective April 1, 2026. Because the TCRF is a direct pass-through of transmission-related costs to customers, DME does not maintain or target a specific balance for this component.

Finally, the electric rate ordinance is also recommended to be updated consistent with direction provided by both the PUB and the City Council in recent work sessions regarding the City's utility billing process for electric service. As a component of that direction, a separate item on this agenda amending Chapter 26 of the City's Code of Ordinances also contains updates per the same direction.

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

On March 9, 2026, this item was presented to the Public Utilities Board (PUB) for consideration and the PUB recommended approval 5-0.

### **RECOMMENDATION**

The DME General Manager and Finance Department recommend maintaining the current rates for the Energy Cost Adjustment, Energy Cost Adjustment for Large Loads, and the Transmission Cost Recovery Factor.

**EXHIBITS**

Exhibit 1: Agenda Information Sheet

Exhibit 2: Rate Ordinance Redline

Exhibit 3: Rate Ordinance

Exhibit 4: Presentation

**Respectfully submitted:**

Melissa Cuevas

Division Manager of Business Services