



# City of Denton

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

## AGENDA INFORMATION SHEET

**DEPARTMENT:** Finance  
**ACM:** Cassey Ogden  
**DATE:** October 28, 2024

### SUBJECT

Consider recommending 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 rate schedules.

### INFORMATION/BACKGROUND

Consistent with Ordinance 24-463, approved by City Council on March 19, 2024, DME has assessed the adequacy of the current ECA rate of \$.0515 cents/kWh to maintain an ECA account balance over the next quarter between +/- \$5 million. That analysis projects at the current ECA rate of \$.0515 cents/kWh, the ECA account balance will exceed the upper limit of \$5 million without a rate decrease. The ECA is a direct pass through of purchase power expenses incurred by DME to serve all customers. Consistent with the ECA rate schedule, DME and the Finance & Accounting departments will review the ECA balance and rates again in December 2024 and recommend any required adjustments.

Customer Class ECA			
Class	Current Rate	Proposed Rate	Unit
All	\$ 0.0515	\$ 0.0462	kWh

In 2024, the Public Utility Commission of Texas (PUCT) performed a full review of DME’s transmission assets and revenue recovery which resulted in a significant decrease in transmission revenue to DME. In order to offset this loss of revenue, the suspended TCRF rate was re-activated on April 1, 2024. The table below reflects the current and recommended TCRF rates beginning December 1, 2024. The goal of the TCRF rate is to return to a near zero balance at the end of each fiscal year.

Customer Class TCRF			
Class	Current Rate	Proposed Rate	Unit
Residential	\$ 0.0135	\$ 0.0176	kWh
GS Small	\$ 0.0135	\$ 0.0176	kWh
GS Medium	\$ 3.85	\$ 5.02	kW
GS Large	\$ 5.34	\$ 6.95	KVA

### RECOMMENDATION

Based on FY 2023-24 preliminary year-end balances, DME recommends reducing the ECA rate from \$.0515 to \$0.0462 and increasing the TCRF to the above schedule. The combination of these rate changes will provide an average bill reduction of 1%.

**EXHIBITS**

Exhibit 1: Agenda Information Sheet

Exhibit 2: Rate Ordinance Redline

Exhibit 3: Ordinance

Exhibit 4: Presentation

Respectfully submitted:

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