



City of Denton

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

AGENDA INFORMATION SHEET

DEPARTMENT: Denton Municipal Electric and Finance

ACM: Christine Taylor

DATE: June 17, 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 to add rate schedule ECA LL for an Energy Cost Adjustment rate schedule for large load customers whose planned or actual single point of delivery meets or exceeds 20 megawatts; providing for a repealer; providing for a severability clause; and providing effective dates for this ordinance and the schedules of rates. The Public Utilities Board recommends approval (6 - 0).

BACKGROUND

Consistent with Ordinance 25-039, approved by City Council on April 1, 2025, 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 12 months between +/- \$10 Million. Through that analysis, staff determined that the +/- allowance needs to be increased to handle the continually fluctuating energy market. Energy Market pricing sees a significant spike during the summer months and in an effort to maintain somewhat levelized ECA pricing for customers, the buffer should be increased to +/- \$20,000,000 which is based on 60 days Average Purchase Power Cost. Without this increase, staff would need to decrease the ECA next quarter but follow it up with a much higher increase the following quarter as we see summer pricing impacts.

In addition, to accommodate the unique purchase power requirements of Large Loads, staff recommends adding an ECA LL Schedule to separate the needs from the system purchase power requirements. Large Load is defined as Customers whose single metering point load is 20 MW or higher. The monthly review with quarterly adjustment, when necessary, will be the same as the system ECA. The ECA LL Account Balance buffer will be set from \$0 to \$20,000,000 based on 60 days forecasted purchase power cost. Staff recommends the initial rate be \$0.0515/kWh and will go into effect July 1, 2025.

The current Transmission Cost Recovery Factor (TCRF) will be sufficient through the next quarter.

RECOMMENDATION

DME General Manager and Finance recommends adoption and approval of the Ordinance maintaining the current ECA and TCRF rates but modifying the upper and lower ECA fund balance limits to +/- \$20 Million to be effective July 1, 2025. Staff also recommends adoption and approval of the Ordinance adding one new rate schedule. It will be the ECA LL rate schedule with a rate of \$0.0515/kWh and an ECA LL Account Balance buffer of \$0 - \$20,000,000 to go into effect July 1, 2025.

EXHIBITS

Exhibit 1 - Agenda Information Sheet

Exhibit 2 - Rate Ordinance Redline

Exhibit 3 - Rate Ordinance

Respectfully submitted:

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