



## MEMORANDUM

**To:** Mayor and City Council

**From:** Mike Land, City Manager

**Date:** June 14, 2022

**Reference:** Consider approval of a Resolution that suspends the June 17, 2022, effective date of Oncor Electric Delivery Company's requested rate increase of \$251 million, for the maximum period allowed by law to permit adequate time for the Steering Committee of Cities Served by ONCOR's Counsel to review the proposed changes and to establish reasonable rates; and authorizing the Mayor to sign.

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### Introduction:

Oncor Electric Delivery Company ("Oncor" or "the Company") filed an application on or about May 13, 2022, with cities retaining original jurisdiction seeking to increase system-wide transmission and distribution rates by about \$251 million or approximately 4.5% over present revenues. The Company asks the City to approve an 11.2% increase in residential rates and a 1.6% increase in street lighting rates. If approved, a residential customer using 1,300 kWh per month would see a bill increase of about \$6.02 per month.

The resolution suspends the June 17, 2022, effective date of the Company's rate increase for the maximum period permitted by law to allow the City, working in conjunction with the Steering Committee of Cities Served by Oncor, to evaluate the filing, determine whether the filing complies with law, and if lawful, to determine what further strategy, including settlement, to pursue.

The law provides that a rate request made by an electric utility cannot become effective until at least 35 days following the filing of the application to change rates. The law permits the City to suspend the rate change for 90 days after the date the rate change would otherwise be effective. **If the City fails to take some action regarding the filing before the effective date, Oncor's rate request is deemed administratively approved.**

### Purpose of the Resolution:

The purpose of the Resolution is to suspend the June 17th proposed rate increase by Oncor.

### Explanation of "Be It Resolved" Paragraphs:

Section 1. The City is authorized to suspend the rate change for 90 days after the date that the rate

change would otherwise be effective for any legitimate purpose. Time to study and investigate the application is always a legitimate purpose. Please note that the resolution refers to the suspension period as “the maximum period allowed by law” rather than ending by a specific date. This is because the Company controls the effective date and can extend the deadline for final city action to increase the time that the City retains jurisdiction if necessary to reach settlement on the case. If the suspension period is not otherwise extended by the Company, the City must take final action on Oncor's request to raise rates by June 17, 2022.

Section 2. This provision authorizes the Steering Committee, consistent with the City's resolution approving membership in the Steering Committee, to act on behalf of the City at the local level in settlement discussions, in preparation of a rate ordinance, on appeal of the rate ordinance to the PUC, and on appeal to the Courts. Negotiating clout and efficiency are enhanced by the City cooperating with the Steering Committee in a common review and common purpose. Additionally, rate case expenses are minimized when the Steering Committee hires one set of attorneys and experts who work under the guidance and control of the Executive Committee of the Steering Committee.

Section 3. The Company will reimburse the Steering Committee for its reasonable rate case expenses. Legal counsel and consultants approved by the Executive Committee of the Steering Committee will submit monthly invoices that will be forwarded to Oncor for reimbursement. No individual city incurs liability for payment of rate case expenses by adopting a suspension resolution.

Section 4. This section merely recites that the resolution was passed at a meeting that was open to the public and that the consideration of the Resolution was properly noticed.

Section 5. This section provides that both Oncor and Steering Committee counsel will be notified of the City's action by sending a copy of the approved and signed resolution to certain designated individuals.

### **History of OCSC:**

Under state law, city governments and the Texas Public Utility Commission share regulatory authority over monopoly electric utilities. Cities typically band together in coalitions to exercise their portion of this shared authority. The largest and most significant of these coalitions is the Steering Committee of Cities Served by Oncor. Comprised of more than 140 cities in north and central Texas, the OCSC has spent decades protecting ratepayer interests in complex and far-reaching regulatory proceedings.

The Steering Committee of Cities Served by Oncor (and its predecessor organization, the Steering Committee of Cities Served by TXU Electric) has been representing the interests of electric consumers for more than two decades. Formed in 1989 to provide cities a united front at the Public Utility Commission, the Steering Committee over the years has helped save Texans more than \$1 billion. The organization began its work with the representation of consumers during the PUC's regulatory review of construction costs of the Comanche Peak Nuclear Plant. It later negotiated a sweeping deal with the North Texas electric utility relating to certain costs associated with electric deregulation and has represented consumer interests in rate cases. The non-profit coalition also represents the interests of municipalities and their citizens at the Electric Reliability Council of Texas, which oversees the state's power grid.

### **Legal Review:**

The agenda item was submitted by Thomas Brocato, Attorney with Lloyd Gosselink Rochelle & Townsend, P.C. with review by Bob Hager.

### **Fiscal Impact:**

None.

**Recommendation:**

Approval recommended.