



MEMORANDUM

To: Mayor and City Council

From: Kent Collins, P.E., Deputy City Manager

Date: July 8, 2025

Reference: Consider approval of a Resolution suspending the July 31, 2025 Effective Date of Oncor Electric Delivery Company's (The Company) requested Rate Change to permit the City time to study the Request and to Establish Reasonable Rates; Approving cooperation with the Steering Committee of Cities Served by Oncor to hire Legal and Consulting Services and to Negotiate with the Company and Direct any necessary Litigation and Appeals; Finding that the Meeting at which the Resolution is passed is Open to the Public as Required by Law; Requiring Notice of this Resolution to the Company and to Legal Counsel for the Steering Committee; and authorizing the Mayor to sign.

2040: Sustainable City Government

Introduction:

The proposed resolution suspends the July 31, 2025 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.

Background:

Oncor Electric Delivery Company ("Oncor" or "the Company") filed an application on or about June 26, 2025 with cities retaining original jurisdiction seeking to increase system-wide transmission and distribution rates by about \$834 million or approximately 13% over present revenues. The Company asks the City to approve a 12.3% increase in residential rates and a 51.0% increase in street lighting rates. If approved, an average residential customer would see a bill increase of about \$7.90 per month.

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.

The City of is a member of a 170-city coalition known as the Steering Committee of Cities Served by Oncor ("Steering Committee"). The Steering Committee has been in existence since the late 1980s. It took on a formal structure in the early 1990s when cities served by the former TXU gave up their statutory right to rate case expense reimbursement in exchange for higher franchise fee payments. Empowered by city resolutions and funded by per capita assessments, the Steering Committee has been the primary public interest advocate before the Public Utility Commission, the Courts, and the Legislature on electric utility regulation matters for the last 30 years.

Although Oncor has increased rates many times over the past few years, this is the first comprehensive base rate case for the Company since May 2022.

Note that Oncor 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.

Benefit to Community:

The proposed resolution will allow the City to work with the OCSC Cities to evaluate the proposed base rate increase and take the best course of action to keep rates charged by Oncor as low as reasonably possible.

Legal Review:

The City Attorney has reviewed this item.

Fiscal Impact:

There is no fiscal impact associated with this item.

Recommendation:

Staff recommends approval of the resolution.