



## MEMORANDUM

**To:** Mayor and City Council

**From:** Mike Land, City Manager

**Date:** April 27, 2021

**Reference:** Consider approval of a Resolution denying a proposed application filed on April 8, 2021 by Oncor Electric Delivery Company to amend its Distribution Cost Recovery Factor (“DCRF”) to increase distribution rates within the city and authorizing the Mayor to sign.

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### Introduction:

On April 8, 2021, Oncor Electric Delivery Company LLC (“Oncor” or “Company”) filed an Application for Approval to Amend its Distribution Cost Recovery Factor (“DCRF”) to Increase Distribution Rates with each of the cities in their service area. In the filing, the Company asserts that it is seeking an increase in total distribution revenue requirement by approximately \$97,826,277.

The resolution authorizes the City to join with the Steering Committee of Cities Served by Oncor (“OCSC”) to evaluate the filing, determine whether the filing complies with law, and if lawful, to determine what further strategy, including settlement, to pursue.

### Purpose of the Resolution:

The purpose of the Resolution is to deny the DCRF application proposed by Oncor.

### Explanation of “Be It Resolved” Paragraphs:

1. This section authorizes the City to participate with OCSC as a party in the Company’s DCRF filing, PUC Docket No. 51996.
2. This section authorizes the hiring of Lloyd Gosselink and consultants to review the filing, negotiate with the Company, and make recommendations to the City regarding reasonable rates. Additionally, it authorizes OCSC to direct any necessary administrative proceedings or court litigation associated with an appeal of this application filed with the PUC.
3. This paragraph finds that the Company’s application is unreasonable and should be denied.

4. This section states that the Company's current rates shall not be changed.
5. The Company will reimburse Cities for their reasonable rate case expenses. Legal counsel and consultants approved by OCSC will submit monthly invoices that will be forwarded to Oncor for reimbursement.
6. This section 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.
7. This section provides that Oncor and counsel for OCSC will be notified of the City's action by sending a copy of the approved and signed Resolution to counsel.

**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.