



CITY COUNCIL MEMORANDUM

FROM: The Office of the City Manager **DATE:** July 28, 2025

SUBJECT: Consider Resolution No. 2025-034, suspending the July 31, 2025 effective date of Oncor Electric Delivery Company's 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, and providing required notice.

PRESENTER: Cori Reaume, Director of Planning

SUMMARY:

Oncor Electric Delivery Company ("Oncor") filed an application on June 26, 2025 with North Richland Hills, and all other cities retaining original jurisdiction. This application seeks to increase system-wide transmission and distribution rates by about \$834 million or approximately 13% over present revenues. Oncor asks the City to approve a 12.3% increase in residential rates and a number of other rate changes, including a 51.0% increase in street lighting rates.

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 included resolution suspends the July 31, 2025 effective date of Oncor's rate increase for the maximum period permitted by law to allow the City, along 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.

GENERAL DESCRIPTION:

Background:

The City of North Richland Hills 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.

Explanation of Resolution:

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 Oncor 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 Oncor, the City must take final action on the request to raise rates by October 29, 2025.

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. 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.

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.

Potential Impact of Rate Increase to NRH:

The requested rate increase from Oncor would result in a significant impact to the North Richland Hills community, and that impact is two-fold. First, the request includes an increase to residential rates of over 12%. This increase, on an average residential customer, would amount to a bill increase of \$7.90 per month.



Additionally, the City would see changes to some of our established rates, with the most significant being a 51% increase in street lighting rates. This increase would not include the retail provider's energy charge, but would increase the TDSP (Transmission and Distribution Service Provider – Oncor) portion of the billing. After review of our current usage (in consultation with the Texas Coalition for Affordable Power staff), it is estimated that the proposed rate change would lead to an increase in electric expenditure **in excess of \$370,000.**

Similar to any other proposed rate changes, the City relies on the Steering Committee of Cities Served by Oncor to provide legal and consulting review and advice on these matters. The Steering Committee has hired consultants to advise on this case, and they will conduct appropriate levels of scrutiny of the documentation provided by Oncor, as well as the potential impacts for the 170 cities in the Coalition. While we are confident that the Steering Committee and team are thoroughly evaluating this matter, we cannot provide any additional information at this time about any possible settlement or next steps in the process.

The resolution, if passed by the City Council, will delay implementation of Oncor's proposed rate change for 90 days past the effective date (which is currently listed as July 31, but may be moved later at Oncor's discretion). During that time, the consulting team will continue review and will provide periodic updates to the members of the Coalition. Should the need arise to take formal action denying the rate change, that will likely come back to the City Council in October.

RECOMMENDATION:

Approve Resolution 2025-034.