

CITY COUNCIL MEMORANDUM

FROM: The Office of the City Manager **DATE:** April 10, 2017
SUBJECT: Consider Resolution 2017-020 authorizing a suspension of the April 21, 2017 effective date of Oncor Electric Delivery's request to increase rates
PRESENTER: Karen Bostic, Assistant City Manager

SUMMARY:

Oncor Electric Delivery Company ("Oncor" or "the company") filed an application on or about March 17, 2017 with cities retaining original jurisdiction seeking to increase system-wide transmission and distribution rates by \$317 million or approximately 7.5% over present revenues. The company asks the city to approve an 11.8% increase in residential rates and a 0.5% increase in street lighting rates. If approved, a residential customer using 1000 kWh per month would see a bill increase of about \$6.68 per month.

The attached resolution suspends the April 21, 2017 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.

GENERAL DESCRIPTION:

The City of North Richland Hills is a member of a 156-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 January, 2011.



Resolution No. 2017-020 authorizes the city to suspend the rate change for 90 days after the date that the rate change would otherwise be effective. 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.

The resolution also 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.

Also included in the resolution is reimbursement to 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.

Finally, the resolution cites that it was passed at a meeting that was open to the public and that the consideration of the resolution was properly noticed, as well as 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.

RECOMMENDATION:

Approve Resolution No. 2017-020