

Mayor and Council Communication

DATE: 06/14/22

M&C FILE NUMBER: M&C 22-0422

LOG NAME: 21ONCOR ELECTRIC DELIVERY RATE CHANGE 2022

SUBJECT

(ALL) Adopt Ordinance Suspending Effective Date of Rate Increase Proposed by Oncor Electric Delivery Company LLC and Authorizing Retention of Consultants to Evaluate the Proposed Rates

RECOMMENDATION:

It is recommended that the City Council adopt the attached ordinance which:

1. Suspends the effective date of proposed rates filed by Oncor Electric Delivery Company LLC, to permit adequate time to review the proposed changes and establish reasonable rates; and
 2. Authorizes the City Manager to cooperate with other cities in the Steering Committee of Cities served by Oncor Electric Delivery to hire and direct legal counsel and consultants, negotiate with the company, make recommendations to the City regarding reasonable rates, and direct any administrative proceedings or litigation associated with the rate adjustments.
-

DISCUSSION:

The purpose of this Mayor and Council Communication (M&C) is to take action to suspend application of a proposed rate increase in accordance with state law to allow time for more thorough review of the filing and determination of reasonable rates.

On or about May 13, 2022, Oncor Electric Delivery Company (Oncor) filed an application with Fort Worth and other Cities; who retain their original jurisdiction, seeking to increase system-wide transmission and distribution rates. Oncor's application requests new rates that would produce an estimated \$251 million in additional revenue per year on a system-wide basis, representing a 4.5 percent increase over present revenues with an 11.2 percent increase in residential rates and a 1.6 percent in street lighting rates.

Under state law, the City has original jurisdiction over the rates, operations and services of Oncor in the City. If the City takes no action on this matter, the new rates will automatically take effect on the date identified in Oncor's filing, which must be at least 30 days after the date of filing. However, state law also allows the City to suspend the effectiveness of the rates for a period of up to an additional 90 days so that the City may analyze Oncor's request and, following a public hearing, make a determination as to whether it is lawful and reasonable. It is recommended that the City Council suspend the effectiveness of the rates and that during the suspension the City work with the Steering Committee and its legal and technical consultants to assist the City in reviewing the filing and making such a determination.

In accordance with state law and pursuant to the Settlement Agreement between Oncor and the Steering Committee, ratified by City Council February 28, 2006 (Resolution No. 3316-02-2006, M&C G-15096), Oncor is required to reimburse the Steering Committee for reasonable consultant and other regulatory costs associated with this review.

The original filing proposed an effective date of June 17, 2022, but staff has been advised that there is an issue with Oncor's original petition and that Oncor intends to re-notice their petition, which will result in a later proposed effective date. The attached ordinance will suspend Oncor's effective date (original or revised) for the longer of 90 days or the maximum period allowed by state law. Oncor has agreed that it has no objection to the City's suspension ordinance applying to the effective date in both the original filing and the forthcoming re-noticed filing.

Current rates would remain in place during the suspension period.

A Form 1295 is not required because: This M&C does not request approval of a contract with a business entity.

FISCAL INFORMATION / CERTIFICATION:

The Director of Finance certifies that approval of these recommendations will have no material effect on City funds.

Submitted for City Manager's Office by: Dana Burghdoff 8018

Originating Business Unit Head: Steve Cooke 5134

Additional Information Contact: Juanita Rigsby 8518

Expedited