

Mayor and Council Communication

DATE: 05/05/20

M&C FILE NUMBER: M&C 20-0295

LOG NAME: 21ONCOR ELECTRIC DELIVERY RATE INCREASE DCRF FILING

SUBJECT

Adopt Resolution Denying Application for Approval to Amend its Distribution Cost Recovery Factor Proposed by Oncor Electric Delivery Company LLC and Authorizing Steering Committee of Cities Served by Oncor to Retain Law Firm and Consultants to Evaluate the Application (ALL COUNCIL DISTRICTS)

RECOMMENDATION:

It is recommended that City Council :

1. Adopt a Resolution denying the Application for Approval to Amend its Distribution Cost Recovery Factor rate filed by Oncor Electric Delivery Company LLC on or about April 3, 2020; and
2. Authorize the City Manager to cooperate with other cities in the Steering Committee of Cities served by Oncor Electric Delivery Company LLC to hire and direct legal counsel (Lloyd Gosselink Rochelle & Townsend, P.C.) and consultants, to permit adequate time to review the filing and identify adjustments that should be made to the Application for Approval to Amend its Distribution Cost Recovery Factor (DCRF)

DISCUSSION:

The purpose of this Mayor and Council Communication (M&C) is to take action to deny an Application for Approval to Amend its Distribution Cost Recovery Factor (DCRF) filed by Oncor Electric Delivery Company LLC (Oncor).

On April 3, 2020, Oncor filed its DCRF application with the Public Utility Commission of Texas (Commission) Docket No. 50734. In the DCRF, Oncor is seeking an increase in distribution revenues of approximately 75,889,531.00.

This is Oncor's second DCRF filing under a law adopted in 2011 allowing electric utilities to file limited issue, limited review cases.

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 amended DCRF rates will automatically take effect September 1, 2020. However, state law also allows a municipality's governing body with original jurisdiction over an application for the DCRF or DCRF update to make a final decision on the application within 60 days after the application was filed. If the governing body does not make a final decision within 60 days after the application was filed, the application is deemed denied by the governing body. The electric utility may appeal the governing body's final decision to the commission no later than 30 days after the decision, regardless of whether the governing body approves or denies the application. The electric utility's appeal automatically suspends the governing body's final decision.

It is recommended that the City Council deny the effectiveness of the rates and that the City work with the Steering Committee of Cities served by Oncor (Steering Committee) and its legal and technical consultants to assist the City in reviewing the DCRF application and making such a determination. The cost of the direct legal counsel and consultant is covered by the City's annual membership with the Steering Committee.

In accordance with state law and pursuant to a 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.

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 this action will have no material effect on City Funds.

Submitted for City Manager's Office by: Kevin Gunn 2015

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