

MEMORANDUM

TO: Claire Powell, City Manager

FROM: Aaron Russell, Director of Public Services

DATE: July 21, 2025

SUBJECT: **Approval of a Resolution of the City of Lewisville, Texas 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; Finding That the Meeting at Which This Resolution is Passed is Open to the Public as Required by law; Requiring Notice of This Resolution to the Company and Legal Counsel for The Steering Committee.**

BACKGROUND

Oncor Electric Delivery Company ("Oncor" or "the Company") filed an application on or about June 26, 2025, with cities retaining original jurisdiction, seeking to increase system-wide transmission and distribution rates by about \$834 million or approximately 13% over present revenues. The Company asks the City to approve a 12.3% increase in residential rates and a 51.0% increase in street lighting rates. If approved, an average residential customer would see a bill increase of about \$7.90 per month.

The proposed resolution suspends the July 31, 2025, 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 the law, and if lawful, to determine what further strategy, including settlement, to pursue.

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.

ANALYSIS

The City of Lewisville 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.

The following is a summary of the proposed resolution by section:

- 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 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 a settlement on the case. If the suspension period is not otherwise extended by the Company, the City must take final action on Oncor's request to raise rates by July 31, 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. The Company 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.

CITY STAFF'S RECOMMENDATION

That the City Council approve the resolution as set forth in the caption above.