

MEMORANDUM

TO: Claire Powell, City Manager

FROM: Eric Ferris, Deputy City Manager

DATE: September 22, 2022

SUBJECT: **Approval of a Resolution of the City of Lewisville, Texas Finding That Oncor Electric Delivery Company LLC's ("ONCOR" or "COMPANY") Application to Change Rates Within the City Should be Denied; Finding That the City's Reasonable Rate Case Expenses Shall be Reimbursed by the Company; 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.**

BACKGROUND

On May 13, 2022, Oncor Electric Delivery Company LLC ("Oncor" or "Company") filed an application with cities retaining original jurisdiction seeking to increase system-wide transmission and distribution rates by about \$251 million or approximately 4.5% over present revenues. The Company asks the City to approve an 11.2% increase in residential rates and a 1.6% increase in street lighting rates. The impact of this requested increase on an average residential customer using 1,300 kWh/month would be about \$6.02 per month.

In a prior City action on June 6, 2022, Oncor's rate request was suspended from taking effect for 90 days, the fullest extent permissible under the law. This time period has permitted the City, through its participation with the Steering Committee of Cities Served by Oncor ("Steering Committee"), to determine that the proposed rate increase is unreasonable. Consistent with the recommendations of the experts engaged by the Steering Committee, Oncor's request for a rate increase should be denied.

ANALYSIS

Accordingly, the purpose of the Resolution is to deny the rate change application proposed by Oncor. Once the Resolution is adopted, Oncor will have 30 days to appeal the decision to the Public Utility Commission of Texas where the appeal will be consolidated with Oncor's filing (i.e. PUC Docket No. 53601) currently pending at the Commission. All cities with original jurisdiction will need to adopt the Resolution prior to October 30, 2022.

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

Section 1. This paragraph finds that the Company's application is unreasonable and should be denied.

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- Section 2. This section states that the Company's current rates shall not be changed.
- Section 3. The Company will reimburse Cities for their reasonable rate case expenses. Legal counsel and consultants approved by Cities will submit monthly invoices that will be forwarded to Oncor for reimbursement.
- 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 Oncor and counsel for Cities will be notified of the City's action by sending a copy of the approved and signed resolution to counsel.

CITY STAFF'S RECOMMENDATION

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