

RESOLUTION NO. _____

RESOLUTION BY THE CITY OF DENTON ("CITY") SUSPENDING THE EFFECTIVE DATE FOR NINETY DAYS IN CONNECTION WITH THE RATE INCREASE FILING OF ONCOR ELECTRIC DELIVERY COMPANY, LLC ON OR ABOUT MARCH 17, 2017; REQUIRING THE REIMBURSEMENT OF MUNICIPAL RATE CASE EXPENSES; AUTHORIZING PARTICIPATION IN THE COALITION OF SIMILARLY SITUATED CITIES; AUTHORIZING INTERVENTION AND PARTICIPATION IN RELATED RATE PROCEEDINGS; AUTHORIZING THE RETENTION OF SPECIAL COUNSEL; FINDING THAT THE MEETING COMPLIES WITH THE OPEN MEETINGS ACT; MAKING OTHER FINDINGS AND PROVISIONS RELATED TO THE SUBJECT; AND DECLARING AN EFFECTIVE DATE.

WHEREAS, Oncor Electric Delivery Company LLC ("Oncor" or "Company") filed a Statement of Intent with the City on or about March 17, 2017 to increase its revenues; and

WHEREAS, Oncor proposes to implement its proposed increase in rates on or about April 21, 2017, and

WHEREAS, Oncor's proposed increase in rates would result in an increase to its revenues of approximately \$317 million, which equates to an overall increase of approximately 7.5% in revenue; and

WHEREAS, Oncor asserts that the need for its increase in rates is driven in part by its investments of approximately \$7.9 billion since June 30, 2010, the end of the test year in its most recent rate case; and

WHEREAS, an evaluation of Oncor's cost to provide electric service presents a complex series of regulatory issues; and

WHEREAS, for the Residential customer class as a whole, Oncor's proposed increase in rates if approved would result in an increase of almost 12% to that class; and an increase of about 11% to small commercial ratepayers; and

WHEREAS, the Company seeks a Return on Equity (ROE) of 10.25%; and

WHEREAS, Oncor's rate request consists of a voluminous amount of information including Oncor's rate-filing package, exhibits, schedules, and work papers; and

WHEREAS, it is not possible for the City to complete its review of Oncor's filing by April 21, 2017; and

WHEREAS, the City will need an adequate amount of time to investigate and determine whether Oncor has properly invoked the City's rate-setting jurisdiction, and if so, ultimately to review and evaluate Oncor's rate application to enable the City to adopt a final decision as a local regulatory authority with regard to Oncor's requested rate increase; and

WHEREAS, the City will require the assistance of specialized legal counsel and rate experts to review the merits of Oncor's application to increase rates; and

WHEREAS, to the extent Oncor seeks review at the Public Utility Commission of Texas of the City's final decision regarding Oncor's statement of intent to change rates, or because Oncor has submitted a statement of intent to the Public Utility Commission of Texas to increase rates in the environs of the City on the same date it submitted its request to the City, the decision of the Public Utility Commission of Texas could have an impact on the rates paid by the City and its citizens who are customers of Oncor and in order for the City's participation to be meaningful it is important that the City promptly intervene in such proceeding at the Public Utility Commission of Texas; NOW, THEREFORE,

THE COUNCIL OF THE CITY OF DENTON HEREBY RESOLVES:

SECTION 1. The findings set out in the preamble are in all things approved and incorporated herein as if fully set forth.

SECTION 2. Oncor's proposed effective date for its proposed increase in rates is hereby SUSPENDED for ninety days beyond Oncor's proposed effective date or as may be amended by agreement or otherwise.

SECTION 3. The statutory suspension period may be further extended or its Statement of Intent dismissed if Oncor does not provide adequate data from which the City may make a reasonable determination of the Company's rate base, expenses, investment, and rate of return in the City, or if Oncor does not provide timely, meaningful, and proper public notice of its request to increase rates and revenue, or if its rate-filing package is otherwise materially deficient.

SECTION 4. The City authorizes intervention in proceedings related to Oncor's Statement of Intent before the Public Utility Commission of Texas and related proceedings in courts of law and participation in the coalition of cities known as Alliance of Oncor Cities.

SECTION 5. The City hereby orders Oncor to reimburse the City's rate case expenses as provided in the Public Utility Regulatory Act and that Oncor shall do so on a monthly basis and within 30 days after submission of the City's invoices for the City's reasonable costs associated with the City's activities related to this rate review or to related proceedings involving Oncor before the City, the Public Utility Commission of Texas, or any court of law.

SECTION 6. Subject to the right to terminate employment at any time, the City retains and authorizes the law firm of Herrera & Boyle, PLLC to act as Special Counsel with regard to rate proceedings involving Oncor before the City, the Public Utility Commission of Texas, or any court of law and to retain such experts as may be reasonably necessary for review of Oncor's rate application subject to approval by the City.

SECTION 7. The City shall review the invoices of the lawyers and rate experts for reasonableness before submitting the invoices to Oncor for reimbursement.

SECTION 8. A copy of this resolution shall be sent to Mr. Stephen N. Ragland, Vice President-Regulatory, Oncor, 1616 Woodall Rodgers Expressway, Dallas, Texas, 75202; and to Mr. Alfred R. Herrera, Herrera & Boyle, PLLC, 816 Congress Ave., Suite 1250, Austin, Texas 78701.

SECTION 9. The meeting at which this resolution was approved was in all things conducted in strict compliance with the Texas Open Meetings Act, Texas Government Code, Chapter 551.

SECTION 10. This resolution shall become effective from and after its passage.

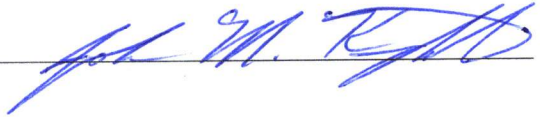
PASSED AND APPROVED this the _____ day of _____, 2017.

CHRIS WATTS, MAYOR

ATTEST:
JENNIFER WALTERS, CITY SECRETARY

BY: _____

APPROVED AS TO LEGAL FORM:
AARON LEAL, INTERIM CITY ATTORNEY

BY:  _____