



City of Denton

City Hall
215 E. McKinney Street
Denton, Texas
www.cityofdenton.com

AGENDA INFORMATION SHEET

DEPARTMENT: City Manager's Office

CM/ DCM/ ACM: Mario Canizares

DATE: August 15, 2017

SUBJECT

Consider approval of a resolution by the City of Denton denying Oncor Electric Delivery's application to increase electricity rates for residential and commercial customers.

BACKGROUND

The City of Denton is a member of the Alliance of Oncor Cities (AOC), which is comprised of 26 cities and its legal representative is the firm of Herrera & Boyle, PLLC. In March 2017, Oncor Electric Delivery filed a statement with the City of Denton with the intention to increase their revenues by approximately \$317 million, which is a net increase of approximately 7.5% system wide (11.8% increase for residential and commercial customers). The City Council, in early April 2017, approved resolution R2017-010 to suspend the effective date of the increase to allow City staff, its coalition of cities, legal representative, and rate consultant the time to review the merits of Oncor's cost increase request.

AOC's consultants have been in the process of reviewing Oncor's application to increase its rates. Through the review process, the AOC's consultants believe that Oncor has not met its burden of proof to request the increase in rates. The AOC's legal consultant is recommending that all of its member cities adopt a resolution to deny the increases requested by Oncor. As such the deadline to adopt the denial resolution must occur no later than August 19, 2017. Once the resolution is adopted, Oncor has 30 days to appeal the City's decision to Public Utility Commission of Texas.

Oncor Electric Delivery has approximately 1,252 electrical customers within the Denton city limits. The residential customer using 1000 kWh per month would see a bill increase of about \$6.68 per month if the Oncor increase is allowed.

OPTIONS

Option 1: Approve the resolution that would deny the rate increase as requested by Oncor Electric Delivery.

Option 2: Deny the resolution and allow the rates to increase as originally submitted by Oncor.

RECOMMENDATION

It is recommended that the City Council choose Option 1 and approve a resolution to deny the rate increase by Oncor Electric Delivery.

PRIOR ACTION/REVIEW (Council, Boards, Commissions)

Not applicable for this item

FISCAL INFORMATION

Not applicable at this time

BID INFORMATION

Not applicable for this item.

STRATEGIC PLAN RELATIONSHIP

The City of Denton's Strategic Plan is an action-oriented road map that will help the City achieve its vision. The foundation for the plan is the five long-term Key Focus Areas (KFA): Organizational Excellence; Public Infrastructure; Economic Development; Safe, Livable, and Family-Friendly Community; and Sustainability and Environmental Stewardship. While individual items may support multiple KFAs, this specific City Council agenda item contributes most directly to the following KFA and goal:

Related Key Focus Area: Public Infrastructure

Related Goal: 1.6 Collaborate with local, regional, state, and federal partners

EXHIBITS

1. Oncor Denial Resolution
2. Resolution No. R2017-010

Respectfully submitted:
Mario Canizares
Assistant City Manager