



Legislation Details (With Text)

File #: ID 17-418 **Version:** 1 **Name:**

Type: Resolution

File created: 3/22/2017 **In control:** City Council

On agenda: 4/4/2017 **Final action:**

Title: Consider approval of a 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.

Sponsors:

Indexes:

Code sections:

Attachments: 1. Oncor Resolution.pdf

Date	Ver.	Action By	Action	Result
------	------	-----------	--------	--------

Agenda Information Sheet

DEPARTMENT: Legal Department

CM/ ACM: John Knight, Deputy City Attorney

Date: April 4, 2017

SUBJECT

Consider approval of a 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.

BACKGROUND: On or about March 17, 2017, Oncor Electric Delivery Company LLC ("Oncor" or "Company") filed a Statement of Intent to increase its revenues by approximately \$317 million, which equates to a net increase of approximately 7.5% in Oncor's overall revenue. Oncor proposes to implement its proposed increase in rates effective April 21, 2017.

The City must take action on Oncor's application by no later than April 21, 2017. Failure to take action by April 21, 2017 will result in Oncor's proposed rates being deemed approved by operation of law.

Oncor's application poses complex regulatory issues that require time to evaluate the merits of Oncor's increase

in rates.

Table 1 below shows the impact Oncor's proposed increase in rates would have on a customer-class basis.

TABLE 2

<u>Rate Class</u>		P r e s e n t <u>R</u> e v e n u e s	C h a n g e	P r o p o s e d <u>R</u> e v e n u e s	C h a n g e <u>P</u> e r c e n t
		(a)	(b)	(c)	(d)
Residential		\$11,572,143,564	\$184,837,628	\$11,755,981,199,111	11.8%

Secondary <= 10 kW	\$77,130,463	\$8,589,904		\$885,720,368	11.1%
Secondary > 10 kW	\$12,269,257	\$84,090,341		\$13,782,938	6.9%
Primary DL <= 10 kV	\$796,390	\$328,609		\$1,124,999	41.3%

Primary > 10 kW Dis	\$171,308,581	\$23,673,821		\$194,924,762	13.8%
Primary > 10 kW Sul	\$211,919,303	\$4,126,222		\$216,045,525	18.8%
Transmission	\$837,932,344	\$13,762,636		\$915,705,980	16.4%

Lighting	\$ 5 7 , 5 6 0 , 7 7 7	\$2 81, 48 0		\$ 5 7 , 8 4 2 , 2 5 7		0 . 5 %
Retail Revenue	\$ 3 , 2 1 1 , 3 4 4 , 9 0 9	\$3 19, 69 0,6 81		\$ 3 , 5 3 1 , 0 3 5 , 5 8 9		1 0 . 0 %
Wholesale Substation	\$ 3 7 5 , 3 3 0	\$3 66, 04 1		\$ 7 4 1 , 3 7 1		9 7 . 5 %

Wholesale DLS	\$ 1 , 2 8 7 , 7 4 9	\$1, 48 2,1 81		\$ 2 , 7 6 9 , 9 3 0		1 1 5 . 1 %
Other Revenue	\$ 3 4 , 9 1 6 , 5 5 9	\$1 5,4 39, 19 4		\$ 5 0 , 3 5 5 , 7 5 3		4 4 . 2 %
Grand Total	\$ 3 , 2 4 7 , 9 2 4 , 5 4 7	\$3 36, 97 8,0 96		\$ 3 , 5 8 4 , 9 0 2 , 6 4 3		1 0 . 4 %

Network Transmission	\$941,938,231	- \$18,230,532		\$941,938,231	- 1.9%
Transmission Related	\$243,295,329	- \$1,867,941		\$243,295,329	- 7.7%
Total Cost of Service	\$421,744,111	\$316,879,623		\$421,744,111	7.5%

REPRESENTATION AND PARTICIPATION IN ALLIANCE OF ONCOR CITIES (“AOC”): The law firm of Herrera & Boyle, PLLC (through Mr. Alfred R. Herrera) has previously represented the City and its participation in the coalition of cities named the “Alliance of Oncor Cities” (“AOC”) in rate matters involving Oncor, including Oncor’s most recent rate case. The accompanying Resolution authorizes retention of Herrera

& Boyle as Special Counsel and continued participation in the AOC coalition.

INTERVENTION AT THE PUBLIC UTILITY COMMISSION OF TEXAS: Oncor filed its Statement of Intent to raise rates with the City and with the Public Utility Commission of Texas on the same date, March 17, 2017. It is important to participate in these proceedings because the Commission's decisions could impact rates within the City. Thus, the accompanying Resolution authorizes intervention in proceedings at the Commission as well as any appeals taken from the Commission's decision.

RATE CASE EXPENSES: Cities, by statute, are entitled to recover their reasonable rate case expenses from the utility. Legal counsel and consultants approved by the City will submit monthly invoices to the City designated by AOC to serve as the "coordinating" city who will then forward invoices to Oncor for reimbursement; that city historically has been Corsicana. No individual city's budget is negatively affected. The accompanying Resolution directs Oncor to reimburse AOC's rate case expenses on a monthly basis based on presentation of invoices from the cities.

SUSPENSION: Oncor's rate-filing package is voluminous, containing thousands of pages of data. To have time to review the rate-filing package, the Council is requested to suspend Oncor's proposed effective date for ninety (90) days. It is a virtual impossibility for the City to set just and reasonable rates without suspending the rate request for ninety days; suspension of Oncor's proposed effective date would permit its special regulatory counsel and experts an opportunity to perform a better review of Oncor's application and request additional information as necessary to fully evaluate the proposal and determine the most appropriate response. During the suspension period, the City will retain its right to dismiss Oncor's Statement of Intent if the City determines that Oncor failed to properly invoke the City's jurisdiction or if Oncor failed to provide adequate notice; resolve matters by agreement with Oncor; or deny Oncor's request and either adopt an increase different than that requested by Oncor, or deny it outright without adopting an alternative increase.

RECOMMENDATION:

It is recommended that the City suspend Oncor's proposed effective date for 90 days.

It is also recommended that the City continue its participation in AOC, intervene in proceedings at the PUCT and any related proceedings and/or appeals, and to retain the law firm of Herrera & Boyle, PLLC to represent the City's interest in matters related to Oncor's rate case and to advise the City with regard to Oncor's application, and to retain consultants subject to approval by the AOC executive committee to assist Special Counsel in its review of Oncor's application to increase rates.

The City must take action no later than April 21, 2017. If the City does not take action by April 21, 2017, Oncor's proposed rates will be deemed approved by operation of law, subject to the City's right to hold a hearing to address Oncor's rate application.