

**AGENDA INFORMATION SHEET
ITEM NO. RES-0992**

**APPLICATION FOR AUTHORITY TO INCREASE RATES
SUBMITTED BY ONCOR ELECTRIC DELIVERY COMPANY LLC**

BACKGROUND

On or about May 13, 2022, Oncor Electric Delivery Company LLC (“Oncor” or “Company”) filed a Statement of Intent to increase its revenues by approximately \$251 million, which equates to a net increase of approximately 4.5% in Oncor’s overall revenue. Oncor proposes to implement its proposed increase in rates effective June 17, 2022.

The City must take action on Oncor’s application by no later than June 17, 2022. Failure to take action by June 17, 2022 will result in Oncor’s proposed rates being deemed approved by operation of law.

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

TABLE 1

<u>Rate Class</u>	<u>Present Revenues</u>	<u>Change</u>	<u>Proposed Revenues</u>	<u>Change Pct in Revenue</u>
	(a)	(b)	(c)	(d)
Residential	\$1,921,088,302	\$214,360,982	\$2,135,449,284	11.2%
Secondary </= 10 kW	\$95,557,181	-\$7,553,653	\$88,003,528	-7.9%
Secondary > 10 kW	\$1,486,593,538	-\$35,635,126	\$1,450,958,412	-2.4%
Primary DL </= 10 kW	\$1,232,285	\$386,576	\$1,618,861	31.4%
Primary > 10 kW Dist. Line	\$268,296,647	\$27,510,277	\$295,806,924	10.3%
Primary > 10 kW Substation	\$31,504,042	\$28,145,677	\$59,649,719	89.3%
Transmission	\$114,261,671	\$50,114,790	\$164,376,461	43.9%
Lighting	\$60,374,542	\$936,098	\$61,310,640	1.6%
Retail Revenue	\$3,978,908,208	\$278,265,621	\$4,257,173,829	7.0%
Wholesale Substation	\$608,356	\$965,098	\$1,573,454	158.6%
Wholesale DLS	\$2,160,192	\$4,607,541	\$6,767,733	213.3%

Other Revenue	\$53,729,847	\$3,327,781	\$57,057,628	6.2%
Grand Total	\$4,035,406,603	\$287,166,041	\$4,322,572,644	7.1%
Network Transmission Revenue	\$1,481,651,280	-\$36,474,927	\$1,445,176,353	-2.5%
Transmission Related Other Revenue	\$43,023,335	\$0	\$43,023,335	0.0%
Total Cost of Service	\$5,560,081,218	\$250,691,114	\$5,810,772,332	4.5%

REPRESENTATION AND PARTICIPATION IN ALLIANCE OF ONCOR CITIES (“AOC”):

The law firm of Herrera Law & Associates, PLLC 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 Law & Associates 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 (“PUCT”) on the same date, May 13, 2022. Oncor’s application poses complex regulatory issues that require time so as to evaluate the merits of Oncor’s proposed increase in rates. 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 over five thousand 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. The suspension period also allows time to attempt to resolve matters by agreement with Oncor, or to determine whether to deny Oncor's request and either adopt an increase different than that requested by Oncor, or deny it outright without adopting an alternative increase.

Note that action to suspend Oncor's proposed effective date by the statutorily allowed period of 90 days is not final action on Oncor's application to increase rates. The city will need to take final action on the merits of Oncor's request no later than September 15, 2022, which is the end of the suspension period.

RECOMMENDATION

It is recommended that the City suspend Oncor's proposed effective date for 90 days from May 13, 2022. Absent an extension agreed to by Oncor and the City, the suspension period runs through September 15, 2022.

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 Law & Associates, 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 June 17, 2022. If the City does not take action by June 17, 2022, 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.