

RESOLUTION NO. _____

A RESOLUTION OF THE CITY OF PFLUGERVILLE APPROVING A SETTLEMENT AGREEMENT BETWEEN THE ALLIANCE OF ONCOR CITIES (“AOC”) AND ONCOR ELECTRIC DELIVERY COMPANY LLC (“ONCOR” OR “COMPANY”) REGARDING THE COMPANY’S STATEMENT OF INTENT TO CHANGE ELECTRIC RATES IN ALL CITIES EXERCISING ORIGINAL JURISDICITON; DECLARING EXISTING RATES TO BE UNREASONABLE; ADOPTING TARIFFS THAT REFLECT RATE ADJUSTMENTS CONSISTENT WITH THE SETTLEMENT AGREEMENT AND FINDING THE RATES TO BE SET BY THE ATTACHED TARIFFS TO BE JUST AND REASONABLE; FINDING THE CITY’S RATE CASE EXPENSES REASONABLE; DIRECTING ONCOR TO REIMBURSE THE CITY ITS REASONABLE RATE CASE EXPENSES; DETERMINING THAT THIS RESOLUTION WAS PASSED IN ACCORDANCE WITH THE REQUIREMENTS OF THE TEXAS OPEN MEETING ACT; DECLARING AN EFFECTIVE DATE; REPEALING ANY PRIOR RESOLUTIONS INCONSISTENT WITH THIS RESOLUTION AND REQUIRING DELIVERY OF THIS RESOLUTION TO THE COMPANY AND LEGAL COUNSEL.

WHEREAS, the City of Pflugerville, Texas (“City”) has exclusive original jurisdiction as a regulatory authority over Oncor Electric Delivery Company LLC’s (“Oncor” or “Company”) rates, operations, and services within the City; and

WHEREAS, the City is also an electric utility customer of Oncor, and has an interest in Oncor’s rates and charges;

WHEREAS, Oncor filed a Statement of Intent with the City on or about January 7, 2011 to increase its annual revenue requirement by approximately \$353 million on a system-wide basis, which included an increase in residential base rates of approximately 15%, and in Lighting rates of approximately 26%; and

WHEREAS, the City took action to suspend the effective date and to coordinate a response to Oncor’s filing with other similarly situated municipalities (such participating cities are referred to herein as Alliance of Oncor Cities (“AOC”)); and

WHEREAS, the City took action on or before February 14, 2011 to suspend the effective date; and

WHEREAS, AOC's desire to minimize rate-case expenses that would result from a lengthy contested rate case proceeding before the Public Utility Commission of Texas ("PUCT") and through the appellate process; and

WHEREAS, AOC authorized its attorneys and experts to formulate and review reasonable settlement positions to resolve the pending rate increase request; and

WHEREAS, AOC's attorneys met numerous times with the Company to negotiate a Settlement Agreement resolving the issues raised in the Company's Statement of Intent filing; and

WHEREAS, after extensive review and analysis, AOC's attorneys and experts found that Oncor's proposed increase in revenue and its proposed rates are unreasonable; and

WHEREAS, AOC's attorneys and experts have evaluated what a likely outcome from a fully-litigated proceeding would be and are of the opinion that the increase of approximately \$136.7 million noted in the negotiated Settlement Agreement compares favorably with a likely outcome from a fully-litigated proceeding; and

WHEREAS, after extensive review and analysis, AOC's attorneys and experts found that the significantly lower increase of approximately \$136.7 million set forth in the Settlement Agreement instead of the \$353 million increase is reasonable; and

WHEREAS, AOC's attorneys and experts recommend that AOC's members approve the negotiated Settlement Agreement and attached tariffs; and

WHEREAS, the City as a member of AOC has incurred rate-expenses in the collective amount of \$315,919.26 which includes \$225,919.26 in actual expenses through March 31, 2011 and \$90,000.00 in estimated expenses through July 1, 2011 for rate proceedings involving Oncor, including the proceeding to address Oncor's rate case expenses and the appeal of the Public Utility Commission's final order in Docket No. 35717, are hereby found to be reasonable; and

WHEREAS, under the Public Utility Regulatory Act, the City has a right to reimbursement of its reasonable rate-case expenses and Oncor has an obligation to reimburse the City's reasonable rate-case expenses; and

WHEREAS, because the final amount of rate case expenses to be reimbursed cannot be know until conclusion of Oncor’s rate case proceeding and related proceedings before the PUCT, the final amount of rate case expenses will be subject to adjustment to reflect the actual amount of rate expenses incurred; and

WHEREAS, the attached tariffs implementing new rates are consistent with the Settlement Agreement and are just, reasonable, and in the public interest; and

WHEREAS, the Settlement Agreement as a whole is in the public interest.

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF PFLUGERVILLE, TEXAS THAT:

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

Section 2. That the City Council finds that the Settlement Agreement, which is attached hereto and incorporated herein as Attachment A, is in the public interest and is hereby endorsed in all respects.

Section 3. That the revenue and resulting rates set forth in the Settlement Agreement and schedule of rates and tariffs for electric service provided by Oncor, which are attached hereto and incorporated herein as Attachment A, are just and reasonable, and are hereby adopted.

Section 4. That the AOC’s rate-expenses in the amount of \$315,919.26, are hereby found to be reasonable and that Oncor is hereby directed to reimburse AOC’s rate case expenses within thirty days from adoption of this Resolution and that Oncor is hereby authorized to recover through the rates approved by this Resolution, the amount of rate case expenses found reasonable, subject to adjustment to reflect the actual expenses ultimately incurred, including any related proceedings that addresses rate-case expenses.

Section 5. That to the extent any resolution or ordinance previously adopted by the Council is inconsistent with this Resolution, it is hereby repealed.

Section 6. That 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 7. That if any one or more sections or clauses of this Resolution is adjudged to be unconstitutional or invalid, such judgment shall not affect, impair or invalidate the remaining provision of this Resolution and the remaining provisions of the Resolution shall be interpreted as if the offending section or clause never existed.

Section 8. That this Resolution shall become effective from and after its passage with rates authorized by the attached tariffs to be effective for service delivered on or after the earlier of thirty (30) days after a final written order of the Public Utility Commission of Texas approving rates consistent with the Stipulation, or July 1, 2011..

Section 9. That a copy of this Resolution shall be sent to the Company, care of Don J. Clevenger, Oncor Electric Delivery Company LLC, 1601 Bryan Street, Suite 22-070, Dallas, Texas 75201-3411 and to Mr. Alfred R. Herrera, Herrera & Boyle, PLLC, 816 Congress Ave., Suite 1250, Austin, Texas 78701.

PASSED AND APPROVED this 24th day of May, 2011.

Jeff Coleman, Mayor

ATTEST:

Karen Thompson, City Secretary