

## AGENDA INFORMATION SHEET

### **RESOLUTION TO SUPPORT THE LEGISLATIVE ACTIVITIES OF THE ALLIANCE OF ONCOR CITIES DURING THE 82<sup>ND</sup> SESSION OF THE TEXAS LEGISLATURE AS THEY AFFECT ELECTRIC UTILITY RATEMAKING**

#### **ALLIANCE OF ONCOR CITIES**

The City is participating in a coalition of cities, known as Alliance of Oncor Cities (“AOC”), in rate cases and certain rulemakings before the Public Utility Commission of Texas. The coalition was formed at the time that TXU was purchased by two equity firms in 2007. The coalition was originally known as the Alliance of TXU/Oncor Cities. The coalition participated in the 81<sup>st</sup> Regular Session of the Texas Legislature with opposition to legislation which would diminish the role of municipalities in the ratemaking process.

#### **VERY IMPORTANT LEGISLATIVE SESSION**

This session is extremely important. It is expected that several electric utility companies are going to push for legislation during the current session of the Texas Legislature which would effectively eliminate municipalities from being able to play a major role in the setting of electric rates, either at the municipal level or before the Public Utility Commission. The expected legislation would:

- eliminate original jurisdiction of cities to set rates;
- eliminate reimbursement of municipal rate case expenses;
- allow for a timeline so short that it would be impossible to review the books and records of the utility;
- allow for annual rate increases based upon a formula.

In addition, during this session the Public Utility Commission is up for sunset review, meaning that the Legislature can alter or abolish the Commission. For a regulatory agency undergoing sunset review, the regulated entities have an incentive to try to and reconstitute the agency in a manner which is more to their liking. This is especially true for public utilities.

#### **RECOMMENDATION**

It is recommended by the Steering Committee of the Alliance of Oncor Cities that this resolution be adopted. A Sunset Review session only comes about every twelve (12) years. Municipalities play a vital role in seeing that electric utility rates are set in a manner which results in just and reasonable rates. This vital role is at risk without significant participation at the Capitol by municipal coalitions like AOC.

#### **PAYMENT**

The Steering Committee recommends that each city contribute \$1000.00 to this effort. However, payment is completely voluntary. Cities over 10,000 in population are encouraged to contribute \$2,000.00. In any event, the Steering Committee would like to have the Council adopt the resolution regardless of the contribution.