



City of Pflugerville

Legislation Text

File #: RES-0408, **Version:** 1

Approving a resolution with the caption reading: RESOLUTION BY THE CITY OF PFLUGERVILLE ("CITY") IN CONNECTION WITH THE APPLICATION TO INCREASE RATES SUBMITTED BY 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.

On or about March 17, 2017, Oncor Electric Delivery Company LLC ("Oncor" or "Company") filed a Statement of Intent with the Public Utility Commission of Texas (PUCT) to increase its revenues by approximately \$317 million, which equates to a net increase of approximately 7% in Oncor's overall revenue. Oncor proposes to implement its proposed increase in rates effective April 21, 2017. Oncor's application poses complex regulatory issues that require time to evaluate the merits of Oncor's 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. Utilities Code § 33.025 grants the City standing to participate in rate proceedings before the Public Utility Commission of Texas and related proceedings.

The increase to residential customers is estimated at 11.8% and the attached Table 1 shows the impact Oncor's proposed increase in rates would have on all customers by class.

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 in 2011. The accompanying resolution authorizes retention of Herrera & Boyle as Special Counsel and continued participation in the AOC coalition.

Staff Recommendation

The City should adopt the resolution authorizing intervention in proceedings related to Oncor's rate case at the PUCT and any related proceedings and/or appeals; the City continue its participation in AOC; 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.

It is also recommended that the City intervene in proceedings at the PUCT at the earliest date possible so as to maximize the City's opportunity through AOC to more meaningfully participate in those proceedings.

Prior City Council Action

Oncor's most recent base-rate case was filed in January 2011 and the City Council adopted the settlement agreement on May 24, 2011. In that application Oncor sought an increase of about \$353 million, which equates to an increase of about 12.6%. That rate case was settled and Oncor was authorized to receive an increase of about \$136.7 million, which equates to an increase of about 4.9%.

Deadline for City Council Action

April 21, 2017. If no action is taken by April 21, 2017, Oncor's proposed rate increase goes into effect by operation of law.

Projected Future City Council Action

A future action is anticipated to approve the final rates following the process.

Fiscal Impact

Utilities Code § 33.023 authorizes the City's engagement of rate consultants, accountants, auditors, attorneys, and engineers to assist the City in rate proceedings before the Public Utility Commission of Texas. 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. 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.

Staff Recommendation

Approve the resolution.

Drafter

Lauri Gillam
Assistant City Manager