

ORDINANCE NO. 20YY-MM-\_\_\_\_

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MCKINNEY, TEXAS (“city”) APPROVING A NEGOTIATED RESOLUTION BETWEEN THE STEERING COMMITTEE OF CITIES SERVED BY ONCOR (“STEERING COMMITTEE”) AND ONCOR ELECTRIC DELIVERY COMPANY, LL (“ONCORE” OR “COMPANY”) REGARDING THE COMPANAY’S APPLICATION TO INCREASE ELECTRIC RATES IN ALL CITIES EXERCISING ORIGINAL JURISDICTION; DECLARING EXISTING RATES TO BE UNREASONABLE; REQUIRING THE COMPANY TO REIMBURSE CITIES’ REASONABLE RATEMAKING EXPENSES; ADOPTING TARIFFS THAT REFLECT RATE ADJUSTMENTS CONSISTENT WITH THE NEGOTIATED SETTLEMENT AND FINDING THE RATES TO BE SET BY THE ATTACHED TARIFFS TO BE JUST AND REASONBABLE; APPROVING ONCOR’S PROOF OF REVENUES; ADOPTING A SAVINGS CLAUSE; DETERMING THAT THIS ORDINANCE WAS PASSED IN ACCORDANCE WITH THE REQUIREMENTS OF TEXAS OPEN MEETINGS ACT; DECLARING AN EFFECTIVE DATE; AND REQUIRING DELIVERY OF THIS ORDINANCE TO THE COMPANY AND THE STEERING COMMITTEE’S LEGAL COUNSEL**

**WHEREAS,** the City is an electric utility customer of Oncor Electric Delivery Company LLC (“Oncor” or “Company”), and a regulatory authority with an interest in the rates and charges of Oncor; and

**WHEREAS,** the City is a member of the Steering Committee of Cities Served by Oncor (“Steering Committee”), a coalition of approximately 160 similarly situated cities served by Oncor that have joined together to facilitate the review of and response to electric issues affecting rates charged in the Oncor service area; and

**WHEREAS,** on or about January 7, 2011, Oncor filed with the City its application to increase electric base rates by approximately \$353 million, such increase to be effective in every municipality within Oncor’s service territory; and

**WHEREAS,** the Steering Committee coordinated their review of Oncor’s filing by designating an Executive Committee made up of Steering Committee representatives, assisted by Steering Committee attorneys and consultants, to resolve issues identified by the Steering Committee in the Company’s filing; and

**WHEREAS,** the Company has filed evidence that existing rates are unreasonable and should be changed; and

**WHEREAS,** independent analysis by the Steering Committee’s rate experts concluded that Oncor is able to justify an increase over current rates of \$136.7 million; and

**WHEREAS,** the Steering Committee has entered a Settlement Agreement (“Attachment C”) with Oncor to increase base rate revenues by \$136.7 million; and

**WHEREAS,** the Executive Committee of the Steering Committee, and the Steering Committee’s lawyers and consultants recommend that Steering Committee members approve the attached rate tariffs (“Attachment A” and “Attachment B” to this Ordinance), which will increase the Company’s revenue requirement by \$136.7 million; and

**WHEREAS**, the attached tariffs implementing new rates are consistent with the negotiated resolution reached by the Steering Committee and are just, reasonable, and in the public interest; and

**WHEREAS**, it is the intention of the parties that if the City determines any rates, revenues, terms and conditions, or benefits resulting from a Final Order or subsequent negotiated settlement approved in any proceeding addressing the issues raised in the Company's filing would be more beneficial to the City than the terms of the attached tariff, then the more favorable rates, revenues, terms and conditions, or benefits shall additionally accrue to the City; and

**WHEREAS**, the negotiated resolution of the Company's filing and the resulting rates are, as a whole, in the public interest.

**NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF MCKINNEY, TEXAS:**

Section 1. That the findings set forth in this Ordinance are hereby in all things approved.

Section 2. That the City Council finds the existing rates for electric service provided by Oncor are unreasonable and new tariffs, which are attached hereto and incorporated herein as Attachments A and B, are just and reasonable and are hereby adopted.

Section 3. That Oncor shall reimburse the reasonable ratemaking expenses of the Steering Committee in processing the Company's rate application.

Section 4. That to the extent any resolution or ordinance previously adopted by the Council is inconsistent with this Ordinance, it is hereby repealed.

Section 5. That the meeting at which this Ordinance was approved was in all things conducted in strict compliance with the Texas Open Meetings Act, Texas Government Code, Chapter 551.

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

Section 7. That if the City determines any rates, revenues, terms and conditions, or benefits resulting from a Final Order or subsequent negotiated settlement approved in any proceeding addressing the issues raised in the Company's filing would be more beneficial to the City than the terms of the attached tariffs, then the more favorable rates, revenues, terms and conditions, or benefits shall additionally accrue to the City.

Section 8. That this Ordinance and Settlement Agreement ("Attachment C") shall become effective from and after its passage with rates authorized by attached Tariffs to be effective in two phases. Phase one tariffs (attached to this Ordinance as "Attachment A"), increasing Oncor's revenues by \$93.7 million, are effective for bills rendered on or after July 1, 2011. Phase two tariffs (attached to this Ordinance as "Attachment B"), increasing Oncor's revenues by \$43 million, are effective for bills rendered on or after January 1, 2012.

Section 9. That a copy of this Ordinance shall be sent to Oncor, care of Autry Warren, Oncor Electric Delivery Company, LLC, 1601 Bryan St., 23<sup>rd</sup> Floor, Dallas, Texas 75201 and to Thomas Brocato, at Lloyd Gosselink Rochelle & Townsend, P.C., P.O. Box 1725, Austin, Texas 78767-1725.

Section 10. This Ordinance shall become effective from and after the date of its final passage and publication as provided by law, and it is accordingly so ordained.

**DULY PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF MCKINNEY, TEXAS ON THE 7TH DAY OF JUNE, 2011.**

CITY OF MCKINNEY, TEXAS

---

BRIAN LOUGHMILLER  
Mayor

CORRECTLY ENROLLED:

---

SANDY HART, TRMC, MMC  
City Secretary  
BLANCA I. GARCIA  
Assistant City Secretary

DATE: \_\_\_\_\_

APPROVED AS TO FORM:

---

MARK S. HOUSER  
City Attorney