



CITY OF MCKINNEY, TEXAS

Legislation Text

File #: 22-0513, **Version:** 2

Consider/Discuss/Act on a Resolution Suspending the June 17, 2022 Effective Date of Oncor Electric Delivery Company's Requested Rate Change to Permit the City Time to Study the Request and to Establish Reasonable Rates; Approving Cooperation with the Steering Committee of Cities Served by Oncor to Hire Legal and Consulting Services and to Negotiate with the Company and Direct Any Necessary Litigation and Appeals; Finding that the Meeting at Which this Resolution is Passed is Open to the Public as Required by Law; Requiring Notice of this Resolution to the Company and Legal Counsel for the Steering Committee

COUNCIL GOAL: Financially Sound Government & Operational Excellence

MEETING DATE: June 7, 2022

DEPARTMENT: City Manager's Office

CONTACT: Trevor Minyard, Director of Strategic Services

RECOMMENDED CITY COUNCIL ACTION:

- Staff recommends approval of this resolution.

ITEM SUMMARY:

- The City, is a member of a 169-city coalition known as the Steering Committee of Cities Served by Oncor ("Steering Committee"). The Steering Committee has been in existence since the late 1980s. It took on a formal structure in the early 1990s when cities served by the former TXU gave up their statutory right to rate case expense reimbursement in exchange for higher franchise fee payments. Empowered by city resolutions and funded by *per capita* assessments, the Steering Committee has been the primary public interest advocate before the Public Utility Commission, the Courts, and the Legislature on electric utility regulation matters for the last 30 years.

BACKGROUND INFORMATION:

- Oncor Electric Delivery Company ("Oncor" or "the Company") filed an application on or about May 13, 2022 with cities retaining original jurisdiction seeking to increase system-wide transmission and distribution rates by about \$251 million or approximately 4.5% over present revenues. The Company asks the City to approve an 11.2% increase in residential rates and a 1.6% increase in street lighting rates. If approved, a residential customer using 1,300 kWh per month would see a bill increase of about \$6.02 per month.
- The resolution suspends the June 17, 2022 effective date of the Company's rate increase for the maximum period permitted by law to allow the City, working in conjunction with the Steering Committee of Cities Served by Oncor, to evaluate the filing, determine whether the

filing complies with law, and if lawful, to determine what further strategy, including settlement, to pursue.

- The law provides that a rate request made by an electric utility cannot become effective until at least 35 days following the filing of the application to change rates. The law permits the City to suspend the rate change for 90 days after the date the rate change would otherwise be effective. **If the City fails to take some action regarding the filing before the effective date, Oncor's rate request is deemed administratively approved.**

FINANCIAL SUMMARY:

- Although Oncor has increased rates many times over the past few years, this is the first comprehensive base rate case for the Company since March 2017.

BOARD OR COMMISSION RECOMMENDATION:

- N/A