

Legislation Text

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File #: 2593, Version: 1

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**CC MEETING: April 19, 2016**

**DATE:** April 11, 2016

**TO:** Leonard Martin, City Manager

**FROM:** Laurie Garber, City Secretary/Admin. Services Manager

**Consider A Resolution Joining Other Cities Part Of The Oncor Steering Committee To Initiate A Rate Case Against Oncor, And Directing Oncor Electric Delivery Company, LLC To File Certain Information With The City Of Carrollton; Setting A Procedural Schedule For The Gathering And Review Of Necessary Information In Connection Therewith; Setting Dates For The Filing Of The City's Analysis Of The Company's Filing And The Company's Rebuttal To Such Analysis; Ratifying The Hiring Of Legal Counsel And Consultants; Reserving The Right To Require The Reimbursement Of The City Of Carrollton's Rate Case Expenses; Setting A Public Hearing For The Purposes Of Determining If The Existing Rates Of Oncor Electric Delivery Company Are Unreasonable Or In Any Way In Violation Of Any Provision Of Law And The Determination By The City Of City Of Carrollton Of Just And Reasonable Rates To Be Charged By Oncor Electric Delivery Company, LLC.**

**BACKGROUND:**

Recent Public Utility Commission of Texas ("Commission") proceedings related to approval of conversion of Oncor into a Real Estate Investment Trust ("REIT") resulted in the Commissioners' desire to share \$200 million to \$250 million in annual federal income tax ("FIT") savings with Oncor ratepayers. Since the proceeding involving a change of ownership and control of Oncor was not a rate case, the Commission had no jurisdiction to order a reduction in rates. The new owners of Oncor indicated an intent to file a rate case in mid-2017 to become effective in 2018. Believing that a two year wait to factor FIT savings into rates was too long to wait, the Steering Committee of Cities Served by Oncor decided to initiate a rate case against Oncor.

**WHEREAS CLAUSE EXPLAINED**

Cities have original rate making jurisdiction over Oncor's rates and services within their municipal limits. The Commission has original jurisdiction over the environs outside municipal limits and appellate jurisdiction over city rate mailing orders.

As a regulatory authority, Cities that retain original jurisdiction may initiate rate making proceedings by filing a resolution requiring a public utility to show cause why rates should not be reduced.

The City works with other similar Oncor Cities on regulatory issues through the Steering Committee of Cities Served by Oncor which has functioned continuously since 1988.

The Executive Committee of the Steering Committee recommends that member Cities pass show cause resolutions to initiate a rate case so that Oncor rates may be reduced.

## **RESOLVED SECTIONS EXPLAINED**

Section 1 provides notice to Oncor that it is compelled to file information that would otherwise be required if the Company filed a request to increase rates at the Commission by September 1, 2016. This Section requires that historic data from calendar year 2015 be filed to demonstrate that its rates should not be reduced.

Section 2 authorizes Cities' representatives to file requests for information which shall be answered by Oncor within 15 days of receipt.

Sections 3 and 4 set other dates critical to the procedural process for rate setting. Cities' report will be due on October 13, 2016 and the Oncor rebuttal will be due November 10, 2016.

Section 5 establishes that a hearing will occur and final order will be issued between November 15, 2016 and December 15, 2016.

Section 6 provides that the procedural schedule may be amended by the City and that other orders may be extended. For example, once the REIT conversion is finalized, Cities may enter interim orders requiring a sharing of tax savings that benefit ratepayers.

Section 7 authorizes the hiring of legal counsel and authorizes the Executive Committee to hire consultants.

Section 8 confirms that Cities will seek reimbursement of their rate making expenses from Oncor.

Section 9 confirms that the resolution was passed in compliance with Open Meeting laws.

Section 10 requires notice the resolution was passed to the General Counsel of Oncor and General Counsel of the Oncor Steering Committee.

## **FINANCIAL IMPLICATIONS:**

Not applicable.

## **STAFF RECOMMENDATION/ACTION DESIRED:**

The OCSC Executive Committee, OCSC legal counsel and staff recommend adoption of the Ordinance initiating the rate case.