



## **CITY COUNCIL COMMUNICATION**

May 24, 2011

**SUBJECT:** Ordinance approving a negotiated resolution between the Steering Committee of Cities Served by Oncor and Oncor Electric Delivery Company LLC., regarding Oncor's application to increase electric rates in all cities exercising original jurisdiction.

**SUBMITTED BY:** Chris D. Barker, Assistant City Manager

**REFERENCE NO:** Ordinance No. 1910

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### **ACTION REQUESTED:**

Consider first and final reading of Ordinance No. 1910, approving a negotiated resolution between the Steering Committee of Cities Served by Oncor and Oncor Electric Delivery Company LLC., regarding Oncor's application to increase electric rates in all cities exercising original jurisdiction.

### **ALTERNATIVES:**

- Do not approve

### **SUMMARY OF SUBJECT:**

The City of Euless, along with approximately 160 other cities served by Oncor Electric Delivery Company LLC ("Oncor" or "Company"), is a member of the Steering Committee of Cities Served by Oncor ("Steering Committee").

On or about January 7, 2011, Oncor filed with the City an application to increase electric rates. The Oncor filing sought a \$353 million rate increase. The City worked with the Steering Committee to analyze the schedules and evidence offered by Oncor to support its request to increase rates. The Ordinance and attached rate and tariffs are the result of negotiations between the Steering Committee and the Company to resolve issues raised by the Steering Committee and other interveners during the review and evaluation of the filing. The Ordinance resolves the Company's filing by authorizing an increase in the Company's base rate of \$136.7 million. The monthly bill impact for the average residential customer will be a \$2.35 increase (as opposed to the \$5.00 per bill increase as proposed in the Company's filing). The settlement results in a system-wide rate increase of 6.1%. Residential customers will see an increase of 6.2%, much lower than Oncor's requested 14.6% increase. Street lighting rates will increase 13.8%, which is also lower than Oncor's requested increase of 25.9%. Oncor

has agreed that it will not file another general base rate case prior to July 1, 2013. Approval of the Ordinance will result in the implementation of new rates that increase Oncor's revenues in two phases: by \$93.7 million effective July 1, 2011 ("Attachment A") and by \$43 million effective January 1, 2012 ("Attachment B").

Additionally, consistent with the District Court's reversal of the Public Utility Commission of Texas' decision relating to municipal franchise fees in Docket No. 35717, Oncor will increase franchise fees to the contractually agreed to amounts within 60 days of the final order, or July 1, 2011, whichever is later. Additionally, Oncor will pay cities retroactive franchise fees from the date the rates approved in Oncor's prior rate case, Docket No. 35717, went into effect.

**FINANCIAL CONSIDERATIONS:**

Revenue Sources:

Expenditure Accounts:

Budgeted Fiscal Year(s):

Estimated Expenditure:

Over/Under Projection By:

Other Comments:

**SUPPORTING DOCUMENTS:**

- Ordinance No. 1910
- Attachment A, Attachment B, and Attachment C

**APPROVED BY:**

\_\_\_\_\_ **GM** \_\_\_\_\_

City Manager's Office

\_\_\_\_\_ **KS** \_\_\_\_\_

City Secretary's Office