



FINANCE DEPARTMENT

To: Mayor and Town Council

From: Betty Pamplin, Finance Director

Through: Harlan Jefferson, Town Manager
Bob Scott, Executive Director of Administrative Services

Re: Town Council Meeting – June 28, 2022

Agenda Item:

Consider and act upon a resolution to deny the application of Oncor Electric Delivery Company LLC for approval to increase system-wide transmission and distribution rates within the Town. (BP)

Description of Agenda Item:

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 Town 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 August 1, 2022 effective date of the Company's rate increase for the maximum period permitted by law to allow the Town, 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 Town to suspend the rate change for 90 days after the date the rate change would otherwise be effective. If the Town fails to take some action regarding the filing before the effective date, Oncor's rate request is deemed administratively approved.

The Town of Prosper 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.

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.

Legal Obligations and Review:

Terrance Welch of Brown & Hofmeister, L.L.P., has reviewed the resolution as to form and legality.

Attached Documents:

1. Resolution

Town Staff Recommendation:

Town staff recommends adoption of a resolution to deny the application of Oncor Electric Delivery Company LLC for approval to increase system-wide transmission and distribution rates within the Town.

Proposed Motion:

I move to adopt a resolution to deny the application of Oncor Electric Delivery Company LLC for approval to increase system-wide transmission and distribution rates within the Town.