



FINANCE DEPARTMENT

To: Mayor and Town Council

From: Sandy Mattick, Interim Finance Director

Through: Ron K. Patterson, Interim Town Manager
Bob Scott, Executive Director of Administrative Services

Re: Oncor Rate Change

Town Council Meeting – September 27, 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.

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.

At the June 2022 Council Meeting, Oncor's rate request was suspended from taking effect for 90 days, the fullest extent permissible under the law. This time period has permitted the Town, through its participation with the Steering Committee of Cities Served by Oncor ("Steering Committee"), to determine that the proposed rate increase is unreasonable. Consistent with the recommendations of the experts engaged by the Steering Committee, Oncor's request for a rate increase should be denied.

Accordingly, the purpose of the Resolution is to deny the rate change application proposed by Oncor. Once the Resolution is adopted, Oncor will have 30 days to appeal the decision to the Public Utility Commission of Texas where the appeal will be consolidated with Oncor's filing (i.e. PUC Docket No. 53601) currently pending at the Commission.

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 approval 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 approve 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.