



City of Keller

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Legislation Text

File #: 20-201, **Version:** 1

To: Mark R. Hafner, City Manager

From: Sarah Hensley, Administrative Services Manager

Subject:

Consider a resolution of the City of Keller, Texas finding that Oncor Electric Delivery Company LLC's ("Oncor" or "Company") application for approval to amend its Distribution Cost Recovery Factor pursuant to 16 Tex. Admin. Code § 25.243 to increase distribution rates within the City of Keller should be denied; authorizing participation with Oncor Cities Steering Committee; authorizing the hiring of legal counsel and consulting services; finding that the City's reasonable rate case expenses shall be reimbursed by the Company; 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.

Background:

The City of Keller, along with over 150 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"). The Steering Committee has been in existence since the late 1980s. It took on a formal structure in the early 1990s when cities previously served by TXU Energy 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.

On April 3, 2020, Oncor filed an Application for Approval to Amend its Distribution Cost Recovery Factor (DCRF) to increase distribution rates in cities retaining original jurisdiction. In the filing, the Company seeks to increase system-wide distribution rates by \$75,889,531 million (an approximately \$0.88 increase to the average residential customer's bill). For reference, Oncor asked for \$29,433,804 last year. This is Oncor's third DCRF filing under a law adopted in 2011 allowing electric utilities to file limited issue, limited review cases.

The Steering Committee engaged the services of consultant and energy economist Karl Nalepa to review the Company's filing and identify adjustments that should be made to Oncor's request. The Steering Committee's attorneys recommend that all members adopt the resolution denying the rate change.

The Public Utilities Commission's rules allow cities 60 days to act on this application. All cities retaining jurisdiction (which includes Keller) should take action by June 2, 2020. Otherwise, Oncor is legally authorized to charge the proposed rate increase to all customers within the city's jurisdiction after that date.

Financial Impact:

The denial resolution allows time for the Steering Committee and its consultants to continue to evaluate and negotiate the rates.

Reasonable rate case expenses are reimbursed to the Steering Committee by the Company. No individual municipality incurs liability for payment of rate case expenses by approving the denial resolution.

For 2020, the OCSC Membership Assessment was \$0.07/capita, making Keller's membership cost \$3,145.80.

Citizen Input/Board Review:

Not Applicable

Legal Review:

The proposed resolution has been reviewed and submitted by the Oncor Cities Steering Committee (OCSC) general counsel at Lloyd Gosselink Rochell & Townsend.

Alternatives:

City Council has the following alternatives:

- Approve as submitted
- Approve with changes
- Denial