

**AGENDA INFORMATION SHEET
RESOLUTION NO. R-2017-4670**

**DENIAL OF RATE INCREASE REQUEST SUBMITTED BY ONCOR
ELECTRIC DELIVERY COMPANY LLC**

BACKGROUND

On or about March 17, 2017, Oncor Electric Delivery Company LLC (“Oncor” or “Company”) filed a Statement of Intent to increase its revenues by approximately \$317 million, which equates to a net increase of approximately 7.5% in Oncor’s overall revenue. Oncor proposes to implement its proposed increase in rates effective April 21, 2017.

As a reminder, **Table 1** below shows the impact Oncor’s proposed increase in rates *as filed* would have on a customer-class basis.

TABLE 1

<u>Rate Class</u>	<u>Present Revenues</u>	<u>Change</u>	<u>Proposed Revenues</u>	<u>Change Pct</u>
	(a)	(b)	(c)	(d)
Residential	\$1,572,143,564	\$184,837,628	\$1,756,981,191	11.8%
Secondary <= 10 kW	\$77,130,463	\$8,589,904	\$85,720,368	11.1%
Secondary > 10 kW	\$1,226,692,597	\$84,090,341	\$1,310,782,938	6.9%
Primary DL <= 10 kW	\$796,390	\$328,609	\$1,124,999	41.3%
Primary > 10 kW Dist. Line	\$171,308,581	\$23,673,821	\$194,982,402	13.8%
Primary > 10 kW Substation	\$21,919,303	\$4,126,222	\$26,045,525	18.8%
Transmission	\$83,793,234	\$13,762,676	\$97,555,910	16.4%
Lighting	\$57,560,777	\$281,480	\$57,842,257	0.5%
Retail Revenue	\$3,211,344,909	\$319,690,681	\$3,531,035,589	10.0%
Wholesale Substation	\$375,330	\$366,041	\$741,371	97.5%
Wholesale DLS	\$1,287,749	\$1,482,181	\$2,769,930	115.1%
Other Revenue	\$34,916,559	\$15,439,194	\$50,355,753	44.2%
Grand Total	\$3,247,924,547	\$336,978,096	\$3,584,902,643	10.4%

PRIOR CITY ACTION

The City has previously: 1) suspended Oncor's proposed rate increase by 90 days; 2) authorized intervention in proceedings related to Oncor's proposed rate increase as a member of the coalition of cities known as the Alliance of Oncor Cities ("AOC"); 3) directed Oncor to reimburse Oncor's rate case expenses; and 4) retained the law firm of Herrera & Boyle, PLLC with respect to rate proceedings involving Oncor before the Public Utility Commission of Texas and courts of law and to retain consultants to review Oncor's rate application subject to AOC's approval.

TIME FOR CITY ACTION

As initially filed, the deadline for City action was July 20, 2017. **However, Oncor has agreed to extend that deadline to August 19, 2017.**

ASSESSMENT OF REQUEST

AOC's consultants have been in the process of reviewing Oncor's application to increase its rates. However, because of the voluminous amount of information presented in Oncor's rate filing package and the extent of discovery undertaken in the proceeding seeking further explanation from Oncor regarding its rate filing package, AOC's experts will not conclude their analysis of Oncor's request before the deadline for the City to conclude its analysis and make a decision.

Also, because Oncor filed its application to increase rates with the City at the same time it filed its application with the Public Utility Commission of Texas (PUCT). AOC is participating in those proceedings. There are discussions being held in the PUCT proceeding to attempt to resolve Oncor's application by way of settlement and an update on those proceedings is expected within the next week.

Nonetheless, AOC's consultants and Special Counsel believe Oncor has not met its burden of proof to establish the merits of its requested increase in rates.

DENIAL

The attached Resolution denies Oncor's proposed increase in revenue and changes in rates because Oncor has failed to meet its burden of proof for an increase of \$317 million in annual revenue.

RECOMMENDATION

AOC's Special Counsel recommends that the City adopt the Resolution denying Oncor's proposed rate increase and change in rates. Oncor will file an appeal of the City's action to PUCT. AOC will continue its participation in Oncor's rate case at the PUCT.