

AGENDA



Thursday, July 24, 2008

**Telecommunications & Regulatory Affairs
RECOMMENDATION FOR COUNCIL ACTION****Item No. 78**

Subject: Approve an ordinance denying the proposed change in rates of Oncor Electric Delivery Company and providing notice of this ordinance to Oncor Electric Delivery Company, LLC.

On June 30, 2008, Oncor Electric Delivery Company, LLC ("Oncor"), filed for a rate review with all of the Texas cities it serves, and it simultaneously filed with the Public Utility Commission of Texas (PUC) to increase its rates to deliver electricity, beginning on August 8, 2008.

The City of Austin has exclusive original jurisdiction over the rates, operations and services of Oncor, pursuant to Section 33.001 of the Texas Utilities Code.

Oncor has requested a total increase of \$275 million, which is a 2.7 percent increase in state-wide residential delivery rates. The increase would mean about \$5.09 more a month for an average residential customer.

There are approximately 609 residential customers in the City of Austin that could be impacted by the rate increase. These customers are in an area basically north of Howard Lane, south of Wells Branch Parkway, west of I-35 and east of Loop 1.

City staff recommends that Council approve an ordinance denying the request by Oncor Electric Delivery Company, LLC, for its 2008 rate review and provide notice of this ordinance to Oncor.

By denying the rate request, Oncor has indicated it will appeal the matter to the Public Utility Commission and will consolidate it with all of the other city denials pending at the PUC. The PUC will require a comprehensive review of Oncor's rate request and a hearing testing the reasonableness of the request.

Texas Utilities Code §33.023 allows the City to recover certain municipal rate case expenses that it may incur by participating in a rate case proceeding.