

RESOLUTION NO. 15-32

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF Commerce, TEXAS AUTHORIZING THE CITY'S PARTICIPATION IN A COALITION OF SIMILARLY SITUATED CITIES IN PROCEEDINGS BEFORE THE PUBLIC UTILITY COMMISSION OF TEXAS RELATED TO THE TRANSFER OF OWNERSHIP OF ONCOR ELECTRIC DELIVERY COMPANY, LLC; FINDING AND DETERMINING THAT THE MEETING AT WHICH THIS RESOLUTION WAS PASSED WAS IN ACCORDANCE WITH THE REQUIREMENTS OF THE TEXAS OPEN MEETINGS ACT; MAKING OTHER FINDINGS AND PROVISIONS RELATED TO THE SUBJECT; AND DECLARING AN EFFECTIVE DATE.

WHEREAS, the City of Commerce, Texas, hereinafter referred to as "City," is a member of the Alliance of Oncor Cities ("AOC"); and,

WHEREAS, the City as part of and through AOC has participated in proceedings before the Public Utility Commission of Texas related to the rates, operations, and services of Oncor Electric Delivery Company, LLC ("Oncor"); and,

WHEREAS, Oncor's rates, operations, and services directly impact the City and its citizens, both as residential ratepayers, and as commercial ratepayers; and,

WHEREAS, through a series of complex transactions, ownership of Oncor is proposed to be transferred from Energy Future Intermediate Holding Company, LLC and Energy Future Holding Corporation (collectively, "EFH"), to subsidiaries of Hunt Consolidated, Inc., known as Ovation Acquisition I, LLC, and Ovation Acquisition II, LLC (collectively, "Ovation"); and,

WHEREAS, pursuant to the purchase agreements between Ovation and EFH, Oncor will be separated into two companies, one, "Oncor Asset Company," that would hold title to all of Oncor's transmission and distribution ("T&D") assets, and a second company, "Oncor Electric Delivery Company," that would operate the assets and hold Oncor's certificates of convenience and necessity ("CCN") and other personal property; and

WHEREAS, Oncor Electric Delivery Company would be controlled by Shary Holdings, LLC ("Shary Holdings"), which is wholly owned by Hunter L. Hunt and members of his family; and

WHEREAS, the proposed transaction is intended to resolve EFH's bankruptcy proceeding and separate Oncor from its bankrupt affiliates engaged in the generation and delivery of electric energy; and

WHEREAS, the transaction is intended to allow Ovation I to qualify as a real estate investment trust ("REIT") under the Internal Revenue Code to facilitate access to the public capital markets; and

WHEREAS, the parties to the sales transaction of Oncor have reported the transaction to the Public Utility Commission of Texas ("Commission") and seek a finding that the transaction is in the public interest and approval of the transfer of Oncor's CCN to the new company, Oncor Electric Delivery Company; and

WHEREAS, the parties to the sales transaction of Oncor also seek a finding that any commitments remaining from PUC Docket No. 34077, *Joint Report and Application of Oncor Electric Delivery Company and Texas Energy Future Holdings Limited Partnership Pursuant to PURA § 14.101*, are no longer in effect; and

WHEREAS, the Commission has initiated proceedings to review the transaction; and,

WHEREAS, the Commission's decision in the proceeding could have an effect on the rates, operations, and quality of service provided by the new entity, Oncor Electric Delivery Company; and

WHEREAS, the City supports AOC's and other similarly situated cities' interest and concerns regarding the outcome of the proceeding pending before the Public Utility Commission of Texas; and

WHEREAS, in order to ensure the reasonableness of utility rates to be charged by the new entity that succeeds Oncor's interests, and ensure the adequacy and quality of utility service to be provided by such entity; and

WHEREAS, the proposed transaction raises numerous novel issues regarding the ownership of a public utility and its regulation of rates, services, and operations;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE
CITY OF Commerce, TEXAS:

Section 1. That the findings set out in the preamble to this resolution are hereby in all things approved and adopted.

Section 2. The City directs AOC to intervene in and fully participate in the proceedings before the Public Utility Commission of Texas related to the transfer of ownership of Oncor Electric Delivery Company, LLC and appeals to the courts of Texas related to such proceedings, if any.

Section 3. The City directs AOC to engage Herrera & Boyle, PLLC to represent its interests in such proceedings and authorizes the AOC Steering Committee to hire and direct its advocates in these efforts before the Public Utility Commission of Texas and in related court proceedings, if any.

Section 4. That a copy of this resolution shall be sent to Mr. Alfred R. Herrera, Herrera & Boyle, PLLC, 816 Congress Avenue, Suite 1250, Austin, Texas 78701, in his role as Special Counsel to AOC.

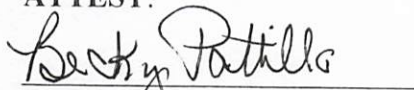
Section 5. That the meeting at which this resolution was adopted was in all things conducted in strict compliance with the Texas Open Meetings Act, Texas Government Code Chapter 551.

Section 6. That this resolution shall become effective from and after its passage.

PASSED AND APPROVED this 20th day of October, 2015.


Mayor

ATTEST:


City Secretary