



MEMORANDUM

To: Mayor and City Council

From: Kent Collins, P.E., Deputy City Manager

Date: March 10, 2026

Reference: Consider approval of a Resolution finding that the Texas-New Mexico Power Company's Application to change its rates within the City should be Denied; that the City's reasonable rate case expenses shall be reimbursed by the Company; that this meeting is open to the Public as required by law; and authorizing the Mayor to sign necessary documents.

2040: Sustainable City Government

Introduction:

Texas-New Mexico Power Company (TNMP or the Company) filed an application on November 14, 2025, with cities retaining original jurisdiction seeking to increase system-wide transmission and distribution rates by \$34 million. The proposed resolution finds that the Company's application is unreasonable, that current rates should not be changed, that reasonable rate case expenses will be reimbursed by the Company, and denies the application to change rates.

Background:

Texas-New Mexico Power Company (TNMP or the Company) filed an application on November 14, 2025, with cities retaining original jurisdiction seeking to increase system-wide transmission and distribution rates by \$34 million. The Company asks the City to approve a 6.4%% increase in residential rates and an overall increase of 5% in rates. The Company is also proposing a 6.6%% decrease for streetlighting customers, but significant increases for commercial customers. Monthly rates would increase by approximately \$5.20 for an average residential customer.

In a prior City action, TNMP's rate request was suspended from taking effect for 90 days, the fullest extent permissible under the law. This time period has permitted the City, through its participation with the Cities Served by Texas-New Mexico Power Company ("Cities"), to determine that the proposed rate increase is unreasonable. Consistent with the recommendations of the experts engaged by Cities, TNMP's request for a rate increase should be denied.

Accordingly, the purpose of the Resolution is to deny the rate change application proposed by TNMP. Once the Resolution is adopted, TNMP will have 30 days to appeal the decision to the Public Utility Commission of Texas (“PUC”), where the appeal will be consolidated with TNMP’s filing (PUC Docket No. 58964) currently pending at the PUC.

The City is a member of a coalition of cities known alternatively as the Cities Served by TNMP and the Gulf Coast Coalition of Cities (TNMP Cities). The Coalition has been in existence since the early 1990s. TNMP Cities have been the primary public interest advocate before the Public Utility Commission, the Courts, and the Legislature on electric utility regulation matters for over 20 years. The resolution authorizes the hiring of Lloyd Gosselink and consultants to represent the City in this matter. It also provides authority for the attorneys and consultants to act on behalf of the City at the local level in settlement discussions, in preparation of a rate ordinance, on appeal of the rate ordinance to the PUC, and on appeal to the Courts. Negotiating clout and efficiency are enhanced by the City’s cooperation in a common review and common purpose. Additionally, rate case expenses are minimized when cities hire one set of attorneys and experts who work under the guidance and control of the cities.

TNMP will reimburse the cities for their reasonable rate case expenses. Legal counsel and consultants approved by the TNMP Cities will submit monthly invoices that will be forwarded to TNMP for reimbursement. No individual city incurs liability for payment of rate case expenses by adopting a suspension resolution.

Benefit to Community:

The proposed resolution will keep rates charged by TNMP as low as reasonably possible.

Legal Review:

The City Attorney has reviewed this item.

Fiscal Impact:

There is no fiscal impact associated with this item.

Recommendation:

Staff recommends approval of the resolution.