



## MEMORANDUM

**To:** Mayor and City Council

**From:** Jennifer Miller, Director of Finance

**Date:** June 13, 2017

**Reference:** Consideration of a Resolution regarding the approval of the City of Coppell's cooperation with the cities served by Texas New Mexico Power (TNMP) to review TNMP's application for approval of an adjustment to its Energy Efficiency Cost Recovery Factor; hiring legal and consulting services to negotiate with the company and direct any necessary litigation and appeals; 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 legal counsel.

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### Introduction:

Texas New Mexico Power ("TNMP" or "Company") serves approximately 247,000 customers in Texas. The customers are located in the Houston area, West Texas, and small pockets in North Texas. Lewisville is the largest service area in North Texas. A small area in Coppell located north of Highway 121 is serviced by TNMP. Since TNMP provides service within Coppell's border, Coppell is included in the TNMP Cities. The TNMP Cities joined together to advocate for electricity consumers' interests regarding electrical rate increases that TNMP requests from time to time. The TNMP cities have found that working cooperatively reduces duplicative efforts and we speak as a single voice in reviewing electric utility rate increases that affect thousands of Texas consumers.

### Analysis:

Texas-New Mexico Power Company ("TNMP" or "Company") filed an application on or about May 26, 2017 with the Public Utility Commission of Texas ("PUC" or "Commission"), seeking to adjust its 2018 Energy Efficiency Cost Recovery Factor ("EECRF"). Pursuant to Commission rules, TNMP is required to annually apply no later than June 1 of every year to adjust its EECRF in order to reflect changes in program costs and bonuses and to minimize any over- or under-collection of energy efficiency costs resulting from the use of the EECRF.

Last year in Docket No. 46002, the Commission authorized TNMP to adjust its 2017 EECRF to recover \$6,019,598. In this filing, TNMP is seeking to adjust its EECRF to collect \$5,950,438 for five components:

- (1) \$5,156,250 in energy efficiency program costs projected to be incurred in 2018;
- (2) a refund of \$412,701 for over-recovery of costs in 2016;
- (3) \$1,083,774 representing the 2016 performance bonus for achieving demand and energy savings that exceeded its minimum goal to be achieved in 2016;
- (4) \$45,435 in TNMP's rate case expenses for Docket No. 46002; and,
- (5) up to \$10,493 in municipal rate case expenses for Docket No. 46002.

The resolution authorizes the City to join with the Cities Served by TNMP ("Cities") to evaluate the filing, determine whether the filing complies with law, and if lawful, to determine what further strategy, including settlement, to pursue.

It is staff's understanding that many of the TNMP Cities have already authorized their participation in this process.

**Legal Review:**

The City Attorney reviewed this resolution as part of the agenda review.

**Fiscal Impact:**

There is no fiscal impact regarding this resolution. Dependent upon the findings of the review, there is a potential for monetary savings for Coppell residents and businesses.

**Recommendation:**

The Finance Department recommends approval of this Resolution.