



## MEMORANDUM

**To:** Mayor and City Council

**From:** Kim Tiehen, Assistant Director of Finance

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

**Date:** April 28, 2020

**Reference:** Consider approval of a Resolution denying Texas New-Mexico Power's rate application filed on April 6, 2020; and authorizing the Mayor to sign.

**2030:** Sustainable City Government

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### Introduction:

The City is an electric utility customer and local regulator of Texas-New Mexico Power Company ("TNMP"). The Cities Served by TNMP ("TNMP Cities") are a coalition of similarly situated cities served by TNMP that have joined together to efficiently and cost effectively review and respond to electric issues affecting rates charged in TNMP's service area in matters before the Public Utility Commission ("PUC") and the courts.

On April 6, 2020, TNMP filed an Application for Approval of a Distribution Cost Recovery Factor (DCRF) in PUC Docket No. 50734. Legal council for the TNMP Cities has recommended cities retaining original jurisdiction deny the requested relief.

### Analysis:

In the filing, TNMP is seeking an increase in distribution revenues of \$14.7 million annually. This equals an approximately \$2.79 increase to the average residential customer's bill from the rates recently approved in the Company's rate case. This is TNMP's first filing under a law adopted in 2011 allowing electric utilities to file limited issue, limited review cases.

TNMP Cities have engaged the services of a consultant, Mr. Karl Nalepa, to review TNMP's filing. Mr. Nalepa will review the filing and identify adjustments that should be made to TNMP's request. Lloyd Gosselink, legal council for the TNMP Cities, is recommending that cities retaining original jurisdiction deny the requested relief.

The resolution authorizes the City to join with 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.

### Legal Review:

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

### Fiscal Impact:

There is no fiscal impact.

### Recommendation:

The Finance Department recommends approval.