



## MEMORANDUM

**To:** Mayor and City Council

**From:** Mike Land, City Manager

**Date:** April 27, 2021

**Reference:** Consider approval of a Resolution denying a proposed application filed on April 5, 2021 by Texas-New Mexico Power to amend its Distribution Cost Recovery Factor (“DCRF”) to increase distribution rates within the city, and authorizing the Mayor to sign.

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### Introduction:

On April 5, 2021, Texas-New Mexico Power (“TNMP” or “Company”) filed an Application for Approval to Amend its Distribution Cost Recover Factor (“DCRF”) to increase distribution rates with each of the cities in their service area. In the filing, the Company asserts that it is seeking an increase in distribution revenues of \$13,959,505.

The resolution authorizes the City to join with the Cities Served by TNMP (“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.

### Purpose of the Resolution:

The purpose of the Resolution is to deny the DCRF application proposed by TNMP.

### Analysis:

Explanation of “Be It Resolved” Paragraphs:

1. This section authorizes the City to participate with TNMP Cities as a party in the Company’s DCRF filing, PUC Docket No. 51959.

2. This section authorizes the hiring of Lloyd Gosselink and consultants to review the filing, negotiate with the Company, and make recommendations to the City regarding reasonable rates. Additionally, it authorizes TNMP Cities to direct any necessary administrative proceedings or court litigation associated with an appeal of this application filed with the PUC.
3. This paragraph finds that the Company's application is unreasonable and should be denied.
4. This section states that the Company's current rates shall not be changed.
5. The Company will reimburse Cities for their reasonable rate case expenses. Legal counsel and consultants approved by TNMP Cities will submit monthly invoices that will be forwarded to TNMP for reimbursement.
6. This section recites that the Resolution was passed at a meeting that was open to the public and that the consideration of the Resolution was properly noticed.
7. This section provides that TNMP and counsel for TNMP Cities will be notified of the City's action by sending a copy of the approved and signed Resolution to counsel.

**History of TNMP:**

Much like the Steering Committee of Cities Served by Oncor (OCSC), TNMP Cities is a coalition that has banded together to exercise their shared regulatory authority over monopoly electric utilities to protect ratepayer interests, as provided by state law. The TNMP service area covers areas along the Gulf coast, and also in the north-central and western parts of Texas. The service area in Coppell is relatively small and located mostly along the border of Lewisville and Coppell.

**Legal Review:**

The agenda item was submitted by Thomas Brocato, Attorney with Lloyd Gosselink Rochelle & Townsend, P.C. with review by Bob Hager.

**Fiscal Impact:**

None.

**Recommendation:**

Approval recommended.