



AGENDA REQUEST FORM-CITY COUNCIL

SUBJECT: (Fill in Description)

- Consent item
- Discussion item
- Discussion and possible action
- Public Hearing

Discuss the possible settlement of Texas New Mexico Power’s rate increase request pending before the Public Utility Commission of Texas.

Requested by: Greg Smith

Budgeted amount: Not applicable. **Funds requested:** Not applicable.

Attachments: (Attachment description)

Agenda Information Sheet providing details of the proposed settlement.

Summary Statement:

If the Texas Public Utility Commission (PUC) approves the settlement of Texas New Mexico Power Company’s (TNMP) rate case, I intend to join the settlement on behalf of the City of Angleton. TNMP originally filed its request for increased electric rates with the City Secretary in August of 2008. The City Council timely denied TNMP’s requested increase in rates, joined the Alliance of Texas-New Mexico Power Municipalities (ATM) and hired the law firm of Boyle & Herrera who have been representing ATM in TNMP’s appeal of this matter before the PUC. TNMP, ATM and all other parties have agreed to a settlement of this rate case, which reduces the requested increase from \$24.36 million to \$12.76 million. More importantly, the settlement shifts the burden of the increase from the residential, small commercial and municipal customers. Originally TNMP’s requested increase would have increased residential customers’ electric rates by 16%, small commercial customers by 58% and municipal street lighting by about 15%. Under the proposed settlement, residential customers would see a 4% increase, small commercial customers a 14% increase, and street lighting a 4% increase, all as a result of the City Council contesting this rate increase. In terms of impact on the “typical” customers’ bill, the increase is estimated to be about \$1.10 a month per 1,000 kwh. This compares with TMPA’s request of an increase of \$9.48 per month for residential 1000 kwh or an over 800% decrease in the requested increase for the average residential customer as a result of the proposed settlement. More details of the settlement are included in the attached Agenda Information Sheet.

Recommendation:

If the PUC approves the settlement, I intend to join the settlement. No action is required of the City Council to approve the settlement other than my informing Herrera & Boyle that Angleton wants to joint the settlement. The PUC is expected to consider approval of the settlement either at its meeting of August 13 or August 26, 2009.