

**City Council
Agenda Memo**



**City Council
Meeting Date:** June 25, 2015

TO: Robert Hanna, City Manager

FROM: Mindy Patterson, Finance Director

SUBJECT: Resolution approving cooperation with the cities served by AEP TNC to review AEP Texas North Company’s requested approval of an adjustment to its energy efficiency cost recovery factor and hiring legal and consulting services to negotiate with the company and direct any necessary litigation and appeals

GENERAL INFORMATION

On June 1, 2015, AEP Texas North Company (“TNC” or “Company”), pursuant to the Public Utility Regulatory Act (“PURA”) and Public Utility Commission of Texas (“Commission” or “PUC”) rules filed with the Commission an application for a 2016 Energy Efficiency Cost Recovery Factor.

Last year the Commission authorized TNC to adjust its 2015 EECRF to recover \$2,213,821. In this filing, TNC is seeking to adjust its EECRF to collect \$1,717,648 for five components: (1) \$1,480,871 in forecasted 2016 energy efficiency program costs; (2) a refund of \$330,517 for over-recovery of costs in 2014; (3) \$518,092 representing the 2014 performance bonus for achieving demand and energy savings that exceeded its minimum goal to be achieved in 2014; (4) \$32,247 representing the estimated evaluation, measurement and verification (“EM&V”) costs projected to be incurred in 2015; and (5) \$16,955 in 2014 EECRF rate case expenses. If approved the monthly impact on residential customers will be \$0.44 per 1,000 kWh.

This resolution authorizes the City of Abilene to join with the Cities serviced by AEP TNC to evaluate the filing, determine whether the filing complies with the law, and if lawful, to determine what further strategy, including settlement, to pursue.

FUNDING/FISCAL IMPACT

The PUC has previously determined that this is a ratemaking proceeding and as a result the City of Abilene will be reimbursed for the reasonable cost of the services associated with reviewing the application. Therefore, there will be no direct cost for participating in this proceeding.

STAFF RECOMMENDATION

Staff recommends approval of the City cooperating to review TNC’s requested adjustment.

ATTACHMENTS

Resolution

Prepared by: Name <u>Odin Dolton</u> Title <u>Assistant Director of Finance</u>	Item No. <u>6.5</u>	Disposition by City Council <input type="checkbox"/> Approved Ord/Res# _____ <input type="checkbox"/> Denied _____ <input type="checkbox"/> Other _____ City Secretary
---	---------------------	--

RESOLUTION NO. _____

RESOLUTION OF THE CITY OF ABILENE APPROVING COOPERATION WITH THE CITIES SERVED BY AEP TNC TO REVIEW AEP TEXAS NORTH COMPANY'S REQUESTED 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.

WHEREAS, on or about June 1, 2015, AEP Texas North Company ("TNC" or "Company"), pursuant to the Public Utility Regulatory Act ("PURA") § 39.905 and Public Utility Commission of Texas ("Commission" or "PUC") Substantive Rule 25.181(f), filed with the Commission an application for a 2016 Energy Efficiency Cost Recovery Factor ("EECRF"), PUC Docket No. 44718; and

WHEREAS, the City of Abilene will cooperate with similarly situated city members and other city participants located within the TNC service area in conducting a review of the Company's application and to hire and direct legal counsel and consultants and to prepare a common response and to negotiate with the Company and direct any necessary litigation; and

WHEREAS, working with the Cities Served by AEP TNC ("Steering Committee") to review the rates charged by TNC allows members to accomplish more collectively than each city could do acting alone; and

WHEREAS, the Steering Committee has a history of participation in PUC dockets and projects, as well as court proceedings, affecting transmission and distribution utility rates in TNC's service area to protect the interests of municipalities and electric customers residing within municipal boundaries; and

WHEREAS, PURA § 33.023 provides that costs incurred by cities in ratemaking activities are to be reimbursed by the regulated utility.

THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF ABILENE, TEXAS:

1. That the City is authorized to participate in the Steering Committee in PUC Docket No. 44718.
2. That subject to the right to terminate employment at any time, the City of Abilene hereby authorizes the hiring of the law firm of Lloyd Gosselink and consultants to negotiate with

the Company, make recommendations to the City regarding reasonable rates, and to direct any necessary administrative proceedings or court litigation associated with an appeal of this application filed with the PUC.

3. That the City's reasonable rate case expenses shall be reimbursed by TNC.

4. That it is hereby officially found and determined that the meeting at which this Resolution is passed is open to the public as required by law and the public notice of the time, place, and purpose of said meeting was given as required.

5. A copy of this Resolution shall be sent to Chris Brewster, Counsel to the Steering Committee, at Lloyd Gosselink Rochelle & Townsend, P.C., 816 Congress Avenue, Suite 1900, Austin, Texas 78701.

PASSED AND APPROVED this the 25th day of June, 2015.

Signature
Norm Archibald, Mayor

ATTEST:

Signature
Danette Dunlap, City Secretary

APPROVED AS TO FORM:

T. Daniel Santee, City Attorney