

RESOLUTION NO. 2010-

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LEAGUE CITY, TEXAS ("CITY") AUTHORIZING A SUSPENSION OF THE EFFECTIVE DATE OF THE TEXAS-NEW MEXICO POWER COMPANY'S RATE INCREASE AND THE INTERVENTION IN THE PUBLIC UTILITY COMMISSION DOCKET NO. 38480; AUTHORIZING THE CITY TO JOIN WITH OTHER CITIES IN A COALITION OF MUNICIPALITIES KNOWN AS THE ALLIANCE OF TEXAS-NEW MEXICO POWER MUNICIPALITIES ("ATM"); AUTHORIZING PROVISION OF EXPERTS AND LEGAL REPRESENTATION; FINDING THAT THE MEETING COMPLIES WITH THE OPEN MEETINGS ACT; MAKING SUCH OTHER FINDINGS AS ARE RELATED TO THE SUBJECT; AND DECLARING AN EFFECTIVE DATE.

WHEREAS, Texas-New Mexico Power Company ("TNMP") filed a Statement of Intent with the City of League City, Texas ("City") to increase its base-rate revenue requirement for its Texas retail service area by approximately \$21 million; and

WHEREAS, the City is a regulatory authority under the Public Utility Regulatory Act ("PURA") and under Chapter 33, § 33.001 et seq. of PURA has exclusive original jurisdiction over TNMP's rates operations, and services within the municipality; and

WHEREAS, TNMP's requested rate will result in a major increase rates for TNMP, including increases in rates for residential customers and other classes of customers; and

WHEREAS, TNMP requested an effective date of October 1, 2010 for its proposed increase in rates; and

WHEREAS, TNMP's requested return on equity of 11.5% will exceed that agreed to and authorized in its most recent rate case, PUC Docket No. 36025; and

WHEREAS, TNMP's application to increase rates is comprised of a voluminous amount of pages, including testimony, schedules and workpapers; and

WHEREAS, due to the complexity of TNMP's rate filing it is not possible to review the requested increase in rates unless the effective date is suspended for ninety days as permitted by law; and

WHEREAS, the proposed rate increase requires the specialized expertise of lawyers and other experts who have experience analyzing utility rate requests; and

WHEREAS, in order to maximize the efficient use of resources and expertise in reviewing and analyzing TNMP's requested rate increase, it is most beneficial for the city to coordinate efforts with a coalition of other similarly situated cities.

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF LEAGUE CITY, TEXAS, as follows:

Section 1. The findings set out in the preamble to this resolution are in all things approved and adopted.

Section 2. The City of League City, Texas, is authorized to continue its participation with other cities in a coalition of cities known as the Alliance of Texas-New Mexico Power Municipalities ("ATM") with the understanding that the steering committee of ATM is to provide direction and guidance to the lawyers who are representing said cities.

Section 3. The City does hereby suspend the proposed effective date for TNMP's request for an increase in rates, for a period of 90 days from the date proposed by TNMP in its application.

Section 4. The City employs the law firm of Herrera & Boyle, PLLC to represent and act in the best interests of the City in the TNMP rate case, PUC Docket No. 38480 and any other related proceeding before the Public Utility Commission of Texas or in the courts.

Section 5. The City retains its right to withdraw from ATM at any time without any financial obligation to the remaining coalition members or the experts or lawyers hired therefore after its withdrawal.

Section 6. TNMP shall reimburse the City for reasonable rate case expenses and in a timely manner.

Section 7. The meeting at which this resolution was approved was in all things conducted in strict compliance with the Texas Open Meetings Act, Texas Government Code, Chapter 551.

Section 8. This resolution shall become effective from and after its passage.

PASSED AND APPROVED this \_\_\_\_\_ day of \_\_\_\_\_ 2010.

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TONI RANDALL  
Mayor

ATTEST:

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BARBARA F. LONG  
City Secretary