



AGENDA MEMORANDUM

Future Item for the City Council Meeting 5/29/2019
Action Item for the City Council Meeting 5/31/2019

DATE: May 3, 2019
TO: Peter Zanon, City Manager
FROM: Miles Risley, City Attorney
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AEP Texas, Inc. Rate Case

CAPTION:

Resolution suspending the June 5, 2019 effective date of AEP Texas Inc.'s requested rate change to permit time to study the request and to establish reasonable rates; approving cooperation with the cities served by AEP Texas and authorizing intervention proceedings before the Public Utility Commission; hiring attorneys and consulting services; and requiring reimbursement of cities' rate case expenses

PURPOSE:

AEP Texas Inc ("AEP") filed an application on May 1, 2019 seeking to increase system-wide distribution rates by \$38.3 million per year (an increase of 4.2%), and decrease system-wide transmission rates by \$3.16 million (a decrease of 0.7%) to be effective June 5, 2019. According to AEP, the impact of this approval on an average residential customer would be an increase of about \$4.75 per month for customers in the Central Division, and a decrease of \$5.01 for customers in the North Division. The City of Corpus Christi is in the AEP Central Division. The purpose of this Resolution is to suspend the effective date of Statement of Intent to Change Rates proposed by AEP s and authorize the City to intervene in the Company's rate case proceeding before the Public Utility Commission in Docket No. 49494.

BACKGROUND AND FINDINGS:

This Resolution suspends the June 5, 2019 effective date of AEP's rate change for the maximum period permitted by law to allow the City, working in conjunction with other Cities served by AEP Texas to intervene in the Public Utility Commission Docket No. 49494 to evaluate the filing, determine whether the filing complies with law, and if lawful, to determine what further strategy, including settlement, to pursue.

The law provides that a rate request made by an electric utility cannot become effective until at least 35 days following the filing of the application to change rates. The law permits the City to suspend the rate change for 90 days after the date the rate change would otherwise be effective. **If the City fails to take some action regarding the filing before the effective date, AEP Texas's rate request is deemed approved.**

ALTERNATIVES:

Do not approve the Resolution

OTHER CONSIDERATIONS:
N/A

CONFORMITY TO CITY POLICY:

This Resolution conforms to City policy

EMERGENCY / NON-EMERGENCY:

Non-emergency

DEPARTMENTAL CLEARANCES:

FINANCIAL IMPACT:

X Operating ☐ Revenue ☐ Capital ☐ Not applicable

Fiscal Year: 2018-2019	Current Year	Future Years	TOTALS
Line Item Budget			
Encumbered / Expended Amount			
This item			
BALANCE			

Funding Detail:

Fund:

Organization/Activity:

Mission Element:

Project # **(CIP Only)**:

Account:

RECOMMENDATION:

Approval of the Resolution

LIST OF SUPPORTING DOCUMENTS:

Resolution