

CITY OF EL PASO, TEXAS
AGENDA ITEM DEPARTMENT HEAD'S SUMMARY FORM

DEPARTMENT: Financial Services

AGENDA DATE: February 27, 2007

CONTACT PERSON/PHONE: William F. Studer Jr., Deputy City Manager Financial Services

DISTRICT(S) AFFECTED: All

SUBJECT:

APPROVE a resolution / ordinance / lease to do what? OR AUTHORIZE the City Manager to do what? Be descriptive of what we want Council to approve. Include \$ amount if applicable.

A resolution whereby the City Manager is authorized to sign and file a letter with the Public Utility Commission of Texas in Docket 32766 in support of El Paso Electric's position that Southwestern Public Service's current method of assigning system average fuel costs to El Paso Electric remain unchanged.

BACKGROUND / DISCUSSION:

Discussion of the what, why, where, when, and how to enable Council to have reasonably complete description of the contemplated action. This should include attachment of bid tabulation, or ordinance or resolution if appropriate. What are the benefits to the City of this action? What are the citizen concerns?

On Monday February 19, 2007, the City of El Paso (the "City") received a request from El Paso Electric ("EPE") requesting that the City file a letter of support in Docket 32766. Briefly, the issue in the case is that EPE has had a contract or series of contracts in place for some time with Southwestern Public Service ("SPS") whereby EPE is purchasing power from SPS receiving that power over a transmission line which runs from more or less Alamogordo to an interconnection in Eddy County New Mexico. EPE has been paying for capacity on that system through the term of that contract, and in turn also has been paying for the power at a fuel rate based upon the cost of burning coal, which is lower than natural gas. Some intervenors in this case have recommended that the fuel charges to SPS direct customers i.e. those in Amarillo and the Texas Pan handle be based on the system and that this sale be assigned incremental fuel costs. The City has reason to believe that, if the PUC should ultimately decide the issue in favor of having SPS increase its prices to EPE under this contract, the benefits to the City and each of its residents of a long-term wholesale sale from SPS to EPE may be placed in jeopardy.

PRIOR COUNCIL ACTION:

Has the Council previously considered this item or a closely related one?

No.

AMOUNT AND SOURCE OF FUNDING:

How will this item be funded? Has the item been budgeted? If so, identify funding source by account numbers and description of account. Does it require a budget transfer?

N/A

BOARD / COMMISSION ACTION:

Enter appropriate comments or N/A

N/A

*****REQUIRED AUTHORIZATION*****

LEGAL: (if required) _____ **FINANCE:** (if required) _____

DEPARTMENT HEAD: _____

RESOLUTION

CITY CLERK DEPT.

07 FEB 23 AM 9:40

WHEREAS, on May 31, 2006, the SOAH Dock No. 473-06-2536, Texas Public Utility Commission (the "**PUC**") Docket No. 32766, Application of Southwestern Public Service Company ("**SPS**") for: (1) Authority to Change Rates; (2) Reconciliation of its Fuel Costs for 2004 and 2005; (3) Authority to revise the Semi-Annual Formulae originally approved in Docket No. 27751 used to adjust its Fuel Factors; and (4) related relief (the "**Docket**") was filed;

WHEREAS, an issue has arisen in the case which El Paso Electric Company ("**EPE**") advises may affect the rates charged by SPS to EPE's ratepayers;

WHEREAS, the City has reason to believe that, if the PUC should ultimately decide the issue in favor of having SPS increase its prices to EPE under this contract, the benefits to the City and each of its residents of a long-term wholesale sale from SPS to EPE may be placed in jeopardy; and

WHEREAS, the City desires to support the position in this proceeding that SPS' current method of assigning system average fuel costs to EPE remain unchanged.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF EL PASO:

THAT the City Manager is hereby authorized to sign and file a letter with the PUC relating to the Docket in support of EPE's position that SPS' current method of assigning system average fuel costs to EPE remain unchanged.

PASSED AND APPROVED this _____ day of _____, 2007

CITY CLERK DEPT.

07 FEB 23 AM 9:40

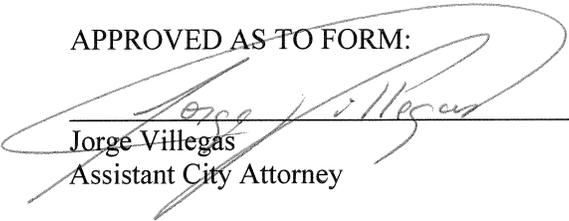
CITY OF EL PASO

John F. Cook
Mayor

ATTEST:

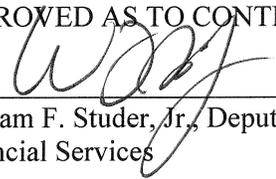
Richarda Duffy Momsen
City Clerk

APPROVED AS TO FORM:



Jorge Villegas
Assistant City Attorney

APPROVED AS TO CONTENT:



William F. Studer, Jr., Deputy City Manager
Financial Services