

RESOLUTION NO. 25-18

RESOLUTION BY THE CITY OF MOUNT VERNON (“CITY”) DENYING THE APPLICATION TO INCREASE RATES FILED BY SOUTHWESTERN ELECTRIC POWER COMPANY ON ABOUT OCTOBER 14, 2025; REQUIRING THE REIMBURSEMENT OF MUNICIPAL RATE CASE EXPENSES; AUTHORIZING PARTICIPATION IN THE COALITION OF SIMILARLY SITUATED CITIES; AUTHORIZING INTERVENTION AND PARTICIPATION IN RELATED RATE PROCEEDINGS; AUTHORIZING THE RETENTION OF SPECIAL COUNSEL; FINDING THAT THE MEETING COMPLIES WITH THE OPEN MEETINGS ACT; MAKING OTHER FINDINGS AND PROVISIONS RELATED TO THE SUBJECT; AND DECLARING AN EFFECTIVE DATE

WHEREAS, Southwestern Electric Power Company (“SWEPCO” or “Company”) filed a Statement of Intent with the City on about October 14, 2025 to increase its base revenues; 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 SWEPCO’s rates, operations, and services within the municipality;

WHEREAS, SWEPCO’s proposed increase in rates would result in a net increase to its base revenues of approximately \$94.9 million, which equates to a net increase of approximately 13.48% in base revenue, not including fuel or other revenue; and

WHEREAS, for a Residential customer using 1,000 kWh per month, if SWEPCO’s proposed increase is approved, the bill impact to that Residential customer would be an annual average increase of about \$16.43 per month; and

WHEREAS, the Company seeks a Return on Equity (ROE) of 10.75%; and

WHEREAS, SWEPCO seeks to increase its depreciation expense, increase its self-insurance reserve fund, recover costs related to certain purchased power agreements, recover the undepreciated value of the Pirkey power plant resulting from the imprudent early retirement of that plant, and seeks to increase its vegetation-management costs; and

WHEREAS, SWEPCO’s rate request consists of a voluminous amount of information including SWEPCO’s rate-filing package, exhibits, schedules, and workpapers; and

WHEREAS, the City will require the assistance of specialized legal counsel and rate experts to review the merits of SWEPCO's application to increase rates; and

WHEREAS, to the extent SWEPCO seeks review at the Public Utility Commission of Texas of the City's final decision regarding SWEPCO's statement of intent to change rates, or because SWEPCO has submitted a statement of intent to the Public Utility Commission of Texas to increase rates in the environs of the City on the same date it submitted its request to the City, the decision of the Public Utility Commission of Texas will have an impact on the rates paid by the City and its citizens who are customers of SWEPCO, and in order for the City's participation to be meaningful it is important that the City promptly intervene in such proceeding at the Public Utility Commission of Texas..

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF MOUNT VERNON THAT:

Section 1. The findings set out in the preamble are in all things approved and incorporated herein as if fully set forth.

Section 2. SWEPCO failed to show that its proposed rates are just and reasonable.

Section 3. The City hereby **DENIES** SWEPCO's request to increase rates and retains in place SWEPCO's rates in effect prior to the date upon which SWEPCO filed its statement of intent to change rates and finds that:

- A.** The Rate Filing Package fails to provide sufficient information to justify the requested increase in revenue or to justify the changes set forth in the attached tariffs;
- B.** The Rate Filing Package fails to provide sufficient information to justify a return on equity of 10.75%;
- C.** The Rate Filing Package fails to provide sufficient information to justify the adoption of the rate base, expenses, investment, return on equity, and other rate issues noted in the Public Utility Regulatory Act.

Section 4. The City authorizes intervention in proceedings related to SWEPCO's Statement of Intent before the Public Utility Commission of Texas and related

proceedings in courts of law and participation in the coalition of cities known as Cities Advocating Reasonable Deregulation.

Section 5. The City joins and continues its participation with other cities in a coalition of cities known as Cities Advocating Reasonable Deregulation with the understanding that the Steering Committee of CARD is to provide direction and guidance to Special Counsel representing said cities.

Section 6. The City hereby orders SWEPCO to reimburse the City's rate case expenses as provided in the Public Utility Regulatory Act and that SWEPCO shall do so on a monthly basis and within 30 days after submission of the City's invoices for the City's reasonable costs associated with the City's activities, through its participation in CARD, related to its rate review or to related proceedings involving SWEPCO before the City, the Public Utility Commission of Texas, or any court of law.

Section 7. Subject to the right to terminate employment at any time, the City retains and authorizes the law firm of Herrera Law & Associates, PLLC to act as Special Counsel with regard to rate proceedings involving SWEPCO before the City, the Public Utility Commission of Texas, or any court of law and to retain such experts as may be reasonably necessary for review of SWEPCO's rate application subject to approval by the City.

Section 8. The City, in coordination with the Steering Committee, shall review the invoices of the lawyers and rate experts for reasonableness before submitting the invoices to SWEPCO for reimbursement.

Section 9. The City Secretary or other appropriate city official shall provide a copy of this Resolution to Mr. Alfred R. Herrera, Herrera Law & Associates, PLLC, either to P.O. Box 302799, Austin, Texas 78703, or by email to aherrera@herreralawpllc.com, and as a courtesy, provide a copy to SWEPCO's local representative.

Section 10. 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 11. To the extent any Resolution previously adopted by the City Council is inconsistent with this Resolution, it is hereby superseded.

Section 12. This resolution shall become effective from and after its passage.

PASSED AND APPROVED this 24th day of November, 2025.

Mayor

ATTEST:

City Secretary