



## AGENDA ITEM COMMENTARY

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<b>MEETING NAME:</b>	City Council
<b>MEETING DATE:</b>	September 16, 2024
<b>ITEM TITLE:</b>	Consider and take appropriate action on Resolution No 2024-035, denying Southwestern Public Service Company's proposed surcharge in rates
<b>STAFF INITIATOR:</b>	Randy Criswell, City Manager

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### **BACKGROUND:**

On July 16, 2024, Southwestern Public Service (SPS) filed an application to implement a \$41.4 million surcharge to recover additional revenue that would have been received during the period of July 13, 2023 through January 31, 2024 from rates that were ultimately approved on April 11, 2024. This one is a little different than typical, so I want to provide a little extra explanation.

On February 8, 2023, SPS file an application for an increase. We denied the application at the advice of AXM. One year later, on February 1, 2024, we agreed to implement interim rates which were subsequently approved and ordered by the PUCT on April 11, 2024. The law allows for a "relate-back" period from the 155<sup>th</sup> day after the utility files its rate case (which in this case would be July 13, 2023), to the date of the PUCT's final order. However, in this case, since we implemented interim rates on February 1, 2024, the relate-back period is only from July 13, 2023 to January 31, 2024.

Statutorily, there is nothing wrong with what SPS is proposing, but our counsel and the AXM Coalition are recommending we deny this application so it can be properly litigated at the PUCT, and to determine what interest rate should be applied to the surcharge.

### **EXHIBITS:**

Agenda Information Sheet provided by Counsel  
Resolution

### **COUNCIL ACTION/STAFF RECOMMENDATION:**

Staff recommends approval of Resolution No. 2024-035 as prepared, denying the application.