

ORDINANCE NO. 222

**AN ORDINANCE OF THE CITY OF WHEELER
APPROVING A SETTLEMENT AGREEMENT BETWEEN THE
ALLIANCE OF XCEL MUNICIPALITIES ("AXM") AND
SOUTHWESTERN PUBLIC SERVICE COMPANY ("SPS" OR
"COMPANY") REGARDING THE COMPANY'S STATEMENT OF
INTENT TO CHANGE ELECTRIC RATES IN ALL CITIES
EXERCISING ORIGINAL JURISDICTION; DECLARING
EXISTING RATES TO BE UNREASONABLE; ADOPTING
TARIFFS THAT REFLECT RATE ADJUSTMENTS CONSISTENT
WITH THE SETTLEMENT AGREEMENT AND FINDING THE
RATES TO BE SET BY THE ATTACHED TARIFFS TO BE JUST
AND REASONABLE; FINDING THE CITY'S RATE CASE
EXPENSES REASONABLE; DIRECTING SPS TO REIMBURSE
THE CITY ITS REASONABLE RATE CASE EXPENSES;
DETERMINING THAT THIS ORDINANCE WAS PASSED IN
ACCORDANCE WITH THE REQUIREMENTS OF THE TEXAS
OPEN MEETING ACT; DECLARING AN EFFECTIVE DATE;
REPEALING ANY PRIOR RESOLUTIONS INCONSISTENT
WITH THIS ORDINANCE AND REQUIRING DELIVERY OF
THIS ORDINANCE TO THE COMPANY AND LEGAL COUNSEL**

WHEREAS, the City of Wheeler, Texas ("City") has exclusive original jurisdiction as a regulatory authority over Southwestern Public Service Company ("SPS" or "Company") rates, operations, and services within the City; and

WHEREAS, the City is also an electric utility customer of SPS, and has an interest in SPS's rates and charges; and

WHEREAS, SPS filed a Statement of Intent with the City on or about November 15, 2012 to increase its annual revenue requirement by approximately \$90 million on a system-wide basis, which represents an increase in base revenue of approximately 22%, and which included an increase in residential base rates of approximately 10.06%; and

WHEREAS, the City took action to suspend the effective date and to coordinate a response to SPS's filing with other similarly situated municipalities (such participating cities are referred to herein as the Alliance of Xcel Municipalities ("AXM")); and

WHEREAS, the City took action on or before December 20, 2012 to suspend the effective date; and

WHEREAS, AXM wants to minimize rate-case expenses that would result from a lengthy, contested rate-case proceedings before the Public Utility Commission of Texas ("PUCT") and through the appellate process for the pending rate case and SPS's intended plans to submit additional applications to increase rates; and

WHEREAS, AXM authorized its attorneys and experts to formulate and review reasonable settlement positions to resolve the pending rate increase request; and

WHEREAS, AXM's attorneys met numerous times with the Company to negotiate a Settlement Agreement resolving the issues raised by the Company's Statement of Intent filing; and

WHEREAS, after extensive review and analysis, AXM's attorneys and experts found that SPS's initially proposed increase in revenue and its initially proposed rates are unreasonable; and

WHEREAS, AXM's attorneys and experts have evaluated what a likely outcome from a fully-litigated proceeding would be and are of the opinion that the increase of approximately \$50.8 million (divided into Step 1 - \$37 million on May 1, 2013 and Step 2 - \$13.8 million on September 1, 2013) noted in the negotiated Settlement Agreement compares favorably with a likely outcome from a fully-litigated proceeding; and

WHEREAS, after extensive review and analysis, AXM's attorneys and experts found that the significantly lower increase of approximately \$50.8 million and other SPS concessions set forth in the Settlement Agreement instead of the \$90 million increase initially proposed by SPS is reasonable; and

WHEREAS, as part of the Settlement Agreement, SPS's existing rates are deemed interim as of May 1, 2013; and

WHEREAS, AXM's attorneys and experts recommend that AXM's members approve the negotiated Settlement Agreement and attached tariffs; and

WHEREAS, under the Public Utility Regulatory Act, the City has a right to reimbursement of its reasonable rate-case expenses and SPS has an obligation to reimburse the City's reasonable rate-case expenses; and

WHEREAS, the attached tariffs implementing new rates are consistent with the Settlement Agreement and are just, reasonable, and in the public interest; and

WHEREAS, the Settlement Agreement as a whole is in the public interest;

**NOW THEREFORE, THE CITY COUNCIL OF THE CITY OF
WHEELER, TEXAS HEREBY ORDAINS 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. That the City Council finds that the Settlement Agreement, which is attached hereto and incorporated herein as Attachment A, is in the public interest and is hereby endorsed in all respects.

Section 3. That SPS's existing rates are deemed interim as of May 1, 2013, and are found unreasonable upon the implementation of the rates set forth in the Settlement Agreement.

Section 4. That the revenue and resulting rates set forth in the Settlement Agreement and schedule of rates and tariffs for electric service provided by SPS, which are attached hereto and incorporated herein as Attachment B, are just and reasonable, and are hereby adopted for service rendered on and after May 1, 2013.

Section 5. That Step One of rates under the Settlement Agreement shall be effective for service rendered on and after May 1, 2013; and that Step Two of the rates in the Settlement Agreement shall be effective for service rendered on or after September 1, 2013.

Section 6. That to the extent any resolution or ordinance previously adopted by the Council is inconsistent with this Ordinance, it is hereby repealed.

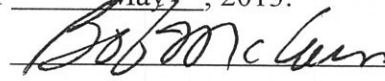
Section 7. That the meeting at which this Ordinance was approved was in all things conducted in strict compliance with the Texas Open Meetings Act, Texas Government Code, Chapter 551.

Section 8. That if any one or more sections or clauses of this Ordinance is adjudged to be unconstitutional or invalid, such judgment shall not affect, impair or invalidate the remaining provision of this Ordinance and the remaining provisions of the Ordinance shall be interpreted as if the offending section or clause never existed.

Section 9. That this Ordinance shall become effective from and after its passage.

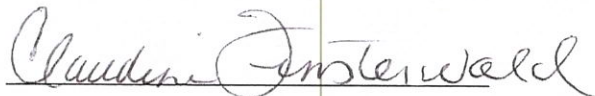
Section 10. The City Secretary or other appropriate city official shall notify SPS of this Ordinance by **sending a copy of the Ordinance to James M. Bagley, Manager, Regulatory Administration Xcel Energy Services Inc., P.O. Box 1261, Amarillo, Texas 79105, and AXM shall be notified by sending a copy of this resolution to Mr. Marcus Norris, City Attorney, City of Amarillo, Texas by fax to 806-378-3018.**

PASSED AND APPROVED this 20 day of May, 2013.



Mayor

ATTEST:



City Secretary

SPS RATE ORDINANCE

ATTACHMENT A

SPS 2012 Statement of Intent

**Stipulation and Settlement
Agreement**

SPS RATE ORDINANCE

ATTACHMENT B

SPS 2012 Statement of Intent

SPS Tariffs

Step One – Effective May 1, 2013

Step Two – Effective Sep. 1, 2013

Bill Comparisons

Average kWh Consumption per Bill: 700

Small General Service

	Present Rates	Original Proposed Rates	Proposed \$ Increase	Step 1 Settled Rates	Step 1 \$ Increase	Step 2 Settled Rates	Step 2 \$ Increase	Total \$ Increase
1 Service Availability Charge	\$ 10.91	\$ 12.80	\$ 1.89	\$ 11.60	\$ 0.69	\$ 11.60	\$ -	\$ 0.69
2 Energy Charge per kWh	\$ 0.048485	\$ 0.048741	\$ 0.000256	0.050467	\$ 0.001982	\$ 0.051033	\$ 0.000566	\$ 0.002548
3 Energy Charge per kWh	\$ 0.040443	\$ 0.042146	\$ 0.001703	0.042053	\$ 0.001610	0.043326	\$ 0.001273	\$ 0.002883
4 EECRF per kWh*	\$ 0.000226	\$ 0.000226	\$ -	\$ 0.000226	\$ -	\$ 0.000226	\$ -	\$ -
5 Fuel Factor per kWh*	\$ 0.025978	\$ 0.025978	\$ -	\$ 0.025978	\$ -	\$ 0.025978	\$ -	\$ -
6 Fuel Factor per kWh*	\$ 0.026319	\$ 0.026319	\$ -	\$ 0.026319	\$ -	\$ 0.026319	\$ -	\$ -

7 kWh Level

700

	Present Bill:	Proposed Bill	Step 1 Bill	Step 1 Increase	Step 1 Increase	Step 2 Bill	Step 2 Increase	Step 2 Increase	Total Increase	Total Increase
8										
9										
10	\$ 41.10	\$ 43.84	\$ 43.00	\$ 1.90	4.62%	\$ 43.73	\$ 0.73	1.70%	\$ 2.63	6.40%
11	\$ 0.16	\$ 0.16	\$ 0.16	\$ -		\$ 0.16	\$ -		\$ -	
12	\$ 18.34	\$ 18.34	\$ 18.34	\$ -		\$ 18.34	\$ -		\$ -	
13	\$ 59.60	\$ 62.34	\$ 61.50	\$ 1.90	3.19%	\$ 62.23	\$ 0.73	1.19%	\$ 2.63	4.41%

Bill Comparisons

Average kWh Consumption per Bill: 1,420

Residential Service with Space Heaters

Residential Service with Space Heaters									
		Present Rates	Original Proposed Rates	Proposed \$ Increase	Step 1 Settled Rates	Step 1 \$ Increase	Step 2 Settled Rates	Step 2 \$ Increase	Total \$ Increase
1	Service Availability Charge	\$ 6.00	\$ 7.60	\$ 1.60	\$ 7.16	\$ 1.16	\$ 7.60	\$ 0.44	\$ 1.60
2	Energy Charge per kWh	\$ 0.064382	\$ 0.066334	\$ 0.001952	\$ 0.067654	\$ 0.003272	\$ 0.068862	\$ 0.001208	\$ 0.004480
3	Energy Charge per kWh	\$ 0.045161	\$ 0.051536	\$ 0.006375	\$ 0.048512	\$ 0.003351	\$ 0.049764	\$ 0.001252	\$ 0.004603
4	EECRF per kWh*	\$ 0.000529	\$ 0.000529	\$ 0.000529	\$ 0.000529		\$ 0.000529		
5	Fuel Factor per kWh*	\$ 0.025978	\$ 0.025978		\$ 0.025978		\$ 0.025978		
6	Fuel Factor per kWh*	\$ 0.026319	\$ 0.026319		\$ 0.026319		\$ 0.026319		

7 kWh Level

7	kWh Level	1,000															
8	Present Bill:	Proposed Bill			Step 1 Bill		Step 1 Increase		Step 1 Increase		Step 2 Bill		Step 2 Increase		Total Increase		
9																	
10	Average Monthly Base Cost	\$	57.57	\$	64.07	\$	62.05	\$	4.48	7.78%	\$	63.73	\$	1.68	2.71%	\$	6.16
11	EECRF per Month	\$	0.53	\$	0.53	\$	0.53	\$	0.53		\$	0.53	\$				10.70%
12	Average Monthly Fuel Cost	\$	26.21	\$	26.21	\$	26.21	\$	26.21		\$	26.21	\$				
13	Average Monthly Bill	\$	84.31	\$	90.81	\$	88.79	\$	4.48	5.31%	\$	90.47	\$	1.68	1.89%	\$	6.16
																	7.31%

Bill Comparisons

Small General Service

7 kWh Level

8 Present Bill:

[illegible]

Southwestern Public Service Company

Bill Comparisons

Average kWh Consumption per Bill: 510

Small Municipal and School Service

		Present Rates	Original Proposed Rates	Proposed \$ Increase	Step 1 Settled Rates	Step 1 \$ Increase	Step 2 Settled Rates	Step 2 \$ Increase	Total \$ Increase
1	Service Availability Charge	\$ 10.60	\$ 12.80	\$ 2.20	\$ 11.60	\$ 1.00	\$ 11.60	\$ -	\$ 1.00
2	Energy Charge per kWh	\$ 0.036617	\$ 0.039002	\$ 0.002385	\$ 0.040043	\$ 0.003426	\$ 0.042065	\$ 0.002022	\$ 0.005448
3	Energy Charge per kWh	\$ 0.030261	\$ 0.033997	\$ 0.003736	\$ 0.033086	\$ 0.002825	\$ 0.034866	\$ 0.001780	\$ 0.004605
4	EECRF per kWh*	\$ 0.000195	\$ 0.000195		\$ 0.000195		\$ 0.000195		
5	Fuel Factor per kWh*	\$ 0.025978	\$ 0.025978		\$ 0.025978		\$ 0.025978		
6	Fuel Factor per kWh*	\$ 0.026319	\$ 0.026319		\$ 0.026319		\$ 0.026319		

7 kWh Level

510

	Present Bill:	Proposed Bill	Step 1 Bill	Step 1 Increase	Step 1 Increase	Step 2 Bill	Step 2 Increase	Step 2 Increase	Total Increase	Total Increase
8										
9										
10	Average Monthly Base Cost	\$ 27.11	\$ 30.99	\$ 29.66	\$ 2.55	\$ 30.61	\$ 0.95	3.20%	\$ 3.50	12.91%
11	EECRF per Month	\$ 0.10	\$ 0.10	\$ 0.10		\$ 0.10				
12	Average Monthly Fuel Cost	\$ 13.36	\$ 13.36	\$ 13.36		\$ 13.36				
13	Average Monthly Bill	\$ 40.57	\$ 44.45	\$ 43.12	\$ 2.55	\$ 44.07	\$ 0.95	2.20%	\$ 3.50	8.63%

Average kWh Consumption per Bill: 875

Residential Service		Present Rates	Original Proposed Rates	Proposed \$ Increase	Step 1 Settled Rates	Step 1 \$ Increase	Step 2 Settled Rates	Step 2 \$ Increase	Total \$ Increase
1	Service Availability Charge	\$ 6.00	\$ 7.60	\$ 1.60	\$ 7.16	\$ 1.16	\$ 7.60	\$ 0.44	\$ 1.60
2	Energy Charge per kWh	\$ 0.064382	\$ 0.066334	\$ 0.001952	\$ 0.067654	\$ 0.003272	\$ 0.068862	\$ 0.001208	\$ 0.004480
3	Energy Charge per kWh	\$ 0.055118	\$ 0.061521	\$ 0.006403	\$ 0.058286	\$ 0.003168	\$ 0.059473	\$ 0.001187	\$ 0.004355
4	EECRF per kWh*	\$ 0.000529	\$ 0.000529		\$ 0.000529		\$ 0.000529		
5	Fuel Factor per kWh*	\$ 0.025978	\$ 0.025978		\$ 0.025978		\$ 0.025978		
6	Fuel Factor per kWh*	\$ 0.026319	\$ 0.026319		\$ 0.026319		\$ 0.026319		

1,000

Present Bill:	Present Bill		Proposed Bill		Step 1 Bill	Step 1 Increase	Step 1 Increase	Step 2 Bill	Step 2 Increase	Step 2 Increase	Total Increase						
Average Monthly Base Cost	\$	64.21	\$	70.73	\$	68.57	\$	4.36	6.79%	\$	70.20	\$	1.63	2.38%	\$	5.99	9.33%
EECRF per Month	\$	0.53	\$	0.53	\$	0.53	\$	0.53			\$	0.53					
Average Monthly Fuel Cost	\$	26.21	\$	26.21	\$	26.21	\$	26.21			\$	26.21					
Average Monthly Bill	\$	90.95	\$	97.47	\$	95.31	\$	4.36	4.79%		\$	96.94	\$	1.71%	\$	5.99	6.59%