

BE IT KNOWN THAT THE CITY COUNCIL OF THE CITY OF GLADEWATER, TEXAS WILL MEET IN REGULAR SESSION AT CITY HALL, 519 EAST BROADWAY, GLADEWATER, TEXAS ON THURSDAY, JANUARY 15, 2026, AT 6:00 P.M.

CITY OF GLADEWATER
CITY COUNCIL REGULAR SESSION
AGENDA
JANUARY 15, 2026
6:00 P.M.

PAGE	ITEM
	I. <u>CALL TO ORDER</u> a) Invocation b) Pledge
	II. <u>MAYOR AND COUNCIL COMMENTS</u> <i>The Mayor may address items of community interest, including: expressions of thanks, congratulations, or condolence; information regarding holiday schedules; an honorary or salutary recognition of a public official, public employee, or other citizen; a reminder about an upcoming event organized or sponsored by the City of Gladewater; information regarding a social, ceremonial, or community event organized or sponsored by an entity other than the City of Gladewater that was attended or is scheduled to be attended by a City Official of the City of Gladewater; and announcements involving an imminent threat to the public health and safety of people in the City of Gladewater that has arisen after posting the agenda. The Mayor may also provide updates or open discussions on matters of community concern. No action will be taken except specifically listed on this agenda.</i>
	III. <u>CITY MANAGER'S REPORT</u> (Council may ask questions or discuss matters raised. <u>No action will be taken unless specifically listed on this agenda.</u>) a) Administrative and project updates b) Announcements and department updates
	IV. <u>CITIZENS COMMENTS</u>
	V. <u>CONSIDERATION</u> of consent agenda: a) Minutes – December 18, 2025 b) Ordinance O-26-01 to order city officer election to be held on Saturday, May 2, 2026 c) Joint Election Agreement between Gladewater Independent School District and the City of Gladewater for the May 2, 2026 Election
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7	VI. <u>PUBLIC HEARING</u> regarding a front set-back variance request for a carport at LT 13 BLK 1 EVERETT HILAND; more commonly known as 713 Martha Dr.
	VII. <u>DISCUSS AND CONSIDER</u> a front set-back variance request for a carport at LT 13 BLK 1 EVERETT HILAND; more commonly known as 713 Martha Dr.
10	VIII. <u>PUBLIC HEARING</u> regarding request for a specific use permit for a Wine & Malt Beverage Permit (BQ) for off-premises consumption at LTS 15 THRU 19 NCB 63 GLADEWATER & PT OF ALLEY; more commonly known as 227 S. Main St.
	IX. <u>DISCUSS AND CONSIDER</u> a specific use permit for a Wine & Malt Beverage Permit (BQ) for off-premises consumption at LTS 15 THRU 19 NCB 63 GLADEWATER & PT OF ALLEY; more commonly known as 227 S. Main St.

- X. DISCUSS AND CONSIDER installation of replacement pavilion at Gladewater Memorial Park Cemetery, related costs, and funding
- XI. DISCUSS AND CONSIDER recommendation from Parks & Recreation Board regarding location of south entrance gate at Lake Gladewater Park
- XII. DISCUSS AND CONSIDER replacement of roof on the FBO and C-1 thru C-6 hangars at Gladewater Municipal Airport
- 13 XIII. DISCUSS AND CONSIDER Interlocal Agreement Between the City of Longview and the City of Gladewater for Animal Shelter Services
- 22 XIV. DISCUSS AND CONSIDER Resolution R-26-01 Denying SWEPCO's Request for Approval of It's Proposed "Electric Service – Large Load Contract: Tariff; Requiring the Reimbursement of Municipal Rate Case Expenses; Authorizing Participation in the Coalition of Similarly Situated Cities and Authorizing Intervention and Participation in Related Rate Proceedings; Authorizing the Retention of Special Counsel
- XV. EXECUTIVE SESSION pursuant to Local Government Code §551.074 – personnel matters regarding the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of a public officer or employee – Fire Chief
- XVI. RECONVENE INTO OPEN SESSION and take any action necessary regarding Fire Chief
- XVII. DISCUSSION OF FUTURE AGENDA ITEMS Council may discuss priorities, issues of concern, and potential items for placement on future agendas. No action will be taken on matters not specifically listed on this agenda.
- XVIII. ADJOURN

The City Council of the City of Gladewater reserves the right to adjourn into executive session at any time during the course of this meeting to discuss any of the matters above, with respect to and as authorized by Texas Government Code Sections 551.071 (Consultation with Attorney), 551.072 (Deliberations about Real Property), 551.074 (Personnel Matters) and 551.087 (Negotiations).

PERSONS WITH DISABILITIES WHO PLAN TO ATTEND THIS MEETING AND WHO MAY NEED AUXILLARY AIDS OR SERVICES ARE REQUESTED TO CONTACT JUDY VAN HOUTEN AT (903) 845-2196 AT LEAST TWO DAYS BEFORE THIS MEETING SO THAT APPROPRIATE ARRANGEMENTS MAY BE MADE.

I CERTIFY THAT THE ABOVE NOTICE WAS POSTED AT GLADEWATER CITY HALL BY 12:00 P.M. ON FRIDAY, JANUARY 9, 2026.


JUDY VAN HOUTEN, TRMC
CITY SECRETARY



CITY OF GLADEWATER
CITY COUNCIL REGULAR SESSION
MINUTES
DECEMBER 18, 2025
6:00 P.M.

MEMBERS PRESENT: Mayor Brandy Flanagan, Mayor Pro-tem Elijah Anderson, Michael Webber, Stoney Stone, William Blackmon, Milton Anderson, Kevin Clark

STAFF PRESENT: Charlie Smith, Judy Van Houten, Brian Smith, Michael Simmons, Meghan Foster, Leah Alexander, Kyle Ready, Wesley Moyers, Alan Kessler, David Roberts, Brandon Brown

GUESTS PRESENT: Vincent Phillips, Todd Tefteller, Michele Stone, Edd Long, Nancy Long, Peggy Menefee, Barry Cook, Tammy Kessler, Rose Owens, Scott Owens, Candice S. Wells, Mike Atkins, Lois Reed, Jimmy Paul McMahan, Teddy W. Sorrells, Emily Anderson, Ken Collyer, Debbie Collyer, Jeromy Redd, Hunter Wynne, Charles O'Neal, Barbara Grubs, Cleo Compagne, Robert Haberle

I. CALL TO ORDER

Mayor Flanagan called the meeting to order at 6:00 p.m.

- a) Invocation – Scott Owens
- b) Pledge – Councilmember M. Anderson

II. MAYOR AND COUNCIL COMMENTS

Mayor Flanagan welcomed everyone and extended a Merry Christmas greeting. She gave a special welcome to Upshur County Judge Todd Tefteller.

Spotlight:

Mayor Pro-tem E. Anderson said that Meghan Foster did a wonderful job on the city employee Christmas party and Chamber Executive Director Lois Reed did a fabulous job on the Christmas parade. Go Team Gladewater!

Councilmember M. Anderson thanked all of the volunteers who make the monthly food distribution possible. He also stated that the Christmas parade was wonderful.

Councilmember Clark gave a shout-out to Jermain Lewis for the first program football banquet.

Councilmember Blackmon reiterated how wonderful the Christmas parade was. He gave a special thanks to the public works guys, who had worked during the day, but still managed to make an appearance.

Councilmember Stone said that Wendy Emmel and the WTP crew are doing a fantastic job.

Councilmember Webber said he has two children currently serving in the military and said the Wreaths Across America is a wonderful program. He encouraged everyone to pray for our active-duty military, especially the youngest of them who will be spending their first Christmas away from home.

Mayor Flanagan said she wanted to spotlight the community as a whole. She thanked everyone who volunteers.

Lois Reed gave the following updates: 1) there was an amazing crown for the Christmas parade this past Saturday; 2) East Texas Food Bank Distribution helped 415 families this past Tuesday; 3) Manna House distributed 88+ boxes of food, toys and 3 bikes to needy families; 4) there are several Angle Trees working behind the scenes to provide for area children; 5) the Lee-Bardwell Public Library will host a Pancakes with Gladewater Fire Department event on Saturday from 9am-noon. Chief Simmons will be reading a story to everyone.; 6) please shop our local businesses for any last-minute Christmas shopping needs; there will be a ribbon cutting for Thrive & Connect this Friday at 11:30 at the Chamber.

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III. CITY MANAGER'S REPORT (Council may ask questions or discuss matters raised. No action will be taken unless specifically listed on this agenda.)

- a) Administrative and project updates
- b) Announcements and department updates

City Manager Smith congratulated Felipe Gomez on being named the Black & Gold Employee of the Year at our recent city employee Christmas Party. He also announced that we received notification that we have been awarded the TDA CDBG grant for infrastructure repairs on Anderson Lane.

IV. CITIZENS COMMENTS

Todd Tefteller said that he hopes council considers the matter of short-term rentals with the utmost gravity. Lake Gladewater is the crown jewel of Gladewater.

V. CONSIDERATION of consent agenda

- a) Minutes – November 20, 2025

Councilmember Clark made a motion to approve the consent agenda; seconded by Councilmember Webber. Motion carried 7-0.

VI. DISCUSS AND CONSIDER abandoning a portion of Smith Street

City Manager Smith explained that Smith Street was closed years ago in part because it is too narrow and other traffic concerns at the time. Mr. Cavel owns property on both sides of the closed street. He would like to market the property as one whole piece instead of split property. Mr. Smith recommends that the city abandon the street to Mr. Cavel.

Councilmember Blackmon made a motion to abandon Smith Street; seconded by Councilmember Clark. Motion carried 7-0.

VII. DISCUSS AND CONSIDER liquor store regulations, including zoning, distance requirements, and related policy considerations

Mayor Flanagan stated that our only path to regulate liquor stores would be through zoning. The City of Longview has addressed this issue and their mayor has offered to meet with us to discuss how they handled things. She would like to schedule a meeting with our Planning & Zoning Commission and City of Longview representatives.

No action taken on this item.

VIII. DISCUSS AND CONSIDER the purchase, installation, and fees associated with the sale of columbarium spaces at Gladewater Memorial Park Cemetery

Daylon Caldwell with Matthews Granite gave a presentation with ideas for a columbaria at Gladewater Memorial Park Cemetery.

Council thanked Mr. Caldwell for the presentation and said they will discuss this further during budget workshops for next year's budget.

No action taken on this item.

IX. DISCUSS AND CONSIDER FY 2026 Interlocal Agreement for Emergency Services Between Upshur County Emergency Services District No. 1 and City of Gladewater

Fire Chief Michael Simmons explained that the agreement covers the same area as previous agreements. The only big change is the increase of payment to the City of Gladewater from the ESD.

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Councilmember M. Anderson made a motion to approve the interlocal agreement; seconded by Councilmember Stone. Motion carried 7-0.

- X. DISCUSS AND CONSIDER the purchase of a new backhoe and related budget or operational needs

City Manager Smith explained that we currently rent a backhoe and he would like for council to consider purchasing one instead. He presented finance options received from Austin Bank and City National Bank. We already spend the money each year on rental so it would be a wash financially to purchase and then we own the equipment.

Councilmember Clark stated that he wants a rotation plan in place moving forward so that we are not in the same situation in the future.

Councilmember Stone made a motion to approve the purchase of a new backhoe; seconded by Councilmember Clark. Motion carried 7-0.

Councilmember Webber made a motion to rescind the motion and vote; seconded by Councilmember Blackmon. Motion to rescind carried 7-0.

Councilmember Stone made a motion to purchase a new backhoe with financing through City National Bank; seconded by Councilmember Clark. Motion carried 7-0.

- XI. DISCUSS AND CONSIDER purchase of new fire engine and fire truck, including specifications, funding options, and related operational impacts

Fire Chief Michael Simmons thanked Councilmember Blackmon for his assistance with financing questions.

Councilmember Clark stated that financing through Austin Bank looks like the best option.

Councilmember Blackmon stated that he would prefer bi-annual payments. He then made the motion to purchase a new fire engine and truck with funding through Austin Bank; seconded by Councilmember Clark. Motion carried 7-0.

- XII. DISCUSS AND CONSIDER approval of Contract Amendment No. 1, in the amount of \$51,550, to Schaumburg & Polk, Inc. for additional environmental services for the TWDB Phase 2 Wastewater Improvements project

Robert Haberle with SPI explained that since the start of the project additional environmental work is required. This will be paid out of the contingency funds.

Councilmember Clark made a motion to approve the amendment; seconded by Councilmember Webber. Motion carried 7-0.

- XIII. EXECUTIVE SESSION pursuant to Local Government Code:

- a) §551.071 – consultation with council on legal matters – Short Term Rentals inside the City of Gladewater and on City owned property
- b) §551.072 – deliberation regarding purchase, exchange, lease or value of real property – GCAD Property ID 19051, AB 95 H R HOKIT SUR TR 78

Mayor Flanagan recessed the meeting into executive session at 6:17 p.m.

[out of order – item XIII. Before item V.]

- XIV. RECONVENE INTO OPEN SESSION TO DISCUSS AND TAKE ANY ACTION NECESSARY ON:

- a) Short Term Rentals inside the City of Gladewater and on City owned property

Mayor Flanagan reconvened the meeting into open session at 6:50 p.m.

Jimmy Paul McMann said he would like to know where council is on this issue. He owns a short-term rental on Lake Gladewater. He has very strict rules for anyone wanting to rent \

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his property. He also asked if any existing STR's would be grandfathered if/when the rules change.

Charles Modiset stated that he lives on the lake. He has a STR on one side and a traditional rental on the other side of his property. He said the STR property is maintained better.

Edd Long stated that he owns a STR on Lake Gladewater. He hasn't had any issues since they began renting their property. He has ample parking and limits the number of visitors to 6 people. Mr. Long further stated that he doesn't believe that corporations should be able to buy and run STR's on Lake Gladewater.

Jeromy Redd said he has a friend who grew up on Lake Gladewater. Because of that he purchased his property and runs a STR on the lake property. He said having STR's helps the economy and drives economic development.

Ken Collyer said he is not in favor of STR's on Lake Gladewater, or additional restaurants and hotels in Gladewater. He asked if STR's are considered residential or commercial. City Attorney Ron Stutes stated that the courts have ruled that they are not commercial. Mr. Collyer further asked if all of the STR's are ADA compliant and if council would mandate that they are.

Mike Adkins said he is not in favor of STR's on Lake Gladewater. He has had people walking across his property at 11pm and later. He is sick of the traffic.

Mayor Flanagan informed everyone that our city attorney will put together information to present to council that will limit the number of STR's on city-owned property as well as address noise complaints, parking, and other issues.

Councilmember Clark said it is obvious there are two sides to this issue. The goal is to work together to find a happy middle ground.

No action taken on this item.

b) GCAD Property ID 19051, AB 95 H R HOKIT SUR TR 78

No action taken on this item.

[out of order – item XIV. Before item V.]

XV. DISCUSSION OF FUTURE AGENDA ITEMS Council may discuss priorities, issues of concern, and potential items for placement on future agendas. No action will be taken on matters not specifically listed on this agenda.

1. Pavilion at Gladewater Memorial Park Cemetery

XVI. ADJOURN

Councilmember Stone made a motion to adjourn the meeting at 8:35 p.m.; seconded by Councilmember M. Anderson. Motion carried 7-0.

Brandy J. Flanagan
Mayor

ATTEST:

Judy Van Houten, TRMC
City Secretary

ORDINANCE NO. O-26-01
ORDER FOR CITY OFFICERS ELECTION

STATE OF TEXAS
CITY OF GLADEWATER

I, Brandy J. Flanagan, in my capacity as Mayor of the City of Gladewater, Texas do hereby order that an election be held in said City on the 2nd day of May 2026 for the purpose of electing the following officials for said City:

MAYOR	PLACE 1
COUNCIL MEMBER	PLACE 2
COUNCIL MEMBER	PLACE 3

That in accordance with an order adopted by the City Council of said City, said election shall be held at the following place in said City, and the following named persons are hereby appointed officers for said election.

Judy Van Houten is hereby appointed Clerk for Early Voting. The period for early voting by personal appearance for the above designated election will be conducted at Gladewater City Hall, 519 East Broadway, Gladewater, Texas between the hours of 8:00 a.m. and 5:00 p.m. on Monday, April 20, 2026, Wednesday – Friday, April 22-24, 2026; and Monday – Tuesday, April 27-28, 2026.

The early voting clerk's mailing address is P.O. Box 1725, Gladewater, Texas 75647, to which ballot applications and ballots voted by mail may be sent.

Early voting by mail shall be by paper ballots and voting by personal appearance shall be by a Verity DUO voting system approved by the Secretary of State of Texas and shall be canvassed by an Early Voting Ballot Board, and Nancy Holly shall serve as Presiding Judge, and she shall appoint the necessary clerks to assist her for the Early Voting Ballot Board for said election.

In the election to be held on the first Saturday in May 2026, Ann Hinds shall serve as Presiding Judge and Gary Hinds as Alternate Presiding Judge, and the City Secretary shall appoint the necessary clerks to assist him/her. If either the Presiding Judge or the Alternate Presiding Judge is unable to perform his/her assigned duties, the City Secretary is authorized to select an Acting Presiding or Acting Alternate Presiding Judge from the qualified Election Clerks, as needed. Election judges are to be paid at a rate of \$13.00 per hour and clerks are to be paid at a rate of \$11.00 per hour.

The City has four election precincts, those being 2, 3 and 14 in Upshur County and 13 in Gregg County; and voting for all such precincts shall be held at City Hall, 519 East Broadway, Gladewater, Texas; and on election day will be open from 7:00 a.m. to 7:00 p.m.

The order in which the names of the candidates are to be printed on the ballot shall be determined by a drawing by the City Secretary as provided in Section 52.094 of the Election Code.

Said election shall be held in accordance with the Election Code of this State, and only resident qualified voters of said City shall be eligible to vote at said election.

The Mayor shall give notice of this election in accordance with the terms and provisions of Section 4.004, 83.010, 85.004 and 85.007 of the Election Code, and all necessary orders and writs for said election shall be issued by the proper authority.

PASSED, APPROVED AND ADOPTED this 15th day of January 2026.

BRANDY J. FLANAGAN
MAYOR

ATTEST:

JUDY VAN HOUTEN, TRMC
CITY SECRETARY

JOINT ELECTION AGREEMENT

Between

**Gladewater Independent School District (GISD) and the
City of Gladewater (City)**

BY THE TERMS OF THIS AGREEMENT, GISD, a local political subdivision, and the City do hereby agree, pursuant to the provisions of the Texas Election Code, to hold a joint election of the General/Special/Bond Election of GISD and the General/Special/Bond Election of the City to be held on Saturday, May 2, 2026.

GISD and the City shall share equally (according to the percentages set forth in the Joint Election Contract) in the expense of the early voting and election day polling locations, ballot programming, payroll of election workers, and other costs common to both elections upon receipt of satisfactory billing and invoices from the City reflecting the total of such expenses.

GISD understands that the City has contracted with other local political subdivisions. GISD acknowledges, and does hereby give their consent, that such other local political subdivisions may use one or more of the same early voting locations, voting equipment, and the services of the early voting deputies and one or more of the same Election Day polling locations, voting equipment, and the services of the election workers.

In the event GISD cancels its election, the election will be conducted at the same location(s) as planned with the City paying all expenses for conducting the election.

In the event the City cancels its election the election will be conducted at the same location(s) as planned with GISD paying all expenses for conducting the election.

This Agreement shall be valid until one of the Entities gives a 30-day notice to the other Entity that it no longer wishes to participate in the Agreement.

APPROVED by vote of the Gladewater Independent School District Board of Trustees on the ____ day of _____, 2026.

GLADEWATER INDEPENDENT SCHOOL DISTRICT

Rae Ann Patty, Superintendent

APPROVED by vote of the Gladewater City Council on the 15th day of January, 2026.

CITY OF GLADEWATER

Brandy J. Flanagan, Mayor



MEMO

AGENDA DATE: January 9, 2026

DEPARTMENT: Administration

CONTACT: Judy Van Houten, City Secretary *sv*

SUBJECT: Front Set-Back Variance request @ LT 13 BLK 1
EVERETT HILAND, more commonly known as 713
Martha Drive

The P&Z Commission voted unanimously to recommend that you approve the front set-back variance for a carport.



P.O. Box 1725, Gladewater, TX 75647

(903) 845-2196 (903) 845-6891 fax

APPLICATION FOR VARIANCE REQUEST

Applicant: Gaylord Evans + Mandy Dillon Phone: 307-216-0501 307-216-0495

Mailing Address: 713, Martha Dr,
Gladewater, Tx 75647

Property Physical Address: As above

Property Description: 3 bedroom, 2 bathroom family home.

Interest in Property: ☒ Owner ☐ Agent ☐ Lease ☐ Other (describe)

Reason for Request: Permit refused - applying for a
variant

Proposed Use of Property: Car port to protect car
and occupants from inclement weather
+ hail damage

Owner's Signature: Gaylord E. Evans
Mandy R. Dillon

Date: 11-26-25

Agent Certification: I, _____, do hereby certify that I am authorized to act on behalf of _____, owner of the above referenced property in making this application.

Signature: _____

Date: _____

RETURN APPLICATION WITH A PLAT OF SUBJECT PROPERTY AND APPLICATION FEE OF \$175 TO JUDY VAN HOUTEN, CITY SECRETARY.

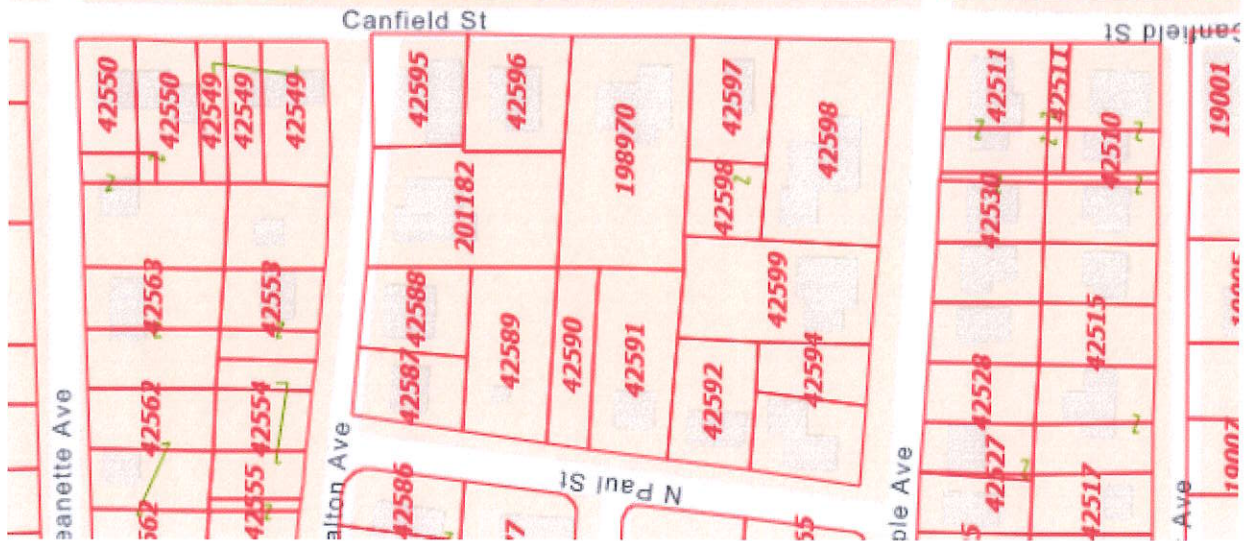
RECEIVED

NOV 26 2025

BY: _____

Rec. 11-26-25 SV

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MEMO

AGENDA DATE: January 9, 2026

DEPARTMENT: Administration

CONTACT: Judy Van Houten, City Secretary *JV*

SUBJECT: Specific Use Permit request @ LTS 15 THRU 19 NCB 63
GLADEWATER & PT OF ALLEY, more commonly
known as 227 S. Main Street

The P&Z Commission voted unanimously to recommend that you approve the specific use permit for the sale of off-premises beer and wine.

CITY OF GLADEWATER, TEXAS

SPECIFIC USE PERMIT
APPLICATION

Application is hereby made to the Planning & Zoning Commission and the Gladewater City Council for a Specific Use Permit as set forth hereinafter.

APPLICANT Lucky Mart PHONE: 903-238-3915

MAILING ADDRESS 227 S Main St. Gladewater, Tx, 75647

PROPERTY ADDRESS: 227 S Main St. Gladewater Tx 75647
LTS 15 Thru 19 NCB 63 Gladewater & PT of Alley

LEGAL DESCRIPTION _____
(attach plat)

APPLICANT'S INTEREST IN PROPERTY owner & lease
(owner, agent, lease, etc.)

REASON FOR REQUEST Zoning Code required SUP
(current zoning and/or restrictions)

TABC LICENSE APPLYING FOR (if applicable) BO is a wine & Matt Beverage
Wine Retailers Off-premise Permit

PROPOSED USE OF PROPERTY Convenience

ARE THERE ANY DEED RESTRICTIONS WHICH WOULD PREVENT THIS PROPERTY FROM BEING USED IN THE MANNER HEREIN PROPOSED?

____ YES ☒ NO PLEASE EXPLAIN _____

OWNER'S SIGNATURE [Signature] DATE 12/17/2015

MAILING ADDRESS 227 S Main St Gladewater Tx 75647

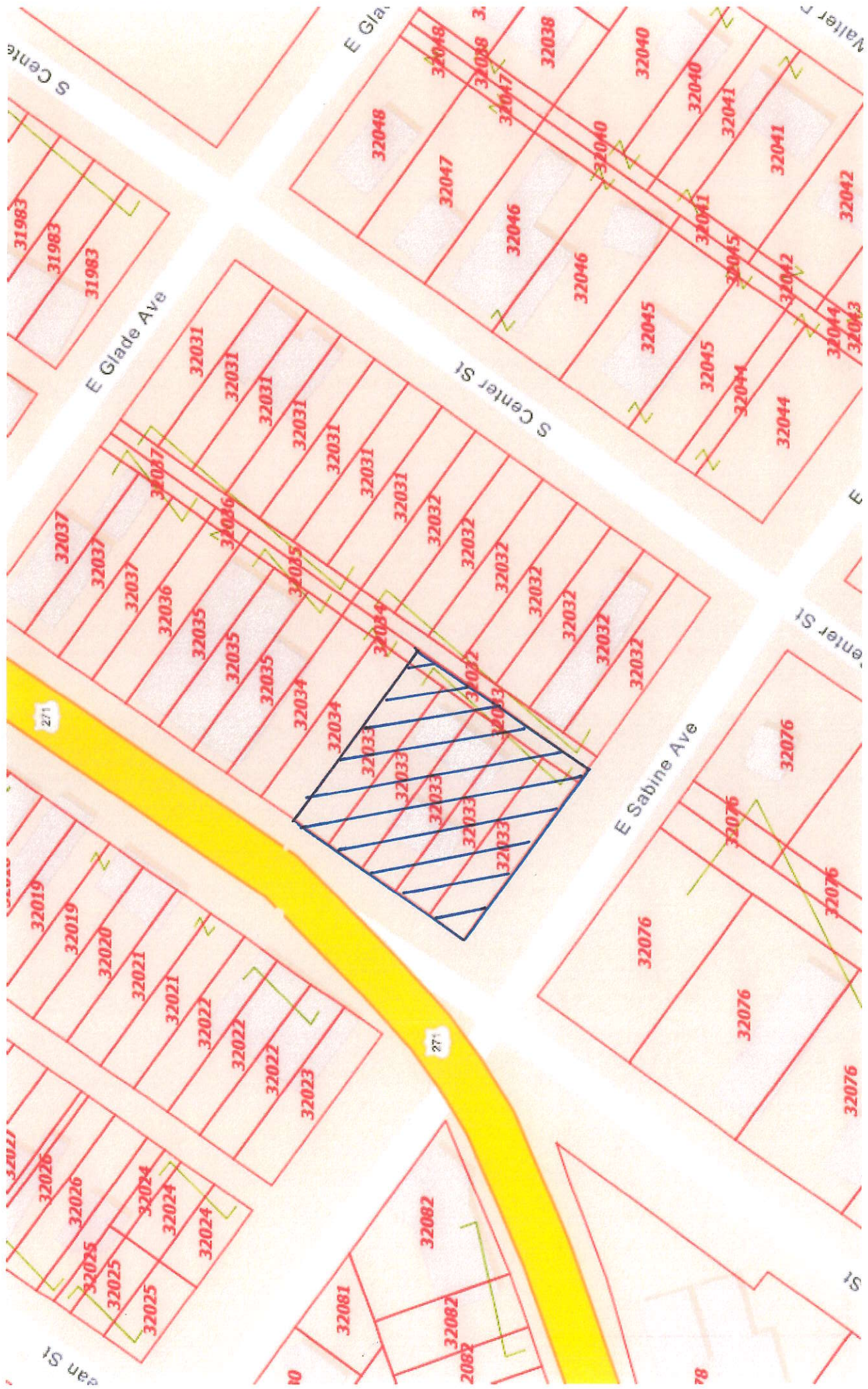
The following is to be completed if a person other than the owner is making this application.

I, Bijaya K. Shrestha, do hereby certify that I am authorized to act for
Bijaya K. Shrestha, the owner of the above named property in making
this application.

APPLICANT'S SIGNATURE [Signature] DATE 12/17/2015

Application fee: \$175.00

Rec. 12-17-25 SV



**INTERLOCAL AGREEMENT BETWEEN THE CITY OF LONGVIEW AND THE CITY
OF GLADEWATER FOR ANIMAL SHELTER SERVICES**

This Agreement is made by and between the City of Longview, a municipal corporation of the State of Texas (hereinafter the "Animal Control Authority") and the City of Kilgore, a municipal corporation of the State of Texas (hereinafter the "Animal Control Authority").

WHEREAS, the Animal Control Authority regulates animals pursuant to the authority granted to the Animal Control Authority by law; and,

WHEREAS, Longview owns and maintains facilities to shelter, care for, and dispose of animals as allowed by law; and,

WHEREAS, the Animal Control Authority wishes to utilize the aforesaid facilities owned by Longview to shelter, care for and dispose of animals collected by the Animal Control Authority and to obtain certain services of Longview in regard to same as set forth below; and,

WHEREAS, the Animal Control Authority agrees to put out appropriate information to their citizens regarding operations and agreements with Longview; and,

WHEREAS, the Animal Control Authority acknowledges and agrees that no citizen or Animal Control Authority will deliver an animal to Longview past the closing of the receiving department with the exception of emergencies; and,

WHEREAS, Longview is agreeable to providing the use of such facilities and services on the terms and conditions set forth below;

NOW THEREFORE, in consideration of the mutual promises and covenants contained herein, the parties agree as follows:

I. SCOPE OF SERVICES

- A. Longview shall provide the services described herein for animals, found or living within the jurisdiction of the Animal Control Authority, delivered to Longview at the Longview Animal Care & Adoption Center. In consideration of Longview providing such services, the Animal Control Authority agrees to comply with the provisions of the Agreement.
- B. For the purposes of this Agreement, the term "animals" shall refer to any member of the classes' reptile, bird, or mammal, except man.
- C. Animal shelter services shall include:

1. Sheltering and holding animals at facilities operated by Longview, provided that capacity is available at the time of delivery.
 2. Releasing animals to owners.
 3. Disposing of animals, including adoption or destruction of animals not claimed by an owner, in accordance with the terms of the Agreement.
 4. Longview will make a reasonable effort to collect the intake fee described in the attached Exhibit A from each resident of the Animal Control Authority who relinquishes ownership of an animal to Longview. Intake fees collected by Longview from residents of the Animal Control Authority will be credited to the Animal Control Authority. The amount of the intake fee will be as set forth in the attached Exhibit A. The Executive Director or their designee shall have the right to waive such fees if it is in the best interest of the animal.
- D. Longview reserves the right to refuse acceptance of any animal, where, in the opinion of the staff of the Longview Animal Care & Adoption Center, Longview does not have facilities, capacity or expertise appropriate or available to accommodate the needs of such animal. Prior to an officer or designee delivering an animal to the Longview Animal Care & Adoption Center, any apparently needed veterinary care shall have been provided by the Animal Control Authority. In the event an animal is delivered to the Longview Animal Care & Adoption Center by an officer or designee and it is determined that such veterinary care should have been provided, the Animal Control Authority agrees to pay and will be billed for the cost of veterinary care incurred by Longview, plus an additional urgent care fee in the amount set forth in Exhibit A.
- E. Longview agrees to provide animal shelter services for animals delivered for the following periods:
1. Seventy-two (72) hours from the date and hour of delivery if the animal is not wearing identification and has no known owner.
 2. Longer than 72 hours if requested by the Animal Control Authority and if the animal is microchipped, is wearing identification, or, according to the records of the Longview Animal Care & Adoption Center, has a known owner. In addition to any other fees to be paid pursuant to this Agreement, the Animal Control Authority will pay a boarding fee for each animal held longer than 72 hours at the Animal Control Authority's request. The amount of the boarding fee is set forth in the attached Exhibit A.
- F. The staff of the Longview Animal Care & Adoption Center will, during the period provided in paragraph I.E, provide the animal to any person who claims to be and has evidence of the ownership of said animal. In addition to any other fees to be paid pursuant to this Agreement, each person claiming to be the owner of an animal held by the Longview Animal Care & Adoption Center for longer than 72 hours shall pay a boarding fee in the amount set forth in the attached Exhibit A.

- G. An animal may not be released until all applicable fees set forth in the attached Exhibit A have been paid by the person seeing release of the animal. Said fees shall become the property of Longview unless required by this Agreement to be remitted to the Animal Control Authority. The Executive Director or their designee shall have the right to waive such fees if it is in the best interest of the animal.
- H. Animals that have bitten people will be quarantined for a period of ten (10) days and then destroyed or returned to their owner at the discretion of the Animal Control Authority. Quarantined animals shall not be released until all applicable fees are paid by the animal owner or the Animal Control Authority. In addition to any other fees required to be paid for a quarantined animal pursuant to this Agreement, there will be a boarding fee in the amount set forth in the attached Exhibit A.
- I. The Animal Control Authority agrees to furnish Longview copies of all provisions of its regulations affecting Longview's performance under this Agreement and shall notify Longview at least thirty (30) days prior to the date on which any amendment or revision takes effect.
- J. The Animal Control Authority agrees that so far as it is concerned, and to the extent that the Animal Control Authority has power so to provide, every animal not claimed as provided in paragraph I.F before the expiration of the period provided in paragraph I.E shall become the sole and exclusive property of Longview, so that neither the Animal Control Authority nor any agency or agent of the Animal Control Authority, nor of the State of Texas, nor any institution, corporation, nor individual shall have any claim or right to any animal not claimed and redeemed as provided. Longview shall have the authority to sell or dispose of animals after the period provided in paragraph I.I if not claimed as provided in paragraph I.F. The proceeds of such sale shall belong to Longview. Any such sale or disposition by Longview shall be in accordance with all applicable state law.
- K. The Animal Control Authority represents to Longview that the Animal Control Authority has in force an ordinance providing for their vaccination of certain animals, providing for impounding of certain animals and for the condemnation, sale or forfeiture of title of certain animals. If said ordinance is repealed without being replaced by a similar ordinance or ordinances, Longview may terminate this Agreement immediately and Longview shall be compensated for Longview's performance until the date of said termination.
- L. The Animal Control Authority represents to Longview that the Animal Control Authority agrees that it is fully responsible for carrying out all enforcement provisions of the Animal Control Authority's regulations and that Longview is not required to apprehend or to seize any animals within the confines of the Animal Control Authority.
- M. It is mutually agreed to by the Animal Control Authority and Longview that Longview shall have the right, prior to the expiration of the period provided in paragraph I.E, to humanely destroy any animal that is found to be physically suffering from an injury or a

communicable disease. Before an animal is destroyed in such circumstances, such action shall be approved by a Texas Department of State Health Services certified employee of the Longview Animal Care & Adoption Center, as evidenced by said employee's signature on a euthanasia form showing the present condition of the animal, including injuries, diseases, and general physical condition at time of admittance.

N. The Animal Control Authority understands that this partnership does not give it's citizens early access or rights any different than the citizens of Longview. All citizens within the Animal Control Authority's jurisdiction must make their own appointments through Longview for intakes of personal or stray animals when the Animal Control Authority is unable to transport.

II. TERM

The initial term of this Agreement begins on the Effective Date set forth below in this Agreement and ends on September 30, 2030. This Agreement shall automatically renew for four (4) successive one (1) year terms; provided, however, that either party may hereto may terminate this Agreement (solely within its discretion and for no reason or cause whatsoever) at any time by giving the other party hereto written notice of such termination, which notice must be given at least ninety (90) days in advance of the date on which such termination takes effect.

III. FINANCIAL

- A. In addition to any other fees to be paid by the Animal Control Authority pursuant to this Agreement, the Animal Control Authority shall pay Longview an intake fee for each animal delivered to the Longview Animal Care & Adoption Center by the Animal Control Authority or by a resident of the Animal Control Authority unless said intake fee is paid by the resident delivering the animal. The amount of said intake fee shall be as set forth in the attached Exhibit A.
- B. Longview will invoice the Animal Control Authority for fees owed to Longview by the Animal Control Authority pursuant to this Agreement. Longview will invoice the Animal Control Authority no more frequently than once each calendar month. The Animal Control Authority agrees to pay each such invoice within thirty (30) days of receipt of the invoice.
- C. The amount of each fee to be charged by Longview pursuant to this Agreement is set forth in the attached Exhibit A, and that exhibit is made a part of this Agreement for all purposes. Longview may adjust any of the fees set forth in Exhibit A on an annual basis, any such adjustment to be effective on October 1 of each calendar year. If Longview intends to adjust any of said fees, it will give at least ninety (90) days' written notice of its intent to do so. Any such fee adjustment will be an amendment to this Agreement and will be included as part of Exhibit A to this Agreement.
- D. Longview must maintain adequate records to support billings for a period of five (5) years after completion of this Agreement by Longview. The Animal Control Authority or any of its duly authorized representatives shall have access to any books, documents,

papers and records of Longview which are directly related to this Agreement for the purposes of audit examinations.

- E. Each party making any payments pursuant to this Agreement must make those payments from current revenues available to the paying party.
- F. With regard to any fees that will not be paid by the Animal Control Authority, Longview and the Animal Control Authority agree that Longview, in Longview's sole discretion, may establish such fees in such amounts as Longview may deem appropriate and such fees shall not be subject to this Agreement.

IV. LIABILITY AND INSURANCE

- A. Longview and Longview's officers, agents and employees shall not be deemed to be agents or employees of the Animal Control Authority. Longview's officers, agents and employees shall not be liable for the negligence or other tortious conduct of the Animal Control Authority or any of the officers, agents and employees of the Animal Control Authority.
- B. The Animal Control Authority and the Animal Control Authority's officers, agents and employees shall not be deemed to be agents or employees of Longview. The Animal Control Authority and the Animal Control Authority's officers, agents and employees shall not be liable for the negligence or other tortious conduct of Longview or any of the officers, agents or employees of Longview.
- C. Before the commencement of services under this Agreement, each party to this Agreement shall submit written evidence that the party had obtained for the period of this Agreement full Comprehensive General Liability Insurance coverage. Such written evidence shall be in the form of a Certificate of Insurance executed by the party's insurance carrier showing such policies. The minimum amount of the required General Liability Insurance coverage shall be not less than Two Hundred Fifty Thousand Dollars (\$250,000.00) for damages arising out of bodily or personal injury, sickness or disease, or death of one person and subject to the same limit for each person in an amount not less than Five Hundred Thousand Dollars (\$500,000.00) in any one occurrence and property damage in an amount not less than One Hundred Thousand Dollars (\$100,000.00) for all single combined damages arising out of injury to or destruction of property of others in any one occurrence with an aggregate limit in the same amount.
- D. Before the commencement of services under this Agreement, each party shall provide to the other party a certificate of insurance indicating that the providing party has obtained workers' compensation coverage in accordance with the laws of this state. By signing this Agreement or providing or causing to be provided a certificate of coverage, each party is representing to the other party that all employees of the providing party who will perform any activities in connection with this Agreement will be covered by workers' compensation coverage for the duration of this Agreement, that the coverage will be based on proper reporting of classification codes and payroll amounts, and that all coverage agreements will be filed with the appropriate insurance carrier or, in the case of

a self-insured, with the Texas Workers' Compensation Commission's Division of Self-Insurance Regulation.

- E. This Agreement is subject to each party's approval of the other party's evidence of insurance required by this Agreement.

V. MISCELLANEOUS

- A. Notice Addresses. Any statement, notice, request or other communication hereunder shall be deemed to be sufficiently given to the addressee and any delivery hereunder deemed made when sent by certified mail addressed to the following addresses:

Notices to Longview shall be sent to the following address:

City of Longview
Attn: Jenna George
P.O. Box 1952
Longview, TX 75606

Notices to the Animal Control Authority shall be sent to the following address:

City of Gladewater
Attn: Charlie Smith
Address: 519 East Broadway Ave
Gladewater, TX, 75647

- B. Construction. Each party acknowledges that it has read this Agreement, understands it and agrees to be bound by its terms. Each party acknowledges that the Agreement should not be strictly construed against one party or the other, but interpreted reasonably and fairly so as to give effect to the manifest intentions of the parties.
- C. Modification. This Agreement may not be modified except by a written instrument duly executed by the parties hereto.
- D. Severability. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement. If any provision of this Agreement is declared or found to be illegal, unenforceable or void, then all parties hereto shall be relieved of all obligations arising under such provision, but only to the extent that such provision is illegal, unenforceable or void, it being the intent and agreement of the parties that this Agreement shall be deemed amended by modifying such provision to the extent necessary to make it legal and enforceable while preserving its intent or, if that is not possible, by substituting therefor another provision that is legal and enforceable and achieves that same objective.
- E. Headings for Convenience. The section and subsection headings used herein are for convenience only, and shall not be used to interpret this Agreement.

- F. Assignment Barred. This Agreement shall bind and benefit the respective parties and their legal successors and shall not be assignable, in whole or in part, by either party without first obtaining written consent of the other party.
- G. Complete Agreement. This Agreement contains the complete and integrated understanding and agreement between the parties regarding the subject matter hereof. This Agreement supersedes all prior agreements (oral and written) between the parties regarding the subject matter of this Agreement or any part thereof.
- H. Governing Law and Venue. Without regard to any rules on conflicts of law, this Agreement shall be subject to and interpreted in conformance with the laws of the State of Texas unless expressly provided otherwise by federal law or regulations. Venue for any action arising hereunder shall lie exclusively in Gregg County, Texas, for actions in state court and in the Eastern District of Texas, Tyler Division, for federal court.
- I. Relationship of Parties. Longview and the Animal Control Authority shall not be construed as joint ventures or general partners, and neither shall have the power to bind or obligate the other party.
- J. No Third Party Rights. The provisions of this Agreement are intended solely for the benefit of, and may only be enforced by, the parties hereto. None of the rights or obligations of the parties herein set forth is intended to confer any claim, cause of action, remedy, defense, legal justification, indemnity, contribution claim, set-off, or other right whatsoever upon or for the benefit of any third party. This Agreement does not create any legal duty by any of the parties, except such contractual duties between them as explicitly stated in this Agreement.
- K. Interlocal Agreement. This Agreement is entered into pursuant to Texas Government Code Chapter 791, as amended, known as the Interlocal Cooperation Act, and the services which are the subject of this Agreement exclusively constitute "governmental functions and services" as defined by the Interlocal Cooperation Act.
- L. Waiver. The waiver of any breach of a term or condition of this Agreement does not waive any other breach of that term or condition or any breach of any other term or condition of this Agreement.
- M. Survival. Upon the expiration or termination of this Agreement for any reason, the obligations of the parties hereunder shall thereupon cease, but the provisions of this Agreement which confer rights upon either party and which limit or delineate the responsibility of either party shall remain in effect as to the parties' conduct prior to expiration of this Agreement.
- N. Counterparts. This Agreement and any related documents and any amendments hereto or thereto may be executed in counterparts, each of which shall be deemed an original but all of which shall contrite one and the same instrument.

O. Force Majeure. In the event any party is rendered unable, wholly or in part, by force majeure, to carry out any of its obligations under this Agreement, and where notice is possible, it is agreed that on such party's giving notice and full particulars of such force majeure in writing to the other party as soon as possible after the occurrence of the cause relied upon, that the obligation of the party affected by force majeure, to the extent that due diligence is being used to resume performance at the earliest practical time, shall be suspended during the continuance of any inability so caused as to the extent provided, but for no longer period. Such cause shall as far as possible be remedied with all reasonable dispatch. The term "force majeure" as used herein, shall include, but not be limited to, act of God, strikes, lockouts or other industrial disturbances act of the public enemy, war, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, droughts, tornadoes, hurricanes, arrests and restraints of government and people, explosions, and any other incapacities of either party whether similar to those enumerated or otherwise and not within the control of the party claiming such inability.

P. Signatory warranty. By signing this Agreement, each person executing this Agreement on behalf of a party hereto personally warrants and represents that (i) he or she has full authority to execute this Agreement on behalf of the party that he or she represents and bind said party in accordance with the terms and provisions hereof and (ii) said party has taken all necessary action to enter into and make the agreements set forth herein.

VI. EFFECTIVE DATE

When duly executed by both parties, this Agreement shall be effective as of October 1, 2025 (the "Effective Date").

IN WITNESS WHEREOF, the parties have executed this Agreement by their duly authorized officers and representatives as of the day indicated below.

**CITY OF LONGVIEW
TEXAS**

By:

Rolin McPhee, City Manager
Date: _____

**CITY OF GLADEWATER
TEXAS**

By:

Charlie Smith, City Manager
Date: _____

Exhibit A

The fees to be charged pursuant to this Agreement are as follows:

Name of Fee	Amount of Fee
Intake Fee	October 1, 2025 – September 30, 2026 \$249.00 per animal delivered to the Longview Animal Care and Adoption Center by the Animal Control Authority or by a resident of the Animal Control Authority. October 1, 2026 – September 30, 2027 \$297.00 per animal delivered to the Longview Animal Care and Adoption Center by the Animal Control Authority or by a resident of the Animal Control Authority. October 1, 2027 – September 30, 2028 \$345.00 per animal delivered to the Longview Animal Care and Adoption Center by the Animal Control Authority or by a resident of the Animal Control Authority. October 1, 2028 – September 30, 2029 \$393.00 per animal delivered to the Longview Animal Care and Adoption Center by the Animal Control Authority or by a resident of the Animal Control Authority. October 1, 2029 – September 30, 2030 \$440.00 per animal delivered to the Longview Animal Care and Adoption Center by the Animal Control Authority or by a resident of the Animal Control Authority.
Boarding Fee	\$10.00 per animal per calendar day or portion of a calendar day in excess of 72 hours that the animal is housed in the Longview Animal Care and Adoption Center.
Urgent Care Fee	\$200 for each incident in which Longview is required to obtain veterinary care that the Animal Control Authority failed to obtain as required by paragraph I.D of this Agreement
Rabies Testing	The fee for prepping and shipping a specimen for rabies testing shall be the same fee charged for the intake of an animal.

Copy of email from Alfred Herrera:

To All CARD Cities:

If your city has not ceded its original jurisdiction to the Public Utility Commission of Texas, please place the attached proposed resolution on your council's agenda for action by no later than Feb. 2, 2026.

At issue is SWEPCO's request for a new tariff it calls its Electric Service - Large Load Contract, intended to serve what SWEPCO contends it needs to serve projected demand for service from prospective large-load customers, and more specifically, data centers linked to AI technology.

As you may recall, SWEPCO apparently submitted its application to the CARD cities, but did so via email. As we all know, emails often do not arrive, and/or, are lost in the crush of email. More to the point, SWEPCO historically has submitted applications for new rates in hard copy by either hand delivery or via US Mail, but almost never via an email.

Our office alerted SWEPCO that the CARD cities had not received SWEPCO's request for a new tariff to serve large loads. Given this, SWEPCO agreed to in essence to refile its application with the CARD cities and to expressly state a request for approval and a proposed effective date. In its amended request SWEPCO proposed and effective date of Feb. 2, 2026.

Under state law a city may:

1. Suspend the utility's proposed effective date for up to 90 days, and take final action by the end of the suspension period;
2. Deny the utility's proposed change in rates, which means that the utility will file a routine appeal to the PUCT;
3. Do nothing and by the proposed effective date, the utility's proposed change in rates is deemed approved by operation of law.

Because this case may be treated expeditiously by the PUCT, instead of suspension, we recommend a denial of SWEPCO's request. Denial does not mean that SWEPCO's area will miss out on potential large-load customers locating in SWEPCO's service area. Denial means that the merits of SWEPCO's new tariff will be addressed before the PUCT. Denial also means that CARD can sooner and more expeditiously and efficiently address SWEPCO'S new tariff.

So, please place the attached resolution on your council's agenda for action by no later than Feb. 2, 2026. If your city cannot meet that deadline, please let me know immediately so I can discuss with SWEPCO a case-by-case extension of the deadline.

As always, if you have any questions regarding SWEPCO's new rate, please do not hesitate contacting me. If you call, please do so on my mobile number note below.

Happy New Year, and Best regards,

Arh
Alfred R. Herrera
Herrera Law & Associates, PLLC
P.O. Box 302799
Austin, TX 78703
4400 Medical Parkway
Austin, Tx 78756

512-474-1492 (ofc)
512-474-2507 (fax)
512-653-6462 (mobile)

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AGENDA INFORMATION SHEET
ITEM NO. _____

**RESOLUTION BY THE CITY OF _____
("CITY") DENYING SOUTHWESTERN ELECTRIC
POWER COMPANY'S REQUEST FOR APPROVAL OF
ITS PROPOSED "ELECTRIC SERVICE – LARGE LOAD
CONTRACT" TARIFF; REQUIRING THE
REIMBURSEMENT OF MUNICIPAL RATE CASE
EXPENSES; AUTHORIZING PARTICIPATION IN THE
COALITION OF SIMILARLY SITUATED CITIES AND
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**

**PROPOSED NEW TARIFF FOR LARGE-LOAD
CUSTOMERS:**

On about October 6, 2025, communicated to the City *via e-mail* that on about October 3, 2025, it had filed with the Public Utility Commission of Texas (PUCT) an application seeking approval of a tariff it calls its "Electric Service – Large Load Contract" (ES-LL Contract).

SWEPCO historically has notified the City of new rate filings in writing via a hard copy submittal to the City's offices, usually to the City Clerk and/or the City Secretary. Consequently because SWEPCO did not follow its usual mode of notifying the City of its filing, many CARD cities were not aware of SWEPCO's proposed ES-LL Contract.

Following a series of communications between CARD's Special Counsel and SWEPCO's attorneys, SWEPCO agreed to amend its application to clarify it was seeking the City's approval of the ES-LL Contract rate and to expressly state a proposed effective date for its proposed new tariff. In its amended request SWEPCO proposes an effective date of February 2, 2026.

Thus, the City must take action on SWEPCO's request by no later than February 2, 2026.

DRIVERS FOR NEW TARIFF ACCORDING TO SWEPCO:

SWEPCO contends it needs the new ES-LL Contract tariff because:

1. Its existing “Contract for Electric Service” is not designed for the large loads expected to come online in SWEPCO's Texas service area in the coming years;
2. The proposed new ES-LL Contract is necessary to provide terms of service to these anticipated large load customers, while ensuring existing customers and the Company are protected against the inherent risks associated with these loads;
3. New customers may significantly increase SWEPCO's Texas retail load, and correspondingly, require it to make sizeable infrastructure investments to provide service;
4. The financial commitments required of potential large load customers in the proposed ES-LL Contract reasonably recognize and align with the financial commitments that will be required by SWEPCO to provide these customers' service in the future and the ES-LL Contract rate will position the Company to make the financial commitments associated with the system improvements and additions that will be required to reliably and adequately serve the Company's expanded needs of its system.

CITY ACTION REQUIRED BY FEBRUARY 2, 2026:

The City must take action by no later than **February 2, 2026**, SWEPCO's proposed effective date. Based on SWEPCO's proposed effective date as filed, if the City does not take action by **February 2, 2026**, SPS' ES-LL Contract rate as filed will be deemed approved by operation of law.

REPRESENTATION AND PARTICIPATION IN CARD:

The law firm of Herrera Law and Associates, PLLC (through Mr. Alfred R. Herrera) has previously represented the City and its participation in the coalition of cities named the “Cities Advocating Reasonable Deregulation” (“CARD”) in rate matters involving SWEPCO, including SWEPCO's pending general rate case and previous distribution, transmission, and fuel cases. The accompanying Resolution authorizes retention of Herrera Law & Associates, PLLC as Special Counsel and continued participation in the CARD coalition.

INTERVENTION AT THE PUBLIC UTILITY COMMISSION OF TEXAS:

SWEPCO filed its Statement of Intent to raise rates with the City and with the Public Utility Commission of Texas (“Commission”). It is crucial to participate in these proceedings because the Commission's decisions will impact rates within the City. Thus, the accompanying Resolution authorizes intervention in proceedings at the Commission as well as any appeals taken from the Commission's decision.

RATE CASE EXPENSES:

The Cities Advocating Reasonable Deregulation's ("CARD") reasonable rate case expenses are subject to reimbursement by the Company.

RECOMMENDATION:

DENY SWEPCO'S PROPOSED NEW CONTRACT RATE.

SWEPCO's proposed new contract rate, the Electric Service – Large Load Contract, presents a complex set of ratemaking issues.

First, SWEPCO's proposal is the epitome of "piecemeal" ratemaking. Generally, as a matter of sound public policy, piecemeal ratemaking is disfavored, and arguably precluded by the Public Utility Regulatory Act (PURA). Approval a single-item rates precludes the regulatory authority from being able to review whether the proposed rate is reasonable in light of the utility's *overall* costs, investments, and revenue from sales of electric service, and whether the single-issue rate recovers cost fairly from the cost causer.

Additionally, SWEPCO's ES-LL Contract rate is premised on load that does not yet exist, and demand that SWEPCO forecasts to be well above what it typically sees in year-over-year change in demand for electricity. Because the terms of the new contract and the corresponding rates are premised on projections, there is significant risk to ratepayers that the load will not materialize, leaving existing ratepayers to pay for any additions to SWEPCO's infrastructure (from generation to distribution facilities).

For example, in terms of the risk to ratepayers:

- SWEPCO's average peak demand is 4,900 MWs and SWEPCO projects that these new, large loads SWEPCO projects would each be approximately 5%-10% of SWEPCO's total system peak, suggesting potentially material increases in generation and transmission costs.
- Although perhaps an oversimplified example, if one new large-load customer executes a contract for 500 MWs of power and ultimately goes bankrupt or cancels its contract before the end of the term of its contract, this potentially will leave stranded costs to be recovered from the remaining customers. That is just one customer. For scale, many of the artificial intelligence (AI) datacenters are 250MW or more.
- SWEPCO's ES-LL Contract tariff does not address stranded costs in full. SWEPCO admits that these new investments will have a depreciable "life" longer than the 12-year contract term SWEPCO proposes, but offers no resolution to the

stranded costs to match the term of the contract to the depreciable life of assets added to meet the new large-load demand.

- SWEPCO's proposed new ES-LL Contract rate makes no mention of cost allocation or assigning of these new marginal costs incurred to solely serve the new large-load customers. Any costs not directly assigned to these contracts and customers is allocated to the broader system.

Given these risks to ratepayers, and because the PUCT may address SWEPCO's request in an expeditious manner, it is crucial for CARD to fully participate in the proceedings at the PUCT as early as possible.

Thus, though often CARD's Special Counsel recommends a "suspension" of the utility's proposed effective date for changes in rates, given the likely expedited treatment the PUCT may give SWEPCO's application, CARD's Special Counsel recommends the City deny SWEPCO's proposed new tariff, the "Electric Service – Large Load Contract," so that CARD may sooner and more efficiently and more fully, participate in the proceedings at the PUCT.

Note that denial of SWEPCO's request means that SWEPCO will file an appeal to the PUCT of the City's action. In the proceedings before the PUCT, CARD will more fully evaluate the merits of SWEPCO's proposal with the goal of ensuring a fair rate for large-load customers and to all other customers.

The City must take action by no later than February 2, 2026. If the City does not take action by February 2, 2026, SWEPCO's proposed new tariff is deemed approved as of that date by operation of law.

RESOLUTION NO. R-26-01

RESOLUTION BY THE CITY OF GLADEWATER (“CITY”) DENYING SOUTHWESTERN ELECTRIC POWER COMPANY’S REQUEST FOR APPROVAL OF ITS PROPOSED “ELECTRIC SERVICE – LARGE LOAD CONTRACT” TARIFF; REQUIRING THE REIMBURSEMENT OF MUNICIPAL RATE CASE EXPENSES; AUTHORIZING PARTICIPATION IN THE COALITION OF SIMILARLY SITUATED CITIES AND 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”) on about October 6, 2025, communicated via electronic mail that on about October 3, 2025, it had filed with the Public Utility Commission of Texas (PUCT) an application seeking approval of a tariff it calls its “Electric Service – Large Load Contract” (ES-LL Contract) and

WHEREAS, on about December 29, 2025, by written submittal, tendered to the City an amendment to its request for approval of SWEPCO’s proposed ES-LL Contract, amending its request by proposing a firm, effective date of February 2, 2026; 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, SPS proposed to implement its proposed increase in rates effective on February 2, 2026, which is 35 days after SWEPCO submitted its amended request for approval of its ES-LL Contract rate; and

WHEREAS, SWEPCO’s rate request presents a complex set of data detailing SWEPCO’s forecasts of potential demand for electricity and the commensurate infrastructure related to that potential load to serve, e.g., large-load customers such as data centers; and

WHEREAS, SWEPCO’s rate request poses novel issues that raise significant issues regarding the extra demand large-load customers will place on SWEPCO’s electric

system, the costs of additional infrastructure to meet that demand, and which customers should bear the cost of the additional infrastructure; and

WHEREAS, SWEPCO's request comprises piecemeal ratemaking generally avoided under sound ratemaking principles; and

WHEREAS, given the complexity of the issues presented by SWEPCO's request for a new tariff, the City will require the assistance of specialized legal counsel and rate experts to review the merits of SWEPCO's request; and

WHEREAS, in order to maximize the efficient use of resources and expertise in reviewing, analyzing and investigating SWEPCO's rate requests and changes in tariffs, the City coordinates its efforts with a coalition of similarly situated municipalities known as the Cities Advocating Reasonable Deregulation ("CARD"), to review SWEPCO's requests to change 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 proposed Electric Service – Large Load Contract, or because SWEPCO has submitted a similar request to the Public Utility Commission of Texas for service in the environs of the City and the decision of the Public Utility Commission of Texas will affect 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 GLADEWATER 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 request is just and reasonable.

Section 3. The City hereby **DENIES** SWEPCO's request for approval of its tariff, "Electric Service – Large Load Contract" because, among other factors:

- A.** SWEPCO's request comprises piecemeal ratemaking that precludes a full analysis of whether SWEPCO's proposed rates result in potential, large-load customers paying their fair share of increases in cost;

- B.** SWEPCO's submittal fails to provide sufficient information to justify the terms set forth in its request, and in particular, SWEPCO fails to address, how stranded costs that may result from a departing large-load customer are to be treated;
- C.** SWEPCO's proposed new ES-LL Contract rate makes no mention of cost allocation or assigning of these new marginal costs incurred to solely serve the new large-load customers;

Section 4. The City authorizes intervention in proceedings related to SWEPCO's request for approval of a new tariff, the "Electric Service – Large Load Contract," before the Public Utility Commission of Texas and related proceedings in courts of law and participation in the coalition of cities known as the Cities Advocating Reasonable Deregulation (CARD).

Section 5. 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 6. 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 7. 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 8. A copy of this resolution shall be sent to Mr. Alfred R. Herrera, Herrera Law & Associates, PLLC, either by email to AHerrera@HerreraLawPLLC.com, or to P.O. Box 302799, Austin, Texas 78703, and a courtesy copy to SWEPCO's local representative

Section 9. 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 10. To the extent any Resolution previously adopted by the City Council is inconsistent with this Resolution, it is hereby superseded.

Section 11. This resolution shall become effective from and after its passage.

PASSED AND APPROVED this 15th day of January 2026.

Brandy J. Flanagan,
Mayor

ATTEST:

Judy Van Houten, TRMC
City Secretary