



Control Number: 49421



Item Number: 714

Addendum StartPage: 0

SOAH DOCKET NO. 473-19-3864
PUC DOCKET NO. 49421

RECEIVED
2019 AUG 16 PM 1:40
PUBLIC UTILITY COMMISSION
FILING CLERK

APPLICATION OF CENTERPOINT § BEFORE THE STATE OFFICE
ENERGY HOUSTON ELECTRIC, LLC § OF
FOR AUTHORITY TO CHANGE RATES § ADMINISTRATIVE HEARINGS

**CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC'S
PETITION FOR REVIEW OF MUNICIPAL ORDINANCES/RESOLUTIONS,
MOTION TO CONSOLIDATE, AND MOTION TO ADMIT EVIDENCE**

CenterPoint Energy Houston Electric, LLC ("CenterPoint Houston" or the "Company") hereby appeals the rate decisions adopted by the cities of Hedwig Village, Oak Ridge North, City of Houston, Alvin, Friendswood, Clear Lake Shores, Pasadena, Sugar Land, and Baytown (collectively, "Cities") to deny the Company's Statement of Intent and Application to increase its base rates. CenterPoint Houston also moves to consolidate this appeal of the Cities' actions with Docket No. 49421. Appeals of these rate decisions are filed pursuant to Section 33.051 of the Public Utility Regulatory Act ("PURA").

I. CENTERPOINT HOUSTON'S REQUESTED RATE CHANGE

On April 5, 2019, CenterPoint Houston filed with the Public Utility Commission of Texas ("Commission") in this proceeding a Statement of Intent and Application to increase its base rates to be charged in areas over which the Commission has original jurisdiction. Concurrently with that filing, CenterPoint Houston filed a similar Statement of Intent and Application with each city having original jurisdiction over the Company's rates within the city.

II. JURISDICTION

The Commission has jurisdiction over this Petition for Review and Motion to Consolidate pursuant to PURA Sections 32.001, 33.051, 33.053, 33.054, and 36.001.

714

III. PETITION FOR REVIEW OF THE CITIES' ACTIONS

In the ordinances and resolutions identified in the table below, the Cities denied the Company's requested rate changes:

Date of Municipal Action	City
July 18, 2019	Hedwig Village
July 22, 2019	Oak Ridge North
July 31, 2019	City of Houston
August 1, 2019	Alvin
August 5, 2019	Friendswood
August 6, 2019	Clear Lake Shores
August 6, 2019	Pasadena
August 6, 2019	Sugar Land
August 8, 2019	Baytown

Copies of each ordinance or resolution the Company has received are attached to the Petition for Review as Exhibit A. The Company is aware that the following cities have passed ordinances or resolutions denying the Company's rate request, but the Company has not yet received a copy of the ordinance or resolution: Oak Ridge North, City of Houston, and Clear Lake Shores. CenterPoint Houston hereby appeals the Cities' denial of the proposed rate change and requests that the Commission exercise its appellate jurisdiction to conduct a *de novo* review of the Cities' denial of the rate change request. CenterPoint Houston files this Petition with the Commission within the 30-day period set forth in PURA § 33.053(b) for appeal of actions by a municipality.

IV. MOTION TO CONSOLIDATE

CenterPoint Houston also requests that its appeals of the Cities' denials be consolidated with Docket No. 49421. These appeals involve issues of law and fact common to those in Docket No. 49421, and separate hearings of these appeals and Docket No. 49421 would result in unwarranted expense, delay, or substantial injustice.¹

¹ See P.U.C. Proc. R. 22.34(a).

**V. MOTION TO CONSOLIDATE MUNICIPAL RATE CASE
EXPENSE ISSUES WITH DOCKET NO. 49595**

CenterPoint Houston also appeals the decisions of the Cities that determined reasonable rate case expenses shall be reimbursed by CenterPoint Houston based on presentation of an invoice to CenterPoint Houston.² The reimbursement of Cities' rate case expenses involve issues of law and fact common to the separate docket established for rate case expense issues, Docket No. 49595, *Review of Rate Case Expenses Incurred by CenterPoint Energy Houston Electric, LLC in Docket Nos. 38339, 45747, 47032, 47364, 48226, and 49421*.³ CenterPoint Houston requests that all rate case expense issues related to municipal rate case expenses be consolidated with Docket No. 49595 so that the Commission can determine what amount is reasonable and reimbursable under PURA § 33.023. Separate hearings on the rate case expense issues associated with this Petition and Docket No. 49595 would result in unwarranted expense, delay, or substantial injustice.⁴

VI. MOTION TO ADMIT EVIDENCE

CenterPoint Houston moves to admit this Petition for Review and the attached ordinances into the record as CEHE Exhibit No. 123.

VII. PRAYER

CenterPoint Houston respectfully requests that the Administrative Law Judge enter an order granting the Company's petition for review and consolidating these appeals of the Cities' denials with this docket. CenterPoint Houston also requests that all municipal rate case expense issues be consolidated with Docket No. 49595. CenterPoint Houston also requests that this

² Exhibit A at 2 (Hedwig Village), 4 (Alvin), 6 (Friendswood), 9 (Pasadena), 12 (Sugar Land), 14 (Baytown). For the denial resolutions or ordinances that the Company has not yet received (Oak Ridge North, City of Houston, and Clear Lake Shores), the Company hereby appeals any determinations regarding the reimbursement of rate case expenses and requests that those rate case expense issues be consolidated with Docket No. 49595.

³ SOAH Order No. 5 (June 4, 2019).

⁴ See P.U.C. Proc. R. 22.34(a).

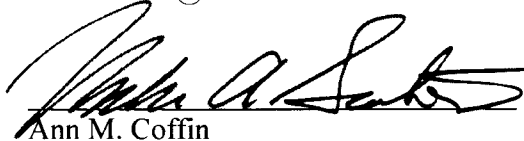
Petition and attached municipal ordinances and resolutions be entered into the record. CenterPoint Houston also requests such further relief to which it may be entitled.

Respectfully submitted,

Patrick H. Peters III
Associate General Counsel and
Director of Regulatory Affairs
CenterPoint Energy, Inc.
1005 Congress Avenue, Suite 650
Austin, Texas 78701
512.397.3032
512.397.3050 (fax)
patrick.peters@centerpointenergy.com

Mickey Moon
Assistant General Counsel
CenterPoint Energy, Inc.
1111 Louisiana, 19th Floor
Houston, Texas 77002
713.207.7231
713.454.7197 (fax)
mickey.moon@centerpointenergy.com

Coffin Renner LLP
1011 West 31st Street
Austin, Texas 78705
512.879.0900
512.879.0912 (fax)
ann.coffin@crtxlaw.com
mark.santos@crtxlaw.com



Ann M. Coffin
State Bar No. 00787941
Mark A. Santos
State Bar No. 24037433

**COUNSEL FOR CENTERPOINT ENERGY
HOUSTON ELECTRIC, LLC**

CERTIFICATE OF SERVICE

I hereby certify that on this 16th day of August 2019, a true and correct copy of the foregoing document was served on all parties of record in accordance with 16 Tex. Admin. Code § 22.74.


Mark A. Santos

RESOLUTION NO. 2019-007

A RESOLUTION OF THE CITY OF HEDWIG VILLAGE, TEXAS FINDING THAT CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC'S REQUESTED INCREASE TO ITS ELECTRIC TRANSMISSION AND DISTRIBUTION RATES AND CHARGES WITHIN THE CITY SHOULD BE DENIED; FINDING THAT THE CITY'S REASONABLE RATE CASE EXPENSES SHALL BE REIMBURSED BY THE COMPANY; FINDING THAT THE MEETING AT WHICH THIS RESOLUTION IS PASSED IS OPEN TO THE PUBLIC AS REQUIRED BY LAW; REQUIRING NOTICE OF THIS RESOLUTION TO THE COMPANY AND LEGAL COUNSEL

WHEREAS, on or about April 5, 2019, CenterPoint Energy Houston Electric, LLC ("CenterPoint" or "Company"), pursuant to PURA §§ 33.001 and 36.001 filed with the City of Hedwig Village ("City") a Statement of Intent to change electric delivery rates in all municipalities exercising original jurisdiction within its service area, effective May 10, 2019; and

WHEREAS, the City is an electric utility customer of CenterPoint and a regulatory authority with exclusive original jurisdiction over the rates and charges of CenterPoint within the City; and

WHEREAS, the City is a member of the Gulf Coast Coalition of Cities ("GCCC"), a membership of similarly situated cities served by CenterPoint that have joined together to efficiently and cost-effectively review and respond to electric issues affecting rates charged in CenterPoint's service area; and

WHEREAS, GCCC is an intervenor in the parallel proceeding at the Public Utility Commission of Texas to review CenterPoint's filing; and

WHEREAS, the City, in a reasonably noticed meeting that was open to the public, considered the Company's application; and

WHEREAS, pursuant to its exclusive original jurisdiction over CenterPoint's rates and operations within city limits, the City previously suspended the effective date of the Company's requested rate increase; and

WHEREAS, PURA § 33.023 provides that costs incurred by cities in ratemaking activities are to be reimbursed by the regulated utility; and

WHEREAS, the City's attorneys and consultants recommend that the City deny the application.

THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF HEDWIG VILLAGE, TEXAS:

SECTION 1. That the rates proposed by CenterPoint in an application submitted to the City by CenterPoint on or about April 5, 2019, are hereby found to be unreasonable, and are denied.

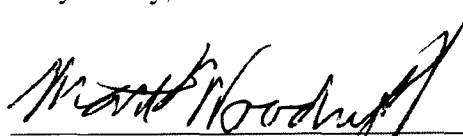
SECTION 2. That the Company shall continue to charge its existing rates for transmission and distribution service to customers with the City.

SECTION 3. That GCCC's reasonable rate case expenses shall be reimbursed by CenterPoint within 30 days of presentation of an invoice to CenterPoint.


SECTION 4. That it is hereby officially found and determined that the meeting at which this Resolution is passed is open to the public as required by law, and that the public notice was given of the time, place, and purpose of said meeting, as required.

SECTION 5. A copy of this Resolution shall be sent to CenterPoint, care of Patrick Peters, CenterPoint Energy, Inc., 1005 Congress Avenue, Suite 650, Austin, Texas 78701 (patrick.peters@centerpointenergy.com), and to Chris Brewster at Lloyd Gosselink Rochelle & Townsend, P.C., 816 Congress Avenue, Suite 1900, Austin, Texas 78701 (cbrewster@lglawfirm.com).

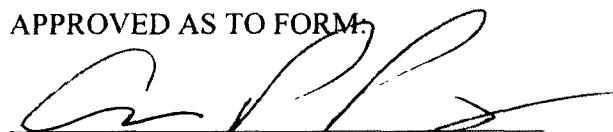
PASSED AND APPROVED this 18th day of July, 2019.


MAYOR PRO-TEM, Matt Woodruff

ATTEST:


City Secretary, Kelly Johnson

APPROVED AS TO FORM:


City Attorney, Alan Petrov

RESOLUTION 19-R-31

A RESOLUTION BY THE CITY COUNCIL OF THE CITY OF ALVIN, TEXAS, FINDING THAT CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC'S REQUESTED INCREASE TO ITS ELECTRIC TRANSMISSION AND DISTRIBUTION RATES AND CHARGES WITHIN THE CITY SHOULD BE DENIED; FINDING THAT THE CITY'S REASONABLE RATE CASE EXPENSES SHALL BE REIMBURSED BY THE COMPANY; FINDING THAT THE MEETING AT WHICH THIS RESOLUTION IS PASSED IS OPEN TO THE PUBLIC AS REQUIRED BY LAW; REQUIRING NOTICE OF THIS RESOLUTION TO THE COMPANY AND LEGAL COUNSEL

WHEREAS, on or about April 5, 2019, CenterPoint Energy Houston Electric, LLC ("CenterPoint" or "Company"), pursuant to the Public Utilities Regulatory Authority (PURA) §§33.001 and 36.001 filed with the City of Alvin, Texas ("City"), a Statement of Intent to change electric delivery rates in all municipalities exercising original jurisdiction within its service area, effective May 10, 2019; and

WHEREAS, the City is an electric utility customer of CenterPoint and a regulatory authority with exclusive original jurisdiction over the rates and charges of CenterPoint within the City; and

WHEREAS, the City is a member of the Gulf Coast Coalition of Cities ("GCCC"), a membership of similarly situated cities served by CenterPoint that have joined together to efficiently and cost-effectively review and respond to electric issues affecting rates charged in CenterPoint's service area; and

WHEREAS, GCCC is an intervenor in the parallel proceeding at the Public Utility Commission of Texas to review CenterPoint's filing; and

WHEREAS, the City, in a reasonably noticed meeting that was open to the public, considered the Company's application; and

WHEREAS, pursuant to its exclusive original jurisdiction over CenterPoint's rates and operations within city limits, the City previously suspended the effective date of the Company's requested rate increase; and

WHEREAS, PURA § 33.023 provides that costs incurred by cities in ratemaking activities are to be reimbursed by the regulated utility; and

WHEREAS, the City's attorneys and consultants recommend that the City deny the application.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF ALVIN, TEXAS, THAT:

Section 1. That the rates proposed by CenterPoint in an application submitted to the City by CenterPoint on or about April 5, 2019, are hereby found to be unreasonable, and are denied.

Section 2. That the Company shall continue to charge its existing rates for transmission and distribution service to customers with the City.

Section 3. That GCCC's reasonable rate case expenses shall be reimbursed by CenterPoint within 30 days of presentation of an invoice to CenterPoint.

Section 4. That it is hereby officially found and determined that the meeting at which this Resolution is passed is open to the public as required by law, and that the public notice was given of the time, place, and purpose of said meeting, as required.

Section 5. A copy of this Resolution shall be sent to CenterPoint, care of Patrick Peters, CenterPoint Energy, Inc., 1005 Congress Avenue, Suite 650, Austin, Texas 78701 (patrick.peters@centerpointenergy.com), and to Chris Brewster at Lloyd Gosselink Rochelle & Townsend, P.C., 816 Congress Avenue, Suite 1900, Austin, Texas 78701 (cbrewster@lglawfirm.com).

PASSED AND APPROVED on this the 1st day of August 2019.

CITY OF ALVIN, TEXAS

By: 


Paul A. Horn, Mayor

ATTEST

By: 

Dixie Roberts, City Secretary

APPROVED AS TO FORM:


Suzanne L. Hanneman, City Attorney

RESOLUTION NO. R2019-22

A RESOLUTION OF THE CITY OF FRIENDSWOOD, TEXAS, FINDING THAT CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC'S, REQUESTED INCREASE TO ITS ELECTRIC TRANSMISSION AND DISTRIBUTION RATES AND CHARGES WITHIN THE CITY SHOULD BE DENIED; FINDING THAT THE CITY'S REASONABLE RATE CASE EXPENSES SHALL BE REIMBURSED BY THE COMPANY; FINDING THAT THE MEETING AT WHICH THIS RESOLUTION IS PASSED IS OPEN TO THE PUBLIC AS REQUIRED BY LAW; REQUIRING NOTICE OF THIS RESOLUTION TO THE COMPANY AND LEGAL COUNSEL.

* * * * *

WHEREAS, on or about April 5, 2019, CenterPoint Energy Houston Electric, LLC ("CenterPoint" or "Company"), pursuant to PURA §§ 33.001 and 36.001 filed with the City of Friendswood, Texas, ("City") a Statement of Intent to change electric delivery rates in all municipalities exercising original jurisdiction within its service area, effective May 10, 2019; and

WHEREAS, the City is an electric utility customer of CenterPoint and a regulatory authority with exclusive original jurisdiction over the rates and charges of CenterPoint within the City; and

WHEREAS, the City is a member of the Gulf Coast Coalition of Cities ("GCCC"), a membership of similarly situated cities served by CenterPoint that have joined together to efficiently and cost-effectively review and respond to electric issues affecting rates charged in CenterPoint's service area; and

WHEREAS, GCCC is an intervenor in the parallel proceeding at the Public Utility Commission of Texas to review CenterPoint's filing; and

WHEREAS, the City, in a reasonably noticed meeting that was open to the public, considered the Company's application; and

WHEREAS, pursuant to its exclusive original jurisdiction over CenterPoint's rates and operations within city limits, the City previously suspended the effective date of the Company's requested rate increase; and

WHEREAS, PURA § 33.023 provides that costs incurred by cities in ratemaking activities are to be reimbursed by the regulated utility; and

WHEREAS, the City's attorneys and consultants recommend that the City deny the application.

THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF FRIENDSWOOD, TEXAS:

Section 1. That the rates proposed by CenterPoint in an application submitted to the City by CenterPoint on or about April 5, 2019, are hereby found to be unreasonable, and are denied.

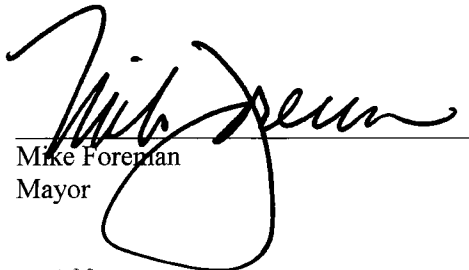
Section 2. That the Company shall continue to charge its existing rates for transmission and distribution service to customers with the City.

Section 3. That GCCC's reasonable rate case expenses shall be reimbursed by CenterPoint within 30 days of presentation of an invoice to CenterPoint.


Section 4. That it is hereby officially found and determined that the meeting at which this Resolution is passed is open to the public as required by law, and that the public notice was given of the time, place, and purpose of said meeting, as required.

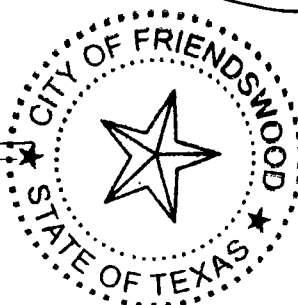
Section 5. A copy of this Resolution shall be sent to CenterPoint, care of Patrick Peters, CenterPoint Energy, Inc., 1005 Congress Avenue, Suite 650, Austin, Texas 78701 (patrick.peters@centerpointenergy.com), and to Chris Brewster at Lloyd Gosselink Rochelle & Townsend, P.C., 816 Congress Avenue, Suite 1900, Austin, Texas 78701 (cbrewster@lglawfirm.com).

PASSED AND APPROVED this 5th day of August, 2019.


Mike Foreman
Mayor

ATTEST:


Melinda Welsh, TRMC
City Secretary



APPROVED AS TO FORM:


Mary Kay Fischer
City Attorney

RESOLUTION NO. 2019- 117

**RESOLUTION BY THE CITY OF PASADENA, TEXAS ("CITY")
DENYING THE APPLICATION OF THE CENTERPOINT
ENERGY HOUSTON ELECTRIC LLC FOR AUTHORITY TO
INCREASE RATES SUBMITTED ON OR ABOUT APRIL 5, 2019;
REQUIRING THE REIMBURSEMENT OF MUNICIPAL RATE
CASE EXPENSES; 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, CenterPoint Energy Houston Electric ("CEHE" or "Company") filed a Statement of Intent with the City on or about April 5, 2019, to change its rates within the corporate limits of this municipality, specifically to increase its annual revenue for its retail transmission and distribution services by approximately \$154 million, which equates to an increase of approximately 7.4 percent, and by about \$6.8 million for its wholesale transmission service, which equates to an increase of approximately 1.8 percent; 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 CEHE's rates, operations, and services within the municipality; and

WHEREAS, in order to maximize the efficient use of resources and expertise in reviewing, analyzing and investigating CEHE's rate request and its changes in tariffs the City coordinated its efforts with a coalition of similarly situated municipalities known as Texas Coast Utilities Coalition ("TCUC") of cities; and

WHEREAS, CEHE failed to establish that its overall revenue request resulted in no more than an amount that will permit CEHE a reasonable opportunity to earn a reasonable return on the utility's invested capital used and useful in providing service to the public in excess of the utility's reasonable and necessary operating expenses; and

WHEREAS, CEHE failed to establish that its proposed rates were just and reasonable; and

WHEREAS, the City has previously: (1) suspended CEHE's proposed rate increase by 90 days; (2) authorized intervention in proceedings related to CEHE's proposed rate increase as a member of the coalition of cities known as the Texas Coast Utilities Coalition of cities; (3) directed CEHE to reimburse TCUC's rate case expenses; and (4) retained the law firm of Herrera Law & Associates, PLLC with respect to rate proceedings involving CEHE before the Public Utility Commission of Texas and courts of law and to retain consultants to review CEHE's rate application subject to TCUC's approval.

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF PASADENA, TEXAS 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. CEHE failed to show that its proposed rates are just and reasonable.

Section 3. The City hereby **DENIES** CEHE's request to increase rates and in support of **DENIAL** finds that:

- a) CEHE failed in its burden of proof to establish that its requested increase in revenue or the changes set forth in its tariffs attached to CEHE's Statement of Intent to increase rates, results in just and reasonable rates;
- b) CEHE failed in its burden of proof to establish that adoption of its proposed rate base, expenses, investment, return on equity, and other rate issues as presented in CEHE's Statement of Intent to increase rates, result in just and reasonable rates.

Section 4. The City hereby orders CEHE to reimburse the City's rate case expenses as provided in the Public Utility Regulatory Act and that CEHE shall continue to 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 related to this rate review or to related proceedings involving CEHE before the City, the Public Utility Commission of Texas, or any court of law.

Section 5. The City, in coordination with the Steering Committee, delegates to the City Attorney, or designee of such office, review of the invoices of the lawyers and rate experts for reasonableness before submitting the invoices to CEHE for reimbursement.

Section 6. A copy of this resolution shall be sent to Mr. Alfred R. Herrera, Herrera Law & Associates, PLLC, 816 Congress Ave., Suite 950, Austin, Texas 78701, and a courtesy copy to Mr. Patrick H. Peters, III, Assistant General Counsel and Director of

Regulatory Affairs, CenterPoint Energy, Inc., 1005 Congress Ave., Suite 650, Austin
Texas 78701.

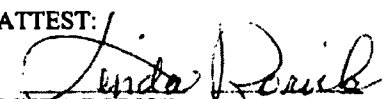
Section 7. The meeting at which this resolution was approved was in all things
conducted in strict compliance with the Texas Open Meetings Act, Texas Government
Code, Chapter 551.

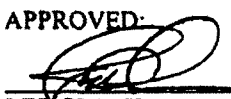
Section 8. This resolution supersedes any prior inconsistent or conflicting resolution
or ordinance.

Section 9. This resolution shall become effective from and after its passage.

PASSED, APPROVED AND ADOPTED THIS THE 6th day of August,
A.D., 2019.


JEFF A. WAGNER, MAYOR
OF THE CITY OF PASADENA, TEXAS

ATTEST:

LINDA RORICK
CITY SECRETARY
CITY OF PASADENA, TEXAS

APPROVED:

LEE CLARK
CITY ATTORNEY
CITY OF PASADENA, TEXAS

RESOLUTION NO. 19-26

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SUGAR LAND, TEXAS, DENYING CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC'S REQUESTED INCREASE TO ITS ELECTRIC TRANSMISSION AND DISTRIBUTION RATES AND CHARGES WITHIN THE CITY FILED ON OR ABOUT APRIL 5, 2019; FINDING THAT CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC MUST REIMBURSE THE RATE CASE EXPENSES OF THE CITY; AND SETTING FORTH OTHER PROVISIONS RELATED THERETO.

WHEREAS, on or about April 5, 2019, CenterPoint Energy Houston Electric, LLC (CenterPoint), pursuant to Public Utility Regulatory Act (PURA) §§ 33.001 and 36.00, filed with the City of Sugar Land, Texas ("City") a Statement of Intent to change electric delivery rates in all municipalities exercising original jurisdiction within its service area, effective May 10, 2019; and

WHEREAS, the City is an electric utility customer of CenterPoint and a regulatory authority with exclusive original jurisdiction over the rates and charges of CenterPoint within the City; and

WHEREAS, the City is a member of the Gulf Coast Coalition of Cities (GCCC), a membership of similarly-situated cities served by CenterPoint that have joined together to efficiently and cost-effectively review and respond to electric issues affecting rates charged in CenterPoint's service area; and

WHEREAS, GCCC is an intervenor in the parallel proceeding at the Public Utility Commission of Texas to review CenterPoint's filing; and

WHEREAS, pursuant to its exclusive original jurisdiction over CenterPoint's rates and operations within the City's city limits, by Resolution No. 19-12 adopted on April 23, 2019, the City Council suspended the effective date of CenterPoint's requested rate increase; and

WHEREAS, PURA § 33.023 provides that costs incurred by cities in ratemaking activities are to be reimbursed by the regulated utility; and

WHEREAS, the City's attorneys and consultants recommend that the City's City Council deny the application to change electric delivery rates in the City filed by CenterPoint on or about April 5, 2019; NOW, THEREFORE,

**BE IT RESOLVED BY THE CITY COUNCIL
OF THE CITY OF SUGAR LAND, TEXAS:**

Section 1. That the rates proposed by CenterPoint in an application submitted by CenterPoint to the City on or about April 5, 2019, are hereby found to be unreasonable, and are denied.

Section 2. That CenterPoint shall continue to charge its existing rates for transmission and distribution service to customers with the City.

Section 3. That the City's reasonable rate case expenses shall be reimbursed by CenterPoint within 30 days of presentation of an invoice to CenterPoint.

Section 4. That a copy of this Resolution shall be sent to CenterPoint, care of Patrick Peters, CenterPoint Energy, Inc., 1005 Congress Avenue, Suite 650, Austin, Texas 78701 (patrick.peters@centerpointenergy.com) and to Chris Brewster at Lloyd Gosselink Rochelle & Townsend, P.C., 816 Congress Avenue, Suite 1900, Austin, Texas 78701 (cbrewster@lglawfirm.com).

APPROVED on August 6, 2019.

Carol L. McCutcheon, Mayor Pro Tem
Mayor Joe R. Zimmerman

ATTEST:

Thomas Harris III

Thomas Harris III
City Secretary

APPROVED AS TO FORM:

Eugenia A. Cano

Eugenia A. Cano
First Asst. City Attorney

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BAYTOWN, TEXAS, DENYING THE APPLICATION OF CENTERPOINT ENERGY HOUSTON ELECTRIC LLC, FOR AUTHORITY TO INCREASE RATES SUBMITTED ON OR ABOUT APRIL 5, 2019; REQUIRING THE REIMBURSEMENT OF MUNICIPAL RATE CASE EXPENSES; MAKING OTHER FINDINGS AND PROVISIONS RELATED THERETO; AND PROVIDING FOR THE EFFECTIVE DATE THEREOF.

WHEREAS, CenterPoint Energy Houston Electric ("CEHE") filed a Statement of Intent with the City on or about April 5, 2019, to change its rates within the corporate limits of this municipality, specifically to increase its annual revenue for its retail transmission and distribution services by approximately \$154 million, which equates to an increase of approximately 7.4 percent, and by about \$6.8 million for its wholesale transmission service, which equates to an increase of approximately 1.8 percent; 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 CEHE's rates, operations, and services within the municipality; and

WHEREAS, in order to maximize the efficient use of resources and expertise in reviewing, analyzing and investigating CEHE's rate request and its changes in tariffs, the City coordinated its efforts with a coalition of similarly situated municipalities known as Texas Coast Utilities Coalition ("TCUC") of cities; and

WHEREAS, CEHE failed to establish that its overall revenue request resulted in no more than an amount that will permit CEHE a reasonable opportunity to earn a reasonable return on the utility's invested capital used and useful in providing service to the public in excess of the utility's reasonable and necessary operating expenses; and

WHEREAS, CEHE failed to establish that its proposed rates were just and reasonable; and

WHEREAS, the City has previously: (1) suspended CEHE's proposed rate increase by 90 days; (2) authorized intervention in proceedings related to CEHE's proposed rate increase as a member of the coalition of cities known as the Texas Coast Utilities Coalition of cities; (3) directed CEHE to reimburse TCUC's rate case expenses; and (4) retained the law firm of Herrera Law & Associates, PLLC with respect to rate proceedings involving CEHE before the Public Utility Commission of Texas and courts of law and to retain consultants to review CEHE's rate application subject to TCUC's approval; NOW THEREFORE,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF BAYTOWN, TEXAS:

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

Section 2: The City finds that CEHE failed to show that its proposed rates are just and reasonable.

Section 3: The City hereby DENIES CEHE's request to increase rates, and in support of DENIAL finds that:

- a) CEHE failed in its burden of proof to establish that its requested increase in revenue or the changes set forth in its tariffs attached to CEHE's Statement of Intent to increase rates results in just and reasonable rates; and
- b) CEHE failed in its burden of proof to establish that adoption of its proposed rate base, expenses, investment, return on equity, and other rate issues as presented in CEHE's Statement of Intent to increase rates, result in just and reasonable rates.

Section 4: The City hereby orders CEHE to reimburse the City's rate case expenses as provided in the Public Utility Regulatory Act and that CEHE shall continue to do so on a monthly basis and within thirty (30) days after submission of the City's invoices for the City's reasonable costs associated with the City's activities related to this rate review or to related proceedings involving CEHE before the City, the Public Utility Commission of Texas, or any court of law.

Section 5: The City, in coordination with the Steering Committee, delegates to the City Manager and/or the City Attorney, or designee of such office, review of the invoices of the lawyers and rate experts for reasonableness before submitting the invoices to CEHE for reimbursement.

Section 6: A copy of this resolution shall be sent to Mr. Alfred R. Herrera, Herrera Law & Associates, PLLC, 816 Congress Ave., Suite 950, Austin, Texas 78701, and a courtesy copy to Mr. Patrick H. Peters, III, Assistant General Counsel and Director of Regulatory Affairs, CenterPoint Energy, Inc., 1005 Congress Ave., Suite 650, Austin, Texas 78701.

Section 7: This resolution supersedes any prior inconsistent or conflicting resolution or ordinance.

Section 8: This resolution shall take effect immediately from and after its passage by the City Council of the City of Baytown.

INTRODUCED, READ and PASSED by the affirmative vote of the City Council of the City of Baytown this the 8th day of August, 2019.


BRANDON CAPETILLO, Mayor

ATTEST:

LETICIA BRYSCH, City Clerk

APPROVED AS TO FORM:


IGNACIO RAMIREZ, SR., City Attorney

