

RESOLUTION NO. 2019-___

A RESOLUTION BY THE CITY OF LEAGUE CITY, TEXAS (“CITY”) SUSPENDING THE EFFECTIVE DATE FOR NINETY DAYS IN CONNECTION WITH THE RATE INCREASE FILING MADE ON OR ABOUT APRIL 5, 2019 BY CENTERPOINT ENERGY HOUSTON ELECTRIC LLC; AUTHORIZING THE CITY’S CONTINUED PARTICIPATION IN A COALITION OF CITIES KNOWN AS THE “TEXAS COAST UTILITIES COALITION;” AUTHORIZING PARTICIPATION IN PROCEEDINGS AT THE PUBLIC UTILITY COMMISSION OF TEXAS; AUTHORIZING THE HIRING OF ATTORNEYS AND CONSULTANTS; REQUIRING REIMBURSEMENT OF REASONABLE LEGAL AND CONSULTANT EXPENSES; REQUIRING PROOF OF NOTICE; 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 it is prudent to coordinate the City’s efforts with a coalition of similarly situated municipalities; and

WHEREAS, the City, in matters regarding applications by CEHE to change rates, has in the past joined with other local regulatory authorities to form an alliance of cities known as Texas Coast Utilities Coalition (“TCUC”), and hereby continues its participation in TCUC; and

WHEREAS, in CEHE’s prior general rate case submitted in June, 2010, in Docket No. 38339 before the Public Utility Commission of Texas (“PUCT”), CEHE requested an increase of about \$110 million and the PUCT approved an increase of about \$15 million in large part due to the City’s participation in TCUC and coordination with other cities and their review of CEHE’s application; and

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

WHEREAS, CEHE’s rate application is the Company’s first general rate case since about 2010; and

WHEREAS, CEHE proposed May 10, 2019, as the effective date for its requested increase in rates; and

WHEREAS, it is not reasonably possible for the City to complete its review of CEHE's filing by May 10, 2019; and

WHEREAS, the City will need an adequate amount of time to review and evaluate CEHE's rate application to enable the City to adopt a final decision as a local regulatory authority with regard to CEHE's requested rate increase.

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

WHEREAS, CEHE submitted a corresponding application with the Public Utility Commission of Texas on the same date as it filed its application with the City and the Public Utility Commission's decision could have a direct impact on the City and its citizens who are customers of CEHE and in order for the City's participation to be meaningful it is important that the City intervene in any such proceedings at the Public Utility Commission related to CEHE's application to increase rates, including any appeals taken from the Commission's final order.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF LEAGUE CITY, TEXAS, as follows:

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's proposed effective date for its proposed increase in rates is hereby **SUSPENDED** for ninety days beyond May 10, 2019.

Section 3. The statutory suspension period may be further extended if CEHE does not provide proper public notice of its request to increase rates, if its rate-filing package is materially deficient, or by agreement.

Section 4. The City shall continue to participate in a coalition of cities known as the Texas Coast Utilities Coalition ("TCUC"), and authorizes intervention in proceedings related to CEHE's Statement of Intent before the Public Utility Commission of Texas and related proceedings in courts of law; and

Section 5. The City hereby orders CEHE to reimburse the City's rate case expenses consistent with the Public Utility Regulatory Act and that CEHE 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 related to this rate review or related to proceedings involving CEHE 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 CEHE 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 CEHE's rate application subject to approval by the steering committee of the TCUC.

Section 7. 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 8. 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 CEHE'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. This resolution supersedes any prior inconsistent or conflicting resolution or ordinance.

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

PASSED AND APPROVED the _____ day of _____, 2019.

PAT HALLISEY
Mayor

ATTEST:

DIANA M. STAPP
City Secretary

APPROVED AS TO FORM:

NGHIEM V. DOAN
City Attorney