



## Agenda Briefing

**Date of Meeting:** April 16, 2019

**Submitting Department:** City Manager's Office

**Date Submitted:** April 8, 2019

**Prepared By:** Gayle Cook, City Manager

**Presenter:** Gayle Cook, City Manager

**Will there be a guest/visitor presenter who is not an employee?:**  Yes  No

**What is this person's first and last name and affiliation to this item?:**

**Subject:** Resolution 2019-09 , Suspending Centerpoint Rate Change

**Type of Item:**  Ordinance  Resolution  Contract/Agreement  Public Hearing  Discussion & Direction

**Executive Summary:** CenterPoint Energy Houston Electric, LLC ("CenterPoint" or "Company") filed an application on April 5, 2019 with cities retaining original jurisdiction seeking to increase system-wide transmission and distribution rates by \$161 million per year. The Company asks the City to approve an increase in \$154 million in retail transmission and distribution rates (an increase of about 7.4%) and \$6.8 million in wholesale transmission rates (an increase of about 1.8%). According to CenterPoint, the impact on an average residential customer would be an increase of about \$2.38 per month.

The resolution suspends the May 10, 2019 effective date of the Company's rate increase for the maximum period permitted by law to allow the City, working in conjunction with other members of GCCC served by CenterPoint to evaluate the filing, determine whether the filing complies with law, and if lawful, to determine what further strategy, including settlement, to pursue.

The law provides that a rate request made by an electric utility cannot become effective until at least 35 days following the filing of the application to change rates. The law permits the City to suspend the rate change for 90 days after the date the rate change would otherwise be effective. If the City fails to take some action regarding the filing before the effective date, CenterPoint's rate request is deemed approved.

**Background/Issue** (What prompted this need?): The City of Seabrook is a member of a coalition of political subdivisions in the Greater Houston area known as the Gulf Coast Coalition of Cities ("GCCC"). The Coalition has been in existence since the early 1990s. The GCCC represents the interests of its members on gas and electric utility matters before the Public Utility Commission, the Railroad Commission, the Electric Reliability Council of Texas and the courts.

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Current members include the following 39 cities: Alvin, Brazos Country, Brookshire, Bunker Hill Village, Clear Lake Shores, Deer Park, Dickinson, Friendswood, Fulshear, Galveston, Hedwig Village, Hilshire Village, Hunters Creek, Iowa Colony, Jersey Village, Kemah, Lake Jackson, La Marque, Manvel, Missouri City, Mont Belvieu, Morgan's Point, Nassau Bay, Oyster Creek, Piney Point Village, Pleak, Rosenberg, Santa Fe, Seabrook, Sealy, Simonton, South Houston, Spring Valley Village, Sugar Land, Taylor Lake Village, Texas City, Tiki Island, Webster, and Weston Lakes.

Section 1. The City is authorized to suspend the rate change for 90 days after the date that the rate change would otherwise be effective for any legitimate purpose. Time to study and investigate the application is always a legitimate purpose. Please note that the resolution refers to the suspension period as "the maximum period allowed by law" rather than ending by a specific date. This is because the Company controls the effective date and can extend the deadline for final city action to increase the time that the City retains jurisdiction if necessary to reach settlement on the case. If the suspension period is not otherwise extended by the Company, the City must take final action on CenterPoint's request to raise rates by May 10, 2019.

Section 2. This provision authorizes the City to participate in a coalition of cities served by CenterPoint, GCCC, in order to more efficiently represent the interests of the City and their citizens.

Section 3. The Company will reimburse the cities for their reasonable rate case expenses. Legal counsel and consultants approved by the GCCC cities will submit monthly invoices that will be forwarded to CenterPoint for reimbursement. No individual city incurs liability for payment of rate case expenses by adopting a suspension resolution.

Section 4. This section merely recites that the resolution was passed at a meeting that was open to the public and that the consideration of the Resolution was properly noticed.

Section 5. This section provides that both CenterPoint's counsel and counsel for the cities will be notified of the City's action by sending a copy of the approved and signed resolution to certain designated individuals.

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### **Budget Analysis/Funding Comments:**

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All requests must be submitted to the City Secretary's Office no later than 12:00 p.m. on the Monday, one week prior to the regular Tuesday Council Meeting. All required attachments are to be submitted with the request. Incomplete items cannot be placed on the agenda.

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**Expenditure Required:** \$N/A

**Budgeted Amount:** \$                      **Source of Funds/Funding Account:**

**Not Budgeted:** If approved, the following will be included in the next Budget Amendment and \$                      will be added to Revenue Account:                      and \$ added to Expenditure Account:

**1295 Form Required?** Yes No

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**Name of Applicant (if applicable) :**

**Legal Description/Location (if applicable):**

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**Supporting Materials Attached:**

1. Resolution 2019-09
- 2.
- 3.
- 4.
- 5.
- 6.
- 7.
- 8.
- 9.
- 10.

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**Recommended Placement on Agenda: Consent Agenda**

**Recommended Action:**

Approve  
Resolution 2019-09 to suspend the effective date of the rate increase

**REVIEWED AND APPROVED BY:  
(as appropriate)**

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Department Director

\_\_\_\_\_  
Date

\_\_\_\_\_  
Finance Director


\_\_\_\_\_  
Date

\_\_\_\_\_  
City Attorney

\_\_\_\_\_  
Date

\_\_\_\_\_  
Deputy City Manager

\_\_\_\_\_  
Date

DocuSigned by:  
  
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City Manager

\_\_\_\_\_  
4/12/2019  
\_\_\_\_\_  
Date