



*CITY
OF
SEABROOK*

AGENDA
BRIEFING

Date of Meeting:

Submitter/Requestor: Cook

Date Submitted: 4/6/2016

Presenter: Cook

Description/Subject:

Purpose of the Resolution:

The purpose of the Resolution is to deny the DCRF application proposed by CenterPoint.

Explanation of "Be It Resolved" Paragraphs:

1. This paragraph finds that the Company's application is unreasonable and should be denied.
2. This section states that the Company's current rates shall not be changed.
3. The Company will reimburse the cities for their reasonable rate case expenses. Legal counsel and consultants approved by the Cities will submit monthly invoices that will be forwarded to CenterPoint for reimbursement.
4. This section 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.
5. This section provides CenterPoint and counsel for the cities will be notified of the City's action by sending a copy of the approved and signed Resolution to counsel.

Applicant: N/A

Legal Description: N/A

Request:

Purpose/Need: Policy Issue _____ Administrative Issue _____

Background/Issue (What prompted this need?):

The City, along with approximately 25 other cities served by CenterPoint Energy Houston Electric, LLC (“CenterPoint” or “Company”) is a member of the Gulf Coast Coalition of Cities (“GCCC”). The coalition has been in existence since the early 1990s. GCCC has been the primary public interest advocate before the Public Utility Commission, the Courts, and the Legislature on electric utility regulation matters for over 20 years.

On April 4, 2016, CenterPoint filed an Application for Approval to Amend its Distribution Cost Recovery Factor (“DCRF”) Pursuant to 16 Tex. Admin. Code § 25.243 and to Reconcile Docket No. 44572 Revenues to Increase Distribution Rates with each of the cities in their service area. In the filing, the Company asserts that it is seeking an increase in distribution revenues of \$49,351,913 for the period of September 1, 2016 to August 31, 2017, and increasing to \$60,596,164 thereafter.

GCCC has engaged the services of a consultant, Mr. Karl Nalepa, to review the Company’s filing. GCCC’s attorney recommends that all GCCC members adopt the Resolution denying the rate change. Once the Resolution is adopted, CenterPoint will have 30 days to appeal the decision to the Public Utility Commission where the appeal will be consolidated with CenterPoint’s filing for the environs and those cities that have relinquished their original jurisdiction currently pending at the Commission.

Impacted Parties (Expected/Notified):

Recommended Action:
Motion to approve Resolution as written.

Attachments:
Resolution 2016-12

Fiscal Impact: Budgeted Yes No Finance Officer Review: Yes
Budget Amendment Required Yes No
Future/Ongoing Impact Yes No
Budget Dept/Line Item Number Various

Funding Comments:

Where on the agenda should this item be placed?

(i.e. Public Hearing, New Business, Old Business, Consent Agenda, Executive Session, etc.)

Consent Agenda

All requests must be submitted to the City Secretary's Office no later than 5:00 p.m. on the Wednesday preceding the regular Tuesday Council Meeting. All required attachments are to be submitted with the request. Incomplete items cannot be placed on the agenda.

Suggested Motion:

Motion to approve Resolution No 2016-12, to deny Centerpoint Energy Electric LLC's application for approval to amend its districution cost recovery factor

City Manager Review:

- Approved as submitted
- Submitted for Council consideration without comment
- Submitted for Council consideration with comments stated below:

(All items are to be reviewed and approved by the city manager, except items submitted by the mayor or any council member or routine consent agenda items such as minutes and second & third readings of ordinances.)

Sent to City Attorney for review _____
(City Attorney should review all ordinances, resolutions, contracts and executive session items.)

Received and accepted by the City Secretary/Assistant _____

Returned by the City Secretary/Assistant (If incomplete) _____

All requests must be submitted to the City Secretary's Office no later than 5:00 p.m. on the Wednesday preceding the regular Tuesday Council Meeting. All required attachments are to be submitted with the request. Incomplete items cannot be placed on the agenda.

**CITY OF SEABROOK
RESOLUTION NO. 2016-12**

A RESOLUTION OF THE CITY OF SEABROOK, TEXAS FINDING THAT CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC'S APPLICATION FOR APPROVAL TO AMEND ITS DISTRIBUTION COST RECOVERY FACTOR PURSUANT TO 16 TEX. ADMIN. CODE § 25.243 AND TO RECONCILE DOCKET NO. 44572 REVENUES TO INCREASE DISTRIBUTION RATES 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, the City of Seabrook, Texas ("City") is an electric utility customer of CenterPoint Energy Houston Electric, LLC ("CenterPoint" or "Company"), and a regulatory authority with an interest in the rates and charges of CenterPoint; and

WHEREAS, the City is a member of the Gulf Coast Coalition of Cities ("GCCC") (such participating cities are referred to herein as "GCCC"), a coalition 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, on or about April 4, 2016 CenterPoint filed with the City an Application for Approval to Amend its Distribution Cost Recovery Factor ("DCRF") Pursuant to 16 Tex. Admin. Code § 25.243 and to Reconcile Docket No. 44572 Revenues seeking to increase electric distribution rates by \$49,351,913 for the period of September 1, 2016 to August 31, 2017, and increasing to \$60,596,164 thereafter; and

WHEREAS, all electric utility customers residing in the City will be impacted by this ratemaking proceeding if it is granted; and

WHEREAS, GCCC is coordinating its review of CenterPoint's DCRF filing with designated attorneys and consultants to resolve issues in the Company's application; and

WHEREAS, the GCCC's members and attorneys recommend that GCCC members deny the DCRF.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF SEABROOK, TEXAS:

Section 1. That the rates proposed by CenterPoint to be recovered through its DCRF charged to customers located within the City limits, are hereby found to be unreasonable and shall be denied.

Section 2. That the Company shall continue to charge its existing rates to customers within the City.

Section 3. That the City's reasonable rate case expenses shall be reimbursed in full 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 the public notice of the time, place, and purpose of said meeting was given as required.

Section 5. That a copy of this Resolution shall be sent to Denise Gaw, CenterPoint Energy Service Company, LLC, 1111 Louisiana Street, Houston, Texas 77002 and to Thomas Brocato, General Counsel to the Gulf Coast Coalition of Cities, at Lloyd Gosselink Rochelle & Townsend, P.C., P.O. Box 1725, Austin, Texas 78767-1725.

PASSED AND APPROVED this 19TH day of April, 2016.

Glenn Royal, Mayor

ATTEST:

Robin Hicks, TRMC
City Secretary

APPROVED AS TO FORM:

Steve Weathered
City Attorney