

RESOLUTION NO. 27-2019

RESOLUTION BY THE CITY OF CLUTE, 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 CLUTE, 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 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.

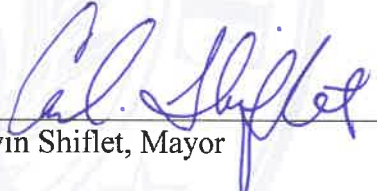
Section 6. A copy of this resolution shall be sent to Mr. Alfred R. Herrera, Herrera Law & Associates, PLLC, 816 Congress Ave., Suite 950, Austin, Texas 78701, and a courtesy copy to Mr. Patrick H. Peters, III, Assistant General Counsel and Director of Regulatory Affairs, CenterPoint Energy, Inc., 1005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

Section 7. 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 AND APPROVED this 8TH day of August 2019.



Calvin Shiflet, Mayor

ATTEST:



Rosie Poitevint, City Clerk