

City of Beach City Ordinance No. 82-3

AN ORDINANCE RELATING TO RATES TO BE CHARGED BY HOUSTON LIGHTING & POWER COMPANY FOR ELECTRIC UTILITY SERVICE WITHIN THE CORPORATE LIMITS OF THE CITY OF BEACH CITY, TEXAS; CONTAINING FINDINGS AND PROVISIONS RELATED TO THE SUBJECT; PROVIDING FOR A REPEALER AND FOR SEVERABILITY

WHEREAS, on or about June 16, 1982, Houston Lighting & Power Company (the "Company"), filed with the City of Beach City a Statement of Intent and Petition for Authority to Change Rates relating to electric utility service, and proper notice thereof was duly given; and

WHEREAS, by Resolution passed the 22nd day of June, 1982, the City Council of Beach City suspended the effective date of such proposed rate increase; and

WHEREAS, the City Council, having considered the Company's rate increase at a public hearing for which proper notice was duly given, finds that such request is excessive; and

WHEREAS, the City Council having original jurisdiction over the matter finds that a lesser increase in rates should be prescribed for the Company; NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF BEACH CITY:

Section 1. The City Council of the City of Beach City hereby finds the requested rates of the Company to be excessive and unreasonable.

Section 2. The City Council of the City of Beach City hereby additionally finds and determines the following:

I. FINDINGS

1. Cost of Service

The revenue requirement of the Company is \$3,529,921,000.00. Adjustments were made to Fuel, Operations & Maintenance, Extraordinary Amortization, Depreciation, Other Taxes, Franchise Fees, Federal Income Taxes and the Return Component.

a. Operations and Maintenance Expenses

Adjustments to the Company's O&M expenses amounted to \$7,260,000.00. The major adjustments include reductions in salaries and wages expense of \$2,695,000.00, employee benefits of \$291,000.00, wheeling cost and line loss of \$818,000.00, amortization of deferred charges of \$241,000.00, \$2,922,000.00 for other Operations & Maintenance expenses, \$498,000.00 for uncollectibles, \$422,000.00 for liquid metal breeder reactor accrual, and \$122,000.00 for South

Texas Project litigation fees, and an addition of \$749,000.00 for Electric Power Research Institute support.

b. Federal Income Taxes

The adjustment to the Cost of Service for Federal Income Taxes is a reduction of \$30,673,000.00.

c. Other Taxes and Fees

The total adjustment for all taxes other than federal income taxes is a reduction of \$2,409,000.00. The components of this adjustment are the Public Utility Commission fee, State gross receipts taxes, ad valorem taxes, and payroll taxes. An additional reduction of \$2,621,000.00 for local franchise fees was also made.

d. Return

The rate of return on equity is 16.95 percent. The rate of return on invested capital is 12.73 percent and the return on the adjusted value of invested capital is 8.25 percent.

2. Invested Capital

The invested capital is determined to be \$3,953,996,000.00.

3. Adjusted Value of Invested Capital

The adjusted value of invested capital is \$6,103,672,000.00. The adjusted value of invested capital includes \$943,643,000.00 for construction work in progress, \$60,409,000.00 for nuclear fuel in process and \$3,193,000.00 for property held for future use.

4. Revenue Deficiency

The overall revenue deficiency is \$181,561,000.00.

## II. CONCLUSIONS

1. The City has original jurisdiction over this case pursuant to Section 43 of the Public Utility Regulatory Act, TEX. REV. CIV. STAT. ANN., art. 1446c (1980).

2. The Company has the burden of establishing its revenue deficiency under its present rates and of establishing the amount of such deficiency that will be collected under its proposed rates pursuant to Section 40(b) of the Public Utility Regulatory Act.

3. The rates prescribed herein will allow the Company to recover its operating expenses together with a reasonable return on its invested

capital, pursuant to provisions of Section 39 of the Public Utility Regulatory Act.

4. The Rates prescribed herein will yield no more than a fair return upon the adjusted value of the invested capital used and useful by the Company in rendering service to the public as provided by Section 40(a) of the Public Utility Regulatory Act.

5. The Tariff for Electric Service set forth in Exhibit "A" provides just and reasonable and not unreasonably preferential, prejudicial, or discriminatory rates, as provided by Section 38 of the Public Utility Regulatory Act.

Section 3. The City Council hereby determines, prescribes, establishes and authorizes increased rates for sale or supply of electric service by the Company within the corporate limits of the City of Beach City. Such increased rates are hereby fixed as set out in "Exhibit A", which is attached hereto, incorporated herein by this reference and made a part hereof for all purposes. Such increased rates shall take effect for electric utility service provided from and after October 19, 1982. The Company shall be authorized to collect such rates until such time as they may be changed, modified, amended or withdrawn in accordance with applicable statutes and ordinances.

Section 4. The City Council hereby authorizes and directs the City Secretary to serve the Company with a certified copy of this ordinance which is the final determination and order of the City.

Section 5. The Company shall, within ten days following the final passage and approval of this ordinance and thereafter whenever required by applicable statutes and ordinances and whenever requested by the Director of the Department of Public Service, file a complete schedule of rates and tariffs with the said Director setting forth all of the Company's rates and charges for utility service then in effect.

Section 6. Nothing contained in this ordinance shall be construed now or hereafter as limiting or modifying, in any manner, the right and power of the City under the law to regulate the rates and charges of the Company.

Section 7. All ordinances or parts of ordinances in conflict herewith are repealed to the extent of the conflict only.

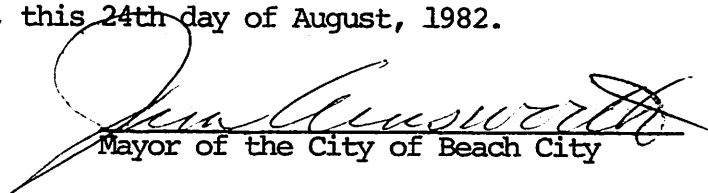
Section 8. If any provision, section, subsection, sentence, clause, or phrase of this ordinance, or the application of same to any person or set of circumstances is for any reason held to be unconstitutional, void or invalid, the validity of the remaining portions of this ordinance or their application to other persons or sets of circumstances shall not be affected thereby, it being the intent of the City Council in adopting this ordinance that no portion hereof or provision or regulation contained herein shall become inoperative or fail by reason of any unconstitutionality, voidness or invalidity of any other portion hereof, and all provisions of this ordinance are declared to be severable for that purpose.

Section 9. In the event that Houston Lighting & Power Company appeals from this order herein setting forth electrical rates for Houston Lighting & Power Company, the City hereby waives written notice of the hearing before the Public Utility Commission on such appeal. Further, the City has no objection to the consolidation of the appeal with the pending environs case overwhich the Public Utility Commission has original jurisdiction.

Section 10. The City Council officially finds, determines, recites and declares that a sufficient written notice of the date, hour, place and subject of this meeting of the City Council was posted at a place convenient to the public at the City Hall of the City for the time required by law preceding this meeting, as required by the Open Meetings Law, Article 6252-17, Texas Revised Civil Statutes Annotated; and that this meeting has been open to the public as required by law at all times during which this ordinance and the subject matter thereof has been discussed, considered and formally acted upon. The City Council further ratifies, approves and confirms such written notice and the contents and posting thereof.

Section 11. That this ordinance constitutes the final action of the City Council of the City of Beach City in determining rates for sale of electric power and energy by Houston Lighting & Power Company within the City of Beach City in accordance with Section 43(f) of the Public Utility Regulatory Act.

PASSED AND APPROVED at a meeting duly convened by the City Council of the City of Beach City, Texas, this 24th day of August, 1982.

  
Mayor of the City of Beach City

(City Seal)

ATTEST:

Charlatte Hoffman  
City Secretary

APPROVED:

John Fisher  
City Attorney



EXHIBIT "A"

Authorize use of existing method of Summer-Winter Differential for rate design at \$181,561,000.00.

Customer Charge:	\$ 8.00 per month (includes 30 Kwh)
plus	
May through October (summer rate)	4.2263¢/Kwh over 30 Kwh
31-750 Kwh	2.5763¢/Kwh
November through April (winter rate)	2.5763¢/Kwh over 30 Kwh
plus	
Fuel cost adjustment	