

86-3

CITY OF Beach City, TEXASTo the Honorable City Council of the City of Beach City:

I submit and introduce to you the ordinance set out below with the request that it be passed finally on the date of its introduction. There exists a public emergency requiring such action and I accordingly request that you pass the same if it meets with your approval.

DATE: June 24,, 1986 Mayor of the City of _____
Beach City, Texas

City of Beach City Ordinance No. 86-3

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; AND DECLARING AN EMERGENCY.

* * * *

WHEREAS, on or about March 18, 1986, 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 Ordinance No. 86-3, the City Council suspended the effective date of such proposed rate increase until July 22,, 1986; 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 hereby approves and adopts the rates, adjustments, and determinations set out in Exhibit "A", attached hereto and incorporated herein for all purposes, and additionally finds and determines the following:

I. Findings

1. Cost of Service

The revenue requirement of the Company is \$3,087,698,000.00. Adjustments were made to Operations & Maintenance Expenses, Fuel Expenses, Purchased Power, Depreciation Expense, Other Taxes, Federal Income Taxes, and the Return component.

a. Operations and Maintenance Expenses

Adjustments to the Company's Operation and Maintenance Expenses amounted to \$45,097,000.00. The major adjustments include a reduction in Salaries and Wages expense of \$4,618,000.00, a reduction of Limestone Operating Expenses of \$1,889,000.00, a reduction in Municipal Street Use Fees of \$7,696,000.00, a reduction in Rate Case Expenses of \$1,059,000.00, elimination of EEI dues of \$331,000.00, a reduction in Gas Operation and Maintenance Expense of \$9,464,000.00, and a reduction for Non-Recurring Maintenance of \$8,550,000.00.

b. Fuel Expenses and Purchased Power

The adjustment of Fuel Expenses is a reduction of \$136,181,000.00. The adjustment to Purchased Power is a reduction of \$40,961,000.00. The Overall Fixed Fuel Factor per KWH is \$0.020386, the Distribution Level Fixed Fuel Factor per KWH is \$0.020854, and the Transmission Level Fixed Fuel Factor per KWH is \$0.019713.

c. Depreciation

The total adjustment to Depreciation Expense is a reduction of \$13,835,000.00.

d. Other Taxes

The total adjustment for all Taxes Other than Federal Income Taxes is a net reduction of \$5,013,000.00.

e. Federal Income Taxes

The adjustment to the Cost of Service for Federal Income Taxes is a reduction of \$65,507,000.00.

f. Return

The rate of return on equity is 14.75 percent. The rate of return on invested capital is 11.58 percent.

2. Invested Capital

The invested capital is determined to be \$4,764,986,000.00.

3. Adjustments to Invested Capital

The adjustments to invested capital include a reduction of \$5,496,000.00 in Plant in Service, an increase of \$1,243,000.00 in Construction Work in Progress, a reduction of \$2,713,000.00 in Fuel Oil Inventory, a reduction of \$82,702,000.00 in Working Cash Allowance, a reduction of \$64,625,000.00 in Deferred Limestone Cost, a reduction of \$8,880,000.00 in Unrecovered Storm Loss, a reduction of \$29,878,000.00 in Deferred Taxes, and a reduction of \$5,280,000.00 in Other Cost-Free Capital.

4. Revenue Deficiency

The overall non-fuel revenue deficiency is \$159,759,000.00.

5. Rate Structure

a. Residential

The rate structure for the residential customer class is:

Summer: Customer Charge of \$9.00 per month, which includes 250 kwh

all kwh over 251 kwh at 6.2460¢ per kwh
plus: fuel charge of 2.0854¢ per kwh for all kwh

Winter: Customer Charge of \$9.00 per month, which includes 250 kwh

251-1,000 kwh at 6.2460¢ per kwh
over 1,000 kwh at 2.9655¢ per kwh
plus: fuel charge of 2.0854¢ per kwh for all kwh

b. All Other Customer Classes

The rate structure for all customer classes other than residential is that proposed in the Company's Statement of Intent and Petition for Authority to Change Rates.

II. Related Issues

1. The City Council hereby authorizes the Company to utilize the following deferred accounting treatment for certain expenses related to Limestone Unit 2: Beginning on the commercial in-service date as defined by the Public Utility Commission of Texas ("commercial in-service date") for Limestone Unit 2 and continuing for a period of time ending eighteen (18) months after that in-service date or upon the effective date of rates set as a result of the Company's next filed statement of intent to change rates, whichever ending date is sooner, the Company may place into a deferred account all depreciation expense, tax expense, and operation and maintenance expense incurred during that time period by the Company related to Limestone Unit 2, and upon review, approval, and adjustment of such deferred expenses by the City in the proceeding considering the Company's next filed statement of intent to change rates,

these deferred amounts shall be amortized over a period of ten years from the commercial in-service date of Limestone Unit 2.

The City Council hereby orders the Company, upon the commercial in-service date for Limestone Unit 2, to transfer its total investment in Limestone Unit 2 from Construction Work in Progress to Plant in Service. The City reserves the right to exclude from rate base or other recovery any portion of the expenditures from the plant, AFUDC, capitalized expenses, capitalized depreciation or other capitalized costs related to Limestone Unit 2 that the City determines is not used and useful, has been imprudently spent or incurred, or is in any other way not lawfully includable in rate base or other recovery. The City further reserves the right to determine the reasonableness and prudence of any deferred expenses in the rate order in which rate base treatment for Limestone Unit 2 is requested.

The City Council finds that all of the Company's investment in Limestone Unit 2 as of December 31, 1985, is presently in rate base as Construction Work in Progress.

The City Council hereby orders that the Company shall not, after the date of final passage of this ordinance, accrue any AFUDC on any Limestone Unit 2 investment.

2. The City Council hereby orders the Company, after the date of final passage of this ordinance, to include in reconcilable fuel expense for any fuel purchased from an affiliate only fuel prices at cost, and to exclude any returns on or of equity.

3. The City has incurred expenses for the purpose of conducting investigations, presenting evidence, advising and representing the governing body, and assisting with litigation in connection with the request of the Company to change its rates. The Company shall reimburse the City for the reasonable costs of such services pursuant to Section 24(a) of the Public Utility Regulatory Act, TEX.REV.CIV.STAT.ANN. art. 1446c (Vernon Supp. 1986). The Mayor shall forward to the Company an invoice or invoices for such costs together with a request for reimbursement. The Company shall reimburse the City for such costs incurred within thirty days after having received each such request.

III. Conclusions

1. The City has original jurisdiction over this case pursuant to Section 43 of the Public Utility Regulatory Act.

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 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 provision of Section 39 of the Public Utility Regulatory Act.

4. The rates prescribed herein will permit the Company a reasonable opportunity to earn a reasonable return upon the invested capital used and useful in rendering service to the public over and above its reasonably necessary operating expenses as provided by Section 39(a) of the Public Utility Regulatory Act.

5. The rates for electric service set forth herein provide just and reasonable and not unreasonably preferential, prejudicial, or discriminatory rates, and are sufficient, equitable, and consistent in application to each class of consumer, as provided by Section 38 of the Public Utility Regulatory Act.

Section 3. The City Council hereby determines, prescribes, establishes and authorizes the increased rates for sale or supply of electric service by the Company within the corporate limits of the City of Beach City as set out in this ordinance. Such increased rates shall become effective as to each customer on or no later than the thirtieth day after the date of final passage of this ordinance. 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 Mayor, file a complete schedule of rates and tariffs with the Mayor setting forth all of the Company's rates and charges for utility service then in effect. The Mayor is authorized to review, approve and require revisions to the tariff if he determines it not to be in accordance with this ordinance.

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. In the event that the Company appeals from this order setting electric rates for the Company, the City hereby waives written notice of the hearing before the Public Utility Commission of Texas on such appeal.

With respect to any such appeal, the City Council hereby authorizes the City Attorney or his designees to represent the City and its citizens in any and all matters in connection with such appeal and to take any and all actions necessary and incidental thereto and to the resolution of the matters subject to such appeal, all as may be in the best interests of the City.

Section 9. 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.

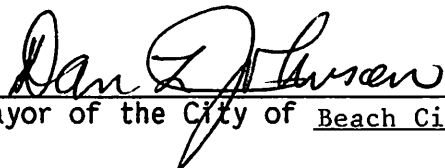
Section 10. The City Council officially finds, determines, recites and declares that a sufficient written notice of the date, hour, place and subject of this meeting of the City Council was posted at a place convenient to the public at the City Hall of the City for the time required by law preceding this meeting, as required by the Open Meetings Law, TEX.REV.CIV.STAT.ANN. art. 6252-17 (Vernon Supp. 1986); 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. There exists a public emergency requiring that this ordinance be passed finally on the date of its introduction, and the Mayor having in writing declared the existence of such emergency and requested such passage, this ordinance shall be passed finally on the date of its introduction, this 24th day of June, 1986, and shall be a final order of the City Council upon the subject matter thereof immediately upon its passage and approval by the Mayor.

PASSED this 24th day of June, A.D. 1986.

APPROVED this 24th day of June, A.D. 1986.

 Pro-Tem
Mayor of the City of Beach City, Texas

SCHEDULE 1

CITY OF HOUSTON
HOUSTON LIGHTING & POWER COMPANY
REVENUE REQUIREMENT
TEST YEAR ENDED DECEMBER 31, 1985
(000's)

LINE NO.	DESCRIPTION	PER BOOKS	ADJUSTMENT	HL&P REQUEST	CITY ADJUSTMENT	CITY RATE ORDER
1	OPERATION AND MAINTENANCE	\$594,576	\$11,114	\$605,690	(\$45,097)	\$560,593
2	FUEL	1,420,262	(432,108)	988,154	(136,181)	851,973
3	PURCHASED POWER	442,802	96,454	539,256	(40,961)	498,295
4	DEPRECIATION	177,099	33,488	210,587	(13,835)	196,752
5	OTHER TAXES	140,185	16,507	156,692	(5,013)	151,679
6	INTER ON CUSTOMER DEPOSITS	0	0	2,302	(0)	2,302
7	FEDERAL INCOME TAXES	262,557	77,439	339,996	(65,507)	274,489
8	RETURN	495,883	121,940	617,823	(66,209)	551,614
9	REVENUE REQUIREMENT	<u>\$3,533,364</u>	<u>(\$75,166)</u>	<u>\$3,460,500</u>	<u>(\$372,802)</u>	<u>\$3,087,698</u>

EXHIBIT A

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SCHEDULE 2

CITY OF HOUSTON
HOUSTON LIGHTING & POWER COMPANY
CALCULATION OF INCREASE
TEST YEAR ENDED DECEMBER 31, 1985
(000's)

LINE NO.	DESCRIPTION	HLEP REQUEST	CITY ADJUSTMENT	CITY RATE ORDER	TEST YEAR AS ADJUSTED
1	REVENUE REQUIREMENT	\$3,460,500	(\$372,802)	\$3,087,698	\$3,500,255
2	LESS: FUEL REVENUES	(1,265,810)	177,158	(1,088,652)	(1,651,171)
3	MUNICIPAL STREET USE REVENUES	(80,117)	9,069	(71,048)	(84,587)
4	OTHER REVENUES	(25,090)	(1,241)	(26,331)	(22,589)
5	BASE RATE REVENUE REQUIREMENT	\$2,089,483	(\$187,816)	\$1,901,667	\$1,741,908
6	INCREASE IN BASE RATE REVENUES				\$159,759

SCHEDULE 3

CITY OF HOUSTON
HOUSTON LIGHTING & POWER COMPANY
OPERATIONS & MAINTENANCE EXPENSE ADJUSTMENTS
TEST YEAR ENDED DECEMBER 31, 1985
(000'S)

LINE NO.	DESCRIPTION	PER BOOKS	ADJUSTMENT	HLEP REQUEST	CITY ADJUSTMENT	CITY RATE ORDER
1	SALARIES & WAGES	\$226,920	\$14,104	\$241,024	(\$4,618)	\$236,406
2	EMPLOYEE BENEFITS	29,511	(488)	29,023	(816)	28,207
3	LIMESTONE OPERATING EXPENSES	152	12,330	12,482	(1,889)	10,593
4	STORM DAMAGES	2,076	(702)	1,374	0	1,374
5	STORM DAMAGES-5779	238	996	1,234	0	1,234
6	MUNCIPAL STREET USE FEES	98,711	(19,967)	78,744	(7,696)	71,048
7	RATE CASE EXPENSES	498	757	1,255	(1,059)	196
8	EEI DUES	414	(83)	331	(331)	0
9	R & D	11,721	1,058	12,779	0	12,779
10	AMORT. OF OTHER DEF. CHARGES .	204	0	204	0	204
11	MANAGEMENT AUDIT	0	978	978	(652)	326
12	LEASE AND RENTAL	5,408	278	5,686	(318)	5,368
13	UNCOLLECTIBLE ACCOUNTS	14,419	902	15,321	(947)	14,374
14	ADVERT., CONTR. & DOM.	2,803	784	3,587	(13)	3,574
15	LEGISLATIVE ADVOCACY	9	(9)	0	0	0
16	SOCIAL DUES	25	(25)	0	0	0
17	POWER WHEELING	8,677	(6,855)	1,822	(197)	1,625
18	AMORT. OF LIMESTONE DEF. CHRGS	0	7,056	7,056	(7,056)	0
19	OTHER OEM EXPENSES	192,790	0	192,790	0	192,790
20	REDUCTION IN GAS OEM EXP.				(9,464)	(9,464)
21	NEW BILLING PROCEDURES				(255)	(255)
22	ADD'L. LEGISLATIVE ADVOCACY				(17)	(17)
23	UNSUPPORTED & EXCESSIVE OFFICER EXP.				(85)	(85)
24	LEASE & RENTAL EXPENSES				(51)	(51)
25	FUEL REFUND COSTS				(248)	(248)
26	MALAKOFF EXP. TO CWIP				(16)	(16)
27	STP #2 EXP. RECLASS. TO RATE CASE EXP.				(100)	(100)
28	NON-RECURRING MAINTENANCE				(8,550)	(8,550)
29	AFFILATE CHARGES				(538)	(538)
30	EMPLOYEE STORE EXPENSES				(181)	(181)
	TOTAL EXPENSES	\$594,576	\$11,114	\$605,690	(\$45,097)	\$560,593

EXHIBIT A

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SCHEDULE 4

CITY OF HOUSTON
HOUSTON LIGHTING & POWER COMPANY
SUMMARY OF FUEL COSTS
TEST YEAR ENDED DECEMBER 31, 1985
(000's)

LINE NO.	DESCRIPTION	HL&P REQUEST	CITY ADJUSTMENT	CITY RATE ORDER
	FUEL EXPENSE			
1	RECOVERABLE COSTS	\$875,322	(\$121,279)	\$754,043
2	BASE RATE FUEL	112,832	(14,902)	97,930
3	TOTAL FUEL	988,154	(136,181)	851,973
	PURCHASED POWER			
4	RECOVERABLE COSTS	390,488	(55,879)	334,609
5	BASE RATE PURCHASED POWER	148,768	14,918	163,686
6	TOTAL PURCHASED POWER	539,256	(40,961)	498,295
7	TOTAL FUEL AND PURCHASED POWER	\$1,527,410	(\$177,142)	\$1,350,268
8	BASE RATE FUEL	\$261,600	\$16	\$261,616
9	FUEL REVENUE	\$1,265,810	(\$177,158)	\$1,088,652

EXHIBIT A

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SCHEDULE 5

CITY OF HOUSTON
HOUSTON LIGHTING & POWER COMPANY
INVESTED CAPITAL AND RETURN
TEST YEAR ENDED DECEMBER 31, 1985
(000'S)

LINE NO.	DESCRIPTION	HLEP REQUEST	CITY ADJUSTMENT	CITY RATE ORDER
1	PLANT IN SERVICE	\$5,915,823	(\$5,496)	\$5,910,327
2	ACCUMULATED DEPRECIATION	1,201,576	0	1,201,576
3	NET PLANT	4,714,247	(5,496)	4,708,751
4	CONSTRUCTION IN PROGRESS	676,830	1,243	678,073
5	PROPERTY HELD FOR FUTURE USE	3,613	(518)	3,095
6	NUCLEAR FUEL	118,181	(60,370)	57,811
7	FUEL OIL INVENTORY	17,478	(2,713)	14,765
8	WORKING CASH ALLOWANCE	44,454	(82,702)	(38,248)
9	MATERIALS AND SUPPLIES	56,662	0	56,662
10	PREPAYMENTS	15,058	(308)	14,750
11	DEFERRED LIMESTONE CHARGES	64,625	(64,625)	0
12	UNRECOVERED STORM LOSSES	8,880	(8,880)	0
13	DEFERRED TAXES	(601,625)	(29,878)	(631,503)
14	PRE-1971 INVESTMENT TAX CREDIT	(6,302)	0	(6,302)
15	CUSTOMERS DEPOSITS	(32,538)	0	(32,538)
16	CUSTOMER ADVANCES FOR CONSTR.	(15,891)	0	(15,891)
17	RESERVE FOR INJURIES	(5,597)	0	(5,597)
18	OTHER COST FREE CAPITAL	(33,562)	(5,280)	(38,842)
19	INVESTED CAPITAL	\$5,024,513	(\$259,527)	\$4,764,986
20	RATE OF RETURN	12.30%	-0.72%	11.58%
21	RETURN	\$617,823	(\$66,209)	\$551,614

EXHIBIT A

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SCHEDULE 6

CITY OF HOUSTON
HOUSTON LIGHTING & POWER COMPANY
(000's)

SUMMARY OF CASH WORKING CAPITAL

WORKING CAPITAL USES	RECOMMENDED AMOUNT	(LEAD)/LAG DAYS	MULTIPLIER (LEAD)/LAG DAYS /365 DAYS	CASH WORKING CAPITAL REQUIREMENT
Revenue Requirement	\$3,087,698	36.25	0.0993	\$306,655
WORKING CAPITAL SOURCES				
Fuel	\$851,973	(29.47)	(0.0807)	(\$68,784)
Purchased Power	498,295	(37.50)	(0.1027)	(51,195)
Other O&M	560,593	(17.54)	(0.0481)	(26,946)
Federal Income Taxes	160,139	(99.91)	(0.2737)	(43,834)
Other Taxes	99,407	(180.54)	(0.4946)	(49,169)
Interest	247,571	(86.13)	(0.2360)	(58,418)
Preferred Dividends	29,391	(46.13)	(0.1264)	(3,715)
ESTIMATED CAPITAL TO FINANCE THE NET LEAD IN RECOVER OF COST OF SERVICE				4,594
Cash Component				1,636
Municipal Franchise Fees	71,048	(228.50)	(0.6260)	(44,478)
CASH WORKING CAPITAL REQUIREMENT				(\$38,248)

EXHIBIT A

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SCHEDULE 7

Cost of Capital

Houston Lighting & Power Company
(000s)

Component =====	Balance =====	Percent of Total =====	Cost =====	Wt. Av. Cost of Capital =====
Long Term Debt	\$2,697,412 (a)	43.10%	8.76% (f)	3.78%
Preferred Stock	\$341,348 (b)	5.45%	8.49% (g)	0.46%
Common Equity	\$2,725,464 (c)	43.55%	14.75%	6.42%
ITCs	\$494,082 (d) =====	7.89% =====	11.58%	0.91% =====
Total	\$6,258,306 (e)	100.00%		11.58%

- (a) RFI HOU 7-42 Page 1.
- (b) RFI HOU 7-42 Page 1.
- (c) RFI HOU 7-42 Page 1.
- (d) Response to on-site interrogatory.
- (e) RFI HOU 7-42 Page 1.
- (f) RFI HOU 7-42 Page 3.
- (g) RFI HOU 7-42 Page 5.

SCHEDULE 8

CITY OF HOUSTON
HOUSTON LIGHTING & POWER COMPANY
(000's)

REVENUE BY RATE CLASS - PER CITY RATE ORDER
Test Year Ending December 31, 1985

Line No.	RATE CLASS	CITY RATE ORDER
1	RS - RESIDENTIAL SERVICE	\$1,153,131
2	MGS - MISCELLANEOUS GENERAL SERVICE	799,810
3	LGS - LARGE GENERAL SERVICE	470,565
4	LOS-A - LARGE OVERHEAD SERVICE (A)	160,990
5	LOS-B - LARGE OVERHEAD SERVICE (B)	326,200
6	TNP - TEXAS-NEW MEXICO POWER COMPANY	58,948
7	IS - INTERRUPTIBLE SERVICE	60,768
8	SPL - STREET AND PROTECTIVE LIGHTING SERVICE	25,394
9	GL - GUARD LIGHTING SERVICE	1,284
10	TOTAL ELECTRIC REVENUES	3,057,090
11	OTHER OPERATING REVENUES	30,608
12	TOTAL OPERATING REVENUES	\$3,087,698

EXHIBIT A

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It is determined that Sheet No. E1, Terms and Conditions for Sale of Electric Service in Section V, Service Rules and Regulations, of the Company's Tarriff for Electric Service shall read as follows:

"Section V-Service Rules and Regulations
Terms and Conditions for Sale of Electric Service

Sheet No. E1
Page 1 of 4

HOUSTON LIGHTING & POWER COMPANY
HL&P 90

**TERMS AND CONDITIONS FOR THE SALE OF ELECTRIC SERVICE
APPLICABLE TO RATE SCHEDULES RS, RTD, MGS, LGS, LOS, ISA and ISB**

1. Electric service will be supplied in accordance with these terms and conditions (as supplemented by the Company's Service Standards and Service Rules and Regulations which are by reference incorporated herein), and any changes required by law, and in accordance with such applicable rate schedule or schedules as may, from time to time, be established by the Company. However, in the case of Customers whose electrical service requirements are of unusual size or characteristics, additional rate and contract or service arrangements may be required. These terms and conditions constitute a selected list of rules from the Company's Service Rules and Regulations. Upon request, Customer may obtain at any Company office information on Company's policies regarding the extension of service, refusal to serve, service discontinuance, Customer credit, billing and metering.
2. Company will make reasonable provisions to supply steady and continuous electric service, consistent with the Customer's class of service, but does not guarantee the electric service against fluctuations or interruptions. Company will not be liable for any damages occasioned by fluctuations or interruptions unless it be shown that Company has not made reasonable provisions to supply steady and continuous electric service, consistent with the Customer's class of service, and in the event of a failure to make such reasonable provisions Company's liability shall be limited to the cost of necessary repairs of physical damage proximately caused by the service failure to those electrical facilities of Customer which were then equipped with the protective safeguards recommended or required by the then current edition of the National Electrical Code. In no event shall Company be liable for damage occasioned by fluctuations or interruptions or failure to begin supplying electric service, caused by an act of God, the public enemy, unavoidable accident, fire, explosion, strike, riot, war, order of any court or judgment granted in any bona fide adverse legal proceeding, or action or order of any commission or tribunal having jurisdiction in the premises, or, without limitation by the preceding enumeration, any act or thing reasonably beyond its control, or for interruptions (when Customer has been given reasonable notice) which are necessary for inspection, repair or changes in Company's generating equipment or its transmission or distribution system. Company may, without liability therefor, interrupt service to any Customer or Customers in the event of an emergency arising anywhere on the interconnected system of which it is a part, which emergency poses a threat to the area power supply if, in its sole judgment, such action may prevent or alleviate the emergency condition. | T
3. For the mutual protection of the Customer and the Company, only authorized employees of the Company are permitted to make and energize the connections between the Company's service wires and the Customer's service entrance conductors. The Company does not assume any duty of inspecting the Customer's lines, wires, switches or other equipment and will not be | T

Revision Number: 8 th

Effective:

EXHIBIT A

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HOUSTON LIGHTING & POWER COMPANY
HL&P 90

responsible therefor. To the extent allowed by law, the customer agrees to defend, indemnify and hold Company and its agents harmless from and against all claims, causes of action, liability, the losses, costs and expenses of any kind for personal injury, death and property damage arising out of or resulting (a) from the design, installation, operation or maintenance of the lines, wires, switches or other equipment on the Customer's side of the point of delivery or (b) from energization by the Customer of the Company's lines through operation of equipment within the Customer's control without 24 hours advance notice to the Company's dispatcher. The obligation to indemnify pursuant to (a) and (b) shall apply without regard to the negligence of the Company or its agents if the negligence of both the Customer and the Company or their respective agents were proximate causes of such personal injury, death or property damage, but shall not apply when proximately caused by the sole negligence of the Company or its agents. | T

4. The Company will supply to one premises only one point of delivery and only one of the standard types of service listed in the Service Standards or one of the available transmission voltages, and Customer's installation is to be so arranged that the Company can measure the Customer's electric service with one meter. The Company will not install and maintain any lines and equipment on the Customer's side of the point of delivery except its meter. The Customer will provide, in accordance with the Company's Service Standards and free of expense to the Company, locations for the installation of the Company's meter and other equipment and acceptable right of way for facilities erected solely to make service available to Customer. The Customer will install and maintain all his wiring and apparatus in accordance with good electric practice, all applicable lawful regulations, and in such condition and manner as not to endanger persons or property, or to cause impairment of the Company's service to the Customer, or its other customers; and the Customer will obtain all necessary permits and certificates of inspection covering his electric installation. The Customer will not permit any other party to use the service supplied to the Customer by the Company, or extend or connect his installation to lines across or under a street, alley, lane, court or other public or private space in order to obtain service for other premises, even though such other premises be owned by the Customer, except in the case of Customer owned street lighting installations.
5. Certain types of equipment used by Customers have electrical characteristics which may cause serious fluctuations of voltage and interfere with the service of the Company to its Customers. In such cases the Company may decline to serve such equipment under the Company's established rate schedules until the Customer having such equipment, has provided at his expense, suitable apparatus to hold to reasonable limits the effect of such fluctuations. Circumstances may require such equipment to be supplied separately from other service, and in such event, the Company may require additional contract arrangements and construction charges and may meter and bill such service separately from other service supplied to the Customer. Where the Customer owns generating equipment and proposes to operate this equipment in parallel with and concurrent

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with electric service supplied by the Company, the Customer must obtain consent from the Company.

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pay a delinquent account, failure to comply with deposit or guarantee arrangements (when required by Customer Credit Policy), or, if a reasonable opportunity to remedy the situation, violation of Company's rules pertaining to the use of service in a manner which interferes with the service of others, endangers persons or property, or is due to the operation of nonstandard equipment, all guarantees, minimums and other contract charges for the remainder of the term of the Agreement shall thereupon become due and payable by Customer. Company agrees to accept such sum as and for liquidated damages for such losses as Company may suffer by reason of Customer's breach of the Agreement. An LOS Customer shall have, as an alternative, the right to make payment of such charges or billings as they fall due under the terms of the LOS agreement; provided, however, in the event such LOS Customer shall fail to pay any such charge or billing in a timely manner, Company may then, at its option, require payment of all charges or billings in their total sum for the unexpired term.

11. Upon the expiration of an Agreement for Service, the Company may, without liability for injury or damage, dismantle and remove all facilities installed for the purpose of supplying electric service to the Customer, and shall be under no further obligation to serve the Customer at the point.
12. Agreements for Service shall inure to the benefit of and be binding upon the successors and assigns of the Customer and the Company, but no assignments by the Customer shall be binding upon the Company until accepted in writing by the Company. "

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