

City of Beach City, Texas Ordinance No. 2010- 2

AN ORDINANCE RELATING TO THE RETAIL ELECTRIC RATES OF CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC WITHIN THE CITY OF BEACH CITY, TEXAS; SUSPENDING FOR NINETY DAYS THE EFFECTIVE DATE OF NEW RATES; MAINTAINING THE CURRENT RATES IN EFFECT; CONTAINING FINDINGS AND OTHER PROVISIONS RELATING TO THE FOREGOING SUBJECT; PROVIDING FOR SEVERABILITY; AND DECLARING AN EMERGENCY.

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WHEREAS, on June 30, 2010, CenterPoint Energy Houston Electric, LLC (“CenterPoint Electric”) filed a Statement of Intent and Application for Authority to Change Rates (“New Rates”) seeking electric rate increases totaling \$94 million per year which will impact the ratepayers within the City of Beach City (City); and

WHEREAS, the New Rates would affect rates, operations or services of CenterPoint Electric for retail customers within the City; and

WHEREAS, the City, as a local regulatory authority, exercises original jurisdiction over the rates, operations and services of CenterPoint Electric for customers located within the City under the provisions of the Public Utility Regulatory Act (“PURA”); and

WHEREAS, PURA Section 33.021 requires a local regulatory authority to make a reasonable determination of rate base, expenses, investment and rate of return, and to retain the necessary personnel to determine reasonable rates; and

WHEREAS, PURA, Section 36.102 provides that the New Rates take effect on the 35th day after the local filing, unless the local regulatory authority suspends the effective date of the New Rates; and

WHEREAS, PURA further provides that a local regulatory authority may suspend the operation of the New Rates for ninety days beyond August 4, 2010, the date the New Rates would otherwise be effective (the "Suspension Period"); and

WHEREAS, PURA further provides that unless the local regulatory authority establishes interim rates, the rates in effect at the time the New Rates are filed remain in effect during the Suspension Period; and

WHEREAS, in order to maximize the efficient use of resources and expertise in reviewing, analyzing and investigating CenterPoint Electric's \$94 million annual rate increase request, the City's efforts will be coordinated with similarly situated municipalities through the Coalition of Cities ("Coalition"); and

WHEREAS, during the Suspension Period, the City, either independently or through consultants retained through the Coalition, will perform an analysis of the New Rates, obtain additional information from CenterPoint Electric, and prepare a rate ordinance recommendation to City Council; and

WHEREAS, the City will provide an opportunity for public comment on the subject of the New Rates as well as customer service concerns; and

WHEREAS, the rate ordinance recommendation to City Council will incorporate the public comment and concerns received; and

WHEREAS, the rate analysis and public comment period will extend beyond August 4, 2010, the date the New Rates would otherwise be effective; and

WHEREAS, the City Council has determined that it is in the best interests of the CenterPoint Electric utility ratepayers within the City of Beach City, Texas to allow for

coordinated rate analysis and public comment by suspending the New Rates for ninety days beyond August 4, 2010, the date the New Rates would otherwise be effective; and

WHEREAS, the City has standing in each case before the Public Utility Commission of Texas (“PUC”) that relates to an electric utility providing service within the City pursuant to PURA Section 33.025; **NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF BEACH CITY, TEXAS:**

Section 1. That the facts contained in the preamble of this Ordinance are determined to be true and correct and are hereby adopted as part of this Ordinance.

Section 2. To allow for coordinated rate analysis and public comment, the effective date of the New Rates filed with the City by CenterPoint Electric on June 30, 2010, is hereby suspended for ninety days beyond August 4, 2010, the date the New Rates would otherwise be effective, to November 2, 2010.

Section 3. The rates in effect as of June 30, 2010, the filing date, shall remain in effect until the earlier of the expiration of the Suspension Period or the adoption of a replacement rate ordinance by this Council.

Section 4. The City may participate with other Cities through the Coalition to intervene and participate in all proceedings related to or affecting CenterPoint Electric’s rates within the City at the PUC until the final resolution of the New Rates.

Section 5. 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 of Beach City, Texas for the time required by law preceding this meeting, as required by the Open Meetings Law, Chapter 551, Texas Government Code; 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 6. There exists a public emergency requiring that the Ordinance be passed finally on the date of its introduction as requested in writing by the Mayor; therefore, this Ordinance shall be passed finally on such date and shall take effect immediately upon its passage and approval by the Mayor.

PASSED AND APPROVED this 29th day of July, 2010


Mayor of Beach City, Texas

ATTEST:


MARGARET GAINER, City Secretary