

**CITY of BEACH CITY, Texas,
Ordinance No. 2017-02**

AN ORDINANCE DENYING THE APPLICATION OF CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC, FOR APPROVAL TO AMEND ITS DISTRIBUTION COST RECOVERY FACTOR FILED WITH THE CITY OF BEACH CITY, TEXAS ON APRIL 6, 2017; CONTAINING FINDINGS AND PROVISIONS RELATED TO THE FOREGOING SUBJECT.

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WHEREAS, on or about April 6, 2017, CenterPoint Energy Houston Electric, LLC (“CenterPoint”) filed an Application for Approval to Amend its Distribution Cost Recovery Factor (“DCRF”) with the CITY of BEACH CITY, Texas (“City”) pursuant to Section 36.210 of the Texas Public Utility Regulatory Act (“PURA”) to increase electric rates; and

WHEREAS, CenterPoint filed an application to implement a distribution cost recovery factor in 2015 to recover \$16,704,985 per year due to changes to capital investment in its distribution system and the Public Utility Commission approved \$13 million of the requested amount (“2015 DCRF”); and

WHEREAS, CenterPoint filed a second application to implement a distribution cost recovery factor in 2016 to recover \$60,596,164 per year due to changes to capital investment in its distribution system and the Public Utility Commission approved \$45 million of the requested amount (“2016 DCRF”); and

WHEREAS, CenterPoint’s DCRF filed this year amends its 2016 DCRF amount of \$45 million to request \$92,508,153 per year; and

WHEREAS, CenterPoint proposes to refund approximately \$1.7 million plus interest for over-recovery in the 2015 DCRF and \$1.2 million plus interest in over-recovery for the 2016 DCRF, resulting in \$89,560,854 revenue requirement for September 1, 2017 to August 31, 2018; and

WHEREAS, the deadline for acting on CenterPoint’s DCRF application is June 5, 2017 and the effective date of CenterPoint’s amended DCRF rider is September 1, 2017; and

WHEREAS, the City is a member of the Houston Coalition of Cities (“Coalition”) in this DCRF proceeding, as approved by Resolution No. 2017-01 by City Council on the 25th day of April 2017; and

WHEREAS, the expert utility rate consultant retained to review CenterPoint’s DCRF application on behalf of the Coalition (“consultant”) has not had sufficient time to determine whether the proposed refund is the correct amount or that the proposed refund mechanism and interest rate are appropriate; and

WHEREAS, the consultant has not yet determined that CenterPoint has established that the costs it seeks to recover are eligible for recovery through a DCRF rider pursuant to PURA; and

WHEREAS, City Council finds that it is in the best interests of the ratepayers served by CenterPoint within the City that the DCRF application be denied.

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

Section 1. That the statements and findings set out in the preamble to this Ordinance are determined to be true and correct and are hereby adopted as part of this Ordinance.

Section 2. That the City of BEACH CITY, Texas hereby denies CenterPoint's Application for Approval to Amend Its Distribution Cost Recovery Factor rider and the ensuing rate increase.

Section 3. That CenterPoint's Amendment to its Distribution Cost Recovery Factor application on file with the City is denied in total.

Section 4. That 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 5. That 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. Gov't. Code Ann., ch.551 (Vernon 2004 & Supp. 2005); and that this meeting was open to the public as required by law at all times during which this ordinance and the subject matter thereof have been discussed, formally considered and formally acted upon. The City Council further ratifies, approves and confirms such written notice and the contents and posting thereof.

Section 6. That this Ordinance shall take effect immediately upon its passage and approval.

PASSED AND APPROVED this 25TH day of APRIL 2017.


MAYOR, CITY OF BEACH CITY, TX.

ATTEST:


CITY SECRETARY, BEACH CITY