

ORDINANCE NO. 2008-07

AN ORDINANCE DENYING THE RATE INCREASE PROPOSED BY CENTERPOINT ENERGY RESOURCES CORP., DBA CENTERPOINT ENERGY ENTEX AND CENTERPOINT ENERGY TEXAS GAS, TEXAS COAST DIVISION ("CENTERPOINT"); AUTHORIZING PARTICIPATION IN A COALITION OF CITIES KNOWN AS TEXAS COAST UTILITIES COALITION ("TCUC"); AUTHORIZING THE HIRING OF LAWYERS AND RATE EXPERTS; REQUIRING THE REIMBURSEMENT OF MUNICIPAL RATE CASE EXPENSES; FINDING THAT THE MEETING COMPLIED WITH THE OPEN MEETINGS ACT; MAKING OTHER FINDINGS AND PROVISIONS RELATED TO THE SUBJECT; AND DECLARING AN EFFECTIVE DATE.

WHEREAS, CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Entex and CenterPoint Energy Texas Gas, Texas Coast Division ("CenterPoint") filed a Statement of Intent with the City of Shoreacres, Texas ("City") on or within a few days after March 6, 2008 to increase its division-wide, annual revenue requirement, by approximately \$7.36 million; and

WHEREAS, the City is a regulatory authority under the Gas Utility Regulatory Act ("GURA") and under § 103.001 of GURA has exclusive original jurisdiction over CenterPoint's rates, operations, and services of a gas utility within the municipality; and

WHEREAS, CenterPoint has not filed a general rate case in over thirty years. Over that time period there has not been a thorough review of the reasonableness of the expenditures of the gas utility or the prudence of its capital additions ; and

WHEREAS, CenterPoint is seeking to significantly increase rates for residential customers by substantially raising the customer charge in this proceeding and continuing or expanding a rate mechanism which will cause all rate increases in the future to solely impact the customer charge ; and

WHEREAS, in order to maximize the efficient use of resources and expertise in reviewing, analyzing and investigating CenterPoint's rate request and its changes in tariffs it is prudent to coordinate the City's efforts with a coalition of similarly situated municipalities; and

WHEREAS, a coalition of cities has been formed which is known as the Texas Coast Utilities Coalition (“TCUC”) in order to work together in helping its members to carry out their fiduciary responsibilities as regulatory authorities.

NOW THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF SHOREACRES THAT:

Section 1. That the statements and findings set out in the preamble to this ordinance are hereby in all things approved and adopted.

Section 2. The City hereby denies CenterPoint’s request to increase rates and in support thereof finds that:

- a) The Statement of Intent fails to provide sufficient information to justify the requested increase in rates or to justify the changes set forth in the attached tariffs;
- b) The requested increase in rates puts more of the cost for the base rate increase on low-use residential customers who often are in the worst position to absorb such cost increases; and
- c) The request asks that a rate mechanism to be continued or expanded which provides a disincentive to reducing costs and becoming more productive or efficient and does not provide for meaningful review of annual rate requests.

Section 3. The City is authorized to join with other cities in a coalition of cities known as the Texas Coast Utilities Coalition (“TCUC”) with the understanding that the steering committee of TCUC to provide direction and guidance to the lawyers who are representing said cities.

Section 4. The City authorizes the City Administrator to act as the City’s representative to the TCUC Steering Committee in consultation with the Mayor.

Section 5. The City retains its right to withdraw from TCUC at any time without any financial obligation to the remaining coalition members or to the experts or lawyers hired by the coalition.

Section 6. The City employs Herrera & Boyle, PLLC as special counsel to represent the City with regard to the requested increase in rates by CenterPoint before local and state regulatory authorities and any court of law and authorizes special counsel to employ such rate experts as are recommended by the TCUC Steering Committee.

Section 7. The City hereby authorizes that Special Counsel take such actions as are appropriate, whether in court or before any regulatory authority, to prohibit CenterPoint from charging for expenses which are not reasonable and necessary, or capital expenditures which have not been prudently incurred, or rates which are not just and reasonable.

Section 8. The City, in coordination with the Steering Committee, shall review the invoices of the lawyers and rate experts for reasonableness before submitting the invoices to CenterPoint for reimbursement.

Section 9. CenterPoint shall reimburse the City, through the designated city representative for the Steering Committee, the City of Baytown, Texas, for the reasonable costs of attorneys and consultants and expenses related thereto, upon the presentation of invoices reviewed by the Steering Committee.

Section 10. The City Secretary shall notify CenterPoint of this resolution by sending a copy of same to Denise Hardcastle, Director of Regulatory Activities, CenterPoint Energy, P.O. Box 2628, Houston, Texas 77252 and TCUC shall be notified by sending a copy of this resolution to Mr. Kelvin Knauf, Assistant City Manager, City of Baytown, Texas by fax to (281) 420-6586.

Section 11. The meeting at which this ordinance was approved was in all things conducted in strict compliance with the Texas Open Meetings Act, Texas Government Code, Chapter 551.

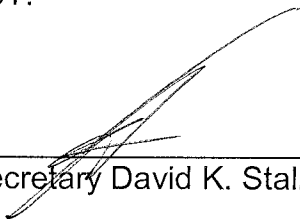
Section 12. This resolution shall become effective from and after its passage.

PASSED AND APPROVED this 14th day of April 2008.



Mayor Jayo Washington

ATTEST:



City Secretary David K. Stall