

**RESOLUTION NO. 2011-45
CITY OF SHOREACRES**

A RESOLUTION OF THE CITY OF SHOREACRES, TEXAS, PROVIDING NOTICE TO CENTERPOINT ENERGY ENTEX REGARDING THE NON-RENEWAL OF THE COST OF SERVICE ADJUSTMENT RATE SCHEDULE NO. COSA-3; ESTABLISHING AN EFFECTIVE DATE FOR THIS RESOLUTION; MAKING SUCH OTHER FINDINGS AND PROVISIONS RELATED HERETO; CONTAINING A SAVINGS CLAUSE; AND PROVIDING FOR THE EFFECTIVE DATE THEREOF.

* * * *

WHEREAS, in 2008 the Railroad Commission of Texas approved a tariff for CenterPoint Energy Entex and CenterPoint Energy Texas Gas, Texas Coast Division ("CenterPoint"), which tariff is referred to as the "Cost of Service Adjustment Rate Schedule No. COSA-3" ("COSA"); and,

WHEREAS, the City as part of a the Texas Coast Utilities Coalition of cities challenged the legal validity of the COSA tariff approved by the Railroad Commission of Texas; and,

WHEREAS, the 345th Judicial District Court of Travis County, Texas in Cause No. D-1-GN-09-000982, *Texas Coast Utilities Coalition vs. The Railroad Commission of Texas*, Judge Stephen Yelenosky presiding, issued a Judgment concluding that the Railroad Commission did not have the authority to impose the COSA tariff on the City and did not have the authority to approve a COSA tariff in those areas where the Railroad Commission had original jurisdiction; and,

WHEREAS, the Railroad Commission of Texas has sought review of Judge Yelenosky's judgment in the Austin Third Court of Appeals, and the effect of Judge Yelenosky's judgment has been stayed pending the appeal; and,

WHEREAS, Part A of the COSA tariff approved by the Railroad Commission of Texas provides that the COSA tariff is authorized for an initial implementation period of three (3) years commencing with the Company's filing under the COSA tariff for the calendar year 2008, effective August 1, 2009, and ending with the implementation of the rate adjustment, if any, for the calendar year 2010, effective August 1, 2011, and shall automatically renew for successive three year periods unless either the Company or the regulatory authority having original jurisdiction gives written notice to the contrary to the

other by February 1, 2011, or February 1, of the third filing year of any succeeding three year renewal period; and,

WHEREAS, the City continues its belief that the COSA tariff is outside the legal bounds of the Gas Utility Regulatory Act and desires to give notice to CenterPoint that the City is not renewing the COSA tariff for another three-year period;

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SHOREACRES, TEXAS:

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

Section 2: CenterPoint is hereby notified that the COSA tariff shall not renew for another three-year period and following CenterPoint's filing under the COSA tariff, if any, on May 1, 2011, CenterPoint shall not implement any further changes in rates or otherwise implement any provisions of the COSA tariff within the City.

Section 3: That to the extent CenterPoint implements any change in rates in contradiction of this Resolution, in addition to any penalties that may apply, CenterPoint shall refund any base rate increase with interest at the rate being earned on customer deposits.

Section 4: The effective date for this Resolution is the date of its adoption by the City Council.

Section 5: All conditions precedent to the adoption of each of the foregoing sections herein have been complied with under law.

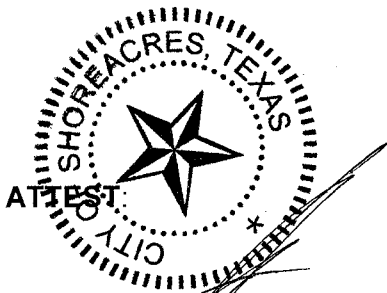
Section 6: If any section or part of any section, paragraph, or clause of this Resolution is declared invalid or unconstitutional for any reason, such declaration shall not be held to invalidate or impair the validity, force, or effect of any other section or sections, part of section, paragraph, or clause of this Resolution.

Section 7: 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, 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 Resolution 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 8: The City Secretary is hereby directed to send a true and copy of this Resolution to Scott E. Doyle, Regional Vice President Gas Operations, CenterPoint Energy, 1111 Louisiana Street, Houston, Texas 77002 and to Alfred R. Herrera, Herrera & Boyle, PLLC, Suite 1250, 816 Congress, Austin, Texas 78701.

INTRODUCED, READ and PASSED by the affirmative vote of the City Council of the City of SHOREACRES on this the 24 day of JANUARY, 2011.



Dolly J. Arons
Mayor Dolly Arons

David K. Stall, City Secretary

APPROVED AS TO FORM:

City Attorney