

ORDINANCE NO 2018-02

AN ORDINANCE ADOPTING UNANIMOUS SETTLEMENT AGREEMENT, SETTING RATES AND ESTABLISHING TARIFFS FOR THE PROVISION OF NATURAL GAS SERVICE BY CENTERPOINT ENERGY RESOURCES CORP., D/B/A CENTERPOINT ENERGY ENTEX AND CENTERPOINT ENERGY TEXAS GAS COMPANY WITHIN THE CITY OF INGLESIDE ON THE BAY; DECLARING THIS ORDINANCE TO BE A FINAL DETERMINATION OF RATES; REQUIRING ACCEPTANCE BY CENTERPOINT ENERGY RESOURCES CORP., D/B/A CENTERPOINT ENERGY ENTEX AND CENTERPOINT ENERGY TEXAS GAS COMPANY OF THE RATES PRESCRIBED HEREIN; AND ESTABLISHING AN EFFECTIVE DATE.

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF INGLESIDE ON THE BAY:

PART 1. The Council finds:

- (A) On November 16, 2017, CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Entex and CenterPoint Energy Texas Gas ("CenterPoint" or "Company") filed with the Railroad Commission of Texas, the City of Ingleside on the Bay ("City"), and the other affected cities in its South Texas Division, its Statement of Intent to increase its annual revenue by \$540,000 within its South Texas Division. On January 9, 2018, CenterPoint filed an Errata to its Statement of Intent reducing the Company's requested increase to \$490,778.
- (B) In accordance with the Gas Utility Regulatory Act, Utilities Code, §104.107, the City suspended CenterPoint's proposed effective date of January 20, 2018 for a period not to exceed 90 days from CenterPoint's proposed effective date, to April 20, 2018.
- (C) CenterPoint provided public notice of its proposed increase in rates in accordance with the Gas Utility Regulatory Act.
- (D) A base rate revenue decrease in the amount of \$3.0 million per annum is reasonable and consistent with the requirements of the Gas Utility Regulatory Act, will permit CenterPoint a reasonable opportunity to earn a reasonable return on its invested capital, and will yield a fair return upon the adjusted value of CenterPoint's property used and useful in rendering service to the public.

- (E) CenterPoint and the City agree that CenterPoint may recover \$675,992 in expenses related to Hurricane Harvey restoration of service via a surcharge until the full amount is recovered.
- (F) CenterPoint and the City agree that CenterPoint may establish a regulatory asset to track amounts incurred above or below \$722,871 for the South Texas Division related to third-party system safety and integrity expenses identified in base rates. CenterPoint and the City agree that CenterPoint may request recovery of the amount in the asset in a future Statement of Intent filing.
- (G) The tariffs and specific rates and charges, and customer service rules appended to this ordinance are reasonable and in the public interest.
- (H) The costs of the City's rate consultants, attorneys, and technical staff to conduct investigations, present evidence, advise and represent the City in these rate-making proceedings as set out in the settlement agreement are reasonable and necessary expenses, as are the rate case expenses incurred by CenterPoint in this proceeding.

PART 2. The City is the regulatory body with exclusive original jurisdiction over the rates, operations, and services of CenterPoint within the municipality.

PART 3. The Unanimous Settlement Agreement ("Settlement Agreement") entered into between CenterPoint and the City and appended to this ordinance as "Attachment 1" is in the public interest and is adopted by this ordinance.

PART 4. A decrease in the amount of \$3.0 million in CenterPoint's annual base-rate revenue, as determined on a system-wide basis for the South Texas Division, is approved within the City.

PART 5. Except to the extent approved in this ordinance and the settlement agreement appended to this ordinance as "Attachment 1", the City denies CenterPoint's request for rates, tariffs, and charges as proposed in CenterPoint's Statement of Intent and rate increase request filed with the City on or about November 16, 2017.

PART 6. The rates, tariffs, charges, schedules, and service rules appended to this ordinance as "Attachment 2" for natural gas service provided by CenterPoint within the City, are reasonable and are hereby approved.

PART 7. The proposed depreciation and amortization rates set forth on the Depreciation and Amortization Expense summary appended to this ordinance as "Attachment 3" are reasonable and hereby approved by this ordinance.

PART 8. The costs of rate consultants, attorneys, and technical staff to conduct investigations, present evidence, advise, and represent the City in these rate-making proceedings

shall be reimbursed to the City by CenterPoint no later than 30 days after the effective date of this ordinance.

PART 9. Nothing in this ordinance shall be construed as limiting or modifying in any manner the right and power of the City under the law to regulate the rates and charges of CenterPoint.

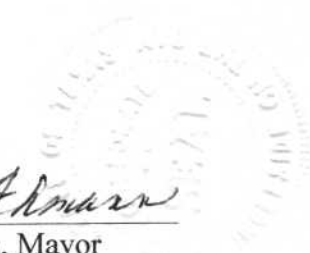
PART 10. This ordinance takes effect on April 30, 2018.

PASSED AND APPROVED

DATE

April 17, 2018

§
§
§


Jo Ann Ehmann
Jo Ann Ehmann, Mayor

APPROVED AS TO FORM:

Diane Hosea
Diane Hosea, City Secretary



ATTEST:

Hal George
Hal George, City Attorney

THE STATE OF TEXAS
COUNTY OF SAN PATRICIO:

Before me, the undersigned authority, personally appeared

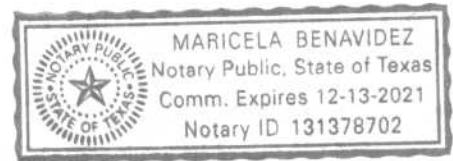
JOHN BOWERS of the Aransas Pass Progress/Ingleside Index,
who after being by me duly sworn, on his oath deposes and said:

That (he)(she) is _____ Publisher _____ of the Aransas Pass Progress/Ingleside Index a
weekly newspaper Published in San Patricio County, Texas.

That the City of Ingleside on the Bay - Ordinance No. 2018-02
hereto annexed, was published in the regular issue(s) of said Aransas Pass Progress/Ingleside Index once
each week for 1 successive weeks said publications having been made on
the 25th of April.

That a printed copy of said Classified Public Notice as the same appeared in said
Issue(s) is attached hereto. JJB

Publisher's Signature



Sworn to and subscribed before me this 25th Day of April,
2018.

Maricela Benaidez

Notary Public, San Patricio County, Texas

PUBLICATION FEE \$ 57.75