

ORDINANCE NO. 23-11

ORDINANCE OF THE CITY OF SILSBEE, TEXAS AUTHORIZING THE SUSPENSION OF THE EFFECTIVE DATE FOR AN ADDITIONAL NINETY (90) DAYS BEYOND THE EFFECTIVE DATE PROPOSED BY CENTERPOINT IN CONNECTION WITH ITS STATEMENT OF INTENT TO INCREASE RATES IN THE TEXAS DIVISION, FILED ON OCTOBER 30, 2023; AUTHORIZING THE HIRING OF LAWYERS AND RATE EXPERTS; AUTHORIZING THE CITY'S PARTICIPATION TO THE FULL EXTENT PERMITTED BY LAW AT THE RAILROAD COMMISSION OF TEXAS; REQUIRING REIMBURSEMENT OF MUNICIPAL RATE CASE EXPENSES; FINDING THAT THE MEETING COMPLIES WITH THE OPEN MEETINGS ACT; MAKING OTHER FINDINGS AND PROVISIONS RELATED TO THE SUBJECT; AND DECLARING AN EFFECTIVE DATE

WHEREAS, on or about October 30, 2023, CenterPoint Energy Resources Corp. d/b/a CenterPoint Energy Entex and CenterPoint Energy Texas Gas ("CenterPoint" or "Company") filed a Statement of Intent with the City of Silsbee, Texas ("City") to increase gas rates in its Houston, Texas Coast, South Texas, and Beaumont/East Texas Division Service Areas by \$37.4 million per year, effective December 4, 2023; and

WHEREAS, CenterPoint's statement of intent includes a request to consolidate the Houston, Texas Coast, South Texas, and Beaumont/East Texas Divisions into a single Texas Division; and

WHEREAS, City has exclusive original jurisdiction over the rates, operations and services of a gas utility in areas in the municipality pursuant to Texas Utilities Code § 103.001; and

WHEREAS, Texas Utilities Code § 103.021 requires a local regulatory authority to make a reasonable determination of rate base, expenses, investment and rate of return and retain the necessary personnel to determine reasonable rates; and

WHEREAS, the City's reasonable cost for regulatory expenses in ratemaking proceedings shall be reimbursed by the gas utility under Texas Utilities Code § 103.022; and

WHEREAS, Texas Utilities Code § 104.107(a)(1) authorizes a local regulatory authority to suspend a utility's proposed rate change for not longer than 90 days after the date the rate change would otherwise be effective; and

WHEREAS, given the complexity of the proposed rate increase and the need to fully review the proposed rate adjustment it is necessary to suspend the effective date for implementing the proposed rates until March 3, 2024, to allow the City's rate experts sufficient time to determine the merits of CenterPoint's proposed rates; and

WHEREAS, to maximize the efficient use of resources and expertise in reviewing, analyzing, and investigating CenterPoint's \$37.4 million rate increase request, City's efforts will be coordinated with similarly situated municipalities in CenterPoint's Beaumont/East Texas Division Service Area; and

WHEREAS, the City will join with other municipalities in a steering committee in order to coordinate the hiring and direction of counsel and consultants working on behalf of the steering committee and the City.

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

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

Section 2. The effective date of CenterPoint's proposed rate increase, and the proposed tariffs related thereto, is hereby suspended for an additional ninety (90) days until March 3, 2024, in order to complete the review and investigation by City's experts.

Section 3. The City is authorized to join with other municipalities as part of the CenterPoint Beaumont/East Texas Division Service Area Steering Committee with the understanding that the steering committee will provide direction and guidance to the lawyers who are representing said cities.

Section 4. The City employs The Lawton Law Firm, P.C. to represent the City with regard to the proposed rate increase of CenterPoint before local and state regulatory authorities and any court of law and authorizes counsel to employ such rate experts as are recommended by the Steering Committee.

Section 5. The Steering Committee shall review the invoices of the lawyers and rate experts for reasonableness before submitting the invoices to CenterPoint for reimbursement.

Section 6. City's legal representatives shall have the right to obtain additional information from CenterPoint through the service of requests for information, which shall be responded to within seven (7) calendar days of receipt of such requests for information.

Section 7. CenterPoint shall reimburse the City, through the designated representative of the Steering Committee, for the reasonable costs of attorneys and consultant fees and expenses related thereto, upon the presentation of invoices reviewed by the Steering Committee.

Section 8. 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 9. This ordinance shall become effective from and after its passage.

PASSED AND APPROVED this 20th day of November, 2023.



Mayor

ATTEST:



THE LAWTON LAW FIRM, P.C.

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November 8, 2023

Via E-Mail

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Re: **2023 Statement of Intent of CenterPoint Energy Resources Corp. d/b/a CenterPoint Energy Entex and CenterPoint Energy Texas Gas (“CenterPoint” or “Company”) to Increase Rates in the Texas Division**

Dear Cities:

As you may know, CenterPoint recently filed an application with your City for an increase in gas service rates. The Company’s application also includes a request to consolidate its Houston, Texas Coast, South Texas, and Beaumont/East Texas Divisions into a single Texas Division. The total increase requested for the combined divisions is \$37.4 million annually, representing a 5.8% increase in non-gas revenues. However, if the proposed consolidation is approved, customers in the Beaumont/East Texas Division service area are expected to experience a decrease in their monthly bills. If approved, the average decrease per residential customer ranges from -\$2.12 to -\$5.08 monthly depending on location.

CenterPoint has proposed that the gas service rate increase become effective on December 4, 2023. **As such, the City must take action to approve, deny, modify, or suspend the rate increase request by December 4, 2023.** We recommend that the City suspend the effective date

of the proposed rate increase to permit time to review CenterPoint's request and make an informed recommendation to the City.

We are providing a proposed ordinance that would suspend the effective date proposed by CenterPoint to March 3, 2024. Pursuant to Gas Utility Regulatory Act, Tex. Util. Code § 104.107, municipal regulatory authorities may suspend the rate change proposed by a utility up to 90 days from the effective date. **Once again, this proposed ordinance must be passed by December 4, 2023. Please forward copies of passed ordinances to us at danlawtonlawfirm@gmail.com and molly@mayhallvandervoort.com.**

The proposed ordinance also authorizes the City to join with the Steering Committee of Cities to retain legal counsel and rate consultants, participate in the gas service rate proceeding before the Railroad Commission and any courts, and to seek reimbursement for rate case expenses from CenterPoint.

Once we have had an opportunity to review the case and supporting documentation, we will provide more information on the current rate increase request and a recommendation on the actions to be taken.

If you have any questions or concerns, please do not hesitate to call.

Sincerely,

/s/ Daniel J. Lawton