



1 reasonable, without agreeing to any particular ratemaking methodology,  
2 all as set forth in the Unanimous Settlement Agreement (“Settlement  
3 Agreement”) attached to and incorporated by this ordinance as  
4 “Attachment A.”

- 5
- 6 (E) Having evaluated a likely outcome from a fully-litigated proceeding at the  
7 Railroad Commission of Texas, ACM’s special counsel and rate  
8 consultants are of the opinion that the decrease of approximately \$3 million  
9 in CenterPoint’s current non-gas revenue and approval of the surcharges  
10 related to Hurricane Harvey and Rate-Case Expenses, compares favorably  
11 with a likely outcome from a fully-litigated proceeding at the Railroad  
12 Commission of Texas.
- 13
- 14 (F) CenterPoint, in further implementation of the effects of the Tax Cut and  
15 Jobs Act of 2017, has committed to making a separate filing on or before  
16 November 15, 2019, pursuant to Texas Utilities Code § 104.111, to adjust  
17 its rates to reflect a reduction in its federal income tax expense related to  
18 excess deferred income taxes and that the adjustment will be computed  
19 based on the average rate assumption method for those amounts required  
20 under Internal Revenue Service normalization rules.
- 21
- 22 (G) The costs of the City's rate consultants, attorneys, and technical staff to  
23 conduct investigations, present evidence, advise and represent the City in  
24 these rate-making proceedings as set out in the settlement agreement are  
25 reasonable and necessary expenses, as are the rate case expenses incurred  
26 by CenterPoint in this proceeding.

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

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31 **PART 3.** Except to the extent approved in this ordinance and the Settlement  
32 Agreement, appended to and incorporated by this ordinance as Attachment A, the City  
33 denies CenterPoint's request for rates, tariffs, and charges as proposed in its Statement  
34 of Intent and rate increase request filed with the City on or about November 16, 2017.

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36 **PART 4.** The rates, tariffs, charges, schedules, and service rules for natural gas service  
37 provided by CenterPoint within the City, appended to and incorporated by this  
38 ordinance as Exhibits A and B, are just, reasonable, and in the public interest, and are  
39 hereby approved.

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1 **PART 5.** The plant balances to be used in future filings for interim adjustments  
2 (GRIP filings under Section 104.301 of the Texas Utilities Code) set forth in  
3 Attachment A, Paragraph 4 and Exhibit C, appended to and incorporated by  
4 this ordinance, are reasonable.

5  
6 **PART 6.** CenterPoint may pursue recovery of a deferred benefit regulatory asset  
7 or liability pursuant to Texas Utilities Code § 104.059 in a future filing and that  
8 the balances for pension-related and other post-employment benefits set forth in  
9 Paragraph 5 of the Settlement Agreement are reasonable.

10  
11 **PART 7.** CenterPoint's depreciation rates set forth in Exhibit C, appended to and  
12 incorporated by this ordinance, are reasonable.

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14 **PART 8.** For purposes of future Interim Rate Adjustment filings, CenterPoint shall  
15 use the following capital structure and weighted cost of capital, including the pre-tax  
16 return shown below:  
17

Class of Capital	Percent	Cost	Weighted Cost of Capital	Pre-tax Return
Long-Term Debt	45.00%	6.0480%	2.7216%	2.7422%
Common Equity	55.00%	9.8000%	5.3900%	6.8743%
Weighted Average Cost of Capital	100.00%		8.1116%	9.6165%

18  
19  
20 **PART 9.** The revenue and resulting rates set forth in the Settlement Agreement and  
21 schedule of rates and tariffs for utility service provided by CenterPoint are just and  
22 reasonable, and are hereby adopted effective upon approval of the Settlement  
23 Agreement by the Railroad Commission of Texas in Docket GUD 10669.

24  
25 **PART 10.** The costs of rate consultants, attorneys, and technical staff to  
26 conduct investigations, present evidence, advise, and represent the City in these  
27 rate-making proceedings shown on Exhibit E, appended to and incorporated by this  
28 ordinance, shall be reimbursed to the City by CenterPoint in accordance with the  
29 City's pro-rata share.  
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