



## CITY OF HOUSTON - CITY COUNCIL

Meeting Date: 2/16/2021

District E

Item Creation Date: 1/21/2021

ARA - Participation in the Entergy Steering Committee of Cities in 2021

Agenda Item#: 7.

### **Background:**

The Administration & Regulatory Affairs Department (ARA) recommends that City Council adopt an ordinance authorizing participation with other Entergy Texas, Inc. (Entergy) service area cities in matters concerning Entergy before the Public Utility Commission of Texas (PUC or Commission) during 2021. Entergy provides electric service to approximately 450,000 retail customers in southeast Texas. Entergy serves approximately 1,800 customers in the Kingwood area — 1,500 residential and 300 commercial customers. The City of Houston (City) exercises original jurisdiction over the rates, operations and services of Entergy under the provisions of the Public Utility Regulatory Act for customers within city limits.

The City participates in numerous Entergy administrative and litigated proceedings, including contested cases related to utility-initiated rate adjustment filings, as a member of the Entergy Steering Committee of Cities (Coalition), a group of similarly situated cities with Entergy customers within their city limits. Coordinating efforts maximizes the efficient use of resources and expertise in reviewing, analyzing, and investigating Entergy's filings. Several proceedings are anticipated for the 2021 calendar year, including requests for rate revenue increases through incremental cost recovery mechanisms such as the distribution cost recovery factor (DCRF), transmission cost recovery factor (TCRF) and the Generation Cost Recovery Rider (GCRR).

Houston ratepayers continue to benefit from participation in the Coalition. Since base rates were set in 2018, the Company filed numerous requests for interim cost recovery including two DCRF filings in 2020. In the Company's April 2020 filing, the Coalition identified and objected to the company's request to recover investment costs related to retired meters, since the costs were already recovered in base rates. The Commission agreed, resulting in a \$4 million reduction to the requested rates.

Adoption of the ordinance ensures the City's continued participation in the Coalition for the remainder of the 2021 calendar year. Therefore, ARA recommends Council adopt an ordinance authorizing participation with other Entergy service area cities in matters concerning Entergy before the PUC during calendar year 2021.

### **Departmental Approval Authority:**

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*Tina Paez*

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**Tina Paez, Director**  
**Administration & Regulatory**  
**Affairs Department**

**Other Authorization**

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