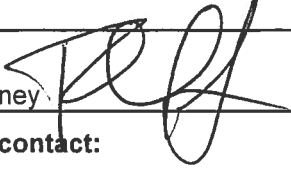


TO: Mayor via City Secretary

REQUEST FOR COUNCIL ACTION

SUBJECT: An ordinance amending Ordinance No. 2016-0274 to increase the Maximum Contract Amount by \$1,100,000 for a Contract between the City and Adams and Reese, LLP, for representation of the City in a gas utility base rate case; Containing Provisions Relating to the Subject		Page 1 of 1	Agenda Item #
FROM (Department or other point of origin): Legal Department		Origination Date 11/18/16	Agenda Date
DIRECTOR'S SIGNATURE: Ronald C. Lewis, City Attorney 		Council District affected: All	
For additional information contact: YuShan Chang, 832-393-6442		Date and identification of prior authorizing Council action: Ordinance 2016-0274 (April 6, 2016)	
RECOMMENDATION: (Summary) An ordinance amending Ordinance No. 2016-0274 to increase the Maximum Contract Amount by \$1,100,000 for a Contract between the City and Adams and Reese, LLP, for representation of the City in a gas utility base rate case			
Amount and Source of Funding: \$1,100,000 current allocation and \$1,300,000 maximum contract amount General Fund			
BACKGROUND: <p>The proposed ordinance amends ordinance No. 2016-0274 to increase the maximum contract amount allocated for utility matters. CenterPoint Energy Houston ("CenterPoint") has filed an application to increase gas utility base rates that affect the monthly billing rate for all of CenterPoint's customers in Houston, consolidate CenterPoint's Houston Division with the Texas Coast Division into a single division, consolidate Purchase Gas Adjustment schedules, and establish a new rider (fee) to recover safety and integrity regulatory costs.</p> <p>As the regulatory authority over CenterPoint's rates in Houston, the City needs to examine CenterPoint's application and determine whether a rate increase is justified, consider the impact of consolidating Houston and Texas Coast Division, consider the appropriateness of a new fee, and if necessary, participate in a proceeding before the Texas Railroad Commission ("RRC").</p> <p>This will require legal and technical expertise and experience not normally available at the City. The Adams and Reese law firm has represented the City in other recent utility rate proceedings and has experience representing cities before the RRC and State Office of Administrative Hearings in utility rate cases. The City currently has a contract with the Adams and Reese law firm, but the maximum contract amount needs to be increased to cover the expenses of this gas utility rate proceeding.</p> <p>The maximum contract amount increase for this contract is based on the legal expenses, including expert witnesses, for the last gas utility base rate case in 2009, and the cost of examining additional issues (consolidation of Houston and Texas Coast Divisions and new rider) in CenterPoint's rate increase application.</p> <p>Reasonable expenses associated with this rate case are reimbursable to the City. The City received 100% reimbursement in the last gas base rate case and we anticipate the reimbursement rate in this case to be approximately the same.</p> <p>This contract has a zero-percentage goal document approved by the Office of Business Opportunity, but for this gas rate case, a MWBE will constitute 25% of the technical experts subcontracted for this matter.</p>			
Other Authorization			
Finance			