



CITY OF HOUSTON - CITY COUNCIL

Meeting Date: 1/23/2018

Council District: E

Item Creation Date: 01/09/18

ARA- Entergy Coalition 2018

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) and the Federal Energy Regulatory Commission (FERC) during 2018. Entergy provides electric service to approximately 450,000 Texas retail customers. According to the utility, 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 Steering Committee of Cities (the 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 2018 calendar year, including a possible base rate proceeding. The Coalition also anticipates Entergy will seek other rate revenue increases through incremental cost recovery mechanisms.

Houston ratepayers continue to benefit from participation in the Coalition. In the 2013 full base rate proceeding, Entergy Coalition member cities were instrumental in settling Entergy's base rate request at an amount approximately \$20 million less than the annual base rate revenue requested by Entergy. Coalition intervention in the 2011/2012 full base rate proceeding led to an approximate \$88 million reduction to Entergy's proposed requested rate increase — \$112 million utility proposed increase versus the \$24 million Commission awarded increase. Currently, the Coalition is reviewing a proposed \$30.5 million fuel refund requested by Entergy in its application with the PUC to implement an interim fuel refund to refund over-collected fuel and purchased power costs.

Adoption of the ordinance ensures the City's continued participation in the Coalition for the remainder of the 2018 calendar year. Therefore, ARA recommends Council adopt an ordinance authorizing participation with other Entergy service area cities in matters concerning Entergy Texas, Inc. before the PUC and FERC during calendar year 2018.

Departmental Approval Authority:


Tina Paez, Director
Administration & Regulatory
Affairs Department

Other Authorization

Contact Information:

Lara Cottingham Phone: (832) 393-8503
Alisa Tally Phone: (832) 393-8643