From: Thomas Brocato – Lloyd Gosselink Law Firm

Gulf Coast Coalition of Cities,

As you may recall, in April of last year CenterPoint Energy Houston Electric, LLC (CenterPoint or Company) filed an Application to Reduce its Temporary Emergency Electric Energy Facility (TEEEF) Capacity and Rates. Under the law, a utility may lease and operate facilities that provide temporary electric energy to aid in restoring power to the utility's distribution customers during a significant power outage. A utility may recover the reasonable and necessary costs of leasing and operating these facilities through a rider, the TEEEF Rider. CenterPoint has a TEEEF Rider in place and requested to amend its Rider. Specifically, CenterPoint requested approval of: (1) a solution to make fifteen 32 megawatt TEEEF units available to ERCOT and CPS Energy beginning on or around May 1, 2025; (2) a corresponding reduction to the capacity of CenterPoint's TEEEF fleet; and (3) a reduction and update to CenterPoint's TEEEF Rider rate to reflect the removal of the fifteen 32 megawatt TEEEF units from CenterPoint's fleet. The removal of these TEEEF units is due to CenterPoint's excessive purchase of units which came to light in the Summer 2024 after the Derecho and Hurricane Beryl impacted CenterPoint's service area. In November 2025, CenterPoint supplemented its Application to further reduce its TEEEF capacity and rates by removing its smaller 5.7 MW TEEEF units.

We intervened on behalf of the Gulf Coast Coalition of Cities, hired an expert, Karl Nalepa, to evaluate the request, and participated in settlement discussions. After months of discussions amongst all parties, a settlement in principle has been reached. CenterPoint will reduce its annual TEEEF revenue requirement by approximately $48,000,000. CenterPoint has agreed to amortize the remaining balance over a 4.5-year period. This will result in a reduction of $1.63 per month for an average residential customer. The current rate is $2.39 per month and will be reduced to $0.76 per month. The reduced rate will go into effect on August 1, 2026.

We believe this is a good outcome, and is beneficial to your city and ratepayers.