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CenterPoint Deceived Me, the Texas Legislature, and the Public

*Senator Phil King Sets Record Straight on CenterPoint Debacle;
Calls for Financial Transparency, Accountability to Ratepayers*

In light of recent news reports which I believe to be misleading and inaccurate, I would like to set the record straight on the facts regarding my position on CenterPoint's abuse of a very well intentioned, simple and practical new law intended to ease the suffering of Texans in the aftermath of storms and other emergencies.

Almost 18 months ago, I took the word of senior CenterPoint executives when they asked me to sign a letter in support of their reportedly \$200 million investment in what they represented to be mobile generators. I had seen how successful these mobile deployments were in my area of North Texas and was assured that CenterPoint had similarly deployed their units in its service area. I have since learned this was not the case. I am extremely upset to learn that CenterPoint clearly ignored the legislative intent envisioned when we unanimously passed the bill to improve public safety and minimize power outages in the aftermath of a storm or other emergency. Had I known then that I had been deceived I would never have signed that letter.

In retrospect, it is clear that CenterPoint was angling for profits, and it is past time for the company to provide full accountability and transparency concerning the generators it leased. I call on CenterPoint to immediately respond to all relevant information that has been requested by myself, other legislators and the Public Utility Commission (PUC).

Furthermore, CenterPoint must find a way to terminate its lease of its costly stationary generators that were useless following Hurricane Beryl. All costs associated with the leases must be absorbed by CenterPoint and not passed on to its customers.

Finally, there have been many other serious allegations with respect to how CenterPoint negotiated and secured the leasing contracts. These allegations must be officially investigated. On my end, I intend to file legislation to ensure that the Legislature's intent with regard to life saving mobile generation is strictly followed.

Background and Details

In February 2021, more than 246 people died in Texas as a result of Winter Storm Uri and the extended power outages. In the aftermath, we spent countless hours discussing what needed to be done to ensure this never happens again. I personally asked senior executives of CenterPoint and other electric utilities a very simple question: "What other tools could you have used to relieve the suffering of Texans?" Their answer was mobile generation units that could be moved around on trucks and deployed quickly where most needed. Utilities could then generate temporary power to critical infrastructure (hospitals, police stations, grocery stores, water pumps, and warming centers) or hook up to a substation to help minimize extended power outages at homes.

When we learned this was not allowed under current law, my colleagues and I unanimously supported legislation to allow this. It was clearly a commonsense, practical solution to help prevent fatalities and ease the suffering of customers following a storm or other emergency. In promoting this legislation, I continually and consistently repeated that temporary emergency generators were to be mobile and available for rapid deployment. In the aftermath of Hurricane Beryl, the facts demonstrate that CenterPoint clearly failed in this mission:

- During the recovery from Beryl, I called CenterPoint to see how its mobile generation was being deployed. I was mystified when told that nearly all its fleet was stationary by design and not available to be deployed.
- We now know that CenterPoint was forced to borrow mobile generation units from Oncor and AEP Texas, utilities which had followed the intent of the new law. In fact, Oncor has secured mobile generation units for less than \$5 million, even though they have a much larger service area than CenterPoint.
- I learned at our recent Senate hearing that the cost of CenterPoint's lease totals at least \$800 million, not the \$200 million expressed during the rate recovery process 18 months ago when I signed that letter of support. Notably, this cost is not publicly documented because legislators still haven't been given access to the contract(s) which CenterPoint requested to be sealed at the PUC. However, this figure was not denied by CenterPoint CEO Jason Wells when questioned by me at the Senate hearing.
- When I questioned CenterPoint's CEO on how much of the \$800 million was used for mobile generation, to my great surprise he testified that only \$500,000 - less than one percent - was used for mobile units that can be rapidly deployed.
- It is clear that CenterPoint strongly deviated from legislative intent and made a very poor business decision in leasing these large stationary units that are basically useless when they are needed most, as we witnessed last month.
- Nonetheless, for years now, CenterPoint has been producing documents for the Legislature showing images of mobile generation on wheels, not stationary generation, clearly engaging in deceptive and misleading tactics.
- We also now know the bidding process was exceptionally questionable, including very serious allegations of an inappropriate relationship with a former CenterPoint executive and an executive of the leasing company. These allegations must be thoroughly investigated.

Statements have been made that the law allowing mobile generation is too broad and vague, but in fact we provided for checks and balances. For any costs to be recovered, a utility must prove, in a transparent process with the public's input before the PUC, that the lease and the use of assets are reasonable and necessary. This is a high standard with the ultimate decision made by the PUC, the agency entrusted with oversight of how this legislation is implemented. Looking back through CenterPoint's cost recovery application, there were over 400 filings, thousands of pages of documents, with multiple intervenors.

It is also concerning that the Office of Public Utility Counsel, the State agency charged with representing residential and small consumers, did not even bother to intervene in this proceeding. Nonetheless, CenterPoint's lease and excessive expenditures were ultimately approved by the PUC. Additionally, I was disappointed to learn just today that after more than two and a half years since opening its docket on rulemaking for mobile generation, the PUC has still not finalized its rules concerning mobile generation. This is a critical part of the PUC's oversight responsibility.

In an August 2, 2024 letter, Lt. Governor Dan Patrick urged the PUC to immediately utilize any and all authority to reconsider CenterPoint's previously approved rate recovery and that they be disallowed from using ratepayer dollars to pay for these exorbitant leases. I fully concur with this request.

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