



Recommendation for Action

File #: 19-1666, **Agenda Item #:** 108.

6/20/2019

Posting Language

Conduct a public hearing and consider an ordinance approving CenterPoint Energy's proposal to increase customer natural gas rates.

Lead Department

Telecommunications and Regulatory Affairs.

Fiscal Note

This item has no fiscal impact.

Prior Council Action:

Council suspended CenterPoint's proposed GRIP rates on May 9, 2019. On May 23, 2019 Council voted to set the public hearing.

For More Information:

Rondella M. Hawkins, TARA Officer, 512-974-2422.

Additional Backup Information:

On March 28, 2019, CenterPoint Energy Resources Corp., South Texas Division (CenterPoint) made a Gas Reliability Infrastructure Program (GRIP) filing in Austin and in the other cities that it serves in the South Texas Division. This filing was made in compliance with the Texas Utilities Code, Section 104.301, which allows a gas utility to make interim rate adjustments to recover capital investments in gas pipeline infrastructure made during the interim period between rate cases. GRIP rates must be based on reasonable increases in invested capital costs. Operation and maintenance costs cannot be recovered through GRIP.

The filing notified cities of CenterPoint's intent to increase rates by \$37,256,789, which is based on CenterPoint's net increase in capital investment in its South Texas Division for the period of October 1, 2017 through December 31, 2018. (Although GRIP filings typically cover calendar year costs, rules of the Texas Railroad Commission treat the first rate adjustment following a rate case differently. The rules allow gas utilities to recover any invested capital that occurs between the end of the rate case test year and the end of the following calendar year. CenterPoint filed a rate case in 2017 in which the test year ended September 30, 2017.)

The proposed IRA would become effective on July 11, 2019, following Council's approval of a 45-day extension from the original May 27, 2019 effective date. Based on company-provided information, the proposed rate adjustments to the monthly customer charge and to the average monthly bill by customer class are as follows:

Customer Class	Current Customer Charge	Proposed 2019 Interim GRIP Adjustment/% Change	Adjusted Customer Charge
Residential	\$19.00 per customer per month	\$2.04 per customer per month (10.7%)	\$21.04 per customer per month
Commercial	\$25.00 per customer per month	\$4.16 per customer per month (16.6%)	\$29.16 per customer per month
General Service-Large Volume	\$99.50 per customer per month	\$27.20 per customer per month (27.3%)	\$126.70 per customer per month

Customer Class	Average Monthly Bill @14.65 Pressure Base	Proposed 2019 Interim GRIP Adjustment/% Change	Proposed Monthly Bill
Residential	\$39.93	\$2.04 per customer per month (5.11%)	\$41.97
Commercial	\$163.54	\$4.16 per customer per month (2.54%)	\$167.70
General Service-Large Volume	\$1940.09	\$27.20 per customer per month (1.40%)	\$1967.29

CenterPoint has approximately 1,900 customers in southeast Austin primarily in the Goodnight Ranch area located east of IH-35, west of Thaxton Road, south of E. William Cannon Drive, and north of Highway 1327.

Pursuant to the Gas Utilities Regulatory Act, the City has original jurisdiction over privately-owned gas utility rates set for customers within its city limits.

Article XI of the City Charter requires that City Council conduct a public hearing before taking action on the proposed rates. Staff's review of CenterPoint's GRIP filing determined it to be mathematically accurate and in accordance with state regulations.

Staff recommends that Council approve the proposed ordinance.