

AGENDA



Thursday, January 13, 2011

Item(s) to Set Public Hearing(s)
RECOMMENDATION FOR COUNCIL ACTION**Item No. 44**

Subject: Set a Public Hearing to consider an ordinance regarding a proposal from CenterPoint Energy Entex to increase customer gas rates. (Suggested date and time: January 27th at 4:00 p.m. at Austin City Hall, 301 W. Second Street, Austin, TX).

For More Information: Rondella M. Hawkins, Manager, Office of Telecommunications & Regulatory Affairs; (512) 974-2422

Under the Gas Utilities Regulatory Act (Chapters 101 through 105 of the Texas Utilities Code) ("GURA"), the City has original jurisdiction over gas utility rates set for customers within its city limits. On December 3, 2010, CenterPoint Energy Entex filed a Statement of Intent to increase rates in the sixty-six cities it serves in the South Texas Division, as well as with the Railroad Commission of Texas for customers served in the unincorporated areas and nine communities that have surrendered original jurisdiction.

CenterPoint serves approximately 160 residential customers and 8 commercial customers in the City of Austin limits.

By statute, if the rate increase is a major change, i.e., an increase in revenue of 2.5% or greater, the City must hold a hearing no later than 30 days after the effective date to determine the propriety of the increase.

The overall percentage increase is about 21 percent, excluding the cost of gas, which equates to a \$6.5 million increase in annual revenue. Based on information provided by CenterPoint, the average monthly increase to Austin residential customers is \$4.05 per month. CenterPoint's proposed effective date is January 7, 2011.

CenterPoint is proposing a new rate structure that will increase the monthly base rate for a residential customer charge from \$12.00 to \$19.00, while reducing the commodity rate from approximately \$1.94 per 1,000 cubic feet to \$0.55 per 1,000 Ccf. CenterPoint is also proposing identical system-wide rates for its South Texas Division in its Statement of Intent to Increase Rates with the Railroad Commission of Texas and such proposed rates are currently being reviewed by the Railroad Commission in Gas Services Division Docket No. 10038.