

AGENDA



Thursday, January 27, 2011

**Public Hearings and Possible Actions
RECOMMENDATION FOR COUNCIL ACTION****Item No. 54**

Subject: Conduct a public hearing and consider an ordinance regarding CenterPoint Energy Entex's proposal to increase customer gas rates, establishing reasonable rates and charges, and authorizing intervention in Gas Services Division Docket No. 10038 before the Railroad Commission of Texas.

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

Prior Council Action: January 13, 2011, Set a Public Hearing approved.

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.

If the rate increase is a major change, resulting in a 2.5% or greater increase in revenue, the City must by statute consider and determine the propriety of the increase no later than 30 days after the effective date. CenterPoint's scheduled effective date for the revised rates in Austin was January 7, 2011.

The overall percentage increase proposed by CenterPoint is about 21%, excluding 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. The proposed effective date for the increase is January 7, 2011.

CenterPoint proposes a new rate structure that will increase the monthly base rate for a residential customer 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 cubic feet. CenterPoint also proposes 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 filed with the Railroad Commission in Gas Services Division Docket No. 10038.

The proceeding at the Railroad Commission must be completed within 185 days from the date of filing (that is, by June 6, 2011). By joining a coalition of similarly situated cities as a party to the Railroad Commission proceedings, the City will be able to assure reasonable rates are imposed on CenterPoint's Austin customers.

Staff is recommending that the City Council deny the requested rate increase and authorize intervention with other cities in the proceedings at the Railroad Commission. There will be no out of pocket expenses for the City. Under GURA, reasonable rate case expenses are recoverable from the company.