

A G E N D A



Recommendation for Council Action

Austin City Council	Item ID	16182	Agenda Number	137.
Meeting Date:	6/28/2012	Department:	Telecommunications and Reg Affairs	
Subject				
Conduct a public hearing and consider an ordinance regarding CenterPoint Energy/s proposal to increase customer rates.				
Amount and Source of Funding				
Fiscal Note				
There is no unanticipated fiscal impact. A fiscal note is not required.				
Purchasing Language:				
Prior Council Action:	April 26, 2012 ---Suspension of CenterPoint Energy/s proposed rates. June 14, 2012 --- Set a Public Hearing for June 28, 2012.			
For More Information:	Rondella M. Hawkins, Manager of the Office of Telecommunications and Regulatory Affairs; (512) 974-2422			
Boards and Commission Action:				
MBE / WBE:				
Related Items:				

Additional Backup Information

On March 29, 2012 CenterPoint Energy, South Texas Division, made a Gas Reliability Infrastructure Program (GRIP) filing with the City of Austin and in the other cities it serves.

CenterPoint's filing was made pursuant to Section 104.301 of the Texas Utilities Code that allows a gas utility to recover capital investments in gas pipeline infrastructure made during the interim period between formal rate cases filings. Operation and maintenance costs are not recovered through GRIP. GRIP rates must be based on reasonable increases in invested capital.

CenterPoint Energy has approximately 246 natural gas customers in the City of Austin limits. CenterPoint has indicated the monthly residential customer charge would increase from \$13.95 to \$15.28 to recover this incremental investment.

On April 26, 2012, the City Council suspended the effective date of the proposed increase to a date no earlier than July 13, 2012, as provided by state law. Austin is a member of the CenterPoint Texas Municipalities (CTM) which is a coalition of cities affected by the rate increase.

The coalition has indicated that CenterPoint's proposal is reasonable with respect to the costs and rate of return proposed for recovery and that the proposal complies with the Texas Utilities Code. GRIP schedules are mathematically accurate and properly compute CenterPoint's South Texas GRIP revenue requirement and associated rate design to customer classes using the rate design methodology approved by the City in the last full rate case in 2011.

City staff recommends that the City Council approve and adopt CenterPoint's GRIP schedules and tariffs as submitted to the City of Austin on March 29, 2012.

The City Charter requires Council to hold a public hearing prior to taking any action that affects rates of a franchise holder.