

A G E N D A



Recommendation for Council Action

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| Austin City Council Meeting | Item ID | 46365 | Agenda Number | 110. |
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| Meeting Date: | 6/18/2015 | Department: | Telecommunications and Reg Affairs |
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Subject

Conduct a public hearing and consider an ordinance regarding CenterPoint Energy Resources' proposal to increase customer rates.

Amount and Source of Funding

Fiscal Note

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| Purchasing Language: | |
| Prior Council Action: | Suspension of GRIP filing granted on May 7, 2015 Set a public hearing was granted on June 4, 2015 |
| For More Information: | Rondella M. Hawkins, TARA Officer, 512-974-2422 |
| Council Committee, Boards and Commission Action: | |
| MBE / WBE: | |
| Related Items: | |

Additional Backup Information

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. On March 31, 2015 CenterPoint Energy Resources filed a Gas Reliability Infrastructure Program (GRIP) filing with Austin and the other South Texas Division cities that it serves for an increase in system-wide rates to recover \$29,222,571 in capital investments made in the 2014 calendar year, with an effective date of May 30, 2015 for the rate increase. CenterPoint serves about 420 customers in Austin.

This filing was made in compliance with the Texas Utilities Code, Section 104.301 that allows a gas utility to adjust rates on an interim basis to recover capital investments in gas pipeline infrastructure made during the interim period between rate cases. A GRIP interim adjustment is based upon the utility's investment subsequent to its last rate case, the return on investment, depreciation and federal income tax factors established in the last rate case and the ad valorem and revenue-related taxes in effect at the time of the adjustment. The adjustment appears as a change to the customer charge. As proposed by CenterPoint, the fixed customer charges would increase for each customer class. CenterPoint estimates that the average monthly bill for residential customers will see a \$2.30 (6.39%) increase; small general service customers will increase by \$4.73 (3.3%) and large volume general service customers will see an increase of \$28.16 (1.38%).

On May 7, 2015, the City Council adopted an ordinance suspending the effective date of the proposed increase to no later than July 14, 2015 as provided by state law to allow staff and an outside rate consultant additional time to properly review the proposed increase. Austin is member of the Alliance of CenterPoint Municipalities which consists of seven other cities that are affected by the filing.

The City Charter requires that City Council conduct a public hearing prior to approving a franchise's rates.

After a complete and thorough review of the GRIP filing, our rate consultant determined that the filing complies with statutory requirements and recommends that the City approve the CenterPoint GRIP schedules and tariffs as submitted to the City on March 31, 2015. Therefore, staff recommends that Council approve the ordinance for the interim rate adjustment.