

A G E N D A



Recommendation for Council Action

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| Austin City Council | Item ID | 59230 | Agenda Number | 98. |
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|---------------|-----------|-------------|------------------------------------|
| Meeting Date: | 6/23/2016 | Department: | Telecommunications and Reg Affairs |
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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

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| Purchasing Language: | |
| Prior Council Action: | Suspension of GRIP filing granted on May 19, 2016 and Set a public hearing granted on June 9, 2016. |
| For More Information: | Rondella M. Hawkins, TARA Officer, 512-974-2422 |
| Council Committee, Boards and Commission Action: | |
| MBE / WBE: | |
| Related Items: | |

Additional Backup Information

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. CenterPoint has approximately 800 customers in the City of Austin. The City Charter requires Council to hold a public hearing prior to taking any action that affects rates of a natural gas franchise holder.

On March 31, 2016 CenterPoint Energy Resources filed its annual Gas Reliability Infrastructure Program (GRIP) filing in Austin and in the other South Texas Division cities for an annual increase in system-wide rates to recover \$19,894,741 in capital investments made in the 2015 calendar year with an effective date of May 30, 2016.

On May 19, 2016, the City Council suspended the proposed effective date of the rate adjustment up to 45 days (on or before July 15, 2016) as allowed by state law to allow staff and an outside rate consultant additional time to properly review the data and calculations that provide the basis for the rate increase application.

Austin is a member of the Alliance of CenterPoint Municipalities coalition who collectively engage rate experts to review, advise and represent the coalition on CenterPoint's rate increases.

The adjustment appears as a change to the monthly fixed customer charge as allowed by the GRIP statute. As proposed by CenterPoint, the fixed customer charge would increase for each customer class. CenterPoint estimates that the average monthly bill for residential customers will see a \$1.14, small general service customers will increase by \$2.31, and large volume general service customers will see an increase of \$13.50.

Based on company-provided information, the impact on rates on an average customer bill would be as follows:

| Customer Class | Current Bill | Proposed Bill | Difference | % Increase with Gas Cost | % Increase without Gas Cost |
|-------------------------------|---------------------|----------------------|-------------------|---------------------------------|------------------------------------|
| Residential | \$ 60.73 | \$ 61.87 | \$ 1.14 | 1.88% | 3.44% |
| General Service- Small | \$ 254.46 | \$ 256.77 | \$ 2.31 | 0.91% | 3.11% |
| General Service-Large | \$ 3,616.30 | \$ 3,629.80 | \$ 13.50 | 0.37% | 2.91% |

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, 2016. Therefore, staff recommends that Council approve the ordinance for the interim rate adjustment.

