

A G E N D A



Recommendation for Council Action

Austin City Council

Item ID

70649

Agenda Number

97.

Meeting Date:

6/15/2017

Department:

Telecommunications and Reg
Affairs

Subject

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

Amount and Source of Funding

Fiscal Note

Purchasing Language:

Prior Council Action:

Suspension of GRIP filing granted on April 20, 2017 and Set a public hearing granted on May 11, 2017.

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 30, 2017, CenterPoint Energy Resources filed its annual Gas Reliability Infrastructure Program (GRIP) in Austin and with the other South Texas Division cities. This filing was made in compliance with the Texas Utilities Code, Section 104.301 that allows a gas utility to make interim rate adjustments to recover new capital investments in gas utility infrastructure made during the interim period between rate cases. The net increase in capital invested in the South TX Division from January 1, 2016 through December 31, 2016 is \$30,316,196.

On April 20, 2017, the City Council suspended the proposed effective date of the rate adjustment to no later than July 13, 2017 as provided by state law to allow staff time to review the filing to ensure it complies with statute.

GRIP allows for an interim adjustment in the utility's monthly customer charge or initial block rate to recover the cost of changes in the investment for gas utility services. The adjustment shall be allocated among the gas utility's classes of customers in the same manner as the cost of service was allocated among classes of customers in the utility's latest effective rates for the area in which the tariff or rate schedule is implemented.

CenterPoint has approximately 800 customers located in southeast Austin primarily in the Goodnight Ranch area east of I-35, west of Thaxton Road, south of E. William Cannon Drive, and north of Highway 1327, and approximately 141,000 total customers in its South Texas Division.

Based on company-provided information, the proposed assessment will increase the average monthly bill for typical Residential and Commercial customer bills as follows based on average monthly usage:

Customer Class	Current	Proposed	Difference	% Change
Residential (usage of 2.3 Mcf)	\$ 39.18	\$41.22	\$2.04	5.21%
Commercial (usage of 17.1 Mcf)	\$149.02	\$153.15	\$4.13	2.77%

The City of Austin retained a rate consultant to assist staff with reviewing the rate filing. The consultant found that since all GRIP schedules are mathematically accurate and properly compute CenterPoint's revenue requirement and that the filing complies with statutory requirements, the consultant recommends City Council approval of the new tariffs and staff concurs. The City Charter requires Council to hold a public hearing prior to taking any action that affects rates of a franchise holder.