



## AGENDA ITEM SUMMARY FORM

**MEETING DATE:** April 8, 2025

**PREPARED BY:** Michelle Perez

**AGENDA CONTENT:** Discussion and possible action to approve Resolution No. 20250408-006 suspending the effective date proposed by CenterPoint Energy Resources Corp., Texas Division, to increase rates under the gas reliability infrastructure program for 45 days and authorize the city's continued participation in a coalition of cities known as the "Alliance of CenterPoint Municipalities-Texas Coast Utilities Coalition".

**AGENDA ITEM SECTION:** Consent Agenda

**BUDGETED AMOUNT:** N/A

**FUNDS REQUESTED:** N/A

**FUND:** N/A

**EXECUTIVE SUMMARY:**

**ACTION TO SUSPEND THE EFFECTIVE DATE PROPOSED BY CENTERPOINT ENERGY RESOURCES CORP., TEXAS DIVISION, TO INCREASE RATES UNDER THE GAS RELIABILITY INFRASTRUCTURE PROGRAM FOR 45 DAYS, AND AUTHORIZE THE CITY'S CONTINUED PARTICIPATION IN A COALITION OF CITIES KNOWN AS THE "ALLIANCE OF CENTERPOINT MUNICIPALITIES-TEXAS COAST UTILITIES COALITION"**

### **ALLIANCE OF CENTERPOINT MUNICIPALITIES**

The City is a member of the Texas Coast Utilities Coalition ("TCUC") of cities. TCUC was organized by a number of municipalities served by CenterPoint Energy Resources Corp., Texas Coast Division ("CenterPoint") and has been represented by the law firm of Herrera Law & Associates, PLLC (through Mr. Alfred R. Herrera) to assist in reviewing applications to change rates submitted by CenterPoint.

In CenterPoint's immediately preceding general rate case, CenterPoint consolidated its four service divisions – the Beaumont/East Texas Division; the South Texas Division; the Houston Division; and the Texas Coast Division – into a single division to which CenterPoint refers as the "Texas Division." The City intervened in the proceeding at the Railroad Commission as part of the broader Alliance of CenterPoint Municipalities (ACM). ACM is comprised of cities represented by the law firm of Herrera

Law & Associates, including the ACM-TCUC cities, served by CenterPoint in what were its prior four divisions, and now consolidated into a single division.

### **“GRIP” RATE APPLICATION**

Under section 104.301 of the Gas Utility Regulatory Act (“GURA”), a gas utility is allowed to request increases in its rates to recover a return on investments it makes between rate cases. This section of GURA is commonly referred to as the “GRIP” statute, that is, the “Gas Reliability Infrastructure Program.”

Under a decision by the Supreme Court of Texas, the Court concluded that a filing made under the GRIP statute permitted gas utilities the opportunity to recover return on capital expenditures made during the interim period between rate cases by applying for interim rate adjustment and that proceedings under the GRIP statute did not contemplate either adjudicative hearings or substantive review of utilities’ filings for interim rate adjustments. Instead, the Court concluded, the GRIP statute provides for a *ministerial* review of the utility’s filings to ensure compliance with the GRIP statute and the Railroad Commission’s rules, and that it is within the Railroad Commission’s authority to preclude cities from intervening and obtaining a hearing before the Railroad Commission.

### **CENTERPOINT’S “GRIP” APPLICATION**

On or about February 18, 2025 CenterPoint Energy Resources Corp., Texas Division (“CenterPoint”) filed for an increase in gas utility rates under the Gas Reliability Infrastructure Program (“GRIP”). CenterPoint’s application if approved by the Commission will result in an increase in the monthly customer charges as shown below:

CenterPoint’s filing proposes a uniform increase in each customer class’s Customer Charge, as follows:

Residential:	\$2.88 per month
General Service-Small:	\$5.14 per month
Gen. Service-Large Vol:	\$61.20 per month

However, because CenterPoint’s customer charges are not currently uniform across its “Texas Division,” the increase in customer charge per customer class affects customers’ bills differently. The tables below show the current customer charges compared to the proposed customer charges in what were CenterPoint’s four prior divisions. We note that as part of the transition to a single “Texas Division,” the Houston and Texas Coast geographic areas have their own set of uniform customer charges, and the South Texas and Beaumont/East Texas Divisions have their own set of customer charges.

#### **Houston and Texas Coast Geographic Rate Areas**

<b>Rate Schedule</b>	<b>Current Customer Charge</b>	<b>Proposed 2025 Interim Rate Adjustment</b>	<b>Adjusted Charge</b>	<b>Increase Per Bill</b>	<b>Percent Increase in Customer Charge</b>
R-2099-I-GRIP 2025; R-2099-U-GRIP 2025 Residential	\$19.50 per customer per month	\$2.88 per customer per month	\$22.38 per customer per month	\$2.88 per customer per month	<b>14.77%</b>
GSS-2099-I-GRIP 2025; GSS-2099-U-GRIP 2025 General Service Small	\$30.00 per customer per month	\$5.14 per customer per month	\$35.14 per customer per month	\$5.14 per customer per month	<b>17.13%</b>
GSLV-630-I-GRIP 2025;	\$390.00 per customer	\$61.20 per customer	\$451.20 per customer	\$61.20 per customer	<b>15.69%</b>

GSLV-630-U-GRIP 2025 General Service Large Volume	per month	per month	per month	per month	
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### **South Texas and Beaumont/East Texas Geographic Rate Areas**

<b>Rate Schedule</b>	<b>Current Customer Charge</b>	<b>Proposed 2025 Interim Rate Adjustment</b>	<b>Adjusted Charge</b>	<b>Increase Per Bill</b>	
R-2099-I-GRIP 2025; R-2099-U-GRIP 2025 Residential	\$25.00 per customer per month	\$2.88 per customer per month	\$27.88 per customer per month	\$2.88 per customer per month	<b>11.52%</b>
GSS-2099-I-GRIP 2025; GSS-2099-U-GRIP 2025 General Service Small	\$48.00 per customer per month	\$5.14 per customer per month	\$53.14 per customer per month	\$5.14 per customer per month	<b>10.71%</b>
GSLV-630-I-GRIP 2025; GSLV-630-U-GRIP 2025 General Service Large Volume	\$230.00 per customer per month	\$61.20 per customer per month	\$291.20 per customer per month	\$61.20 per customer per month	<b>26.61%</b>

CenterPoint presents that its proposed increases in its customer charges produce an increase in annual revenue of about \$70.7 million, system wide, in its Texas Division.

### **REVIEW AND ACTION RECOMMENDED**

Although the City's ability to review and effectuate a change in CenterPoint's requested increase is limited, the City should exercise due diligence with regard to rate increases of monopoly utilities who operate within its boundaries, including increases requested under the GRIP statute to ensure compliance with the requirements of that law. This includes whether CenterPoint's current rates produce a rate of return in excess of its authorized rate of return.

To exercise its due diligence, it is necessary to suspend CenterPoint's proposed effective date of April 19, 2025 for forty-five days, so that the City can evaluate whether the data and calculations in CenterPoint's rate application are correctly done.

Therefore, ACM-TCUC's Special Counsel, the law firm of Herrera Law & Associates, PLLC (through Alfred R. Herrera) recommends that the City adopt a resolution suspending CenterPoint's proposed effective date for 45 days. Assuming a proposed effective date of April 19, 2025, CenterPoint's proposed effective date is suspended until June 3, 2025.