



AGENDA ITEM SUMMARY FORM

MEETING DATE: 3/28/23

PREPARED BY: Chris Whittaker

AGENDA CONTENT: Discussion and possible action on Resolution No. 20230328-000 responding to the application of CenterPoint Energy Resources Corp., D/B/A CenterPoint Energy Entex and CenterPoint Energy Texas Gas - Texas Coast Division (CenterPoint), to increase rates under the Gas Reliability Infrastructure Program; suspending the effective date of this rate application for forty-five days; authorizing the city's participation in a coalition of cities known as the "Texas Coast utilities Coalition of Cities" (TCUC); requiring the reimbursement of costs.

AGENDA ITEM SECTION: Regular Agenda

BUDGETED AMOUNT: N/A

FUNDS REQUESTED: N/A

FUND: N/A

EXECUTIVE SUMMARY:

ALLIANCE OF CENTERPOINT MUNICIPALITIES (“TCUC”)

The City is a member of the Texas Coast Utilities Coalition of Cities (TCUC). The TCUC group was organized by a number of municipalities served by CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Entex and CenterPoint Energy Texas Gas – Texas Coast Division and its Houston Division (CenterPoint or Company) 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.

“GRIP” RATE APPLICATIONS

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 (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 a 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 March 2, 2023, CenterPoint filed for an increase in gas utility rates under the Gas Reliability Infrastructure Program (“GRIP”). CenterPoint’s application when approved by the Railroad Commission will result in an increase in the monthly customer charges as shown below:

Rate Schedule	Current Customer Charge	Proposed 2023 Interim Rate Adjustment	Adjusted Charge	Increase Per Bill
R-2096-I-GRIP 2023; R-2096-U-GRIP 2023 Residential	\$19.94 per customer per month	\$2.01 per customer per month	\$21.95 per customer per month	\$2.01 per customer per month
GSS-2096-I-GRIP 2023; GSS-2096-U-GRIP 2023 General Service Small	\$24.93 per customer per month	\$3.00 per customer per month	\$27.93 per customer per month	\$3.00 per customer per month
GSLV-627-I-GRIP 2023; GSLV-627-U-GRIP 2023 General Service Large Volume	\$365.46 per customer per month	\$104.91 per customer per month	\$470.37 per customer per month	\$104.91 per customer per month

CenterPoint refers to its application as its “2023” interim adjustment. The increase in rates CenterPoint presents in its application is based on capital expenditures it made from January 1, 2022 through December 31, 2022.

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 by monopoly utilities who operate within its boundaries, including increases requested under the GRIP statute to ensure compliance with the requirements of that law.

To exercise its due diligence, it is necessary to suspend CenterPoint’s proposed effective date of May 1, 2023, for forty-five days, so that the City can evaluate whether the data and calculations in CenterPoint’s rate application are correctly done, and whether CenterPoint’s application otherwise conforms to the requirements of the GRIP statute.

Therefore, 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 May 1, 2023, CenterPoint’s proposed effective date is suspended until June 15, 2023.

The City must take action to suspend by no later than May 1, 2023.

RECOMMENDATION:

Staff recommends approving the resolution.