



CITY OF HOUSTON - CITY COUNCIL

Meeting Date: 10/27/2020

ALL

Item Creation Date: 10/13/2020

ARA - CenterPoint Gas Tax Cuts and Jobs Act Refund and Compliance Filing

Agenda Item#: 26.

Background:

The Administration & Regulatory Affairs Department (ARA) recommends that City Council adopt an ordinance approving the CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Entex and CenterPoint Energy Texas Gas (CenterPoint or Company) Tax Cut and Jobs Act (TCJA) Refund and compliance filing. CenterPoint provides natural gas distribution services in the Houston metropolitan area, serving approximately 430,000 residential, 26,000 small general service and 1,000 large volume general service customers in Houston. The City of Houston (City or Houston) exercises original jurisdiction over the rates, operations, and services of CenterPoint under the provisions of the Texas Utilities Code for customers inside city limits.

On July 27, 2020, CenterPoint filed with the City a compliance filing and notice of intent to reflect a net refund for the Houston Division pursuant to Section 104.111 of the Gas Utility Regulatory Act. In 2019, City Council approved CenterPoint's TCJA Rider which returns to customers the UEDIT (unprotected excess deferred income taxes) resulting from the TCJA — \$17.8 million over a three-year period. The TCJA reduced the federal corporate income tax from 35% to 21% effective January 1, 2018. In accordance with its TCJA Rider, CenterPoint is to file with the City a compliance filing, on or before August 1 each year during the term of the rider, to include a true-up of the TCJA refund amounts.

CenterPoint is proposing to refund approximately \$6.3 million to customers during year two (2021) of the three-year TCJA Rider. This includes an approximate \$131,000 true-up adjustment to account for an overage in the amount refunded to customers in year one. If adopted, residential customers would experience a \$0.35 monthly refund to their bills effective on or after January 1, 2021:

CenterPoint Proposed TCJA Refund - Year Two Per Customer, Per Bill	
Customer Class	2021 (Year)
Residential	\$0.35
General Service - Small	\$0.54
General Service - Large Volume	\$8.46

The City's rate expert reviewed CenterPoint's filing. The rate expert determined that the Company's proposed TCJA refund, and compliance filing, are reasonable and recommends that the City approve the refund proposed by CenterPoint.

For the reasons outlined above, ARA recommends that Council adopt an Ordinance approving CenterPoint's TCJA Refund and compliance filing.

Departmental Approval Authority:

DocuSigned by:
Tina Paez
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Tina Paez, Director
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Other Authorization

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