



CITY OF HOUSTON - CITY COUNCIL

Meeting Date: 4/18/2023

ALL

Item Creation Date: 3/10/2023

ARA - Suspend Implementation of CenterPoint Entex's Gas Reliability Program Interim Rate Adjustment 2023

Agenda Item#: 1.

Background:

The Administration & Regulatory Affairs Department (ARA) recommends that City Council adopt an ordinance suspending, for 45 days, implementation of the CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Entex and CenterPoint Energy Texas Gas (CenterPoint or Company) Gas Reliability Infrastructure Program (GRIP) interim rate adjustment. CenterPoint provides natural gas distribution services in the Houston metropolitan area, serving approximately 430,000 residential, 27,000 small general service, and 1,000 large volume customers in Houston. The City of 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 March 2, 2023, CenterPoint filed an annual GRIP interim rate adjustment for customers within the Houston Division. The GRIP permits CenterPoint to implement an interim rate adjustment to recover return on the change in invested capital and changes in depreciation and property taxes related to the new investment. Pursuant to State Law, the City's role in the GRIP proceeding is to review the application to ensure compliance with GRIP statutory requirements. This includes a ministerial review of the filing to test whether GRIP calculations are correct.

CenterPoint is requesting a revenue requirement increase of \$35.5 million for service to retail gas customers within the Houston Division. The filing captures changes in invested capital from January 1, 2022 through December 31, 2022 — an approximate \$229 million increase in net investment. If the requested adjustment is adopted, the fixed customer charge for all customer classes would increase as follows:

CenterPoint Monthly Fixed Customer Charge Current vs. Proposed			
Customer Class	Current Rate	Proposed Rate	Proposed Increase
Residential	\$ 19.74	\$ 22.21	\$ 2.47
General Service Small	\$ 24.50	\$ 28.23	\$ 3.73
General Service Large	\$ 290.11	\$ 360.84	\$ 70.73

Pursuant to the Texas Utilities Code, CenterPoint's request will take effect May 1, 2023 — 60 days after filing — unless City Council adopts an ordinance suspending the proposed effective date for 45 days — to June 15, 2023. The suspension period will provide the City the time necessary to review the request, address potential ministerial corrections to the calculations with CenterPoint, if any, and to prepare a final recommendation for consideration by the Mayor and City Council. The City must complete its review of the current 2023 GRIP request within this statutory timeframe.

ARA recommends that City Council adopt an ordinance suspending for 45 days the implementation of the CenterPoint Energy Entex GRIP interim rate adjustment.

Fiscal Note

There is no impact to the fiscal budget or no additional spending authority. Therefore, no Fiscal Note is required as stated in the Financial Policies.

Departmental Approval Authority:

DS
EC

DocuSigned by:
Tina Paez
606AE9EC66A94CC

Tina Paez, Director
Administration & Regulatory
Affairs Department

Other Authorization

Contact Information:

Naelah Yahya Phone: (832) 393-8530
Alisa Talley Phone: (832) 393-8531
Nick Hadjigeorge Phone: (832) 393-8507