



**CITY OF HOUSTON - CITY COUNCIL**

Meeting Date: 12/19/2023

ALL

Item Creation Date: 12/4/2023

ARA - Set Hearing CenterPoint Energy Texas Gas' Rates

Agenda Item#: 33.

**Background:**

The Administration & Regulatory Affairs Department (ARA) recommends that City Council adopt an ordinance setting a public hearing related to the retail gas rates of CenterPoint Energy Resources Corporation d/b/a CenterPoint Energy Entex and CenterPoint Energy Texas Gas (CenterPoint or Company) for January 31, 2024. CenterPoint provides natural gas distribution service to approximately 1.9 million customers. Of this total, CenterPoint serves approximately 437,564 Houston customers — 412,350 residential, 24,357 small commercial and 857 large volume customers. The City of Houston (City) exercises original jurisdiction over the rates, operations, and services of CenterPoint under the provisions of the Gas Utility Regulatory Act (GURA) for customers inside city limits.

GURA 104.105 requires the City to hold a hearing, if CenterPoint is requesting a major increase in rates. CenterPoint is requesting a total aggregate increase of approximately 3.1% including gas costs or 5.8% excluding gas costs which exceeds the 2.5% threshold for a major change, as defined in GURA. Under GURA, hearings can be informal unless the City receives a complaint before the 45<sup>th</sup> day after notice of the rate increase. Because the City received, before the 45<sup>th</sup> day, a complaint from a customer whose rates will be affected by the rate proceeding, GURA requires a formal hearing. Under Chapter 37 of the Houston Code of Ordinances, the procedure for formal hearings mentions City Council's involvement.

On October 30, 2023, CenterPoint filed a Statement of Intent to Change Rates (Statement of Intent) with the City. CenterPoint is requesting an approximate \$59 million revenue increase for service to customers in its Houston division. On a division-wide basis, the company is proposing a \$37.4 million revenue increase (CenterPoint is proposing rate decreases for its South Texas and Beaumont/East Texas Divisions).

CenterPoint is also proposing to consolidate the Houston, Texas Coast, South Texas and Beaumont/East Texas Divisions into a new single division, the Texas Division, and tariff. If CenterPoint's proposed rate change is adopted, the fixed customer charge for Houston residential customers would increase from \$22.21 to \$25.25. The commodity charge will also increase. The attached Table A from the Statement of Intent summarizes the Company's estimate of the overall impact on the average customer bill for all customer classes. A complete copy of the Company's filed Statement of Intent is available for review in the City Secretary's Office.

On November 15, 2023, City Council approved Ordinance No. 2023-985 suspending for 90 days (to March 3, 2024) the proposed effective date of CenterPoint's Statement of Intent to increase gas utility rates for customers within Houston. City Council approved the rate suspension to allow the City time to engage the necessary rate experts to review the rate request, request information from CenterPoint related to the proposed increase, and assist with the preparation of a final rate recommendation.

During the proposed public hearing on January 31, 2024, ARA, CenterPoint, and any other interested parties will have an opportunity to present their respective positions. ARA anticipates presenting a proposed rate ordinance to City Council for approval on February 21, 2024. Pursuant to State Law, City Council must make a final determination regarding the rate request no later than March 3, 2024. Because CenterPoint's rate change request impacts all council districts and City Council will vote on the final rate recommendation ordinance, City Council members may benefit from attending the hearing.

**Fiscal Note**

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

**Departmental Approval Authority:**

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Tina Paez

Tina Paez, Director  
Administration & Regulatory  
Affairs Department

Other Authorization

**Prior Council Action:**

Ordinance No. 2023-985; approved on 11/15/2023.

**Contact Information:**

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