



CITY OF HOUSTON - CITY COUNCIL

Meeting Date: 12/6/2016

All

Item Creation Date: 11/18/16

ARA- CenterPoint Gas Rate - Suspend

Background

The Administration & Regulatory Affairs Department (ARA) recommends that City Council adopt an ordinance suspending for 90 days the effective date of the revised rate schedules and tariffs filed by CenterPoint Energy Resources Corporation d/b/a CenterPoint Energy Entex and CenterPoint Energy Texas Gas (CenterPoint) for all customers within the City of Houston and otherwise maintaining current rates in effect until changed.

CenterPoint provides natural gas distribution services in the Houston metropolitan area. 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 November 16, 2016, CenterPoint filed a Statement of Intent to Increase Rates in the Texas Gulf Division with the City. CenterPoint's proposed increase will impact approximately 1.3 million customers within the Texas Gulf Division. Of this total, CenterPoint serves approximately, 380,000 residential, 23,000 small general service, and 1,200 large volume customers within Houston.

CenterPoint is requesting a \$31 million rate increase for service to retail gas customers within the Texas Gulf Division, of which approximately \$8.3 million will be collected from Houston customers. The attached notice 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.

In addition, CenterPoint is proposing to consolidate the Texas Coast Division and the Houston Division into a single division, the Texas Gulf Division. CenterPoint is also proposing changes to existing rate schedules and riders and is proposing two new riders: 1) a safety and system integrity rider that will allow the Company to recover costs associated with pipeline safety and integrity management activities and 2) a rate schedule to recover the rate-case expenses incurred in this proceeding.

Pursuant to the Texas Utilities Code, CenterPoint's request will take effect January 6, 2017 unless City Council adopts an ordinance suspending the proposed effective date. The City, as regulatory authority, is allowed to suspend the proposed effective date for 90 days — to April 6, 2017. A rate expert will be engaged to assist with the review and to prepare a final recommendation.

ARA recommends that City Council approve an ordinance suspending for 90 days the effective date of revised rate schedules and tariffs filed by CenterPoint for all customers within the City of Houston and maintaining existing rates until changed.