


MEMORANDUM

DATE: April 16, 2019

TO: Mayor White & City Council

VIA: Mercy Rushing, City Administrator

FROM: Cindy Karch, City Secretary 

SUBJECT: CenterPoint GRIP Adjustment – Resolution to suspend for 45 days a rate increase.
Council Meeting Agenda Item for April 22, 2019

Background Information:

On March 28, 2019, CenterPoint Energy (“CenterPoint”) filed with the city of Mineola an annual Gas Reliability Infrastructure Program (GRIP) interim rate adjustment notice to increase gas rates in the Beaumont/East Texas Division Service Area. The City of Mineola maintains exclusive original jurisdiction over the rates, operations and services of CenterPoint as a gas utility operating in the City of Mineola.

The requested increase would ordinarily go into effect sixty (60) days after giving notice of the intent to increase rates. This resolution is a request to suspend the effective date of CenterPoint’s proposed rate increase for a period of forty-five (45) days in order to review the company’s filings for compliance with the Gas Utility Regulatory Act and the company’s last base rate case. The review of the company’s GRIP filing is limited to a ministerial review of the filings for compliance with the Act.

Recommendation:

It is the recommendation of city staff that the council approve the resolution.

Final Disposition:

AGENDA INFORMATION SHEET

AGENDA ITEM NO. _____

ACTION TO SUSPEND THE EFFECTIVE DATE PROPOSED BY CENTERPOINT ENERGY RESOURCES CORP., BEAUMONT/EAST TEXAS DIVISION, TO INCREASE RATES UNDER THE GAS RELIABILITY INFRASTRUCTURE PROGRAM FOR 45 DAYS, AND AUTHORIZE THE CITY'S CONTINUED PARTICIPATION IN A COALITION OF CITIES KNOWN AS THE "ALLIANCE OF CENTERPOINT MUNICIPALITIES"

ALLIANCE OF CENTERPOINT MUNICIPALITIES

The City is a member of the Alliance of CenterPoint Municipalities (ACM). The ACM group was organized by a number of municipalities served by CenterPoint Energy Resources Corp., Beaumont/East Texas Division ("CenterPoint") and has been represented by the law firm of Herrera & Boyle, PLLC, now known as Herrera Law & Associates, PLLC (through Mr. Alfred R. Herrera) to assist in reviewing applications to change rates submitted by CenterPoint.

"GRIP" RATE APPLICATION

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, that is, the "Gas Reliability Infrastructure Program."

The Supreme Court of Texas concluded that a filing made under the GRIP statute permitted gas utilities the opportunity to recover 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. The Court's opinion has severely limited a city's ability to perform a meaningful review of a gas-utility's GRIP filing.

CENTERPOINT'S "GRIP" APPLICATION

On or about March 28, 2019 CenterPoint Energy Resources Corp., Beaumont/East Texas Division ("CenterPoint") filed for an increase in gas utility rates under the Gas Reliability Infrastructure Program ("GRIP"). CenterPoint's application if approved by the Commission will result in an increase in the monthly customer charges as shown below:

Rate Schedules	Current Customer Charge**	Proposed 2019 “GRIP” Adjustment**	Proposed 2019 Charge**	Proposed Percentage Increase
R-2091-GRIP 2019 - Residential	\$22.45	\$1.56	\$24.01	7%
GSS-2091-GRIP 2019-General Service Small	\$34.06	\$2.50	\$36.56	7%
GSLV-622-GRIP 2019 -General Service Large Volume	\$117.45	\$15.45	\$132.90	13%

**** Charges shown are per customer per month**

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 of 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 27, 2019 for forty-five days, so that the City can evaluate whether the data and calculations in CenterPoint’s rate application are correctly done.

Therefore, ACM’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 27, 2019, CenterPoint’s proposed effective date is suspended until July 11, 2019.

RESOLUTION NO. _____

A RESOLUTION BY THE CITY OF _____, TEXAS, ("CITY") RESPONDING TO THE APPLICATION OF CENTERPOINT ENERGY RESOURCES CORP., BEAUMONT/EAST TEXAS DIVISION, TO INCREASE RATES UNDER THE GAS RELIABILITY INFRASTRUCTURE PROGRAM; SUSPENDING THE EFFECTIVE DATE OF THIS RATE APPLICATION FOR FORTY-FIVE DAYS; AUTHORIZING THE CITY TO CONTINUE TO PARTICIPATE IN A COALITION OF CITIES KNOWN AS THE "ALLIANCE OF CENTERPOINT MUNICIPALITIES"; REQUIRING THE REIMBURSEMENT OF COSTS; DETERMINING THAT THE MEETING AT WHICH THE RESOLUTION WAS ADOPTED COMPLIED WITH THE TEXAS OPEN MEETINGS ACT; MAKING SUCH OTHER FINDINGS AND PROVISIONS RELATED TO THE SUBJECT; AND DECLARING AN EFFECTIVE DATE.

WHEREAS: on about March 28, 2019 CenterPoint Energy Resources Corp., Beaumont/East Texas Division (“CenterPoint”) filed for an increase in gas utility rates under the Gas Reliability Infrastructure Program (“GRIP”), resulting in a requested increase in the monthly customer charges as shown in the table below:

Rate Schedules	Current Customer Charge**	Proposed 2019 “GRIP” Adjustment**	Proposed 2019 Charge**	Proposed Percentage Increase**
R-2091-GRIP 2019 - Residential	\$22.45	\$1.56	\$24.01	7%
GSS-2091-GRIP 2019-General Service Small	\$34.06	\$2.50	\$36.56	7%
GSLV-622-GRIP 2019 -General Service Large Volume	\$117.74	\$15.45	\$132.90	13%

**** Charges shown are per customer per month**

and

WHEREAS: the City has a responsibility to exercise due diligence with regard to rate increases of monopoly utilities who operate within its boundaries; and

WHEREAS: the application to increase rates by CenterPoint is complex; and

WHEREAS: it is necessary to suspend the effective date for the increase in rates for forty-five days, so that the City can assure itself that the data and calculations in CenterPoint's rate application are correctly done; and

WHEREAS: the effective date proposed by CenterPoint is May 27, 2019 but a suspension by the City will mean that the rate increase cannot go into effect prior to July 11, 2019.

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF _____, TEXAS THAT:

Section 1. That the statements and findings set out in the preamble to this resolution are hereby in all things approved and adopted.

Section 2. The City suspends the requested effective date by CenterPoint for forty-five days pursuant to the authority granted the City under Section 104.301 of the Texas Utilities Code. The City finds that additional time is needed in order to review the data and calculations that provide the basis for the rate increase application.

Section 3. The City shall continue to act jointly with other cities that are part of a coalition of cities known as the Alliance of CenterPoint Municipalities ("ACM").

Section 4. The City authorizes the law firm of Herrera Law & Associates, PLLC, to act on its behalf in connection with CenterPoint's application to increase rates.

Section 5. To the extent allowed or required by law, CenterPoint is ordered to pay the City's reasonable rate case expenses incurred in response to CenterPoint's rate increase application within 30 days of receipt of invoices for such expenses to the extent allowed by law.

Section 6. A courtesy copy of this resolution shall be sent to Mr. Keith Wall, Director of Regulatory Affairs, P.O. Box 2628, Houston, Texas 77252-2628; and to Mr. Alfred R. Herrera, Herrera Law & Associates, PLLC, 816 Congress Ave., Suite 950, Austin, Texas 78701.

Section 6. The meeting at which this resolution was approved was in all things conducted in compliance with the Texas Open Meetings Act, Texas Government Code, Chapter 551.

Section 7. This resolution shall be effective immediately upon passage.

PASSED AND APPROVED this _____ day of _____ 2019.

MAYOR

ATTEST:

CITY SECRETARY

Suggested Agenda-Item Language

Consider a Resolution suspending for 45 days the effective date proposed by CenterPoint Energy Resources Corp., Beaumont/East Texas Division (“CenterPoint”) in its application filed on or about March 28, 2019 pursuant to section 104.301 of the Gas Utility Regulatory Act