

**AGENDA INFORMATION SHEET**

**AGENDA ITEM NO. \_\_\_\_\_**

**ACTION TO SUSPEND THE EFFECTIVE DATE PROPOSED BY CENTERPOINT ENERGY RESOURCES CORP., D/B/A CENTERPOINT ENERGY ENTEX AND CENTERPOINT ENERGY TEXAS GAS – BEAUMONT/EAST TEXAS DIVISION (CENTERPOINT) 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" (ACM)**

**ALLIANCE OF CENTERPOINT MUNICIPALITIES (“ACM”)**

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., d/b/a CenterPoint Energy Entex and CenterPoint Energy Texas Gas – Beaumont/East Texas Division (CenterPoint or Company) and has been represented by the law firm of Herrera Law & Associates, PLLC (through Mr. Alfred R. Herrera) to assist in reviewing applications to change rates submitted by CenterPoint.

**“GRIP” RATE APPLICATIONS**

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 (the “Gas Reliability Infrastructure Program”).

Under a decision by the Supreme Court of Texas, the Court concluded that a filing made under the GRIP statute permitted gas utilities the opportunity to recover a 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.

**CENTERPOINT’S “GRIP” APPLICATION**

On or about March 2, 2023, CenterPoint filed for an increase in gas utility rates under the Gas Reliability Infrastructure Program (“GRIP”). CenterPoint’s application when approved by the Railroad Commission will result in an increase in the monthly customer charges as shown below:

<b>Rate Schedule</b>	<b>Current Customer Charge</b>	<b>Proposed 2023 Interim Rate Adjustment</b>	<b>Adjusted Charge</b>	<b>Increase Per Bill</b>
R-2098-I-GRIP 2023; R-2098-U-GRIP 2023 Residential	\$21.95 per customer per month	\$2.92 per customer per month	\$24.87 per customer per month	\$2.92 per customer per month
GSS-2098-I-GRIP 2023; GSS-2098-U-GRIP 2023 General Service Small	\$43.03 per customer per month	\$4.78 per customer per month	\$47.81 per customer per month	\$4.78 per customer per month
GSLV-629-I-GRIP 2023; GSLV-629-U-GRIP 2023 General Service Large Volume	\$164.73 per customer per month	\$24.12 per customer per month	\$188.85 per customer per month	\$24.12 per customer per month

CenterPoint refers to its application as its “2023” interim adjustment. The increase in rates CenterPoint presents in its application is based on capital expenditures it made from January 1, 2022 through December 31, 2022.

**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 by 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 1, 2023, for forty-five days, so that the City can evaluate whether the data and calculations in CenterPoint’s rate application are correctly done, and whether CenterPoint’s application otherwise conforms to the requirements of the GRIP statute.

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 1, 2023, CenterPoint’s proposed effective date is suspended until June 15, 2023.

**The City must take action to suspend by no later than May 1, 2023.**

**RESOLUTION NO. \_\_\_\_\_**

**A RESOLUTION BY THE CITY OF \_\_\_\_\_, TEXAS, ("CITY") RESPONDING TO THE APPLICATION OF CENTERPOINT ENERGY RESOURCES CORP., D/B/A CENTERPOINT ENERGY ENTEX AND CENTERPOINT ENERGY TEXAS GAS – BEAUMONT/EAST TEXAS DIVISION (CENTERPOINT), TO INCREASE RATES UNDER THE GAS RELIABILITY INFRASTRUCTURE PROGRAM; SUSPENDING THE EFFECTIVE DATE OF THIS RATE APPLICATION FOR FORTY-FIVE DAYS; AUTHORIZING THE CITY’S PARTICIPATION 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 or about March 2, 2023, CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Entex and CenterPoint Energy Texas Gas – Beaumont/East Texas Division (CenterPoint or Company) 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:

<b>Rate Schedule</b>	<b>Current Customer Charge</b>	<b>Proposed 2023 Interim Rate Adjustment</b>	<b>Adjusted Charge</b>	<b>Increase Per Bill</b>
R-2098-I-GRIP 2023; R-2098-U-GRIP 2023 Residential	\$21.95 per customer per month	\$2.92 per customer per month	\$24.87 per customer per month	\$2.92 per customer per month
GSS-2098-I-GRIP 2023; GSS-2098-U-GRIP 2023 General Service Small	\$43.03 per customer per month	\$4.78 per customer per month	\$47.81 per customer per month	\$4.78 per customer per month
GSLV-629-I-GRIP 2023; GSLV-629-U-GRIP 2023 General Service Large Volume	\$164.73 per customer per month	\$24.12 per customer per month	\$188.85 per customer per month	\$24.12 per customer per month

and

**WHEREAS:** the City has a special 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 whether CenterPoint's application otherwise conforms to the requirements of Texas Utilities Code § 104.301, commonly referred to as the GRIP statute; and

**WHEREAS:** the effective date proposed by CenterPoint is May 1, 2023, but a suspension by the City will mean that the rate increase cannot go into effect prior to June 15, 2023.

**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, and to determine whether CenterPoint's application otherwise conforms to the requirements of the GRIP statute.

**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.** CenterPoint is ordered to reimburse 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.** 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 \_\_\_\_\_ 2023.

\_\_\_\_\_  
MAYOR

ATTEST:

\_\_\_\_\_  
CITY SECRETARY

### **Suggested Agenda-Item Language**

Consider a Resolution suspending for 45 days the effective date proposed by CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Entex and CenterPoint Energy Texas Gas – Beaumont/East Texas Division, in its application filed on or about March 2, 2023, pursuant to section 104.301 of the Gas Utility Regulatory Act.