



Agenda Item Report

Legislative Board: City Council
Date: April 1, 2025
Contact: Alicia Ramirez, City Clerk
Agenda Item ID / Number: 2025-216- / H.2

ITEM TITLE: Adoption of a Resolution suspending the effective date proposed by CeterPoint Energy Resources Corp., Texas Division, to increase rates under the Gas Reliability Infrastructure Program (GRIP) for 45 days, and authorize the City's continued participation in a coalition of cities known as the "Alliance of CenterPoint Municipalities (City Manager Micah Grau)

1. EXECUTIVE SUMMARY

On or about February 18, 2025, 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 in the Financial Section below.

Approval of the Resolution will delay the onset of the rate increase for at least 45-days to give the Alliance of CenterPoint Municipalities time to evaluate the increase.

2. BACKGROUND/HISTORY

ALLIANCE OF CENTERPOINT MUNICIPALITIES

The City is a member of the Alliance of CenterPoint Municipalities – South Texas Division (ACM-S. Texas) of cities. ACM-S. Texas that was organized by a number of municipalities served by CenterPoint Energy Resources Corp., ("CenterPoint") 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.

In CenterPoint's immediately preceding general rate case, CenterPoint consolidated its four service divisions – the Beaumont/East Texas Division; the South Texas Division; the Houston Division; and the Texas Coast Division – into a single division to which CenterPoint refers as the "Texas Division." The City intervened in the proceeding at the Railroad Commission as part of the broader Alliance of CenterPoint Municipalities (ACM). ACM is comprised of cities represented by the law firm of Herrera Law & Associates, including the ACM-S. Texas cities, served by CenterPoint in what were its prior four divisions, and now consolidated into a single division.

"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.”

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 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.

3. ANALYSIS

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 in the Financial Section below.

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.

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.

4. FINANCIAL IMPACT

CenterPoint’s application if approved by the Commission will result in an increase in the monthly

customer charges as shown below:

CenterPoint's filing proposes a uniform increase in each customer class's Customer Charge, as follows:

Residential:	\$2.88 per month
General Service-Small:	\$5.14 per month
Gen. Service-Large Vol:	\$61.20 per month

However, because CenterPoint's customer charges are not currently uniform across its "Texas Division," the increase in customer charge per customer class affects customers' bills differently. The tables below show the current customer charges compared to the proposed customer charges in what were CenterPoint's four prior divisions. We note that as part of the transition to a single "Texas Division," the Houston and Texas Coast geographic areas have their own set of uniform customer charges, and the South Texas and Beaumont/East Texas Divisions have their own set of customer charges.

South Texas and Beaumont/East Texas Geographic Rate Areas

Rate Schedule	Current Customer Charge	Proposed 2025 Interim Rate Adjustment	Adjusted Charge	Increase Per Bill	Percent Increase in Customer Charge
R-2099-I-GRIP 2025;	\$25.00	\$2.88	\$27.88	\$2.88	
R-2099-U-GRIP 2025	per customer	per customer	per customer	per customer	11.52%
Residential	per month	per month	per month	per month	
GSS-2099-I-GRIP 2025;	\$48.00	\$5.14	\$53.14	\$5.14	
GSS-2099-U-GRIP 2025	per customer	per customer	per customer	per customer	10.71%
General Service	per month	per month	per month	per month	
Small					

GSLV-630-I-GRIP 2025;	\$230.00	\$61.20	\$291.20	\$61.20	
GSLV-630-U-GRIP 2025	per customer	per customer	per customer	per customer	26.61%
General Service	per month	per month	per month	per month	
Large Volume					

Houston and Texas Coast Geographic Rate Areas

Rate Schedule	Current Customer Charge	Proposed 2025 Interim Rate Adjustment	Adjusted Charge	Increase Per Bill	Percent Increase in Customer Charge
R-2099-I-GRIP 2025;	\$19.50	\$2.88	\$22.38	\$2.88	
R-2099-U-GRIP 2025	per customer	per customer	per customer	per customer	14.77%
Residential GSS-2099-I-GRIP 2025;	per month	per month	per month	per month	
GSS-2099-U-GRIP 2025	\$30.00	\$5.14	\$35.14	\$5.14	
	per customer	per customer	per customer	per customer	17.13%
General Service	per month	per month	per month	per month	
Small GSLV-630-I-GRIP 2025;	\$390.00	\$61.20	\$451.20	\$61.20	
GSLV-630-U-GRIP 2025	per customer	per customer	per customer	per customer	15.69%
General Service	per month	per month	per month	per month	
Large Volume					

CenterPoint presents that its proposed increases in its customer charges produce an increase in annual revenue of about \$70.7 million, system wide, in its Texas Division.

5. STRATEGIC PLAN/GOALS

EXCEPTIONAL CITY SERVICES WITH A LOW TAX RATE

6. STRATEGIC PLAN OBJECTIVES

Not Applicable.

7. PROS AND CONS

Pros: action delays the effect of the increase to provide the coalition's attorney time to review the filing and raise objections to the PUC, if necessary.

Cons: none.

8. ALTERNATIVES

The City Council may take no action. If so, the rate increase will be effective sooner (April 19), and the Alliance of CenterPoint Municipalities will not have adequate time to review and possibly negotiate a smaller increase.

9. REQUESTED ACTION / SUGGESTED MOTION / RECOMMENDATION

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. This includes whether CenterPoint's current rates produce a rate of return in excess of its authorized rate of return. To exercise its due diligence, it is necessary to suspend CenterPoint's proposed effective date of April 19, 2025 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. Texas's Special Counsel, the law firm of Herrera Law & Associates, PLLC recommends that the City adopt a resolution suspending CenterPoint's proposed effective date for 45 days. Assuming a proposed effective date of April 19, 2025, CenterPoint's proposed effective date is suspended until June 3, 2025.

Attachments:

[Resolution - CenterPoint GRIP Suspension.docx](#)