

## Gas Reliability Infrastructure Program (G. R. I. P.)

Texas Utilities Code § 104.301 - Interim Adjustment for Changes in Investment

### What is it?

- Rate adjustment that allows utilities to recover additional invested capital without filing a full rate case

### Who can use it?

- Gas utility with new invested capital not already included in existing rates
- But only if utility has filed rate case in last two years

### What customers are affected and how?

- All customers
- Applied to monthly customer charge or initial block rate
- Allocated among customer groups in same manner as current rates (GUD No. 9400)

### How is adjustment amount calculated?

- Intended to capture new investment costs in excess of normal plant replacement due to aging
- Cannot include annual investment anticipated and included in existing rates as depreciation expense
- Costs that can be included are return (profit) on investment, depreciation expense and certain taxes
- Factors used to calculate costs must be the same as those reflected in order, ordinance or settlement agreement approving current rates

### What is required of utility?

- Tariff or rate schedule must be filed with appropriate regulatory authority (City and/or Railroad Commission) 60 days before proposed implementation date
- Notice to all affected customers must be provided within 45 days of filing with regulatory authority
- After implementation, utility must file the following information annually:
  - Reports describing all new investments and retired plant
  - Costs, need and customers benefited by the new investment must be stated
  - Annual earnings monitoring report showing earnings in past year
  - If earnings are more than 75 basis points (.75%) above currently approved rate of return, utility must explain why earnings are not just unreasonable
- Adjustment must be recalculated annually
- Full rate case must be filed no later than five and one-half (5½) years after implementation

### What is role of cities?

- Within 60 days after filing, a city may suspend implementation of proposed adjustment
- Until incremental increase in rates has been reviewed as part of a full rate case, regulatory authority may disallow adjustment and order utility to refund any amounts collected
- Regulatory authority may open inquiry under Texas Utilities Code § 104.151 and set new rates if rates are found to be unreasonable