

## AGENDA



Thursday, November 1, 2007

**Telecommunications & Regulatory Affairs  
RECOMMENDATION FOR COUNCIL ACTION**
**Item No. 34**

**Subject:** Adopt an ordinance approving an application by Texas Gas Services for a gas facilities relocation costs recovery surcharge on volumes of gas sold and transported to customers in Austin.

**Fiscal Note:** There is no unanticipated fiscal impact. A fiscal note is not required.

**For More Information:** Rondella Hawkins; 512-974-2422

On October 15, 2007, Texas Gas Service (TGS) filed its annual application with the City to recover \$1,026,168.34 million in relocation costs for 45 utility relocation projects: 34 City projects, 7 Texas Department of Transportation projects, and 4 Travis County projects. The majority of the project expenses, over \$917,000, involved gas main relocations, the remainder being service line relocations, pothole repairs, and other incidental costs.

Under §104.112 of the Texas Utilities Code, TGS is allowed to recover costs it incurs to relocate gas lines necessary to accommodate road work, costs that are not reimbursed by any other source, and to pass these costs on to its customers through a surcharge on gas volumes sold and transported in the area where the relocations occurred. The City Council, as the regulatory authority over gas rate making for Austin gas customers, has the statutory duty to act by either granting or denying TGS' application. Otherwise, the application is approved by operation of law if no action is taken within 35 days of TGS' application.

Based on staff's detailed analysis, the relocation costs submitted for approval by TGS were determined to be just and reasonable. No basis for denial was found. Further, in accordance with statutory requirements, TGS' application included sufficient documentation to demonstrate:

- ? the requirement for each relocation;
- ? the entity requiring the relocation;
- ? costs incurred for relocation of comparable facilities;
- ? surcharge computations; and
- ? that reasonable efforts were made to receive reimbursement from the entities requiring each relocation.

The approved monthly surcharge of \$0.0101 per Ccf (100 cubic feet) will be applied to customer bills beginning in December 2007 for a recovery period of one year. The monthly bill for a typical Austin residential customer will increase by approximately \$ 0.27. The monthly bill for a typical Austin commercial customer will increase by approximately \$1.51. Those customer classes that use higher volumes of gas will realize a more significant increase in their monthly bills.

Texas Gas Service shall file monthly reports with the City's Office of Telecommunications & Regulatory Affairs detailing the amount of surcharge collected from each customer class.

Staff recommends that Council adopt an ordinance approving the Texas Gas Service Relocation Cost Recovery filing made on October 15, 2007.