

AGENDA



Thursday, March 12, 2009

**Telecommunications & Regulatory Affairs
RECOMMENDATION FOR COUNCIL ACTION****Item No. 15**

Subject: Approve an ordinance suspending a rate increase proposed by Texas Gas Service; requiring reimbursement of municipal rate case expenses by the regulated utility; and providing notice of this ordinance to Texas Gas Service.

For More Information: Rondella M. Hawkins, Office of Telecommunications & Regulatory Affairs Manager, 512-974-2422

On February 11, 2009, Texas Gas Service, a division of ONEOK, Inc. (TGS), filed a Statement of Intent with the City of Austin and other cities in their Central Texas Service area, to increase its base rates by \$3,563,868 or approximately 2.5%.

Based on company-provided information, TGS's proposal would result in an average monthly increase to the base rates per customer for approximately 180,000 customers within the City of Austin as follows:

Residential - \$ 1.43 or approximately 3.3%
Commercial - \$3.58 or approximately 2.2%
Industrial - \$32.98 or approximately 2.6%

In addition, TGS proposes multiple new rate adjustment clauses, a new rate design, and changes to their Rules of Service to reflect new or increased service charges.

The City has exclusive original jurisdiction under the Gas Utilities Regulatory Act, Texas Utilities Code § 103.001, to regulate the rates of every gas utility serving customers within the City. In order to evaluate whether the proposed increase is proper and complies with state law, Section 104.107 of the Texas Utilities Code allows the City to suspend the effective date of the rate increase for 90 days providing time for thorough evaluation. The utility must be notified.

The Utilities Code also allows the City to obtain reimbursement from the gas utility in the event the City incurs costs for engaging ratemaking consultants, accountants, auditors, attorneys, or engineers to conduct investigations, advise or represent the City during the ratemaking process.

Staff recommends the suspension of the proposed effective date for 90 days or until June 16, 2009, as allowed by §104.107 of the Texas Utilities Code, to allow staff an opportunity to properly review all of the costs that TGS is requesting, reimbursement of City rate case expenses and that notice be provided to Texas Gas Service.