

AGENDA



Thursday, June 18, 2009

**Public Hearings and Possible Actions
RECOMMENDATION FOR COUNCIL ACTION****Item No. 74**

Subject: Conduct a public hearing and consider an ordinance adopting new rates and tariffs for customers of Texas Gas Service, a division of ONEOK, Inc.

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

Prior Council Action: March 12, 2009 - Council suspended proposed rate increase.

March 26, 2009 - Council first public hearing on proposed rate increase.

June 11, 2009 - Council extended suspension of effective date of rate increase to June 25, 2009.

On February 11, 2009, Texas Gas Service, a division of ONEOK, Inc., filed a Statement of Intent with the City of Austin and other cities in its Central Texas Service Area (CTXSA), to increase its annual revenue by \$3,563,868 or approximately 2.5%. In addition to a rate increase, TGS proposed multiple new rate adjustment clauses, a new rate design, and changes to their Rules of Service.

On March 12, 2009, the City suspended the effective date of the proposed increase to June 16, 2009, which was further extended in accordance with TGS' request to June 25, 2009, so that the City could analyze information provided by TGS and evaluate the proposed rate increase to determine whether the rates were appropriate, fair, just and reasonable to all classes of ratepayers.

After review, analysis, and extensive discussions with TGS, City staff and TGS are requesting a revised rate filing through adoption of the proposed ordinance. The agreed and recommended rate filing reduces TGS' originally requested increase in annual revenue for its Central Texas Service Area from \$3,563,868 to \$1,050,000 and results in a rate impact on the typical residential and commercial customer's monthly bill in the attached rate impact document.

In the attached rate impact document, please see a comparison of the current monthly base rates TGS originally requested rates, and the rates agreed and proposed for Council adoption:

Included in the proposed agreed rate filing is a "Green Saver" tariff intended to encourage customers to improve the energy efficiency of their homes and businesses.

Austin has been working with other cities on this rate filing in the Texas Gas Company CTXSA which includes Cedar Park, Kyle, Rollingwood and Sunset Valley, that are in agreement with the proposed rate filing. They are working through their governing bodies on approval of a final ratemaking ordinance.