

AGENDA



Thursday, November 18, 2010

**Telecommunications & Regulatory Affairs
RECOMMENDATION FOR COUNCIL ACTION**

Item No. 48

Subject: Approve a resolution granting Texas Gas Service's application to recover its gas facility relocation costs by applying a surcharge to customers.

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

On October 15, 2010, Texas Gas Service (TGS) filed its annual application with the City of Austin to recover \$2,429,456.47 of the costs of relocating its natural gas facilities related to 37 projects. The filing includes costs of 34 relocations related to City of Austin projects and 3 relocations associated with projects of the Texas Department of Transportation. Under State law, TGS is allowed to pass these costs through to customers if they meet certain criteria.

Section 104.112 of the Texas Utilities Code requires the City to grant or deny the application no later than the 35th day after filing, which is November 19, 2010. If the City fails to make a decision before the deadline, the application is considered approved under the Texas Utilities Code.

Denial of the application must be based on the finding that:

1. The relocation was not necessary or required.
2. The costs of the relocations were excessive or not supported.
3. The utility did not pursue reimbursement from the entity requiring the relocation, if applicable.
4. The surcharge is unduly discriminatory among customers or classes of customers located in the service.
5. The period over which the relocation costs are designed to be recovered is less than one or more than three years.

Staff in the Office of Telecommunications and Regulatory Affairs have reviewed the project costs included in the filing and have determined that the costs are reasonable, are properly supported and documented, and do not meet any of the 5 criteria listed above that would cause denial of the application.

Based on the proposed filing, the residential customer's average bill will increase by approximately \$0.61 per month for one year, effective November 30, 2010. The commercial customer's average bill will increase by approximately \$3.74 per month for one year.

The total amount recovered through the surcharge will be subject to reconciliation and shall be discontinued when the total amount authorized for recovery is collected. TGS shall file monthly reports with the Office of Telecommunications & Regulatory Affairs detailing the amount of surcharge collected from each customer class.

Staff recommends approval of the attached resolution granting TGS' application to recover its gas facility relocation costs by applying a surcharge to customers.