ORDINANCE NO. 20110324-038

AN ORDINANCE SUSPENDING THE IMPLEMENTATION OF THE INTERIM RATE ADJUSTMENT UNDER SECTION 104.301 OF THE TEXAS UTILITIES CODE BY TEXAS GAS SERVICE COMPANY WITHIN THE CITY OF AUSTIN, TEXAS, PENDING HEARING AND A DECISION BY THE CITY COUNCIL; REQUESTING REIMBURSEMENT FOR THE CITY'S EXPENSES FOR HIRING CONSULTANTS TO ASSIST THE CITY IN ITS REVIEW AND CONSIDERATION OF THE RATE ADJUSTMENT; AND PROVIDING FOR AN EFFECTIVE DATE.

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF AUSTIN:

PART 1. On February 10, 2011, Texas Gas Service Company ("TGS") filed with the City of Austin, Texas (the "City") an interim rate adjustment and associated Rate Schedule IRA that would allow the Company to recover the incremental costs of the new investment it has made within its Central Texas Service Area ("CTXSA"). Parallel requests were filed by TGS that same day with all six municipalities (Austin, Cedar Park, Kyle, Rollingwood, Sunset Valley and West Lake Hills) in the CTXSA. If applied on a total system basis for the entire CTSA (all six municipalities and their environs), the proposed rate and tariff changes would allow TGS to recover its capital invested in the CTXSA from October 1, 2008, through December 31, 2010, in the amount of $9,466,027.

PART 2. TGS proposed an effective date of April 11, 2011 for the interim rate adjustment and Rate Schedule IRA.

PART 3. In support of the interim rate adjustment and Rate Schedule IRA, TGS has submitted the requisite supporting documentation, including Schedules, Earnings Report, and Investment Reports.

PART 4. Pursuant to Texas Utilities Code § 104.301(a), the City is authorized to suspend the implementation of the interim rate adjustment and Rate Schedule IRA for a period not to exceed 45 days beyond the effective date proposed by the Company.

PART 5. The City Council finds that it requires additional time to review and consider the IRA tariff and supporting documentation filed by the Company.

PART 6. The City requests that TGS reimburse the City for its reasonable and necessary costs to engage rate consultants, accountants, auditors, attorneys, and engineers to conduct investigations, present evidence, and advise and represent the City and assist with litigation related to the interim rate adjustment and Rate Schedule IRA.

PART 7. The implementation of the interim rate adjustment and associated Rate Schedule IRA filed by TGS, and the Company's proposed effective date of April 11, 2011, shall be and hereby are suspended within the City of Austin pursuant to Section 104.301(a) the Texas Utilities Code for 45 days (that is, through May 26, 2011), or until adoption by the City Council of a final ordinance addressing the implementation of TGS's interim rate adjustment and IRA tariff, whichever shall first occur.

PART 8. This ordinance takes effect on April 4, 2011.

PASSED AND APPROVED

§
§
March 24 , 2011 §

Lee Leffingwell
Mayor

APPROVED:

Karen M. Kennard
City Attorney

ATTEST:

Shirley A. Gentry
City Clerk