

A G E N D A



RCA	Austin City Council	Item ID	6398
Meeting Date:	5/12/2011	Department:	Telecommunications and Reg Affairs

Subject

Set a public hearing regarding Texas Gas Service's proposal to increase customer gas rates. (Suggested date and time: May 26, 2011, 4:00 p.m. at 301 W. Second Street, Austin, TX).

Amount and Source of Funding

Fiscal Note

Purchasing Language:**Prior Council Action:**

Suspension of Texas Gas Service's proposed rates on March 24, 2011

For More Information:

Rondella M. Hawkins, Manager, Office of Telecommunications & Regulatory Affairs; (512) 974-2422

Boards and Commission Action:**MBE / WBE:****Related Items:**

Additional Backup Information

On February 10, 2011, Texas Gas Service, a division of ONEOK, Inc., filed its Gas Reliability Infrastructure Program (GRIP) filing in Austin and in the other Central Texas cities that it serves. This filing was made in compliance with legislation passed by the Texas Legislature in 2003 and codified in the Texas Utilities Code Chapter 104. Section 104.301 of the Texas Utilities Code allows a gas utility to recover additional invested capital costs through a new customer surcharge without filing a full rate case. GRIP rates must be based on reasonable increases in invested capital costs.

The filing notified cities of Texas Gas Service's intent to increase rates by \$9,466,027 in the Central Texas Service Area. Based on company-provided information, the proposed assessment will increase the average monthly bill for customers, beginning April 11, 2011, and remain in effect until Texas Gas Service has recovered its costs in full. The proposed average monthly increase is: Residential - \$0.48; Commercial - \$ 1.66; Large Commercial - \$18.45; and Industrial - \$6.47.

On March 24th 2011, the City Council adopted an ordinance suspending the effective date of the proposed increase to

not later than May 26, 2011, to provide staff an opportunity to properly review the filing with the assistance of outside rate consultant services. The City is coordinating its efforts with other cities, including Buda, Cedar Park, Rollingwood, Sunset Valley, and Westlake Hills.

The City Charter requires Council to hold a public hearing prior to taking any action that affects rates of a franchise holder. This item authorizes the City Council to set the public hearing and allow public comments.