

## A G E N D A



## Recommendation for Council Action

Austin City Council	Item ID	22095	Agenda Number	27.
---------------------	---------	-------	---------------	-----

Meeting Date:	2/28/2013	Department:	Telecommunications and Reg Affairs
---------------	-----------	-------------	------------------------------------

## Subject

Approve an ordinance suspending a Gas Reliability Infrastructure Program interim customer surcharge proposed by Texas Gas Service and requesting reimbursement for expenses to review the rate adjustment.

## Amount and Source of Funding

## Fiscal Note

There is no unanticipated fiscal impact. A fiscal note is not required.

**Purchasing Language:**

**Prior Council Action:**

**For More Information:**

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

**Boards and Commission Action:**

**MBE / WBE:**

**Related Items:**

## Additional Backup Information

Texas Gas Service, a division of ONEOK, Inc., has completed a Gas Reliability Infrastructure Program (GRIP) filing in Austin and in the other Central Texas service area (CTXSA) cities that it serves. Other cities include, Bee Cave, Cedar Park, Dripping Springs, Kyle, Lakeway, Rollingwood, Sunset Valley and Westlake Hills.

This filing was made in compliance with the Texas Utilities Code Chapter 104, Section 104.301 that allows a gas utility to recover capital investments made during the interim period between formal rate case filings.

Operation and maintenance costs are not recovered through GRIP. GRIP rates must be based on reasonable increases in invested capital costs.

The filing notifies cities of Texas Gas Service's intent to increase rates by \$4,418,980 in the CTXSA which is based on their net increase in capital investment in the CTXSA. Based on company-provided information, the proposed assessment will increase the average monthly bill for customers, beginning April 12, 2013 and remain in effect until

Texas Gas Service has recovered its costs in full.

The proposed average monthly increase is: Residential - \$1.38 or 4.5%; Commercial - \$5.18 or 5.1%; Large Commercial - \$59.13 or 2.6%; Industrial - \$26.32 or 3.6% and Large Industrial - \$71.46 or 2.1%.

The City has original jurisdiction over natural gas utilities serving Austin residents. As the local regulatory authority, the City Council has authority to suspend implementation of the proposed rate increase for up to 45 days to allow a complete and thorough review before final approval.

The City of Austin has retained a rate consultant to evaluate reasonableness of the rate filing. In addition, the City is coordinating efforts with other cities in the CTXSA. Although not required by state law, Texas Gas Service has agreed to reimburse the City for related expenses and to then recover those costs from customers in their next full rate case filing.

Staff will bring a recommended action in May.