

A G E N D A



Recommendation for Committee Action

Public Utilities Committee	Item ID	44576	Agenda Number	4.
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Meeting Date:	5/20/2015	Department:	Telecommunications and Reg Affairs
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Subject

Consider and develop recommendations relating to an ordinance regarding Texas Gas Service's proposal to increase customer rates.

Amount and Source of Funding

Fiscal Note

Purchasing Language:	
Prior Council Action:	Suspension of GRIP filing granted on March 26, 2015 and Set a public hearing was granted on April 16, 2015.
For More Information:	Rondella M. Hawkins, TARA Officer, 512-974-2422
Council Committee, Boards and Commission Action:	Reviewed by the Public Utilities Committee on April 15, 2015 and to be considered on May 20, 2015.
MBE / WBE:	
Related Items:	

Additional Backup Information

Pursuant to the Gas Utilities Regulatory Act, the City has original jurisdiction over privately owned gas utility rates set for customers within its city limits. On February 11, 2015, Texas Gas Service (TGS), a division of ONE Gas, 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 the Texas Utilities Code, Section 104.301 which allows a gas utility to make interim rate adjustments in order to recover capital investments in gas pipeline infrastructure made during the interim period between rate cases.

On March 26, 2015, the City Council adopted an ordinance suspending the effective date of the proposed increase to no later than May 27, 2015, as provided by state law to allow staff and an outside rate consultant additional time to properly review the proposed increase.

Below is a rate comparison chart of the approved GRIP interim rate adjustments for 2008-2013 and of the proposed increase for 2014.

**TEXAS GAS SERVICE COMPANY
CENTRAL TEXAS SERVICE AREA
INTERIM COST RECOVERY AND RATE ADJUSTMENT
TARIFF CHANGES FOR TEST YEARS 2008 THROUGH 2013**

CHANGE IN CUSTOMER CHARGE BY CUSTOMER CLASS

Rate Schedule - Customer Class	COA Approved Customer Charge					TGS Proposed	TGS Proposed
	2008	2010	2011	2012	2013	2014 Interim Adjustment	Customer Charge
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
<u>Gas Sales</u>							
10 - Residential	\$ 9.75	\$ 10.21	\$ 11.33	\$ 12.62	\$ 14.24	\$ 1.04	\$ 15.28
20 - Commercial	\$ 12.75	\$ 14.36	\$ 18.41	\$ 23.23	\$ 29.42	\$ 3.98	\$ 33.40
22 - Large Commercial	\$ 80.00	\$ 97.84	\$ 158.68	\$ 213.67	\$ 285.96	\$ 45.87	\$ 331.83
30 - Industrial	\$ 40.00	\$ 46.26	\$ 64.34	\$ 88.83	\$ 118.27	\$ 20.32	\$ 138.59
32 - Large Industrial	\$ 80.00	\$ 105.10	\$ 166.62	\$ 233.09	\$ 340.29	\$ 90.36	\$ 430.65
40 - Public Authority	\$ 20.00	\$ 22.22	\$ 27.93	\$ 34.14	\$ 42.28	\$ 5.33	\$ 47.61
42 - Large Public Authority	\$ 80.00	\$ 111.13	\$ 186.08	\$ 267.18	\$ 367.35	\$ 63.07	\$ 430.42
48 - Public Schools/Space Heating	\$ 40.00	\$ 46.86	\$ 64.17	\$ 79.58	\$ 98.51	\$ 11.86	\$ 110.37
CNG -1- Compressed Nat. Gas	\$ 25.00	\$ 29.27	\$ 38.94	\$ 45.07	\$ 52.61	\$ 5.13	\$ 57.74
<u>T-1 Standard Transportation</u>							
Commercial	\$ 75.00	\$ 86.38	\$ 113.42	\$ 143.01	\$ 182.21	\$ 24.50	\$ 206.71
Large Commercial	\$ 150.00	\$ 187.03	\$ 278.54	\$ 381.10	\$ 523.31	\$ 90.21	\$ 613.52
Industrial	\$ 80.00	\$ 97.61	\$ 140.33	\$ 190.01	\$ 257.49	\$ 45.47	\$ 302.96
Large Industrial	\$ 150.00	\$ 224.19	\$ 406.02	\$ 512.44	\$ 785.28	\$ 178.05	\$ 963.33
Public Authority	\$ 25.00	\$ 28.16	\$ 34.64	\$ 40.80	\$ 48.94	\$ 5.04	\$ 53.98
Large Public Authority	\$ 100.00	\$ 141.64	\$ 249.69	\$ 352.77	\$ 464.62	\$ 70.73	\$ 535.35
Public Schools/Space Heating	\$ 60.00	\$ 67.03	\$ 84.44	\$ 104.91	\$ 131.29	\$ 17.14	\$ 148.43
CNG -1- Compressed Nat. Gas	\$ 40.00	\$ 41.57	\$ 45.42	\$ 49.92	\$ 55.69	\$ 3.01	\$ 58.70

The City Charter requires Council to hold a public hearing prior to taking any action that affects rates of a franchise holder.

After a complete and thorough review of the GRIP filing, our rate consultant determined that the filing complies with statutory requirements and recommends that the City approve TGS GRIP schedules and tariffs as submitted to the City on February 11, 2015. Therefore, staff recommends that Council approve the ordinance for the interim rate adjustment.