

**AGENDA**



**Recommendation for Council Action**

**AUSTIN CITY COUNCIL**

**Regular Meeting: November 15, 2018**

Item Number: **069**

**Public Hearing and Possible Action**

Conduct a public hearing and consider an ordinance regarding Texas Gas Service's revised Conservation Adjustment Clause Tariff and its proposal to change customer gas rates and the complaint of an affected person under the Texas Utilities Code.

<b>Lead Department</b>	Telecommunications and Regulatory Affairs.
<b>Fiscal Note</b>	This item has no fiscal impact.
<b>Prior Council Action</b>	Council approved Ordinance No. 20161103-077 November 3, 2016 setting TGS rates and on November 1, 2018 voted to set a public hearing for November 15, 2018.
<b>For More Information</b>	Rondella M. Hawkins, TARA Officer; (512) 974-2422.
<b>Council Committee, Boards and Commission Action</b>	Resource Management Commission unanimously recommended that Council approve the revised Conservation Adjustment Clause Tariff at its August 2018 meeting and also recommended that Council approve the proposed Energy Efficiency budget for 2019-2021 at its October 2018 meeting.

**Additional Backup Information:**

On October 1, 2018, Texas Gas Service Company, a division of ONE Gas, Inc., (TGS), filed a revised Conservation Adjustment Clause Tariff (Rate Schedule CAC) and related tariffs that are in effect within the incorporated areas of Austin and in the other cities it serves in the Central Texas service area (CTXSA). Other cities include Bee Cave, Cedar Park, Cuero, Dripping Springs, Gonzales, Kyle, Lakeway, Lockhart, Luling, Nixon, Rollingwood, Shiner, Sunset Valley, West Lake Hills, and Yokum, Texas. This is a revision to the TGS tariffs related to the company's Conservation and Energy Efficiency Program that the City approved in November 2016. Under the proposed changes, the Program will be funded by a fixed residential customer rate component and volumetric rates for commercial and commercial transportation customers. The tariff will require TGS to update these rate components every three years rather than annually as had been previously required.

On October 15, TGS filed its Calendar Year 2019 budget with the City for the TGS Energy Efficiency Program, and TGS also provided a budget for Calendar Years 2019-2021 as specified in the proposed revised Conservation Adjustment Clause Tariff (Rate Schedule CAC). This will change the rates as follows:

Monthly Residential rates will decrease from \$1.54 to \$1.19 (-16.2%).

Monthly Commercial rates will remain unchanged at \$0.0052 per one-hundred cubic feet (Ccf).

Monthly Commercial Transportation rates will be newly introduced in 2019 at \$0.0052 per Ccf.

Article XI of the City Charter requires that City Council conduct a public hearing before taking action on the proposed rates. Section 104.105 of the Texas Utilities Code requires the City to hold a hearing and determine a rate increase is proper if an affected person files a complaint regarding a gas rate change. On October 17, the City received a complaint regarding TGS's proposed conservation rate. This hearing satisfies the City's rate hearing obligations under the City Charter and the Texas Utilities Code.

The Resource Management Commission, (RMC), reviewed the TGS revised CAC schedule and the proposed 2019 budgets and recommends that Council approve them. Staff concurs with the RMC recommendation.