

AGENDA



Recommendation for Council Action

Austin City Council	Item ID	63551	Agenda Number	46.
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Meeting Date:	10/13/2016	Department:	Telecommunications and Reg Affairs
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Subject

Conduct a public hearing and consider an ordinance regarding Texas Gas Service’s proposal to increase customer rates.

Amount and Source of Funding

Fiscal Note

Purchasing Language:	
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Prior Council Action:	Suspension of Texas Gas Service's proposed on June 23, 2016 granted. Set a Public Hearing granted on October 6, 2016.
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For More Information:	Rondella M. Hawkins, Officer of TARA, 512-974-2422
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Council Committee, Boards and Commission Action:	
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MBE / WBE:	
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Related Items:	
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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 June 20, 2016, Texas Gas Service, (TGS), a division of ONE Gas, Inc. filed a Statement of Intent with the City of Austin and other cities in its Central Texas service area (CTXSA) to increase its annual revenue by \$11.6 million. Other cities include, Bee Caves, Cedar Park, Dripping Springs, Kyle, Lakeway, Rollingwood, Sunset Valley and Westlake Hills. TGS currently has approximately 213,000 customers in the incorporated CTXSA, about 211,000 of which are in Austin. TGS also filed simultaneously at the Railroad Commission of Texas for the approximately 27,000 environ customers in the unincorporated areas of Travis, Williamson and Hays County. The RRC has original jurisdiction over utility rate matters within the environs and appellate jurisdiction over municipal rate decisions by the coalition cities.

The City Council suspended the effective date of the proposed increase to November 10, 2016 so the City could analyze information provided by TGS and evaluate the requested rate increase.

The last general rate case filed by TGS was in 2009. The City has taken the lead to coordinate efforts among the cities in the TGS CTXSA in order to act as a Coalition for efficiencies and to reduce rate review costs of the affected municipalities. By state law, rate case expenses of the City are reimbursable by TGS.

TGS proposed to consolidate approximately 9,500 customers in 7 cities (Cuero, Gonzalez, Lockhart, Lulling, Nixon, Shiner and Yoakum) into the CTXSA. TGS seeks to consolidate the two service areas and use a system-wide cost of service for the combined service areas to realize efficiencies from the centralization of its existing operations in the separate service areas.

Austin intervened in the environs customer proceeding at the RRC to monitor information submitted to the RRC that may assist the City with its review. The City with the other Coalition cities hired specialized outside counsel and rate consultants to represent the Coalition on this matter and to review the ratemaking documentation submitted by TGS to evaluate the reasonableness of the rate filings.

NOTE: The detail of the proposed rate case settlement will be provided as an attached backup document prior to the 10/13/2016 meeting.