



Recommendation for Action

File #: 19-1432, **Agenda Item #:** 40.

5/23/2019

Posting Language

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

Lead Department

Telecommunications and Regulatory Affairs.

Fiscal Note

This item has no fiscal impact.

Prior Council Action:

Council suspended TGS's proposed rates on March 28, 2019. Council voted to set the public hearing on April 11, 2019.

For More Information:

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Additional Backup Information:

On March 1, 2019, Texas Gas Service Company (TGS), a division of ONE Gas, Inc., made a Gas Reliability Infrastructure Program (GRIP) filing in Austin and in the other cities it serves in the Central Texas service area (CTXSA). The other cities include Bee Cave, Cedar Park, Cuero, Dripping Springs, Gonzales, Kyle, Lakeway, Lockhart, Luling, Nixon, Rollingwood, Shiner, Sunset Valley, West Lake Hills, and Yoakum, Texas.

The filing notifies cities of TGS' intent to increase rates by \$5,121,184, which is based on the net increase in TGS's capital investment in the CTXSA for the period of January 1, 2018 through December 31, 2018. This filing was made under Texas Utilities Code, Section 104.301, which allows a gas utility, on an annual basis, to recover its capital investments in gas pipeline infrastructure and related expenses made during the interim period between formal rate case filings. GRIP rates must be based on reasonable increases in invested capital costs. Operation and maintenance costs cannot be recovered through GRIP.

On March 28, 2019, the City Council suspended the effective date of the proposed increase by 45 days until June 16, 2019, to allow time to complete the compliance review of TGS's filing. Council voted to set the public hearing at the April 25, 2019 meeting.

Based on TGS-provided information, the proposed assessment will increase the average monthly bill for typical Residential and Commercial customer bills as follows:

Current Customer Charge	2019 Interim Rate Adjustment Based on 2018 Investment	Percent Change	Adjusted Customer Charge
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Residential	\$17.35	\$1.46	8.41%	\$18.81
Commercial	\$46.92	\$6.41	13.66%	\$53.33

The City has original jurisdiction over natural gas utilities serving Austin residents.

Article XI of the City Charter requires that City Council conduct a public hearing before taking action on the proposed rates.

Staff's review of the GRIP filing determined it to be mathematically accurate and in accordance with state regulations. Staff recommends that Council approve the proposed ordinance.