

ORDINANCE NO.

AN ORDINANCE DENYING A RATE INCREASE PROPOSED BY TEXAS GAS SERVICE COMPANY; REQUIRING REIMBURSEMENT OF MUNICIPAL RATE CASE EXPENSES; AND PROVIDING NOTICE OF THIS ORDINANCE TO TEXAS GAS SERVICE COMPANY.

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF AUSTIN:

PART 1. On December 20, 2019, Texas Gas Service Company (TGS) filed a Statement of Intent with the City to increase rates by \$15,670,445 in all municipalities exercising original jurisdiction within the Central Texas Service Area, the Gulf Coast Service Area, and the City of Beaumont, and to consolidate these service areas into the proposed Central-Gulf Coast Service Area.

PART 2. The City suspended the effective date of the proposed increase as authorized under Section 104.107 of the Texas Utilities Code in order to evaluate the effect and to determine whether the rates are appropriate, fair, just, and reasonable to all classes of ratepayers.

PART 3. The City cooperated with a coalition of similarly situated cities served by TGS that have joined together to facilitate the review and response to natural gas issues affecting rates charged in TGS's Central Texas Service Area and Gulf Coast Service Area ("CTSA Cities" and "GCSA Cities").

PART 4. The City, with other CTSA Cities and the GCSA Cities, hired and directed legal counsel and rate consultants to prepare a common response to TGS's requested system-wide rate increase and proposed consolidation of service areas, which resulted in a conclusion that TGS's rates are not reasonable, the proposed consolidation of service areas is not reasonable, and a recommendation that the rate request and consolidation be denied.

PART 5. In accordance with its authority under Chapter 103 of the Texas Utilities Code, the City finds that the rates proposed by TGS to be recovered through its gas rates charged to customers located within the City limits are unreasonable, and therefore: the proposed rates are hereby denied; TGS shall continue to charge its existing rates to customers within the City; and TGS is directed to reimburse all related municipal rate case expenses incurred by the City in relation to the filing.

34 **PART 6.** Notice of this ordinance shall be provided to TGS.

35 **PART 7.** This ordinance takes effect on _____, 2020.

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37 **PASSED AND APPROVED**

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Steve Adler

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Mayor

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44 **APPROVED:** _____

ATTEST: _____

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Anne L. Morgan

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City Attorney

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Jannette S. Goodall

City Clerk