

A G E N D A



Recommendation for Council Action

Austin City Council	Item ID	12959	Agenda Number	30.
Meeting Date:	3/8/2012		Department:	Telecommunications and Reg Affairs
Subject				
Approve an ordinance suspending a Gas Reliability Infrastructure Program interim customer surcharge proposed by Texas Gas Service.				
Amount and Source of Funding				
Fiscal Note				
There is no unanticipated fiscal impact. A fiscal note is not required.				
Purchasing Language:				
Prior Council Action:				
For More Information:	Rondella M. Hawkins, Office of Telecommunications and Regulatory Affairs; (512) 974-2422			
Boards and Commission Action:				
MBE / WBE:				
Related Items:				
Additional Backup Information				

Texas Gas Service, a division of ONEOK, Inc., has completed a Gas Reliability Infrastructure Program (GRIP) filing in Austin and in the other Central Texas Service Area cities it serves.

This filing was made in compliance with the Texas Utilities Code Chapter 104, Section 104.301 that allows a gas utility to recover capital investments made during the interim period between formal rate case filings. Operation and maintenance costs are not recovered through GRIP. GRIP rates must be based on reasonable increases in invested capital costs.

The filing notifies cities of Texas Gas Service's intent to increase rates by \$ 3,775,205 in the Central Texas Service Area. Based on company-provided information, the proposed assessment will increase the average monthly bill for customers, beginning April 10, 2012, and remain in effect until Texas Gas Service has recovered its costs in full. The proposed average monthly increase is Residential - \$1.20 or 3.6%; Commercial - \$ 4.35 or 3.8%; Large Commercial - \$65.41 or 2.5%; and Industrial - \$19.44 or 2.3%.

The City has original jurisdiction over natural gas utilities serving Austin residents. As the local regulatory authority, the City Council has authority to suspend implementation of the proposed rate increase for up to 45 days to allow a complete and thorough review before final approval.

The City of Austin has retained a rate consultant to evaluate the reasonableness of the rate filing. In addition, the City is coordinating efforts with other cities in the Texas Gas Service Central Texas Service area, including Cedar Park, Kyle, Rollingwood, Sunset Valley and Westlake Hills.

Staff will bring a recommended action in May.

Although not required by state law, Texas Gas Service has agreed to reimburse the City for related expenses and to then recover those costs from customers in their next rate case.