

**AGENDA**



**Recommendation for Council Action**

Austin City Council	Item ID	41507	Agenda Number	28.
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Meeting Date:	3/26/2015	Department:	Telecommunications and Reg Affairs
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**Subject**

Approve an ordinance suspending a Gas Reliability Infrastructure Program interim customer surcharge proposed by Texas Gas Service Company and requesting reimbursement for expenses necessary to review the rate adjustment.

**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, TARA Officer; 512-974-2422
Boards and Commission Action:	
MBE / WBE:	
Related Items:	

**Additional Backup Information**

Texas Gas Service Company, a division of ONE Gas, Inc., has completed a Gas Reliability Infrastructure Program (GRIP) filing in Austin and in the other Central Texas service area (CTXSA) cities that it serves. Other cities include Bee Caves, Cedar Park, Dripping Springs, Kyle, Lakeway, Rollingwood, Sunset Valley and Westlake Hills.

The filing notifies cities of Texas Gas Service’s intent to increase rates by \$3,404,643 in the CTXSA which is based on their net increase in capital investment in the CTXSA for the period of January 1, 2014 through December 31, 2014.

This filing was made in compliance with the Texas Utilities Code, Section 104.301 that allows a gas utility to annually recover capital investments in gas pipeline infrastructure and related expenses 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.

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

	Current Customer Charge	2015 Interim Rate Adjustment Based on 2014 Investment	Percent Change	Adjusted Customer Charge
Residential	\$14.24	\$1.04	3.3%	\$15.28
Commercial	\$29.42	\$3.98	7.3%	\$33.40

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. Staff recommends that Council approves this ordinance that suspends the effective date of the rate increase from April 12, 2015 to May 27, 2015.

The City of Austin has retained a rate consultant to assist staff with evaluating the reasonableness of the rate filing, and has taken the lead to coordinate its review with other cities in the Texas Gas Service CTXSA.

Staff will bring a recommended action in May. Prior to the final Council consideration of the rate increase on May 21, 2015, the Council Public Utilities Committee will review the proposed increase and the findings of the rate consultant.

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