



## **COUNCIL COMMITTEE REPORT**

### **Public Utilities Committee**

**Date:** April 15, 2015

**Agenda Item #:** 6

**Agenda Item:** Briefing by Texas Gas Service Company on services provided; staff briefing, public comment, and possible Committee action relating to a Gas Reliability Infrastructure Program interim customer surcharge proposed by Texas Gas Service Company

**Vote:** Approved unanimously 4-0-0-0

**Original Sponsors/Department:** Office of Telecommunications and Regulatory Affairs

#### **Summary of Discussion:**

Larry Graham, Community Relations Manager, and Stacey McTaggart, Rates and Regulatory Director, both of Texas Gas Service, delivered a presentation on Texas Gas Service (TGS). The gas utility is requesting an interim rate to cover increased costs associated with infrastructure investments as permitted under the Gas Reliability Infrastructure Program (GRIP) and authorized by the Texas Utilities Code.

During their presentation, TGS provided information about -

- energy-efficiency programs;
- average TGS bill and how that bill compares to other gas utilities
- local taxes paid and charitable contributions made by TGS
- entities that have regulatory jurisdiction over TGS's rates (the City and Texas Railroad Commission)
- current GRIP rate filing and investments

Rondella Hawkins, Officer of the City's Telecommunications and Regulatory Affairs Office provided a presentation to offer details and information about the history of TGS rate requests, how and why the City is involved with private utility rates, and the City's review process for GRIP filings.

Key points between the two presentations:

- If approved, the filing will increase
  - Residential bills by \$1.04 per month
  - Commercial bills by \$3.98 per month (excluding taxes).
- May 20 - City staff will return to the Public Utilities Committee to seek a recommendation to the City Council.
- May 21- City Council will conduct a public hearing
- May 27 – Date the City must act per state statute.

- If the City takes no action, the rates are implemented by default.
- If approved by the City, the rates are subject to appeal to the Railroad Commission.
- With the assistance of an outside consultant, the City is reviewing the proposed rate filing to ensure that it is consistent with the GRIP statute and rules of the Railroad Commission.
- The current GRIP rate filing is the fifth GRIP filing since 2011. It is the last permissible filing before a full rate case. Complete rate request must be filed per state law.

During the course of both presentations, Council committee members raised the following questions or concerns:

Committee members inquired about the request for a rate increase in relation to the improvements that had been made and noted mandates had necessitated some of the improvements. Texas Gas Service concurred.

Committee members clarified that City staff did not have a recommendation at this time, and asked if staff was planning to return with a recommendation. Ms. Hawkins stated that city staff will return to the Public Utilities Committee on May 20<sup>th</sup> with a recommendation.

Committee members requested that Texas Gas Service be prepared to speak to council when the recommendation is presented to the full council.

Committee members asked City staff about TGS's capital improvements and how they compared to capital improvements in other gas companies in the area. Ms. Hawkins remarked that they were similar.

Committee members asked for information on the rate increases under the past GRIP filings. Ms. McTaggart replied that past increases had been about \$1.00 to \$1.50 per year since 2011. Committee members requested a trend analysis to include information about the increases in the past five years and the associated infrastructure improvements.

In closing the item, Council Member Garza restated the requests for information, and asked City staff and TGS to provide

1. A timeline that includes information about TGS's last rate case in 2009 and subsequent GRIP filings since 2011
2. Data and reasons for TGS's rate increases since 2009 and associated infrastructure improvements.
3. Staff recommendation on TGS Grip filing
4. TGS financial plant investments, i.e. explain the financial impact of the lag between when TGS makes investments and when it begins to recover those investments through rates.

### **Public Comments:**

No one signed up on the item to register a position or speak.

### **Direction**

Staff was requested to provide:

1. A timeline from TGS that includes information about the last rate case in 2009 and subsequent GRIP filings since 2011, and

2. Data from TGS about rate increases since 2009 and associated infrastructure improvements.

The item is to return to the Committee on May 20, 2015, before the public hearing and action scheduled for Council on May 21, 2015.

**Recommendation:**

None at this time.

DRAFT