

A G E N D A



Recommendation for Council Action

Austin City Council

Item ID

69257

Agenda Number

24.

Meeting Date:

4/20/2017

Department:

Telecommunications and Reg
Affairs

Subject

Approve an ordinance suspending a Gas Reliability Infrastructure Program interim customer surcharge proposed by Texas Gas Service Company.

Amount and Source of Funding

Fiscal Note

A fiscal note is not required.

Purchasing Language:

Prior Council Action:

For More Information:

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Council Committee,
Boards and
Commission Action:

MBE / WBE:

Related Items:

Additional Backup Information

On March 3, 2017, Texas Gas Service Company, a division of ONE Gas, Inc., completed a Gas Reliability Infrastructure Program (GRIP) filing in Austin and in the other cities it serves in the Central Texas service area (CTXSA). Other cities include Bee Caves, Cedar Park, Cuero, Dripping Springs, Gonzales, Kyle, Lakeway, Lockhart, Luling, Nixon, Rollingwood, Shiner, Sunset Valley, West Lake Hills, and Yokum, Texas.

The filing notified cities of Texas Gas Service's intent to increase rates by \$4,533,721 which is based on the net increase in capital investment in the CTXSA for the period of January 1, 2016 through December 31, 2016.

This filing was made in accordance 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. GRIP rates must be based on reasonable increases in invested capital costs. Operation and maintenance costs are not recovered through GRIP.

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	2017 Interim Rate Adjustment Based on 2016 Investment	Percent Change	Adjusted Customer Charge
Residential	\$15.28	\$1.33	4.10%	\$16.61
Commercial	\$38.00	\$5.79	3.65%	\$43.79

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 Council approval of this ordinance that suspends the effective date of the proposed rate increase from May 2, 2017 to June 17, 2017.

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

Once staff completes its review with assistance from the consultant, staff will present its recommended action on the proposed interim rate adjustment to Council for consideration during a public hearing as required by Article XI of the City Charter before the 45-day suspension ends.