

AGENDA

**Recommendation for Council Action****AUSTIN CITY COUNCIL****Regular Meeting : February 1, 2018**Item Number: **122****Public Hearing and Possible Action**

Conduct a public hearing and consider an ordinance concerning the complaint of Paul Robbins on Texas Gas Service's 2018 Conservation Adjustment Clause rate.

Lead Department	Telecommunications and Regulatory Affairs.
Prior Council Action	Ordinance No. 20161103-077 on November 3, 2016 approving Texas Gas Service's rates and tariffs.
For More Information	Rondella M. Hawkins, TARA Officer; 512-974-2422.

Additional Backup Information:

The City of Austin has original jurisdiction over the rates proposed by gas companies, such as Texas Gas Service (TGS), that provide natural gas service to customers within the City. In accordance with §104.105 of the Texas Utilities Code, on the complaint of a person affected by a natural gas rate increase, the City must hold a public hearing within 30 days of the effective date of the rate increase to determine the propriety of the increase. Paul Robbins filed a complaint regarding TGS's 2018 rate adjustment for its 2018 conservation program tariff. The rate increase that is the basis for Mr. Robbins' complaint is an increase of \$0.0022 per Ccf for the residential customer class for the calendar year of 2018.

Background:

TGS's current tariffs are the result of the settlement and conclusion of a contested rate case that

followed its 2016 Statement of Intent to increase rates filed in the Central Texas Cities served by TGS. Those Cities include: Austin, Bee Cave, Cedar Park, Cuero, Dripping Springs, Gonzales, Kyle, Lakeway, Lockhart, Luling, Nixon, Rollingwood, Shiner, Sunset Valley, West Lake Hills, and Yoakum. At the conclusion of that rate case, the City adopted the current rates and tariffs by Ordinance No. 20161103-077 that included a tariff allowing an annual rate adjustment for its gas conservation program: the conservation adjustment clause, or CAC tariff.

The CAC tariff requires TGS to file its proposed annual energy-efficiency/gas conservation program budget for the following calendar year with the City on or before October 15th. In accordance with the CAC tariff, the City, acting through its office of Telecommunications and Regulatory Affairs (TARA), has until November 30th to review and determine whether to administratively approve the proposed CAC budget and resulting rate change if a rate change is necessary. After receiving the CAC proposed for the following calendar year, TARA presents the CAC to the City's Resource Management Commission (RMC) for obtaining input for TARA's consideration during its review.

2018 CAC Filed, Reviewed, Approved:

In accordance with the CAC tariff, TGS filed its 2018 CAC budget and rate adjustment with TARA in October of 2017, and after City staff review, consideration by the RMC, and approval of the conservation program budget, filed an increase to its CAC rate by \$0.0022 per Ccf for the residential customer class for the calendar year of 2018. The effective date of the 2018 CAC rate was delayed by TGS from December 27, 2017 to January 26, 2018, in order to allow the City to hear the complaint filed by Paul Robbins within the statutory 30-day window.

Through the CAC, Texas Gas Service operates and manages an energy-efficiency and gas conservation program for municipal residents in the Austin area. TGS provides rebates to residential and commercial gas customers to purchase energy-efficient natural gas appliances, and TGS partners with Austin Energy on several other rebates.

The CAC rate applies to approximately 231,743 residential and commercial customers in the 16 incorporated cities in the TGS Central Texas Service Area: Austin, Bee Cave, Cedar Park, Cuero, Dripping Springs, Gonzales, Kyle, Lakeway, Lockhart, Luling, Nixon, Rollingwood, Shiner, Sunset Valley, West Lake Hills and Yoakum.

TGS's budget of \$3.48 million budget for 2018 conservation program represents a 5.3% increase from the 2017 program budget.

The new 2018 conservation rate is \$.05210 per Ccf compared to the previous year's rate of \$.04990 per Ccf, an increase of \$0.0022 Ccf to the residential rate. The average monthly residential charge at the proposed rates is \$1.48 compared to the \$1.41 per month at 2017 rates.

TGS presented its proposed 2018 budget to the City's Resource Management Commission on October 17, 2017, after which the RMC recommended approval of the FY 2018 budget to TARA. After a thorough review, TARA administratively approved the 2018 CAC budget and rate on November 29, 2017.

Recommendation:

After a thorough review of the CAC rate increase, the complaint of Mr. Robbins, and the information provided by TGS,

TARA has determined that the rate increase for the 2018 CAC is proper and recommends that the Council adopt an ordinance at the conclusion of hearing this complaint determining that the CAC rate increase for 2018 is proper, reasonable, and in compliance with the CAC tariff and applicable law.