

ORDINANCE NO. 20180524-066

APPROVING A RATE DECREASE FOR GAS UTILITY SERVICES PROVIDED BY TEXAS GAS SERVICE COMPANY IN RELATION TO THE STATEMENTS OF INTENT FILED ON MARCH 2, 2018 AND MARCH 26, 2018; ADOPTING TARIFFS THAT REFLECT RATE ADJUSTMENTS CONSISTENT WITH AN OVERALL DECREASE IN REVENUE REQUIREMENT; AND FINDING THE RATES TO BE SET BY THE ATTACHED TARIFFS TO BE JUST AND REASONABLE.

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF AUSTIN:

PART 1. The Council finds:

- (A) On March 2, 2018, Texas Gas Service Company, a division of ONE Gas, Inc., (“TGS”) filed with the City, as well as with the other cities it serves in the with the cities in its Central Texas Service Area, a Notice of Intent to Increase Gas Utility Rates by approximately \$3 million in accordance with its authority to request an Interim Rate Adjustment under the Gas Reliability Infrastructure Program provision of Section 104.301 of the Texas Utilities Code.
- (B) As a result of the passage of the Tax Cut and Jobs Act of 2017 reducing TGS’ corporate tax rate on income from 35% to 21%, on March 26, 2018, TGS filed a Notice of Intent to Reduce Gas Rates, by proposing to adopt Tariffs that, as a net effect with its March 2, 2018 filing, lower the rates for its gas customers and provide a refund.
- (C) The City Council is a regulatory authority under the Gas Utility Regulatory Act (“GURA”) and, under §103.001 of GURA, has exclusive original jurisdiction over TGS’ gas rates, operations, and service within Austin’s city limits.
- (D) City staff, in consultation with a coalition of like Austin-area municipalities and its special counsel and rate consultants, confirmed that the reduction in rates represented by the filed tariffs and requested by TGS is mathematically accurate.
- (E) By approving the reduction in TGS’ rates, the City is under no obligation to take the same position with regard to the methodology resulting in a reduction in rates, as the methodology underlying the reduction proposed by TGS, nor shall the City’s approval of the reduction in TGS’ rates be used

against City in any future proceeding with respect to different positions the City may take with regard to setting TGS' rates.

- (F) After review and analysis of TGS' March 2, 2018 and March 26, 2018 Statements of Intent, the special counsel and consultants for the City's coalition as well as City staff concur that a decrease of approximately \$4.37 million is appropriate given implementation of the effects of the Interim Rate Adjustment authorized by §104.301 of the Texas Utilities Code and the reduction created by passage of the Tax Cut and Jobs Act of 2017 and recommend adoption of revised rates by adopting the Tariffs attached to this ordinance as Exhibit A.

PART 2. The rates and tariffs appended to and incorporated by this ordinance as Exhibit A are just, reasonable, and in the public interest, and are hereby approved.

PART 3. TGS shall refund to customers, in the form of a onetime bill credit in the amount of \$9.66 no later than the first billing cycle of June, to account for revenues collected through base rates and the Interim Rate Adjustment that reflected a corporate tax rate of 35% instead of 21% and that upon completion, TGS will provide confirmation to the City that the full refund has been provided to affected customers.

PART 4. The costs of rate consultants, attorneys, and technical staff to conduct investigations, advise, and represent the City in this proceeding shall be reimbursed to the City by TGS in accordance with the City's pro-rata share.

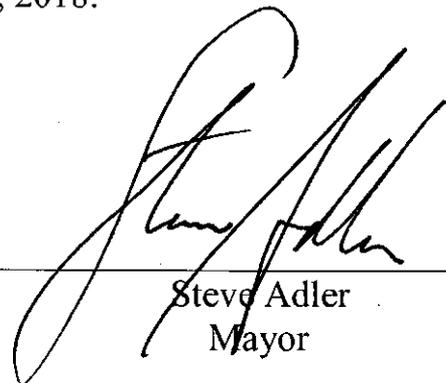
PART 5. Nothing in this ordinance shall be construed as limiting or modifying in any manner the right and power of the City under the law to regulate the rates and charges of TGS.

PART 6. This ordinance takes effect on June 4, 2018.

PASSED AND APPROVED

_____, May 24, 2018

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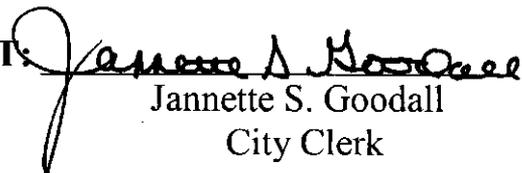
Steve Adler
Mayor

APPROVED:



Anne L. Morgan
City Attorney

ATTEST:



Jannette S. Goodall
City Clerk