



Recommendation for Action

File #: 19-1420, **Agenda Item #:** 31.

3/28/2019

Posting Language

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

Lead Department

Telecommunications and Regulatory Affairs.

Fiscal Note

This item has no fiscal impact.

Prior Council Action:

TGS's previous Gas Reliability Infrastructure Program filing was approved in Ordinance No. 20180524-066 on May 24, 2018.

For More Information:

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Additional Backup Information:

On March 1, 2019, Texas Gas Service Company (TGS), a division of ONE Gas, Inc., made a Gas Reliability Infrastructure Program (GRIP) filing in Austin and in the other cities it serves in the Central Texas service area (CTXSA). The other cities include Bee Caves, Cedar Park, Cuero, Dripping Springs, Gonzales, Kyle, Lakeway, Lockhart, Luling, Nixon, Rollingwood, Shiner, Sunset Valley, West Lake Hills, and Yoakum, Texas.

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 TGS's proposed new rates from April 30, 2019 to June 15, 2019 to allow staff additional time to review the proposal.

The GRIP filing notifies cities of TGS's intent to increase rates by \$5,121,184, which is based on the net increase in capital investment in the CTXSA for the period of January 1, 2018 through December 31, 2018.

This filing was made under Texas Utilities Code, Section 104.301, which allows a gas utility, on an annual basis, to 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 cannot be 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	2019 Interim Rate Adjustment Based on 2018 Investment	Percent Change	Adjusted Customer Rate
Residential	\$17.35	\$1.46	8.41%	\$18.81
Commercial	\$46.92	\$6.41	13.66%	\$53.33

The Department of Telecommunications and Regulatory Affairs is conducting an internal review of the GRIP filing.

Article XI of the City Charter requires that City Council conduct a public hearing before taking action on the proposed rates. Staff will bring its recommended action on the GRIP rate adjustment to City Council at a future meeting.