



## Recommendation for Action

**File #:** 19-1350, **Agenda Item #:** 51.

3/28/2019

### Posting Language

Conduct a public hearing and consider an ordinance regarding a Pipeline Integrity Testing surcharge by Texas Gas Service.

### Lead Department

Telecommunications and Regulatory Affairs.

### Fiscal Note

This item has no fiscal impact.

### Prior Council Action:

Council approved ORDINANCE NO. 20161103-077 on November 3, 2016 setting TGS's rates and approving Rate Schedule PIT.

### For More Information:

Rondella Hawkins, TARA Officer; (512) 974-2422.

### Additional Backup Information:

On February 21, 2019, Texas Gas Service (TGS), a division of ONE Gas, Inc., notified the City of its intent to begin collecting of Pipeline Integrity Testing (PIT) expenses in the amount of \$758,590 incurred in the Central Texas Service Area (CTSA) during the calendar year ending December 31, 2018. Cost recovery of the PIT expenses will be via a surcharge on customer bills beginning with the April 2019 billing cycle and continuing through March 2020. Other cities in the CTSA 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 PIT Rider that authorizes the surcharge requires that initial notice to customers of the PIT surcharge be filed with, reviewed, and approved by the City, which is the regulatory authority for City of Austin customers.

The effect of the PIT surcharge will affect the various customer classes in the CTSA as follows:

<u>Schedule</u>	<u>PIT Rate per Ccf</u>	<u>Ave. Monthly Bill Impact</u>	<u>No. Customers</u>
Residential	\$0.00449	\$ 0.14	247,975
Commercial	\$0.00449	\$ 1.16	12,479
Public Authority	\$0.00449	\$ 1.87	585
Industrial	\$0.00449	\$11.49	26
Standard Transportation	\$0.00449	\$14.83	866

Article XI of the City Charter requires that City Council conduct a public hearing before taking action on the proposed surcharge.

Staff has reviewed the proposed monthly surcharge scheduled to begin with the April 2019 billing cycle and

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continue for the following 12 months. Staff finds that the surcharge complies with the PIT Rider, is reasonable, and should therefore be approved by Council.