



Recommendation for Action

File #: 19-1421, **Agenda Item #:** 50.

4/25/2019

Posting Language

Set a public hearing to consider an ordinance regarding Texas Gas Service's proposal to change customer rates. (Suggested date: May 23, 2019 at Austin City Hall, 301 West 2nd Street, Austin, Texas).

Lead Department

Telecommunications and Regulatory Affairs.

Fiscal Note

This item has no fiscal impact.

Prior Council Action:

Council approved a 45-day suspension of Texas Gas Service's proposed rates on March 28, 2019.

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., filed 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 Cave, Cedar Park, Cuero, Dripping Springs, Gonzales, Kyle, Lakeway, Lockhart, Luling, Nixon, Rollingwood, Shiner, Sunset Valley, West Lake Hills, and Yoakum, Texas.

The filing notifies cities of TGS's intent to increase rates by \$5,121,184 which is based on the net increase in TGS's 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 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.

On March 28, 2019, the City Council suspended the effective date of the proposed increase by 45 days until June 16, 2019, to allow staff time to complete the compliance review of TGS's filing.

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 Charge
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Residential	\$17.35	\$1.46	8.41%	\$18.81
Commercial	\$46.92	\$6.41	13.66%	\$53.33

The City has original jurisdiction over natural gas utilities serving Austin residents.

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 prior to the public hearing set by this ordinance.