



Recommendation for Action

File #: 20-1668, **Agenda Item #:** 59.

3/26/2020

Posting Language

Set a public hearing regarding Texas Gas Service's proposal to increase customer gas rates. (Suggested date: April 9, 2020, at Austin City Hall, 301 W. Second Street, Austin, Texas).

Lead Department

Telecommunications and Regulatory Affairs

Fiscal Note

This item has no fiscal impact.

Prior Council Action:

On January 23, 2020, Council suspended rate increase for 90 days.

For More Information:

Rondella Hawkins, 512-974-2422

Additional Backup Information:

On December 20, 2019 Texas Gas Service Company, a division of ONE Gas, Inc. (TGS) filed a rate application to change gas utility rates with the City and other cities in the Central Texas service area (CTSA), the Gulf Coast service area (GCSA) and the City of Beaumont that have original jurisdiction over their rates and services, effective February 6, 2020. TGS proposed an increase to its system-wide distribution rates by \$17 million annually which is an increase of 9.43% including gas costs, or 15.64% excluding gas costs. Simultaneously with this city-level filing, TGS also filed with the Railroad Commission of Texas (Gas Utility Docket 10928) for the unincorporated areas of the CTSA, GCSA and City of Beaumont.

On January 23, 2020, City Council suspended the rate increase effective date for 90 days which is the maximum amount of time permitted by law to allow additional time to review the proposal. The City of Austin hired the law firm of Lloyd, Gosselink Rochelle and Townsend, P.C. and rate consultants to review the Company's filing, negotiate with the Company and to make recommendations regarding reasonable rates. Texas Gas Service will reimburse the City for reasonable rate case expenses and then recover those costs from gas customers.

The City Charter requires that City Council conduct a public hearing prior to taking any action that affects rates of a franchise holder.

Strategic Outcome(s):

Economic Opportunity and Affordability.