



Recommendation for Action

File #: 22-1526, **Agenda Item #:** 7.

4/7/2022

Posting Language

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

Lead Department

Financial Services Department.

Fiscal Note

This item has no fiscal impact.

For More Information:

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Additional Backup Information:

On February 10, 2022, 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 Gulf Service area (CGSA). The other cities in the CGSA include Bayou Vista, Beaumont, Bee Cave, Cedar Park, Cuero, Dripping Springs, Galveston, Gonzales, Groves, Jamaica Beach, Kyle, Lakeway, Lockhart, Luling, Nederland, Nixon, Port Arthur, Port Neches, Rollingwood, Shiner, Sunset Valley, West Lake Hills, and Yoakum, Texas.

This filing was made under Texas Utilities Code, Section 104.301, which establishes the GRIP and 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. The last TGS full rate case was in 2019. GRIP rates must be based on reasonable increases in invested capital costs. Operation and maintenance costs cannot be recovered through a GRIP.

TGS is seeking recovery of \$68,783,113 in invested capital for the period of January 1, 2021, through December 31, 2021, which translates into an annual rate increase of \$9,088,491 on a system-wide basis in the CGSA.

The current filing will increase rates to residential customers by \$1.99 per month, with an increase to the current fixed residential customer charge from \$18.37 to \$20.36 per month excluding taxes.

The filing will increase rates to commercial customers by \$9.07 per month, with an increase to the current fixed commercial charge from \$63.37 per month to \$72.44 per month, excluding taxes.

These increases have an effective date for meters read beginning on April 11, 2022, unless the local regulatory authority suspends the effective date by 45 days as allowed by Section 104.301 of the Texas Utilities Code.

As the local regulatory authority for natural gas rates charged to customers in Austin, the City Council has the

authority to suspend implementation of the proposed rate increase for up to 45 days to allow additional time to review the filing to ensure it complies with the requirements of the GRIP statute; however, cities may not challenge TGS's request. Staff recommends approval of this ordinance suspending the effective date by 45 days.

Strategic Outcome(s):

Government that Works for All.