



Recommendation for Action

File #: 23-2540, Agenda Item #: 101.

8/31/2023

Posting Language

Conduct a public hearing and consider an ordinance regarding SiEnergy's proposal to increase customer gas rates.

Lead Department

Financial Services Department.

For More Information:

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Additional Backup Information:

On May 5, 2023, SiEnergy, LP filed a rate case with the cities of Austin, Celina, Conroe, Fate, Fort Worth, Fulshear, Grand Prairie, Houston, Manor, Mansfield, Missouri City, Princeton, Sugar Land, and Waxahachie and simultaneously filed with the Railroad Commission of Texas (RRC) for rates in its unincorporated service areas. In the City of Austin, SiEnergy serves one commercial and 963 residential customers in the Wildhorse Subdivision. The City suspended the June 9, 2023, effective date of the rate increase and joined a coalition of the other cities served by SiEnergy. The coalition intervened in the RRC case, engaged an attorney and rate consultants, investigated the rate filing, conducted discovery, and identified aspects of SiEnergy's original requested increase that were unreasonable or otherwise needed to be adjusted in order to be just and reasonable.

SiEnergy's rate request is the first time that SiEnergy has taken action to increase its rates in approximately five years. During the time that the City has retained original jurisdiction in this case, consultants working on behalf of the coalition have investigated the support for SiEnergy's requested rate increase. Based upon the analysis conducted by the consultants, the rate case cities were able to negotiate a reasonable settlement resolution of SiEnergy's request that avoids costly litigation before the regulatory authorities while ensuring that revenues are sufficient to provide safe and reliable natural gas service to customers in SiEnergy's service territory.

Approval of the ordinance will result in an annual revenue requirement of \$27.95 million, \$4.19 million less than its original filing, producing approximately \$5.5 million increase to current annual revenues system wide; agreement that SiEnergy will forego annual interim rate increases before its next comprehensive rate case; an increase to the residential monthly customer charge to \$19.25, \$5.75 less than its original filing; and recovery of rate case expenses.

The average bill for a residential customer under SiEnergy's original request would have increased by 27.6%. The ordinance approving the proposed settlement reduces that increase to 15.7%, saving the average residential customer \$6.52 per month. The average bill for a commercial customer under SiEnergy's original request was an increase of 22.2%. The ordinance approving the proposed settlement reduces that increase to 10.0%, saving the average commercial customer \$52.68 per month.

Average Monthly Bill Impact:

	<u>Current</u>	<u>Proposed</u>	<u>Settlement</u>
Residential	\$54.86	\$70.02	\$63.50
Commercial	\$430.68	\$526.30	\$473.62

Staff recommends approval of the proposed ordinance that approves the rates resulting from settlement with the Cities.