ORDINANCE NO. ____________

AN ORDINANCE DENYING A RATE INCREASE PROPOSED BY TEXAS GAS SERVICE COMPANY; APPROVING CONTINUED MEMBERSHIP IN COALITION; AUTHORIZING ENGAGEMENT WITH COALITION COUNSEL AND CONSULTANTS, INCLUDING SETTLEMENT AUTHORITY; REQUIRING REIMBURSEMENT OF MUNICIPAL RATE CASE EXPENSES; AND PROVIDING NOTICE OF THIS ORDINANCE TO TEXAS GAS SERVICE COMPANY.

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF AUSTIN:

PART 1. Council makes the following findings:

(A) On June 30, 2025, Texas Gas Service Company ("TGS"), a Division of ONE Gas, Inc., filed a Statement of Intent with the City to increase rates within the Central-Gulf Service Area (CGSA), including the City, and consolidate its service areas into a single statewide service area. TGS is seeking a statewide increase of $41.1 million annually, an increase of 7.07% including gas costs, or 9.83% excluding gas costs.

(B) The City is a regulatory authority under the Gas Utility Regulatory Act ("GURA") and under Chapter 103, §103.001 et seq. of GURA has exclusive original jurisdiction over TGS' rates, operations, and services within the municipality.

(C) On July 24, 2025, in Ordinance No. 20250724-027, the City suspended the effective date of the proposed increase as authorized under Section 104.107 of GURA to evaluate the effect and to determine whether the rates are appropriate, fair, just, and reasonable to all classes of ratepayers.

(D) The City, in coalition with the other affected Texas municipalities known as TGS Cities, hired and directed legal counsel and rate consultants to prepare a common response to TGS's requested system-wide rate increase which resulted in a conclusion that TGS's rates are not reasonable and a recommendation that the rate request be denied.

(E) The City, with TGS Cities, intervened in the ongoing Railroad Commission of Texas ("RRC") Case No. OS-25-00028202 for the unincorporated areas and for those cities that have relinquished their jurisdiction to the RRC of the all areas served by TGS.

(F) The City conducted a public hearing concerning a change in gas rates proposed by TGS on November 6, 2025. The City accepted input from stakeholders and members of the public.

PART 2. In accordance with its authority under Chapter 103 of GURA, the City finds that the rates proposed by TGS in its Statement of Intent to be recovered from customers located within the City limits are unfair, unjust, and unreasonable, and therefore, the proposed rates are hereby denied.

PART 3. Council directs the city manager to continue to work in coalition with TGS Cities; including ongoing engagement with rate counsel, namely Lloyd Gosselink Rochelle & Townsend, P.C, and experts and consultants to advise and assist the City and the municipal coalition in exercising regulatory authority over the rates of TGS. Further, Council authorizes counsel, namely Lloyd Gosselink Rochelle & Townsend, P.C, with the participation and approval of the city manager, to negotiate and settle the proceedings, upon any appeal by TGS, at the Railroad Commission of Texas related to this rate increase request.

PART 4. TGS is directed to reimburse all related reasonable municipal rate case expenses incurred by the City in relation to TGS' filing.

PART 5. A copy of this ordinance shall be sent to TGS representatives Judy Hitchye, Texas Gas Service Company, Barton Skyway IV, 1301 S. Mopac, Suite 400, Austin, Texas 78746 (Judy.Hitchye@onegas.com), and to Thomas Brocato at Lloyd Gosselink Rochelle & Townsend, P.C., 816 Congress Avenue, Suite 1900, Austin, Texas 78701 (tbrocato@lglawfirm.com).

PART 6. This ordinance takes effect on ________________, 2025.

PASSED AND APPROVED

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___________________________, 2025 § __________________________________

Kirk Watson
Mayor

APPROVED: _____________________ **ATTEST:** __________________________

Deborah Thomas, City Attorney

Erika Brady, City Clerk