



City of Austin

Recommendation for Action

File #: 25-0240, **Agenda Item #:** 10.

3/6/2025

Posting Language

Approve an ordinance to suspend a Gas Reliability Infrastructure Program interim rate adjustment proposed by Texas Gas Service Company. Funding: This item has no fiscal impact.

Lead Department

Financial Services Department

Fiscal Note

This item has no fiscal impact.

For More Information:

Marija Norton, Controller, 512-974-2951; Kim Euresti, Deputy Controller, 512-974-2232.

Additional Backup Information:

On February 11, 2025, Texas Gas Service Company (TGS), a division of ONE Gas, Inc., made a Gas Reliability Infrastructure Program (GRIP) filing in the City of Austin and in the other cities it serves in the Central Gulf Service area (CGSA). The other cities in the CGSA include Austin, Bastrop, Bayou Vista, Beaumont, Bee Cave, Buda, Cedar Park, Cuero, Dripping Springs, Galveston, Gonzales, Groves, Hutto, Jamaica Beach, Kyle, Lakeway, Lockhart, Luling, Marble Falls, Mustang Ridge, Nederland, Nixon, Pflugerville, 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 2024. GRIP rates must be based on reasonable increases in invested capital costs. Operation and maintenance costs cannot be recovered through a GRIP.

TGS determined the net increase in capital invested in the entire CGSA from January 1, 2024, through December 31, 2024, to be \$117,718,719. The Interim Rate Adjustment necessary to recover this incremental investment is \$15,412,580 on a system-wide basis, of which \$13,909,766 is attributable to customers in CGSA incorporated areas.

The Interim Rate Adjustment will increase the average residential bill by \$3.36 per month, excluding taxes. It will increase the current monthly fixed customer charge for each Small Residential account from \$18.00 to \$21.36; and for each Large Residential account from \$30.00 to \$33.36. The Interim Rate Adjustment will increase the average commercial bill by \$12.88 per month, excluding taxes. It will increase the monthly fixed customer charge for each Small Commercial account from \$60.00 to \$72.88; and for each Large Commercial account from \$75.00 to \$87.88. The increase in other customer classes can be found in the backup documentation, Exhibit 1.

These increases have an effective date for meters read beginning on April 12, 2025, unless suspended 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 for staff to exercise the City's limited ministerial authority to review the filing to ensure it complies with the requirements of the GRIP statute that allows recovery of the prior year's invested capital. Staff recommends approval of this ordinance suspending the effective date by 45 days. No further Council action will be needed.