

**CITY OF EL PASO, TEXAS
AGENDA ITEM
DEPARTMENT HEAD'S SUMMARY FORM**

DEPARTMENT: **Utilities**

AGENDA DATE: **April 4, 2017**

CONTACT PERSON NAME AND PHONE NUMBER: **Sylvia Borunda Firth, 915-212-0033**

DISTRICT(S) AFFECTED: **All**

SUBJECT:

Discussion and action regarding a Resolution that the Interim Rate Adjustment filed by Texas Gas Service, a division of ONE Gas, Inc., on March 15, 2017 specifying an effective date of May 14, 2017 be suspended for 45 days after the effective date specified in the filing; that Texas Gas Service Company is ordered to file with the City Clerk and City Attorney complete working papers supporting all of its claimed cost of additional investment claimed in the City Manager notify Texas Gas Service Company of the suspension, and that the City Attorney be authorized to engage outside counsel to represent the City in this matter.

BACKGROUND / DISCUSSION:

Texas Gas Service filed a request for an Interim Rate Adjustment of \$4,204,328 for the West Texas Service area to be effective on May 14, 2017. The request seeks an increase in the residential customer charge of \$1.20 per month from the current \$15.70 and increases to other classes as well. Under the GRIP statute, the City can suspend the increase for 45 days beyond the effective date or until June 28, 2017.

PRIOR COUNCIL ACTION:

The Council has approved such actions for previous GRIP filings. The most recent action was May 7, 2013, the last TGS GRIP filing.

AMOUNT AND SOURCE OF FUNDING:

N/A

BOARD / COMMISSION ACTION:

Enter appropriate comments or N/A

N/A

*****REQUIRED AUTHORIZATION*****

DEPARTMENT HEAD:



RESOLUTION

WHEREAS, Texas Gas Service Company, a division of ONE Gas ("Company") distributes natural gas within the City Limits of the City of El Paso pursuant to a franchise granted to Southern Union Company dated as of February 22, 2000, and assigned to ONEOK, Inc., further assigned to ONE Gas, Inc., and is a gas utility;

WHEREAS, on March 15, 2017, Texas Gas Service Company filed an Interim Rate Adjustment to adjust the tariff for gas service within the City of El Paso specifying that the rate change should be effective on May 14, 2017;

WHEREAS, pursuant to the Gas Utility Regulatory Act, Texas Utilities Code Section 103.001, the City of El Paso has exclusive original jurisdiction over the rates, operations, and services of the Texas Gas Service Company within the City of El Paso;

WHEREAS, the City Council has determined that additional time and information is needed for it to study the proposed interim rate adjustment and the reasons therefor;

WHEREAS, pursuant to the Gas Utility Regulatory Act, Texas Utilities Code Section 104.301, the City of El Paso, as regulatory Authority, has the right to suspend the proposed interim rate adjustment for a period of 45 days after the proposed date the change would otherwise be effective;

WHEREAS, the City Council has determined that it is in the best interest of its citizens and ratepayers to suspend the interim rate adjustment; and

WHEREAS, the City Council finds that the City and its counsel and consultants require sufficient supporting documentation and explanation to review the request for an interim rate adjustment.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF EL PASO:

1. That the rate adjustment identified in the Interim Rate Adjustment filed by Texas Gas Service Company, a division of ONE Gas, Inc., on March 15, 2017, be and is hereby suspended for 45 days after the effective date specified in the filing.
2. That Texas Gas Service Company is hereby ordered to file with the City Clerk and Office of the City Attorney on or before April 15, 2017 complete working papers supporting all of its claimed cost of the investment in service for gas utility services as needed by the City's attorneys and consultants to conduct its analysis and make recommendations to the Council, including change in return on net investment, change in depreciation expense, change in ad valorem tax and change in federal income taxes to support the Company's request for an Interim Rate Increase.
3. That the City Manager shall so notify Texas Gas Service Company of the suspension and the order to submit working papers by having a copy of this Resolution delivered or mailed to Texas Gas Service Company.

4. That the City Attorney is authorized to engage outside counsel to represent the City on this matter and the City Manager be authorized to engage consultants to evaluate the filing.

PASSED AND APPROVED THIS _____ day of April 2017.


CITY OF EL PASO

ATTEST:

Oscar, Leeser
Mayor


Richarda Duffy Momsen
City Clerk

APPROVED AS TO FORM:



Sylvia Borunda Firth
City Attorney *by JC*

APPROVED AS TO CONTENT:



Mark Sutter, Ph.D.
Chief Financial Officer