

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

DEPARTMENT: Utilities

AGENDA DATE: June 13, 2017

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

DISTRICT(S) AFFECTED: All

SUBJECT:

APPROVE a resolution / ordinance / lease to do what? OR AUTHORIZE the City Manager to do what? Be descriptive of what we want Council to approve. Include \$ amount if applicable.

Discussion and Action to suspend the Texas Gas Service Company's proposed rates in the Statement of Intent Requesting an Addendum to the Rules of Service for the Incorporated Areas of the West Texas Service Area, Central Texas Service Area, North Texas Service Area, Gulf Coast Service Area and Borger-Skellytown Service Area. The action proposed is a suspension of the proposed rate change for 90 days beyond the effective date. On June 6, 2017, the Railroad Commission entered an order suspending the proposed change in the unincorporated areas that are served by TGS.

BACKGROUND / DISCUSSION:

Discussion of the what, why, where, when, and how to enable Council to have reasonably complete description of the contemplated action. This should include attachment of bid tabulation, or ordinance or resolution if appropriate. What are the benefits to the City of this action? What are the citizen concerns?

On May 18, 2017 TGS filed a Statement of Intent to amend its service rules to add a service charge of \$400 for customers who request the installation of an Excess Flow Valve. TGS specified an effective date 35 days after filing, or June 23, 2017. Under the Gas Utility Regulatory Act, the City has the right to suspend the proposed rate for 90 days after the proposed effective date or until September 21, 2017.

PRIOR COUNCIL ACTION:

Has the Council previously considered this item or a closely related one?

None.

AMOUNT AND SOURCE OF FUNDING:

How will this item be funded? Has the item been budgeted? If so, identify funding source by account numbers and description of account. Does it require a budget transfer?

None.

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 May 18, 2017, Texas Gas Service Company filed a Statement of Intent Requesting an Addendum to the Rules of Service to add a charge for Excess Flow Valve installations gas within the City of El Paso specifying that the rate change should be effective on June 23, 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 Statement of Intent Requesting an Addendum to the Rules of Service to add a charge for Excess Flow Valve installations gas within the City of El Paso be and is hereby suspended for ninety (90) days beyond the effective date of June 23, 2017.
2. That Texas Gas Service Company is hereby ordered to file with the City Clerk and Office of the City Attorney on or before June 15, 2017 complete working papers supporting all of its claimed basis for the proposed
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.

3. 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 June 2017.

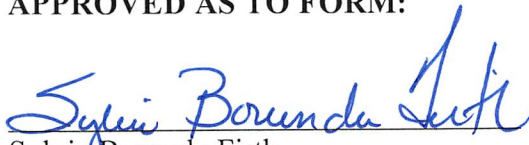
CITY OF EL PASO

Oscar Leeser, Mayor

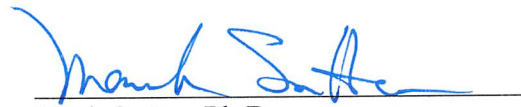
ATTEST:

Richarda Duffy Momsen,
City Clerk

APPROVED AS TO FORM:


Sylvia Borunda Firth
City Attorney

APPROVED AS TO CONTENT:


Mark Sutter, Ph.D.
Chief Financial Officer



MOUNCE, GREEN, MYERS,
SAFI, PAXSON & GALATZAN
A PROFESSIONAL CORPORATION
ATTORNEYS AND COUNSELORS AT LAW
100 N. STANTON, SUITE 1000
EL PASO, TEXAS 79901-1448
(915) 532-2000

MAILING ADDRESS:
P.O. BOX 1977
EL PASO, TEXAS 79999-1977
FACSIMILE: (915) 541-1597
gordon@mmsg.com

MEMORANDUM

TO: Mayor and City Representatives

FROM: Norman J. Gordon

DATE: June 8, 2017

RE: Texas Gas Service Company Request to Amend Rules of Service to add a service fee for installation of Excess Flow Valves

Background

On May 18, 2017 TGS filed a Statement of Intent to amend its service rules to add a service charge of \$400 for customers who request the installation of an Excess Flow Valve. TGS specified an effective date 35 days after filing, or June 23, 2017. Under the Gas Utility Regulatory Act, the City has the right to suspend the proposed rate for 90 days after the proposed effective date or until September 21, 2017.

Excess Flow Valves

According to TGS, an excess flow valve is a safety device installed below ground on natural gas service lines, the line between the main and the customer's meter. It is intended to reduce the risk of accidents by closing if it detects a significant increase in the flow of gas (for example by a damaged line). It is not designed to affect leaks on the customer side of the meter such as appliance leaks. A rule promulgated by the U.S. Department of Transportation (Pipeline and Hazardous Materials Safety Administration) in 1998 required such valves to be installed for new or replaced service lines serving single family residences. In October 2016, the DOT amended the rule to require some additional installations, but also to notify customers beginning April 14, 2017 of their right to request installation of such valves on service lines that are not being replaced. TGS says that it has notified customers by placing a notice on its website. While there is a notice on the website, one has to be specifically looking for it to find it.

https://www.texasgasservice.com/#!/safety-excess_flow_valves

CONFIDENTIAL ATTORNEY-CLIENT COMMUNICATION

12642-210/NGOR/1303569



Memorandum
June 7, 2017
Page 2

TGS proposes that a customer who makes this request be charged \$400 for the installation, which TGS estimates will cost between \$800 and \$2,100 per installation, including all overhead loads and benefit loads. The installations will start beginning in 2018 and be scheduled at a convenient time for the customer and the company.

Proposed Action: The action proposed is a suspension of the proposed rate change for 90 days beyond the effective date. On June 6, 2017, the Railroad Commission entered an order suspending the proposed change¹ in the unincorporated areas that are served by TGS.

Please let me know if you have any questions.

¹ The Railroad Commission can suspend for 120 days beyond the effective date and suspended until November 20, 2017. The Commission has a longer suspension period than municipalities.