City of Pflugerville

Legislation Text

File #: RES-1234, **Version:** 1

Approving a resolution suspending the July 8, 2024 effective date of Texas Gas Service Company's requested increase, approving cooperation with other cities in the Texas Gas Service Company's Central-Gulf service area; hiring legal and consulting services to negotiate with the company and direct any necessary litigation and appeals; authorizing intervention in GUI No. 17471 at the Railroad Commission; requiring reimbursement of the cities' rate case expenses.

On June 3, 2024, Texas Gas Service Company (TGS) a Division of ONE Gas, Inc. filed its Statement of Intent to change gas rates at the Railroad Commission of Texas (“RRC”) and in all municipalities exercising original jurisdiction within the incorporated areas of the Central-Gulf Service Area (“CGSA”), effective July 8, 2024.

TGS is seeking to increase its revenues in the CGSA by $25.8 million, which is an increase of 9.83% including gas costs, or 15.59% excluding gas costs. TGS is also requesting: (1) approval of new depreciation rates for certain plant within the CGSA; (2) a finding that expenses for Winter Storm Uri and COVID-19 that are contained in regulatory assets authorized by the RRC are reasonable, necessary, and accurate; (3) a prudence determination for capital investment made in the CGSA through December 31, 2023; (4) approval to include Excess Deferred Income Taxes (“EDIT”) in base rates, with discontinuance of the EDIT Rider to return EDIT to customers; and (5) approval to recover the reasonable rate case expenses associated with the filing through a surcharge.

The resolution suspends the July 8, 2024 effective date of the Company’s rate increase for the maximum period permitted by law to allow the City, working in conjunction with other similarly situated cities with original jurisdiction served by TGS, to evaluate the filing, to determine whether the filing complies with the law, and if lawful, to determine what further strategy, including settlement, to pursue.

The law provides that the Company’s rate request cannot become effective until at least 35 days following the filing of the application. The law permits the City to suspend the rate change for 90 days after the date the rate change would otherwise be effective. If the City fails to take some action regarding the filing before the effective date, TGS’s rate request is deemed approved.

The City is authorized to suspend the rate change for 90 days after the date that the rate change would otherwise be effective for any legitimate purpose. Time to study and investigate the application is always a legitimate purpose. Please note that the resolution refers to the suspension period as “the maximum period allowed by law” rather than ending by a specific date. This is because the Company controls the effective date and can extend the deadline for final city action to increase the time that the City retains jurisdiction if necessary to reach settlement on the case. If the suspension period is not otherwise extended by the Company, the City must take final action on TGS’s request to increase rates by July 8, 2024.

Prior City Council Action

N/A

Deadline for City Council Action
July 8, 2024

Funding Expected: Revenue __ Expenditure __ N/A _X_
Budgeted Item: Yes __ No __ N/A _X_
Amount: ________
1295 Form Required? Yes __ No __
Legal Review Required: N/A __ Required _X_ Date Completed: June 11, 2024

Supporting documents attached:
2024 TGS Model Staff Report
2024 TGS Suspension Resolution

Recommended Action
Approve the resolution suspending the effective date of Texas Gas Service Company's requested increase.