

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

CITY CLERK DEPT.
2013 APR 30 AM 10:38

DEPARTMENT: City Attorney's Office
AGENDA DATE: May 7, 2013
CONTACT PERSON NAME AND PHONE NUMBER: Sylvia Borunda Firth (915) 541-4550
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 regarding a Resolution that the Interim Rate Adjustment filed by Texas Gas Service Company, a division of ONEOK, Inc., on April 2, 2013 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 the investment in service gas utility services; that 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 on this matter.

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?

The suspension will give the City Attorney and outside counsel sufficient time and information to effectively challenge the proposed rate increase. An effective challenge will reduce rates for gas customers in the City.

PRIOR COUNCIL ACTION:

Has the Council previously considered this item or a closely related one?
Council approved such actions for previous filings by Texas Gas Service Company.

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?

N/A

BOARD / COMMISSION ACTION:

Enter appropriate comments or N/A

N/A

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

DEPARTMENT HEAD:

(If Department Head Summary Form is initiated by Purchasing, client department should sign also)

Information copy to appropriate Deputy City Manager

RESOLUTION

WHEREAS, Texas Gas Service Company, a division of ONEOK, Inc. ("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., and is a gas utility;

WHEREAS, on April 2, 2013, 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 June 1, 2013;

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 ONEOK, Inc., on April 2, 2013, 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 June 1, 2013 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

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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 May, 2013.

CITY OF EL PASO

John F. Cook, Mayor

ATTEST:

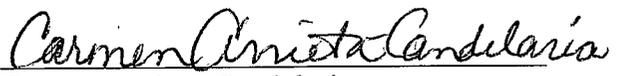
Richarda Duffy Momsen,
City Clerk

APPROVED AS TO FORM:



Matthew K. Behrens
Assistant City Attorney

APPROVED AS TO CONTENT:



Carmen Arrieta-Candelaria
Chief Financial Officer

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TEXAS GAS SERVICE COMPANY GRIP REQUEST 2013

El Paso City Council

May 7, 2013

Item 11B

Nature of Request

- El Paso Service Area Increase \$5,322,055
- 13% Increase in Base Revenues (Excl. Cost of Gas)
- Proposed increases in customer charge
 - 13% Residential
 - 24% Commercial
 - > 50% Municipal Pumping and Industrial
- Based on claimed additional investment of \$33,910,516
- 21% increase in net plant
- 2011 Request was \$2 million settled at \$1.4 million

Requested Changes in Charges

• Rate Schedule	Current	Request	Total
• 10 - Residential	\$11.52	\$1.55	\$13.07
• 20, 21 - Commercial, Comm. A/C	\$20.63	\$5.01	\$25.64
• 25, 26 - Public Authority, Pub Auth. A/C	\$40.98	\$17.35	\$58.33
• 27 - Municipal Water Pumping	\$158.60	\$80.50	\$239.10
• 40 - Industrial	\$111.54	\$57.35	\$168.91
• SS - Stand By	\$152.53	\$57.35	\$209.90
• T-1 - Standard Transportation	\$436.80	\$318.61	\$755.41

Dates and Actions

- Filed April 2, 2013
- Specified Effective Date June 1 (60 Days)
- City can suspend for 45 additional Days—July 16
- Staff to Obtain Information, Study and Report to Council