

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

DEPARTMENT: Office of the City Attorney
AGENDA DATE: July 1, 2008
CONTACT PERSON/PHONE: Bertha Ontiveros, (915) 541-4550
DISTRICT(S) AFFECTED: Citywide

SUBJECT:

Texas Gas Service Company Interim Rate Adjustment

BACKGROUND / DISCUSSION:

On May 23, 2008, Texas Gas Company filed an Interim Rate Adjustment to adjust the tariff for gas service within the City of El Paso, effective July 22, 2008. Under State law, the City may suspend the Interim Rate Adjustment for 45 days after the proposed effective date in order to allow the City to analyze the filing and make recommendations to Council, Staff requests that the Council order the Texas Gas Service Company to file with the City Clerk complete working papers supporting its claim of its cost of the investment in service for gas utility services to conduct its analysis and make recommendation to the Council, including the 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. It is also recommended that the Council authorize the City Attorney to engage outside counsel to represent the City on this matter and the City Manager to engage consultants as appropriate to evaluate the filing.

PRIOR COUNCIL ACTION:

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

Yes

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?

All of the City's costs for reviewing the filing are reimbursable by Texas Gas Service under the Texas Utilities Code

BOARD / COMMISSION ACTION:

Enter appropriate comments or N/A

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

LEGAL: (if required) B. A. Ontiveros **FINANCE:** (if required) _____

DEPARTMENT HEAD: _____

(Example: if RCA is initiated by Purchasing, client department should sign also)

Information copy to appropriate Deputy City Manager

APPROVED FOR AGENDA: _____

CITY MANAGER: _____ **DATE:** _____

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RESOLUTION

WHEREAS, Texas Gas Service Company, a division of ONEOK, 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 May 23, 2008, 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 July 22, 2008;

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 and/or to have its Public Utility Regulation Board 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 May 23, 2008, 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 July 22, 2008 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,

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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 the Vice President, West Texas Region.
4. That the City Attorney be 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 _____, 2008.

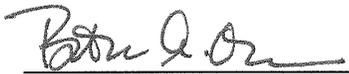
CITY OF EL PASO

John F. Cook, Mayor

ATTEST:

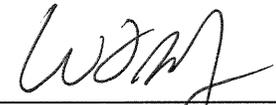
Richarda Duffey Momsen,
City Clerk

APPROVED AS TO FORM:



Bertha A. Ontiveros
Assistant City Attorney

APPROVED AS TO CONTENT:



William F. Studer, Jr., Deputy City Manager
Financial Services