



**STAFF REPORT**  
**City of Dripping Springs**  
**PO Box 384**  
**511 Mercer Street**  
**Dripping Springs, TX 78620**

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**Submitted By:** Aniz Alani, Deputy City Attorney

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**Council Meeting Date:** July 15, 2025

**Agenda Item Wording:** **Approval of a resolution suspending the August 19, 2025 effective date of the rate request submitted by Texas Gas Service Company for the maximum period allowed by Gas Utility Regulatory Act § 104.107 to permit adequate time to study the request and to establish reasonable rates, cooperate with other cities in the Texas Gas Service Company's service area, and to hire legal counsel and consulting services to negotiate with the company and direct any necessary litigation and appeals; and to authorize intervention at the Railroad Commission of Texas. Sponsor: Mayor Pro Tem Taline Manassian**

**Agenda Item Requestor:** Laura Mueller, City Attorney

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**Summary/Background:** On June 30, 2025, Texas Gas Service Company (“TGS” or “Company”) a Division of ONE Gas, Inc. (“ONE Gas”), pursuant to Subchapter C of Chapter 104 of the Gas Utility Regulatory Act, 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, West North, and Rio Grande Valley Service Areas, effective August 19, 2025.

TGS is seeking to increase its revenues by \$41.1 million, which is an increase of 7.07% including gas costs, or 9.83% excluding gas costs. TGS is also seeking to consolidate all service areas into a single statewide jurisdiction served by TGS. The Company’s proposed rates for all of its customers are based on the systemwide cost of providing service to customers throughout the entirety of Texas. TGS is also requesting:

- (1) approval of new depreciation rates for direct and division distribution and general plan within its service areas;
- (2) a finding that the expenses for COVID-19 that are contained in regulatory assets authorized by the Commission are reasonable, necessary, and accurate;

- (3) a prudence determination for capital investment made in Texas through December 31, 2024;
- (4) approval of the form of notice for the proposed Rate Schedule Pipeline Integrity Testing (“PIT”); and
- (5) approval to recover the reasonable rate case expenses associated with this filing through a surcharge on rates.

Since TGS is requesting consolidation of all its service areas, the Company will need to withdraw its existing tariffs to reflect the new TGS rates and/or related changes necessary to reflect consolidation. The Company’s new proposed tariff includes:

- (1) a new Customer Assistance rate design and related scheduled;
- (2) revisions to the Rules of Service and T-Terms to include new definitions;
- (3) revisions to the Cost of Gas clause for consistency with all Company areas of service; and
- (4) combining the Commercial, Industrial, Public Authority and Compressed Natural Gas rate on the Transportation Schedule into one Transportation rate and adding a new Electric Generation rate design and rate schedule.

The resolution suspends the August 19, 2025 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

Accordingly, the purpose of the Resolution is to:

- (1) suspend the rate change for 90 days, subject to extension for final city action to reach settlement on the case;

- (2) authorize participation in a coalition of cities served by TGS to more efficiently represent the City's interests;
- (3) authorize the hiring of Lloyd Gosselink Rochelle & Townsend, P.C. to represent the City in matters related to TGS's application to increase its rates;
- (4) authorize the City's intervention in TGS's application for approval to increase its rates before the Railroad Commission; and
- (5) require TGS to reimburse the city for its reasonable rate cases expenses.

**Commission  
Recommendations:**

N/A

**Recommended  
Council Actions:**

Approve Resolution suspending the effective date of Texas Gas Service Company's proposed rate change.

**Attachments:**

Draft resolution

Letter dated June 30, 2025 from TGS attaching rate request (excluding Appendix)