

**AGENDA INFORMATION SHEET**

**AGENDA ITEM NO. \_\_\_\_\_**

**ACTION TO SUSPEND THE EFFECTIVE DATE PROPOSED BY TEXAS GAS SERVICE COMPANY, A DIVISION OF ONE GAS, INC., TO INCREASE RATES UNDER THE GAS RELIABILITY INFRASTRUCTURE PROGRAM FOR 45 DAYS**

**TGS’S “GRIP” APPLICATION**

On or about March 10, 2026, Texas Gas Service Company, a Division of ONE Gas, Inc., (the Company or TGS) filed an application to increase its gas utility rates under the Gas Reliability Infrastructure Program (“GRIP”). TGS’s application when approved by the Railroad Commission will result in an increase in the monthly customer charges as shown below:

<b>Rate Schedule</b>	<b>Current Customer Charge</b>	<b>Proposed 2026 Interim Rate Adjustment</b>	<b>Proposed Monthly Customer Charge</b>
Residential - Small Average Usage of @ 1.7 Mcf*	\$19.50	\$3.58	\$23.08
Residential - Large Average Usage of @ 4.6 Mcf*	\$35.00	\$3.58	\$38.58
Commercial - Small Average Usage of 4.5 Mcf*	\$75.00	\$13.70	\$88.70
Commercial - Large Average Usage of 89.8 Mcf*	\$150.00	\$13.70	\$163.70
Industrial Average Usage of 408.1 Mcf*	\$1,250.00	\$197.56	\$1,447.56
Public Authority Average Usage of 54.9 Mcf*	\$200.00	\$25.90	\$225.90
Compressed Natural Gas Average Usage of 0 Mcf*	\$320.00	\$0.00	\$320.00
Transportation - General Average Usage of 701.0 Mcf*	\$500.00	\$99.98	\$599.98
Transportation - Electrical Generation Average Usage of 35,532.7 Mcf*	\$1,000.00	\$2,275.55	\$3,275.55

TGS’s proposed interim rate adjustment is based on capital expenditures it made from January 1, 2025, through December 31, 2025. TGS proposed May 9, 2026, as the date its proposed increase in rates would take effect.

Under Section 104.301 of the Gas Utility Regulatory Act (GURA), the City may suspend the utility’s proposed effective date for a period of up to 45 days. Thus, suspending TGS’s proposed effective date of May 9, 2026, for 45 days extends the effective of TGS’s proposed increase in rates to June 23, 2026. *Note that TGS refers to its filing as its “2025” filing referring to the period covering the investments in made from January 1, 2025 through December 31, 2025. We refer to it as its “2026” filing referring to the year in which it made the filing and in which its increase in rates will go into effect.*

### **“GRIP” RATE APPLICATIONS**

Under Section 104.301 of the Gas Utility Regulatory Act (GURA), a gas utility is allowed to request increases in its rates to recover a return on investments it makes between rate cases. This section of GURA is commonly referred to as the “GRIP” statute (the “Gas Reliability Infrastructure Program”). More accurately stated, GURA § 104.301 refers to these types of increases in rates as an “interim rate adjustment.”

Under a decision by the Supreme Court of Texas, the Court concluded that a filing made under the GRIP statute permitted gas utilities the opportunity to recover a return on capital expenditures made during the interim period between rate cases by applying for an interim rate adjustment and that proceedings under the GRIP statute did not contemplate either adjudicative hearings or substantive review of utilities’ filings for interim rate adjustments. Instead, the Court concluded, the GRIP statute provides for a *ministerial* review of the utility’s filings to ensure compliance with the GRIP statute and the Railroad Commission’s rules, and that it is within the Railroad Commission’s authority to preclude cities from intervening and obtaining a hearing before the Railroad Commission.

### **REVIEW AND ACTION RECOMMENDED**

Although the City’s ability to review and effectuate a change in TGS’s requested increase is limited, the City should exercise due diligence with regard to rate increases by monopoly utilities who operate within its boundaries, including increases requested under the GRIP statute to ensure compliance with the requirements of that law.

To exercise its due diligence, it is necessary to suspend TGS’s proposed effective date of May 9, 2026, for forty-five days, so that the City can evaluate whether the data and calculations in TGS’s rate application are correctly done, and whether TGS’s application otherwise conforms to the requirements of the GRIP statute.

Therefore, the City’s Special Counsel, the law firm of Herrera Law & Associates, PLLC (through Alfred R. Herrera) recommends that the City adopt a resolution suspending TGS’s proposed effective date for 45 days. Assuming a proposed effective date of May 9, 2026, TGS’s proposed effective date is suspended until June 23, 2026.

**The City must take action to suspend by no later than May 9, 2026.**