

**AGENDA**



**Recommendation for Council Action**

Austin City Council	Item ID	28085	Agenda Number	82.
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Meeting Date:	10/24/2013	Department:	Telecommunications and Reg Affairs
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Subject

Conduct a public hearing and consider an ordinance regarding Atmos Energy Corporation, Mid-Tex Division's proposal to increase customer rates.

Amount and Source of Funding

Fiscal Note

<b>Purchasing Language:</b>	
<b>Prior Council Action:</b>	City Council approved the Rate Review Mechanism for Atmos Energy on June 27, 2013; and on October 17, 2013, approved a motion to set a Public Hearing on the proposed rate increase.
<b>For More Information:</b>	Rondella M. Hawkins; TARA Officer; 512-974-2422
<b>Boards and Commission Action:</b>	
<b>MBE / WBE:</b>	
<b>Related Items:</b>	

Additional Backup Information

Under the Gas Utilities Regulatory Act (Chapters 101 through 105 of the Texas Utilities Code) ("GURA"), the City has original jurisdiction over gas utility rates set for customers within its city limits. Atmos has approximately 7,300 customers in the City of Austin limits.

The City Charter requires Council to hold a public hearing prior to taking any action that affects rates of a franchise holder.

In July of this year, Atmos Energy Corporation, Mid-Tex Division, filed for an increase in system-wide rates pursuant to a rate review mechanism of approximately \$22.7 million. Austin is a member of the Atmos Texas Municipalities (ATM) coalition who hired rate experts to review the reasonableness of the request. After months of investigation by ATM's expert rate consultants and weeks of negotiation, ATM's counsel has proposed that the ATM municipalities agree to a reduced rate increase of \$16.6 million-- about 27% less than Atmos' requested increase and staff concurs. This represents an average residential rate increase of \$0.74 per month, (1.75%); an average commercial customer increase of \$2.16 per month, (1.01%); and an average industrial customer increase of \$53.65 per month (2.06%).

Staff recommends approval of the proposed ordinance and attached tariffs as set forth in Attachment A.