



Recommendation for Action

File #: 19-2452, **Agenda Item #:** 98.

9/19/2019

Posting Language

Conduct a public hearing and consider an ordinance approving Atmos Energy's proposal to increase customer natural gas rates.

Lead Department

Telecommunications and Regulatory Affairs.

Fiscal Note

This item has no fiscal impact.

Prior Council Action:

Council suspended Atmos Energy's proposed GRIP rates on August 8, 2019. On August 22, 2019, Council voted to set the public hearing.

For More Information:

Rondella M. Hawkins, TARA Officer, 512-974-2422.

Additional Backup Information:

On June 13, 2019, Atmos Energy Corporation Mid-Tex Division filed its Gas Reliability Infrastructure Program (GRIP) interim rate adjustment filing in Austin and in the other cities that it serves in the Atmos Texas Municipalities Coalition (ATM Cities). This filing was made in compliance with the Texas Utilities Code, Section 104.301, which allows a gas utility to make interim rate adjustments to recover capital investments in gas pipeline infrastructure made during the interim period between rate cases. GRIP rates must be based on reasonable increases in invested capital costs. Operation and maintenance costs cannot be recovered through GRIP.

Atmos's filing notified cities of Atmos Energy's intent to increase rates by \$6,590,595, which is based on Atmos's net increase in capital investment in the ATM Cities for the period of January 1, 2018 through December 31, 2018. The proposed rate increase would become effective on September 26, 2019, following Council's approval of a 45-day extension from the original August 12, 2019 effective date.

Based on company-provided information, the proposed rate adjustments to the monthly customer charge per customer class are as summarized as follows:

Rate Schedules Ave./Mo.	Current Customer Charge/Mo.	2019 Interim GRIP Monthly Increase	Adjusted Customer Charge/Mo.	% Increase in Customer Charge/Mo.	% Increase in Ave. Monthly Bill
Residential	\$18.88	\$2.84	\$21.72	15.04%	6.38%
Commercial	\$43.47	\$8.74	\$52.21	20.11%	4.31%
Industrial	\$784.00	\$155.80	\$939.80	19.87%	1.09%

Atmos has about 8,500 active meters in the City located primarily in northeast Austin.

Pursuant to the Gas Utilities Regulatory Act, the City has original jurisdiction over privately-owned gas utility rates set for customers within its city limits. Article XI of the City Charter requires that City Council conduct a public hearing before taking action on the proposed rates.

Staff's review of Atmos Energy's GRIP filing determined it to be mathematically accurate and in accordance with state regulations. Staff recommends that Council approve the proposed ordinance.