

AGENDA



Thursday, February 28, 2008

**Item(s) to Set Public Hearing(s)
RECOMMENDATION FOR COUNCIL ACTION****Item No. 65**

Subject: Set a public hearing to consider the reasonableness and propriety of a modification in gas rates proposed by the Settlement Agreement between Atmos Energy Corporation, Mid-Tex Division (Atmos) and the Atmos Texas Municipalities in lieu of the rates proposed by Atmos' Statement of Intent filed on September 20, 2007 and approve a resolution ordering Atmos to show cause regarding the reasonableness and propriety of its proposed rate modification. (Suggested date and time: March 6, 2008, 6:00 p.m., Austin City Hall, 301 W. Second Street, Austin, TX).

For More Information: Rondella Hawkins, Manager, Office of Telecommunications & Regulatory Affairs, 974-2420

Prior Council Action: 10/18/07 - Council denied ATMOS Statement of Intent for rate increase.

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

On September 20, 2007, Atmos Energy Corporation, Mid-Tex Division ("Atmos") filed a Statement of Intent to increase its system-wide rates. The City denied Atmos' Statement of Intent and subsequently joined with other Central Texas municipalities served by Atmos (collectively known as "Atmos Texas Municipalities" or "ATM") in contesting Atmos' appeal of the ATM denials to the Railroad Commission.

The Atmos Texas Municipalities have negotiated with Atmos to approach a mutually agreeable rate structure to substitute for Atmos' requested rates proposed in its Statement of Intent. The negotiated settlement between ATM and Atmos, including an agreement to dismiss the docket at the Railroad Commission, is pending, subject to each municipality's approval of the settlement terms. To procedurally reassert its jurisdictional control over the proposed rates and enter the next phase of approving the settlement, the City, pursuant to §104.105 of GURA, issues a show cause order to Atmos and sets a public hearing.