

A G E N D A



Recommendation for Council Action

Austin City Council	Item ID	8511	Agenda Number	112.
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Meeting Date:	8/25/2011	Department:	Telecommunications and Reg Affairs
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Subject

Conduct a public hearing and consider an ordinance regarding a proposal from Atmos Energy Corporation to increase customer gas rates.

Amount and Source of Funding

Fiscal Note

Purchasing Language:

Prior Council Action:

March 6, 2008 – Council approved a settlement agreement establishing a new rate regulatory mechanism to review changes in rates, known as a Rate Review Mechanism. August 20, 2009 – Council approved revised gas tariffs of Atmos Energy Corporation, Mid-Tex Division. September 23, 2010 - Council approved two-year extension of the Rate Review Mechanism.

For More Information:

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Boards and Commission Action:

MBE / WBE:

Related Items:

Additional Backup Information

Under the Gas Utilities Regulatory Act (Chapters 101 through 105 of the Texas Utilities Code), the City has original jurisdiction over gas utility rates set for customers within its city limits. In April of this year, Atmos Energy Corporation, Mid-Tex Division, filed for an increase in rates, pursuant to the Rate Review Mechanism, of approximately \$15.6 million; which represents an approximate \$9 million base rate increase and an approximate \$6.6 million for the steel pipe replacement program. Atmos serves approximately 6,300 customers within the City of Austin.

The City Charter requires that City Council must conduct a public hearing prior to approving a franchisee's rate increase.

Austin is a member of the Atmos Texas Municipalities (ATM) coalition who hired rate experts to review the reasonableness of the request.

After several months of investigation by ATM's expert rate consultants and weeks of negotiation by ATM's Executive

Committee, of which Austin is a member, a settlement was reached which provides for a \$6.6 million increase for the steel service line replacement program.

The proposed increase would result in a change in the monthly service charge:

Current residential – from \$7.15 to \$7.50

Current commercial – from \$13.91 to 16.75

Staff recommends approval of the settlement which is effective on September 1, 2011.