

## A G E N D A



## Recommendation for Council Action

Austin City Council	Item ID	25101	Agenda Number	106.
---------------------	---------	-------	---------------	------

Meeting Date:	6/27/2013	Department:	Telecommunications and Reg Affairs
---------------	-----------	-------------	------------------------------------

## Subject

Conduct a public hearing and consider an ordinance regarding a rate review mechanism for reviewing the gas rates of Atmos Energy Corporation, Mid-Tex Division.

## Amount and Source of Funding

## Fiscal Note

Purchasing Language:	
Prior Council Action:	Set a public hearing on June 20, 2013
For More Information:	Rondella Hawkins, TARA Officer, 512-974-2422
Boards and Commission Action:	
MBE / WBE:	
Related Items:	

## Additional Backup Information

City Charter requires Council to hold a public hearing prior to taking any action that affects rates of a franchise holder. Under the Gas Utility 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 limit.

In 2008 the Atmos Texas Municipalities (ATM) approved the initial Rate Review Mechanism (RRM) for the Mid-Tex Division of Atmos Energy ("Atmos"). On March 6, 2008, the City Council approved the Rate Review Mechanism that was in effect until it expired at the end of 2011. The RRM provides the ATM cities a process for reviewing Atmos' cost of service on an annual basis and is a substitute to the legislatively approved interim rate process at the Commission known as the Gas Reliability Infrastructure Program ("GRIP").

Atmos filed its general rate case in January 2012 that was processed at the Railroad Commission as GUD No. 10170. Following the conclusion of that rate proceeding, Atmos approached the cities to continue negotiations of a new RRM. Over the course of several months in 2013 the firm of Herrera & Boyle, with the assistance of expert

consultants, engaged in negotiations with Atmos regarding the implementation and design of a new RRM.

The negotiations resulted in a revised RRM that captures many of the decisions made by the Railroad Commission in GUD No. 10170.

The RRM replaces GRIP filings that Atmos would otherwise submit annually. The RRM minimizes the cost of review and avoids expenses associated with full rate proceedings.

Staff recommends approval of the proposed Rate Review Mechanism for Atmos Energy Corporation.