

AGENDA



Thursday, September 23, 2010

Item(s) to Set Public Hearing(s)
RECOMMENDATION FOR COUNCIL ACTION**Item No. 95**

Subject: Set a Public Hearing to consider an ordinance regarding a proposal from Atmos Energy Corporation to increase customer gas rates and approving an agreement setting terms of rate review for the next two years. (Suggested date and time: September 30, 2010, 4:00 p.m. at George Washington Carver Museum & Cultural Center, 1165 Angelina Street, Austin, TX).

For More Information: Rondella M. Hawkins, Manager, Office of Telecommunications & Regulatory Affairs; (512) 974-2422

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.

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. In mid-April of this year, Atmos Energy Corporation, Mid-Tex Division, filed an application to revise its rate review tariff and adjust its rates. The City Charter requires that City Council must conduct a public hearing prior to approving a franchisee’s rate increase.

The City, collectively with over 50 other Texas municipalities served by Atmos known as the Atmos Texas Municipalities (“ATM”), approved an agreement between Atmos and the ATM related to the implementation of natural gas rates. That settlement was approved by the City and the other ATMs in 2008 to include a new rate regulatory mechanism to review changes in rates on a three-year trial basis, known as the Rate Review Mechanism (“RRM”).

Atmos’ current request, if approved, would modify and extend the RRM for additional two years, increase the typical monthly bill for a residential customer by \$1.40 and for a commercial customer by \$3.82 and paying for 100,000 steel service line replacements serving homes and businesses in areas that have been prone to leaks and are at-risk lines. The proposed rate increase represents a negotiated settlement that reduces Atmos’ requested increase in annual revenue to \$27 million from approximately \$70 million.