

AGENDA

**Recommendation for Council Action**

AUSTIN CITY COUNCIL
Regular Meeting: April 26, 2018

Item Number: **042**

Item(s) to Set Public Hearing(s)

Set a public hearing regarding ATMOS Energy MidTex Corporation's proposal to change customer rates. (Suggested date and time May 10, 2018, 4:00 p.m. at City Hall, 301 W. Second Street, Austin, TX).

Lead Department	Telecommunications and Regulatory Affairs.
Fiscal Note	No fiscal note is required for this item.
For More Information	Rondella M. Hawkins, TARA Officer, 512-974-2422.

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. On March 9, 2018, Atmos Energy Corporation, Mid-Texas Division ("Atmos Mid-Tex"), filed notice that it will decrease rates as a result of the reduction in its federal corporate income tax rate from 35% to 21%. The reduction in Atmos Mid-Tex revenues is about \$29 million.

Atmos Mid-Tex has just over 8,000 customers in the City of Austin. Austin is one of several Texas municipalities that have joined as a coalition known as the Atmos Texas Municipalities in order to collectively engage rate experts to review, advise and represent the coalition on Atmos Mid-Tex's rate changes.

Atmos Pipeline Texas ("Atmos Pipeline"), a separate division within Atmos Energy, subject to the

exclusive original jurisdiction of the Texas Railroad Commission, is also pursuing approval for a rate decrease due to the reduced federal corporate income tax rate. Because the City is an affected party to the rate decrease by Atmos Pipeline pending with the Commission, for Atmos Pipeline to obtain the Railroad Commission's approval of its rate decrease it must consent to the rate decrease. The reduction in Atmos Pipeline's revenues is approximately \$29 million.

Article XI, Section 6 of the City Charter subjects franchised gas utilities operating in Austin to the regulatory jurisdiction of the City Council and requires any rate change request to be adopted by ordinance after a hearing. After completing its review and analysis of the requested decrease, staff will prepare a recommendation for the City Council's decision at the conclusion of the public hearing.