

# AGENDA



## Recommendation for Council Action

### AUSTIN CITY COUNCIL

Regular Meeting: September 20, 2018

Item Number: **091**

### Public Hearing and Possible Action

Conduct a public hearing and consider an ordinance regarding ATMOS Energy Corporation's proposal to increase customer natural gas rates.

<b>Lead Department</b>	Office of Telecommunications and Regulatory Affairs.
<b>Fiscal Note</b>	No Fiscal Note is Required.
<b>Prior Council Action</b>	Suspension of Atmos Energy Corporation's proposed rate increase granted on June 28, 2018. August 23, 2018 meeting approved Set Public Hearing for September 20, 2018.
<b>For More Information</b>	Rondella M. Hawkins, Office of Telecommunications and Regulatory Affairs; (512) 974-2422.

### Additional Backup Information:

Under the Gas Utilities Regulatory Act, ("GURA"), Chapters 101 through 105 of the Texas Utilities Code, the City of Austin has original jurisdiction over gas utility rates set for customers within its city limits. The City Charter requires Council to hold a public hearing prior to taking any action that affects rates of a franchise holder. Austin is one of several Texas municipalities affected by the Atmos rate increase that make up a coalition known as the Atmos Texas Municipalities, (ATM), to collectively engage rate experts to review, advise and represent the coalition on Atmos' proposed rate increase.

On June 1, 2018, Atmos Energy MidTex Division, filed a Statement of Intent to increase natural gas rates by a total of approximately \$4.5 million for the ATM cities, which equates to an increase of about \$46 million on a system-wide basis and represents an increase in annual revenue of about 8%. This item authorizes the City Council to conduct the public hearing and allow public comment and consideration of the proposed rate increase. Atmos has just over 8,000 customers primarily in the northern edge of the City.

In accordance with its authority within GURA, on June 28, 2018, City Council approved an ordinance suspending the effective date of the proposed rate in order to allow additional time to review and evaluate whether the proposed rates are appropriate, just and reasonable. On August 23, 2018, City Council set the public hearing for the September 20, 2018 meeting for City Council consideration of the recommendation of the ATM rate experts' regarding the proposed rate increase-an action that must be taken before the October 4, 2018 effective date of the increase.

Based on the recommendation of ATM's Special Counsel and rate experts, staff recommends that the Austin approve an increase in Atmos Energy's annual revenue of about \$12.81 million on a system-wide basis, which equates to an increase of about \$1.3 million for the ATM cities and represents an increase of about 2% in annual revenue. Additionally, based on the recommendation from ATM's Special Counsel, staff recommends that Austin approve a surcharge to recover its proportionate share of rate case expenses as allowed under §103.022 of GURA. The tables below show the details the recommendations, including a comparison of Atmos Energy's proposed changes in revenue and rates.

Below are shown the monthly surcharges to recover the ATM cities' rate-case expenses for an average customer:

Residential:	\$0.01 per month
Commercial:	\$0.03 per month
Industrial & Transportation:	\$0.57 per month

Staff recommends that Council approved these recommendations.