



**Franchise Agreement
CITY OF AUSTIN
RECOMMENDATION FOR COUNCIL ACTION**

**AGENDA ITEM NO.: 3
AGENDA DATE: Thu 02/10/2005
PAGE: 1 of 1**

SUBJECT: Approve a resolution authorizing the City Manager to participate with the Allied Coalition of Cities and to intervene in the Atmos Gas Cost Prudence Review - Gas Utilities Docket No. 9530 with the Texas Railroad Commission.

AMOUNT & SOURCE OF FUNDING: N/A

FISCAL NOTE: There is no unanticipated fiscal impact. A fiscal note is not required.

REQUESTING Financial and **DIRECTOR'S**
DEPARTMENT: Administrative Services - **AUTHORIZATION:** Vickie Schubert
Telecommunications and
Regulatory Affairs

FOR MORE INFORMATION CONTACT: Rondella Hawkins, Manager, 974-2422

PRIOR COUNCIL ACTION: N/A

BOARD AND COMMISSION ACTION: N/A

TXU Gas Company (known as of October 1, 2004 as Atmos Energy Corporation) filed a three-year gas cost prudence review at the Texas Railroad Commission ("RRC") on September 24, 2004. It was assigned Gas Utilities Docket (GUD) No. 9530. This filing, one in a series of triennial filings required by the RRC, is a periodic review of the prudence of gas purchases and practices. TXU's Gas Cost Review documents its purchasing practices and the actual amount and cost of gas purchases for the period of November 1, 2000 to October 31, 2003.

TXU's total gas purchases during this three-year period were \$2.2 billion, which is twice the purchase amount filed for during the previous three-year period. According to the records, the monthly average gas price that TXU paid gas producers ranged from \$2.34 to \$8.17 per MMBtu, with the average price being \$4.67 per MMBtu. Over half of all of gas purchases were made on the spot market, the price of which varies extensively in times of extreme heat or cold.

Cities may intervene in Gas Utilities Docket No. 9530 to evaluate whether or not TXU Gas customers are entitled to refunds attributable to excessive gas cost purchases. If these or other purchases are found to be unreasonable by the RRC, Atmos Energy (as a successor in interest to TXU Gas Company) will be ordered to refund an amount to its customers.

The Allied Coalition of Cities (Abilene, Arlington, Farmers Branch, Flower Mound, Gainesville, Grand Prairie, Plano, San Angelo and Sherman) filed a motion to intervene before the December 10, 2004 intervention deadline established by the RRC. City staff recommends that the City of Austin join this Coalition in the intervention to determine if Austin ratepayers are entitled to refunds.

There is no direct cost to the City of Austin for participating in these filings with the Coalition. The Coalition will seek reimbursement from Atmos for related expenses.

RESOLUTION NO. 050210-

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF AUSTIN:

The Council approves a resolution authorizing the City Manager to participate with the Allied Coalition of Cities and to intervene in the Atmos Gas Cost Prudence Review - Gas Utilities Docket No. 9530 with the Texas Railroad Commission.

ADOPTED: February 10, 2005

ATTEST: _____

Shirley A. Brown
City Clerk