



March 5, 2018

To the Honorable Mayor and City Manager

Re: *Atmos Pipeline - Texas' Notice of Intent to Reduce Rates established in GUD Docket No. 10580 pursuant to Section 104.111 of the Gas Utility Regulatory Act; Request to Authorize Consent*

Dear Mayor and City Manager:

On August 1, 2017, the Railroad Commission of Texas established rates for Atmos Pipeline – Texas, a division of Atmos Energy Corporation (“APT” or the “Company”). These rates govern the service by APT to Atmos Energy Corporation, Mid-Tex Division which affects the rates charged to customers within your City.

Effective January 1, 2018, the Tax Cuts and Jobs Act of 2017 (“the Act”) reduced the federal corporate tax rate from 35% to 21%. In order to ensure that customers receive the benefits of this reduction in the federal corporate tax rate, APT will be filing an application with the Railroad Commission to reduce its base rates. The proposed effective date for this rate reduction is April 1, 2018.

The provisions of Section 104.111 of the Gas Utility Regulatory Act require the consent of parties in order to administratively approve the proposed rate reduction in the rates established in GUD Docket No. 10580. If approved, the reduction will reduce revenues by \$29,829,148. APT has discussed this rate decrease filing with Mr. Alfred R. Herrera, counsel for the coalition of Atmos Texas Municipalities of which your city is a member. To give effect to this rate reduction, APT respectfully requests that the City take action to approve the form of resolution providing the needed authorization for your counsel to execute the needed consent. APT urges you to adopt your counsel’s resolution as quickly as possible so that the proposed reduction can be administratively approved as soon as possible and the gas consuming customers in your city can realize the benefits of the reduced rates.

Please do not hesitate to contact me if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Charles R. Yarbrough, II".

Charles R. Yarbrough, II
Vice President, Rates & Regulatory Affairs

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