



## **ATMOS PIPELINE TEXAS (“APT”):**

Atmos Pipeline Texas (“APT”) is a separate department within Atmos Energy. APT is seeking the City’s consent to a decrease in rates for Atmos Pipeline Texas. APT will employ Utilities Code § 104.111 to implement its proposed decrease in rates.

The Railroad Commission of Texas has exclusive jurisdiction over APT’s rates and the City’ rate-setting authority does not extend to APT. But in order for APT to obtain the Railroad Commission’s approval of the decrease in APT’s rates, all affected parties must agree to the decrease. The City, as part of ATM, participated in APT’s most recent rate case at the Railroad Commission of Texas, Gas Utility Docket No. 10580 (“GUD No. 10580”), and is thus an affected party.

So, APT requires the City’s consent to decrease its rates and to obtain the Railroad Commission’s approval of that decrease in rates. The reduction in Atmos Pipeline Texas’ revenues is about \$29 million.

After a series of discussions with Atmos Energy and a review of the data Atmos MidTex and Atmos Pipeline Texas provided, ATM’s Special Counsel recommends that the City:

1. *Approve* Atmos MidTex’ reduction in rates by about \$29 million to implement the reduction in the federal-income-tax rate from 35% to 21%, and require to file conforming tariffs and changes to its rates to give effect to the reduction in revenue; and
2. *Consent* to Atmos Pipeline Texas’ reduction in rates, also by about \$29 million, to implement the reduction in the federal-income-tax rate from 35% to 21%; and that the City authorize the City and ATM’s Special Counsel, Mr. Alfred R. Herrera, Herrera Law & Associates, PLLC to sign the consent.

Approving Atmos MidTex’ and Atmos Pipeline Texas’ proposed reduction in revenue will result in a reduction in the rates ultimately paid by Atmos MidTex’ ratepayers.