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Title: Consider a resolution denying Atmos Energy Corporation's proposal to increase natural gas rates pursuant to its Statement of Intent filed on or about June 1, 2018.

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Attachments: 1. Resolution, 2. Exhibit A, 3. Exhibit B, 4. Agenda Information Sheet

Date	Ver.	Action By	Action	Result
9/27/2018	1	City Council	approve	Pass

Consider a resolution denying Atmos Energy Corporation's proposal to increase natural gas rates pursuant to its Statement of Intent filed on or about June 1, 2018.

On or about June 1, 2018, Atmos Energy Corporation ("Atmos") filed a Statement of Intent with members of the coalition of cities known as the Atmos Texas Municipalities ("ATM") comprised of about 50 cities, of which the City is a member, to increase rates by approximately \$4.5 million, which equates to an increase of about 8% in annual non-gas-cost revenue in the ATM cities. On a system-wide basis, Atmos' proposed increase would be the equivalent of about \$46.0 million; this equates to an increase in annual revenue of about 7.3%.

The City, as part of the ATM coalition of cities, engaged the law firm of Herrera Law & Associates as Special Counsel to review Atmos' application. On behalf of ATM, Herrera Law & Associates engaged rate experts to assist in reviewing Atmos' application.

Special Counsel and the consulting firms of the Garrett Group, LLC; GDS and Associates, Inc.; and J. Randall Woolridge, Ph.D., recommend that the City deny Atmos' request to increase rates by \$46 million (system-wide), and instead approve the rates shown in "Exhibit A" to this Agenda Information Sheet and a corresponding increase of about \$12.81 million, the details of which are presented in the schedules attached as "Exhibit B" to this Agenda Information Sheet. After reviewing several options, this recommendation is the consensus among the ATM cities.

Atmos proposed an effective date of July 6, 2018 for its change in rates. In prior action the City suspended Atmos' proposed effective date for the statutory time period of 90 days, to October 4, 2018.

The City must take final action on Atmos' proposed rates and must do so no later than October 4, 2018.