

**ORDINANCE NO.**

**AN ORDINANCE DENYING A RATE INCREASE PROPOSED BY ATMOS ENERGY CORPORATION, MID-TEX DIVISION; APPROVING MEMBERSHIP IN COALITION; AUTHORIZING ENGAGEMENT WITH COALITION COUNSEL AND CONSULTANTS, INCLUDING SETTLEMENT AUTHORITY; REQUIRING REIMBURSEMENT OF MUNICIPAL RATE CASE EXPENSES; AND PROVIDING NOTICE OF THIS ORDINANCE TO ATMOS ENERGY CORPORATION, MID-TEX DIVISION.**

**BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF AUSTIN:**

**PART 1.** Council makes the following findings:

- (A) On December 16, 2024, Atmos Energy Corporation - Mid-Tex Division ("Atmos") filed a Statement of Intent to Increase Rates with the City and several additional municipalities which would increase its system-wide, annual revenue requirement, by approximately \$16.73 million, which represents an increase in revenue from all the impacted cities of about 11.51%, excluding the cost of gas, and about 7.08% including the cost of gas.
- (B) The City is a regulatory authority under the Gas Utility Regulatory Act ("GURA") and under Chapter 103, §103.001 et seq. of GURA has exclusive original jurisdiction over Atmos's rates, operations, and services within the municipality.
- (C) Based on Company-provided information, Atmos' proposal would result in an average monthly bill increase per customer, including approximately 10,710 residential customers within the City, of \$7.91 or approximately 9.41 percent (including gas cost), with most of the increase attributed to the average increase of \$7.41 per month in the consumption charge.
- (D) Before Atmos filed with the City, Atmos filed a substantially similar Statement of Intent to Increase Rates with the Railroad Commission of Texas on November 18, 2024, which would increase rates for natural gas service provided to its Mid-Texas Division customers for in the unincorporated customers, and is docketed as Gas Utilities Case No. 00019196. Atmos' appeals of actions to deny the proposed rates from impacted municipalities will be consolidated into the ongoing case at the Railroad Commission of Texas.

38 (E) The City conducted a public hearing concerning a change in gas rates  
39 proposed by Atmos on January 30, 2025. The City accepted input from  
40 stakeholders and members of the public.  
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42 (F) Atmos's application fails to establish that its overall revenue request resulted  
43 in no more than an amount that will permit Atmos a reasonable opportunity to  
44 earn a reasonable return on the utility's invested capital used and useful in  
45 providing service to the public in excess of its reasonable and necessary  
46 operating expenses.  
47

48 (G) Atmos's application fails to establish that its proposed rates are just and  
49 reasonable.

50 **PART 2.** In accordance with its authority under Chapter 103 of the Texas Utilities Code,  
51 the City finds that the rates proposed by Atmos in its Statement of Intent to be recovered  
52 from customers located within the City limits are unfair, unjust, and unreasonable, and  
53 therefore, the proposed rates are hereby denied.

54 **PART 3.** Atmos is directed to reimburse all related reasonable municipal rate case  
55 expenses incurred by the City in relation to the filing, including any subsequent appeal.

56 **PART 4.** Notice of this ordinance shall be provided to Atmos.  
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58 **PART 5.** Council directs the city manager to: work in coalition with the other affected  
59 Texas municipalities known as Atmos Texas Municipalities as represented by Herrera  
60 Law & Associates, PLLC, and experts and consultants to advise and assist the City and  
61 the municipal coalition in exercising regulatory authority over the rates of Atmos; and, if  
62 necessary, intervene in the Railroad Commission of Texas' consideration of Atmos' rate  
63 filing as it affects customers in the unincorporated areas and upon appeal by Atmos.  
64 Further, Council authorizes Atmos Texas Municipalities as represented by Herrera Law  
65 & Associates, PLLC, with the participation and approval of the city manager, to negotiate  
66 and settle the proceedings at the Railroad Commission of Texas related to this rate  
67 increase request.

68  
69 **PART 6.** This ordinance takes effect on \_\_\_\_\_, 2025.

70 **PASSED AND APPROVED**

71 \_\_\_\_\_, 2025 § \_\_\_\_\_  
72 § \_\_\_\_\_  
73 § \_\_\_\_\_  
74 \_\_\_\_\_, 2025 § \_\_\_\_\_  
75 **Kirk Watson**  
76 **Mayor**

77  
78 **APPROVED:** \_\_\_\_\_ **ATTEST:** \_\_\_\_\_  
79 **Deborah Thomas** **Myrna Rios**  
80 **Interim City Attorney** **City Clerk**