



Legislation Text

File #: ORD-3445, Version: 1

Consider adopting Ordinance No. 3445 approving a negotiated settlement between the Atmos Cities Steering Committee and Atmos Energy Corp., Mid-Tex Division that adopts new natural gas rates for the City of Farmers Branch; and take appropriate action.

BACKGROUND:

The City of Farmers Branch is served by Atmos Energy Corporation, Mid-Tex Division. The City is also a member of the Atmos Cities Steering Committee (ACSC), a coalition of approximately 169 cities that unite to address gas utility rate and franchise issues related to Atmos Energy Corporation. The Rate Review Mechanism (RRM) Tariff was originally adopted by ACSC member cities in 2007 as an alternative to the Gas Reliability Infrastructure Program (GPIP), the statutory provision that allows Atmos to bypass the City's rate regulatory authority to increase its rates annually to recover capital investments. The RRM Tariff has been modified several times, most recently in 2013.

In March 2017, Atmos Mid-Tex filed its fifth annual filing under the renewed Rate Review Mechanism (RRM) Tariff, seeking an increase of \$57.4 million additional revenues on a system-wide basis. If the company had used the GRIP process rather than the RRM process it would have received a \$52.4 million increase, or about \$4.4 million more than will be approved by the Ordinance. ACSC and Atmos Mid-Tex have reached an agreement, reflected in the Ordinance, to reduce the company's request by \$9.4 million, such that the Ordinance approving new rates reflects an increase of \$48 million on a system-wide basis.

DISCUSSION:

The Ordinance and settlement tariffs approve rates that will increase Atmos Mid-Tex's revenues by \$48 million for the Mid-Tex Rate Division, effective for bills rendered on or after June 1, 2017. The monthly bill impact for the typical residential customer will be an increase of \$2.04, or about a 3.87%. The typical commercial customer will see an increase of \$6.27 or 2.37%.

The ACSC Executive Committee and its designated legal counsel and consultants recommend that all Cities adopt the Ordinance with its attachments approving the negotiated rate settlement resolving the 2017 RRM filing, and implementing the rate change.

RECOMMENDATION:

Recommended motion by City Administration to adopt Ordinance No. 3445 approving a negotiated settlement between the Atmos Cities Steering Committee and Atmos Energy Corp., Mid-Tex Division that adopts new natural gas rates for the City of Farmers Branch.

POSSIBLE COUNCIL ACTION:

1. I move to approve adopting Ordinance No. 3445 approving a negotiated settlement between the Atmos Cities Steering Committee and Atmos Energy Corp., Mid-Tex Division that adopts new natural gas rates for the City of Farmers Branch.
2. I move to approve adopting Ordinance No. 3445 approving a negotiated settlement between the Atmos Cities Steering Committee and Atmos Energy Corp., Mid-Tex Division that adopts new natural gas rates for the City of Farmers Branch, with modifications.

3. I move to table the issue for further study or take no action.

ATTACHMENTS:

1. Ordinance No. 3445
2. Frequently Asked Questions Regarding ACSC and the RRM Process