



Legislation Details (With Text)

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On agenda: 5/22/2024 **Final action:**

Title: An ordinance denying rates as requested by Atmos Energy Corporation Mid-Tex Division provided pursuant to its January 12, 2024 Dallas Annual Rate Review filing and setting rates as recommended by the City Manager - Financing: No cost consideration to the City

Sponsors:

Indexes: 300

Code sections:

Attachments: 1. Ordinance, 2. Exhibit A

| Date | Ver. | Action By | Action | Result |
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STRATEGIC PRIORITY: Government Performance & Financial Management

AGENDA DATE: May 22, 2024

COUNCIL DISTRICT(S): N/A

DEPARTMENT: Budget and Management Services

EXECUTIVE: Jack Ireland

SUBJECT

An ordinance denying rates as requested by Atmos Energy Corporation Mid-Tex Division provided pursuant to its January 12, 2024 Dallas Annual Rate Review filing and setting rates as recommended by the City Manager - Financing: No cost consideration to the City

BACKGROUND

Atmos Energy Corporation Mid-Tex Division (Atmos) provides natural gas utility service in Dallas in accordance with City franchise Ordinance No. 27793 and Title 3, Subtitle A Texas Utilities Code, Gas Utility Regulatory Act (GURA). On June 22, 2011, the City of Dallas approved Atmos' tariff Dallas Annual Rate Review (DARR), which provides a mechanism by which Atmos shall file for an annual review of its rates. On May 13, 2020 the City Council adopted an ordinance amending the DARR tariff to allow for an extension of time if a state of emergency is in effect within the City of Dallas during the review period.

On January 12, 2024, Atmos filed its rate increase request under the DARR tariff. In its filing, Atmos requested an increase in annual revenue of \$43.1 million in base rates and \$4.8 million for recovery of securitization regulatory asset expenses for a total increase of \$47.9 million from within the City of

Dallas. Atmos requested that the new rates become effective June 1, 2024.

The City of Dallas shall have 135 days to review and render a decision on the Company's filed schedules and work papers. The City contracted with Garrett Group LLC (Garrett) to assist City staff in reviewing the DARR filings and gas rate cases. Garrett has expertise in reviewing gas rate cases and is currently assisting the City with the Atmos Pipeline rate case at the Railroad Commission of Texas. After reviewing the January 12, 2024 rate filing and supplemental information received from Atmos, Garrett determined that the requested rate increase was not justified.

The City staff, and outside legal counsel met with Atmos on numerous occasions, both in person and by electronic virtual meetings/conference call to negotiate a settlement of the pending rate request. The City staff was able to reach a proposed settlement with Atmos and the City Manager recommends adoption of the proposed settlement regarding rates to be charged by Atmos. Per the terms of the settlement agreement, Atmos rates will increase from customers within the City of Dallas and become effective on June 1, 2024.

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

The Government Performance and Financial Management Committee will be briefed on the "Dallas Annual Rate Review filing" on May 21, 2024.

FISCAL INFORMATION

No cost consideration to the City.