



Legislation Text

File #: 21-1013, **Version:** 1

STRATEGIC PRIORITY: Government Performance and Financial Management
AGENDA DATE: June 9, 2021
COUNCIL DISTRICT(S): N/A
DEPARTMENT: Office of Budget and Management Services
EXECUTIVE: Elizabeth Reich

SUBJECT

An ordinance denying rates as requested by Atmos Energy Corp. Mid-Tex Division (Atmos) provided pursuant to its January 15, 2021 Dallas Annual Rate Review (DARR) filing and setting rates as recommended by the City Manager - Financing: No cost consideration to the City

BACKGROUND

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 15, 2021, Atmos filed its rate increase request under the DARR tariff. In its filing, Atmos requested an increase in annual revenue of \$17.04 million from within the City of Dallas. Atmos requested that the new rates become effective June 1, 2021. On March 17, 2021, Atmos filed an amendment to the current year DARR filing lowering the requested increase to \$9.2 million. The effective date for the DARR rates was deferred until September 1, 2020 and the deadline for the City to act was extended to August 28, 2020 as a result of the current state of emergency in effect due to COVID-19 pursuant to the 2020 amendment of the DARR tariff.

The City has a multiyear contract 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 15, 2021 rate filing and supplemental information received from Atmos, Garrett determined that the requested rate increase was not justified.

City staff, and outside legal counsel met with Atmos on numerous occasions, both by electronic virtual meetings and by conference call to negotiate a settlement of the pending rate request. 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 by \$1.9 million annually from customers within the City of Dallas.

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

The Government Performance and Financial Management Committee was briefed regarding this matter on May 24, 2021.

FISCAL INFORMATION

No cost consideration to the City.