



CITY COUNCIL MEMORANDUM

FROM: The Office of the City Manager **DATE:** May 16, 2016
SUBJECT: Consider Ordinance No. 3414, approving a Negotiated Settlement between the Atmos Cities Steering Committee ("ACSC") and Atmos Energy Corp., Mid-Tex Division regarding the Company's 2016 Rate Review Mechanism Filing.

PRESENTER: Karen Bostic, Assistant City Manager

SUMMARY:

The purpose of the Ordinance is for City Council to consider approval of the Settlement Agreement and the resulting rate change under the Rate Review Mechanism tariff. As a result of negotiations, the Executive Committee for the Atmos Cities Steering Committee was able to reduce Atmos Mid-Tex's requested \$35.4 million rate increase for Mid-Tex cities to \$29.9 million.

GENERAL DESCRIPTION:

In March 2016, Atmos Energy Corp., Mid-Tex Division ("Atmos Mid-Tex" or "Company") filed its fourth annual filing under the Rate Review Mechanism ("RRM") Tariff, seeking an increase of \$35.4 million system wide. The Executive Committee for the Atmos Cities Steering Committee ("ACSC") was able to negotiate a reduction of \$5.5 million resulting in a system wide rate increase of \$29.9 million for Atmos Mid-Tex. The City of North Richland Hills, along with a number of other cities served by Atmos Mid-Tex, is a member of the ACSC.

The tariffs attached to the Ordinance approve rates that will increase the Company's revenues by \$29.9 million for the Mid-Tex Rate Division, effective for bills rendered on or after June 1, 2016. The monthly residential customer charge will increase from \$18.60 per month to \$19.10 per month. The consumption charge will increase from \$0.09931 per Ccf to \$0.11378 per Ccf. The impact to the monthly bill for the typical residential customer will be an increase of \$1.26, or about 2.43%. The typical commercial customer will see an increase of \$3.81, or 1.43%.

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 2016 RRM filing, and implementing the rate change.

RECOMMENDATION:

Approve Ordinance 3414.