

CITY COUNCIL MEMORANDUM

FROM: The Office of the City Manager **DATE:** September 28, 2020
SUBJECT: Consider Ordinance No. 3667, approving a negotiated settlement between the Atmos Cities Steering Committee ("ACSC") and Atmos Energy Corp., Mid-Tex Division regarding the company's 2020 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 request.

GENERAL DESCRIPTION:

In late March 2020, Atmos Energy Corp., Mid-Tex Division ("Atmos Mid-Tex" or "Company") submitted its annual filing under the Rate Review Mechanism ("RRM") Tariff. The Company claimed that its cost-of-service for test year ending December 31, 2019 entitled it to \$141.2 million in additional system-wide revenues. Application of the standards set forth in ACSC's RRM Tariff required Atmos to reduce its request to \$136.3 million. Following negotiations between Atmos and the ACSC's Executive Committee, the system-wide rate increase was reduced to \$111.5 million, with \$90 million of the increase allocated to ACSC member cities. 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 \$90 million for the Mid-Tex Rate Division, effective for bills rendered on or after December 1, 2020. The monthly residential customer charge will increase from \$19.55 per month to \$20.25 per month. The consumption charge will be \$0.26651 Ccf. The impact to the monthly bill for the typical residential customer will be an increase of \$5.15 or 9.9%. The increase for the average commercial customer will be \$15.48 or 6.56 percent.

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 2020 RRM filing, and implementing the rate change.

RECOMMENDATION:

Approve Ordinance 3667.