

City of Mesquite, Texas

Legislation Details (With Text)

File #:	20-5030	Version:	1	Name:	Ord - Atmos Energy 2020 Rate Filing
Type:	Agenda Item	Status:	Passed		
File created:	9/18/2020	In control:	City Council		
On agenda:	9/28/2020	Final action:	9/28/2020		
Title:	An ordinance, on second and final reading, approving a negotiated settlement between the Atmos Cities Steering Committee ("ACSC") and Atmos Energy Corp., Mid-Tex Division ("Company") regarding the Company's 2020 Rate Review Mechanism filing; declaring existing rates to be unreasonable; adopting tariffs that reflect rate adjustments consistent with the negotiated settlement; finding the rates to be set by the attached settlement tariffs to be just and reasonable and in the public interest; approving an attached exhibit establishing a benchmark for pensions and retiree medical benefits; approving an attached exhibit regarding amortization of regulatory liability; requiring the Company to reimburse ACSC's reasonable ratemaking expenses; determining that this ordinance was passed in accordance with the requirements of the Texas Open Meetings Act; adopting a savings clause; declaring an effective date; and requiring delivery of this ordinance to the Company and the ACSC's legal counsel.				

Sponsors:

Indexes:

Code sections:

Attachments: 1. Ordinance, 2. Rate Review Mechanism Background

Date	Ver.	Action By	Action	Result
9/28/2020	1	City Council	Approved	Pass

An ordinance, on second and final reading, approving a negotiated settlement between the Atmos Cities Steering Committee ("ACSC") and Atmos Energy Corp., Mid-Tex Division ("Company") regarding the Company's 2020 Rate Review Mechanism filing; declaring existing rates to be unreasonable; adopting tariffs that reflect rate adjustments consistent with the negotiated settlement; finding the rates to be set by the attached settlement tariffs to be just and reasonable and in the public interest; approving an attached exhibit establishing a benchmark for pensions and retiree medical benefits; approving an attached exhibit regarding amortization of regulatory liability; requiring the Company to reimburse ACSC's reasonable ratemaking expenses; determining that this ordinance was passed in accordance with the requirements of the Texas Open Meetings Act; adopting a savings clause; declaring an effective date; and requiring delivery of this ordinance to the Company and the ACSC's legal counsel.

On March 31, 2020, Atmos Energy filed its third rate case under the 2018 revised Rate Review Mechanism (RRM) requesting an adjusted \$136.3 million increase in annual base revenues on a total system-wide basis with \$98.7 million of this increase attributable to ACSC cities. ACSC rate consultants spent the past few months reviewing the rate filing and produced a report indicating that an increase of \$80.8 million in revenues was justified based on the application of standards set forth in the revised RRM tariff. On July 24, 2020, after several rounds of negotiations, the parties settled on an increase of \$90 million, with a two-month delay in the effective date, which will save another \$9 million in 2021 and brings the impact on ratepayers close to \$81 million as determined by ACSC consultants. If not for the RRM process and the ability of ACSC cities to negotiate rates directly with the Company, Atmos would be entitled to recover \$141.2 million under the legislative GRIP process at the Railroad Commission, a savings of \$60.2 million system wide.

The settlement results in a \$0.70 cent increase to the residential base customer charge, and the monthly bill impact for a typical residential customer is an increase of \$5.15 on average, an increase of 9.9 percent. The commercial base customer charge will increase by \$8.00 per month, and the monthly bill impact for a typical commercial customer is an increase of \$15.48 on average, an increase of 6.5 percent. These new rates become effective on December 1, 2020.

The City Charter requires ordinances regulating rates for public utilities to be read and passed at two regular meetings of the City Council. This is the second and final reading of the proposed ordinance; the first reading was passed at the September 21, 2020, City Council meeting.

Recommended/Desired Action

Staff recommends approval of the ordinance on second and final reading.

Attachment(s)

Ordinance

Rate Review Mechanism Background

Drafter

Ted Chinn

Head of Department

Ted Chinn