

City of Mesquite, Texas

Legislation Text

File #: 19-4337, **Version:** 1

An ordinance, on first reading, approving a negotiated settlement between the Atmos Cities Steering Committee (“ACSC”) and Atmos Energy Corporation, Mid-Tex Division (“Company”) regarding the Company’s 2019 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 29, 2019, Atmos Energy filed its second rate case under the 2017 revised Rate Review Mechanism (RRM) requesting \$54 million in additional system-wide revenues with \$39.3 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 \$32.7 million in revenues was justified based on the application of standards set forth in the revised RRM tariff. On August 7, 2019, after several rounds of negotiations, the parties settled on a system-wide increase in revenues of \$35.4 million, which is \$3.9 million less than what Atmos requested and would likely have received if the Company filed its rate case with the Railroad Commission under the legislative GRIP process.

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 \$2.05 on average, an increase of 3.7 percent. The commercial base customer charge will increase by \$3.00 per month, and the monthly bill impact for a typical commercial customer is an increase of \$6.18 on average, an increase of 2.3 percent. These new rate become effective on October 1, 2019.

Per the City Charter, an ordinance regulating rates for public utilities must be read and passed at two regular meetings of the City Council. The second and final reading of the proposed ordinance will take place at the September 16, 2019, City Council meeting.

Recommended/Desired Action

Staff recommends approval of the ordinance on first reading.

Attachment(s)

Ordinance

Rate Review Mechanism Background

Drafter

Ted Chinn

Head of Department

Ted Chinn