

**AGENDA INFORMATION SHEET**  
**AGENDA ITEM NO. \_\_\_\_\_**

**ACTION TO SUSPEND THE EFFECTIVE DATE PROPOSED BY ATMOS ENERGY CORPORATION – MIDTEX DIVISION, TO INCREASE RATES UNDER THE GAS RELIABILITY INFRASTRUCTURE PROGRAM FOR 45 DAYS, AND AUTHORIZE THE CITY’S CONTINUED PARTICIPATION IN A COALITION OF CITIES KNOWN AS THE "ATMOS TEXAS MUNICIPALITIES"**

**ATMOS TEXAS MUNICIPALITIES**

The City is a member of the Atmos Texas Municipalities (“ATM”). The ATM group was organized by a number of municipalities served by Atmos Energy Corporation – MidTex Division (“Atmos Energy”) and has been represented by the law firm of Herrera Law & Associates, PLLC to assist in reviewing applications to change rates submitted by Atmos Energy.

**“GRIP” RATE APPLICATION**

Under section 104.301 of the Gas Utility Regulatory Act (GURA), a gas utility is allowed to request increases in its rates to recover a return on investments it makes between general rate cases. This section of GURA is commonly referred to as the “GRIP” statute, that is, the “Gas Reliability Infrastructure Program.”

Under a decision by the Supreme Court of Texas, the Court concluded that a filing made under the GRIP statute permitted gas utilities the opportunity to recover return on capital expenditures made during the interim period between general rate cases by applying for an interim rate adjustment and that proceedings under the GRIP statute did not contemplate either adjudicative hearings or substantive review of utilities' filings for interim rate adjustments. Instead, the Court concluded, the GRIP statute provides for a *ministerial* review of the utility’s filings to ensure compliance with the GRIP statute and the Railroad Commission’s rules, and that it is within the Railroad Commission’s authority to preclude cities from intervening and obtaining a hearing before the Railroad Commission.

**ATMOS ENERGY’S “GRIP” APPLICATION**

On or about February 28, 2020 Atmos Energy filed for an increase in gas utility rates under the Gas Reliability Infrastructure Program (“GRIP”). Atmos Energy’s application if approved by the Commission will result in an increase in the monthly customer charges as shown below:

<b>Rate Schedule</b>	<b>Current Customer Charge</b>	<b>Proposed 2018 Interim Rate Adjustment</b>	<b>Adjusted Customer Charge</b>	<b>Increase Per Bill</b>
<b>Rate R – Residential Sales</b>	\$21.74 per customer per month	\$4.71 per customer per month	\$26.45 per customer per month	\$4.71
<b>Rate C – Commercial Sales</b>	\$52.26 per customer per month	\$14.54 per customer per month	\$66.80 per customer per month	\$14.54
<b>Rate I (Industrial) &amp; Rate T (Transportation)</b>	\$939.80 per customer per month	\$261.93 per customer per month	\$1,201.73 per customer per month	\$261.93

Atmos Energy’s application, if approved by the Railroad Commission, will result in a systemwide increase in Atmos Energy’s revenue of about \$113.06 million, of which ATM’s portion is about \$11.15 million. Atmos Energy proposed an effective date of April 28, 2020.

On March 27, 2020, Atmos Energy informed ATM’s Special Counsel that it would delay implementation of its GRIP increase in rates to September 1, 2020. However, it does not appear Atmos Energy has withdrawn its pending GRIP application.

**REVIEW AND ACTION RECOMMENDED**

In light of the Texas Supreme Court’s opinion, the City’s ability to review and effectuate a change in Atmos Energy’s requested increase is limited. Nonetheless, and even though Atmos Energy has stated that it will delay implementation of its increase in rates under GRIP to September 1, 2020, to allow for a limited review of Atmos Energy’s GRIP application, and given the limited authority cities have in GRIP cases, it is recommended that the City suspend Atmos Energy’s proposed effective date of April 28, 2020 for forty-five days as allowed by state law, so that the City may evaluate whether the data and calculations in Atmos Energy’s rate application are correctly done.

Therefore, ATM’s Special Counsel, the law firm of Herrera Law & Associates, PLLC (through Alfred R. Herrera) recommends that the City adopt a resolution suspending Atmos Energy’s proposed effective date for 45 days. Assuming a proposed effective date of April 28, 2020 Atmos Energy’s proposed effective date is suspended until June 12, 2020.