

AGENDA INFORMATION SHEET
ITEM NO. _____

RESOLUTION SUPPORTING THE ACTIVITIES OF THE ALLIANCE OF ATMOS TEXAS MUNICIPALITIES (“ATM”) AND OTHER SIMILARLY SITUATED COALITIONS OF MUNICIPALITIES OPPOSING RULES PROPOSED BY THE RAILROAD COMMISSION OF TEXAS BENEFITING THE UTILITY INDUSTRY THAT IF ADOPTED WOULD GREATLY DIMINISH CITIES’ ABILITY TO EFFECTIVELY AND MEANINGFULLY EVALUATE AND CHALLENGE A UTILITY’S PROPOSAL TO INCREASE ITS RATES.

BACKGROUND

Current Texas statutes guarantee Texas cities strong local control over gas utility rates by recognizing their exclusive original jurisdiction over such rates within each city. Texas law also guarantees that utilities must reimburse cities for the reasonable expenses that cities incur while participating in gas ratemaking proceedings both at the City level and before the Railroad Commission of Texas (the “RRC”). On July 25, 2014, the RRC published in the Texas Register three new proposed rules that would greatly diminish, if not entirely eliminate, the City’s ability to ensure that utility rate increases are reasonable by:

1. Requiring that cities fund all rate case expenses out of their own budgets that were incurred while investigating and challenging gas rate increases that utilities propose to the RRC before receiving any reimbursement of expenses the RRC finds reasonable; and
2. Restricting cities’ ability to meaningfully participate in ratemaking proceedings before the RRC by severely and arbitrarily limiting the number of requests for information a city may request from the utility when it proposes an increase in rates.

COALITION OF MUNICIPALITIES

For the last decade or so, the City has participated in a coalition of cities known as the Atmos Texas Municipalities (“ATM”) whose purpose is to investigate gas utilities’ proposed rate increases and challenge them where appropriate. ATM has been active in most, if not all, major ratemaking proceedings that affect ratepayers in the City.

COST

The City's cost for participation in this effort would be apportioned among the member cities in ATM based on each city's number of meters in the City relative to the overall number of meters in all the ATM cities; the attached spreadsheet shows these amounts. These fees would cover the cost of preparing comments to submit to the Railroad Commission in opposition to the Railroad Commission's proposed rule and retain legislative-advocacy to assist in meetings with members of the legislature to support those efforts.

RECOMMENDATION

The City should participate as a member of ATM and thereby join ATM's efforts to oppose the RRC's proposed rules and any similar legislation that would: undermine the City's ratemaking jurisdiction and its ability to question and challenge unreasonable rate increases; allow for processes that do not permit a complete and thorough review of utilities' alleged capital expenditures and operating expenses; or restrict cities' ability to participate in the rate-setting process; and support ATM's efforts to preserve cities' original jurisdiction over utility ratemaking. Participation in ATM's coalition would promote and preserve the City's statutory right to fully participate in utility ratemaking proceedings and ensure just and reasonable utility rates and adequate and reliable utility service.