



City of Pflugerville

Legislation Text

File #: RES-0711, Version: 1

Approve a resolution with the caption reading: Resolution by the City of Pflugerville, Texas, ("City") responding to the application of Atmos Energy Corporation - MidTex Division, to increase rates under the Gas Reliability Infrastructure Program; suspending the effective date of this rate application for forty-five days; authorizing the City to continue to participate in a coalition of cities known as the "Atmos Texas Municipalities;" determining that the meeting at which the resolution was adopted complied with the Texas Open Meetings Act; making such other findings and provisions related to the subject; and declaring an effective date.

The City of Pflugerville has been an ongoing participant of the Atmos Texas Municipalities coalition (ATM). This group, of around 50 Texas cities, are able to address their concerns with Atmos rate proposals as a group. Herrera Law & Associates, PLLC has provided representation for the ATM. The attached ATMOS GRIP Info Sheet and resolution have been provided by the firm to the ATM for the cities' consideration.

Under section 104.301 of the Gas Utility Regulatory Act, 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 is commonly referred to as the "Gas Reliability Infrastructure Program" or "GRIP" statute. The City has received notice that Atmos has filed for an increase in rates under the GRIP Statute. If approved by the Railroad Commission, the new rates will result in a system-wide increase in ATMOS revenue of about \$113.06 million, of which approximately \$11.15 million is ATM's portion. The average monthly increase for a residential customer in ATM cities would be \$4.71 per month, as provided in the attached ATMOS GRIP Info Sheet.

Under a decision by the Supreme Court of Texas, 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. In light of that decision, the City's ability to review and effectuate a change in Atmos Energy's requested increase is limited. Nonetheless, it is recommended that the City suspend Atmos Energy's proposed effective date of April 28, 2020 for 45 days as allowed by state law, so that the City may perform a limited review of Atmos Energy's GRIP application and evaluate whether the data and calculations in Atmos Energy's rate application are correctly done.

In response to the COVID-19 pandemic, Atmos provided the attached letter to the City indicating that it will defer implementation of its increase in rates from June 12, 2020 to September 1, 2020. This deferral did not withdraw the GRIP petition. Further, deferred implementation would not prevent Atmos from potentially "reaching back" to April 28, 2020 to recover revenues from customers via an added surcharge. Therefore, the ATM special counsel recommends approval of this resolution to set the rate increase effective date not earlier than June 12, 2020.

Deadline for City Council Action

The City must take action no later than April 28, 2020. If adopted, the resolution suspends Atmos's proposed effective date for the statutory time period of 45 days to no earlier than June 12, 2020. If no action is taken, the increased rates could take effect as early as April 28, 2020.

Funding Expected: Revenue Expenditure N/A

Budgeted Item: Yes No N/A

Amount: n/a - there is no direct cost to the City for participating in the coalition of cities

1295 Form Required? Yes No

Legal Review Required: N/A Required Date Completed: _____

Supporting documents attached:

Resolution

ATMOS GRIP Info Sheet

ATM GRIP Delayed Implementation Letter

Recommended Action

Approve the resolution suspending the effective date of the Atmos proposed rate increase by 45 days.