



# City of Pflugerville

## Legislation Text

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File #: ORD-0425, Version: 2

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Approving an ordinance on second reading with the caption reading: ORDINANCE BY THE CITY OF PFLUGERVILLE, TEXAS ("CITY") DENYING A PROPOSED INCREASE SOUGHT BY ATMOS ENERGY-MIDTEX DIVISION IN CONNECTION WITH THE RATE INCREASE FILING IT MADE ON ABOUT JUNE 1, 2018; APPROVING AN ALTERNATIVE INCREASE IN RATES; DIRECTING ATMOS TO FILE CONFORMING TARIFFS AND TO REIMBURSE THE CITY'S RATE CASE EXPENSES; MAKING OTHER FINDINGS AND PROVISIONS RELATED TO THE SUBJECT; FINDING THAT THE MEETING COMPLIES WITH THE OPEN MEETINGS ACT; AND DECLARING AN EFFECTIVE DATE.

On or about June 1, 2018, Atmos Energy Corporation ("Atmos" or "Company") filed a Statement of Intent with members of the coalition of cities known as the Atmos Texas Municipalities ("ATM") comprised of about 50 cities, of which the City is a member, to increase rates by approximately \$4.5 million, which equates to an increase of about 8% in annual non-gas-cost revenue in the ATM cities. On a system-wide basis, Atmos's proposed increase would be the equivalent of about \$46.0 million which is an increase in annual revenue of about 7.3%.

The City, as part of the ATM coalition of cities, engaged the law firm of Herrera Law & Associates as Special Counsel to review Atmos' application. On behalf of ATM, Herrera Law & Associates engaged rate experts to assist in reviewing Atmos' application.

Special Counsel and the consulting firms of the Garrett Group, LLC; GDS and Associates, Inc.; and J. Randall Woolridge, Ph.D., recommend that the City deny Atmos' request to increase rates by \$46 million system wide, and instead approve the rates shown in Exhibit A to the Agenda Information Sheet representing an increase of about \$12.81 million, the details of which are presented in the schedules attached as Exhibit B to the Agenda Information Sheet.

### **Prior City Council Action**

Atmos proposed an effective date of July 6, 2018 for its change in rates. On June 26, 2018, the City Council approved Resolution No. 1632-18-06-26-0521 suspending Atmos's proposed effective date for the statutory time period of 90 days, to October 4, 2018, to allow time for review.

At the special City Council meeting on September 18, 2018, Mr. Freddie Herrera, Special Counsel, provided information. The City Council approved the ordinance on first reading with a vote of 4 to 1.

### **Deadline for City Council Action**

The City must take final action on Atmos' proposed rates no later than October 4, 2018.

### **Projected Future City Council Action**

The City Council is scheduled to consider the ordinance on second reading on September 25, 2018.

### **Fiscal Impact**

Please see the attached documents for detailed financial information.

**Staff Recommendation**

ATM's Special Counsel and ATM's rate experts recommend that the City adopt the attached ordinance, which if approved will deny Atmos Energy's proposed increase about \$46 million and approve a lesser increase of about \$12.81 million; that the City approve the rates that correspond to such an increase, including approval of recovery of the ATM's rate case expenses. Staff concurs with this recommendation.

**Drafter**

Lauri Gillam  
Assistant City Manager