

Memorandum



CITY OF DALLAS

DATE May 12, 2023

TO Honorable Members of the Government Performance and Financial Management Committee: Cara Mendelsohn (Chair), Gay Donnell Wills (Vice Chair), Tennell Atkins, Adam Bazaldua, Adam McGough, Paul Ridley, Chad West

SUBJECT **Atmos Dallas Annual Rate Review Filing Update**

On January 13, Atmos Energy Corporation, Mid-Tex Division (Atmos) filed a request with the City to increase rates. This filing was made under the Dallas Annual Rate Review (DARR) Tariff and is the company's fifth filing under the current DARR mechanism. Atmos requested an increase in annual revenues of \$20.6 million for the City of Dallas. This represents a monthly increase of 6.36 percent or \$6.10 for the average residential customer. Atmos has requested a June 1, 2023, effective date for the new rates.

Staff assisted by the City's gas rate consultant and outside legal counsel negotiated a settlement with Atmos which will be briefed to the Government Performance and Financial Management (GPFM) Committee on May 22, 2023, with recommendations for Council action on May 24, 2023. Pursuant to the DARR tariff the City has a review period of 135 days from the date of the filing to render a decision which would be May 28, 2023 however on May 13, 2020 in response to the COVID-19 pandemic the City amended the language to extend the evaluation period. The following language was added to the ordinance:

"The City of Dallas shall have 135 days to review and render a decision on the Company's filed schedules and work papers. However, should a declaration of emergency be issued affecting the City of Dallas by action of the United States federal government, the government of the State of Texas, the County of Dallas or the City of Dallas which is in effect during the 135-day evaluation period, the 135-day evaluation period shall be extended an additional 92 days (: Extended Period)".

The Governor has issued an emergency declaration monthly pertaining to the COVID-19 pandemic. The most recent order related to the COVID-19 pandemic was issued on April 15, 2023, therefore the review period of the 2023 is extended 92 days from May 28, 2023, to August 28, 2023. Staff recommends moving forward as negotiations are now complete.

The settlement reduces the requested increase by \$2.4 million annually and delays the implementation of the new rates from June 1, 2023, until September 1, 2023. This represents a monthly increase of \$5.73 per month for the average residential customer.

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On Monday, May 22, 2023, staff will brief the GPFM committee on the City Manager's recommendation and next steps. If you have any questions, please contact Nick Fehrenbach, Manager of Regulatory Affairs in Budget and Management Services.



Jack Ireland
Chief Financial Officer

[Attachment]

c: T.C. Broadnax, City Manager
Tammy Palomino, Interim City Attorney
Mark Swann, City Auditor
Biliera Johnson, City Secretary
Preston Robinson, Administrative Judge
Kimberly Bizer Tolbert, Deputy City Manager
Jon Fortune, Deputy City Manager

Majed A. Al-Ghafry, Assistant City Manager
M. Elizabeth (Liz) Cedillo-Pereira, Assistant City Manager
Dr. Robert Perez, Assistant City Manager
Carl Simpson, Assistant City Manager
Jack Ireland, Chief Financial Officer
Genesis D. Gavino, Chief of Staff to the City Manager
Directors and Assistant Directors