



**AGENDA
CITY COUNCIL MEETING
CITY OF LEANDER, TEXAS**

Pat Bryson Municipal Hall
201 North Brushy Street - Leander, Texas
Monday, December 23, 2024
Special Called Meeting at 4:15 PM



Mayor – Christine DeLisle
Place 1 – Kathryn Pantalion-Parker
Place 2 – Michael Herrera
Place 3 – David McDonald

Place 4 – Na'Cole Thompson, Mayor Pro Tem
Place 5 – Chris Czernek
Place 6 – Becki Ross
City Manager – Todd Parton

The meeting will also be live-streamed at the following link: <https://www.leandertx.gov/video>.

SPECIAL CALLED MEETING – CONVENE AT 4:15 PM

1. Open Meeting.
2. Roll Call.
3. Public comments on items listed in the agenda will be heard at the time each item is discussed.

[All comments are limited to no more than 3 minutes (6 minutes if translation is needed) per individual.]

CONSENT AGENDA: ACTION

4. Approval of Resolution denying the increase in rates proposed by Atmos Energy Corporation in its Mid-Tex Division filed on or about December 16, 2024; authorizing intervention in proceedings related to Atmos Energy's application to increase rates; authorizing special counsel to represent the City in matters related to Atmos Energy's proposed increase rates; directing Atmos to reimburse rate case expenses; finding that the meeting complies with Open Meetings Act; making other findings and provisions related to the subject; and declaring an effective date.

REGULAR AGENDA

5. Convene into Executive Session pursuant to Section 551.071, Texas Government Code, and Section 1.05, Texas Disciplinary Rules of Professional Conduct to consult with legal counsel regarding an Attorney General Opinion relating to an open record request.

Reconvene into open session to take action as deemed appropriate in the City Council's discretion regarding Attorney General Opinion relating to an open record request.
6. Adjournment

CERTIFICATION

This meeting will be conducted pursuant to the Texas Government Code Section 551.001 et seq. At any time during the meeting the Council reserves the right to adjourn into Executive Session on any of the above posted agenda for which state law authorizes Executive Session to be held, including but not limited to Sections 551.071 [litigation and certain Consultation with attorney], 551.072 [acquisition of interest in real property], 551.073 [prospective gift to city], 551.074 [certain personnel deliberations], 551.076 [deployment/implementation of security personnel or devices], or 551.087 [Deliberations regarding Economic Development Negotiations]. The City of Leander is committed to

compliance with the American with Disabilities Act. Reasonable modifications and equal access to communications will be provided upon request. Please call the City Secretary at (512) 528-2743 for information. Hearing impaired or speech disabled persons equipped with telecommunication devices for the deaf may call (512) 528-2800. I certify that the above agenda for this meeting of the City Council of the City of Leander, Texas, was posted on the bulletin board at City Hall in Leander, Texas, on the 19 day of December 2024 by 5:00 p.m. pursuant to Chapter 551 of the Texas Government Code.

A handwritten signature in cursive script that reads "Dara Crabtree". The signature is written in black ink and is positioned above a horizontal line.

Dara Crabtree, City Secretary, TRMC



EXECUTIVE SUMMARY
12/23/2024

AGENDA SUBJECT:

Approval of Resolution denying the increase in rates proposed by Atmos Energy Corporation in its Mid-Tex Division filed on or about December 16, 2024; authorizing intervention in proceedings related to Atmos Energy's application to increase rates; authorizing special counsel to represent the City in matters related to Atmos Energy's proposed increase rates; directing Atmos to reimburse rate case expenses; finding that the meeting complies with Open Meetings Act; making other findings and provisions related to the subject; and declaring an effective date.

BACKGROUND:

On about December 16, 2024, Atmos Energy Corporation (Atmos or Atmos Energy) filed a Statement of Intent to increase its base rate revenues for its Mid-Tex Division within certain cities, by approximately **\$16.73 million**; this equates to an **increase in annual revenue of about 7.08% including gas costs, and 11.51% excluding gas costs**. This is Atmos's first request to increase its base rates since 2018. Following the conclusion of its 2018 rate gas (Gas Utilities Docket No. 10742), Atmos has raised its rates by means of six Interim Rates Adjustment ("IRA") filings, also known as "GRIP" filings.

Atmos proposes an effective date of January 20, 2025, for its change in rates. As is explained below, the proposed Resolution related to Atmos's application to increase its base rate revenues, if adopted, denies the proposed increase in rates.

Crucially, on November 18, 2024, Atmos filed with the Railroad Commission of Texas (RRC or Commission) substantially the same proposal to increase rates. Because Atmos filed its application to increase rates with the RRC several weeks before it filed the same application with the city, and other similarly situated cities, the time line for the RRC to issue a decision regarding Atmos's application with the RRC is such that by the time the City's statutory deadline to make its decision regarding the application Atmos filed with the City, the RRC proceedings will be close to, if not at, their end. Thus, it is highly likely the RRC will make a decision on the merits of Atmos's application before the City completes its review and makes its decision.

BILL IMPACT:

On average, Atmos' proposed increase if approved as filed would result in an increase of about 14.05% in a residential customer's bill excluding the cost of gas, and about 9.41% including the cost of gas. The effect of Atmos' proposed increase in rates for a residential customer using average consumption of gas is shown in the table below:

ATMOS ENERGY CORP., MID-TEX DIVISION ATMOS TEXAS MUNICIPALITIES ("ATM") STATEMENT OF INTENT AVERAGE BILL COMPARISON - BASE RATES TEST YEAR ENDING JUNE 30, 2024								
Line No.	Description	Average Volumes	Current Rates	Proposed Rates	Current Average Bill	Proposed Average Bill	Amount Change	Percent Change
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
1	Rate R at 32.6 Ccf							
2	Base Rates:							
3	Customer Charge		\$ 47.91	\$ 47.91	\$ 47.91	\$ 47.91	\$ -	
4	Consumption Charge (Ccf)	32.6	\$ 0.14846	\$ 0.37584	4.84	12.25	7.41	
5	Total Base Rates				\$ 52.75	\$ 60.16	\$ 7.41	14.05%
6								
7	Gas Cost:							
8	Rider GCR Part A (Ccf)	32.6	\$ 0.25792	\$ 0.25792	\$ 8.41	\$ 8.41	\$ -	
9	Rider GCR Part B (Ccf)	32.6	\$ 0.53771	\$ 0.53771	17.53	17.53	-	
10	Total Gas Cost				\$ 25.94	\$ 25.94	\$ -	0.00%
11								
12	Total Base with Gas Cost				\$ 78.69	\$ 86.10	\$ 7.41	
13	Rider FF and Rider TAX		0.06788	0.06788	5.34	5.84	0.50	9.36%
14								
15	Total Residential Average Bill				\$ 84.03	\$ 91.94	\$ 7.91	9.41%

Atmos proposes to leave rates for Commercial, Industrial, and Transportation customers unchanged.

REVENUE IMPACT:

Because of the substantial increase in rates to the Residential class of customers the City should closely scrutinize Atmos's proposed increase as well as its proposed allocation of costs to the customer classes.

If adopted, the accompanying resolution:

1. Denies Atmos's proposed increase in rates;
2. Authorizes Herrera Law & Associates,
3. PLLC to represent the City through ATM in proceedings related to Atmos's proposal to increase rates; and
4. Directs Atmos to reimburse ATM's rate-case expenses.

HISTORY/TIMELINE:

APPLICANT/AGENT:

RECOMMENDATION:

Recommend approval.

PRESENTER:

Todd Parton, City Manager

Fiscal Impact

Attachments:

1. Resolution Denying Atmos Rate Case

A RESOLUTION OF THE CITY OF LEANDER, TEXAS

RESOLUTION NO.

RESOLUTION BY THE CITY OF LEANDER, TEXAS (“CITY”) DENYING THE INCREASE IN RATES PROPOSED BY ATMOS ENERGY CORPORATION IN ITS MID-TEX DIVISION FILED ON ABOUT DECEMBER 16, 2024; AUTHORIZING INTERVENTION IN PROCEEDINGS RELATED TO ATMOS ENERGY’S APPLICATION TO INCREASE RATES; AUTHORIZING SPECIAL COUNSEL TO REPRESENT THE CITY IN MATTERS RELATED TO ATMOS ENERGY’S PROPOSED INCREASE IN RATES; DIRECTING ATMOS TO REIMBURSE RATE CASE EXPENSES; FINDING THAT THE MEETING COMPLIES WITH THE OPEN MEETINGS ACT; MAKING OTHER FINDINGS AND PROVISIONS RELATED TO THE SUBJECT; AND DECLARING AN EFFECTIVE DATE

WHEREAS, Atmos Energy Corporation (“Atmos” or “Company”) filed a Statement of Intent with the City on about December 16, 2024, to change its rate schedules within the corporate limits of this municipality, specifically to increase its annual revenue requirement by approximately \$16.73 million, which represents an increase in base rates of about 11.51%, excluding the cost of gas, and about 7.08% including the cost of gas; and

WHEREAS, the City is a regulatory authority under the Gas Utility Regulatory Act (“GURA”) and under Chapter 103, §103.001 et seq. of GURA has exclusive original jurisdiction over Atmos’s rates, operations, and services within the municipality; and

WHEREAS, to maximize the efficient use of resources and expertise in reviewing, analyzing and investigating Atmos’s rate request and its changes in tariffs, the City joins with other local regulatory authorities to form an alliance of cities known as the Atmos Texas Municipalities (“ATM”); and

WHEREAS, Atmos’s rate request consists of a voluminous amount of information including Atmos’s rate-filing package, exhibits, schedules, and workpapers; and

WHEREAS, Atmos’s rate application is the Company’s first general rate case since about 2018, and follows six consecutive annual increases in rates pursuant to the Interim Rate Adjustment (“IRA”) mechanism, also known as “GRIP” filings; and

WHEREAS, Atmos proposed January 20, 2024, as the effective date for its requested increase in rates; and

WHEREAS, the City will require the assistance of specialized legal counsel and rate experts to review the merits of Atmos’s application to increase rates; and

WHEREAS, Atmos’s application fails to establish that its overall revenue request resulted in no more than an amount that will permit Atmos a reasonable opportunity to earn a reasonable return on the utility’s invested capital used and useful in providing service to the public in excess of its reasonable and necessary operating expenses; and

WHEREAS, Atmos’s application fails to establish that its proposed rates are just and reasonable; and

WHEREAS, Atmos may exercise its statutory right to appeal a City decision regarding Atmos’s request to increase rates to the Railroad Commission of Texas; and

WHEREAS, Atmos filed its Statement of Intent to increase its revenue and change its rate with the City after it filed a substantially similar application with the Railroad Commission of Texas, and the decision of the Railroad Commission of Texas will have a direct impact on the City and its citizens who are customers of Atmos, and in order for the City’s participation to be meaningful, it is important that the City intervene in any such proceedings at the Railroad Commission of Texas related to Atmos’s application to increase rates.

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF LEANDER, TEXAS THAT:

Section 1. The findings set out in the preamble are in all things approved and incorporated herein as if fully set forth.

Section 2. Atmos’s application fails to show that its proposed rates are just and reasonable.

Section 3. The City hereby **DENIES** Atmos’s request to increase its revenue and change its rates and in support of **DENIAL** finds that:

- A.** Atmos failed in its burden of proof to establish that its requested increase in revenue or the changes set forth in its tariffs attached to Atmos’s Statement of Intent to change rates, results in just and reasonable rates;
- B.** Atmos failed in its burden of proof to establish that adoption of its proposed rate base, expenses, investment, return on equity, and other rate issues as presented in Atmos’s Statement of Intent to increase rates, result in just and reasonable rates.

Section 4. The City shall participate in a coalition of cities known as the Atmos Texas Municipalities (“ATM”), and authorizes intervention in proceedings related to Atmos’s Statement of Intent before the Railroad Commission of Texas and related proceedings in courts of law; and

Section 5. The City hereby orders Atmos to reimburse the City’s rate case expenses consistent with the Gas Utility Regulatory Act and that Atmos shall do so on a monthly basis and within 30 days after submission of the City’s invoices for the City’s reasonable costs associated with the City’s activities related to this rate review or related to proceedings involving Atmos before the City, the Railroad Commission of Texas, or any court of law.

Section 6. Subject to the right to terminate employment at any time, the City retains and authorizes the law firm of Herrera Law & Associates, PLLC to act as Special Counsel with regard to rate proceedings involving Atmos before the City, the Railroad Commission of Texas, or any court of law, and to retain such experts as may be reasonably necessary for review of Atmos’s rate application subject to approval by the steering committee of the ATM.

Section 7. The City, in coordination with the Atmos Steering Committee, shall review the invoices of the lawyers and rate experts for reasonableness before submitting the invoices to Atmos for reimbursement.

Section 8. A copy of this resolution shall be sent to Mr. Alfred R. Herrera, Herrera Law & Associates, PLLC, P.O. Box 302799, Austin, Texas 78703, and a courtesy copy to Atmos's local representative.

Section 9. The meeting at which this resolution was approved was in all things conducted in strict compliance with the Texas Open Meetings Act, Texas Government Code, Chapter 551.

Section 10. This resolution shall become effective from and after its passage.

PASSED AND APPROVED this 23 day of December, 2024.

Mayor

ATTEST:

City Secretary