



City Council
Agenda Memo

TO: Larry D. Gilley, City Manager
FROM: Mindy Patterson, Director of Finance

City Council
Meeting Date: 05/10/12

SUBJECT: Approve Resolution to Deny Atmos Energy Corp., Mid-Tex Division’s (“Atmos Mid-Tex”) Request for a Rate Increase; and Requiring the Company to Reimburse the City’s Reasonable Ratemaking Expenses

GENERAL INFORMATION

On January 31, 2012, Atmos Energy Corporation, Mid-Tex Division (“Atmos Mid-Tex” or “Company”) filed with Atmos Cities Steering Committee (“ACSC”) city members and that exercise original jurisdiction a request for a rate increase in excess of \$49 million or 11.94%. However, the Company is requesting an increase of 13.6% excluding gas costs, for its residential customers. Additionally, the application would change the way that rates are collected, by increasing the residential fixed-monthly (or Customer) charge from \$7.50 to \$18.00 and decreasing the consumption charge from \$0.25 per 100 cubic feet (“ccf”) to \$0.07 per ccf.

ACSC members with original jurisdiction passed resolutions and suspended the proposed effective date of March 6, 2012, extending city jurisdiction until June 4, 2012 to allow ACSC attorneys and consultants to study the request. On Monday of this week, the Company extended its effective date by a week, which similarly extended the June 4, 2012 deadline to June 11, 2012. ACSC and the Company continue negotiations in mutual hope of a settlement that resolves the pending rate case and extends the RRM process. However, it does not appear that settlement could be achieved within a time frame that would allow the City to take action prior to June 11, 2012. Thus, the ACSC Executive Committee and Settlement Committee recommend passage of a denial resolution. Such action does not preclude a subsequent settlement. If settlement is achieved, ACSC will return to member cities with a request for approval of the settlement. If settlement is not achieved, the Company will appeal the denial resolution to the Railroad Commission.

STAFF RECOMMENDATION

Staff recommends that Council approves the resolution to deny the proposed rate increase by Atmos Mid-Tex.

ATTACHMENTS

Resolution

Prepared By:

Name Odis Dolton

Title Assistant Director of Finance

Disposition by City Council

Approved Denied
 Other Ord/Res # _____

Item No. 6.1

RESOLUTION NO. _____

**RESOLUTION OF THE CITY OF ABILENE DENYING
ATMOS ENERGY CORP., MID-TEX DIVISION'S
("ATMOS MID-TEX") REQUESTED RATE CHANGE;
REQUIRING THE COMPANY TO REIMBURSE THE
CITY'S REASONABLE RATEMAKING EXPENSES;
FINDING THAT THE MEETING AT WHICH THIS
RESOLUTION IS PASSED IS OPEN TO THE PUBLIC AS
REQUIRED BY LAW; REQUIRING NOTICE OF THIS
RESOLUTION TO THE COMPANY AND ACSC'S LEGAL
COUNSEL**

WHEREAS, the City of Abilene, Texas ("City") is a gas utility customer of Atmos Energy Corp., Mid-Tex Division ("Atmos Mid-Tex" or "Company"), and is a regulatory authority under the Gas Utility Regulatory Act ("GURA") and under Chapter 104, §104.001 et seq. of GURA, has exclusive original jurisdiction over Atmos Mid-Tex's rates, operations, and services within the City; and

WHEREAS, the City is a member of the Atmos Cities Steering Committee ("ACSC"), a coalition of over 150 similarly situated cities served by the Company that have joined together to facilitate the review and response to natural gas issues affecting rates charged in the Atmos Mid-Tex Division; and

WHEREAS, pursuant to the terms of the agreement settling the Company's 2007 Statement of Intent to increase rates, ACSC and the Company worked collectively to develop a Rate Review Mechanism ("RRM") tariff that allows for an expedited rate review process controlled in a three-year experiment by ACSC as a substitute to the current GRIP process instituted by the Legislature; and

WHEREAS, ACSC and the Company agreed to extend the RRM process in reaching a settlement in 2010 on the third RRM filing; and

WHEREAS, in 2011, ACSC and the Company engaged in good faith negotiations regarding the continuation of the RRM process, but were unable to come to ultimate agreement; and

WHEREAS, on or about January 31, 2012, the Company filed a Statement of Intent with the cities retaining original jurisdiction within its Mid-Tex service division to increase rates by approximately \$49 million; and

WHEREAS, Atmos Mid-Tex proposed March 6, 2012, as the effective date for its requested increase in rates; and

WHEREAS, the City suspended the effective date of Atmos Mid-Tex's proposed rate increase for the maximum period allowed by law and thus extended the City's jurisdiction until June 4, 2012; and

WHEREAS, on April 25, 2012, the Company extended the effective date for its proposed rates by one week, which similarly extended the City's jurisdiction until June 11, 2012; and

WHEREAS, the ACSC Executive Committee hired and directed legal counsel and consultants to prepare a common response to the Company's requested rate increase and to negotiate with the Company and direct any necessary litigation; and

WHEREAS, ACSC's consultants conducted a review of the Company's requested rate increase and found justification that the Company's rates should be decreased; and

WHEREAS, ACSC and the Company have engaged in settlement discussions but will be unable according to Company representations to reach settlement in sufficient time for cities to act before June 11, 2012; and

WHEREAS, failure by ACSC members to take action before June 11, 2012 would allow the Company the right to impose its full request on residents of said ACSC members; and

WHEREAS, the ACSC Settlement Committee recommends denial of the Company's proposed rate increase in order to continue settlement discussions pending the Company's appeal of cities' denials to the Railroad Commission of Texas; and

WHEREAS, the GURA § 103.022 provides that costs incurred by cities in ratemaking activities are to be reimbursed by the regulated utility.

THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF ABILENE, TEXAS:

1. That the rates proposed by Atmos Mid-Tex to be recovered through its gas rates charged to customers located within the City limits, are hereby found to be unreasonable and shall be denied.
2. That the Company shall continue to charge its existing rates to customers within the City and that said existing rates are reasonable.
3. That the City's reasonable rate case expenses shall be reimbursed by the Company.
4. That it is hereby officially found and determined that the meeting at which this Resolution is passed is open to the public as required by law and the public notice of the time, place, and purpose of said meeting was given as required.

5. A copy of this Resolution shall be sent to Atmos Mid-Tex, care of David Park, Vice President Rates & Regulatory Affairs, at Atmos Energy Corporation, Mid-Tex Division, 5420 LBJ Freeway, Suite 1862, Dallas, Texas 75240, and to Geoffrey Gay, General Counsel to ACSC, at Lloyd Gosselink Rochelle & Townsend, P.C., P.O. Box 1725, Austin, Texas 78767-1725.

PASSED AND APPROVED this 10th day of May, 2012.

Mayor

ATTEST:

City Secretary

APPROVED AS TO FORM:

City Attorney

**City Council
Agenda Memo**



TO: Larry D. Gilley, City Manager

**City Council
Meeting Date: 5-10-2012**

**FROM: Jon C. James, Director
Planning and Development Services**

**SUBJECT: Written Resolution Re-certifying Habitat for Humanity-Abilene, Inc. as a Community
Housing Development Organization (CHDO) and Commitment of HOME Funds**

GENERAL INFORMATION

Approval and recertification by the City of Abilene is a condition for the receipt of HOME funds for a CHDO. Habitat for Humanity-Abilene, Inc. (Habitat) has been a certified CHDO since March 1995, and has received HOME funds to expand the availability of safe, dependable and affordable housing for qualified low- and moderate-income families. Habitat has updated its CHDO application and has submitted a request for CHDO recertification.

Since 1990, Habitat has completed 123 homes in Abilene, assisted 150 low- to moderate-income families composed of 258 adults and 444 children; and has partnered with the City of Abilene as a CHDO on 61 single-family homes. City CHDO funds are currently being used on three new constructions with plans for three more in 2013.

Habitat has partnered with over 50 service clubs, church groups, college groups and business work teams during the past year. The 560 volunteers worked 3,600 hours in 2011 to help Habitat remain committed to creating home ownership opportunities for moderate-income families.

The proposed resolution re-certifies Habitat as a CHDO and authorizes staff to disburse HOME funds as appropriate.

FUNDING/FISCAL IMPACT

No impact to General Fund. All funding is from HOME entitlement funds.

STAFF RECOMMENDATION

Staff recommends approval of the resolution.

ATTACHMENTS

Proposed resolution

Prepared by:

Sandy Bowen
Neighborhood Initiatives Manager

May 10, 2012

Item No. 6.2

Disposition by City Council

- Approved Ord/Res# _____
- Denied _____
- Other _____

City Secretary

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ABILENE, TEXAS APPROVING THE RE-CERTIFICATION OF HABITAT FOR HUMANITY-ABILENE, INC., AS A COMMUNITY HOUSING DEVELOPMENT ORGANIZATION (CHDO), AND AUTHORIZING DISBURSEMENT OF HOME INVESTMENT PARTNERSHIPS PROGRAM (HOME) FUNDS.

WHEREAS, the U.S. Department of Housing and Urban Development (HUD) has designated the City of Abilene as a Participating Jurisdiction eligible to receive formula funding from the HOME Program as authorized by Title II of the National Affordable Housing Act of 1990 (PL 101-625), as amended; and

WHEREAS, the City of Abilene is awarded an annual entitlement under the HOME Investment Partnerships Program; and

WHEREAS, not less than fifteen percent (15%) of HOME funds must be invested in housing to be developed, sponsored or owned by qualified Community Housing Development Organizations (CHDOs); and

WHEREAS, Habitat for Humanity-Abilene, Inc. has previously been certified a CHDO and has satisfied the requirements to be recertified as a CHDO and as such will undertake activities to expand and develop safe, decent and affordable housing for moderate-income households in Abilene;

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

Part 1. Having met the requirements for recertification, the City of Abilene approves recertification for Habitat for Humanity-Abilene, Inc. as a CHDO and recognizes it as eligible to receive HOME funds for the acquisition, rehabilitation and new construction of single-family homes.

Part 2. The City Manager of the City of Abilene, Texas, or his designee is hereby authorized to execute all agreements, certifications and other documents necessary and proper to complete the disbursement of HOME funds to Habitat for Humanity-Abilene, Inc.

Part 3. This resolution shall take effect immediately from and after its passage.

ADOPTED THIS 10TH DAY OF MAY 2012.

ATTEST:

CITY SECRETARY

MAYOR

APPROVED:

CITY ATTORNEY

**City Council
Agenda Memo**



**City Council
Meeting Date: 05/10/2012**

TO: Larry D. Gilley, City Manager

FROM: Ronnie C. Kidd, Managing Director for Administration

SUBJECT: Oral Resolution Authorizing the Purchase of Replacement Power Plant Equipment for Kirby Radio Tower, part of the Public Safety Communication and Dispatch System

GENERAL INFORMATION

The City's power plant systems at its radio towers are becoming obsolete with few places to find replacement parts or service. The City needs to begin to replace them to avoid down time and interrupted service. The Kirby Radio Tower is the main control point and the City has chosen to begin there because the City cannot afford for it to be off the air. Dailey-Wells will do the installation as they are fully familiar with the City's system having initially installed it. We will use the equipment removed from the Kirby site to help keep the other sites maintained (with spare parts) as we continue our replacement of equipment at the other sites.

SPECIAL CONSIDERATIONS

Grant money is available through the West Central Texas Council of Governments (WCTCOG) for homeland security projects. WCTCOG advised the City these funds could be used for this upgrade and replacement. Our request has been submitted to them for review and they have approved the expenditure for this purpose. The City of Abilene will advance the funds to purchase the equipment and then submit the receipts for complete reimbursement from the WCTCOG.

FUNDING/FISCAL IMPACT

The purchase price is \$50,409.24. There will be no fiscal impact to the City of Abilene as the West Central Texas Council of Governments will fully reimburse the City for the purchase of the equipment.

STAFF RECOMMENDATION

Staff recommends approval of the Oral Resolution.

BOARD OR COMMISSION RECOMMENDATION

N/A

ATTACHMENTS

Prepared by: Name Mark Hoover Title Assistant Director Administrative Services	Item No. <u>6.3</u>	Disposition by City Council <input type="checkbox"/> Approved Ord/Res# _____ <input type="checkbox"/> Denied <input type="checkbox"/> Other _____ City Secretary
---	---------------------	--



City Council
Agenda Memo

TO: Larry D. Gilley, City Manager **City Council Meeting Date: 05-10-2012**
FROM: Mindy Patterson, Director of Finance
SUBJECT: Award of Bid – Frontloader Refuse Trucks for Solid Waste

GENERAL INFORMATION

Fleet Management seeks approval to purchase three (3) Frontloader Refuse Trucks for Solid Waste. The units are to replace trucks that are worn out and no longer cost-effective to maintain. The trucks will be utilized in the collection of commercial refuse.

The units are to be purchased through the Local Government Purchasing Cooperative (BuyBoard).

BID TABULATION

<u>Vendor</u>	<u>Description</u>	<u>Amount</u>
Rush Truck Centers of Texas	(3) Peterbilt 320 Trucks BuyBoard contract # 358-10	\$414,232.00
Equipment Southwest, Inc.	(3) Wittke Refuse Bodies BuyBoard contract # 357-10	\$290,446.00

FUNDING/FISCAL IMPACT

Funds for this purchase are to be provided by the Fleet Replacement Fund.

STAFF RECOMMENDATION

It is recommended that the units be purchased through BuyBoard in the amount of \$704,678.00.

Prepared By:
Name Cheri Carter
Title Fleet Analyst

Item No. 6.4

Disposition by City Council
 Approved Denied
 Other **Ord/Res #** _____

City Secretary