



## Item Brief

### **Meeting Date**

March 24, 2026

### **Agenda Item**

Discuss and consider action: Resolution No. R2026-16: K. McBurnett

A RESOLUTION BY THE CITY OF BURNET, 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

### **Information**

This resolution authorizes the suspension for 45 days of the effective date proposed by Atmos Energy Corporation – MidTex Division to increase rates under the Gas Reliability Infrastructure Program and authorizes the City's continued participation in a coalition of cities known as the "Atmos Texas Municipalities."

### **ATMOS Texas Municipalities**

The City is a member of the Atmos Texas Municipalities ("ATM"). The ATM group was organized by a number of municipalities served by Atmos Energy Corporation – MidTex Division ("Atmos Energy") and has been represented by the law firm of Herrera Law & Associates, PLLC to assist in reviewing applications to change rates submitted by Atmos Energy.

### **"GRIP" Rate Application**

Under section 104.301 of the Gas Utility Regulatory Act ("GURA"), 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 of GURA is commonly referred to as the "GRIP" statute, that is, the "Gas Reliability Infrastructure Program."

Under a decision by the Supreme Court of Texas, the Court concluded that a filing made under the GRIP statute permitted gas utilities the opportunity to recover return on capital expenditures made during the interim period between general rate cases by applying for an interim rate adjustment and that proceedings under the GRIP statute did not contemplate either adjudicative hearings or substantive review of utilities' filings for interim rate adjustments. Instead, 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.

**ATMOS Energy's "GRIP" Application**

On or about February 20, 2026, Atmos Energy filed for an increase in gas utility rates under the Gas Reliability Infrastructure Program ("GRIP"). Atmos Energy's application if approved by the Commission will result in an increase in the monthly customer charges as shown below:

<b>Rate Schedule</b>	<b>Current Customer Charge</b>	<b>Proposed 2026 Interim Rate Adjustment</b>	<b>Adjusted Charge</b>	<b>Increase Per Bill</b>
<b>Rate R – Residential Sales</b>	\$25.03 per customer per month	\$10.59 per customer per month	\$35.62 per customer per month	\$10.59
<b>Rate C – Commercial Sales</b>	\$140.01 per customer per month	\$38.65 per customer per month	\$178.66 per customer per month	\$38.65
<b>Rate I (Industrial) &amp; Rate T (Transportation)</b>	\$2,100.00 per meter per month	\$658.18 per meter per month	\$2,758.18 per meter per month	\$658.18

Also, Atmos Energy's proposed increase in revenue results in the following approximate percentage increases in a customer's base-rate bills. Base rates recover Atmos Energy's costs excluding the cost of gas and are the costs that are directly within Atmos Energy's control:

Residential Gas Service: 42.31% increase in customer charge per bill  
 Commercial Gas Service: 27.61% increase in customer charge per bill  
 Industrial & Transportation Gas Service: 31.34% increase in customer charge per meter

The increase in an average customer's bill is shown below:

Residential Gas Service: 20.86% increase in customer bill  
 Commercial Gas Service: 17.28% increase in customer bill  
 Industrial: 21.05% increase in customer bill  
 Transportation: 10.58% increase in customer bill

Atmos Energy's application, if approved by the Railroad Commission, will result in a systemwide increase in Atmos Energy's revenue of about \$286.9 million, of which ATM's portion is about \$28.2 million. Atmos Energy proposed an effective date of April 21, 2026.

### **Review and Action Recommended**

In light of the Texas Supreme Court's opinion, the City's ability to review and effectuate a change in Atmos Energy's requested increase is limited. Nonetheless, to allow for a limited review of Atmos Energy's GRIP application, and given the limited authority cities have in GRIP cases, it is recommended that the City suspend Atmos Energy's proposed effective date of April 21, 2026 for forty-five days as allowed by state law, so that the City may evaluate whether the data and calculations in Atmos Energy's rate application are correctly done.

Therefore, ATM's Special Counsel, the law firm of Herrera Law & Associates, PLLC recommends that the City adopt a resolution suspending Atmos Energy's proposed effective date for 45 days. Assuming a proposed effective date of April 21, 2026, Atmos Energy's proposed effective date is suspended until June 5, 2026.

Atmos Energy recently filed a request to increase natural gas rates under the Gas Reliability Infrastructure Program (GRIP). The request was filed on February 20, 2026 and proposes increases to the monthly customer charge for residential, commercial, and industrial customers.

Under state law, cities served by a gas utility can suspend the effective date of a proposed rate increase for up to 45 days. This gives cities time to review the application and make sure the information and calculations are accurate.

Atmos Energy proposed that the rate increase take effect on April 21, 2026. If this resolution is approved, the City will suspend the effective date for 45 days, which would delay the rate increase until June 5, 2026 while the application is reviewed.

The resolution also allows the City to continue working with other Texas cities through a group called Atmos Texas Municipalities (ATM). This group works together to review Atmos rate cases and represent the interests of cities and their residents.

### **Fiscal Impact**

This resolution does not approve a rate increase. It only delays the proposed increase so the application can be reviewed. Atmos Energy is required to reimburse the City for reasonable expenses related to reviewing the rate case, as allowed by law.

### **Recommendation**

Staff recommends approval of Resolution No. R2026-16 as presented.

**RESOLUTION NO. R2026-16**

**A RESOLUTION BY THE CITY OF BURNET, 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**

**WHEREAS**, on or about February 20, 2026, Atmos Energy Corporation – MidTex Division ("Atmos Energy") filed for an increase in gas utility rates under the Gas Reliability Infrastructure Program ("GRIP"), which if approved, results in an increase in the monthly customer charges as follows:

<b>Rate Schedule</b>	<b>Current Customer Charge</b>	<b>Proposed 2026 Interim Rate Adjustment</b>	<b>Adjusted Charge</b>	<b>Increase Per Bill</b>
<b>Rate R – Residential Sales</b>	\$25.03 per customer per month	\$10.59 per customer per month	\$35.62 per customer per month	\$10.59
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**WHEREAS**, Atmos Energy’s application, if approved by the Railroad Commission, will result in a systemwide increase in Atmos Energy’s revenue of about \$286.9 million, of which ATM’s portion is about \$28.2 million; and

**WHEREAS**, the City has a special responsibility to exercise due diligence with regard to rate increases of monopoly utilities who operate within its boundaries; and

**WHEREAS**, the application to increase rates by Atmos Energy is complex; and

**WHEREAS**, the effective date proposed by Atmos Energy is April 21, 2026 but a suspension by the City will mean that the rate increase cannot go into effect prior to June 5, 2026; and

**WHEREAS**, it is necessary to suspend the effective date for the increase in rates for forty-five days, so that the City can assure itself that the data and calculations in Atmos Energy's rate application are correctly done and are in conformity with section 104.301 of the Gas Utility Regulatory Act.

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF BURNET, TEXAS, AS FOLLOWS:**

**Section One.** That the statements and findings set out in the preamble to this resolution are hereby in all things approved and adopted.

**Section Two.** The City suspends the requested effective date by Atmos Energy for forty-five days pursuant to the authority granted the City under Section 104.301 of the Texas Utilities Code. The City finds that additional time is needed in order to review the data and calculations that provide the basis for the rate increase application.

**Section Three.** The City shall continue to act jointly with other cities that are part of a coalition of cities known as the Atmos Texas Municipalities ("ATM").

**Section Four.** The City authorizes the law firm of Herrera Law & Associates, PLLC, to act on its behalf in connection with Atmos Energy's application to increase rates.

**Section Five.** To the extent Atmos Energy's application to increase rates under section 104.301 of the Gas Utility Regulatory Act ("GURA") is considered a ratemaking proceeding Atmos Energy is ordered to reimburse the City's reasonable rate case expenses incurred in response to Atmos Energy's rate increase application within 30 days of receipt of invoices for such expenses to the extent allowed by law, or pursuant to agreement between Atmos and ATM.

**Section Six.** A copy of this resolution shall be sent to Mr. Christopher A. Felan, Vice President, Rates & Regulatory Affairs, Atmos Energy Corporation, 5420 LBJ Freeway, Suite 1800, Dallas, Texas 75240; and to Mr. Alfred R. Herrera, Herrera Law & Associates, PLLC, P.O. Box 302799, Austin, Texas 78703, or via email to [AHerrera@HerreraLawPLLC.com](mailto:AHerrera@HerreraLawPLLC.com).

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

**Section Eight.** This resolution shall be effective immediately upon passage.

**PASSED AND APPROVED** on this the 24th day of March 2026.

**CITY OF BURNET, TEXAS**

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Gary Wideman, Mayor

**ATTEST:**

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Maria Gonzales, City Secretary