



CONSIDER A NEGOTIATED SETTLEMENT WITH ATMOS

RS-18-082

September 18, 2018

Background

- The City is a member of the Atmos Cities Steering Committee (ACSC), a group of 172 Mid-Texas cities served by Atmos Energy Corp., Mid-Tex Division.
- Since 2007, ACSC and Atmos have used the Rate Review Mechanism (RRM) as a substitute for the statutory rate request process.

Atmos RRM

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- On April 1, 2018, Atmos filed an RRM with cities to be effective October 1, 2018.
 - ▣ Initial request: \$42 million
 - ▣ Allowed based on RRM tariffs: \$27.4 million
 - ▣ Atmos offer to settle: \$25.9 million
 - ▣ Final negotiated settlement: \$24.9 million
 - Impact on Mid-Tex Region: \$17.8 million

Impact on Customers

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- The average residential customer will see a monthly increase of \$1.06 or 1.94%.
- The average commercial customer will see a monthly increase of \$3.20 or 1.21%.
- The average industrial customer will see a monthly increase of \$82.93 or 1.61%.

Alternatives Considered

- Approve the negotiated settlement and the new rates will become effective October 1, 2018.
- Decline to participate in the settlement. Atmos would likely file a rate case against the City, and the City would not have the benefit of the ACSC, or its consultants or attorneys. Also, the result may be even higher rates than those negotiated in this settlement.

Recommendation

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- Staff and the ACSC Executive Committee recommend approving the negotiated settlement with Atmos Energy Corp.