



NEGOTIATED SETTLEMENT BETWEEN ACSC AND ATMOS

OR-17-008

June 6, 2017

Background

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- The City is a member of the Atmos Cities Steering Committee (“ACSC”), a coalition of cities that reviews and responds to natural gas rates charged by Atmos.

- State law establishes the Gas Reliability Infrastructure Program (“GRIP”) as the mechanism for gas companies to recover costs for expanding/maintaining infrastructure.

- The Rate Review Mechanism (“RRM”) is an alternative process of reviewing rate requests by Atmos.
 - Agreed upon by ACSC and Atmos in 2007
 - Provides more flexibility in negotiating rate cases than statutory GRIP

2017 Rate Case

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- Atmos filed a rate case on March 1, 2017
 - ▣ Requested \$46.4 million

- Negotiated Settlement
 - ▣ \$38.8

Average Increases

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Customer Category	Current Customer Charge	Proposed Customer Charge	Current CcF Charge	Proposed CcF Charge	Typical Increase	Percentage
Residential	\$19.10	\$19.60	\$0.11	\$0.14	\$2.04	3.87%
Commercial	\$41.75	\$44.70	\$0.08	\$0.09	\$6.27	2.37%

Alternatives

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□ **Approve the settlement**

- ▣ New rates become effective June 1, 2017

□ **Disapprove the settlement**

- ▣ Atmos most likely will appeal to the Railroad Commission, resulting in a contested case proceeding
- ▣ City would have to defend the case without the assistance of the ACSC
- ▣ No assurance the city could present a case that would result in a better or different settlement

Recommendation

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- Staff recommends that Council approve the negotiated settlement with Atmos.