



# NEGOTIATED SETTLEMENT BETWEEN ACSC AND ATMOS

OR-19-025

September 17, 2019

# Background

- 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.
  - ▣ Originally agreed upon in 2007 and renewed in 2018
  - ▣ Provides more flexibility in negotiating rate cases than statutory GRIP

# 2019 RRM Case

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- Atmos filed a rate case on April 1, 2019
  - ▣ Requested \$39.3 million
  
- Negotiated Settlement
  - ▣ \$35.4 million

# Average Increases

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- Residential Customer
  - ▣ Increase: 3.07%
  - ▣ Typical monthly increase: \$2.05
- Commercial Customer
  - ▣ Increase: 2.31%
  - ▣ Typical monthly increase: \$6.18

# Alternatives

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- Disapprove the settlement
  - ▣ Atmos may appeal to the Railroad Commission or initiate a GRIP case
  - ▣ Rates may be higher than negotiated in the settlement
  - ▣ City would have to defend the case without ACSC
- Approve the settlement
  - ▣ Rates become effective on bills on or after October 1

# Recommendation

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- Staff recommends that the City Council approve the negotiated settlement of the 2019 RRM.