

increase ratepayers will see from the proposed settlement is an increase of about \$21.8 million, which represents an overall increase in revenue of about 4%.

At this juncture, the ATM cities' options are as follows:

Option 1. To deny Atmos' requested increase under the 2015 RRM and approve no increase;

Option 2. To deny Atmos' requested increase and approve an increase of no more than \$9.1 million for its 2015 RRM, based on ATM's consultants' preliminary report;

Option 3. To take no action and allow Atmos' proposed increase of \$23.9 million in the affected cities and its related rates to go into effect; or

NOTE: *If the City elects Option 1, Option 2, or Option 3, the City would also have to continue its participation in the appeal pending at the Railroad Commission in GUD No. 10359 and incur its attendant costs.*

Option 4. To approve a settlement agreement that resolves the 2014 RRM *and* the 2015 RRM, which combined results in an increase in rates above 2013 revenues of \$65.7 million. ***This is the option recommended to the ATM group and is presented here.***

Staff recommends approval.