



## Legislation Text

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**File #:** 2016-3473, **Version:** 1

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Consider a resolution approving a change in the rate of Atmos Energy Corporation, Mid-Tex Division as a result of a settlement between Atmos Energy and the Atmos Texas Municipalities (ATM) under the rate review mechanism.

The City is a member of the Atmos Texas Municipalities (ATM). The ATM group was organized by a number of municipalities served by Atmos and has been represented by the law firm of Herrera & Boyle, PLLC (through Mr. Alfred R. Herrera). ATM also retained the services of a consulting firm, Utilitech, Inc. (Mr. Mike Brosch and Mr. Steve Carver) to assist in reviewing an application submitted by the Atmos Energy-Mid-Tex Division (Atmos) that seeks to increase its rates and change its rates. Herrera & Boyle, PLLC and Utilitech, Inc. have participated in prior rate cases involving Atmos and have extensive knowledge and experience in rate matters affecting Atmos' rates, operations, and services.

On February 29, 2016, Atmos requested an increase of \$35.4 million. After review and discussion, the ATM group has reached a proposed agreement for an increase \$29.9 million for its 2016 rate review mechanism (RRM) filing.

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

- Option 1.** To deny Atmos' requested increase under the 2016 RRM and approve no increase;
- Option 2.** To deny Atmos' requested increase and approve a smaller increase for its 2016 RRM, based on ATM's consultants' preliminary report;
- Option 3.** To take no action and allow Atmos' proposed increase of \$35.4 million in the affected cities and its related rates to go into effect; or
- Option 4.** To approve a settlement agreement of a \$29.9 million increase for Atmos' 2016 RRM.  
***This is the option recommended to the ATM group and is presented here.***

***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.

Staff recommends approval of Option 4.