



**TITLE:** Consider/Discuss/Act on an Ordinance Approving and Adopting Rate Schedule "RRM – Rate Review Mechanism" for Atmos Energy Corp, Mid-Tex Division

**MEETING DATE:** July 16, 2013

**DEPARTMENT:** Financial Services

**CONTACT:** Rodney Rhoades, Chief Financial Officer

**RECOMMENDED CITY COUNCIL ACTION:**

- Approval of the Ordinance

**ITEM SUMMARY:**

- Under the terms of the proposed Rate Review Mechanism (RRM) process, rate increases should be lower than rates calculated using the current Gas Reliability Infrastructure Program (GRIP) process.
- The RRM process considers revenues, expenses, and capital investments in determining rates. The GRIP process authorizes automatic rate increases to cover additional invested capital.
- The proposed RRM would limit residential customer increases to not more than \$.50 per month. Under the GRIP tariff, residential rates could increase substantially more.
- The new rate will be effective starting October 15, 2013 with an annual effective date of June 1 for subsequent years 2014-2017.

**BACKGROUND INFORMATION:**

- The RRM was created in 2007 as a part of a collaborative agreement between the Atmos Cities Steering Committee (ACSC) and Atmos to alleviate difficulties in the surcharge process. This first RRM tariff expired in 2011.
- After negotiations, Atmos and ACSC agreed to renew the RRM tariff. This would lower the GRIP calculations which would charge an additional \$5 million for capital investments and would be collected through increased customer rates.
- Participating cities must agree to use the RRM process as opposed to the GRIP process.

**SPECIAL CONSIDERATIONS:**

The City must take action on Atmos' request to adopt the RRM process by July 16, 2013. If no action is taken, the current GRIP model provisions stand.

**FINANCIAL SUMMARY: N/A**

**BOARD OR COMMISSION RECOMMENDATION: N/A**