

## **MEMORANDUM**

TO: ACSC Members

FROM: Geoffrey M. Gay

DATE: May 8, 2015

RE: Settlement Agreement with Atmos Mid-Tex

### **CONFIDENTIAL/ATTORNEY-CLIENT COMMUNICATION**

Attached please find a Rate Ordinance that approves a Settlement Agreement between Atmos Cities Steering Committee (“ACSC”) and Atmos Energy Corporation, Mid-Tex Division (“Atmos” or “Company”) that resolves the 2015 RRM proceeding pending with Cities for a rate increase that is approximately \$15 million less than what the Company would be entitled to receive under the GRIP statute. Additionally, the Settlement Agreement resolves the 2014 RRM case that Atmos appealed to the Railroad Commission. Settlement of both cases was authorized by the ACSC Executive Committee. The Settlement produces a result that is better than what would be the expected result of continued litigation at the Commission.

The attached package includes a Rate Ordinance (provided in Word) that approves the Settlement Agreement and a Model Staff Report supporting the Ordinance. Also provided are the Attachments to the Rate Ordinance, which include: the Settlement Agreement, a proof of revenues, the new tariffs, and a spreadsheet establishing a baseline for pensions for the next RRM filing.

Your city should adopt the Ordinance with attachments. As an alternative to the Ordinance, you may adopt a resolution approving the Settlement Agreement, if that is your preference. A package containing a model resolution will be sent under separate cover.