



TOWN COUNCIL COMMUNICATION

DATE: September 15, 2026

FROM: Kirk Riggs, Town Administrator

AGENDA ITEM: Consider approval of a Resolution approving a negotiated settlement between Atmos Cities Steering Committee and Atmos Energy Corporation, Mid-Tex Division regarding the Company's 2026 Rate Review Mechanism Filing.

Summary

The Council is being asked to approve a Resolution authorizing the Town's participation in a negotiated rate settlement between the Atmos Cities Steering Committee (ACSC) and Atmos Energy Corporation, Mid-Tex Division — covering the Company's 2026 Rate Review Mechanism (RRM) filing. New rates take effect October 1, 2026, so action must be taken before that date.

Recommended Motion: Move to approve a Resolution approving a negotiated settlement between the Atmos Cities Steering Committee and Atmos Energy Corporation, Mid-Tex Division, regarding the Company's 2026 Rate Review Mechanism Filing.

Key Facts at a Glance

Settlement Numbers	
Atmos original request	\$291.1 million system-wide
ACSC consultants' revised figure	\$253.4 million
Negotiated settlement amount	\$260.5 million ✓
Savings vs. Atmos request	Over \$30 million reduction
Effective date for new rates	October 1, 2026
Council action deadline	Before October 1, 2026

Impact on Residents & Businesses

The approved settlement will result in the following average monthly rate increases:

Monthly Bill Impact		
Customer Type	Monthly Increase	Percentage Increase
Residential (average)	+\$13.37/month	14.15%
Commercial (average)	+\$44.82/month	9.90%

How Our Rates Compare to Neighbors

After October 1, 2026, RRM cities (including Bartonville) will remain competitive with other Atmos Mid-Tex rate areas. The table below shows average monthly residential bills:

Rate Area	Avg. Monthly Bill	vs. RRM Cities
RRM Cities (us)	\$66.18	Baseline
DARR (Dallas)	\$66.07	\$0.11 less
ATM Cities (GRIP)	\$67.02	\$0.84 more
Environs (unincorporated)	\$66.07	\$0.11 less

Note: ATM Cities and Environs rates are as-filed. DARR uses a test year ending in September rather than December.

Why RRM Is Better Than GRIP

The RRM process has consistently protected ratepayers compared to the alternative GRIP (Gas Reliability Infrastructure Program) process:

RRM (Our Process) ✓	GRIP (Alternative) ✗
Comprehensive annual review of all revenues, expenses, and capital investment	Piecemeal ratemaking — only looks at capital investment increases, ignores savings
Cities can negotiate and reduce rate requests	Rates go into effect after administrative-only Railroad Commission review — cities cannot participate
City's legal and consulting expenses reimbursed by Atmos	No cost recovery for cities

What the Resolution Does

Approving this Resolution/Ordinance accomplishes the following:

- Approves all findings and adopts new RRM rate tariffs, determining the new rates are just, reasonable, and in the public interest.
- Preserves the City's right to challenge future costs associated with gas leaks.
- Finds existing rates unreasonable (legally required to establish new rates).
- Approves a benchmark for pension and retiree medical benefits to be used in future rate cases.
- Requires Atmos to reimburse the City for all expenses related to reviewing and approving this settlement.
- Repeals any conflicting prior resolutions or ordinances.
- Confirms the meeting complied with the Texas Open Meetings Act.
- Includes a savings clause protecting remaining provisions if any section is found invalid.
- Directs staff to send a signed copy to Atmos and ACSC legal counsel.

Staff Recommendation

The ACSC Executive Committee — composed of city employees from 18 member cities — unanimously urges all ACSC member cities to pass this Resolution before October 1, 2026. Town Administrator Kirk Riggs supports approval. The settlement at \$260.5 million represents a fair outcome that saves ratepayers more than \$30 million compared to Atmos' original request, and the RRM process continues to provide the Town with meaningful oversight and cost savings compared to GRIP.

Fiscal Impact: N/A

Attachments:

- Draft RES 2026-14 Atmos Mid-Tex 2026 RRM Settlement
- Attachment A – Tariffs
- Attachment B – Pension Benchmark
- RRM – Average Bill