

Summary of Atmos Energy West Texas Division RRM Tariff Process

The Rate Review Mechanism (RRM) tariff for Atmos Energy's West Texas Division is a negotiated annual rate-setting process used by municipalities served by the West Texas Division. Cities Served by Atmos West Texas form a coalition to collaboratively review Atmos West Texas' annual rate filings, assisted by attorneys and consultants. The RRM process serves as an alternative to the GRIP (Gas Reliability Infrastructure Program) process, offering a more comprehensive review of costs and proposed rate adjustments.

Under this process, Atmos West Texas submits an annual RRM filing based on the previous year's test period. Cities jointly review the filing, conduct discovery, and negotiate a settlement when appropriate. The resulting settlement establishes revised tariffs and rates that must be formally adopted by each city through an ordinance or resolution. Participation in the RRM process provides municipalities with enhanced oversight and ensures that rates are just, reasonable, and reflective of system-wide costs.

The Rate Review Mechanism (RRM) tariff is the formal, legally adopted tariff document that establishes the rates, formulas, procedures, and rules used to set Atmos Energy's annual natural gas rates through the RRM process.

The tariff defines the formulas Atmos must use, including cost-of-service components such as:

- Operating & maintenance expenses
- Depreciation
- Return on investment
- Taxes
- Adjustments allowed in the test year

These formulas and calculation rules are explicitly written into the tariff.

The most recent RRM tariff was adopted in 2018 and expired last year.