

The New RRM: How Does It Stack Up?

RRM (2007-2011)

- Negotiated limits to the amount of increase included in customer charge.
- Less money requested from ratepayers, because it considers the Company's entire cost of providing service, including declining expenses.
- Cities can review reasonableness of expenses and negotiate disallowances.
- Reimbursement of Cities' rate case expenses.
- Cities can order reductions to requested increase.
- Better working relationship between Cities and Company.

GRIP

- All increase included in customer charge.
- More costly to ratepayers, because it does not consider the Company's entire cost of providing service, including declining expenses.
- Cities have no input as to reasonableness or recovery of expenses.
- No reimbursement of Cities' rate case expenses.
- No reduction in requested increase.
- Poorer working relationship between Cities and Company.

New RRM Tariff

- Includes limits on percentage of increase to be included in monthly customer charge.
- Shorter turn-around on discovery.
- Technical conference to expedite receipt of information from Company.
- No post-test year adjustments.
- Time limit for O&M known and measurable adjustments.
- Reduction in requested increase of at least \$3 million each year.
- Tracks the methodologies approved by the Railroad Commission in the most recent Mid-Tex rate case.