

RESOLUTION NO. 013-18

A RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF HIGHLAND PARK, TEXAS, APPROVING A NEGOTIATED SETTLEMENT BETWEEN THE ATMOS CITIES STEERING COMMITTEE (“ACSC”) AND ATMOS ENERGY CORPORATION, MID-TEX DIVISION (“ATMOS MID-TEX” OR THE “COMPANY”) REGARDING THE COMPANY’S 2018 RATE REVIEW MECHANISM FILINGS; DECLARING EXISTING RATES TO BE UNREASONABLE; ADOPTING TARIFFS THAT REFLECT RATE ADJUSTMENTS CONSISTENT WITH THE NEGOTIATED SETTLEMENT; FINDING THE RATES TO BE SET BY THE ATTACHED SETTLEMENT TARIFFS TO BE JUST AND REASONABLE AND IN THE PUBLIC INTEREST; APPROVING THE ATTACHED EXHIBIT ESTABLISHING A BENCHMARK FOR PENSIONS AND RETIREE MEDICAL BENEFITS; APPROVING THE ATTACHED EXHIBIT REGARDING AMORTIZATION OF REGULATORY LIABILITY; REQUIRING THE COMPANY TO REIMBURSE ACSC’S REASONABLE RATEMAKING EXPENSES; DETERMINING THAT THIS RESOLUTION WAS PASSED IN ACCORDANCE WITH THE REQUIREMENTS OF THE TEXAS OPEN MEETINGS ACT; ADOPTING A SAVINGS CLAUSE; DECLARING AN EFFECTIVE DATE; AND REQUIRING DELIVERY OF THIS RESOLUTION TO THE COMPANY AND TO ACSC’S LEGAL COUNSEL.

WHEREAS, the Town of Highland Park, Texas (the “Town”) is a gas utility customer of Atmos Energy Corporation, Mid-Tex Division (“Atmos Mid-Tex” or “Company”), and a regulatory authority with an interest in the rates and charges of Atmos Mid-Tex; and

WHEREAS, the Town is a member of the Atmos Cities Steering Committee (“ACSC”), a coalition of similarly-situated cities served by Atmos Mid-Tex (“ACSC Cities”) that have joined together to facilitate the review of, and response to, natural gas issues affecting rates charged in the Atmos Mid-Tex service area; and

WHEREAS, ACSC and the Company worked collaboratively to develop a new Rate Review Mechanism (“RRM”) tariff that allows for an expedited rate review process by ACSC Cities as a substitute to the Gas Reliability Infrastructure Program (“GRIP”) process instituted by the Legislature, and that will establish rates for the ACSC Cities based on the system-wide cost of serving the Atmos Mid-Tex Division; and

WHEREAS, the RRM tariff was adopted by the Town in a rate ordinance earlier this year; and

WHEREAS, on about April 1, 2018, Atmos Mid-Tex filed its 2018 RRM rate request with ACSC Cities based on a test year ending December 31, 2017; and

WHEREAS, ACSC coordinated its review of the Atmos Mid-Tex 2018 RRM filing through its Executive Committee, assisted by ACSC’s attorneys and consultants, to resolve issues identified in the Company’s RRM filing; and

WHEREAS, the Executive Committee, as well as ACSC's counsel and consultants, recommend that ACSC Cities approve an increase of \$24.9 million in base rates for Atmos Mid-Tex on a system-wide basis, \$17.8 million of which is applicable to ACSC members; and

WHEREAS, the attached tariffs (Exhibit A) implementing new rates are consistent with the recommendation of the ACSC Executive Committee, are agreed to by the Company, and are just, reasonable, and in the public interest; and

WHEREAS, the Exhibit A rate tariffs incorporate the federal income tax rates that became effective January 1, 2018; and

WHEREAS, the settlement agreement sets a new benchmark for pensions and retiree medical benefits (Exhibit B) and

WHEREAS, the settlement agreement establishes an amortization schedule for regulatory liability (Exhibit C); and

WHEREAS, the RRM Tariff contemplates reimbursement of ACSC's reasonable expenses associated with RRM applications;

NOW, THEREFORE, BE IT RESOLVED BY THE TOWN COUNCIL OF THE TOWN OF HIGHLAND PARK, TEXAS:

SECTION 1. That, the findings set forth in this resolution are hereby in all things approved.

SECTION 2. That, the Town Council finds that the settled amount of an increase in revenues of \$24.9 million on a system-wide basis represents a comprehensive settlement of gas utility rate issues affecting the rates, operations, and services offered by Atmos Mid-Tex within the municipal limits arising from Atmos Mid-Tex's 2018 RRM filing, is in the public interest, and is consistent with the Town's authority under Section 103.001 of the Texas Utilities Code.

SECTION 3. That, the existing rates for natural gas service provided by Atmos Mid-Tex are unreasonable. The new tariffs attached hereto and incorporated herein as Exhibit A, are just and reasonable, and are designed to allow Atmos Mid-Tex to recover annually an additional \$24.9 million in revenue on a system-wide basis over the amount allowed under currently approved rates. Such tariffs are hereby adopted.

SECTION 4. That, the ratemaking treatment for pensions and retiree medical benefits in Atmos Mid-Tex's next RRM filing shall be as set forth on Exhibit B, attached hereto and incorporated herein.

SECTION 5. That, amortization of regulatory liability shall be consistent with the schedule found in attached Exhibit C, attached hereto and incorporated herein.

SECTION 6. That, Atmos Mid-Tex shall reimburse the reasonable ratemaking expenses of the ACSC in processing the Company's 2018 RRM filing.

SECTION 7. That, to the extent any resolution or ordinance previously adopted by the Town Council is inconsistent with this resolution, it is hereby repealed.

SECTION 8. That, the meeting at which this resolution was approved was in all things conducted in strict compliance with the Texas Open Meetings Act, Texas Government Code, Chapter 551.

SECTION 9. That, if any one or more sections or clauses of this resolution is adjudged to be unconstitutional or invalid, such judgment shall not affect, impair, or invalidate the remaining provisions of this resolution, and the remaining provisions of the resolution shall be interpreted as if the offending section or clause never existed.

SECTION 10. That, consistent with the Town's ordinance that established the RRM process, this resolution shall become effective from and after its passage, with rates authorized by attached tariffs to be effective for bills rendered on or after October 1, 2018.

SECTION 11. That, a copy of this resolution shall be sent to Atmos Mid-Tex, care of Chris Felan, Vice President of Rates and Regulatory Affairs, Mid-Tex Division, Atmos Energy Corporation, 5420 LJB Freeway, Suite 1862, Dallas, Texas 75240, and to Geoffrey Gay, General Counsel to ACSC, at Lloyd Gosselink Rochelle & Townsend, P.C., 816 Congress Avenue, Suite 1900, Austin, Texas 78701.

PASSED AND APPROVED this 10th day of September, 2018.

APPROVED AS TO FORM:



Matthew C.G. Boyle
Town Attorney

APPROVED:



Margo Goodwin
Mayor

ATTEST:



Gayle Kirby
Town Secretary

Exhibit A
Rate Tariffs Effective
October 1, 2018

RATE SCHEDULE:	C - COMMERCIAL SALES	
APPLICABLE TO:	ALL CUSTOMERS IN THE MID-TEX DIVISION EXCEPT THE CITY OF DALLAS AND UNINCORPORATED AREAS	
EFFECTIVE DATE:	Bills Rendered on or after 10/01/2018	PAGE: 13

Application

Applicable to Commercial Customers for all natural gas provided at one Point of Delivery and measured through one meter and to Industrial Customers with an average annual usage of less than 30,000 Ccf.

Type of Service

Where service of the type desired by Customer is not already available at the Point of Delivery, additional charges and special contract arrangements between Company and Customer may be required prior to service being furnished.

Monthly Rate

Customer's monthly bill will be calculated by adding the following Customer and Ccf charges to the amounts due under the riders listed below:

Charge	Amount
Customer Charge per Bill	\$ 43.50 per month
Rider CEE Surcharge	\$ (0.03) per month ¹
Total Customer Charge	\$ 43.47 per month
Commodity Charge - All Ccf	\$ 0.09165 per Ccf

Gas Cost Recovery: Plus an amount for gas costs and upstream transportation costs calculated in accordance with Part (a) and Part (b), respectively, of Rider GCR.

Weather Normalization Adjustment: Plus or Minus an amount for weather normalization calculated in accordance with Rider WNA.

Franchise Fee Adjustment: Plus an amount for franchise fees calculated in accordance with Rider FF. Rider FF is only applicable to customers inside the corporate limits of any incorporated municipality.

Tax Adjustment: Plus an amount for tax calculated in accordance with Rider TAX.

Surcharges Plus an amount for surcharges calculated in accordance with the applicable rider(s).

Agreement

An Agreement for Gas Service may be required.

Notice

Service hereunder and the rates for services provided are subject to the orders of regulatory bodies having jurisdiction and to the Company's Tariff for Gas Service.

¹ Reference Rider GEE - Conservation and Energy Efficiency as approved in GUO 10170. Surcharge billing effective July 1, 2018.

RATE SCHEDULE:	I - INDUSTRIAL SALES
APPLICABLE TO:	ALL CUSTOMERS IN THE MID-TEX DIVISION EXCEPT THE CITY OF DALLAS AND UNINCORPORATED AREAS
EFFECTIVE DATE:	Bills Rendered on or after 10/01/2018 PAGE: 15

Agreement

An Agreement for Gas Service may be required.

Notice

Service hereunder and the rates for services provided are subject to the orders of regulatory bodies having jurisdiction and to the Company's Tariff for Gas Service.

Special Conditions

In order to receive service under Rate I, Customer must have the type of meter required by Company. Customer must pay Company all costs associated with the acquisition and installation of the meter.

RATE SCHEDULE:	I - INDUSTRIAL SALES
APPLICABLE TO:	ALL CUSTOMERS IN THE MID-TEX DIVISION EXCEPT THE CITY OF DALLAS AND UNINCORPORATED AREAS
EFFECTIVE DATE:	Bills Rendered on or after 10/01/2018

Cities with Rate Effective 3/15/2018 (Continued)

ROYSE CITY	SULPHUR SPRINGS	WATAUGA
SACHSE	SWEETWATER	WAXAHACHIE
SAGINAW	TEMPLE	WESTLAKE
SANSOM PARK	TERRELL	WESTOVER HILLS
SEAGOVILLE	THE COLONY	WHITE SETTLEMENT
SHERMAN	TROPHY CLUB	WHITESBORO
SNYDER	TYLER	WICHITA FALLS
SOUTHLAKE	UNIVERSITY PARK	WOODWAY
SPRINGTOWN	VENUS	WYLIE
STAMFORD	VERNON	
STEPHENVILLE	WACO	

The rates were effective for the following Cities on 4/01/2018:

ABBOTT	BRUCEVILLE-EDDY	DEPORT
ALBA	BRYAN	DETROIT
ALMA	BUCKHOLTS	DODD CITY
ALVORD	BUFFALO GAP	DOUBLE OAK
ANNA	BURNET	DUBLIN
ANSON	BYERS	EARLY
ARCHER CITY	CALDWELL	ECTOR
ATHENS	CALVERT	EDOM
AURORA	CAMERON	ELECTRA
AUSTIN	CAMPBELL	EMHOUSE
AVERY	CARBON	EUSTACE
BAIRD	CASHION COMMUNITY	EVANT
BALCH SPRINGS	CEDAR PARK	FAIRFIELD
BALLINGER	CHANDLER	FERRIS
BANDERA	CHICO	FRANKLIN
BANGS	CHILDRESS	FRANKSTON
BARDWELL	CHILLICOTHE	FREDERICKSBURG
BARRY	CLIFTON	GATESVILLE
BARTLETT	COCKRELL HILL	GEORGETOWN
BARTONVILLE	COLEMAN	GLEN ROSE
BELLEVUE	COLLINSVILLE	GLENN HEIGHTS
BELLS	COMMERCE	GODLEY
BELTON	COMO	GOLDTHWAITE
BENJAMIN	COOPER	GOODLOW
BERTRAM	COPPER CANYON	GORDON
BLACKWELL	COPPERAS COVE	GOREE
BLANKET	CORSICANA	GORMAN
BLOOMING GROVE	COVINGTON	GRANBURY
BLUE MOUND	COYOTE FLATS	GRANDVIEW
BLUM	CRAWFORD	GRANGER
BOGATA	CROSS ROADS	GREENVILLE
BONHAM	CUMBY	GROESBECK
BREMOND	DAWSON	GUSTINE
BRONTE	DECATUR	HAMLIN
BROWNSBORO	DELEON	HAMILTON

**MID-TEX DIVISION
ATMOS ENERGY CORPORATION**

RRC Tariff No:

RATE SCHEDULE:	I - INDUSTRIAL SALES	
APPLICABLE TO:	ALL CUSTOMERS IN THE MID-TEX DIVISION EXCEPT THE CITY OF DALLAS AND UNINCORPORATED AREAS	
EFFECTIVE DATE:	Bills Rendered on or after 10/01/2018	PAGE: 19

Cities with Rate Effective 4/01/2018 (Continued)

TOM BEAN
TRENT
TRENTON
TRINIDAD
TROY
TUSCOLA
TYE
VALLEY MILLS

VALLEY VIEW
VAN ALSTYNE
WALNUT SPRINGS
WEINERT
WEST
WESTWORTH VILLAGE
WHITEHOUSE
WHITEWRIGHT

WHITNEY
WILMER
WINDOM
WINTERS
WIXON VALLEY
WOLFE CITY
WORTHAM
YANTIS

MID-TEX DIVISION
ATMOS ENERGY CORPORATION

RRC Tariff No:

RATE SCHEDULE:	T - TRANSPORTATION	
APPLICABLE TO:	ALL CUSTOMERS IN THE MID-TEX DIVISION EXCEPT THE CITY OF DALLAS AND UNINCORPORATED AREAS	
EFFECTIVE DATE:	Bills Rendered on or after 10/01/2018	PAGE: 17

Curtailment Overpull Fee

Upon notification by Company of an event of curtailment or interruption of Customer's deliveries, Customer will, for each MMBtu delivered in excess of the stated level of curtailment or interruption, pay Company 200% of the midpoint price for the Katy point listed in *Platts Gas Daily* published for the applicable Gas Day in the table entitled "Daily Price Survey."

Replacement Index

In the event the "midpoint" or "common" price for the Katy point listed in *Platts Gas Daily* in the table entitled "Daily Price Survey" is no longer published, Company will calculate the applicable imbalance fees utilizing a daily price index recognized as authoritative by the natural gas industry and most closely approximating the applicable index.

Agreement

A transportation agreement is required.

Notice

Service hereunder and the rates for services provided are subject to the orders of regulatory bodies having jurisdiction and to the Company's Tariff for Gas Service.

Special Conditions

In order to receive service under Rate T, customer must have the type of meter required by Company. Customer must pay Company all costs associated with the acquisition and installation of the meter.

**MID-TEX DIVISION
ATMOS ENERGY CORPORATION**

RRC Tariff No:

RATE SCHEDULE:	T - TRANSPORTATION	
APPLICABLE TO:	ALL CUSTOMERS IN THE MID-TEX DIVISION EXCEPT THE CITY OF DALLAS AND UNINCORPORATED AREAS	
EFFECTIVE DATE:	Bills Rendered on or after 10/01/2018	PAGE: 19

Cities with Rate Effective 3/15/2018 (Continued)

ROYSE CITY	SULPHUR SPRINGS	WATAUGA
SACHSE	SWEETWATER	WAXAHACHIE
SAGINAW	TEMPLE	WESTLAKE
SANSOM PARK	TERRELL	WESTOVER HILLS
SEAGOVILLE	THE COLONY	WHITE SETTLEMENT
SHERMAN	TROPHY CLUB	WHITESBORO
SNYDER	TYLER	WICHITA FALLS
SOUTHLAKE	UNIVERSITY PARK	WOODWAY
SPRINGTOWN	VENUS	WYLIE
STAMFORD	VERNON	
STEPHENVILLE	WACO	

The rates were effective for the following Cities on 4/01/2018:

ABBOTT	BRUCEVILLE-EDDY	DEPORT
ALBA	BRYAN	DETROIT
ALMA	BUCKHOLTS	DODD CITY
ALVORD	BUFFALO GAP	DOUBLE OAK
ANNONA	BURNET	DUBLIN
ANSON	BYERS	EARLY
ARCHER CITY	CALDWELL	ECTOR
ATHENS	CALVERT	EDOM
AURORA	CAMERON	ELECTRA
AUSTIN	CAMPBELL	EMHOUSE
AVERY	CARBON	EUSTACE
BAIRD	CASHION COMMUNITY	EVANT
BALCH SPRINGS	CEDAR PARK	FAIRFIELD
BALLINGER	CHANDLER	FERRIS
BANDERA	CHICO	FRANKLIN
BANGS	CHILDRESS	FRANKSTON
BARDWELL	CHILLICOTHE	FREDERICKSBURG
BARRY	CLIFTON	GATESVILLE
BARTLETT	COCKRELL HILL	GEORGETOWN
BARTONVILLE	COLEMAN	GLEN ROSE
BELLEVUE	COLLINSVILLE	GLENN HEIGHTS
BELLS	COMMERCE	GODLEY
BELTON	COMO	GOLDTHWAITE
BENJAMIN	COOPER	GOODLOW
BERTRAM	COPPER CANYON	GORDON
BLACKWELL	COPPERAS COVE	GOREE
BLANKET	CORSICANA	GORMAN
BLOOMING GROVE	COVINGTON	GRANBURY
BLUE MOUND	COYOTE FLATS	GRANDVIEW
BLUM	CRAWFORD	GRANGER
BOGATA	CROSS ROADS	GREENVILLE
BONHAM	CUMBY	GROESBECK
BREMOND	DAWSON	GUSTINE
BRONTE	DECATUR	HAMLIN
BROWNSBORO	DELEON	HAMILTON

RATE SCHEDULE:	T - TRANSPORTATION	
APPLICABLE TO:	ALL CUSTOMERS IN THE MID-TEX DIVISION EXCEPT THE CITY OF DALLAS AND UNINCORPORATED AREAS	
EFFECTIVE DATE:	Bills Rendered on or after 10/01/2018	PAGE: 21

Cities with Rate Effective 4/01/2018 (Continued)

TOM BEAN	VALLEY VIEW	WHITNEY
TRENT	VAN ALSTYNE	WILMER
TRENTON	WALNUT SPRINGS	WINDOM
TRINIDAD	WEINERT	WINTERS
TROY	WEST	WIXON VALLEY
TUSCOLA	WESTWORTH VILLAGE	WOLFE CITY
TYE	WHITEHOUSE	WORTHAM
VALLEY MILLS	WHITEWRIGHT	YANTIS

**MID-TEX DIVISION
ATMOS ENERGY CORPORATION**

RIDER:	WNA - WEATHER NORMALIZATION ADJUSTMENT	
APPLICABLE TO:	ALL CUSTOMERS IN THE MID-TEX DIVISION UNDER THE RRM TARIFF	
EFFECTIVE DATE:	Bills Rendered on or after 11/01/2018	PAGE:

Base Use/Heat Use Factors

Weather Station	Residential		Commercial	
	Base use <u>Ccf</u>	Heat use Ccf/HDD	Base use <u>Ccf</u>	Heat use <u>Ccf/HDD</u>
Abilene	9.77	0.1201	99.33	0.5737
Austin	10.38	0.1493	201.46	0.8942
Dallas	13.17	0.2062	183.71	1.0046
Waco	9.26	0.1323	124.57	0.6398
Wichita Falls	11.62	0.1278	114.97	0.5226

Weather Normalization Adjustment (WNA) Report

On or before June 1 of each year, the company posts on its website at atmosenergy.com/mtx-wna, in Excel format, a *Weather Normalization Adjustment (WNA) Report* to show how the company calculated its WNA factor during the preceding winter season. Additionally, on or before June 1 of each year, the company files one hard copy and an Excel version of the *WNA Report* with the Railroad Commission of Texas' Gas Services Division, addressed to the Director of that Division.

ATMOS ENERGY CORP., MID-TEXDIVISION
PENSIONS AND RETIREE MEDICAL BENEFITS FOR CITIES APPROVAL
TEST YEAR ENDING DECEMBER 31, 2017

Line No.	Description (a)	Shared Services (b)		Post-Employment Benefit Plan (c)	Mid-Tex Direct Supplemental Executive Benefit Plan (e)		Post-Employment Benefit Plan (f)	Adjustment Total (g)
		Pension Account Plan			Pension Account Plan			
1	Fiscal Year 2018 Willis Towers Watson Report, as adjusted	\$ 4,082,906	\$ 2,703,898	\$ 6,964,307	\$ 188,360	\$ 3,724,168		
2	Allocation to Mid-Tex	43.55%	43.55%	71.24%	100.00%	71.24%		
3	Fiscal Year 2018 Actuarially Determined Benefit Costs (Ln 1 x Ln 2)							
4	O&M and Capital Allocation Factor	\$ 1,778,092	\$ 1,177,539	\$ 4,961,241	\$ 188,360	\$ 2,653,027		
5	Fiscal Year 2018 Willis Towers Watson Benefit Costs To Approve (Excluding Removed Cost Centers) (Ln 3 x Ln 4)	100.00%	100.00%	100.00%	100.00%	100.00%		
6		\$ 1,778,092	\$ 1,177,539	\$ 4,961,241	\$ 188,360	\$ 2,653,027		\$ 10,758,260
7								
8	Summary of Costs to Approve (1):							
9		80.15%	80.15%	40.05%	19.03%	40.05%		
10	O&M Expense Factor (WP_F-2.3, Ln 2)							
11								
12								
13	Total Pension Account Plan	\$ 1,425,108	\$ 943,775	\$ 1,987,133	\$ 35,837	\$ 1,062,621	\$ 3,412,241	
14	Total Post-Employment Benefit Plan						2,006,396	
15	Total Supplemental Executive Benefit Plan						35,837	
16	Total (Ln 13 + Ln 14 + Ln 15)	\$ 1,425,108	\$ 943,775	\$ 1,987,133	\$ 35,837	\$ 1,062,621	\$ 5,454,474	
17								

Note:

1. Mid-Tex is proposing that the fiscal year 2018 Willis Towers Watson actuarial amounts shown on WP_F-2.3 and WP_F-2.3.1, be approved by the RRM Cities as the benchmark amounts to be used to calculate the regulatory asset or liability for future periods. The Company is requesting that the benchmark amount approved by the RRM Cities for future periods include only the expense amount. The amount attributable to capital would continue to be recorded to utility plant through the overhead process as described in the CAM.

ATMOS ENERGY CORP., MID-TEX DIVISION
RATE BASE ADJUSTMENTS
TEST YEAR ENDING DECEMBER 31, 2017
AMORTIZATION OF REGULATORY LIABILITY

Line No.	Year Ended Dec. 31	Beginning of Year		Annual Amortization (1)	End of Year		Balance as of December 31, 2017
		Rate Base Adjustment Amount	(b)		Rate Base Adjustment Amount	(d)	
	(a)		(b)	(c)	(d)	(e)	
1	2017						
2	2018	\$	289,813,479	\$	12,075,562	\$	289,813,479
3	2019		277,737,918		12,075,562		277,737,918
4	2020		265,662,356		12,075,562		265,662,356
5	2021		253,586,795		12,075,562		253,586,795
6	2022		241,511,233		12,075,562		241,511,233
7	2023		229,435,671		12,075,562		229,435,671
8	2024		217,360,110		12,075,562		217,360,110
9	2025		205,284,548		12,075,562		205,284,548
10	2026		193,208,986		12,075,562		193,208,986
11	2027		181,133,425		12,075,562		181,133,425
12	2028		169,057,863		12,075,562		169,057,863
13	2029		156,982,301		12,075,562		156,982,301
14	2030		144,906,740		12,075,562		144,906,740
15	2031		132,831,178		12,075,562		132,831,178
16	2032		120,755,616		12,075,562		120,755,616
17	2033		108,680,055		12,075,562		108,680,055
18	2034		96,604,493		12,075,562		96,604,493
19	2035		84,528,932		12,075,562		84,528,932
20	2036		72,453,370		12,075,562		72,453,370
21	2037		60,377,808		12,075,562		60,377,808
22	2038		48,302,247		12,075,562		48,302,247
23	2039		36,226,685		12,075,562		36,226,685
24	2040		24,151,123		12,075,562		24,151,123
25	2041		12,075,562		12,075,562		12,075,562
26							(0)
27	Note:						

28 1. The annual amortization of a 24 year recovery period is based on the
29 Reverse South Georgia Method.