

ORDINANCE NO. 2019-09-____

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MCKINNEY, TEXAS APPROVING A NEGOTIATED SETTLEMENT BETWEEN THE ATMOS CITIES STEERING COMMITTEE ("ACSC") AND ATMOS ENERGY CORP., MID-TEX DIVISION REGARDING THE COMPANY'S 2019 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 AN ATTACHED EXHIBIT ESTABLISHING A BENCHMARK FOR PENSIONS AND RETIREE MEDICAL BENEFITS; APPROVING AN ATTACHED EXHIBIT REGARDING AMORTIZATION OF REGULATORY LIABILITY; REQUIRING THE COMPANY TO REIMBURSE ACSC'S REASONABLE RATEMAKING EXPENSES; DETERMINING THAT THIS ORDINANCE 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 THE ACSC'S LEGAL COUNSEL.

WHEREAS, the City of , Texas ("City") is a gas utility customer of Atmos Energy Corp., 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 City 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 current RRM tariff was adopted by the City in a rate ordinance in 2018; and

WHEREAS, on about April 1, 2019, Atmos Mid-Tex filed its 2019 RRM rate request with ACSC Cities based on a test year ending December 31, 2018; and

WHEREAS, ACSC coordinated its review of the Atmos Mid-Tex 2019 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 in base rates for Atmos Mid-Tex of \$35.4 million applicable to ACSC Cities; 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 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 ORDAINED BY THE CITY COUNCIL OF THE CITY OF MCKINNEY, TEXAS, THAT:

- Section 1. That the findings set forth in this Ordinance are hereby in all things approved.
- Section 2. That, without prejudice to future litigation of any issue identified by ACSC, the City Council finds that the settled amount of an increase in revenues of \$35.4 million for ACSC Cities 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 2019 RRM filing, is in the public interest, and is consistent with the City'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 \$35.4 million from customers in ACSC Cities, 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 2019 RRM filing.
- Section 7. That to the extent any resolution or ordinance previously adopted by the Council is inconsistent with this Ordinance, it is hereby repealed.
- Section 8. That the meeting at which this Ordinance 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 Ordinance is adjudged to be unconstitutional or invalid, such judgment shall not affect, impair, or invalidate the remaining provisions of this Ordinance, and the remaining provisions of the Ordinance shall be interpreted as if the offending section or clause never existed.
- Section 10. That consistent with the City Ordinance that established the RRM process, this Ordinance 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, 2019.
- Section 11. That a copy of this Ordinance 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.

**DULY PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF
McKINNEY, TEXAS ON THE 3rd DAY OF SEPTEMBER, 2019.**

CITY OF McKINNEY, TEXAS

GEORGE C. FULLER
Mayor

CORRECTLY ENROLLED:

EMPRESS DRANE
City Secretary
LISA SEWELL
Deputy City Secretary

DATE: _____

APPROVED AS TO FORM:

MARK S. HOUSER
City Attorney

Exhibit A

Rate Tariffs Effective October 1, 2019

RATE SCHEDULE:	R - RESIDENTIAL SALES	
APPLICABLE TO:	ALL CUSTOMERS IN THE MID-TEX DIVISION UNDER THE RRM TARIFF	
EFFECTIVE DATE:	Bills Rendered on or after 10/01/2019	PAGE:

Application

Applicable to Residential Customers for all natural gas provided at one Point of Delivery and measured through one meter.

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	\$ 19.55 per month
Rider CEE Surcharge	\$ 0.05 per month ¹
Total Customer Charge	\$ 19.60 per month
Commodity Charge — All Ccf	\$0.17423 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.

RATE SCHEDULE:	C - COMMERCIAL SALES	
APPLICABLE TO:	ALL CUSTOMERS IN THE MID-TEX DIVISION UNDER THE RRM TARIFF	
EFFECTIVE DATE:	Bills Rendered on or after 10/01/2019	PAGE:

¹Reference Rider CEE - Conservation and Energy Efficiency as approved in GUD 10170. Surcharge billing effective July 1, 2019.

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	\$ 46.50 per month
Rider CEE Surcharge	\$ 0.02 per month ²
Total Customer Charge	\$ 46.52 per month
Commodity Charge — All Ccf	\$ 0.09924 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.

RATE SCHEDULE:	I - INDUSTRIAL SALES	
APPLICABLE TO:	ALL CUSTOMERS IN THE MID-TEX DIVISION UNDER THE RRM TARIFF	
EFFECTIVE DATE:	Bills Rendered on or after 10/01/2019	PAGE:

¹ Reference Rider CEE - Conservation and Energy Efficiency as approved in GUD 10170. Surcharge billing effective July 1, 2019.

Application

Applicable to Industrial Customers with a maximum daily usage (MDU) of less than 3,500 MMBtu per day for all natural gas provided at one Point of Delivery and measured through one meter. Service for Industrial Customers with an MDI-J equal to or greater than 3,500 MMBtu per day will be provided at Company's sole option and will require special contract arrangements between Company and Customer.

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 MMBtu charges to the amounts due under the riders listed below:

Charge	Amount
Customer Charge per Meter	\$ 845.50 per month
First 0 MMBtu to 1,500 MMBtu	\$ 0.3572 per MMBtu
Next 3,500 MMBtu	\$ 0.2616 per MMBtu
All MMBtu over 5,000 MMBtu	\$ 0.0561 per MMBtu

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,

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).

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

MID-TEX DIVISION
ATMOS ENERGY CORPORATION

RRC Tariff No:

utilizing a daily price index recognized as authoritative by the natural gas industry and most closely approximating the applicable index.

RATE SCHEDULE:	I - INDUSTRIAL SALES	
APPLICABLE TO:	ALL CUSTOMERS IN THE MID-TEX DIVISION UNDER THE RRM TARIFF	
EFFECTIVE DATE:	Bills Rendered on or after 10/01/2019	PAGE:

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 1, 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:	T - TRANSPORTATION	
APPLICABLE TO:	ALL CUSTOMERS IN THE MID-TEX DIVISION UNDER THE RRM TARIFF	
EFFECTIVE DATE:	Bills Rendered on or after 10/01/2019	PAGE:

Application

Applicable, in the event that Company has entered into a Transportation Agreement, to a customer directly connected to the Atmos Energy Corp., Mid-Tex Division Distribution System (Customer) for the transportation of all natural gas supplied by Customer or Customer's agent at one Point of Delivery for use in Customer's facility.

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 bill will be calculated by adding the following Customer and MMBtu charges to the amounts and quantities due under the riders listed below:

Charge	Amount
Customer Charge per Meter	\$ 845.50 per month
First 0 MMBtu to 1,500 MMBtu	\$ 0.3572 per MMBtu
Next 3,500 MMBtu	\$ 0.2616 per MMBtu
All MMBtu over 5,000 MMBtu	\$ 0.0561 per MMBtu

Upstream Transportation Cost Recovery: Plus an amount for upstream transportation costs in accordance with Part (b) of Rider GCR.

Retention Adjustment: Plus a quantity of gas as calculated in accordance with Rider RA.

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).

Imbalance Fees

All fees charged to Customer under this Rate Schedule will be charged based on the quantities determined under the applicable Transportation Agreement and quantities will not be aggregated for any Customer with multiple Transportation Agreements for the purposes of such fees.

Monthly Imbalance Fees

Customer shall pay Company the greater of (i) \$0.10 per MMBtu, or (ii) 150% of the difference per MMBtu between the highest and lowest "midpoint" price for the Katy point listed in Platts Gas Daily in the table entitled "Daily Price Survey" during such month, for the MMBtu of Customer's monthly Cumulative

Imbalance, as defined in the applicable Transportation Agreement, at the end of each month that exceeds 10% of Customer's receipt quantities for the month.

RATE SCHEDULE:	T - TRANSPORTATION	
APPLICABLE TO:	ALL CUSTOMERS IN THE MID-TEX DIVISION UNDER THE RRM TARIFF	
EFFECTIVE DATE:	Bills Rendered on or after 10/01/2019	PAGE:

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

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 11/01/2019	PAGE:

Provisions for Adjustment

The Commodity Charge per Ccf (100 cubic feet) for gas service set forth in any Rate Schedules utilized by the cities of the Mid-Tex Division service area for determining normalized winter period revenues shall be adjusted by an amount hereinafter described, which amount is referred to as the "Weather Normalization Adjustment." The Weather Normalization Adjustment shall apply to all temperature sensitive residential and commercial bills based on meters read during the revenue months of November through April. The five regional weather stations are Abilene, Austin, Dallas, Waco, and Wichita Falls.

Computation of Weather Normalization Adjustment

The Weather Normalization Adjustment Factor shall be computed to the nearest one-hundredth cent per Ccf by the following formula:

$$WNAF_i = \frac{(HSF_i \times (NDD-ADD))}{(BL_i + (HSF_i \times ADD))}$$

Where

- any particular Rate Schedule or billing classification within any such particular Rate Schedule that contains more than one billing classification
- WNAF_i -- Weather Normalization Adjustment Factor for the ith rate schedule or classification expressed in cents per Ccf
- Commodity Charge rate of temperature sensitive sales for the ith schedule or classification.
- HSF_i -- heat sensitive factor for the ith schedule or classification divided by the average bill count in that class
- NDD -- billing cycle normal heating degree days calculated as the simple ten-year average of actual heating degree days.
- ADD -- billing cycle actual heating degree days.
- BL_i -- base load sales for the ith schedule or classification divided by the average bill count in that class

The Weather Normalization Adjustment for the jth customer in ith rate schedule is computed as:

$$WNA_i = WNAF_i \times q_{ij}$$

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Where q_{ij} is the relevant sales quantity for the j th customer in i th rate schedule.

Base Use/Heat Use Factors

Weather Station	<u>Residential</u>		<u>Commercial</u>	
	Base use <u>Ccf</u>	Heat use <u>Ccf/HDD</u>	Base use Ccf	Heat use <u>Ccf/HDD</u>
Abilene	9.77	0.1487	88.49	0.7036
Austin	9.04	0.1537	201.48	1.0000
Dallas	13.07	0.2202	184.64	1.1385
Waco	8.77	0.1470		
Wichita	11.40	0.1468		

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 11/01/2019	PAGE:

	135.70	0.7744
	117.90	0.5943

Falls

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 WNAs 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.

Exhibit B

2019 Benchmark for Pensions and Retiree Medical Benefits

ATMOS ENERGY CORP., MID-TEX DIVISION
PENSIONS AND RETIREE MEDICAL BENEFITS FOR CITIES APPROVAL
TEST YEAR ENDING DECEMBER 31, 2018

Line No.	Description	Shared Services		Mid-Tex Direct			Adjustment Total	
		pension Account Plan	os Employment Benefit Plan	pension Account Plan	upp emen Executive Benefit Plan	os - Employment Benefit Plan		
	(a)	(b)	(c)	(d)			(g)	
Proposed Benefits Benchmark - Fiscal Year 2019 Willis Towers								
1	Watson Report as adjusted (1) (2) (3) 43.48% 73.88% 100.00% 73.88%	2,744,088	\$ 2,267,927	\$ 4,724,119	193,211 \$	2,621,842	Allocation to Mid-Tex	43.48%
Proposed Benefits Benchmark Costs Allocated to Mid-Tex (Ln 1 x Ln 2)								
3		1,193,029	\$986,012	\$ 3,490,241	193,211 \$		1,937,051	
4			0 100.00%					
		\$ 1,193,029	\$ 986,012	\$ 3,490,241	\$ 193,211	\$ 1,937,051	\$ 7,799,544	
				M and Capital Allocation Factor	100.00%	100.00%	100.00%	100.00%
				Proposed Benefits Benchmark Costs to Approve (Ln 3 x Ln 4)	(3) 986,012	193,211		
5								
6								
7								
8	Summary of Costs to Approve (1):							
9								
10	Expense Factor (WP_F-2.3, Ln 2)		81.35%	81.35%	38.28%	16.24%	38.28%	
11								
12								
13	Total Pension Account Plan	\$ 970,514		\$ 1,336,038				\$ 2,306,553
14	Total Post-Employment Benefit Plan		\$ 802,108			\$ 741,489		1,543,597
15	Total Supplemental Executive Benefit Plan				\$ 31,377			31,377
16	Total (Ln 13 + Ln 14 + Ln 15)	\$ 970,514	\$ 802,108	\$ 1,336,038	\$ 31,377	\$ 741,489	\$ 3,881,527	

18 Notes:

19 1. Studies not applicable to Mid-Tex or Shared Services are omitted.

20 2. The Company is requesting that the benchmark amount approved by the RRM Cities for future periods include only the expense amount.

21 The amount attributable to capital would continue to be recorded to utility plant through the overhead process as described in the CAM. 22 3. SSI-J amounts exclude cost centers which do not allocate to Mid-Tex for rate making purposes.

Exhibit C

2019 Amortization Schedule for Regulatory Liability

ATMOS ENERGY CORP., MID-TEX DIVISION
 RATE BASE ADJUSTMENTS
 TEST YEAR ENDING DECEMBER 31, 2018
 AMORTIZATION OF REGULATORY LIABILITY

Line	Year Ended Amount (1)	Beginning of Year Rate Base Adjustment Amortization (2)	Annual Adjustment No. Amount	End of Year Rate Base Dec. 31
	(a)	(b)	(c)	(d)
1	2018\$	290,043,948		290,043,948
2	2019	290,043,948	12,085,165	277,958,784
3	2020	277,958,784	12,085,165	253,788,455
		265,873,619	12,085,165	241,703,290
4	2021	265,873,619	12,085,165	229,618,126
5	2022		12,085,165	253,788,455
6	2023	217,532,961	12,085,165	205,447,797
		241,703,290	12,085,165	193,362,632
7	2024	193,362,632	12,085,165	181,277,468
		181,277,468	12,085,165	
		169,192,303	12,085,165	
		157,107,139	12,085,165	
		145,021,974	12,085,165	
		132,936,810	12,085,165	
		229,618,126	12,085,165	108,766,481
8	2025	108,766,481	12,085,165	96,681,316
9	2026	96,681,316	12,085,165	84,596,152
10	2027		12,085,165	72,510,987
11	2028	169,192,303	12,085,165	60,425,823
			12,085,165	48,340,658
		48,340,658	12,085,165	36,255,494
		36,255,494		
		24,170,329		

12	2029	157,107,139				
13	2030	145,021,974				
14	2031	132,936,810				
15	2032	120,851,645				
16	2033	120,851,645				
17	2034					
18	2035					
19	2036	84,596,152				
20	2037	72,510,987				
21	2038	60,425,823				
22	2039					
23	2040	12,085,165	24,170,329			
24	2041	12,085,165	12,085,165	25	2042	12,085,165
		12,085,165	(0)			

27
28

29	Revenue Related Tax Factor	6.71%	See wp F_5.1
	Revenue Related Taxes on Annual		Amortization * Tax
		\$ 810,653	Factor
		<u>\$ 12,905,421</u>	

30 Amortization (see WP_B-6.3) 31 Related Taxes (see WP_B-6.3) Amortization + Taxes

32

33 Notes:

34 1. The beginning 2018 balance is the September, 2018 balance. The regulatory
35 liability for excess deferred taxes is an estimate. This estimate will be
36 finalized when the Company files its federal tax return in July, 2019. To the 37
37 extent that this estimate changes with the filing of the Company's tax return,
38 the Company will true-up' the amount in the 2020 RRM filing.

- 39 2. The annual amortization of a 24 year recovery period is based on the 40 Reverse South Georgia Method.
- 41 3. The Regulatory Liability is recorded to FERC Account 253, Sub Account 27909.