

ORDINANCE NO. 2015-05-___

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MCKINNEY, TEXAS ("CITY") APPROVING A NEGOTIATED SETTLEMENT BETWEEN THE ATMOS CITIES STEERING COMMITTEE ("ACSC") AND ATMOS ENERGY CORP., MID-TEX DIVISION REGARDING THE COMPANY'S 2014 AND 2015 RATE REVIEW MECHANISM FILINGS; APPROVING A SETTLEMENT AGREEMENT WITH ATTACHED RATE TARIFFS AND PROOF OF REVENUES; 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 SETTLEMENT TARIFFS TO BE JUST AND REASONABLE AND IN THE PUBLIC INTEREST; 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 ORDINANCE TO THE COMPANY AND THE ACSC'S LEGAL COUNSEL

WHEREAS, the City of McKinney, 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; 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 initial RRM Tariff was in effect for four (4) years; and

WHEREAS, ACSC Cities and Atmos Mid-Tex entered into another settlement agreement and revised the RRM Tariff; and

WHEREAS, ACSC Cities and Atmos Mid-Tex compromised and reached agreements on the amount of the rate increases to be in effect for the RRM Tariff filings for 2012 and 2013;

WHEREAS, ACSC Cities and Atmos Mid-Tex were unable to reach an agreement on the 2014 RRM Tariff filing, resulting in the ACSC Cities' rejection of the 2014 RRM filing; and

WHEREAS, Atmos Mid-Tex appealed the ACSC Cities' actions rejecting its 2014 RRM filing to the Railroad Commission of Texas ("Commission"), pursuant to the provisions of the RRM Tariff; and

WHEREAS, Atmos Mid-Tex and ACSC litigated the appeal of the 2014 RRM filing at the Commission; and

WHEREAS, on February 27, 2015, Atmos Mid-Tex filed its 2015 RRM Tariff filing, requesting to increase natural gas base rates system-wide by \$28.762 million; and

WHEREAS, ACSC coordinated its review of Atmos Mid-Tex 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, Atmos Mid-Tex has agreed to withdraw its appeal of ACSC's rejection of its 2014 RRM Tariff rate increase; and

WHEREAS, the Executive Committee, as well as ACSC's counsel and consultants, recommend that ACSC Cities approve the attached Settlement Agreement (Attachment A to this Ordinance) as well as the tariffs attached thereto, resolving both the 2014 and the 2015 RRM Tariff filings, which together will increase the Company's revenues by \$65.7 million over the amount allowed under City-approved rates set in 2013; and

WHEREAS, the attached tariffs implementing new rates are consistent with the negotiated Settlement Agreement and are just, reasonable, and in the public interest; and

WHEREAS, the RRM Tariff should be renewed for a period of time commencing in 2016 and continuing until the RRM Tariff is suspended by ordinance of the City; 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 the City Council finds that the Settlement Agreement (Attachment A to this Ordinance) 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 2014 and 2015 RRM filings, 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 Attachment C, are just and reasonable, and are designed to allow Atmos Mid-Tex to recover annually an additional \$65.7 million in revenue over the amount allowed under currently approved rates, or \$21 million over currently-billed rates, as shown in the Proof of Revenues attached hereto and incorporated herein as Attachment B; such tariffs are hereby adopted. Section 4. That to the extent any resolution or ordinance previously adopted by the Council is inconsistent with this Ordinance, it is hereby repealed.

Section 4. That the ratemaking treatment for pensions and other post-employment benefits in Atmos' next RRM filing shall be as set forth on Attachment D, attached hereto and incorporated herein.

Section 5. That in an effort to streamline the regulatory review process, the Atmos Mid-Tex RRM Tariff is renewed for a period commencing with the Company's March 1, 2016 RRM filing for calendar year 2015, effective June 1, 2016, and continuing thereafter until such time as the City adopts an ordinance suspending operation of the RRM Tariff.

- Section 6. That Atmos Mid-Tex shall reimburse the reasonable ratemaking expenses of the ACSC in processing the Company's RRM application.
- 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 June 1, 2015.
- 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.
- Section 12. This Ordinance shall become effective from and after the date of its final passage and publication as provided by law, and it is accordingly so ordained.

DULY PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF MCKINNEY, TEXAS ON THE 2nd DAY OF JUNE, 2015.

CITY OF MCKINNEY, TEXAS

BRIAN LOUGHMILLER
Mayor

CORRECTLY ENROLLED:

SANDY HART, TRMC, MMC
City Secretary
DENISE VICE, TRMC
Assistant City Secretary

DATE: _____

APPROVED AS TO FORM:

MARK S. HOUSER
City Attorney

**MID-TEX DIVISION
ATMOS ENERGY CORPORATION**

RRC Tariff No:

| | | |
|------------------------|---|--------------|
| 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 06/01/2015 | PAGE: |

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 | \$ 40.00 per month |
| Rider CEE Surcharge | \$ 0.00 per month ¹ |
| Total Customer Charge | \$ 40.00 per month |
| Commodity Charge – All Ccf | \$ 0.08020 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 CEE - Conservation And Energy Efficiency as approved in GUD 10170. Surcharge billing effective July 1, 2014.

**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 06/01/2015 | PAGE: |

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 MDU 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 | \$ 700.00 per month |
| First 0 MMBtu to 1,500 MMBtu | \$ 0.2937 per MMBtu |
| Next 3,500 MMBtu | \$ 0.2151 per MMBtu |
| All MMBtu over 5,000 MMBtu | \$ 0.0461 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).

Curtailed 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.

**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 06/01/2015 | 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 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.

**MID-TEX DIVISION
ATMOS ENERGY CORPORATION**

RRC Tariff No:

| | | |
|------------------------|---|--------------|
| RATE SCHEDULE: | R – RESIDENTIAL 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 06/01/2015 | 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 | \$ 18.60 per month |
| Rider CEE Surcharge | \$ 0.02 per month ¹ |
| Total Customer Charge | \$ 18.62 per month |
| Commodity Charge – All <u>Ccf</u> | \$0.09931 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.

¹Reference Rider CEE - Conservation And Energy Efficiency as approved in GUD 10170. Surcharge billing effective July 1, 2014.

**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 06/01/2015 | 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 | \$ 700.00 per month |
| First 0 MMBtu to 1,500 MMBtu | \$ 0.2937 per MMBtu |
| Next 3,500 MMBtu | \$ 0.2151 per MMBtu |
| All MMBtu over 5,000 MMBtu | \$ 0.0461 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.

**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 06/01/2015 | PAGE: |

Curtailement 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 EXCEPT THE CITY OF DALLAS AND UNINCORPORATED AREAS | |
| EFFECTIVE DATE: | Bills Rendered on or after 11/01/2015 | 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:

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

Where

- i = 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 i^{th} rate schedule or classification expressed in cents per Ccf
- R_i = Commodity Charge rate of temperature sensitive sales for the i^{th} schedule or classification.
- HSF_i = heat sensitive factor for the i^{th} 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 i^{th} schedule or classification divided by the average bill count in that class

The Weather Normalization Adjustment for the j th customer in i th rate schedule is computed as:

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

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

**MID-TEX DIVISION
ATMOS ENERGY CORPORATION**

| | | |
|------------------------|---|--------------|
| RIDER: | WNA – WEATHER NORMALIZATION ADJUSTMENT | |
| APPLICABLE TO: | ALL CUSTOMERS IN THE MID-TEX DIVISION EXCEPT THE CITY OF DALLAS AND UNINCORPORATED AREAS | |
| EFFECTIVE DATE: | Bills Rendered on or after 11/01/2015 | PAGE: |

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 <u>Ccf</u> | Heat use <u>Ccf/HDD</u> |
| Abilene | 10.22 | 0.1404 | 98.80 | 0.6372 |
| Austin | 11.59 | 0.1443 | 213.62 | 0.7922 |
| Dallas | 14.12 | 0.2000 | 208.11 | 0.9085 |
| Waco | 9.74 | 0.1387 | 130.27 | 0.6351 |
| Wichita Falls | 11.79 | 0.1476 | 122.35 | 0.5772 |

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 a 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-TEX DIVISION
 PROOF OF REVENUES AND PROPOSED TARIFF STRUCTURE
 TEST YEAR ENDING DECEMBER 31, 2014

| (a) | (b) | (c) | (d) | (e) | (f) | (g) | |
|-----|---|-----------------------|------------------------------------|---------------------------|-----------------------------|-----------------------|--|
| 1 | Proposed Change In Rates: | \$21,066,527 | Schedule A | | | | |
| 2 | Proposed Change In Rates without Revenue Related Taxes: | \$19,757,254 | Ln 1 divided by factor on WP_F-5.1 | | | | |
| 3 | | | | | | | |
| 4 | | | | | | | |
| 5 | | | | | | | |
| 6 | | Revenue | | | | | |
| | | Requirements | Allocations | | | | |
| 7 | Residential | \$ 338,431,486 | 77.95% | Per GUO 10170 Final Order | | | |
| 8 | Commercial | \$ 84,223,622 | 19.40% | Per GUO 10170 Final Order | | | |
| 9 | Industrial and Transportation | \$ 11,490,316 | 2.65% | Per GUO 10170 Final Order | | | |
| 10 | Net Revenue Requirements GUO No. 10170 | <u>\$ 434,145,424</u> | | | | | |
| 11 | | | | | | | |
| 12 | | | | | | | |
| 17 | | | | | | | |
| 18 | Rate Class | Current | Proposed Change | Proposed Rates | Proposed Change In Revenues | Proposed Revenues | Proposed Rates with Rate Case Expenses |
| 19 | | | | | | | |
| 20 | Residential Base Charge | \$ 18.20 | \$ 0.36 | \$ 18.56 | \$ 6,351,350 | \$ 327,447,398 | \$ 18.60 |
| 21 | Residential Consumption Charge | \$ 0.08819 | \$ 0.01112 | \$ 0.09931 | \$ 9,049,383 | \$ 80,817,829 | \$ 0.09931 |
| 22 | Commercial Base Charge | \$ 38.50 | \$ 1.37 | \$ 39.87 | \$ 2,000,584 | \$ 58,221,364 | \$ 40.00 |
| 23 | Commercial Consumption Charge | \$ 0.07681 | \$ 0.00339 | \$ 0.08020 | \$ 1,834,968 | \$ 43,411,339 | \$ 0.08020 |
| 24 | I&T Base Charge | \$ 675.00 | \$ 22.35 | \$ 697.35 | \$ 220,192 | \$ 6,870,292 | \$ 700.00 |
| 25 | I&T Consumption Charge Tier 1 MMBTU | \$ 0.2807 | \$ 0.0130 | \$ 0.2937 | \$ 142,055 | \$ 3,209,350 | \$ 0.2937 |
| 26 | I&T Consumption Charge Tier 2 MMBTU | \$ 0.2056 | \$ 0.0095 | \$ 0.2151 | \$ 117,051 | \$ 2,650,282 | \$ 0.2151 |
| 27 | I&T Consumption Charge Tier 3 MMBTU | \$ 0.0441 | \$ 0.0020 | \$ 0.0461 | \$ 42,703 | \$ 984,314 | \$ 0.0461 |
| 28 | | | | | <u>\$ 19,758,287</u> | <u>\$ 523,612,169</u> | |
| 29 | | | | | | | |

Data Sources:

GUD10170_FINAL.xlsm

**ATMOS ENERGY CORP., MID-TEX DIVISION
PENSIONS AND RETIREE MEDICAL BENEFITS FOR CITIES APPROVAL
TEST YEAR ENDING DECEMBER 31, 2014**

| Line No. | Description | Shared Services | | Mid-Tex Direct | | | Adjustment Total |
|----------|--|------------------------------|--|------------------------------|--|--|------------------|
| | | Pension Account Plan ("PAP") | Post-Retirement Medical Plan ("FAS 106") | Pension Account Plan ("PAP") | Supplemental Executive Benefit Plan ("SERP") | Post-Retirement Medical Plan ("FAS 106") | |
| | (a) | (b) | (c) | (d) | (e) | (f) | (g) |
| 1 | Fiscal Year 2014 Towers Watson Report (excluding Removed Cost Centers) | \$ 6,388,826 | \$ 4,542,023 | \$ 9,481,670 | \$ 165,758 | \$ 8,736,645 | |
| 2 | Allocation to Mid-Tex | 46.26% | 46.26% | 71.70% | 100.00% | 71.70% | |
| 3 | FY14 Towers Watson Benefit Costs (excluding Removed Cost Centers) Allocated to MTX (Ln 1 x Ln 2) | \$ 2,955,304 | \$ 2,101,021 | \$ 6,798,531 | \$ 165,758 | \$ 6,264,334 | |
| 4 | O&M and Capital Allocation Factor | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | |
| 5 | FY14 Towers Watson Benefit Costs To Approve (excluding Removed Cost Centers) (Ln 3 x Ln 4) | \$ 2,955,304 | \$ 2,101,021 | \$ 6,798,531 | \$ 165,758 | \$ 6,264,334 | \$ 18,284,949 |
| 6 | | | | | | | |
| 7 | | | | | | | |
| 8 | Summary of Costs to Approve: | | | | | | |
| 9 | | | | | | | |
| 10 | Total Pension Account Plan ("PAP") | \$ 2,955,304 | | \$ 6,798,531 | | | \$ 9,753,835 |
| 11 | Total Post-Retirement Medical Plan ("FAS 106") | | \$ 2,101,021 | | | \$ 6,264,334 | 8,365,356 |
| 12 | Total Supplemental Executive Retirement Plan ("SERP") | | | | \$ 165,758 | | 165,758 |
| 13 | Total (Ln 10 + Ln 11 + Ln 12) | \$ 2,955,304 | \$ 2,101,021 | \$ 6,798,531 | \$ 165,758 | \$ 6,264,334 | \$ 18,284,949 |
| 14 | | | | | | | |
| 15 | | | | | | | |
| 16 | O&M Expense Factor | 95.82% | 95.82% | 43.03% | 21.00% | 43.03% | |
| 17 | | | | | | | |
| 18 | Expense Portion (Ln 13 x Ln 16) | \$ 2,831,859 | \$ 2,013,260 | \$ 2,925,600 | \$ 34,809 | \$ 2,695,721 | \$ 10,501,250 |
| 19 | | | | | | | |
| 20 | Capital Factor | 4.18% | 4.18% | 56.97% | 79.00% | 56.97% | |
| 21 | | | | | | | |
| 22 | Capital Portion (Ln 13 x Ln 20) | \$ 123,445 | \$ 87,761 | \$ 3,872,930 | \$ 130,949 | \$ 3,568,614 | \$ 7,783,699 |
| 23 | | | | | | | |
| 24 | Total (Ln 18 + Ln 22) | \$ 2,955,304 | \$ 2,101,021 | \$ 6,798,531 | \$ 165,758 | \$ 6,264,334 | \$ 18,284,949 |