### RESOLUTION NO. 2021-09-XXX (R)

A RESOLUTION 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 2021 RATE REVIEW MECHANISM FILING; DECLARING EXISTING RATES TO BE UNREASONABLE; ADOPTING TARIFFS THAT REFLECT RATE ADJUSTMENTS CONSISTENT WITH THE NEGOTIATED SETTLEMENT; FINDING 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 ATTACHED **BENEFITS**; APPROVING MEDICAL AN **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 THE ACSC'S LEGAL COUNSEL

- WHEREAS, the City Council of 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, charges, and services 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 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, 2021, Atmos Mid-Tex filed its 2021 RRM rate request with ACSC Cities based on a test year ending December 31, 2020; and
- WHEREAS, ACSC coordinated its review of the Atmos Mid-Tex 2021 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 \$22.78 million applicable to ACSC Cities with an Effective Date of December 1, 2021; and
- WHEREAS, ACSC agrees that Atmos' plant-in-service is reasonable; and
- WHEREAS, with the exception of approved plant-in-service, ACSC is not foreclosed from future reasonableness evaluation of costs associated with incidents related to gas leaks; and

- WHEREAS, the two month delayed Effective Date from October 1 to December 1 will save ACSC ratepayers approximately \$3.8 million off new rates imposed by the attached tariffs (Exhibit A); 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 prepared by Atmos Mid-Tex (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 CITY COUNCIL OF THE CITY OF McKINNEY, TEXAS, THAT:

- Section 1. That the findings set forth in this Resolution 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 \$22.78 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 2021 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 despite finding Atmos Mid-Tex's plant-in-service to be reasonable, ACSC is not foreclosed in future cases from evaluating the reasonableness of costs associated with incidents involving leaks of natural gas.
- Section 4. 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 \$22.78 million from customers in ACSC Cities, over the amount allowed under currently approved rates. Such tariffs are hereby adopted.
- Section 5. 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 6. That subject to any future settlement or decision regarding the balance of Excess Deferred Income Tax to be refunded to ratepayers, the amortization of regulatory liability shall be consistent with the schedule found in Exhibit C, attached hereto and incorporated herein.
- Section 7. That Atmos Mid-Tex shall reimburse the reasonable ratemaking expenses of the ACSC in processing the Company's 2021 RRM filing.
- Section 8. That to the extent any resolution or ordinance previously adopted by the Council is inconsistent with this Resolution, it is hereby repealed.
- Section 9. 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 10. 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 11. That consistent with the City 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 December 1, 2021.
- Section 12. 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 LBJ Freeway, Suite 1862, Dallas, Texas 75240, and to Thomas Brocato, General Counsel to ACSC, at Lloyd Gosselink Rochelle & Townsend, P.C., 816 Congress Avenue, Suite 1900, Austin, Texas 78701.
- Section 13. This Resolution shall take effect immediately from and after the date of passage and is so resolved.

# DULY PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF MCKINNEY, TEXAS ON THE 7<sup>TH</sup> DAY OF SEPTEMBER, 2021.

CITY OF McKINNEY, TEXAS

GEORGE C. FULLER, Mayor

ATTEST:

EMPRESS DRANE, City Secretary

APPROVED AS TO FORM:

MARK S. HOUSER, City Attorney

Exhibit A to 2021 RRM Resolution or Ordinance

> Mid-Tex Tariffs Effective December 1, 2021

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 12/01/2021 PAGE:		

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	\$ 20.85 per month		
Rider CEE Surcharge	\$ 0.05 per month <sup>1</sup>		
Total Customer Charge	\$ 20.90 per month		
Commodity Charge – All <u>Ccf</u>	\$0.27979 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 12/01/2021 PAGE: Page			

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	\$ 56.50 per month		
Rider CEE Surcharge	\$ 0.01 per month <sup>1</sup>		
Total Customer Charge	\$ 56.51 per month		
Commodity Charge – All Ccf	\$ 0.12263 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.

<sup>&</sup>lt;sup>1</sup> Reference Rider CEE - Conservation and Energy Efficiency as approved in GUD 10170. Surcharge billing effective July 1, 2021.

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 12/01/2021 PAGE:		

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	\$ 1,054.75 per month
First 0 MMBtu to 1,500 MMBtu	\$ 0.4330 per MMBtu
Next 3,500 MMBtu	\$ 0.3171 per MMBtu
All MMBtu over 5,000 MMBtu	\$ 0.0680 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 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 12/01/2021 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.

RATE SCHEDULE:	T – TRANSPORTATION		
APPLICABLE TO:	ALL CUSTOMERS IN THE MID-TEX DIVISION UNDER THE RRM TARIFF		
EFFECTIVE DATE:	Bills Rendered on or after 12/01/2021 PAGE:		

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	\$ 1,054.75 per month
First 0 MMBtu to 1,500 MMBtu	\$ 0.4330 per MMBtu
Next 3,500 MMBtu	\$ 0.3171 per MMBtu
All MMBtu over 5,000 MMBtu	\$ 0.0680 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 12/01/2021 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:	TIVE DATE: Bills Rendered on or after 12/01/2021 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:

WNAFi	=	R <sub>i</sub>	(HSF <sub>i</sub>	х	(ND	D-A	(DD) )
	-		(BL <sub>i</sub>	+	(HSF <sub>i</sub>	x	ADD))
Where							
i	=	any particular Rate Scl particular Rate Sched					
WNAF <sub>i</sub>	=	Weather Normalization Adjustment Factor for the i <sup>th</sup> rate schedule or classification expressed in cents per Ccf					
R <sub>i</sub>	=	Commodity Charge rate of temperature sensitive sales for the i <sup>th</sup> schedule or classification.					
HSF <sub>i</sub>	=	heat sensitive factor for the i <sup>th</sup> 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 hea	ting degree day	ys.			
Bli	=	base load sales for the bill count in that class	i <sup>th</sup> schedule o	r classific	ation divi	ded	by the average

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

 $WNA_i = WNAF_i \times q_{ij}$ 

Where  $q_{ij}$  is the relevant sales quantity for the jth customer in ith rate schedule.

### MID-TEX DIVISION ATMOS ENERGY CORPORATION

RIDER:	WNA – WEATHER NORMALIZATION ADJUSTMEN	т			
APPLICABLE TO:	ALL CUSTOMERS IN THE MID-TEX DIVISION UND	ER THE RRM TARIFF			
EFFECTIVE DATE:	FECTIVE DATE: Bills Rendered on or after 12/01/2021 PAGE:				

### Base Use/Heat Use Factors

	<b>Residential</b>		Commercia	<u>al</u>
Weather Station	Base use <u>Ccf</u>	Heat use <u>Ccf/HDD</u>	Base use <u>Ccf</u>	Heat use <u>Ccf/HDD</u>
Abilene	11.88	0.1459	85.39	0.6996
Austin	10.34	0.1452	194.82	0.9398
Dallas	15.21	0.1915	148.19	1.0986
Waco	10.63	0.1373	130.39	0.7436
Wichita Falls	12.63	0.1398	109.17	0.5803

### 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 to 2021 RRM Resolution or Ordinance

Mid-Tex 2021 Benchmark for Pensions and Retiree Benefits

			Shared Services	ervices			Mid-T	Mid-Tex Direct		
				Post-			Supp	Supplemental	Post-	
Line		<u> </u>	Pension	Employment	•	Pension	Execut	Executive Benefit	Employment	Adjustment
No.	Description	Acc	Account Plan	Benefit Plan	Ac	Account Plan		Plan	Benefit Plan	Total
	(a)		(q)	(c)		(p)		(e)	(f)	(B)
	Proposed Benefits Benchmark - Fiscal Year 2021 Willis Towers Watson									
~	Report as adjusted (1) (2) (3)	ф	2,917,949	\$ 4,908,358	\$	5,447,063	÷	293,818	\$ 6,600,073	
2	Allocation to Mid-Tex		43.68%	43.68%	%	76.11%		100.00%	76.11%	
	Proposed Benefits Benchmark Costs Allocated to Mid-Tex (Ln 1 x Ln 2)									
ო		ф	1,274,655	\$ 2,144,130	\$	4,145,546	ŝ	293,818	\$ 5,023,057	
4	O&M and Capital Allocation Factor		100.00%	100.00%	%	100.00%		100.00%	100.00%	
S	Proposed Benefits Benchmark Costs to Approve (Ln 3 x Ln 4) (3)	ഗ	1,274,655	\$ 2,144,130	\$ (	4,145,546	\$	293,818 8	\$ 5,023,057	\$ 12,881,205
9										
7										
8	Summary of Costs to Approve (1):									
<b>б</b>										
10	O&M Expense Factor (WP_F-2.3, Ln 2)		75.07%	75.07%	%	38.66%		11.00%	38.66%	
1										
12										
13	Total Pension Account Plan	ф	956,873		θ	1,602,484				\$ 2,559,357
4	Total Post-Employment Benefit Plan			\$ 1,609,582	~				\$ 1,941,691	3,551,272
15	Total Supplemental Executive Benefit Plan						¢	32,322		32,322
16	Total (Ln 13 + Ln 14 + Ln 15)	ക	956,873	\$ 1,609,582	\$	1,602,484	\$	32,322 8	\$ 1,941,691	\$ 6,142,952
17										
18	Notes:									
19	<ol> <li>Studies not applicable to Mid-Tex or Shared Services are omitted.</li> </ol>									
20	2. Mid-Tex is proposing that the Fiscal Year 2021 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	actuar	ial amounts sh	10Wh on WP F-2	2.3 anc	1 WP F-2.3.1	. be appr	oved by the F	RM Cities as the	

 Mid-lex is proposing that the Fiscal Year 2021 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 benchmark amount approved by the RRM Cities for future periods includes only the expense amount. The amount attributable to capital is recorded to utility plant through the overhead process as described in the CAM.
 SSU amounts exclude cost centers which do not allocate to Mid-Tex for rate making purposes. 

# ATMOS ENERGY CORP., MID-TEX DIVISION PENSIONS AND RETIREE MEDICAL BENEFITS FOR CITIES APPROVAL TEST YEAR ENDING DECEMBER 31, 2020

### Exhibit C to 2021 RRM Resolution or Ordinance

Mid-Tex 2021 Schedule for Amortization for Regulatory Liability

# ATMOS ENERGY CORP., MID-TEX DIVISION RATE BASE ADJUSTMENTS TEST YEAR ENDING DECEMBER 31, 2020 AMORTIZATION OF REGULATORY LIABILITY

Line No.	Year Ended Dec. 31	Beginning Protected Balance	Protected Amortization	Ending Protected Balance	Beginning Unprotected Balance	Unprotected Amortization	Ending Unprotected Balance	Total Protected & Unprotected Amortization	Total Protected & Unprotected Balance
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
1	2017 (3)	\$ -	\$ -	\$ (51,477,654)	\$-	\$ -	\$ 343,746,535	\$ -	\$ 292,268,881
2	2018	(51,477,654)	494,977	(50,982,677)	343,746,535	(3,513,868)	340,232,667	(3,018,891)	289,249,991
3	2019	(50,982,677)	1,979,910	(49,002,767)	340,232,667	(14,057,872)	326,174,795	(12,077,963)	277,172,028
4	2020	(49,002,767)	1,979,910	(47,022,857)	326,174,795	(13,988,908)	312,185,886	(12,008,999)	265,163,029
5	2021	(47,022,857)	3,464,842	(43,558,015)	312,185,886	(26,390,127)	285,795,760	(22,925,284)	242,237,745
6	2022	(43,558,015)	1,979,910	(41,578,105)	285,795,760	(60,167,528)	225,628,231	(58, 187, 619)	184,050,126
7	2023	(41,578,105)	1,979,910	(39,598,195)	225,628,231	(60,167,528)	165,460,703	(58,187,619)	125,862,508
8	2024	(39,598,195)	1,979,910	(37,618,286)	165,460,703	(60,167,528)	105,293,175	(58,187,619)	67,674,889
9	2025	(37,618,286)	1,979,910	(35,638,376)	105,293,175	(60,167,528)	45,125,646	(58,187,619)	9,487,270
10	2026	(35,638,376)	1,979,910	(33,658,466)	45,125,646	(45,125,646)	(0)	(43,145,737)	(33,658,466)
11	2027	(33,658,466)	1,979,910	(31,678,556)	(0)	0		1,979,910	(31,678,556)
12	2028	(31,678,556)	1,979,910	(29,698,647)	-	-		1,979,910	(29,698,647)
13	2029	(29,698,647)	1,979,910	(27,718,737)	-	-		1,979,910	(27,718,737)
14	2030	(27,718,737)	1,979,910	(25,738,827)	-	-		1,979,910	(25,738,827)
15	2031	(25,738,827)	1,979,910	(23,758,917)	-	-		1,979,910	(23,758,917)
16	2032	(23,758,917)	1,979,910	(21,779,007)	-	-		1,979,910	(21,779,007)
17	2033	(21,779,007)	1,979,910	(19,799,098)	-	-		1,979,910	(19,799,098)
18	2034	(19,799,098)	1,979,910	(17,819,188)	-	-		1,979,910	(17,819,188)
19	2035	(17,819,188)	1,979,910	(15,839,278)	-	-		1,979,910	(15,839,278)
20	2036	(15,839,278)	1,979,910	(13,859,368)	-	-		1,979,910	(13,859,368)
21	2037	(13,859,368)	1,979,910	(11,879,459)	-	-		1,979,910	(11,879,459)
22	2038	(11,879,459)	1,979,910	(9,899,549)	-	-		1,979,910	(9,899,549)
23	2039	(9,899,549)	1,979,910	(7,919,639)	-	-		1,979,910	(7,919,639)
24	2040	(7,919,639)	1,979,910	(5,939,729)	-	-		1,979,910	(5,939,729)
25	2041	(5,939,729)	1,979,910	(3,959,820)	-	-		1,979,910	(3,959,820)
26	2042	(3,959,820)	1,979,910	(1,979,910)	-	-		1,979,910	(1,979,910)
27	2043	(1,979,910)	1,979,910	0	-	-		1,979,910	0
28		( // /// //							
29	Revenue Related	d Tax Factor				See WP F-5.1		6.79%	
30	Revenue Related	d Taxes on Annual Amo	rtization			Amortization * Tax Fa	ctor	\$ 3,949,355	
31		uding Revenue Related				Amortization + Taxes	-	\$ 62,136,973	
20		5					-		

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Notes:
1. The annual amortization of the protected balance is a 26 year recovery period based on the Reverse South Georgia Method. The annual amortization of the unprotected balance is 5 years.
2. The Regulatory Liability is recorded to FERC Accounts 253 and 242, Sub Account 27909.
3. This is the final Mid-Tex liability balance filing the Fiscal Year 2018 tax return.