

AGENDA

Notice is hereby given of a meeting of the Board of Commissioners of Burkburnett to be held on **Monday, May 18, 2015 at 7:00 p.m.** at City Hall-Council Chambers, 501 Sheppard Road, Burkburnett, Texas for the purpose of considering the following agenda items. The Board of Commissioners may discuss and take action on any item on this agenda. The Board of Commissioners reserves the right to meet in a closed session on any agenda item should the need arise and if applicable pursuant to authorization by Title 5, Chapter 551, of the Texas Government Code.

The public may speak on items listed on the posted agenda. All persons desiring to address a specific agenda item must submit an "Appearance before the City Commissioners" form prior to the reading of the item to the City Clerk, Janelle Dolan. The Mayor will allow comments before each agenda item for which they have requested to be heard. Comments will be limited to three (3) minutes with a maximum two (2) minute extension following approval by a majority of the members of the Board of Commissioners.

Item 1. Mayor: Call meeting to order.

Item 2. Invocation- Rev. John Munson, Vicar of St. John the Divine Anglican Church.

Item 3. Pledge of Allegiance.

Item 4. CONSENT AGENDA:

A. Approval of Minutes from April 20, 2015 and April 29, 2015 Special Called Meeting

Item 5. Ordinance Number 876. An Ordinance amending The Code of Ordinances; Title IX. General Regulations, Adopting Chapter 102: which regulates smoking in public places in the city limits of the City of Burkburnett.

Item 6. Ordinance Number 877. An ordinance establishing procedures for the consideration of economic development projects within the city of Burkburnett, Texas.

Item 7. Ordinance Number 878. An ordinance 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 and approving a settlement agreement.

Item 8. Pursuant to the Texas Open Meetings Act, Chapter 551 of the Texas Government Code, the Board of Commissioners may convene in Executive Session regarding the following matters:

A. SECTION 551.071 – Consultation with Attorney regarding City employed EMTs and potential changes to EMT designation

B. SECTION 551.072-Deliberation Regarding Real Property

a. Water Supply

Item 9. Reconvene to regular session and take action, if any, on matters discussed in Executive Session.

Item 10. Review of monthly reports.

A. Public Works

- Family Aquatic Center – Update
- Boomtown Bay Family Aquatic Center Operations

Item 11. Public Comments.

The Board of Commissioners invites citizens to speak on any topic.

Please fill out an "Appearance before City Commissioners" form in order to address the Commissioners and turn the form in prior to 7:00 p.m. to City Clerk, Janelle Dolan.

Public Comments are limited to five minutes. Time limits can be adjusted by the Mayor as to accommodate more or fewer speakers.

Unless the item is specifically noted on this agenda, the Board of Commissioners is required under the Texas Open Meetings Act to limit its response to one of the following:

Responding with a statement of specific factual information or reciting the City's existing policy on that issue.

Item 12. City Manager's report.

- EDC Executive Director Search
- Entryway Signs
- TML Conference
- Recycle Bins

Item 13. Commissioner's Comments.

Pursuant to Government Code Section 551.0415, City Commissioner Members may make a report about items of Community interest during a meeting of the governing body without having given notice of the report. Items of community interest include:

***Expressions of thanks, congratulations, or condolence;**

***Information regarding holiday schedules;**

***An honorary or salutory recognition of a public official, public employee, or other citizen, except that a discussion regarding a change in the status of the person's public office of public employment is not an honorary or salutory recognition for purposes of this subdivision;**

***A reminder about an upcoming event organized or sponsored by the governing body;**

***Information regarding a social, ceremonial, or community event organized or sponsored by an entity other than the governing body that was attended or is scheduled to be attended by a member of the governing body or an official or employee of the municipality; and**

***Announcements involving an imminent threat to the public health and safety of people in the municipality that has arisen after the posting of the agenda.**

Item 14. Adjournment.

I, Janelle Dolan, City Clerk for the City of Burkburnett, Texas do hereby certify that I posted this agenda on the glass front door of the City Hall, facing the outside at 4:50 p.m. on May 15, 2015 in compliance with the Open Meeting Act Chapter 551.



Janelle Dolan, City Clerk

Posted 5/15/2015 @ 4:50 pm

This facility is wheelchair accessible and accessible parking spaces are available. Requests for accommodation or interpretive services must be made 72 hours prior to this meeting. Please contact the City Clerk's office at (940) 569-2263 for further information.

MINUTES

BOARD OF COMMISSIONERS

The Board of Commissioners of the City of Burkburnett, Texas met in a regular meeting on Monday, April 20, 2015 at 7:00 p.m. in the Council Chambers of the City Hall, 501 Sheppard Road, Burkburnett, Texas. The meeting was open to the public with notice being given in compliance with the Open Meetings Act. The following Commissioners were present:

Carl Law	Mayor
Bill Lindenborn	Mayor Pro Tem
Randy Brewster	Commissioner
Frank Ducos	Commissioner
Don Hardy	Commissioner
Marguerite Love	Commissioner
Mike Tugman	Commissioner

Others present: Mike Whaley, City Manager; Trish Holley, Director of Administration; Gordon Smith, Director of Public Works; Janelle Dolan, City Clerk; Ed Stahr, Police Chief; and Mike Guevara, City Attorney, Shahan, Guevara, Decker, Arrott, Attorneys at Law.

Item 1. Mayor Law called the meeting to order and welcomed the visitors.

Item 2. Invocation was given by Dr. Jeff Davison, Pastor, Calvary Baptist Church.

Item 3. The Pledge of Allegiance was led by Boy Scout Pack 64.

Item 4. Consent Agenda.

- A. Approval of Minutes from February 12, 2015 Special Called Meeting and February 16, 2015 Regular Meeting

Motion was made by Commissioner Lindenborn, seconded by Commissioner Hardy to approve Consent Agenda 4. Motion carried unanimously.

Item 5. Mayor Law closed the regular meeting at 7:02 p.m. and opened the “Public Hearing” for the following Planning & Zoning Commission Cases:

- A. Case #2015-20 re-zone application for 200 Block of Linden, block rezoned as a carport overlay district.

- B. Case #2015-21, Specific Use Permit for 1007 Sugarbush, to construct an accessory building in the rear for the purpose of providing caretaker service for a family member.

Gordon Smith, Director of Public Works, addressed the Mayor and Commissioners on Case #2015-20 and stated on April 6, 2015 the Planning and Zoning Commission met and staff presented an application that was submitted by Mr. Gil Beaver owner of property located at 208 Linden. This request is to allow for a carport overlay district on the 200 Block of Linden. All publishing and mail out requirements have been met. Mr. Smith stated 100% of total property owners (12 out of 12) on the block signed the petition and ownership was verified by City Staff. Mr. Smith stated the Planning and Zoning Commission voted unanimously to recommend to Board of Commissioners for approval of a carport overlay district on the 200 Block of Linden as presented.

Mr. Smith addressed the Mayor and Commissioners on Case #2015-21 and stated on that same date the Planning and Zoning Commission met and staff presented an application request submitted by Sharon Woodruff, Owner of 1007 Sugarbush for a Specific Use Provision (SUP) to construct an accessory building for her elderly mother at 1007 Sugarbush. Burkburnett Texas. The property is zoned Single Family -6 (SF6) and a Specific Use Provision is required for the accessory building. Mr. Smith stated the Accessory Building is 21 feet x 32 feet (672 sq.ft) of wood frame construction to match existing construction of the main home. Mr. Smith reported all publishing and mail out requirements have been met. Mr. Smith stated the Planning and Zoning Commission voted unanimously to recommend to Board of Commissioners approval of the Specific Use Provision (SUP) to construct an accessory building 1007 Sugarbush.

The following addressed the Mayor and Commissioners:
Bob Stivers, 1005 Sugarbush

Item 6. Mayor Law closed the “Public Hearing” at 7:07 p.m. and reopened the regular meeting to take action on the Planning & Zoning Commission Cases:

- A. Case #2015-20 re-zone application for 200 Block of Linden, block rezoned as a carport overlay district.
- B. Case #2015-21, Specific Use Permit for 1007 Sugarbush, to construct an accessory building in the rear for the purpose of providing caretaker service for a family member.

Case #2015-20 Motion was made by Commissioner Love, seconded by Commissioner Hardy to approve the re-zone application for 200 Block of Linden, block rezoned as a carport overlay district. Motion carried unanimously.

Case #2015-21-Motion was made by Commissioner Lindenborn, seconded by Commissioner Love to approve the Specific Use Permit for 1007 Sugarbush to construct an accessory building.

Ayes: Mayor Law; Commissioners Lindenborn, Brewster, Ducos, Hardy and Love
Abstained: Commissioner Tugman
Motion passed.

Item 7. Mike Whaley, City Manager, addressed the Mayor and Commissioners and reported the Park and Recreation Board reviewed the Requests for Qualifications (RFQs) and interviewed three consulting firms regarding the revision and update of the Park Master Plan. After scoring and ranking the three consultants, it is the Park and Recreation Board's recommendation to select and enter into an agreement with Halff Associates, Inc. to facilitate the new Park Master Plan.

The following addressed the Mayor and Commissioners:
Francois De Kock, Halff Associates Inc.

Motion was made by Commissioner Love, seconded by Commissioner Ducos to approve Halff Associates for creating a Park Master Plan. Motion carried unanimously.

Item 8. Resolution Number 584 was presented in its entirety. A resolution in support of the Pedestrian and Bicycle Facility Improvements Transportation Alternative Program Project.

Mr. Whaley addressed the Mayor and Commissioners and stated this is a resolution in support of the Transportation Alternative Program (TAP). Mr. Whaley stated with the approval of this resolution, the City would be able to submit an application for nomination to the Texas Department of Transportation for additional pedestrian and bicycle path improvements. The TAP grant match is an 80/20 match with the City matching 20% of the overall cost. Mr. Whaley stated the overall match will be determined by the value and amount of the projects submitted.

Motion was made by Commissioner Tugman, seconded by Commissioner Ducos to approve Resolution Number 584 as presented. Motion carried unanimously.

Item 9. Resolution Number 583 was presented in its entirety. A resolution endorsing formation of the Joint Land Use Study (JLUS) Policy Oversight and Implementation Committees and on-going support and commitment to execute the various implementation strategies developed in collaboration with the JLUS project partners. Mr. Whaley addressed the Mayor and Commissioners and stated this resolution would authorize the Board of Commissioners to officially endorse the formation of both a policy and a staff level implementation committee in order to execute the strategies outlined in the Sheppard Air Force Base Joint Land Use report completed spring/summer 2014.

Motion was made by Commissioner Tugman, seconded by Commissioner Lindenborn to approve Resolution Number 583 as presented. Motion carried unanimously.

Item 10. Mr. Whaley addressed the Mayor and Board of Commissioners and stated the City of Burkburnett Board of Commissioners appoints members to the Housing Authority Board. Currently, the Housing Authority Board of Directors consists of Steve Shelter, Fred Hayes, Marion Weese and David Reed. There is a vacancy on the Board due to the resignation of Don Freeman. Mr. Doug Smith has expressed interest in filling that vacancy.

Motion was made Commissioner Tugman, seconded by Commissioner Hardy to approve the appointment of Doug Smith to the Housing Authority Board of Directors. Motion carried unanimously.

Item 11. Ordinance Number 872 was presented in its entirety. An ordinance amending the Fiscal Year 2015 Burkburnett Development Corporation Budget. Mr. Whaley addressed the Board of Commissioners and stated the Burkburnett Development Corporation (BDC) is requesting a budget amendment to the FY15 BDC Budget to include increasing the Neighborhood Reinvestment Program by an additional \$150,000.00. The original budget was \$75,000.00. The Board of Commissioners approved a previous amendment for the amount of \$96,420.00 (carry over from FY14) which increased the budget to \$171,420.00. If approved, the current request of \$150,000 would bring the total budget to \$321,420.00.

Motion was made by Don Hardy, seconded by Commissioner Ducos to approve Resolution Number 872 as presented.

Ayes: Mayor Law; Commissioners Lindenborn, Brewster, Ducos, Hardy and Love
Abstained: Commissioner Tugman
Motion carried.

Item 12. Mr. Smith addressed the Mayor and Commissioners and reported the Planning and Zoning Commission consists of five appointed members that serve a 2 year term. Two of the members are nearing their term; Mr. Tim Cornelius, Chairman, and Mr. John Erickson. Mr. Smith stated both have agreed to serve an additional term.

Motion made by Commissioner Tugman, seconded by Commissioner Brewster to approve the reappointments of Mr. Tim Cornelius and Mr. John Erickson to the Planning and Zoning Commission. Motion carried unanimously.

Item 13. Ordinance Number 873 was presented in its entirety. An ordinance to adjust the City of Burkburnett garbage rates.

Mr. Whaley addressed the Mayor and Commissioners and stated the City's solid waste contractors, Progressive Waste Solutions, have been working with the City of Burkburnett in taking steps to create a recycling program within the City. Up to this point, commercial property owners have been able to utilize commercial recycle bins at no cost to help initiate the program. Recently, Progressive has notified the City that they

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would now need to begin charging for those commercial recycle bins. This ordinance amendment would add an optional commercial recycle rate to the current fee structure. Discussion held on the commercial recycle rates and effective date.

Motion made by Commissioner Tugman, seconded by Commissioner Brewster to approve Resolution Number 873 with the following amendments: Recycle 6-Cubic Yd. \$90.54 and 8-Cubic Yd. \$120.56 and the effective date would be June 1, 2015. Motion carried unanimously.

Item 14. Mayor Law closed the meeting at 8:01 p.m. and opened the Executive Session pursuant to the Texas Open Meetings Act, Chapter 551 of the Texas Government Code; the Board of Commissioners may convene in Executive Session regarding the following matters:

A. SECTION 551.072-Deliberation Regarding Real Property

a. Water Supply

B. SECTION 551.074(a)-Deliberate the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of a public officer or employee.

a. City Manager Evaluation Report

Item 15. Mayor Law reconvened the regular meeting at 10:31 p.m. No action was taken.

Item 16. Review of monthly reports.

B. Public Works-Mr. Smith reported they will be starting on the parking lots tomorrow at the Family Aquatic Center. The slides are scheduled to be installed on Tuesday.

Item 17. Public Comments.

The following addressed the Mayor and Commissioners:
Larry Rousseau, 909 Kathryn, Burkburnett

Item 18. City Manager's report.

- Taste of the Town – April 25
- Election – Early Voting begins April 27-May 5
- Relay for Life – May 15

Item 19. Commission comments.

Item 20. Motion was made by Commissioner Tugman, seconded by Commissioner Hardy to adjourn. Motion carried unanimously.

Carl Law, Mayor

ATTEST:

Janelle Dolan, City Clerk

MINUTES

BOARD OF COMMISSIONERS

The Board of Commissioners of the City of Burkburnett, Texas met in a special called meeting on April 29, 2015 at 12:00 p.m. in the Council Chambers of the City Hall, 501 Sheppard Road, Burkburnett, Texas. The meeting was open to the public with notice being given in compliance with the Open Meetings Act. The following Commissioners were present:

Carl Law	Mayor
Bill Lindenborn	Mayor Pro-Tem
Randy Brewster	Commissioner
Frank Ducos	Commissioner
Don Hardy	Commissioner
Michael Tugman	Commissioner

Commissioner Love not present.

Others present: Mike Whaley, City Manager; Gordon Smith, Director of Public Works; Janelle Dolan, City Clerk; and Ed Stahr, Police Chief.

Mike Guevara, City Attorney, Shahan, Guevara, Decker, Arrott, Attorneys at Law appeared by conference call.

Item 1. Mayor Law called the meeting to order and welcomed the visitors.

Item 2. Invocation was given by Commissioner Hardy.

Item 3. The Pledge of Allegiance was led by Commissioner Tugman.

Item 4. Ordinance Number 874 was presented in its entirety. An ordinance amending the Fiscal Year 2015 Burkburnett Development Corporation (BDC) Budget to reflect the adjustment of the Transportation Alternative Program (TAP) Funding for Sidewalk Improvements and Hike & Bike Trails. Mr. Whaley addressed the Mayor and Commissioners and stated staff has met with both the TIF Board and the BDC in regards to funding the TAP proposed projects which are intended for submittal prior to May 4th. The BDC is recommending the Board of Commissioners approve a budget amendment of \$105,000 to fund the remaining proposed projects. The BDC current reserve balance is \$772,340. There are commitments of \$180,000 for entryway signs, \$150,000 for Neighborhood Reinvestment Grants, and \$50,000 for the Family Aquatic Center.

Motion was made by Commissioner Lindenborn, seconded by Commissioner Hardy to approve Ordinance Number 874 as presented. Motion carried unanimously.

Item 5. Mayor Law closed the meeting at 12:06 p.m. and opened the Executive Session pursuant to the Texas Open Meetings Act, Chapter 551 of the Texas Government Code; the Board of Commissioners may convene in Executive Session regarding the following matters:

A. SECTION 551.071 - Consultations with Attorney

Item 6. Mayor Law reconvened the regular meeting at 1:17 p.m. Motion was made by Commissioner Tugman, seconded by Commissioner Lindenborn giving Mike Whaley, City Manager, authority to deal with the City's legal staff.

Item 7. No City Manager comments.

Item 8. No Commissioner Comments.

Item 9. Motion was made by Commissioner Tugman, seconded by Commissioner Lindenborn to adjourn. Motion carried unanimously.

Carl Law, Mayor

ATTEST:

Janelle Dolan, City Clerk



City Commission Agenda Memo

From: Mike Whaley
City Manager

Date: May 18th, 2015

Item: Item 5. Ordinance Number 876 Smoking Regulations

Background

The Health Coalition of Wichita County was formed two years ago. The Coalition is a 40 member organization all interested in the health and wellbeing of our community. The Health Coalition developed the tobacco subgroup whose goal is to reduce the prevalence of individuals using tobacco products in Wichita County.

The Ordinance as presented is a result of the efforts of the tobacco subgroup and their work with various stakeholders and focus groups.

Fiscal Impact

N/A

Options

Approve Ordinance Number 876 Smoking Regulations
Approve Ordinance Number 876 Smoking Regulations with revisions
Do not approve Ordinance Number 876 Smoking Regulations
Take no action

Staff Recommendation

Staff has no specific recommendation

Attachments

Ordinance Number 876 Smoking Regulations

SMOKING ORDINANCE:

COMMENTARY: The Health Coalition of Wichita County was formed two years ago. The Coalition is a 40 member organization that consists of leaders in our health care community including physicians, hospital CEO's, leaders of allied health organizations and ancillary organizations in our community all interested in the health and wellbeing of our community. The Health Coalition developed a Community Health Improvement Plan (CHIP) and based on the findings of the CHIP, the coalition formed 6 subgroups to work on specific goals. One of those groups was the tobacco subgroup. The subgroup's goal is to reduce the prevalence of individuals using tobacco products in Wichita County.

As the group began to look at ways to meet the goal, it was determined that the smoking ordinance should be updated. The current ordinance was passed in 1994 and is considered one of the weakest in the state. It allows for separate smoking sections which have been proven to not work. It also allows for smoking in certain other workplaces. Employees who work in these venues often do not have a choice about their work environment and put their health at risk. The Surgeon General's report states there is no safe level of second hand smoke.

The subgroup met on several occasions and developed the ordinance. The group also obtained a signed letter by the Presidents of the Wichita County Medical Society, Texoma Independent Physicians group, United Regional Physicians group and the Health Authority of Wichita County, supporting a comprehensive smoking ordinance revision. The ordinance was presented to the Health Coalition as a whole and was approved for presentation to our stakeholders.

Stakeholder meetings were held with bars and restaurants, hotels/motels, bingo halls, bowling alleys and taxicabs. Additional smaller focus groups were held with bars and the bingo halls. Based on the feedback at those meetings, certain changes to the ordinance were made and presented to both the Health Coalition and the Board of Health. The Board of Health voted unanimously to present the ordinance to city council, but only if it remained a comprehensive ordinance and applied equally to bars and restaurants.

A compromise was presented to the Health District which would grandfather all bars and current restaurants which have separate smoking sections for a period of two years. Any new bars or restaurants which open after June 17, 2014 will have to be compliant with the ordinance and be 100% smoke free. Staff feels this is a compromise which gives business owners time to make business decisions concerning their facilities while still providing protection for the health of the public. We have worked with our stakeholders and feel the ordinance as presented is in the best interest of our community as a whole.

The Health Coalition and Board of Health were presented the final ordinance revisions and both groups are in support of the proposed ordinance.

ORDINANCE NUMBER 876

AN ORDINANCE OF THE BOARD OF COMMISSIONERS OF THE CITY OF BURKBURNETT, TEXAS, AMENDING THE CODE OF ORDINANCES; TITLE IX. GENERAL REGULATIONS, ADOPTING CHAPTER 102: WHICH REGULATES SMOKING IN PUBLIC PLACES IN THE CITY LIMITS OF THE CITY OF BURKBURNETT; PROVIDING A PENALTY FOR THE VIOLATION OF SUCH OFFENSES; PROVIDING FOR SEVERABILITY AND AN EFFECTIVE DATE; FINDING AND DETERMINING THAT THE MEETING THIS ORDINANCE IS PASSED WAS OPEN TO THE PUBLIC AS REQUIRED BY LAW.

WHEREAS, the Board of Commissioners finds that smoking tobacco products creates nuisances, poses health risks, and causes fires; and

WHEREAS, the U.S. Surgeon General has stated that there is no safe level of secondhand smoke, and secondhand smoke is a known cause of lung cancer, heart disease, low birth-weight births, chronic lung ailments (such as bronchitis and asthma) and other health problems; and

WHEREAS, the Board of Commissioners finds that nicotine is a tobacco product and is addictive, and the nuisances, health risks, and fires from burning tobacco products are exacerbated by the behavioral changes that accompany addiction to nicotine; and

WHEREAS, the Board of Commissioners finds the use of nicotine-containing electronic cigarettes can lead to some respiratory changes and dangers similar to those occurring through the use of traditional tobacco products; and

WHEREAS, the Board of Commissioners finds that liquid nicotine cartridges are distributed in flavors, such as cherry, chocolate and vanilla, that are designed to appeal to young people and thereby create a path for nonsmokers to become addicted to smoking, which can lead to the further spread of nuisances, health risks, and fires from smoking; and

WHEREAS, on April 25, 2014, the U.S. Food and Drug Administration proposed regulating electronic cigarettes as tobacco products, due to the presence of tobacco-derived nicotine therein and the dangers posed thereby, with said regulations to be at 21 CFR Parts 1100, 1140, and 1143, published at <http://federalregister.gov/a/2014-09491>.

NOW, THEREFORE, BE IT ORDAINED BY THE BOARD OF COMMISSIONERS OF THE CITY OF BURKBURNETT, TEXAS THAT:

1. Amending Title IX. General Regulations, Adopting Chapter 102: Which Regulates Smoking In Public Places In The City Limits Of The City Of Burkburnett.

Title IX. General Regulations: Chapter 102 of the Code of Ordinances of the City of Burkburnett is hereby amended to read as follows:

Sec. 102.01. - Definitions.

The following words, terms and phrases, when used in this article, shall have the meanings ascribed to them in this section, except where the context clearly indicates a different meaning:

Bar means an area which is devoted to the serving of alcoholic beverages for consumption by guests on the premises and in which the serving of food is only incidental to the consumption of such beverages and where minors are not allowed admission. A restaurant that contains a bar is not included, as minors are admitted in these areas.

Director means chief administrative officer of the city-county public health district.

Electronic Smoking Device means any product containing or delivering nicotine or any other similar substance intended for human consumption that can be used by a person to simulate smoking through inhalation of vapor or aerosol from the product. The term includes any such device, whether manufactured, distributed, marketed, or sold as an e-cigarette, e-cigar, e-pipe, e-hookah, or vape pen, or under any other product name or descriptor.

Employee means a person who is employed by an employer in consideration for direct or indirect monetary wages or profit, and a person who volunteers his or her services for a non-profit entity.

Employer means any person, including a municipal corporation, or nonprofit entity who employs the services of one or more individual persons.

Enclosed area means a space that is enclosed on all sides by solid partitions that extend from the floor to the ceiling, including but not limited to screens, walls, windows, and doors.

Operator means the owner or person in charge of a public place or workplace, including an employer.

Public place means an enclosed area or any portion thereof to which the public is invited or in which the public is permitted or allowed access, including but not limited to: banks, bars, bingo halls, educational facilities, fraternal organizations, health care facilities, hotel and motel rooms, laundromats, public transportation facilities, reception areas, restaurants, retail food production and marketing establishments, retail service establishments, retail stores, shopping malls, sports arenas, theaters, waiting rooms, and workplaces. A private residence is not a “public place” unless it is used as a child care, adult day care, or health care facility.

Retail tobacco store or retail electronic cigarette store means a retail store whereby 75% of quarterly sales are from tobacco products and accessories, to include electronic cigarettes, in which the sale of other products is merely incidental.

Smoke means to inhale, to exhale, to burn or to carry any lighted cigar, pipe, cigarette, weed or other plant in any manner or form, or to use an electronic smoking device.

Workplace means an enclosed area under the control of a public or private employer in which employees work or have access to during the course of their employment.

Sec. 102.02. - Smoking prohibited in public places.

- (a) A person commits an offense if the person smokes in a public place.
- (b) A person commits an offense if the person smokes in an enclosed area in a building or facility owned, leased, or operated by the City.
- (c) A person commits an offense if the person smokes in an enclosed area of a workplace.
- (d) A person commits an offense if the person smokes within:
 - (1) 20 feet of an entrance or open window of a public place, if the operator of the public place allows entry to children under the age of 18 years, or
 - (2) 5 feet of an entrance or open window of a public place, if the operator of the public place does not allow entry to children under the age of 18 years.
- (e) The owner or operator of a public place commits an offense if said owner or operator witnesses a person smoking in the public place and:
 - (1) within 5 minutes of witnessing the smoker, fails to request the smoker to cease smoking,
 - (2) provides further service to the smoker, or
 - (3) within 5 minutes of witnessing the smoker, fails to request the smoker to leave the premises if the smoker has been requested to cease smoking and the smoker continues to smoke in the public place.
- (f) A person commits an offense if the person smokes in or within 20 feet of:
 - (1) a playground in a public park,
 - (2) a festival, concert, or play sponsored by the City on City property,
 - (3) a pavilion in a public park,
 - (4) the seating area of any outdoor arena, stadium or amphitheater,
 - (5) bleachers or grandstands for the use of spectators at sporting and other public events,
 - (6) a pool or pond in a public park; and

Sec. 102.03. - Exemptions.

This article does not apply to:

- (a) a private residence, except when used as child care, adult day care or health care facility;
- (b) a retail tobacco store;
- (c) a retail electronic cigarette store;

(d) before June 17, 2016, a public place that was a Bar; and

Sec. 102.04 - Voluntary designation of a non-smoking campus.

Nothing in this article shall be construed to prohibit the owner or operator of an enclosed or outdoor public place from voluntarily designating his or her property as non-smoking.

Sec. 102.05. - Smoking in taxicabs prohibited.

(a) It shall be an offense for any individual to smoke in a taxicab.

(b) An owner or holder of a taxicab franchise commits an offense if the owner or his designee permits any individual to smoke in a taxicab.

(c) The holder of a taxicab service franchise shall conspicuously post a sign in each taxicab that indicates smoking is prohibited.

Sec. 102.06. - Signs required.

(a) The owner or operator of a public place shall conspicuously post a "No Smoking" sign, the international "No Smoking" symbol (depiction of a burning cigarette enclosed in a red circle with a red bar across it), or other sign containing words or pictures that could reasonably be understood as an intent to prohibit smoking:

(1) in each public place and workplace where smoking is prohibited by this article; and

(2) at each entrance to a public place or workplace where smoking is prohibited by this article.

(b) The operator of a public place shall conspicuously post signs in areas where smoking is permitted through an exemption under this article.

(c) The operator of a public place or an employer shall remove any ashtrays or other smoking accessories from a place where smoking is prohibited.

(d) It is not a defense to prosecution under this article that an operator failed to post a sign required under this section.

Sec. 102.07. - Retaliation prohibited.

(a) A person commits an offense if the person discharges, refuses to hire, or retaliates against a customer, employee, or applicant for employment because the customer, employee or applicant for employment reports a violation of this article.

(b) An employee who works in a setting where an employer permits smoking under this article does not waive or otherwise surrender any legal right the employee may have against the employer or any other party.

Sec. 102.08. - Enforcement

- (a) This section is cumulative of other laws providing enforcement authority.
- (b) A person may report a violation of this article to the Director of the Health District or his/her designee.
- (c) The director or his/her designee may enforce this article and may seek injunctive relief in addition to any civil or criminal penalties associated with a violation.
- (d) The director or his/her designee may suspend or revoke a permit or license issued by the director to the operator of a public place or workplace where a violation of this article occurs, in addition to any other available remedies.

Sec.102.09. - Public education.

- (a) The director or his/her designee shall:
 - (1) obtain or develop a comprehensive tobacco education program to educate the public about the harmful effect of tobacco and its addictive qualities;
 - (2) conduct informational activities to notify and educate businesses and the public about this chapter; and
 - (3) coordinate the City's tobacco education program with other civic or volunteer groups organized to promote smoking prevention and tobacco education.
- (b) To implement this section, the director or his/her designee may publish and distribute educational materials relating to this article to businesses, their employees, and the public.

Sec. 102.10. - Minor access to tobacco products.

A retail establishment shall only place tobacco products and electronic smoking devices for sale behind a sales counter or in another secure location that prevents minors from accessing the products without the intervention of an employee.

2. Penalty

Any person, firm, or corporation who violates any provision of this code for which another penalty is not specifically provided shall, upon conviction, be subject to a fine not exceeding \$200. However, if the maximum penalty provided by this Code for any such offense is greater than the maximum penalty provided for the same or a similar offense under the laws of the state, then the maximum penalty for violation as provided by state statute shall be the maximum penalty under this Code. Each day any violation of this Code or of any ordinance shall continue shall constitute a separate offense.

3. Codification

The sections of this ordinance that specify they amend or add to the Code of Ordinances of the City of Burkburnett are intended to be parts of said Code, and said sections of this ordinance

may be renumbered or relettered to accomplish such intention. Those sections of this ordinance that specify they are not to be codified are not intended to be parts of the Code of Ordinances of the City of Burkburnett, and shall not be codified.

4. Date Effective

This ordinance shall be in full force and effect immediately upon passage and publication.

PASSED AND APPROVED this the 18th day of May, 2015.

Carl Law, Mayor

ATTEST:

Janelle Dolan, City Clerk



City Commission Agenda Memo

From: Mike Whaley
City Manager

Date: May 18th, 2015

Item: Item 6. Ordinance Number 877 Economic Development (Local Gov. Code Chap. 380)

Background

It has been recommended by Mike Barnes, our economic development search firm and our city attorney, Mike Guevara that the City of Burkburnett adopt an ordinance that would allow us to operate under Chapter 380 of the Local Government Code. Chapter 380 allows for greater flexibility and less “red tape” in making decisions pertaining to incentive programs for the purpose of local economic development. 380 also operates on a reimbursement clause that allows the City to verify the requirements of the agreement are being met prior to reimbursement.

Fiscal Impact

N/A

Options

Approve Ordinance Number 877 Economic Development (Local Gov. Code Chap. 380)
Do not approve Ordinance Number 877 Economic Development (Local Gov. Code Chap. 380)
Take no action

Staff Recommendation

Staff recommends approval as presented

Attachments

Ordinance Number 877 Economic Development (Local Gov. Code Chap. 380)
380 Procedures
Chapter 380 Local Government Code

ORDINANCE NUMBER 877

AN ORDINANCE OF THE BOARD OF COMMISSIONERS OF THE CITY OF BURKBURNETT, TEXAS, ESTABLISHING PROCEDURES FOR THE CONSIDERATION OF ECONOMIC DEVELOPMENT PROJECTS WITHIN THE CITY OF BURKBURNETT, TEXAS.

WHEREAS, the City desires to adopt an ordinance providing for the procedures for the consideration of economic development incentives and the use of economic development tools; and

WHEREAS, to be consistent in the consideration and review of new development or redevelopment within the City it is necessary to approve this Ordinance.

NOW, THEREFORE, BE IT ORDAINED BY THE BOARD OF COMMISSIONERS OF THE CITY OF BURKBURNETT, TEXAS:

Section 1: The Board of Commissioners of the City of Burkburnett, Texas, hereby approves the Procedures for the Consideration of Economic Development Projects within the City, as attached hereto and made a part hereof for all purposes.

Section 2: This Ordinance shall be in full force and effect from and after its passage and adoption.

Section 3. It is hereby found, determined and declared that a sufficient written notice of the date, hour, place and subject of this meeting of the Board of Commissioners was posted at a place convenient to the public at the City Hall of the City for the time required by law preceding this meeting, as required by the Open Meetings Law, Chapter 551, Texas Government Code, and that this meeting has been open to the public as required by law at all times during which this Ordinance and the subject matter thereof has been discussed, considered and formally acted upon. The Board of Commissioners further ratifies, approves and confirms such written notice and the contents and posting thereof.

PASSED, APPROVED AND ADOPTED on May 18, 2015.

Car Law, Mayor

ATTEST:

Janelle Dolan, City Clerk

**CITY OF BURKBURNETT, TEXAS
PROCEDURES FOR THE CONSIDERATION OF ECONOMIC
DEVELOPMENT PROJECTS WITHIN THE CITY**

1. Purpose of Procedures

The City will consider the use of economic development incentives to promote new development and redevelopment where it can be demonstrated that an increase in tax revenue can be reasonably expected and the overall quality of life of the people who live or work in the City can be improved. This policy is applicable to any project within the City that requests economic development incentives from the City. For those proposed developments that meet the goals and criteria of the City, the City is willing to consider any applicable economic development tools authorized for use by general law cities in Texas.

The purpose of establishing these procedures is to establish a common understanding and consistent approach to guide developers, the City and the general public through a standardized process for the review of economic development proposals requested in the City.

2. Goals of these Procedures

- a. Provide clear consistent process for the consideration of economic development projects.
- b. Promote projects that encourage the realization of important City objectives including any of the following:
 - (i) Improvement of the City's infrastructure,
 - (ii) Increase in tax revenue,
 - (iii) Ensuring high quality, well planned developments,
 - (iv) Job creation, and
 - (v) Improvement of the quality of life in the City.

3. Evaluation Procedures

Each proposal for the consideration of economic development projects will be reviewed by the following procedures. Any portion of the Evaluation Procedures may be waived at any time at the discretion of the review team as requested by a developer or as determined by the review team.

- a. A pre-submission meeting will be attended by City representatives. The purpose of the pre-submission meeting is to address questions regarding the proposal, the review process and to give a general understanding of whether there is a reasonable expectation of City support for the proposed going forward.
- b. The Developer submits proposal to the City. The proposal is filed with the City Clerk.

- c. The City will conduct an initial evaluation to determine if additional information is required.
- d. A review team will evaluate the proposal. The review team will consist of the following (or a representative designated by the following):
 - (i) The City Manager,
 - (ii) The City Clerk, and
 - (iii) The City Attorney.
- e. A review team meeting with the developer will be held, if needed.
- f. Agreements will be prepared.
- g. The City Manager will submit a written or verbal report and recommendations to the Board of Commissioners.
- h. The Board of Commissioners will consider the review team recommendation and take action.

4. Application Requirements

The City may require an application for the consideration of an economic development project which shall include at a minimum:

- a. Project description;
- b. Private expenditure requirements;
- c. Public infrastructure requirements;
- d. Projection of increased assessed value;
- e. Projection of sales and use taxes;
- f. Economic development assistance needed;
- g. Financial capability of Developer;
- h. Developer Resume;
- i. Any changes or variances requested to City ordinances;
- j. Proof of access to public rights of way; and
- k. Any street closings or other actions requested of the Board of Commissioners.

LOCAL GOVERNMENT CODE

TITLE 12. PLANNING AND DEVELOPMENT

SUBTITLE A. MUNICIPAL PLANNING AND DEVELOPMENT

CHAPTER 380. MISCELLANEOUS PROVISIONS RELATING TO MUNICIPAL PLANNING AND DEVELOPMENT

Sec. 380.001. ECONOMIC DEVELOPMENT PROGRAMS. (a) The governing body of a municipality may establish and provide for the administration of one or more programs, including programs for making loans and grants of public money and providing personnel and services of the municipality, to promote state or local economic development and to stimulate business and commercial activity in the municipality. For purposes of this subsection, a municipality includes an area that:

- (1) has been annexed by the municipality for limited purposes; or
- (2) is in the extraterritorial jurisdiction of the municipality.

(b) The governing body may:

- (1) administer a program by the use of municipal personnel;
- (2) contract with the federal government, the state, a political subdivision of the state, a nonprofit organization, or any other entity for the administration of a program; and
- (3) accept contributions, gifts, or other resources to develop and administer a program.

(c) Any city along the Texas-Mexico border with a population of more than 500,000 may establish not-for-profit corporations and cooperative associations for the purpose of creating and developing an intermodal transportation hub to stimulate economic development. Such intermodal hub may also function as an international intermodal transportation center and may be colocated with or near local, state, or federal facilities and facilities of

Mexico in order to fulfill its purpose.

Added by Acts 1989, 71st Leg., ch. 555, Sec. 1, eff. June 14, 1989. Amended by Acts 1999, 76th Leg., ch. 593, Sec. 1, eff. Sept. 1, 1999.

Amended by:

Acts 2005, 79th Leg., Ch. 57 (H.B. 918), Sec. 1, eff. May 17, 2005.

Sec. 380.002. ECONOMIC DEVELOPMENT GRANTS BY CERTAIN MUNICIPALITIES. (a) A home-rule municipality with a population of more than 100,000 may create programs for the grant of public money to any organization exempt from taxation under Section 501(a) of the Internal Revenue Code of 1986 as an organization described in Section 501(c)(3) of that code for the public purposes of development and diversification of the economy of the state, elimination of unemployment or underemployment in the state, and development or expansion of commerce in the state. The grants must be in furtherance of those public purposes and shall be used by the recipient as determined by the recipient's governing board for programs found by the municipality to be in furtherance of this section and under conditions prescribed by the municipality.

(b) A home-rule municipality may, under a contract with a development corporation created by the municipality under the Development Corporation Act (Subtitle C1, Title 12), grant public money to the corporation. The development corporation shall use the grant money for the development and diversification of the economy of the state, elimination of unemployment or underemployment in the state, and development and expansion of commerce in the state.

(c) The funds granted by the municipality under this section shall be derived from any source lawfully available to the municipality under its charter or other law, other than from the proceeds of bonds or other obligations of the municipality payable from ad valorem taxes.

Added by Acts 1991, 72nd Leg., ch. 16, Sec. 13.06(a), eff. Aug. 26, 1991. Amended by Acts 1991, 72nd Leg., 1st C.S., ch. 4, Sec. 25.02, eff. Aug. 22, 1991; Acts 2001, 77th Leg., ch.

56, Sec. 1, eff. Sept. 1, 2001.

Amended by:

Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.26, eff. April 1, 2009.

Sec. 380.003. APPLICATION FOR MATCHING FUNDS FROM FEDERAL GOVERNMENT. A municipality may, as an agency of the state, provide matching funds for a federal program that requires local matching funds from a state agency to the extent state agencies that are eligible decline to participate or do not fully participate in the program.

Added by Acts 1995, 74th Leg., ch. 1051, Sec. 1, eff. June 17, 1995.



City Commission Agenda Memo

From: Mike Whaley
City Manager

Date: May 18th, 2015

Item: Item 7. Ordinance Number 878 Atmos Energy Settlement

Background

Our representatives at Lloyd Gosselink Attorneys at Law, submitted this Ordinance which if passed would approve a Settlement Agreement between Atmos Cities Steering Committee (“ACSC”) and Atmos Energy Corporation that resolves the 2015 RRM proceeding pending with Cities for a rate increase that Atmos would be entitled to receive under the GRIP statute. Additionally, the Settlement Agreement resolves the 2014 RRM case that Atmos appealed to the Railroad Commission. Settlement of both cases was authorized by the ACSC Executive Committee. The Settlement produces a result that is better than what would be the expected result of continued litigation at the Railroad Commission.

Fiscal Impact

Attached Rate Increases for Atmos less that originally submitted for 2014/2015

Options

Approve Ordinance Number 878 Atmos Energy Settlement
Do not approve Ordinance Number 878 Atmos Energy Settlement
Take no action

Staff Recommendation

Staff recommends approval as presented by Lloyd Gosselink Attorneys at Law

Attachments

Ordinance Number 878 Atmos Energy Settlement
Memo by Lloyd Gosselink
Staff Report by Lloyd Gosselink
Memo by Atmos Energy

ORDINANCE NUMBER 878

AN ORDINANCE OF THE BOARD OF COMMISSIONERS OF THE CITY OF BURKBURNETT, TEXAS, 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 Burkburnett, 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; and

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 BOARD OF COMMISSIONERS OF THE CITY OF BURKBURNETT, TEXAS:

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 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.

PASSED AND APPROVED this 18th day of May, 2015.

Carl Law, Mayor

ATTEST:

APPROVED AS TO FORM:

Janelle Dolan, City Clerk

City Attorney

MEMORANDUM

TO: ACSC Members

FROM: Geoffrey M. Gay

DATE: May 8, 2015

RE: Settlement Agreement with Atmos Mid-Tex

CONFIDENTIAL/ATTORNEY-CLIENT COMMUNICATION

Attached please find a Rate Ordinance that approves a Settlement Agreement between Atmos Cities Steering Committee (“ACSC”) and Atmos Energy Corporation, Mid-Tex Division (“Atmos” or “Company”) that resolves the 2015 RRM proceeding pending with Cities for a rate increase that is approximately \$15 million less than what the Company would be entitled to receive under the GRIP statute. Additionally, the Settlement Agreement resolves the 2014 RRM case that Atmos appealed to the Railroad Commission. Settlement of both cases was authorized by the ACSC Executive Committee. The Settlement produces a result that is better than what would be the expected result of continued litigation at the Commission.

The attached package includes a Rate Ordinance (provided in Word) that approves the Settlement Agreement and a Model Staff Report supporting the Ordinance. Also provided are the Attachments to the Rate Ordinance, which include: the Settlement Agreement, a proof of revenues, the new tariffs, and a spreadsheet establishing a baseline for pensions for the next RRM filing.

Your city should adopt the Ordinance with attachments. As an alternative to the Ordinance, you may adopt a resolution approving the Settlement Agreement, if that is your preference. A package containing a model resolution will be sent under separate cover.

MODEL STAFF REPORT

The City, along with other similarly situated cities served by Atmos Energy Corp., Mid-Tex Division (“Atmos Mid-Tex” or “Company”), is a member of the Atmos Cities Steering Committee (“ACSC”). The RRM Tariff was adopted by the City as an alternative to the Gas Reliability Infrastructure Program (“GRIP”), the statutory provision that allows Atmos to bypass the City’s rate regulatory authority to increase its rates annually to recover capital investments. In February 2014, Atmos Mid-Tex filed its second annual filing under the Rate Review Mechanism (“RRM”) Tariff, seeking an increase of \$45.7 million. Although ACSC attempted to reach a settlement with the Company as it had in past years, the wide differences between the Company and ACSC’s consultants’ recommendations made a compromise impossible. On the recommendation of the ACSC Executive Committee and ACSC’s legal counsel, the City in 2014 adopted a Resolution denying the requested rate increase.

The Company appealed the City’s denial to the Railroad Commission of Texas (“Commission”), and revised its requested increase to \$43.8 million. A hearing was held on the Company’s appeal on September 3, 2014. On April 28, 2015, the Commission’s Hearings Examiner issued his Proposal for Decision (“PFD”) in the Company’s appeal of the City’s denial of the 2014 RRM rate increase. This PFD was not favorable to ACSC, but did recommend a reduction of approximately \$860,000 to the Company’s adjusted 2014 filing.

While the parties were waiting for the PFD from the Hearings Examiner in the appeal of the 2014 RRM filing, on February 27, 2015, Atmos Mid-Tex filed with the City another rate increase request under the RRM Tariff, seeking additional revenues in the amount of \$28.762 million (total system) or \$24.0 million (affected cities). The City worked with ACSC to analyze the schedules and evidence offered by Atmos Mid-Tex to support its 2015 request to increase rates. The Ordinance and attached Settlement Agreement and tariffs are the result of negotiation between the Mid-Tex Executive Committee and the Company to resolve issues raised by ACSC during the review and evaluation of Atmos Mid-Tex’s filing. The recommended Settlement Agreement also requires Atmos to abate its appeal of the City’s rejection of the 2014 RRM rate increase pending approval by all ACSC cities of the Settlement Agreement. The Agreement requires Atmos to give the City the benefit of the adjustments to the 2014 rate increase recommended by the PFD.

The Ordinance and Settlement tariffs approve rates that will increase the Company’s revenues by \$65.7 million for the Mid-Tex Rate Division, effective for bills rendered on or after June 1, 2015. The monthly residential customer charge will be \$18.60. The consumption charge will change from \$0.08819 per Ccf to \$0.09931 per Ccf. The monthly bill impact for the typical residential customer consuming 60 Ccf will be an increase of \$1.14 (about a 1.59% increase in the base bill). The typical commercial customer will see an increase of \$2.69 or 0.96%.

The ACSC Executive Committee and its designated legal counsel and consultants recommend that all Cities adopt the Ordinance approving the negotiated Settlement Agreement resolving both the 2014 and the 2015 RRM filings, and implementing the rate change.

RRM Background:

The RRM tariff was originally approved by ACSC Cities as part of the settlement agreement to resolve the Atmos Mid-Tex 2007 system-wide rate filing at the Railroad Commission. In early

2013, the City adopted a renewed RRM tariff for an additional five years. This is the third RRM filing under the renewed tariff. The RRM tariff and the process implementing that tariff were created collaboratively by ACSC and Atmos Mid-Tex as an alternative to the legislatively-authorized GRIP surcharge process. ACSC has opposed GRIP because it constitutes piecemeal ratemaking, does not allow any review of the reasonableness of Atmos' expenditures, and does not allow participation by cities or recovery of cities' rate case expenses. In contrast, the RRM process has allowed for a more comprehensive rate review and annual adjustment as a substitute for GRIP filings. ACSC's consultants have calculated that had Atmos filed its 2015 case under the GRIP provisions, it would have received additional revenues from ratepayers of approximately \$10 million.

Purpose of the Ordinance:

The purpose of the Ordinance is to approve the Settlement Agreement and the resulting rate change under the RRM tariff. As a result of the negotiations, the Executive Committee was able to reduce the Company's requested \$28.8 million rate increase for Mid-Tex cities to \$21,962,784. When added to the settlement of the 2014 RRM filing and the adjustments recommended by the PFD, the Company will receive total additional annual revenues of \$65.7 million. Because the 2014 rates have been in effect since June 1, 2014, the increase to currently-billed rates is \$21 million. Approval of the Ordinance will result in rates that implement an increase in Atmos Mid-Tex's revenues effective June 1, 2015.

Why Approve the Settlement Agreement:

While it is annoying and disconcerting to annually consider rate adjustments from Atmos Mid-Tex, the Texas legislature has granted gas utilities the right, through the GRIP process, to an annual increase based on increases in invested capital. GRIP is piecemeal ratemaking and ignores increases in revenues and declines in O&M expenses that may be associated with plant additions. ACSC found it preferable to negotiate with Atmos to substitute an expedited comprehensive review process that includes consideration of revenues and expenses as well as invested capital for the GRIP process.

Compelling reasons for approving the Settlement include:

1. While the 2015 RRM system-wide filing exceeded \$28 million, a comparable GRIP filing would have been in excess of \$38 million. ACSC has negotiated a reduction to the 2015 filing of approximately \$6 million. Therefore, the 2015 RRM result is approximately \$16 million better for ratepayers within municipal limits than ratepayers within Environs.
2. ACSC counsel is convinced that the Proposal for Decision ("PFD") by Railroad Commission Examiners in the 2014 RRM appeal will not improve if we file Exceptions and Replies to Exceptions. Counsel recommends action to avoid the PFD becoming a final order that would serve as precedent in future rate proceedings.
3. The token benefit to ratepayers authorized in the PFD to the 2014 appeal has been incorporated into the Settlement Agreement.
4. Atmos will file its formal withdrawal of its 2014 appeal only after all ACSC members approve the Settlement Agreement.

5. The alternative to approval of the Settlement Agreement would be another contested case hearing on appeal of the 2015 filing, implementation of interim rates on June 1, 2015 at the full value of the Company's request (or \$6 million higher than proposed by the Settlement) and continuation of the 2014 appeal with resulting rate case expenses borne by ratepayers.

Explanation of "Be It Ordained" Sections:

1. This section approves all findings in the Ordinance.
2. This section finds the Settlement Agreement (attached to the Ordinance) to be a comprehensive settlement of gas utility rate issues arising from Atmos Mid-Tex's 2014 and 2015 RRM filings, and that such settlement is in the public interest and consistent with the City's statutory authority.
3. This section finds the existing Atmos Mid-Tex rates to be unreasonable, and approves the new tariffed rates providing for additional revenues over currently-billed rates of \$21 million and adopts the attached new rate tariffs.
4. This section establishes the baseline for pensions and other post-employment benefits for future rate cases.
5. This section renews the Atmos Mid-Tex RRM Tariff for an additional period of time, commencing with the filing to be made on March 1, 2016, and continuing until the RRM Tariff is suspended by ordinance of the City.
6. This section requires the Company to reimburse Cities for reasonable ratemaking costs associated with reviewing and processing the RRM filing.
7. This section repeals any resolution or ordinance that is inconsistent with this Ordinance.
8. This section finds that the meeting was conducted in compliance with the Texas Open Meetings Act, Texas Government Code, Chapter 551.
9. This section is a savings clause, which provides that if any section(s) is later found to be unconstitutional or invalid, that finding shall not affect, impair or invalidate the remaining provisions of this Ordinance. This section further directs that the remaining provisions of the Ordinance are to be interpreted as if the offending section or clause never existed.
10. This section provides for an effective date upon passage which, according to the Cities' ordinance that adopted the RRM process, is June 1, 2015.
11. This paragraph directs that a copy of the signed Ordinance be sent to a representative of the Company and legal counsel for the Steering Committee.

City Messaging
2015 RRM Rate Filing
Atmos Energy – Mid-Tex Division
May 2015

- Atmos Energy Mid-Tex Division initiated a Rate Review Mechanism (RRM) process, in collaboration with its cities, from 2008 through 2011. Following the 2012 rate case (i.e., GUD 10170), Atmos Energy and the city coalitions expressed mutual interest in creating a new RRM process.
- The RRM is a systematic process collaboratively developed by Atmos Energy (Mid-Tex Division) and the city coalitions, specifying how rates will be set over a specified period of time.
- Your coalitions provided an ordinance approving the RRM for CY 13 and CY 14. The \$65.7M referenced in the documents provided by your attorney represents the settlement of the two RRM filings (CY 13 and CY 14). The CY 14 filing represents a \$21.9 million increase over current rates.
- Benefits of the RRM process:
 - Suspends Gas Reliability Infrastructure Program (GRIP) filings
 - Avoids costly rate case expenses that would be borne by customers
 - Provides transparent process for annual review of all Company expenses and investment
 - Provides for certain caps and discounts negotiated by your attorneys
 - Limits growth to residential customer charge to \$0.40 with this current RRM settlement.
- Overall impact to customers:
 - Average Residential customer (using 46.1 Ccf a month) will have an increase of \$0.97/month or 1.63%
 - Average Commercial customer (using 370.7 Ccf a month) will have an increase of \$2.95/month or .88%
 - Average Industrial customer (4,527 MMBtu) will have an increase of \$78.10/month or 1.31%
 - Average Transportation customer (4,527MMBtu) will have an increase of \$78.10/month or 2.34%

**SETTLEMENT AGREEMENT BETWEEN ATMOS ENERGY CORP., MID-TEX
DIVISION AND ATMOS CITIES STEERING COMMITTEE**

WHEREAS, this agreement (“Settlement Agreement”) is entered into by Atmos Energy Corp’s Mid-Tex Division and Atmos Cities Steering Committee (“ACSC”) whose members include the Cities of Abilene, Addison, Allen, Alvarado, Angus, Anna, Argyle, Arlington, Aubrey, Bedford, Bellmead, Benbrook, Beverly Hills, Blossom, Blue Ridge, Bowie, Boyd, Bridgeport, Brownwood, Buffalo, Burkburnett, Burleson, Caddo Mills, Canton, Carrollton, Cedar Hill, Celeste, Celina, Centerville, Cisco, Clarksville, Cleburne, Clyde, College Station, Colleyville, Colorado City, Comanche, Commerce, Coolidge, Coppell, Copperas Cove, Corinth, Corral City, Crandall, Crowley, Dalworthington Gardens, Denison, DeSoto, Duncanville, Eastland, Edgecliff Village, Emory, Ennis, Euless, Everman, Fairview, Farmers Branch, Farmersville, Fate, Flower Mound, Forest Hill, Fort Worth, Frisco, Frost, Gainesville, Garland, Garrett, Grand Prairie, Grapevine, Gunter, Haltom City, Harker Heights, Haskell, Haslet, Hewitt, Highland Park, Highland Village, Honey Grove, Hurst, Hutto, Iowa Park, Irving, Justin, Kaufman, Keene, Keller, Kemp, Kennedale, Kerens, Kerrville, Killeen, Krum, Lake Worth, Lakeside, Lancaster, Lewisville, Lincoln Park, Little Elm, Lorena, Madisonville, Malakoff, Mansfield, McKinney, Melissa, Mesquite, Midlothian, Murphy, Newark, Nocona, North Richland Hills, Northlake, Oakleaf, Ovilla, Palestine, Pantego, Paris, Parker, Pecan Hill, Petrolia, Plano, Ponder, Pottsboro, Prosper, Quitman, Red Oak, Reno (Parker County), Richardson, Richland, Richland Hills, Roanoke, Robinson, Rockwall, Roscoe, Rowlett, Royse City, Sachse, Saginaw, Sansom Park, Seagoville, Sherman, Snyder, Southlake, Springtown, Stamford, Stephenville, Sulphur Springs, Sweetwater, Temple, Terrell, The Colony, Trophy Club, Tyler, University Park, Venus, Vernon, Waco, Watauga, Waxahachie, Westlake, White Settlement, Whitesboro, Wichita Falls, Woodway, and Wylie.

WHEREAS, on February 28, 2014, Atmos filed with the ACSC Cities an application, hereinafter referred to as the 2014 RRM filing, to adjust rates pursuant to Rider RRM - Rate Review Mechanism, which were subsequently consolidated into GUD No. 10359 at the Railroad Commission of Texas; and

WHEREAS, on February 27, 2015, Atmos filed with the ACSC Cities an application, hereinafter referred to as the 2015 RRM filing, to adjust rates pursuant to Rider RRM - Rate Review Mechanism; and

WHEREAS, the Settlement Agreement resolves all issues between Atmos and ACSC (“the Signatories”) regarding the 2014 RRM filing, which is currently pending before the Commission, and the 2015 RRM filing, which is currently pending before the ACSC Cities, in a manner that the Signatories believe is consistent with the public interest, and the Signatories represent diverse interests; and

WHEREAS, the Signatories believe that the resolution of the issues raised in the 2014 RRM filing and the 2015 RRM filing can best be accomplished by each ACSC City approving this Settlement Agreement and the rates, terms and conditions reflected in the tariffs attached to this Settlement Agreement as Exhibit A;

NOW, THEREFORE, in consideration of the mutual agreements and covenants established herein, the Signatories, through their undersigned representatives, agree to the

Attachment A

following Settlement Terms as a means of fully resolving all issues between Atmos and the ACSC Cities involving the 2014 RRM filing and 2015 RRM filing:

Settlement Terms

1. Upon the execution of this Settlement Agreement, the ACSC Cities will approve an ordinance or resolution to approve the Settlement Agreement and implement the rates, terms and conditions reflected in the tariffs attached to the Settlement Agreement as Exhibit A. (Attachment A to the Ordinance ratifying the Agreement). Said tariffs should allow Atmos to recover annually an additional \$65.7 million in revenue over the amount allowed under currently approved rates by implementation of rates shown in the proof of revenues attached as Exhibit B. (Attachment B to the Ordinance ratifying this Agreement). The uniform implementation of gas rates, terms and conditions established by the Settlement Agreement shall be effective for bills rendered on or after June 1, 2015. Consistent with the City's authority under Section 103.001 of the Texas Utilities Code, the Settlement Agreement represents a comprehensive settlement of gas utility rate issues affecting the rates, operations and services offered by Atmos within the municipal limits of the ACSC Cities arising from Atmos' 2014 RRM filing and 2015 RRM filing. No refunds of charges billed to customers by Atmos under the RRM in past periods shall be owed or owing.
2. In an effort to streamline the regulatory review process, Atmos and the ACSC Cities have agreed to renew the Rate Review Mechanism ("Rider RRM") for a period commencing with the Company's March 1, 2016 filing under this mechanism for the calendar year 2015, effective June 1, 2016, and continuing thereafter until such time as either the ACSC Cities issue an ordinance stating a desire to discontinue the operation of the tariff or Atmos files a Statement of Intent. Atmos and the ACSC Cities further agree that the RRM tariff shall remain in effect until such time as new, final rates are established for Atmos. Upon approval of this Settlement Agreement by the ACSC Cities, Atmos shall file an updated RRM Tariff with each city reflecting the provisions of this agreement.
3. Atmos and the ACSC Cities agree that rate base as of December 31, 2014 in the amount of \$1,955,948,256 is just and reasonable and shall be recovered in rates.
4. Atmos and the ACSC Cities agree that a pension and other postemployment benefits balance as of December 31, 2014 in the amount of \$18,284,949 is just and reasonable and shall be used as the beginning balance for purposes of determining pension and other postemployment benefits to be recovered in the next RRM filing (Attachment D to the Ordinance ratifying the Agreement).
5. With regard to the treatment of Atmos' Rule 8.209 regulatory asset under the RRM, Atmos and the ACSC Cities agree to the following with respect to any pending and future RRM filings:
 - a. the capital investment in the Rule 8.209 regulatory asset in the 2014 RRM filing and 2015 RRM filing is reasonable and consistent with the requirements of Rule 8.209;

Attachment A

- b. the classification of projects included in the Rule 8.209 regulatory asset in the 2014 RRM filing and 2015 RRM filing is reasonable and consistent with the requirements of Rule 8.209 and shall serve as a basis for classification of projects in future RRM filings;
 - c. the treatment of blanket replacement projects, system upgrades, relocations, and transmission line replacements in the Rule 8.209 regulatory asset in the 2014 RRM filing and 2015 RRM filing is reasonable and consistent with the requirements of Rule 8.209 and shall be included in future RRM filings.
 - d. the incurred expenses included in the Rule 8.209 regulatory asset in the 2014 RRM and the 2015 RRM are reasonable and consistent with the requirements of Rule 8.209 and shall be included in future RRM filings;
 - e. interest on the Rule 8.209 regulatory asset account shall be calculated using the pre-tax cost of capital most recently approved by the Commission. The use of the pre-tax cost of capital is consistent with Rule 8.209. A return on Rule 8.209 capital investment is only earned once the investment is included in rate base. No change in the Company's calculation of the interest component in its Rule 8.209 regulatory asset accounts is warranted through the period ended May 31, 2015. Beginning June 1, 2015, interest expense shall be calculated monthly using simple interest (*i.e.* 11.49% divided by 12, or approximately 0.96% per month) applied to the total value of the Rule 8.209 asset investment (exclusive of interest) until such time the Rule 8.209 regulatory asset is approved for inclusion in the Company's rate base.
 - f. While Atmos and the ACSC Cities agree to apply the treatments and methodologies set forth in this paragraph, subsections (a) – (e) in all future RRM filings, the regulatory authority retains its right to disallow any capital investment that is not shown to be prudently incurred, and any expense not shown to be reasonable and necessary, in future RRM filings.
 - g. Atmos and the ACSC Cities acknowledge that their agreement regarding the treatment and methodologies applicable to Rule 8.209 capital investments under the RRM tariff shall not prejudice the right of either party to argue for different treatments or methodologies in a future statement of intent proceeding.
6. Revenues approved pursuant to Paragraph 1 of the Settlement Agreement include reimbursement of rate case expenses owed to the ACSC Cities in connection with the 2014 RRM filing.
 7. The Signatories agree that each ACSC city shall approve this Settlement Agreement and adopt an ordinance or resolution to implement for the ACSC Cities the rates, terms, and conditions reflected in the tariffs attached to the Settlement Agreement as Exhibit A. Atmos and ACSC further agree that at such time as all of the ACSC Cities have passed an ordinance or resolution consistent with the Settlement and Atmos has received such ordinance or resolution, Atmos shall withdraw its appeal of the currently pending RRM filing before the Railroad Commission of Texas in connection with the 2014 RRM filing.

8. Atmos and the ACSC Cities further agree that the express terms of the Rider RRM are supplemental to the filing, notice, regulatory review, or appellate procedural process of the ratemaking provisions of Chapter 104 of the Texas Utilities Code. If the statute requires a mandatory action on behalf of the municipal regulatory authority or Atmos, the parties will follow the provisions of such statute. If the statute allows discretion on behalf of the municipal regulatory authority, the ACSC Cities agree that they shall exercise such discretion in such a way as to implement the provisions of the RRM tariff. If Atmos appeals an action or inaction of an ACSC City regarding an RRM filing to the Railroad Commission, the ACSC Cities agree that they will not oppose the implementation of interim rates or advocate the imposition of a bond by Atmos consistent with the RRM tariff. Atmos agrees that it will make no filings on behalf of its Mid-Tex Division under the provisions of Section 104.301 of the Texas Utilities code while the Rider RRM is in place. In the event that a regulatory authority fails to act or enters an adverse decision regarding the proposed annual RRM adjustment, the Railroad Commission of Texas shall have exclusive appellate jurisdiction, pursuant to the provisions of the Texas Utilities Code, to review the action or inaction of the regulatory authority exercising exclusive original jurisdiction over the RRM request. In addition, the Signatories agree that this Settlement Agreement shall not be construed as a waiver of the ACSC Cities' right to initiate a show cause proceeding or the Company's right to file a Statement of Intent under the provisions of the Texas Utilities Code.
9. The Signatories agree that the terms of the Settlement Agreement are interdependent and indivisible, and that if any ACSC city enters an order that is inconsistent with this Settlement Agreement, then any Signatory may withdraw without being deemed to have waived any procedural right or to have taken any substantive position on any fact or issue by virtue of that Signatory's entry into the Settlement Agreement or its subsequent withdrawal. If any ACSC city rejects this Settlement Agreement, then this Settlement Agreement shall be void *ab initio* and counsel for the ACSC Cities shall thereafter only take such actions as are in accordance with the Texas Disciplinary Rules of Professional Conduct.
10. The Signatories agree that all negotiations, discussions and conferences related to the Settlement Agreement are privileged, inadmissible, and not relevant to prove any issues associated with Atmos' 2014 RRM filing and 2015 RRM filing.
11. The Signatories agree that neither this Settlement Agreement nor any oral or written statements made during the course of settlement negotiations may be used for any purpose other than as necessary to support the entry by the ACSC Cities of an ordinance or resolution implementing this Settlement Agreement.
12. The Signatories agree that this Settlement Agreement is binding on each Signatory only for the purpose of settling the issues set forth herein and for no other purposes, and, except to the extent the Settlement Agreement governs a Signatory's rights and obligations for future periods, this Settlement Agreement shall not be binding or precedential upon a Signatory outside this proceeding.

Attachment A

13. The Signatories agree that this Settlement Agreement may be executed in multiple counterparts and may be filed with facsimile signatures.

Agreed to this 7 day of May, 2015.

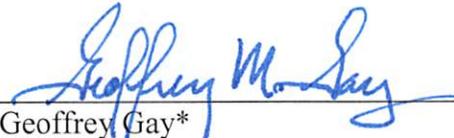
ATMOS ENERGY CORP., MID-TEX DIVISION

By: John A. Paris
John A. Paris
President, Mid-Tex Division

Attachment A

Agreed to this 7th day of May 2015.

ATTORNEY FOR ATMOS CITIES STEERING COMMITTEE, WHOSE MEMBERS INCLUDE THE CITIES OF ABILENE, ADDISON, ALLEN, ALVARADO, ANGUS, ANNA, ARGYLE, ARLINGTON, AUBREY, BEDFORD, BELLMEAD, BENBROOK, BEVERLY HILLS, BLOSSOM, BLUE RIDGE, BOWIE, BOYD, BRIDGEPORT, BROWNWOOD, BUFFALO, BURKBURNETT, BURLESON, CADDO MILLS, CANTON, CARROLLTON, CEDAR HILL, CELESTE, CELINA, CENTERVILLE, CISCO, CLARKSVILLE, CLEBURNE, CLYDE, COLLEGE STATION, COLLEYVILLE, COLORADO CITY, COMANCHE, COMMERCE, COOLIDGE, COPPELL, COPPERAS COVE, CORINTH, CORRAL CITY, CRANDALL, CROWLEY, DALWORTHINGTON GARDENS, DENISON, DESOTO, DUNCANVILLE, EASTLAND, EDGECLIFF VILLAGE, EMORY, ENNIS, EULESS, EVERMAN, FAIRVIEW, FARMERS BRANCH, FARMERSVILLE, FATE, FLOWER MOUND, FOREST HILL, FORT WORTH, FRISCO, FROST, GAINESVILLE, GARLAND, GARRETT, GRAND PRAIRIE, GRAPEVINE, GUNTER, HALTOM CITY, HARKER HEIGHTS, HASKELL, HASLET, HEWITT, HIGHLAND PARK, HIGHLAND VILLAGE, HONEY GROVE, HURST, HUTTO, IOWA PARK, IRVING, JUSTIN, KAUFMAN, KEENE, KELLER, KEMP, KENNEDALE, KERENS, KERRVILLE, KILLEEN, KRUM, LAKE WORTH, LAKESIDE, LANCASTER, LEWISVILLE, LINCOLN PARK, LITTLE ELM, LORENA, MADISONVILLE, MALAKOFF, MANSFIELD, MCKINNEY, MELISSA, MESQUITE, MIDLOTHIAN, MURPHY, NEWARK, NOCONA, NORTH RICHLAND HILLS, NORTHLAKE, OAKLEAF, OVILLA, PALESTINE, PANTEGO, PARIS, PARKER, PECAN HILL, PETROLIA, PLANO, PONDER, POTTSBORO, PROSPER, QUITMAN, RED OAK, RENO (PARKER COUNTY), RICHARDSON, RICHLAND, RICHLAND HILLS, ROANOKE, ROBINSON, ROCKWALL, ROSCOE, ROWLETT, ROYSE CITY, SACHSE, SAGINAW, SANSOM PARK, SEAGOVILLE, SHERMAN, SNYDER, SOUTHLAKE, SPRINGTOWN, STAMFORD, STEPHENVILLE, SULPHUR SPRINGS, SWEETWATER, TEMPLE, TERRELL, THE COLONY, TROPHY CLUB, TYLER, UNIVERSITY PARK, VENUS, VERNON, WACO, WATAUGA, WAXAHACHIE, WESTLAKE, WHITE SETTLEMENT, WHITESBORO, WICHITA FALLS, WOODWAY, AND WYLIE.

By: 
Geoffrey Gay*

* Subject to approval by ACSC City Councils

**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).

Curtailement Overpull Fee

Upon notification by Company of an event of curtailement or interruption of Customer's deliveries, Customer will, for each MMBtu delivered in excess of the stated level of curtailement 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						
7	Residential	Requirements	Allocations			
8	Commercial	\$ 338,431,486	77.95%	Per GUD 10170 Final Order		
9	Industrial and Transportation	\$ 84,223,622	19.40%	Per GUD 10170 Final Order		
10	Net Revenue Requirements GUD No. 10170	\$ 11,490,316	2.65%	Per GUD 10170 Final Order		
11		\$ 434,145,424				
12						
17						
18						
19						
20	Residential Base Charge	Current	Proposed Change	Proposed Rates	Proposed Change In Revenues	Proposed Rates with Rate Case Expenses
21	Residential Consumption Charge	\$ 18.20	\$ 0.36	\$ 18.56	\$ 6,351,350	\$ 18.60
22	Commercial Base Charge	\$ 0.08819	\$ 0.01112	\$ 0.09931	\$ 9,049,383	\$ 0.09931
23	Commercial Consumption Charge	\$ 38.50	\$ 1.37	\$ 39.87	\$ 2,000,584	\$ 40.00
24	I&T Base Charge	\$ 0.07681	\$ 0.00339	\$ 0.08020	\$ 1,834,968	\$ 0.08020
25	I&T Consumption Charge Tier 1 MMBTU	\$ 675.00	\$ 22.35	\$ 697.35	\$ 220,192	\$ 700.00
26	I&T Consumption Charge Tier 2 MMBTU	\$ 0.2807	\$ 0.0130	\$ 0.2937	\$ 142,055	\$ 0.2937
27	I&T Consumption Charge Tier 3 MMBTU	\$ 0.2056	\$ 0.0095	\$ 0.2151	\$ 117,051	\$ 0.2151
28		\$ 0.0441	\$ 0.0020	\$ 0.0461	\$ 42,703	\$ 0.0461
29				\$	\$ 19,758,287	\$ 523,612,169

Data Sources:
 GUD10170_FINAL.xlsm

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

Revenue Requirements	Allocations
7 Residential \$ 338,431,486	77.95% Per GUD 10170 Final Order
8 Commercial \$ 84,223,622	19.40% Per GUD 10170 Final Order
9 Industrial and Transportation \$ 11,490,316	2.65% Per GUD 10170 Final Order
10 Net Revenue Requirements GUD No. 10170	
11 \$ 434,145,424	

Rate Class	Current	Proposed Change	Proposed Rates	Proposed Change In Revenues	Proposed Revenues	Proposed Rates with Rate Case Expenses
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			\$	\$ 19,758,287	\$ 523,612,169	
29						

Data Sources:
 GUD10170_FINAL.xlsm

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.

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).

Curtailement Overpull Fee

Upon notification by Company of an event of curtailement or interruption of Customer's deliveries, Customer will, for each MMBtu delivered in excess of the stated level of curtailement 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 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.

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.

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.

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:

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 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
PENSIONS AND RETIREE MEDICAL BENEFITS FOR CITIES APPROVAL
TEST YEAR ENDING DECEMBER 31, 2014**

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

MODEL STAFF REPORT

The City, along with other similarly situated cities served by Atmos Energy Corp., Mid-Tex Division (“Atmos Mid-Tex” or “Company”), is a member of the Atmos Cities Steering Committee (“ACSC”). The RRM Tariff was adopted by the City as an alternative to the Gas Reliability Infrastructure Program (“GRIP”), the statutory provision that allows Atmos to bypass the City’s rate regulatory authority to increase its rates annually to recover capital investments. In February 2014, Atmos Mid-Tex filed its second annual filing under the Rate Review Mechanism (“RRM”) Tariff, seeking an increase of \$45.7 million. Although ACSC attempted to reach a settlement with the Company as it had in past years, the wide differences between the Company and ACSC’s consultants’ recommendations made a compromise impossible. On the recommendation of the ACSC Executive Committee and ACSC’s legal counsel, the City in 2014 adopted a Resolution denying the requested rate increase.

The Company appealed the City’s denial to the Railroad Commission of Texas (“Commission”), and revised its requested increase to \$43.8 million. A hearing was held on the Company’s appeal on September 3, 2014. On April 28, 2015, the Commission’s Hearings Examiner issued his Proposal for Decision (“PFD”) in the Company’s appeal of the City’s denial of the 2014 RRM rate increase. This PFD was not favorable to ACSC, but did recommend a reduction of approximately \$860,000 to the Company’s adjusted 2014 filing.

While the parties were waiting for the PFD from the Hearings Examiner in the appeal of the 2014 RRM filing, on February 27, 2015, Atmos Mid-Tex filed with the City another rate increase request under the RRM Tariff, seeking additional revenues in the amount of \$28.762 million (total system) or \$24.0 million (affected cities). The City worked with ACSC to analyze the schedules and evidence offered by Atmos Mid-Tex to support its 2015 request to increase rates. The Ordinance and attached Settlement Agreement and tariffs are the result of negotiation between the Mid-Tex Executive Committee and the Company to resolve issues raised by ACSC during the review and evaluation of Atmos Mid-Tex’s filing. The recommended Settlement Agreement also requires Atmos to abate its appeal of the City’s rejection of the 2014 RRM rate increase pending approval by all ACSC cities of the Settlement Agreement. The Agreement requires Atmos to give the City the benefit of the adjustments to the 2014 rate increase recommended by the PFD.

The Ordinance and Settlement tariffs approve rates that will increase the Company’s revenues by \$65.7 million for the Mid-Tex Rate Division, effective for bills rendered on or after June 1, 2015. The monthly residential customer charge will be \$18.60. The consumption charge will change from \$0.08819 per Ccf to \$0.09931 per Ccf. The monthly bill impact for the typical residential customer consuming 60 Ccf will be an increase of \$1.14 (about a 1.59% increase in the base bill). The typical commercial customer will see an increase of \$2.69 or 0.96%.

The ACSC Executive Committee and its designated legal counsel and consultants recommend that all Cities adopt the Ordinance approving the negotiated Settlement Agreement resolving both the 2014 and the 2015 RRM filings, and implementing the rate change.

RRM Background:

The RRM tariff was originally approved by ACSC Cities as part of the settlement agreement to resolve the Atmos Mid-Tex 2007 system-wide rate filing at the Railroad Commission. In early

2013, the City adopted a renewed RRM tariff for an additional five years. This is the third RRM filing under the renewed tariff. The RRM tariff and the process implementing that tariff were created collaboratively by ACSC and Atmos Mid-Tex as an alternative to the legislatively-authorized GRIP surcharge process. ACSC has opposed GRIP because it constitutes piecemeal ratemaking, does not allow any review of the reasonableness of Atmos' expenditures, and does not allow participation by cities or recovery of cities' rate case expenses. In contrast, the RRM process has allowed for a more comprehensive rate review and annual adjustment as a substitute for GRIP filings. ACSC's consultants have calculated that had Atmos filed its 2015 case under the GRIP provisions, it would have received additional revenues from ratepayers of approximately \$10 million.

Purpose of the Ordinance:

The purpose of the Ordinance is to approve the Settlement Agreement and the resulting rate change under the RRM tariff. As a result of the negotiations, the Executive Committee was able to reduce the Company's requested \$28.8 million rate increase for Mid-Tex cities to \$21,962,784. When added to the settlement of the 2014 RRM filing and the adjustments recommended by the PFD, the Company will receive total additional annual revenues of \$65.7 million. Because the 2014 rates have been in effect since June 1, 2014, the increase to currently-billed rates is \$21 million. Approval of the Ordinance will result in rates that implement an increase in Atmos Mid-Tex's revenues effective June 1, 2015.

Why Approve the Settlement Agreement:

While it is annoying and disconcerting to annually consider rate adjustments from Atmos Mid-Tex, the Texas legislature has granted gas utilities the right, through the GRIP process, to an annual increase based on increases in invested capital. GRIP is piecemeal ratemaking and ignores increases in revenues and declines in O&M expenses that may be associated with plant additions. ACSC found it preferable to negotiate with Atmos to substitute an expedited comprehensive review process that includes consideration of revenues and expenses as well as invested capital for the GRIP process.

Compelling reasons for approving the Settlement include:

1. While the 2015 RRM system-wide filing exceeded \$28 million, a comparable GRIP filing would have been in excess of \$38 million. ACSC has negotiated a reduction to the 2015 filing of approximately \$6 million. Therefore, the 2015 RRM result is approximately \$16 million better for ratepayers within municipal limits than ratepayers within Environs.

2. ACSC counsel is convinced that the Proposal for Decision ("PFD") by Railroad Commission Examiners in the 2014 RRM appeal will not improve if we file Exceptions and Replies to Exceptions. Counsel recommends action to avoid the PFD becoming a final order that would serve as precedent in future rate proceedings.

3. The token benefit to ratepayers authorized in the PFD to the 2014 appeal has been incorporated into the Settlement Agreement.

4. Atmos will file its formal withdrawal of its 2014 appeal only after all ACSC members approve the Settlement Agreement.