



**CITY OF PLANO  
COUNCIL AGENDA ITEM**

<b>CITY SECRETARY'S USE ONLY</b>				
<input type="checkbox"/> Consent <input type="checkbox"/> Regular <input type="checkbox"/> Statutory				
Council Meeting Date:		August 8, 2011		
Department:		Customer and Utility Services		
Department Head		Mark D. Israelson		
Agenda Coordinator (include phone #): <b>Nancy Rodriguez X7510</b>				
<b>CAPTION</b>				
<p>An Ordinance of the City Council of the City of Plano, Texas, ("City") approving a negotiated resolution between the Atmos Cities Steering Committee ("ACSC" or "Steering Committee") and Atmos Energy Corp., Mid-Tex Division ("Atmos Mid-Tex" or "Company") regarding the Company's fourth annual Rate Review Mechanism ("RRM") filing in all cities exercising original jurisdiction; declaring existing rates to be unreasonable; adopting tariffs that reflect rate adjustments consistent with the negotiated settlement and finding the rates to be set by the attached tariffs to be just and reasonable; requiring the company to reimburse Cities' reasonable ratemaking expenses; repealing conflicting resolutions or ordinances; 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 Steering Committee's legal counsel.</p>				
<b>FINANCIAL SUMMARY</b>				
<input checked="" type="checkbox"/> NOT APPLICABLE <input type="checkbox"/> OPERATING EXPENSE <input type="checkbox"/> REVENUE <input type="checkbox"/> CIP				
FISCAL YEAR: <b>2010-11</b>	<b>Prior Year (CIP Only)</b>	<b>Current Year</b>	<b>Future Years</b>	<b>TOTALS</b>
Budget	0	0	0	<b>0</b>
Encumbered/Expended Amount	0	0	0	<b>0</b>
This Item	0	0	0	<b>0</b>
<b>BALANCE</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>FUND(S):</b>				
<p><b>COMMENTS:</b> This item has no fiscal impact.          STRATEGIC PLAN GOAL: Participating in negotiated resolutions to utility rate change requests and approving ordinances regarding utility company rate changes relate to the City's Goal of Financially Strong City with Service Excellence and Strong Local Economy.</p>				
<b>SUMMARY OF ITEM</b>				
This Ordinance approves the Atmos Mid-Tex Rate Review Mechanism filing negotiated resolution.				
List of Supporting Documents: Memo to City Council			Other Departments, Boards, Commissions or Agencies	

# Memorandum

**To:** City Council  
**Through:** Bruce D. Glasscock, City Manager  
**From:** Mark D. Israelson, Assistant City Manager  
**Date:** August 8, 2011  
**Re:** Atmos Mid-Tex RRM Filing

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The City, along with approximately 154 other cities served by Atmos Energy Mid-Tex Division (“Atmos Mid-Tex” or “Company”), is a member of the Atmos Cities Steering Committee (“ACSC” or “Steering Committee”). On or about April 1, 2011, Atmos Mid-Tex filed with the City an application to increase natural gas rates pursuant to the Rate Review Mechanism (“RRM”) tariff approved by the City as part of the settlement of the Atmos Mid-Tex 2007 Statement of Intent to increase rates. This is the fourth annual RRM filing.

The Atmos Mid-Tex RRM filing sought a \$15.7 million rate increase. The City worked with ACSC to analyze the schedules and evidence offered by Atmos Mid-Tex to support its request to increase rates. The Ordinance and attached rate and RRM tariffs are the result of negotiations between ACSC and the Company to resolve issues raised by ACSC during the review and evaluation of ACSC’s RRM filing. The Ordinance resolves the Company’s RRM filing by authorizing supplemental revenue of \$6.6 million to be recovered through the customer charge component of rates to cover direct incremental costs associated with a steel service line replacement program approved as part of last year’s rate adjustment. All other relief requested by Atmos Mid-Tex is denied.

The ACSC Settlement Committee and ACSC legal counsel recommend that all ACSC Cities adopt the Ordinance implementing the rate change.

## **RRM Background:**

The RRM tariff was 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. Atmos Mid-Tex’s current action represents an extension to the three-year trial project known as the Rate Review Mechanism (“RRM”) process. The RRM process was created collaboratively by ACSC and Atmos Mid-Tex as an alternative to the legislatively authorized GRIP surcharge process. ACSC opposed GRIP because it constituted piecemeal ratemaking, did not allow any reasonableness review, and did not allow participation by cities or recovery of cities’ rate case expenses. The RRM process has allowed for a more comprehensive rate review and annual adjustment as a substitute for GRIP filings during the three-year trial period specified by the tariff.

**Purpose of the Ordinance:**

Rates cannot change and the Settlement Agreement with Atmos Mid-Tex cannot be implemented without passage of rate ordinances by cities. No related matter is pending at the Railroad Commission. The purpose of the Ordinance is to approve rate tariffs (“Attachment A”) that reflect the negotiated rate change pursuant to the RRM process and to ratify a Settlement Agreement recommended by the ACSC Settlement Committee and Executive Committee.

As a result of the negotiations, ACSC was able to reduce the Company’s requested \$15.7 million RRM increase to \$6.6 million, allowing only incremental revenues necessary to cover direct costs associated with the steel service line replacement program approved by ACSC Cities in 2010. Approval of the Ordinance will result in the implementation of new rates that increase Atmos Mid-Tex’s revenues effective September 1, 2011.

**Reasons Justifying Approval of the Negotiated Resolution:**

During the time that the City has retained original jurisdiction in this case, consultants working on behalf of ACSC cities have investigated the support for the Company’s requested rate increase. While the evidence does not support the \$15.7 million increase requested by the Company, ACSC consultants agree that the Company can justify an increase in revenues of \$6.6 million, a result consistent with Cities’ approval of a steel service line replacement program last year. The agreement on \$6.6 million is a compromise between the positions of the parties.

The Settlement Agreement of 2010 which included an extension of the RRM process, included an allowance for recovery of direct costs, excluding overheads, of the steel service line replacement program. Current year recovery factors of \$00.15 for residential customers and \$00.41 for commercial customers per month were authorized last year. The 2010 Settlement Agreement contemplated that the steel service line replacement program would be adjusted annually, but shall be capped at \$00.44 cents for residential customers and \$1.22 for commercial customers. The increase in this case is consistent with the caps contemplated last year for the steel service line replacement program, and nothing more.

The alternative to a settlement of the RRM filing would be a contested case proceeding before the Railroad Commission on the Company’s current application, would take several months and cost ratepayers millions of dollars in rate case expenses, and would not likely produce a result more favorable than that to be produced by the settlement. The ACSC Settlement Committee recommends that ACSC members take action to approve the Ordinance authorizing new rate tariffs.

**Steel Service Line Replacement:**

Under pressure from the Railroad Commission to establish a comprehensive program to replace service lines that contain steel which is subject to corrosion and leaks, ACSC worked with Atmos Mid-Tex in 2010 to establish a risk based approach to steel service line replacement that accomplishes the following goals:

1. Replace all service lines throughout the Mid-Tex Region with the highest degree of risk within two years;
2. Coordination between ACSC city members and Atmos Mid-Tex to minimize disruption of rights of way without compromising safety;

3. To minimize and spread the rate impact on customers of the replacement program, the service lines with little relative risk of leaks should be replaced over a 10-year period; and

4. Current recovery of incremental (above and beyond normal maintenance and repair addressed in RRM proceedings) direct (excluding Atmos Mid-Tex overheads) cost of service line replacement should be permitted as an adder to customer charges.

Fulfillment of these goals in the 2010 case led to \$00.15 and \$00.41 added to residential and commercial customer charges, respectively. The annual customer charge adder to cover the steel service line replacement program may not exceed \$00.44 and \$1.22 for residential and commercial customers, respectively, prior to the entry of a Final Order in the next system-wide Statement of Intent rate proceeding.

### **Changes to Customer Charges:**

The Settlement Agreement approved in 2010 contemplated that incremental revenues to cover future steel service line replacement costs would be recovered through customer charges. Consistent with that approach, the \$6.6 million in additional revenues to be recovered following passage of the Ordinance is accomplished by increasing customer charges.

The tariffs to be approved by the Ordinance set monthly customer charges at \$7.50 and \$16.75 for residential and commercial customers, respectively.

The commodity portion of the commercial rate will decline slightly from existing rates.

### **Explanation of “Be It Ordained” Paragraphs:**

1. This paragraph approves all findings in the Ordinance.
2. This section adopts the attached tariffs (“Attachment A”) in all respects and finds the rates set pursuant to the attached tariffs to be just, reasonable and in the public interest. Note that only new tariffs or existing tariffs being revised are attached to the Ordinance. Existing tariffs not being changed in any way are not attached to the Ordinance.
3. This section requires the Company to reimburse ACSC for reasonable rate making costs associated with reviewing and processing the RRM application.
4. This section repeals any resolution or ordinance that is inconsistent with this Ordinance.
5. This section finds that the meeting was conducted in compliance with the Texas Open Meetings Act, Texas Government Code, Chapter 551.
6. 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.
7. This section provides for an effective date upon passage.
8. This paragraph directs that a copy of the signed Ordinance be sent to a representative of the Company and legal counsel for ACSC.

**An Ordinance of the City Council of the City of Plano, Texas, (“City”) approving a negotiated resolution between the Atmos Cities Steering Committee (“ACSC” or “Steering Committee”) and Atmos Energy Corp., Mid-Tex Division (“Atmos Mid-Tex” or “Company”) regarding the Company’s fourth annual Rate Review Mechanism (“RRM”) filing in all cities exercising original jurisdiction; declaring existing rates to be unreasonable; adopting tariffs that reflect rate adjustments consistent with the negotiated settlement and finding the rates to be set by the attached tariffs to be just and reasonable; requiring the company to reimburse Cities’ reasonable ratemaking expenses; repealing conflicting resolutions or ordinances; 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 Steering Committee’s legal counsel.**

**WHEREAS**, the City of Plano, Texas (“City”) is a gas utility customer of Atmos Energy Corp., Mid-Tex Division (“Atmos Mid-Tex” or “ Company”), and a regulatory authority with an interest in the rates and charges of Atmos Mid-Tex; and

**WHEREAS**, the City is a member of the Atmos Cities Steering Committee (“ACSC” or “Steering Committee”), a coalition of approximately 154 similarly situated cities served by Atmos Mid-Tex 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 (such participating cities are referred to herein as “ACSC Cities”); and

**WHEREAS**, pursuant to the terms of the agreement settling the Company’s 2007 Statement of Intent to increase rates, ACSC Cities and the Company worked collaboratively to develop a Rate Review Mechanism (“RRM”) tariff that allows for an expedited rate review process controlled in a three-year experiment by ACSC Cities as a substitute to the current GRIP process instituted by the Legislature; and

**WHEREAS**, the City took action in 2008 to approve a Settlement Agreement with Atmos Mid-Tex resolving the Company’s 2007 rate case and authorizing the RRM Tariff; and

**WHEREAS**, the 2008 Settlement Agreement contemplates reimbursement of ACSC Cities’ reasonable expenses associated with RRM applications; and

**WHEREAS**, the Steering Committee and Atmos Mid-Tex agreed to extend the RRM process in reaching a settlement in 2010 on the third RRM filing; and

**WHEREAS**, on or about April 1, 2011, the Company filed with the city its fourth annual RRM filing, requesting to increase natural gas base rates by \$15.7 million; and

**WHEREAS**, ACSC coordinated its review of Atmos Mid-Tex's RRM filing by designating a Settlement Committee made up of ACSC representatives, assisted by ACSC attorneys and consultants, to resolve issues identified by ACSC in the Company's RRM filing; and

**WHEREAS**, independent analysis by ACSC's rate expert concluded that Atmos Mid-Tex is unable to justify an increase over current rates except for undisputed costs of \$6.6 million to cover the steel service line replacement program initiated in 2010; and

**WHEREAS**, the ACSC Settlement Committee, as well as ACSC lawyers and consultants, recommend that ACSC Cities approve the attached rate tariffs ("Attachment A" to this Ordinance), which will increase the Company's revenue requirement by \$6.6 million to extend current recovery of incremental direct costs of the steel service line replacement program authorized by ACSC Cities in ordinances passed in 2010; and

**WHEREAS**, the attached tariffs implementing new rates are consistent with the negotiated resolution reached by ACSC Cities and are just, reasonable, and in the public interest.

**NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF PLANO, TEXAS, THAT:**

**Section I.** That the findings set forth in this Ordinance are hereby in all things approved.

**Section II.** That the City Council finds the existing rates for natural gas service provided by Atmos Mid-Tex are unreasonable and new tariffs which are attached hereto and incorporated herein as Attachment A, are just and reasonable and are hereby adopted.

**Section III.** That Atmos Mid-Tex shall reimburse the reasonable ratemaking expenses of the ACSC Cities in processing the Company's rate application.

**Section IV.** That to the extent any resolution or ordinance previously adopted by the Council is inconsistent with this Ordinance, it is hereby repealed.

**Section V.** 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 VI.** 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 VII.** That 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 September 1, 2011.

**Section VIII.** That a copy of this Ordinance shall be sent to Atmos Mid-Tex, care of David Park, Vice President Rates and Regulatory Affairs, at Atmos Energy Corporation, 5420 LBJ Freeway, Suite 1862, Dallas, Texas 75240, and to Geoffrey Gay, General Counsel to ACSC, at Lloyd Gosselink Rochelle & Townsend, P.C., P.O. Box 1725, Austin, Texas 78767-1725.

**DULY PASSED AND APPROVED this the 8<sup>th</sup> day of August, 2011.**

\_\_\_\_\_  
Phil Dyer, MAYOR

ATTEST:

\_\_\_\_\_  
Diane Zucco, CITY SECRETARY

APPROVED AS TO FORM:

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Diane C. Wetherbee, CITY ATTORNEY

<b>RATE SCHEDULE:</b>	<b>R – RESIDENTIAL SALES</b>	
<b>APPLICABLE TO:</b>	<b>All Cities except the City of Dallas</b>	
<b>EFFECTIVE DATE:</b>	<b>Bills Rendered on or after 9/1/2011</b>	

**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 Mcf charges to the amounts due under the riders listed below:

<b>Charge</b>	<b>Amount</b>
Customer Charge per Bill	\$ 7.50 per month
Commodity Charge – All Mcf	\$ 2.5116 per Mcf

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.

**MID-TEX DIVISION  
ATMOS ENERGY CORPORATION**

<b>RATE SCHEDULE:</b>	<b>C – COMMERCIAL SALES</b>	
<b>APPLICABLE TO:</b>	<b>All Cities except the City of Dallas</b>	
<b>EFFECTIVE DATE:</b>	<b>Bills Rendered on or after 9/1/2011</b>	

**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 3,000 Mcf.

**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 Mcf charges to the amounts due under the riders listed below:

<b>Charge</b>	<b>Amount</b>
Customer Charge per Bill	\$ 16.75 per month
Commodity Charge - All Mcf	\$ 1.0217 per Mcf

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.

**MID-TEX DIVISION  
ATMOS ENERGY CORPORATION**

<b>RATE SCHEDULE:</b>	<b>I – INDUSTRIAL SALES</b>	
<b>APPLICABLE TO:</b>	<b>All Cities except the City of Dallas</b>	
<b>EFFECTIVE DATE:</b>	<b>Bills Rendered on or after 9/1/2011</b>	

**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:

<b>Charge</b>	<b>Amount</b>
Customer Charge per Meter	\$ 450.00 per month
First 0 MMBtu to 1,500 MMBtu	\$ 0.2750 per MMBtu
Next 3,500 MMBtu	\$ 0.2015 per MMBtu
All MMBtu over 5,000 MMBtu	\$ 0.0433 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 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."

**MID-TEX DIVISION  
ATMOS ENERGY CORPORATION**

<b>RATE SCHEDULE:</b>	<b>I – INDUSTRIAL SALES</b>	
<b>APPLICABLE TO:</b>	<b>All Cities except the City of Dallas</b>	
<b>EFFECTIVE DATE:</b>	<b>Bills Rendered on or after 9/1/2011</b>	

**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**

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**

<b>RATE SCHEDULE:</b>	<b>T – TRANSPORTATION</b>	
<b>APPLICABLE TO:</b>	<b>All Cities except the City of Dallas</b>	
<b>EFFECTIVE DATE:</b>	<b>Bills Rendered on or after 9/1/2011</b>	

**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:

<b>Charge</b>	<b>Amount</b>
Customer Charge per Meter	\$ 450.00 per month
First 0 MMBtu to 1,500 MMBtu	\$ 0.2750 per MMBtu
Next 3,500 MMBtu	\$ 0.2015 per MMBtu
All MMBtu over 5,000 MMBtu	\$ 0.0433 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.

**MID-TEX DIVISION  
ATMOS ENERGY CORPORATION**

<b>RATE SCHEDULE:</b>	<b>T – TRANSPORTATION</b>	
<b>APPLICABLE TO:</b>	<b>All Cities except the City of Dallas</b>	
<b>EFFECTIVE DATE:</b>	<b>Bills Rendered on or after 9/1/2011</b>	

**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.

**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.

**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.