



# 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:		5/23/16		
Department:		Policy and Government Relations		
Department Head		Brandi Youngkin		
Agenda Coordinator (include phone #): <b>Andrea Park x5113</b>				
<b>CAPTION</b>				
<p>An Ordinance of the City of Plano, Texas, approving a negotiated settlement between the Atmos Cities Steering Committee ("ACSC") and Atmos Energy Corp., Mid-Tex Division ("Atmos Mid-Tex" or "Company") regarding the Company's 2016 rate review mechanism filings; declaring existing rates to be unreasonable; adopting tariffs that reflect rate adjustments consistent with the negotiated settlement; finding the rates to be set by the settlement tariffs to be just and reasonable and in the public interest; requiring the Company to reimburse ACSC's reasonable ratemaking expenses; requiring delivery of this Ordinance to the Company and the ACSC's legal counsel; and providing a repealer clause, a severability clause, a savings clause and an effective date.</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>2015-16</b>	<b>Prior Year (CIP Only)</b>	<b>Current Year</b>	<b>Future Years</b>
		0	0	0
Budget		0	0	0
Encumbered/Expended Amount		0	0	0
This Item		0	0	0
BALANCE		0	0	0
<b>FUND(S):    N/A</b>				
<b>COMMENTS:</b> This item has no fiscal impact.				
STRATEGIC PLAN GOAL: Approving the Rate Review Mechanism Agreement with Atmos Energy relates to the City's goals of Financially Strong City with Service Excellence and Partnering for Community Benefits.				
<b>SUMMARY OF ITEM</b>				
An Ordinance approving the 2016 Atmos Energy Rate Review Mechanism Agreement.				
List of Supporting Documents: Ordinance, Attachments A, B, and C			Other Departments, Boards, Commissions or Agencies	

**An Ordinance of the City of Plano, Texas, approving a negotiated settlement between the Atmos Cities Steering Committee (“ACSC”) and Atmos Energy Corp., Mid-Tex Division (“Atmos Mid-Tex” or “Company”) regarding the Company’s 2016 rate review mechanism filings; declaring existing rates to be unreasonable; adopting tariffs that reflect rate adjustments consistent with the negotiated settlement; finding the rates to be set by the settlement tariffs to be just and reasonable and in the public interest; requiring the Company to reimburse ACSC’s reasonable ratemaking expenses; requiring delivery of this Ordinance to the Company and the ACSC’s legal counsel; and providing a repealer clause, a severability clause, a savings clause and an effective date.**

**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”), 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 which will establish rates for the ACSC Cities based on the system-wide cost of serving the Atmos Mid-Tex Division; and

**WHEREAS**, on March 1, 2016, Atmos Mid-Tex filed its 2016 RRM rate request with ACSC Cities; and

**WHEREAS**, ACSC coordinated its review of the Atmos Mid-Tex 2016 RRM filing through its Executive Committee, assisted by ACSC’s attorneys and consultants, to resolve issues identified in the Company’s RRM filing; and

**WHEREAS**, the Executive Committee, as well as ACSC’s attorneys and consultants, recommend that ACSC Cities approve an increase in base rates for Atmos Mid-Tex of \$29.9 million on a system-wide basis; and

**WHEREAS**, the attached tariffs implementing new rates are consistent with the recommendation of the ACSC Executive Committee, are agreed to by the Company, and are just, reasonable, and in the public interest; and

**WHEREAS**, the RRM tariff contemplates reimbursement of ACSC’s reasonable expenses associated with RRM applications.

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

**Section I.** The Council hereby adopts the findings set forth above.

**Section II.** The City Council finds that the settled amount of an increase in revenues of \$29.9 million on a system-wide basis, representing 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 2016 RRM filing, is in the public interest and is consistent with the City's authority under Section 103.001 of the Texas Utilities Code.

**Section III.** The City Council finds 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 A, are just and reasonable and are designed to allow Atmos Mid-Tex to recover annually an additional \$29.9 million in revenue over the amount allowed under currently approved rates, as shown in the Proof of Revenues attached hereto and incorporated herein as Attachment B; such tariffs are hereby adopted.

**Section IV.** The ratemaking treatment for pensions and other post-employment benefits in Atmos Mid-Tex's next RRM filing shall be as set forth on Attachment C, attached hereto and incorporated herein.

**Section V.** Atmos Mid-Tex shall reimburse the reasonable ratemaking expenses of the ACSC in processing the Company's 2016 RRM filing.

**Section VI.** 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 LBJ Freeway, Suite 1862, Dallas, Texas 75240, and to Geoffrey Gay, General Counsel to ACSC, at Lloyd Gosselink Rochelle & Townsend, P.C., 816 Congress Avenue, Suite 1900, Austin, Texas 78701.

**Section VII.** All provisions of the Code of Ordinances of the City of Plano, codified or uncodified, in conflict with the provisions of this Ordinance are hereby repealed, and all other provisions of the Code of Ordinances of the City of Plano, codified or uncodified, not in conflict with the provisions of this Ordinance shall remain in full force and effect.

**Section VIII.** It is hereby declared to be the intention of the City Council that the sections, paragraphs, sentences, clauses, and phrases of this Ordinance are severable, and if any phrase, clause, sentence, or section of this Ordinance shall be declared unconstitutional or invalid by any court of competent jurisdiction, such unconstitutionality or invalidity shall not affect any other remaining phrase, clause, sentence, paragraph or section of this Ordinance.

**Section IX.** The repeal of any Ordinance or part of Ordinances effectuated by the enactment of this Ordinance shall not be construed as abandoning any action now pending under or by virtue of such Ordinance or as discontinuing, abating, modifying or altering any penalty accruing or to accrue, or as affecting any rights of the municipality under any section or provisions at the time of passage of this ordinance.

**Section X.** This Ordinance shall become effective immediately upon its passage and publication as required by law, with rates authorized by the attached tariffs to be effective for bills rendered on or after June 1, 2016.

**DULY PASSED AND APPROVED** on this the 23rd day of May, 2016.

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Harry LaRosiliere, MAYOR

ATTEST:

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Lisa C. Henderson, CITY SECRETARY

APPROVED AS TO FORM:

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Paige Mims, CITY ATTORNEY

<b>RATE SCHEDULE:</b>	<b>R – RESIDENTIAL SALES</b>	
<b>APPLICABLE TO:</b>	<b>ALL CUSTOMERS IN THE MID-TEX DIVISION EXCEPT THE CITY OF DALLAS AND UNINCORPORATED AREAS</b>	
<b>EFFECTIVE DATE:</b>	<b>Bills Rendered on or after 06/01/2016</b>	<b>PAGE: 12</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 Ccf charges to the amounts due under the riders listed below:

<b>Charge</b>	<b>Amount</b>
Customer Charge per Bill	\$ 19.10 per month
Rider CEE Surcharge	\$ 0.02 per month <sup>1</sup>
<b>Total Customer Charge</b>	<b>\$ 19.12 per month</b>
Commodity Charge – All <u>Ccf</u>	\$0.11378 per Ccf

Gas Cost Recovery: Plus an amount for gas costs and upstream transportation costs calculated in accordance with Part (a) and Part (b), respectively, of Rider GCR.

Weather Normalization Adjustment: Plus or Minus an amount for weather normalization calculated in accordance with Rider WNA.

Franchise Fee Adjustment: Plus an amount for franchise fees calculated in accordance with Rider FF. Rider FF is only applicable to customers inside the corporate limits of any incorporated municipality.

Tax Adjustment: Plus an amount for tax calculated in accordance with Rider TAX.

Surcharges: Plus an amount for surcharges calculated in accordance with the applicable rider(s).

**Agreement**

An Agreement for Gas Service may be required.

**Notice**

Service hereunder and the rates for services provided are subject to the orders of regulatory bodies having jurisdiction and to the Company's Tariff for Gas Service.

<sup>1</sup>Reference Rider CEE - Conservation and Energy Efficiency as approved in GUD 10170. Surcharge billing effective July 1, 2015.

<b>RATE SCHEDULE:</b>	<b>C – COMMERCIAL SALES</b>	
<b>APPLICABLE TO:</b>	<b>ALL CUSTOMERS IN THE MID-TEX DIVISION EXCEPT THE CITY OF DALLAS AND UNINCORPORATED AREAS</b>	
<b>EFFECTIVE DATE:</b>	<b>Bills Rendered on or after 06/01/2016</b>	<b>PAGE: 13</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 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:

<b>Charge</b>	<b>Amount</b>
Customer Charge per Bill	\$ 41.75 per month
Rider CEE Surcharge	\$ 0.02 per month <sup>1</sup>
<b>Total Customer Charge</b>	<b>\$ 41.77 per month</b>
Commodity Charge – All Ccf	\$ 0.08494 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.

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<sup>1</sup> Reference Rider CEE - Conservation and Energy Efficiency as approved in GUD 10170. Surcharge billing effective July 1, 2015.

<b>RATE SCHEDULE:</b>	<b>I – INDUSTRIAL SALES</b>	
<b>APPLICABLE TO:</b>	<b>ALL CUSTOMERS IN THE MID-TEX DIVISION EXCEPT THE CITY OF DALLAS AND UNINCORPORATED AREAS</b>	
<b>EFFECTIVE DATE:</b>	<b>Bills Rendered on or after 06/01/2016</b>	<b>PAGE: 14</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	\$ 738.00 per month
First 0 MMBtu to 1,500 MMBtu	\$ 0.3096 per MMBtu
Next 3,500 MMBtu	\$ 0.2267 per MMBtu
All MMBtu over 5,000 MMBtu	\$ 0.0486 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.

<b>RATE SCHEDULE:</b>	<b>I – INDUSTRIAL SALES</b>	
<b>APPLICABLE TO:</b>	<b>ALL CUSTOMERS IN THE MID-TEX DIVISION EXCEPT THE CITY OF DALLAS AND UNINCORPORATED AREAS</b>	
<b>EFFECTIVE DATE:</b>	<b>Bills Rendered on or after 06/01/2016</b>	<b>PAGE: 15</b>

**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.

<b>RATE SCHEDULE:</b>	<b>T – TRANSPORTATION</b>	
<b>APPLICABLE TO:</b>	<b>ALL CUSTOMERS IN THE MID-TEX DIVISION EXCEPT THE CITY OF DALLAS AND UNINCORPORATED AREAS</b>	
<b>EFFECTIVE DATE:</b>	<b>Bills Rendered on or after 06/01/2016</b>	<b>PAGE: 16</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	\$ 738.00 per month
First 0 MMBtu to 1,500 MMBtu	\$ 0.3096 per MMBtu
Next 3,500 MMBtu	\$ 0.2267 per MMBtu
All MMBtu over 5,000 MMBtu	\$ 0.0486 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**

<b>RATE SCHEDULE:</b>	<b>T – TRANSPORTATION</b>	
<b>APPLICABLE TO:</b>	<b>ALL CUSTOMERS IN THE MID-TEX DIVISION EXCEPT THE CITY OF DALLAS AND UNINCORPORATED AREAS</b>	
<b>EFFECTIVE DATE:</b>	<b>Bills Rendered on or after 06/01/2016</b>	<b>PAGE: 17</b>

**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**

<b>RIDER:</b>	<b>WNA – WEATHER NORMALIZATION ADJUSTMENT</b>	
<b>APPLICABLE TO:</b>	<b>ALL CUSTOMERS IN THE MID-TEX DIVISION EXCEPT THE CITY OF DALLAS AND UNINCORPORATED AREAS</b>	
<b>EFFECTIVE DATE:</b>	<b>Bills Rendered on or after 11/01/2016</b>	<b>PAGE: 41</b>

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**

<b>RIDER:</b>	<b>WNA – WEATHER NORMALIZATION ADJUSTMENT</b>	
<b>APPLICABLE TO:</b>	<b>ALL CUSTOMERS IN THE MID-TEX DIVISION EXCEPT THE CITY OF DALLAS AND UNINCORPORATED AREAS</b>	
<b>EFFECTIVE DATE:</b>	<b>Bills Rendered on or after 11/01/2016</b>	<b>PAGE: 42</b>

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	10.09	0.1392	98.01	0.6440
Austin	11.21	0.1551	203.36	0.8564
Dallas	13.72	0.2048	189.83	0.9984
Waco	9.89	0.1411	129.75	0.6695
Wichita Falls	11.49	0.1506	122.35	0.5967

Weather Normalization Adjustment (WNA) Report

On or before June 1 of each year, the company posts on its website at [atmosenergy.com/mtx-wna](http://atmosenergy.com/mtx-wna), in Excel format, a *Weather Normalization Adjustment (WNA) Report* to show how the company calculated its WNAs factor during the preceding winter season. Additionally, on or before June 1 of each year, the company files one hard copy and an Excel version of the *WNA Report* with the Railroad Commission of Texas' Gas Services Division, addressed to the Director of that Division.

File Date: March 1, 2016

**ATMOS ENERGY CORP., MID-TEX DIVISION  
PROPOSED TARIFF STRUCTURE (BEFORE RATE CASE EXPENSE RECOVERY)  
TEST YEAR ENDING DECEMBER 31, 2015**

	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)
1	Proposed Change In Rates:		\$ 29,603,205		Schedule A						
2	Proposed Change In Rates without Revenue Related Taxes:		\$ 27,447,850		Ln 1 divided by factor on WP_F-5.1						
3											
4											
5											
6		Revenue Requirements	Allocations								
7	Residential	\$ 338,431,486	77.95%		Per 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	<u>\$ 434,145,424</u>									

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16 With Proportional Increase all classes but Residential and a 40% residential base charge increase:

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	Current	Prospective	Revenues
18 Residential Base Charge	\$ 18.56	\$ 0.48	\$ 8,558,622
19 Residential Consumption Charge	\$ 0.09931	\$ 0.01540	12,837,933
20 Commercial Base Charge	\$ 39.87	\$ 1.81	2,662,423
21 Commercial Consumption Charge	\$ 0.08020	\$ 0.00480	2,662,423
22 I&T Base Charge	\$ 697.35	\$ 38.03	363,224
23 I&T Consumption Charge Tier 1 MMBTU	\$ 0.2937	\$ 0.0166	172,167
24 I&T Consumption Charge Tier 2 MMBTU	\$ 0.2151	\$ 0.0121	139,070
25 I&T Consumption Charge Tier 3 MMBTU	\$ 0.0461	\$ 0.0026	<u>51,988</u>
26			\$ 27,447,850

16 With Customer Charges Rounded Off and residential base charge increase for 2015 limited to \$0.50 per RRM tariff:

	Proposed Change	Proposed Change In Revenues	Proposed Rates	Proposed Revenues
Residential Base Charge	\$ 0.52	\$ 9,335,278	\$ 19.08	\$ 339,813,673
Residential Consumption Charge	\$ 0.01447	12,061,297	\$ 0.11378	94,839,970
Commercial Base Charge	\$ 1.83	2,697,162	\$ 41.70	61,390,268
Commercial Consumption Charge	\$ 0.00474	2,626,475	\$ 0.08494	47,065,984
I&T Base Charge	\$ 39.65	378,728	\$ 737.00	7,039,815
I&T Consumption Charge Tier 1 MMBTU	\$ 0.0159	165,150	\$ 0.3096	3,215,747
I&T Consumption Charge Tier 2 MMBTU	\$ 0.0116	132,888	\$ 0.2267	2,597,042
I&T Consumption Charge Tier 3 MMBTU	\$ 0.0025	<u>49,955</u>	\$ 0.0486	<u>971,117</u>
		\$ 27,446,933		\$ 556,933,616

File Date: March 1, 2016

**ATMOS ENERGY CORP., MID-TEX DIVISION  
PENSIONS AND RETIREE MEDICAL BENEFITS ADJUSTMENT  
TEST YEAR ENDING DECEMBER 31, 2015**

Line No.	Description	Shared Services		Mid-Tex Direct			Adjustment Total
		Pension Account Plan ("PAP")	Post-Retirement Medical Plan ("FAS 106")	Pension Account Plan ("PAP")	Supplemental Executive Benefit Plan ("SERP")	Post-Retirement Medical Plan ("FAS 106")	
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
1	Fiscal Year 2016 Towers Watson Report as adjusted (1), (3)	\$ 5,101,680	\$ 2,896,450	\$ 7,840,683	\$ 150,433	\$ 4,466,430	
2	O&M Expense Factor (2)	96.41%	96.41%	37.42%	20.77%	37.42%	
3	Fiscal Year 2016 Actuarially Determined O&M Benefits (Ln 1 x Ln 2)	\$ 4,918,540	\$ 2,792,473	\$ 2,933,599	\$ 31,249	\$ 1,671,119	
4	Allocation to Mid-Tex (2)	40.56%	40.56%	71.52%	100.00%	71.52%	
5	<b>Mid-Tex Benefits Expense Included in Rates - Proposed (Ln 3 x Ln 4)</b>	<b>\$ 1,995,016</b>	<b>\$ 1,132,659</b>	<b>\$ 2,098,222</b>	<b>\$ 31,249</b>	<b>\$ 1,195,248</b>	<b>\$ 6,452,393</b>
6							
7	<b>Mid-Tex Benefits Expense per GUD 10359 and RRM Test Year Ending December 31, 2014 Benchmark (4)</b>	\$ 2,831,859	\$ 2,013,260	\$ 2,925,600	\$ 34,809	\$ 2,695,721	\$ 10,501,250
8							
9	<b>Test Year Adjustment (Line 5 minus Line 7)</b>	\$ (836,844)	\$ (880,601)	\$ (827,379)	\$ (3,561)	\$ (1,500,472)	\$ (4,048,856)
10							
11	Adjustment Summary:						
12	Account 922	\$ (836,844)	\$ (880,601)	\$ -	\$ -	\$ -	\$ (1,717,445)
13	Account 926	-	-	(827,379)	(3,561)	(1,500,472)	(2,331,412)
14	Total (Ln 12 plus Ln 13)	\$ (836,844)	\$ (880,601)	\$ (827,379)	\$ (3,561)	\$ (1,500,472)	\$ (4,048,856)

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16  
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Notes:

- 18 1. Studies not applicable to Mid-Tex or Shared Services are omitted.  
19 2. The factors on Lines 2 and 4 are based on the factors in 2016 RRM (Test Year Ending December 31,2015).  
20 3. SSU amounts exclude cost centers which do not allocate to Mid-Tex for rate making purposes.  
21 4. GUD No. 10359 is the benchmark for January-May which is the same benchmark as used in the RRM TYE December 31, 2014 for June-December.

**ATMOS ENERGY CORP., MID-TEX DIVISION  
PENSIONS AND RETIREE MEDICAL BENEFITS FOR CITIES APPROVAL  
TEST YEAR ENDING DECEMBER 31, 2015**

Line No.	Description	Shared Services		Mid-Tex Direct			Adjustment Total
		Pension Account Plan ("PAP")	Post-Retirement Medical Plan ("FAS 106")	Pension Account Plan ("PAP")	Supplemental Executive Benefit Plan ("SERP")	Post-Retirement Medical Plan ("FAS 106")	
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
1	Fiscal Year 2016 Towers Watson Report (excluding Removed Cost Centers)	\$ 5,101,680	\$ 2,896,450	\$ 7,840,683	\$ 150,433	\$ 4,466,430	
2	Allocation to Mid-Tex	40.56%	40.56%	71.52%	100.00%	71.52%	
3	FY16 Towers Watson Benefit Costs (excluding Removed Cost Centers) Allocated to MTX (Ln 1 x Ln 2)	\$ 2,069,299	\$ 1,174,833	\$ 5,607,955	\$ 150,433	\$ 3,194,561	
4	O&M and Capital Allocation Factor	100.00%	100.00%	100.00%	100.00%	100.00%	
5	FY16 Towers Watson Benefit Costs To Approve (excluding Removed Cost Centers) (Ln 3 x Ln 4)	\$ 2,069,299	\$ 1,174,833	\$ 5,607,955	\$ 150,433	\$ 3,194,561	\$ 12,197,081
6							
7							
8	<b>Summary of Costs to Approve:</b>						
9							
10	Total Pension Account Plan ("PAP")	\$ 2,069,299		\$ 5,607,955			\$ 7,677,254
11	Total Post-Retirement Medical Plan ("FAS 106")		\$ 1,174,833			\$ 3,194,561	4,369,394
12	Total Supplemental Executive Retirement Plan ("SERP")				\$ 150,433		150,433
13	Total (Ln 10 + Ln 11 + Ln 12)	\$ 2,069,299	\$ 1,174,833	\$ 5,607,955	\$ 150,433	\$ 3,194,561	\$ 12,197,081
14							
15							
16	O&M Expense Factor	96.41%	96.41%	37.42%	20.77%	37.42%	
17							
18	Expense Portion (Ln 13 x Ln 16)	\$ 1,995,016	\$ 1,132,659	\$ 2,098,222	\$ 31,249	\$ 1,195,248	\$ 6,452,393
19							
20	Capital Factor	3.59%	3.59%	62.58%	79.23%	62.58%	
21							
22	Capital Portion (Ln 13 x Ln 20)	\$ 74,283	\$ 42,174	\$ 3,509,733	\$ 119,184	\$ 1,999,313	\$ 5,744,687
23							
24	Total (Ln 18 + Ln 22)	\$ 2,069,299	\$ 1,174,833	\$ 5,607,955	\$ 150,433	\$ 3,194,561	\$ 12,197,081