

ACTION FORM BRYAN CITY COUNCIL

DATE OF COUNCIL MEETING: October 22, 2013		DATE SUBMITTED: October 2, 2013	
DEPARTMENT OF ORIGIN: City Manager's Office		SUBMITTED BY: Hugh R. Walker	
MEETING TYPE:	CLASSIFICATION:	ORDINANCE:	STRATEGIC INITIATIVE:
<input type="checkbox"/> BCD	<input type="checkbox"/> PUBLIC HEARING	<input type="checkbox"/> 1ST READING	<input type="checkbox"/> PUBLIC SAFETY
<input type="checkbox"/> SPECIAL	<input type="checkbox"/> CONSENT	<input type="checkbox"/> 2ND READING	<input type="checkbox"/> SERVICE
<input checked="" type="checkbox"/> REGULAR	<input checked="" type="checkbox"/> STATUTORY		<input checked="" type="checkbox"/> ECONOMIC DEVELOP.
<input type="checkbox"/> WORKSHOP	<input type="checkbox"/> REGULAR		<input checked="" type="checkbox"/> INFRASTRUCTURE
			<input checked="" type="checkbox"/> QUALITY OF LIFE
<p>AGENDA ITEM DESCRIPTION: Consideration of a resolution approving a change in the rates of the Atmos Energy Corporation, Mid-Tex Division (Atmos) as a result of a settlement between Atmos and the Atmos Texas Municipalities (ATM) under the Rate Review Mechanism (RRM); finding the rates set by the attached tariffs to be just and reasonable; directing Atmos Energy to reimburse the City's rate-case expenses; finding that the meeting complied with the Open Meetings Act; declaring an effective date; and requiring delivery of the resolution to the company and legal counsel.</p>			
<p>SUMMARY STATEMENT: For several years, the City of Bryan has been a member of the Atmos Texas Municipalities ("ATM") coalition. The ATM group was organized by a number of municipalities served by Atmos Energy Corporation, Mid-Tex Division (Atmos) and has been represented by the law firm of Herrera & Boyle, PLLC (through Mr. Jim Boyle and now Mr. Alfred R. Herrera). ATM also retained the services of a consulting firm, Utilitech, Inc. (Mr. Mike Brosch and Mr. Steve Carver) to assist in reviewing an application submitted by Atmos that seeks to change Atmos' rates. The firm of Utilitech has also participated in prior rate cases involving Atmos.</p> <p>In the summer of 2013, Atmos and ATM entered into an agreement that approved a process for calculating annual changes to Atmos' rates under a tariff called the Rate Review Mechanism (RRM). Atmos submitted its RRM package to the cities on or around July 15, 2013. Atmos requested an increase in rates on a system-wide basis of \$22.7 million. Atmos' requested amount of \$22.7 million includes a \$3 million reduction that is a component of the RRM tariff. Without the reduction, Atmos' request would have been \$25.7 million.</p> <p>After reviewing Atmos' rate-filing package, experts retained by ATM concluded in a preliminary report that an increase of only \$8.5 million was supported by Atmos' data. ATM's experts' recommendations focused on Atmos' Operations and Maintenance expenses, Medical and Dental Benefits, Insurance expenses, Tax Adjustments, Capital Structure and Cost of Debt, and Regulatory Assets. Following a series of settlement negotiations between Atmos' experts and ATM's experts, and the back and forth that accompanies such negotiations, Atmos offered to resolve this matter for an increase of \$16.6 million, a \$6.1 million decrease from its original proposal. In response to ATM's request, and as part of its settlement offer, Atmos also agreed to postpone the effective date of the increased rates by two weeks, which has the effect of reducing its total system-wide increase by about \$300,000.00.</p> <p>Special counsel (ATM legal experts), utility specialists (ATM experts), and City staff recommend approving the proposed resolution.</p>			
<p>STAFF ANALYSIS AND RECOMMENDATION: After a series of negotiations by ATM experts with Atmos, and given the risks of continued litigation of this matter, ATM's special counsel (and City staff) recommends approval of an increase of \$16.6 million. While this amount is materially higher than ATM's experts' preliminary report suggests, if the ATM cities reject Atmos' settlement offer, Atmos likely will appeal the City's decision to reject their original request to the Commission. There are a number of contested issues whose outcome would be</p>			

uncertain in an appeal to the Commission. Also, an increase of \$16.6 million is within the range of possible outcomes on appeal, particularly in light of the many rulings the Commission has issued that favor the utilities over ratepayers.

Therefore, given the cost of litigation and the risks of an unfavorable outcome at the Commission, special counsel advises ATM and its member cities to accept a settlement increasing rates by \$16.6 million, which is about 27% less than Atmos' full requested increase. The rate schedules to accomplish the increase are attached to the proposed resolution approving the increase. Approval of the proposed \$16.6M results in an increase of an average customers' total bill as follows:

- Residential Customer: \$0.74/month and 1.75% overall.
- Commercial customer: \$2.16/month and 1.01% overall.
- Industrial/Transportation Customer: \$53.65/month and 2.02% overall.

The attached proposed resolution directs Atmos to reimburse ATM's rate-case expenses and also establishes Atmos' Pension and Other Post-Employment Benefits for purposes of establishing the benchmark for Pension/OPEB costs.

Outside legal counsel recommends that the City take action as soon as possible and no later than November 1, 2013. On November 1, 2013, Atmos could implement the rates proposed in the July 15, 2013, RRM package submitted to the City, if the City Council does not take action by November 1, 2013.

OPTIONS (In Suggested Order of Staff Preference):

1. Approve the proposed resolution, which denies Atmos' requested increase of \$22.7M but provides an increase of \$16.6M.
2. Do not approve the proposed resolution and deny any increase, which likely will result in Atmos appealing to the Railroad Commission of Texas.
3. Do not approve the proposed resolution but consider an increase in an amount other than that proposed in the resolution. If that amount is less than \$16.6M, Atmos may appeal the decision to the Railroad Commission of Texas. If that amount is more than \$16.6M, the result is an increase more than what ATM negotiated with Atmos. Additionally, this action (an amount different than recommend in the Council Action Form and proposed resolution) may require consideration at a future City Council meeting.
4. Approve the Atmos rate as requested on July 15, 2013, which likely results in higher rates than the negotiated rate for customers. This action may require consideration at a future City Council meeting.

Note: An appeal to the Railroad Commission of Texas results in Atmos immediately implementing the proposed rate increase of \$22.7M – subject to refund if the Commission's review later finds the increase inappropriate. Outside legal counsel warns there is substantial risk the Commission would grant Atmos a greater increase than the currently proposed settlement amount.

ATTACHMENTS:

1. Proposed Resolution
2. Proposed Resolution Attachments A & B
3. Atmos Energy letter dated July 15, 2013, notifying the City of Bryan of a Rate Review Mechanism Filing (pdf document)

FUNDING SOURCE: na

APPROVALS: Hugh R. Walker, 10/02/2013

APPROVED FOR SUBMITTAL: CITY MANAGER Kean Register, 10/07/2013

APPROVED FOR SUBMITTAL: CITY ATTORNEY Janis K. Hampton, 10/14/2013

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BRYAN, TEXAS (“CITY”), APPROVING A CHANGE IN THE RATES OF ATMOS ENERGY CORPORATION, MID-TEX DIVISION (“ATMOS”) AS A RESULT OF A SETTLEMENT BETWEEN ATMOS AND THE ATMOS TEXAS MUNICIPALITIES (“ATM”) UNDER THE RATE REVIEW MECHANISM; FINDING THE RATES SET BY THE ATTACHED TARIFFS TO BE JUST AND REASONABLE; DIRECTING ATMOS ENERGY TO REIMBURSE THE CITY’S RATE-CASE EXPENSES; FINDING THAT THE MEETING COMPLIED WITH THE OPEN MEETINGS ACT; DECLARING AN EFFECTIVE DATE; AND REQUIRING DELIVERY OF THE RESOLUTION TO THE COMPANY AND LEGAL COUNSEL.

WHEREAS, the City of Bryan, Texas (“City”) is a regulatory authority under the Gas Utility Regulatory Act (“GURA”) and under § 103.001 of GURA has exclusive original jurisdiction over Atmos Energy Corporation – Mid-Tex Division’s (“Atmos”) rates, operations, and service of a gas utility within the municipality; and

WHEREAS, Section 103.021 of GURA authorizes the City to obtain information from Atmos as necessary to make a determination of the basis for the Atmos’ proposed increase in rates; and

WHEREAS, Section 103.022 of GURA provides that Atmos shall reimburse the City its reasonable cost of engaging personnel to assist it in reviewing Atmos’ application; and

WHEREAS, the City has participated in prior cases regarding Atmos as part of a coalition of cities known as the Atmos Texas Municipalities (“ATM”); and

WHEREAS, the Rate Review Mechanism (“RRM”) for 2013 that Atmos filed with the City Secretary on or around July 15, 2013, proposed a system-wide increase of \$22.7 million; and

WHEREAS, experts representing ATM have analyzed data furnished by Atmos and have interviewed Atmos’ management regarding the RRM; and

WHEREAS, it is necessary to establish the benchmark cost for Pensions and Other Post-Employment Benefits (Pension/OPEB); and

WHEREAS, on September 26, 2013, ATM and Atmos entered into a settlement agreement which would provide for a net increase of \$16.6 million. This rate change will cause the rates to increase by \$0.74 per month for a typical residential customer; and

WHEREAS, the settlement agreement’s net decrease to Atmos’ previously filed request would be approximately 27% less than such filed RRM; and

WHEREAS, the Steering Committee of ATM and its counsel recommend approval of the attached tariffs, set forth as Attachment A.

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF BRYAN, TEXAS THAT:

1.

The findings set forth in this Resolution are hereby in all things approved.

2.

The amended tariffs in Attachment A are hereby adopted to become effective on November 1, 2013.

3.

The benchmark for Pension and Other Post-Employment Benefits shall be as shown in Atmos' RRM 2013 Application at Workpapers F-2.3 and F-2.3.1, for Fiscal Year 2013, appended to this Resolution as Attachment B.

4.

Atmos is hereby directed to reimburse the City's costs, as part of the Atmos Texas Municipalities, of engaging counsel, rate consultants, and other personnel in assisting the City in its investigation of Atmos' proposed increase in rates.

5.

To the extent any Resolution previously adopted by the City Council is inconsistent with this Resolution, it is hereby superseded.

6.

The meeting at which this Resolution was approved was in all things conducted in strict compliance with the Texas Open Meetings Act, Texas Government Code, Chapter 551.

7.

If any one or more sections or clauses of this Resolution is judged to be unconstitutional or invalid, such judgment shall not affect, impair or invalidate the remaining provisions of this Resolution and the remaining provisions of the Resolution shall be interpreted as if the offending section or clause never existed.

8.

This Resolution shall become effective immediately from and after its passage.

9.

A copy of this Resolution shall be sent to Atmos Mid-Tex, care of Christopher Felan, Vice President of Rates and Regulatory Affairs, Atmos Energy Corporation, 5420 LBJ Freeway, Suite 1600, Dallas, Texas 75240 and to Mr. Alfred R. Herrera, Herrera & Boyle, PLLC, 816 Congress Avenue, Suite 1250, Austin, Texas 78701.

PASSED AND APPROVED this 22nd day of October, 2013.

ATTEST:

CITY OF BRYAN:

Mary Lynne Stratta, City Secretary

Jason P. Bienski, Mayor

APPROVED AS TO FORM:

Janis K. Hampton, City Attorney

ATTACHMENT A

Rate Schedule: R – Residential Sales

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**MID-TEX DIVISION
ATMOS ENERGY CORPORATION**

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 11/01/2013	

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	\$ 17.70 per month
Rider CEE Surcharge	\$ 0.02 per month ¹
Total Customer Charge	\$ 17.72 per month
Commodity Charge – All Ccf	\$0.05831 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, 2013.

Rate Schedule: C – Commercial Sales

**MID-TEX DIVISION
ATMOS ENERGY CORPORATION**

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 11/01/2013	

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	\$ 35.75 per month
Rider CEE Surcharge	\$ 0.10 per month ¹
Total Customer Charge	\$ 35.85 per month
Commodity Charge – All Ccf	\$ 0.06893 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, 2013.

Rate Schedule: I – Industrial Sales

**MID-TEX DIVISION
ATMOS ENERGY CORPORATION**

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 11/01/2013	

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	\$ 620.00 per month
First 0 MMBtu to 1,500 MMBtu	\$ 0.2565 per MMBtu
Next 3,500 MMBtu	\$ 0.1879 per MMBtu
All MMBtu over 5,000 MMBtu	\$ 0.0403 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**

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 11/01/2013	

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.

11/01/2013 11:00:00 AM

Rate Schedule: T – Transportation Sales

**MID-TEX DIVISION
ATMOS ENERGY CORPORATION**

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 11/01/2013	

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	\$ 620.00 per month
First 0 MMBtu to 1,500 MMBtu	\$ 0.2565 per MMBtu
Next 3,500 MMBtu	\$ 0.1879 per MMBtu
All MMBtu over 5,000 MMBtu	\$ 0.0403 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**

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 11/01/2013	

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.

11/01/2013 11:00:00 AM

Rate Schedule: WNA – Weather Normalization Adjustment

**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 11/01/2013	

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 11/01/2013	

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	9.97	0.1318	96.50	0.5659
Austin	11.05	0.1262	189.59	0.7195
Dallas	13.13	0.1832	171.84	0.8797
Waco	9.78	0.1262	117.60	0.5774
Wichita Falls	10.99	0.1297	107.70	0.5041

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 WNA 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.

Pension and Other Post-Employment Benefits Benchmark

Workpapers F-2.3 and F-2.3.1

Workpaper F-2.3

File Date: July 15, 2013

**ATMOS ENERGY CORP., MID-TEX DIVISION
PENSIONS AND RETIREE MEDICAL BENEFITS ADJUSTMENT
TEST YEAR ENDING DECEMBER 31, 2012**

Line No.	Description (b)	Shared Services		Mid-Tex Direct			Adjustment Total (g)
		Pension Account Plan ("PAP") (c)	Post-Retirement Medical Plan ("FAS 106") (c)	Pension Account Plan ("PAP") (d)	Supplemental Executive Benefit Plan ("SERP") (e)	Post-Retirement Medical Plan ("FAS 106") (f)	
1	Fiscal Year 2013 Towers Watson Report as adjusted (1), (3)	\$ 7,245,777	\$ 4,844,074	\$ 10,862,319	\$ 160,115	\$ 9,458,845	
2	O&M Expense Factor (2)	82.36%	82.36%	40.35%	37.75%	40.35%	
3	Fiscal Year 2013 Actuarially Determined O&M Benefits (Ln 1 x Ln 2)	\$ 5,967,117	\$ 3,989,572	\$ 4,383,052	\$ 60,444	\$ 3,816,737	
4	Allocation to Mid-Tex (2)	46.50%	46.50%	73.77%	100.00%	73.77%	
5	Mid-Tex Benefits Expense Included in Rates - Proposed (Ln 3 x Ln 4)	\$ 2,774,880	\$ 1,855,265	\$ 3,233,311	\$ 60,444	\$ 2,815,549	
6	Mid-Tex Benefits Expense per GUD 9869 Benchmark	\$ 838,124	\$ 1,087,066	\$ 2,035,891	\$ 171,212	\$ 2,961,588	\$ 7,114,881
7	Test Year Adjustment (Line 5 minus Line 7)	\$ 1,935,756	\$ 768,199	\$ 1,197,420	\$ (110,768)	\$ (166,040)	\$ 3,624,567
8	Adjustment Summary:						
12	Account 922	\$ 1,935,756	\$ 768,199	\$ -	\$ -	\$ -	\$ 2,703,955
13	Account 926	\$ -	\$ -	\$ 1,197,420	\$ (110,768)	\$ (166,040)	\$ 920,612
14	Total (Ln 12 plus Ln 13)	\$ 1,935,756	\$ 768,199	\$ 1,197,420	\$ (110,768)	\$ (166,040)	\$ 3,624,567

Notes:
 1. Studies not applicable to Mid-Tex or Shared Services are omitted.
 2. Shared Services' ratios in Columns (b) and (c) are based upon FY13 factors as adjusted for the 4-Factor method including Operating Income; The four-factor formula calculation does not include the state of Georgia. Mid-Tex factors are based upon actual test year ratios.
 3. SSU amounts exclude cost centers which do not allocate to Mid-Tex for rate making purposes.

Workpaper F-2.3.1

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File Date: July 15, 2013

**ATMOS ENERGY CORP., MID-TEX DIVISION
PENSIONS AND RETIREE MEDICAL BENEFITS FOR CITIES APPROVAL
TEST YEAR ENDING DECEMBER 31, 2012**

Line No.	Description (a)	Shared Services		Mid-Tex Direct		Adjustment Total (g)
		Pension Account Plan ("PAP") (b)	Post-Retirement Medical Plan ("FAS 106") (c)	Pension Account Executive Plan ("SERP") (d)	Supplemental Post-Retirement Medical Plan ("FAS 106") (e)	
1	Fiscal Year 2013 Towers Watson Report (excluding Removed Cost Centers)					
2	Allocation to Mid-Tax	\$ 7,245,177 \$ 46.50%	\$ 4,844,074 \$ 46.50%	\$ 10,862,319 \$ 73.77%	\$ 160,115 \$ 100.00%	\$ 9,458,845 \$ 73.77%
3	FY13 Towers Watson Benefit Costs (excluding Removed Cost Centers)	\$ 3,369,215 \$ 100.00%	\$ 2,252,633 \$ 100.00%	\$ 8,012,967 \$ 100.00%	\$ 160,115 \$ 100.00%	\$ 6,977,646 \$ 100.00%
4	O&M and Capital Allocation Factor					
5	FY13 Towers Watson Benefit Costs To Approve (excluding Removed Cost Centers) (Ln 3 x Ln 4)	\$ 3,369,215 \$	\$ 2,252,633 \$	\$ 8,012,967 \$	\$ 160,115 \$	\$ 6,977,646 \$ 20,772,576
6						
7						
8	Summary of Costs to Approve:					
9	Total Pension Account Plan ("PAP")	\$ 3,369,215 \$	\$ 2,252,633 \$	\$ 8,012,967 \$	\$ 160,115 \$	\$ 11,382,182 \$
10	Total Post-Retirement Medical Plan ("FAS 106")					\$ 9,230,279 \$
11	Total Supplemental Executive Retirement Plan ("SERP")					\$ 160,115 \$
12	Total (Ln 10 + Ln 11 + Ln 12)	\$ 3,369,215 \$	\$ 2,252,633 \$	\$ 8,012,967 \$	\$ 160,115 \$	\$ 20,772,576 \$
13						
14						
15	O&M Expense Factor	82.36%	82.36%	40.35%	37.75%	40.35%
16						
17	Expense Portion (Ln 13 x Ln 16)	\$ 2,774,880 \$	\$ 1,855,265 \$	\$ 3,233,311 \$	\$ 60,444 \$	\$ 2,815,549 \$ 10,739,449
18						
19	Capital Factor	17.64%	17.64%	59.65%	62.25%	59.65%
20						
21	Capital Portion (Ln 13 x Ln 20)	\$ 594,335 \$	\$ 397,368 \$	\$ 4,779,656 \$	\$ 99,671 \$	\$ 4,162,037 \$ -10,033,127
22						
23	Total (Ln 18 + Ln 22)	\$ 3,369,215 \$	\$ 2,252,633 \$	\$ 8,012,967 \$	\$ 160,115 \$	\$ 6,977,646 \$ 20,772,576
24						