

ORDINANCE NO. 20170518-068

AN ORDINANCE APPROVING REVISED GAS TARIFFS OF ATMOS ENERGY CORPORATION, MID-TEX DIVISION.

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF AUSTIN:

PART 1. FINDINGS.

The Council finds:

- (A) Under the Gas Utility Regulatory Act, Chapters 101 through 105 of the Texas Utilities Code, the City has exclusive original regulatory jurisdiction over the rates charged, operations, and services provided by Atmos Energy Corporation- Mid-Tex Division (Atmos) within the City.
- (B) The City participates as a member of a coalition of municipalities known as the Atmos Texas Municipalities (ATM) all having original regulatory jurisdictional authority over Atmos' rates charged, operations, and services provided to residents of those municipalities.
- (C) Section 103.021 of the Texas Utilities Code authorizes the City to obtain information from Atmos as necessary to make a determination of the basis for Atmos' proposed increase in rates.
- (D) The Atmos rate filing for 2017, or Rate Review Mechanism (RRM), that it filed with the ATM municipalities requested a system-wide increase of \$57.4 million.
- (E) After analyzing data furnished by Atmos, interviewing Atmos management regarding the 2017 RRM filing, and considering the likely outcome if Atmos were to appeal to the Texas Railroad Commission, ATM's rate experts and counsel recommend that the ATM municipalities agree to and adopt 2017 RRM rates on terms that permit Atmos to implement a combined \$48 million system-wide rate increase in accordance with the attached tariffs, set forth as Attachment A, along with the proof of revenues set forth as Attachment B, and Attachment C, setting forth the beginning balance for purposes of determining pension and other post-employment benefits to be recovered in the next rate filing.

PART 2. The tariffs in Attachment A are hereby approved to become effective on June 1, 2017. Attachment B (revenue requirement proof) and Attachment C, setting forth the beginning balance for purposes of determining pension and other post-employment benefits to be recovered in the next rate filing, are approved.

PART 3. A copy of this ordinance 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 Mr. Alfred R. Herrera, Herrera & Boyle, PLLC, 816 Congress Avenue, Suite 1250, Austin, Texas 78701.

PART 4. This ordinance takes effect on May 29, 2017.

PASSED AND APPROVED

_____, May 18 _____, 2017

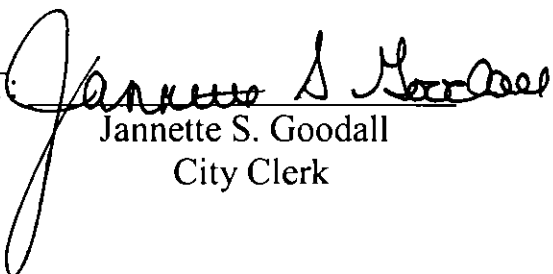
APPROVED: _____


Anne L. Morgan
City Attorney

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§
§


Steve Adler
Mayor

ATTEST: _____


Jannette S. Goodall
City Clerk

2017 Atmos RRM
Attachment A - Tariffs

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	\$ 19.60 per month
Rider CEE Surcharge	\$ 0.02 per month ¹
Total Customer Charge	\$ 19.62 per month
Commodity Charge – All <u>Ccf</u>	\$0.14427 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, 2016.

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	\$ 44.70 per month
Rider CEE Surcharge	\$ 0.08 per month ¹
Total Customer Charge	\$ 44.78 per month
Commodity Charge – All Ccf	\$ 0.09279 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, 2016.

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	\$ 799.75 per month
First 0 MMBtu to 1,500 MMBtu	\$ 0.3374 per MMBtu
Next 3,500 MMBtu	\$ 0.2470 per MMBtu
All MMBtu over 5,000 MMBtu	\$ 0.0530 per MMBtu

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

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

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

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

Curtailment Overpull Fee

Upon notification by Company of an event of curtailment or interruption of Customer's deliveries, Customer will, for each MMBtu delivered in excess of the stated level of curtailment or interruption, pay Company 200% of the midpoint price for the Katy point listed in *Platts Gas Daily* published for the applicable Gas Day in the table entitled "Daily Price Survey."

Replacement Index

In the event the "midpoint" or "common" price for the Katy point listed in *Platts Gas Daily* in the table entitled "Daily Price Survey" is no longer published, Company will calculate the applicable imbalance fees utilizing a daily price index recognized as authoritative by the natural gas industry and most closely approximating the applicable index.

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.

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	\$ 799.75 per month
First 0 MMBtu to 1,500 MMBtu	\$ 0.3374 per MMBtu
Next 3,500 MMBtu	\$ 0.2470 per MMBtu
All MMBtu over 5,000 MMBtu	\$ 0.0530 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.

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.

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:

$$WNA_{ij} = WNAF_i \times q_{ij}$$

Where q_{ij} is the relevant sales quantity for the j th customer in i th rate schedule.

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	9.79	0.1347	93.16	0.6060
Austin	10.37	0.1483	190.68	0.9069
Dallas	13.36	0.2089	180.35	1.0191
Waco	9.64	0.1348	124.37	0.5791
Wichita Falls	11.20	0.1412	107.96	0.5571

Weather Normalization Adjustment (WNA) Report

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

2017 Atmos RRM
Attachment B – Proof of Revenues

ATMOS ENERGY CORP., MID-TEX DIVISION
SUMMARY OF CURRENT AND PROPOSED RATE STRUCTURE - BASE RATES
TEST YEAR ENDING DECEMBER 31, 2016

Line No.	Description	Current ICL	Proposed ICL
	(a)	(b)	(c)
1	Rate R		
2	Customer Charge per month	\$ 19.08	\$ 19.60
3	Customer Charge Rate Case Expense Recovery	0.02	-
4	Total Customer Charge	\$ 19.10	\$ 19.60
5			
6	Consumption Charge per CCF	\$ 0.11378	\$ 0.14427
7			
8			
9	Rate C		
10	Customer Charge per month	\$ 41.70	\$ 44.70
11	Customer Charge Rate Case Expense Recovery	0.05	-
12	Total Customer Charge	\$ 41.75	\$ 44.70
13			
14	Consumption Charge per CCF	\$ 0.08494	\$ 0.09279
15			
16			
17	Rate I & T		
18	Customer Charge per month	\$ 737.00	\$ 799.75
19	Customer Charge Rate Case Expense Recovery	1.00	-
20	Total Customer Charge	\$ 738.00	\$ 799.75
21			
22	Consumption Charge per MMBTU:		
23	First 1,500 MMBTU	\$ 0.3096	\$ 0.3374
24	Next 3,500 MMBTU	\$ 0.2267	\$ 0.2470
25	Over 5,000 MMBTU	\$ 0.0486	\$ 0.0530

ATMOS ENERGY CORP., MID-TEX DIVISION
 PROPOSED TARIFF STRUCTURE (BEFORE RATE CASE EXPENSE RECOVERY)
 TEST YEAR ENDING DECEMBER 31, 2018

	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)
1	Proposed Change In Rates		\$	48,000,000	Schedule A						
2	Proposed Change In Rates without Revenue Related Taxes		\$	44,800,457	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		2.55%	Per GUD 10170 Final Order						
10	Net Revenue Requirements GUD No. 10170	\$ 434,145,424									
11											
12											
13											
14											
15											
16	With Proportional Increase all classes but Residential and a 40% residential base charge increase										
17											
18		Current	Prospective	Revenues							
19											
20	Residential Base Charge	\$ 19.08	\$ 0.77	\$ 13,969,407	Residential Base Charge	\$ 0.52	\$ 9,385,859	\$ 19.60	\$ 353,851,897		
21	Residential Consumption Charge	\$ 0.11378	\$ 0.02502	20,954,111	Residential Consumption Charge	\$ 0.03049	25,534,444	\$ 0.14427	120,821,718		
22	Commercial Base Charge	\$ 41.70	\$ 2.96	4,345,614	Commercial Base Charge	\$ 3.00	4,409,676	\$ 44.70	65,707,365		
23	Commercial Consumption Charge	\$ 0.08494	\$ 0.00757	4,345,614	Commercial Consumption Charge	\$ 0.00785	4,280,326	\$ 0.09279	50,595,093		
24	I&T Base Charge	\$ 737.00	\$ 62.70	582,856	I&T Base Charge	\$ 62.75	593,364	\$ 799.75	7,562,427		
25	I&T Consumption Charge Tier 1 MMBTU	\$ 0.3096	\$ 0.0278	279,522	I&T Consumption Charge Tier 1 MMBTU	\$ 0.0278	279,726	\$ 0.3374	3,394,949		
26	I&T Consumption Charge Tier 2 MMBTU	\$ 0.2257	\$ 0.0203	225,635	I&T Consumption Charge Tier 2 MMBTU	\$ 0.0203	225,178	\$ 0.2470	2,733,848		
27	I&T Consumption Charge Tier 3 MMBTU	\$ 0.0486	\$ 0.0044	87,699	I&T Consumption Charge Tier 3 MMBTU	\$ 0.0044	88,488	\$ 0.0530	1,065,879		
28				\$ 44,800,457			\$ 44,797,060		\$ 605,739,177		
29											

Data Sources
 GUD10170_FINAL.xlsx

Line							June 1, 2016	
					CURRENT	PROPOSED	CHANGE	
1	Rate R @ 46.3 Ccf							
2	Customer charge				\$ 19.10			
3	Consumption charge	46.3	CCF	X \$ 0.11378 =	5.27			
4	Rider GCR Part A	46.3	CCF	X \$ 0.28325 =	13.11			
5	Rider GCR Part B	46.3	CCF	X \$ 0.25447 =	11.78			
6	Subtotal				\$ 49.26			
7	Rider FF & Rider TAX		\$ 49.26	X 0.07142 =	3.52			
8	Total				\$ 52.78			
9								
10	Customer charge					\$ 19.60		
11	Consumption charge	46.3	CCF	X \$ 0.14427 =	6.68			
12	Rider GCR Part A	46.3	CCF	X \$ 0.28325 =	13.11			
13	Rider GCR Part B	46.3	CCF	X \$ 0.25447 =	11.78			
14	Subtotal					\$ 51.17		
15	Rider FF & Rider TAX		\$ 51.17	X 0.07142 =	3.65			
16	Total					\$ 54.82	\$2.04	
17							3.87%	
18								
19	Rate C @ 371 Ccf							
20	Customer charge				\$ 41.75			
21	Consumption charge	371.0	CCF	X \$ 0.08494 =	31.51			
22	Rider GCR Part A	371.0	CCF	X \$ 0.28325 =	105.07			
23	Rider GCR Part B	371.0	CCF	X \$ 0.18646 =	69.17			
24	Subtotal				\$ 247.50			
25	Rider FF & Rider TAX		\$ 247.50	X 0.07142 =	17.68			
26	Total				\$ 265.18			
27								
28	Customer charge					\$ 44.70		
29	Consumption charge	371.0	CCF	X \$ 0.09279 =	34.42			
30	Rider GCR Part A	371.0	CCF	X \$ 0.28325 =	105.07			
31	Rider GCR Part B	371.0	CCF	X \$ 0.18646 =	69.17			
32	Subtotal					\$ 253.36		
33	Rider FF & Rider TAX		\$ 253.36	X 0.07142 =	18.09			
34	Total					\$ 271.45	\$6.27	
35							2.37%	

2017 Atmos RRM
Attachment C – Pension Benchmark

ATTACHMENT C
ATMOS ENERGY CORP., MID-TEX DIVISION
PENSIONS AND RETIREE MEDICAL BENEFITS FOR CITIES APPROVAL
TEST YEAR ENDING DECEMBER 31, 2016

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 2017 Willis Towers Watson Report as adjusted (1).	\$ 5,004,862	\$ 2,864,121	\$ 8,234,627	\$ 194,941	\$ 4,375,142	
2	Allocation to Mid-Tex	45.03%	45.03%	71.23%	100.00%	71.23%	
3	Fiscal Year 2017 Actuarially Determined O&M Benefits (Ln 1 x Ln 2)	\$ 2,253,477	\$ 1,289,592	\$ 5,865,537	\$ 194,941	\$ 3,116,420	
4	O&M and Capital Allocation Factor	100.00%	100.00%	100.00%	100.00%	100.00%	
5	Fiscal Year 17 Willis Towers Watson Benefit Costs To Approve (excluding Removed Cost Centers) (Ln 3 x Ln 4)	\$ 2,253,477	\$ 1,289,592	\$ 5,865,537	\$ 194,941	\$ 3,116,420	\$ 12,719,968
6							
7							
8	Summary of Costs to Approve:						
9							
10	Total Pension Account Plan ("PAP")	\$ 2,253,477		\$ 5,865,537			\$ 8,119,015
11	Total Post-Retirement Medical Plan ("FAS 106")		\$ 1,289,592			\$ 3,116,420	4,406,012
12	Total Supplemental Executive Retirement Plan ("SERP")				\$ 194,941		194,941
13	Total (Ln 10 + Ln 11 + Ln 12)	\$ 2,253,477	\$ 1,289,592	\$ 5,865,537	\$ 194,941	\$ 3,116,420	\$ 12,719,968
14							
15							
16	O&M Expense Factor	74.05%	74.05%	37.75%	20.00%	37.75%	
17							
18	Expense Portion (Ln 13 x Ln 16)	\$ 1,668,700	\$ 954,943	\$ 2,214,432	\$ 38,988	\$ 1,176,551	\$ 6,053,614
19							
20	Capital Factor	25.95%	25.95%	62.25%	80.00%	62.25%	
21							
22	Capital Portion (Ln 13 x Ln 20)	\$ 584,777	\$ 334,649	\$ 3,651,105	\$ 155,953	\$ 1,939,870	\$ 6,666,354
23							
24	Total (Ln 18 + Ln 22)	\$ 2,253,477	\$ 1,289,592	\$ 5,865,537	\$ 194,941	\$ 3,116,420	\$ 12,719,968