



AGENDA

**CITY COUNCIL WORK SESSION
City of Garland
Work Session Room, City Hall
200 North Fifth Street
Garland, Texas
October 2, 2013**

5:30 p.m.

EXECUTIVE SESSION AGENDA

1. Annual report of Vision Energy Consultants, Inc. regarding activities relating to GP&L.

Discussions, deliberations, voting on, and taking final action with regard to any competitive matter, that being a utility-related matter that is related to the City's competitive activity, including commercial information, and would, if disclosed, give advantage to competitors or prospective competitors including any matter that is reasonably related to the following categories of information:

- (A) generation unit specific and portfolio fixed and variable costs, including forecasts of those costs, capital improvement plans for generation units, and generation unit operating characteristics and outage scheduling;
- (B) bidding and pricing information for purchased power, generation and fuel, and Electric Reliability Council of Texas bids, prices, offers, and related services and strategies;
- (C) effective fuel and purchased power agreements and fuel transportation arrangements and contracts;
- (D) risk management information, contracts, and strategies, including fuel hedging and storage;
- (E) plans, studies, proposals, and analyses for system improvements, additions, or sales, other than transmission and distribution system improvements

inside the service area for which the public power utility is the sole certificated retail provider; and

- (F) customer billing, contract, and usage information, electric power pricing information, system load characteristics, and electric power marketing analyses and strategies;

Sec. 551.806; Sec. 552.133, Tex. Gov't Code.

DEFINITIONS:

Written Briefing: Items that generally do not require a presentation or discussion by the staff or Council. On these items the staff is seeking direction from the Council or providing information in a written format.

Verbal Briefing: These items do not require written background information or are an update on items previously discussed by the Council.

Regular Item: These items generally require discussion between the Council and staff, boards, commissions, or consultants. These items are often accompanied by a formal presentation followed by discussion.

NOTICE: The City Council may recess from the open session and convene in a closed executive session if the discussion of any of the listed agenda items concerns one or more of the following matters:

(1) Pending/contemplated litigation, settlement offer(s), and matters concerning privileged and unprivileged client information deemed confidential by Rule 1.05 of the Texas Disciplinary Rules of Professional Conduct. Sec. 551.071, TEX. GOV'T CODE.

(2) The purchase, exchange, lease or value of real property, if the deliberation in an open meeting would have a detrimental effect on the position of the City in negotiations with a third person. Sec. 551.072, TEX. GOV'T CODE.

(3) A contract for a prospective gift or donation to the City, if the deliberation in an open meeting would have a detrimental effect on the position of the City in negotiations with a third person. Sec. 551.073, TEX. GOV'T CODE.

(4) Personnel matters involving the appointment, employment, evaluation, reassignment, duties, discipline or dismissal of a public officer or employee or to hear a complaint against an officer or employee. Sec. 551.074, TEX. GOV'T CODE.

(5) The deployment, or specific occasions for implementation of security personnel or devices. Sec. 551.076, TEX. GOV'T CODE.

(6) Discussions or deliberations regarding commercial or financial information that the City has received from a business prospect that the City seeks to have locate, stay, or expand in or near the territory of the City and with which the City is conducting economic development negotiations; or

to deliberate the offer of a financial or other incentive to a business prospect of the sort described in this provision. Sec. 551.087, TEX. GOV'T CODE.

(7) Discussions, deliberations, votes, or other final action on matters related to the City's competitive activity, including information that would, if disclosed, give advantage to competitors or prospective competitors and is reasonably related to one or more of the following categories of information:

- generation unit specific and portfolio fixed and variable costs, including forecasts of those costs, capital improvement plans for generation units, and generation unit operating characteristics and outage scheduling;
- bidding and pricing information for purchased power, generation and fuel, and Electric Reliability Council of Texas bids, prices, offers, and related services and strategies;
- effective fuel and purchased power agreements and fuel transportation arrangements and contracts;
- risk management information, contracts, and strategies, including fuel hedging and storage;
- plans, studies, proposals, and analyses for system improvements, additions, or sales, other than transmission and distribution system improvements inside the service area for which the public power utility is the sole certificated retail provider; and
- customer billing, contract, and usage information, electric power pricing information, system load characteristics, and electric power marketing analyses and strategies. Sec. 551.086; TEX. GOV'T CODE; Sec. 552.133, TEX. GOV'T CODE]

(6:00) 1. Written Briefings:

a. Atmos Energy – Natural Gas Rates

Council is requested to consider rejecting the increase requested by Atmos Energy Mid-Tex Division, and approve a rate negotiated amongst Atmos and the Atmos Cities Steering Committee for the cities served by Atmos. If Council concurs, this item will be scheduled for formal consideration at the October 15, 2013 Regular Meeting.

| Item | Key Person |
|------|------------|
|------|------------|

2. Verbal Briefings:

a. Consider Request by the City of Dallas to Contract for Services from the City of Garland **Glenn**

Council will be briefed on a request by the City of Dallas to contract for services from the City of Garland. The request is for the City of Garland to provide water/wastewater services and fire protection for a proposed development located within the Dallas city limits.

b. Administrative Services Committee **Stanley**

Council Member Stephen Stanley, chair of the Administrative Services Committee, will provide a Committee report on the following items:

- *Use of senior discounts on weekends at Firewheel Golf Course*
- *November 5, 2013 street funding referendum:*
 - *Sunset provision on 2-cent tax rate increase*
 - *Cash or debt fund street improvements*

c. Process for Providing Public Information for November 5, 2013 Street Funding Referendum **Dollar**

Council is requested to discuss the process for providing public information regarding the November 5, 2013 Street Funding Referendum.

d. Audit Committee Report

Cahill

Council Member Jim Cahill, chair of the Audit Committee, will provide a Committee report on the following items:

- *Deloitte Presentation*
- *Financial Management Interface Audit Follow-up*
- *Sales Tax Compliance Audit*
- *Single Source/Sole Source/Emergency Procurement Audit*
- *Warehouse Electric Inventory and Ray Olinger Power Plant Inventory Audit*
- *Fleet Services Audit Follow-up*
- *FY14 Annual Audit Plan*

3. Discuss Appointments to Boards and Commissions

Council

- *Robert O. Vera – Plan Commission (Dodson)*

4. Consider the Consent Agenda

Council

A member of the City Council may ask that an item on the consent agenda for the next regular meeting be pulled from the consent agenda and considered separate from the other consent agenda items. No substantive discussion of that item will take place at this time.

5. Announce Future Agenda Items

Council

A member of the City Council, with a second by another member, or the Mayor alone, may ask that an item be placed on a future agenda of the City Council or a committee of the City Council. No substantive discussion of that item will take place at this time.

(6:45) 6. Adjourn

Council

(Estimated time to consider)



Meeting: Work Session

Date: October 2, 2013

Policy Report

ATMOS ENERGY – NATURAL GAS RATES

ISSUE

Consider the request of Atmos Energy Mid-Tex Division (“Atmos”) for a rate increase.

OPTIONS

Approve or reject the request in whole; reject the requested increase and approve a negotiated rate.

RECOMMENDATION

Reject the increase requested by Atmos; approve a rate negotiated amongst Atmos and the Atmos Cities Steering Committee for the cities served by Atmos. If Council concurs, this item will be scheduled for formal consideration at the October 15, 2013 Regular Meeting.

COUNCIL GOAL

Sustainable Quality Development and Redevelopment
Financially Stable Government with Tax Base that Supports Community Needs
Defends Rightful Powers of Municipalities

BACKGROUND

Under state law, the City serves as the front-line regulator of natural gas rates to be charged to customers within the city limits. The City, along with approximately 164 other cities served by Atmos Energy Mid-Tex Division (“Atmos Mid-Tex” or “Company”), is a member of the Atmos Cities Steering Committee (“ACSC”) which was formed as a coalition of cities whose citizens receive natural gas service through Atmos Mid-Tex. This summer, Atmos Mid-Tex filed with the City an application to increase natural gas rates pursuant to the Rate Review Mechanism (“RRM”) tariff renewed by the City in 2013 as a continuation and refinement of the previous RRM rate review process. This is the first annual RRM filing under the renewed RRM tariff.

The Atmos Mid-Tex RRM filing sought a \$22.7 million rate increase system-wide based on an alleged test-year cost of service revenue deficiency of \$25.7 million. The City worked with ACSC to analyze the schedules and evidence offered by Atmos Mid-Tex to support its request to increase rates. The proposed rate ordinance and attached rate tariffs are the result of negotiations between ACSC and the Company to resolve issues raised by ACSC during the review and evaluation of Atmos Mid-Tex's RRM filing.

The proposed ordinance resolves the Company's RRM filing by authorizing additional revenues to the Company of \$16.6 million system-wide. For purposes of comparison, this negotiated result is about \$11 million less than what ACSC's consultants calculated that Atmos would have been entitled to if Atmos had filed a case under the Gas Reliability Infrastructure Program ("GRIP") rather than an RRM case. The settlement is expected to increase the average residential customer's bill by approximately \$0.74 per month. An Average Bill Comparison of base rates has been prepared for residential, commercial, industrial, and transportation customers.

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

RRM Background:

The RRM tariff was originally approved by ACSC Cities as part of the settlement agreement to resolve the Atmos Mid-Tex 2007 system-wide rate filing at the Railroad Commission. In early 2013, the City adopted a renewed RRM tariff for an additional five years. Atmos Mid-Tex's July 2013 filing was made pursuant to the renewed RRM tariff.

The RRM tariff and the process implementing that tariff were created collaboratively by ACSC and Atmos Mid-Tex as an alternative to the legislatively-authorized GRIP surcharge process. ACSC has opposed GRIP because it constitutes piecemeal ratemaking, does not allow any review of the reasonableness of Atmos' expenditures, and does not allow participation by cities or recovery of cities' rate case expenses. In contrast, the RRM process has allowed for a more comprehensive rate review and annual adjustment as a substitute for GRIP filings. ACSC's consultants have calculated that had Atmos filed under the GRIP provisions, it would have received additional revenues from ratepayers in excess of \$28 million.

Purpose of the Ordinance:

Rates cannot change without the adoption of rate ordinances by cities. No related matter is pending at the Railroad Commission. The purpose of the ordinance is to approve rates (shown on "Attachment A" to the ordinance) that reflect the negotiated rate changes pursuant to the RRM process and to ratify the recommendation of the ACSC Executive Committee.

As a result of the negotiations between the ACSC and Atmos, the cities comprising ACSC were able to reduce the Company's requested \$22.7 million RRM increase to \$16.6 million. Approval of the ordinance will result in the implementation of new rates that increase Atmos Mid-Tex's revenues effective November 1, 2013.

CONSIDERATIONS

Reasons Justifying Approval of the Negotiated Resolution:

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 \$22.7 million increase requested by the Company, ACSC's consultants agree that the Company can justify an increase in revenues of some lesser amount. The agreement on \$16.6 million is a compromise between the positions of the parties.

The alternative to a resolution of the RRM filing would be a GRIP filing by the Company, based upon the Railroad Commission's decision in the 2012 rate case. A GRIP filing would entitle the Company to receive more than \$28 million in additional revenues, with ACSC being precluded from reviewing the reasonableness of the GRIP filing. The ACSC Executive Committee recommends that ACSC members take action to approve the ordinance authorizing new rate tariffs.

No Changes to Residential Customer Charges:

Most of a customer's bill for gas service is comprised of customer charges. Very little of the bill constitutes charges for actual gas usage. In other words, the typical natural gas customer pays a substantial amount every month just for the ability to receive gas service – not for the actual amount of gas used. For the first annual filing under the revised RRM tariff, the Company agreed to forgo any change to the residential customer charge. Therefore, for the 2013 RRM, the result of the filing will not increase the residential customer charge, and the entirety of the increase to the residential class will be applied to the commodity (natural gas consumption) component of rates.

ATTACHMENTS

Ordinance approving a negotiated rate resolution; attached natural gas tariffs.

Submitted By:

Brad Neighbor
City Attorney

Dated: September 18, 2013

ORDINANCE NO.

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF GARLAND, TEXAS, APPROVING A NEGOTIATED RESOLUTION BETWEEN THE ATMOS CITIES STEERING COMMITTEE AND ATMOS ENERGY CORP., MID-TEX DIVISION REGARDING THE COMPANY'S 2013 ANNUAL RATE REVIEW MECHANISM 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; PROVIDING A MOST FAVORED NATIONS CLAUSE; REQUIRING DELIVERY OF THIS ORDINANCE TO THE COMPANY AND THE STEERING COMMITTEE'S LEGAL COUNSEL; AND PROVIDING A SAVINGS CLAUSE, A SEVERABILITY CLAUSE, AND AN EFFECTIVE DATE.

WHEREAS, the City of Garland, 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;

WHEREAS, the City is a member of the Atmos Cities Steering Committee ("ACSC"), a coalition of approximately 164 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;

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 Gas Reliability Infrastructure Program ("GRIP") process instituted by the Legislature;

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;

WHEREAS, in 2013, ACSC and the Company negotiated a renewal of the RRM tariff process for an additional five years;

WHEREAS, the City passed an ordinance renewing the RRM tariff process for the City for an additional five years;

WHEREAS, the RRM renewal tariff contemplates reimbursement of ACSC Cities' reasonable expenses associated with RRM applications;

WHEREAS, on or about July 15, 2013, the Company filed with the City its first annual RRM filing under the renewed RRM tariff, requesting to increase natural gas base rates by \$22.7 million;

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

WHEREAS, the ACSC Executive Committee, as well as ACSC's counsel and consultants, recommend that ACSC Cities approve the attached rate tariffs ("Attachment A" to this Ordinance), which will increase the Company's revenues by \$16.6 million; 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 GARLAND, TEXAS:

Section 1

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

Section 2

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 3

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

Section 4

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

Section 5

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 6

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 7

That if ACSC determines any rates, revenues, terms and conditions, or benefits resulting from a Final Order or subsequent negotiated settlement approved in any proceeding addressing the issues raised in Atmos' 2013 RRM filing would be more beneficial to the ACSC Cities than the terms of the attached tariffs, then the more favorable rates, revenues, terms and conditions, or benefits shall additionally and automatically accrue to the ACSC Cities, including the City, without the need for City to take any further action. If this automatic adjustment occurs, Atmos Mid-Tex shall promptly thereafter file with the City an amended tariff documenting the adjustment to rates.

Section 8

That this Ordinance shall become effective from and after its passage with the rates authorized by the attached tariffs to be effective for bills rendered on or after November 1, 2013.

Section 9

That a copy of this Ordinance shall be sent to Atmos Mid-Tex, care of Chris Felan, Manager of 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.

PASSED AND APPROVED this the _____ day of _____, 2013.

CITY OF GARLAND, TEXAS

Mayor

ATTEST:

City Secretary

Attachment A

**Atmos Mid-Tex Tariffs
Effective November 1, 2013**

**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 <u>Ccf</u> | \$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.

**MID-TEX DIVISION
ATMOS ENERGY CORPORATION**

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|------------------------|---|--|
| 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.

**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).

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.

**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.

**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.

**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 WNAs factor during the preceding winter season. Additionally, on or before June 1 of each year, the company files one hard copy and a Excel version of the *WNA Report* with the Railroad Commission of Texas' Gas Services Division, addressed to the Director of that Division.



City Council Item Summary Sheet

Work Session

Date: October 2, 2013

Agenda Item

Consider Request by the City of Dallas to Contract for Services from the City of Garland

Summary of Request/Problem

Council will be briefed on a request by the City of Dallas to contract for services from the City of Garland.

There is a 267-acre tract of land within the City of Dallas located south of I-30, adjacent and east of Bobtown Road, along the western shore of Lake Ray Hubbard that is owned by D. R. Horton. The property was zoned by the City of Dallas in June 2013 to permit approximately 700 single family units and 300 multifamily units. Build-out population is expected to be between 2,000 and 3,000.

The City of Dallas is requesting Garland to provide water/wastewater services and fire protection for the proposed development.

Recommendation/Action Requested and Justification

Council discussion and consider directing staff to evaluate the City of Dallas' request for services to determine costs versus benefits of the proposal.

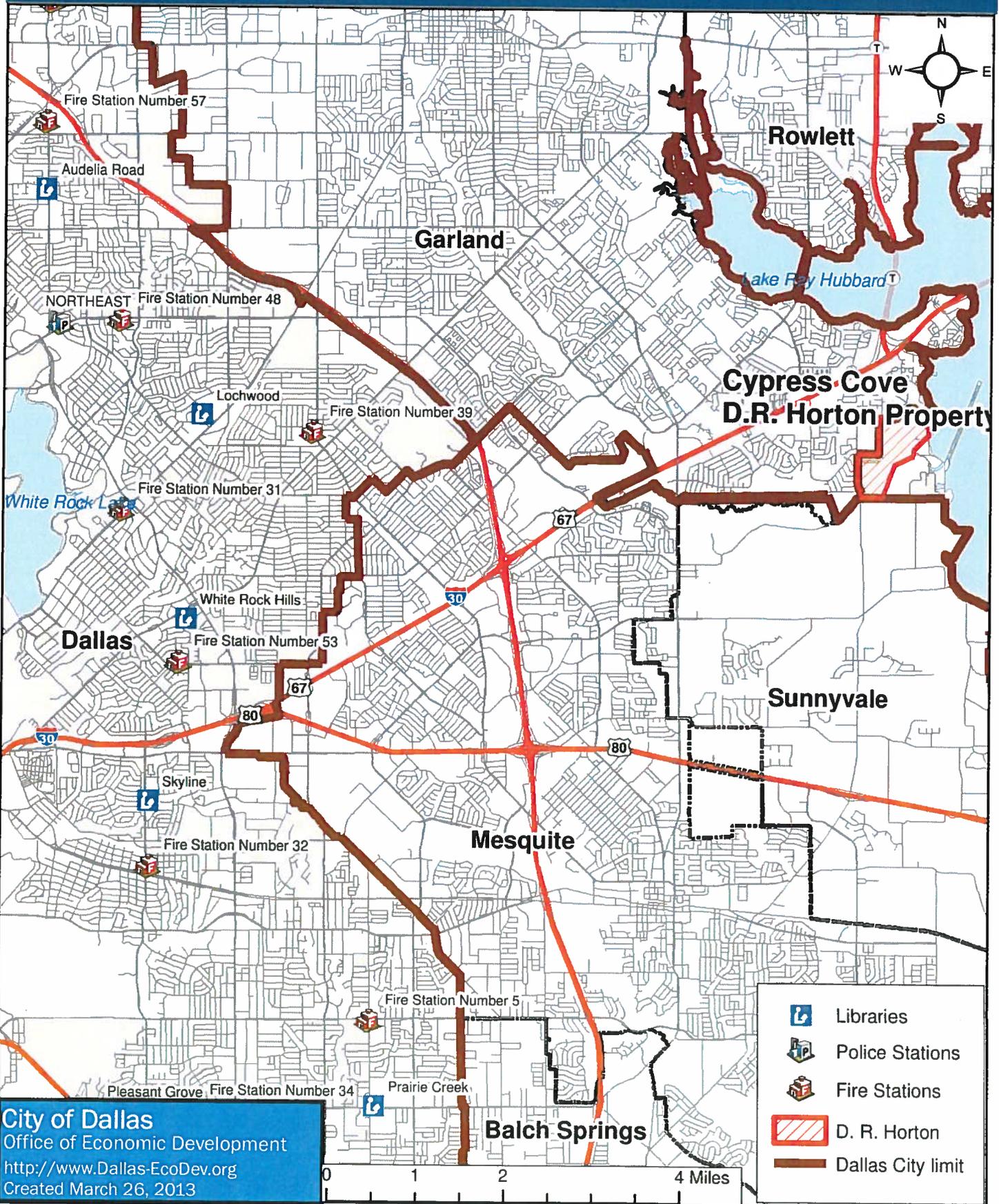
Submitted By:

**Martin E. Glenn
Deputy City Manager**

Approved By:

**William E. Dollar
City Manager**

Cypress Cove Facilities Map

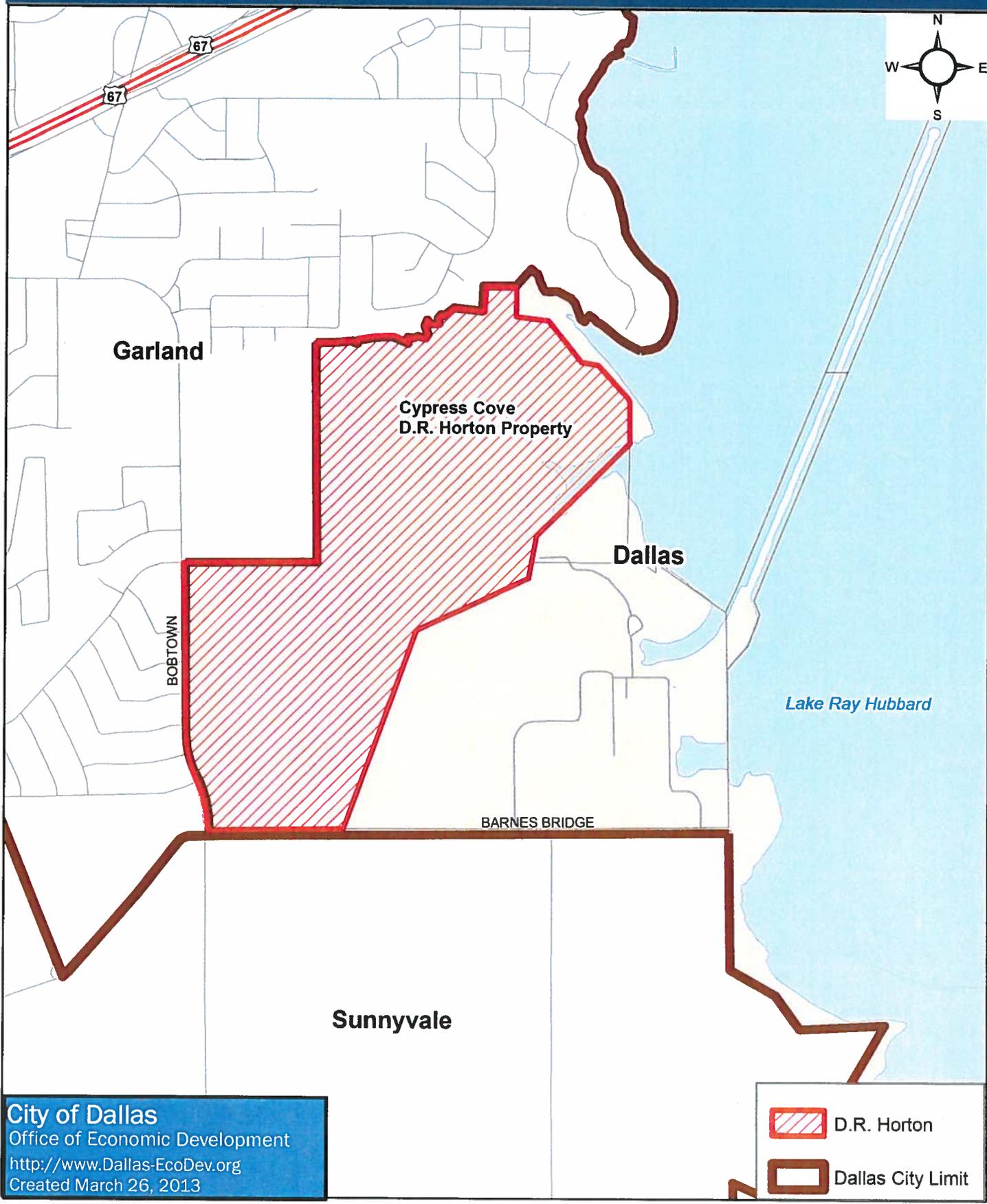


City of Dallas
 Office of Economic Development
<http://www.Dallas-EcoDev.org>
 Created March 26, 2013

-  Libraries
-  Police Stations
-  Fire Stations
-  D. R. Horton
-  Dallas City limit

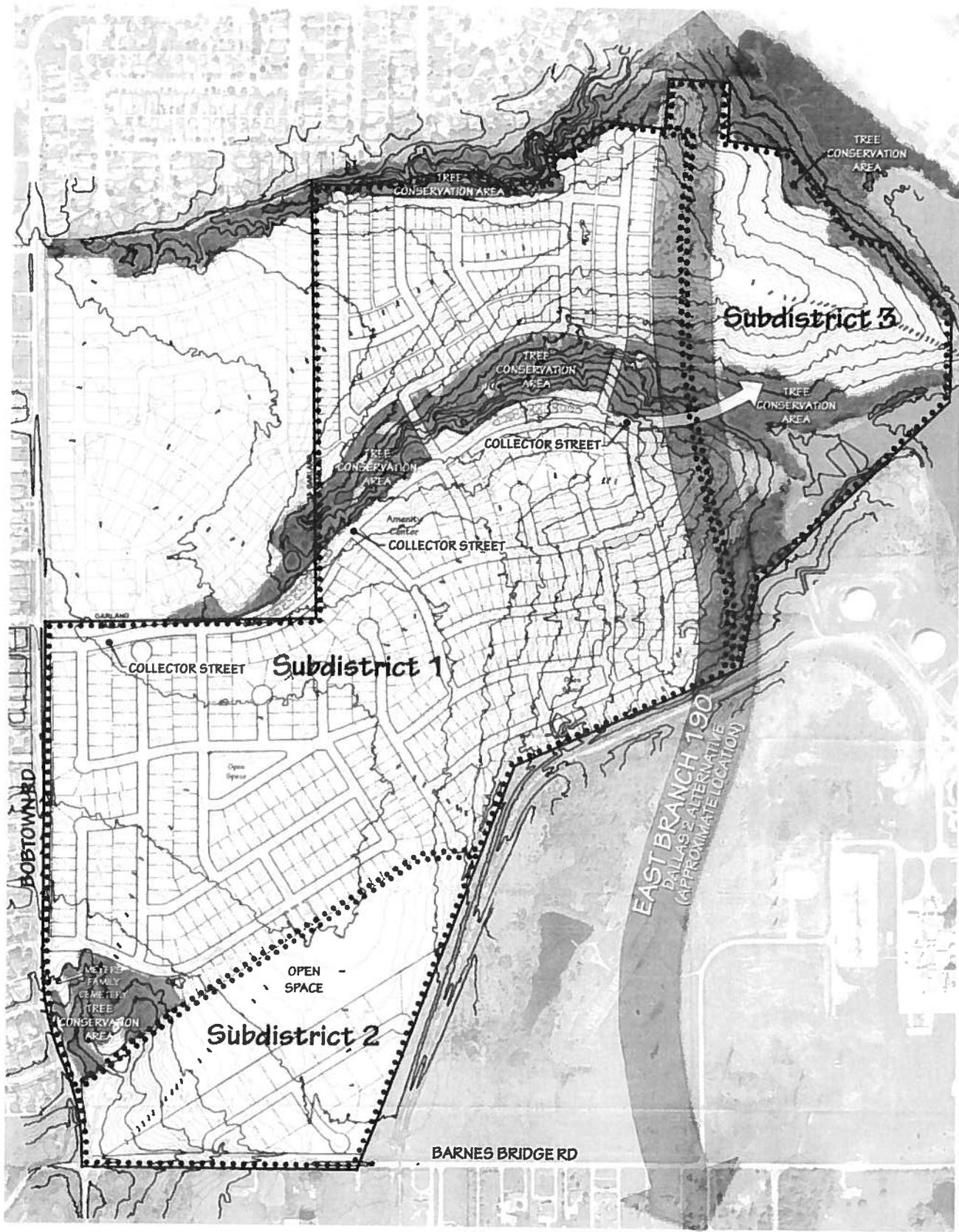


Cypress Cove Location Map



City of Dallas
Office of Economic Development
<http://www.Dallas-EcoDev.org>
Created March 26, 2013

-  D.R. Horton
-  Dallas City Limit



APPROVED BY
 CITY COUNCIL
 City of Dallas
 City Council

101666
 27921

Encl. B13A
 Planned Development
 District No. 818

Approved
 City Plan Commission
 December 17, 2009

CONCEPTUAL PLAN
CYPRESS COVE
ZONING CASE NO. Z089-236
 287.019 ACRES OUT OF THE
 B.O.C. POUNDS SURVEY ABSTRACT NO. 143
 B.O.C. POUNDS SURVEY ABSTRACT NO. 1168
 CITY OF DALLAS
 DALLAS COUNTY TEXAS

D.R. HORTON - TEXAS, LTD. OWNER/DEVELOPER
 4308 Miller Road, Suite A
 Rowlett, Texas 75088 972907-4244

JBI PARTNERS, INC. SURVEYOR/ENGINEER
 18301 Quorum Drive, Suite 200 B
 Addison, Texas 75001 9722148-7678

REVISION NOV 28 2009
 3:06 PM T.D. J.M.C.

Sheet 1 of 1



City Council Item Summary Sheet

Work Session

Date: October 2, 2013

Agenda Item

Administrative Services Committee Report

Summary of Request/Problem

Council Member Stephen Stanley, chair of the Administrative Services Committee, will provide a Committee report on the following items:

- Use of senior discounts on weekends at Firewheel Golf Course.
- November 5, 2013 street funding referendum:
 - Sunset provision on 2 cent tax rate increase
 - Cash or debt fund street improvements

Recommendation/Action Requested and Justification

Council discussions.

Submitted By:

Approved By:

William E. Dollar
City Manager



City Council Item Summary Sheet

Work Session

Date: October 2, 2013

Agenda Item

Process for Providing Public Information for November 5, 2013 Street Funding Referendum

Summary of Request/Problem

Council is requested to discuss the process for providing public information regarding the November 5, 2013 Street Funding Referendum.

Recommendation/Action Requested and Justification

Council discussion and direction.

Submitted By:

Approved By:

William E. Dollar
City Manager



City Council Item Summary Sheet

Work Session

Date: October 2, 2013

Agenda Item

Audit Committee Report

Summary of Request/Problem

Council Member Jim Cahill, chair of the Audit Committee, will provide a Committee report on the following items:

- Deloitte Presentation
- Financial Management Interface Audit Follow-up
- Sales Tax Compliance Audit
- Single Source/Sole Source/Emergency Procurement Audit
- Warehouse Electric Inventory and Ray Olinger Power Plant Inventory Audit
- Fleet Services Audit Follow-up
- FY14 Annual Audit Plan

Recommendation/Action Requested and Justification

Council discussion.

Submitted By:

Approved By:

William E. Dollar
City Manager