



AGENDA

**CITY COUNCIL WORK SESSION
City of Garland
Duckworth Building, Goldie Locke Room
217 North Fifth Street
Garland, Texas
June 1, 2015
6:00 p.m.**

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.

**[Public comment will not be accepted during Work Session
unless Council determines otherwise.]**

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]

1. Written Briefings:

a. Atmos Settlement Agreement

Council is requested to consider approval of the Settlement Agreement with Atmos Energy Mid-Tex Division (“Atmos Mid-Tex”) and the resulting rate change under the RRM tariff. Unless otherwise directed by Council, this item will be scheduled for formal consideration at the June 16, 2015 Regular Meeting.

b. Water & Sewer Commercial Paper Program

The Water & Sewer Utility Systems require cost effective financing. A commercial paper program provides a short-term funding mechanism for the capital improvement program (CIP). Staff requests Council’s authorization to implement a commercial paper program for the Water & Sewer Utility Systems.

c. Memorandum of Understanding / Interlocal Agreement Among Garland Police Department and Dallas County for Criminal Justice Information Sharing via Dallas County Techshare Prosecutor

Council is requested to consider accepting a Memorandum of Understanding / Interlocal Agreement (MOU/ILA) with Dallas County on behalf of the Dallas County District Attorney’s Office for criminal justice information sharing via Dallas County Techshare Prosecutor (TSP).

d. Consider a Resolution Authorizing the City Manager to Execute Consent to Assignment of Waterpark Lease

Horizon Family Holdings, LLC, which owns the seven Hawaiian Falls waterpark businesses, has been purchased by Source Capital, LLC. CNL Income Garland, LP, the present leaseholder of Garland’s Hawaiian Falls waterpark and now under ownership of Source Capital, has requested the City to execute a Consent to Assignment of Lease reflecting the change in CNL ownership. Unless otherwise directed by Council, this item will be scheduled for formal consideration at the June 16, 2015 Regular Meeting.

Item	Key Person
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2. Verbal Briefings:

a. DART Quarterly Report

Thomas

Council will be updated on DART's services, activities, programs and projects within Garland.

b. Transportation Report

Dean/Schaffner

Dean International, the City's transportation consultant, will update Council on the following:

- Transportation Program Updates
 - IH-635
 - IH-30
- Strategic Events Update
- Advocacy Group Update
- Transportation Updates
 - TEX-21
 - Regional Policy
 - Federal Policy
 - State Update

c. Demonstration of Mobile Version of eAssist

Bollinger

Present and demonstrate eAssist Garland, the City of Garland's official mobile application for service requests and information. This is a follow-up to the January 20, 2015, Work Session in which the web application of eAssist was presented to Council.

3. 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.

4. 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.

5. Council will move into Executive Session **Council**

**EXECUTIVE SESSION
AGENDA**

- 1. Pending/contemplated litigation, settlement offer(s), and matters concerning privileged client information deemed confidential by Rule 1.05 of the Texas Disciplinary Rules of Professional Conduct. Sec. 551.071, Tex. Gov't Code**
 - **Consider matters relating to the North Texas Municipal Water District Regional Water Supply Facilities Amendatory Contract between and among the City of Garland, other regional cities, and the North Texas Municipal Water District**
- 2. 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.

- Consider the approval of an agreement relating to the purchase of renewable energy and an agreement relating to transmission service for such renewable energy
- Consider matters relating to the 2018 TMPA Plan
- Consider matters relating to TMPA debt and generation costs pertaining to the restructuring of TMPA generation debt

3. 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.

- Consider a proposal including financial and other incentives regarding the location of a new business prospect to be located in North Garland near 190.

6. Adjourn

Council



Meeting: Work Session

Date: June 1, 2015

Policy Report

ATMOS SETTLEMENT AGREEMENT

ISSUE

Council is requested to consider approval of the Settlement Agreement with Atmos Energy Mid-Tex Division (“Atmos Mid-Tex”) and the resulting rate change under the RRM tariff.

OPTIONS

1. Approve the Settlement Agreement
2. Do not approve the Settlement Agreement.

RECOMMENDATION

Unless otherwise directed by Council, this item will be scheduled for formal consideration at the June 16, 2015 Regular Meeting.

COUNCIL GOAL

Defends Rightful Powers of Municipalities

BACKGROUND

The City, along with other cities served by Atmos Energy Corp., Mid-Tex Division (“Atmos Mid-Tex”), is a member of the Atmos Cities Steering Committee (“ACSC”). The RRM Tariff was adopted by the City as an alternative to the Gas Reliability Infrastructure Program (“GRIP”), the statutory provision that allows Atmos to bypass the City’s rate regulatory authority to increase its rates annually to recover capital investments. In February 2014, Atmos Mid-Tex filed its second annual filing under the Rate Review Mechanism (“RRM”) Tariff, seeking an increase of \$45.7 million. Although ACSC attempted to reach a settlement with the Atmos Mid-Tex as it had in past years, the wide differences between Atmos Mid-Tex and ACSC’s consultants’ recommendations made a compromise impossible. On the recommendation of the ACSC Executive Committee and ACSC’s legal counsel, the City in 2014 adopted a Resolution denying the requested rate increase.

Atmos Mid-Tex appealed the City’s denial to the Railroad Commission of Texas (“Commission”), and revised its requested increase to \$43.8 million. A hearing was held on Atmos Mid-Tex’s appeal on September 3, 2014. On April 28, 2015, the Commission’s Hearings Examiner issued his Proposal for Decision (“PFD”) in Atmos

Mid-Tex's appeal of the City's denial of the 2014 RRM rate increase. The PFD was unfavorable to ACSC; a modest \$860,000 reduction to the Atmos Mid-Tex's adjusted 2014 filing was recommended.

While the parties were waiting for the PFD from the Hearings Examiner in the appeal of the 2014 RRM filing, on February 27, 2015, Atmos Mid-Tex filed with the City another rate increase request under the RRM Tariff, seeking additional revenues in the amount of \$28.762 million (total system) or \$24.0 million (affected cities). The City worked with ACSC to analyze the schedules and evidence offered by Atmos Mid-Tex to support its 2015 rate increase request. The Settlement Agreement and tariffs are the result of negotiations between the ACSC Executive Committee and Atmos Mid-Tex to resolve issues raised by ACSC during the review and evaluation of Atmos Mid-Tex's filing. The recommended Settlement Agreement also requires Atmos to abate its appeal of the City's rejection of the 2014 RRM rate increase pending approval by all ACSC cities of the Settlement Agreement. The Agreement requires Atmos to give the City the benefit of the adjustments to the 2014 rate increase recommended by the PFD.

The Settlement Agreement tariffs approve rates that will increase the Atmos Mid-Tex's revenues by \$65.7 million for the Mid-Tex Rate Division, effective for bills rendered on or after June 1, 2015. The monthly residential customer charge will be \$18.60. The consumption charge will change from \$0.08819 per Ccf to \$0.09931 per Ccf. The monthly bill impact for the typical residential customer consuming 60 Ccf will be an increase of \$1.14 (about a 1.59% increase in the base bill). The typical commercial customer will see an increase of \$2.69 or 0.96%.

The ACSC Executive Committee and its designated legal counsel and consultants recommend that all Cities adopt the Ordinance approving the negotiated Settlement Agreement resolving both the 2014 and the 2015 RRM filings and implementing the rate change.

CONSIDERATION

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. This is the third RRM filing under the renewed tariff. The RRM tariff and the process implementing that tariff were created collaboratively by ACSC and Atmos Mid-Tex as an alternative to the 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 its 2015 case under the GRIP provisions, it would have received additional revenues from ratepayers of approximately \$10 million.

ATTACHMENT(S)

Ordinance.

Submitted By:

Approved By:

David Schuler
Chief Financial Officer

Bryan L. Bradford
City Manager

Date: June 1, 2015

Date: June 1, 2015

ORDINANCE NO. _____

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF GARLAND, TEXAS, APPROVING A NEGOTIATED SETTLEMENT BETWEEN THE ATMOS CITIES STEERING COMMITTEE (“ACSC”) AND ATMOS ENERGY CORP., MID-TEX DIVISION REGARDING THE COMPANY’S 2014 AND 2015 RATE REVIEW MECHANISM FILINGS; APPROVING A SETTLEMENT AGREEMENT WITH ATTACHED RATE TARIFFS AND PROOF OF REVENUES; DECLARING EXISTING RATES TO BE UNREASONABLE; ADOPTING TARIFFS THAT REFLECT RATE ADJUSTMENTS CONSISTENT WITH THE NEGOTIATED SETTLEMENT; FINDING THE RATES TO BE SET BY THE SETTLEMENT TARIFFS TO BE JUST AND REASONABLE AND IN THE PUBLIC INTEREST; REQUIRING THE COMPANY TO REIMBURSE ACSC’S REASONABLE RATEMAKING EXPENSES; DETERMINING THAT THIS ORDINANCE WAS PASSED IN ACCORDANCE WITH THE REQUIREMENTS OF THE TEXAS OPEN MEETINGS ACT; ADOPTING A SAVINGS CLAUSE; DECLARING AN EFFECTIVE DATE; AND REQUIRING DELIVERY OF THIS ORDINANCE TO THE COMPANY AND THE ACSC’S LEGAL COUNSEL.

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; and

WHEREAS, the City is a member of the Atmos Cities Steering Committee (“ACSC”), a coalition of similarly-situated cities served by Atmos Mid-Tex (“ACSC Cities”) that have joined together to facilitate the review of and response to natural gas issues affecting rates charged in the Atmos Mid-Tex service area; and

WHEREAS, ACSC and the Company worked collaboratively to develop a new Rate Review Mechanism (“RRM”) tariff that allows for an expedited rate review process by ACSC Cities as a substitute to the Gas Reliability Infrastructure Program (“GRIP”) process instituted by

the Legislature, and that will establish rates for the ACSC Cities based on the system-wide cost of serving the Atmos Mid-Tex Division; and

WHEREAS, the initial RRM Tariff was in effect for four (4) years; and

WHEREAS, ACSC Cities and Atmos Mid-Tex entered into another settlement agreement and revised the RRM Tariff; and

WHEREAS, ACSC Cities and Atmos Mid-Tex compromised and reached agreements on the amount of the rate increases to be in effect for the RRM Tariff filings for 2012 and 2013; and

WHEREAS, ACSC Cities and Atmos Mid-Tex were unable to reach an agreement on the 2014 RRM Tariff filing, resulting in the ACSC Cities' rejection of the 2014 RRM filing; and

WHEREAS, Atmos Mid-Tex appealed the ACSC Cities' actions rejecting its 2014 RRM filing to the Railroad Commission of Texas ("Commission"), pursuant to the provisions of the RRM Tariff; and

WHEREAS, Atmos Mid-Tex and ACSC litigated the appeal of the 2014 RRM filing at the Commission; and

WHEREAS, on February 27, 2015, Atmos Mid-Tex filed its 2015 RRM Tariff filing, requesting to increase natural gas base rates system-wide by \$28.762 million; and

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

WHEREAS, Atmos Mid-Tex has agreed to withdraw its appeal of ACSC's rejection of its 2014 RRM Tariff rate increase; and

WHEREAS, the Executive Committee, as well as ACSC's counsel and consultants, recommend that ACSC Cities approve the attached Settlement Agreement (Attachment A to this

Ordinance) as well as the tariffs attached thereto, resolving both the 2014 and the 2015 RRM Tariff filings, which together will increase the Company's revenues by \$65.7 million over the amount allowed under City-approved rates set in 2013; and

WHEREAS, the attached tariffs implementing new rates are consistent with the negotiated Settlement Agreement and are just, reasonable, and in the public interest; and

WHEREAS, the RRM Tariff should be renewed for a period of time commencing in 2016 and continuing until the RRM Tariff is suspended by ordinance of the City; and

WHEREAS, the RRM Tariff contemplates reimbursement of ACSC's reasonable expenses associated with RRM applications;

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF 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 that the Settlement Agreement (Attachment A to this Ordinance) represents a comprehensive settlement of gas utility rate issues affecting the rates, operations, and services offered by Atmos Mid-Tex within the municipal limits arising from Atmos Mid-Tex's 2014 and 2015 RRM filings, is in the public interest, and is consistent with the City's authority under Section 103.001 of the Texas Utilities Code.

Section 3. That the existing rates for natural gas service provided by Atmos Mid-Tex are unreasonable. The new tariffs attached hereto and incorporated herein as Attachment C, are just and reasonable, and are designed to allow Atmos Mid-Tex to recover annually an additional \$65.7 million in revenue over the amount allowed under currently approved rates, or \$21 million over currently-billed rates, as shown in the Proof of Revenues attached hereto and incorporated herein as Attachment B; such tariffs are hereby adopted.

Section 4. That the ratemaking treatment for pensions and other post-employment benefits in Atmos' next RRM filing shall be as set forth on Attachment D, attached hereto and incorporated herein.

Section 5. That in an effort to streamline the regulatory review process, the Atmos Mid-Tex RRM Tariff is renewed for a period commencing with the Company's March 1, 2016 RRM filing for calendar year 2015, effective June 1, 2016, and continuing thereafter until such time as the City adopts an ordinance suspending operation of the RRM Tariff.

Section 6. That Atmos Mid-Tex shall reimburse the reasonable ratemaking expenses of the ACSC in processing the Company's RRM application.

Section 7. That to the extent any resolution or ordinance previously adopted by the Council is inconsistent with this Ordinance, it is hereby repealed.

Section 8. 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 9. 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 10. That consistent with the City Ordinance that established the RRM process, this Ordinance shall become effective from and after its passage with rates authorized by attached tariffs to be effective for bills rendered on or after June 1, 2015.

Section 11. That a copy of this Ordinance shall be sent to Atmos Mid-Tex, care of Chris Felan, Vice President of Rates and Regulatory Affairs Mid-Tex Division, Atmos Energy

Corporation, 5420 LJB Freeway, Suite 1862, Dallas, Texas 75240, and to Geoffrey Gay, General Counsel to ACSC, at Lloyd Gosselink Rochelle & Townsend, P.C., 816 Congress Avenue, Suite 1900, Austin, Texas 78701.

PASSED AND APPROVED this _____ day of _____, 2015.

Mayor

ATTEST:

City Secretary

**SETTLEMENT AGREEMENT BETWEEN ATMOS ENERGY CORP., MID-TEX
DIVISION AND ATMOS CITIES STEERING COMMITTEE**

WHEREAS, this agreement (“Settlement Agreement”) is entered into by Atmos Energy Corp’s Mid-Tex Division and Atmos Cities Steering Committee (“ACSC”) whose members include the Cities of Abilene, Addison, Allen, Alvarado, Angus, Anna, Argyle, Arlington, Aubrey, Bedford, Bellmead, Benbrook, Beverly Hills, Blossom, Blue Ridge, Bowie, Boyd, Bridgeport, Brownwood, Buffalo, Burkburnett, Burleson, Caddo Mills, Canton, Carrollton, Cedar Hill, Celeste, Celina, Centerville, Cisco, Clarksville, Cleburne, Clyde, College Station, Colleyville, Colorado City, Comanche, Commerce, Coolidge, Coppell, Copperas Cove, Corinth, Corral City, Crandall, Crowley, Dalworthington Gardens, Denison, DeSoto, Duncanville, Eastland, Edgecliff Village, Emory, Ennis, Euless, Everman, Fairview, Farmers Branch, Farmersville, Fate, Flower Mound, Forest Hill, Fort Worth, Frisco, Frost, Gainesville, Garland, Garrett, Grand Prairie, Grapevine, Gunter, Haltom City, Harker Heights, Haskell, Haslet, Hewitt, Highland Park, Highland Village, Honey Grove, Hurst, Hutto, Iowa Park, Irving, Justin, Kaufman, Keene, Keller, Kemp, Kennedale, Kerens, Kerrville, Killeen, Krum, Lake Worth, Lakeside, Lancaster, Lewisville, Lincoln Park, Little Elm, Lorena, Madisonville, Malakoff, Mansfield, McKinney, Melissa, Mesquite, Midlothian, Murphy, Newark, Nocona, North Richland Hills, Northlake, Oakleaf, Ovilla, Palestine, Pantego, Paris, Parker, Pecan Hill, Petrolia, Plano, Ponder, Pottsboro, Prosper, Quitman, Red Oak, Reno (Parker County), Richardson, Richland, Richland Hills, Roanoke, Robinson, Rockwall, Roscoe, Rowlett, Royse City, Sachse, Saginaw, Sansom Park, Seagoville, Sherman, Snyder, Southlake, Springtown, Stamford, Stephenville, Sulphur Springs, Sweetwater, Temple, Terrell, The Colony, Trophy Club, Tyler, University Park, Venus, Vernon, Waco, Watauga, Waxahachie, Westlake, White Settlement, Whitesboro, Wichita Falls, Woodway, and Wylie.

WHEREAS, on February 28, 2014, Atmos filed with the ACSC Cities an application, hereinafter referred to as the 2014 RRM filing, to adjust rates pursuant to Rider RRM - Rate Review Mechanism, which were subsequently consolidated into GUD No. 10359 at the Railroad Commission of Texas; and

WHEREAS, on February 27, 2015, Atmos filed with the ACSC Cities an application, hereinafter referred to as the 2015 RRM filing, to adjust rates pursuant to Rider RRM - Rate Review Mechanism; and

WHEREAS, the Settlement Agreement resolves all issues between Atmos and ACSC (“the Signatories”) regarding the 2014 RRM filing, which is currently pending before the Commission, and the 2015 RRM filing, which is currently pending before the ACSC Cities, in a manner that the Signatories believe is consistent with the public interest, and the Signatories represent diverse interests; and

WHEREAS, the Signatories believe that the resolution of the issues raised in the 2014 RRM filing and the 2015 RRM filing can best be accomplished by each ACSC City approving this Settlement Agreement and the rates, terms and conditions reflected in the tariffs attached to this Settlement Agreement as Exhibit A;

NOW, THEREFORE, in consideration of the mutual agreements and covenants established herein, the Signatories, through their undersigned representatives, agree to the

Attachment A

following Settlement Terms as a means of fully resolving all issues between Atmos and the ACSC Cities involving the 2014 RRM filing and 2015 RRM filing:

Settlement Terms

1. Upon the execution of this Settlement Agreement, the ACSC Cities will approve an ordinance or resolution to approve the Settlement Agreement and implement the rates, terms and conditions reflected in the tariffs attached to the Settlement Agreement as Exhibit A. (Attachment A to the Ordinance ratifying the Agreement). Said tariffs should allow Atmos to recover annually an additional \$65.7 million in revenue over the amount allowed under currently approved rates by implementation of rates shown in the proof of revenues attached as Exhibit B. (Attachment B to the Ordinance ratifying this Agreement). The uniform implementation of gas rates, terms and conditions established by the Settlement Agreement shall be effective for bills rendered on or after June 1, 2015. Consistent with the City's authority under Section 103.001 of the Texas Utilities Code, the Settlement Agreement represents a comprehensive settlement of gas utility rate issues affecting the rates, operations and services offered by Atmos within the municipal limits of the ACSC Cities arising from Atmos' 2014 RRM filing and 2015 RRM filing. No refunds of charges billed to customers by Atmos under the RRM in past periods shall be owed or owing.
2. In an effort to streamline the regulatory review process, Atmos and the ACSC Cities have agreed to renew the Rate Review Mechanism ("Rider RRM") for a period commencing with the Company's March 1, 2016 filing under this mechanism for the calendar year 2015, effective June 1, 2016, and continuing thereafter until such time as either the ACSC Cities issue an ordinance stating a desire to discontinue the operation of the tariff or Atmos files a Statement of Intent. Atmos and the ACSC Cities further agree that the RRM tariff shall remain in effect until such time as new, final rates are established for Atmos. Upon approval of this Settlement Agreement by the ACSC Cities, Atmos shall file an updated RRM Tariff with each city reflecting the provisions of this agreement.
3. Atmos and the ACSC Cities agree that rate base as of December 31, 2014 in the amount of \$1,955,948,256 is just and reasonable and shall be recovered in rates.
4. Atmos and the ACSC Cities agree that a pension and other postemployment benefits balance as of December 31, 2014 in the amount of \$18,284,949 is just and reasonable and shall be used as the beginning balance for purposes of determining pension and other postemployment benefits to be recovered in the next RRM filing (Attachment D to the Ordinance ratifying the Agreement).
5. With regard to the treatment of Atmos' Rule 8.209 regulatory asset under the RRM, Atmos and the ACSC Cities agree to the following with respect to any pending and future RRM filings:
 - a. the capital investment in the Rule 8.209 regulatory asset in the 2014 RRM filing and 2015 RRM filing is reasonable and consistent with the requirements of Rule 8.209;

Attachment A

- b. the classification of projects included in the Rule 8.209 regulatory asset in the 2014 RRM filing and 2015 RRM filing is reasonable and consistent with the requirements of Rule 8.209 and shall serve as a basis for classification of projects in future RRM filings;
 - c. the treatment of blanket replacement projects, system upgrades, relocations, and transmission line replacements in the Rule 8.209 regulatory asset in the 2014 RRM filing and 2015 RRM filing is reasonable and consistent with the requirements of Rule 8.209 and shall be included in future RRM filings.
 - d. the incurred expenses included in the Rule 8.209 regulatory asset in the 2014 RRM and the 2015 RRM are reasonable and consistent with the requirements of Rule 8.209 and shall be included in future RRM filings;
 - e. interest on the Rule 8.209 regulatory asset account shall be calculated using the pre-tax cost of capital most recently approved by the Commission. The use of the pre-tax cost of capital is consistent with Rule 8.209. A return on Rule 8.209 capital investment is only earned once the investment is included in rate base. No change in the Company's calculation of the interest component in its Rule 8.209 regulatory asset accounts is warranted through the period ended May 31, 2015. Beginning June 1, 2015, interest expense shall be calculated monthly using simple interest (*i.e.* 11.49% divided by 12, or approximately 0.96% per month) applied to the total value of the Rule 8.209 asset investment (exclusive of interest) until such time the Rule 8.209 regulatory asset is approved for inclusion in the Company's rate base.
 - f. While Atmos and the ACSC Cities agree to apply the treatments and methodologies set forth in this paragraph, subsections (a) – (e) in all future RRM filings, the regulatory authority retains its right to disallow any capital investment that is not shown to be prudently incurred, and any expense not shown to be reasonable and necessary, in future RRM filings.
 - g. Atmos and the ACSC Cities acknowledge that their agreement regarding the treatment and methodologies applicable to Rule 8.209 capital investments under the RRM tariff shall not prejudice the right of either party to argue for different treatments or methodologies in a future statement of intent proceeding.
6. Revenues approved pursuant to Paragraph 1 of the Settlement Agreement include reimbursement of rate case expenses owed to the ACSC Cities in connection with the 2014 RRM filing.
 7. The Signatories agree that each ACSC city shall approve this Settlement Agreement and adopt an ordinance or resolution to implement for the ACSC Cities the rates, terms, and conditions reflected in the tariffs attached to the Settlement Agreement as Exhibit A. Atmos and ACSC further agree that at such time as all of the ACSC Cities have passed an ordinance or resolution consistent with the Settlement and Atmos has received such ordinance or resolution, Atmos shall withdraw its appeal of the currently pending RRM filing before the Railroad Commission of Texas in connection with the 2014 RRM filing.

8. Atmos and the ACSC Cities further agree that the express terms of the Rider RRM are supplemental to the filing, notice, regulatory review, or appellate procedural process of the ratemaking provisions of Chapter 104 of the Texas Utilities Code. If the statute requires a mandatory action on behalf of the municipal regulatory authority or Atmos, the parties will follow the provisions of such statute. If the statute allows discretion on behalf of the municipal regulatory authority, the ACSC Cities agree that they shall exercise such discretion in such a way as to implement the provisions of the RRM tariff. If Atmos appeals an action or inaction of an ACSC City regarding an RRM filing to the Railroad Commission, the ACSC Cities agree that they will not oppose the implementation of interim rates or advocate the imposition of a bond by Atmos consistent with the RRM tariff. Atmos agrees that it will make no filings on behalf of its Mid-Tex Division under the provisions of Section 104.301 of the Texas Utilities code while the Rider RRM is in place. In the event that a regulatory authority fails to act or enters an adverse decision regarding the proposed annual RRM adjustment, the Railroad Commission of Texas shall have exclusive appellate jurisdiction, pursuant to the provisions of the Texas Utilities Code, to review the action or inaction of the regulatory authority exercising exclusive original jurisdiction over the RRM request. In addition, the Signatories agree that this Settlement Agreement shall not be construed as a waiver of the ACSC Cities' right to initiate a show cause proceeding or the Company's right to file a Statement of Intent under the provisions of the Texas Utilities Code.
9. The Signatories agree that the terms of the Settlement Agreement are interdependent and indivisible, and that if any ACSC city enters an order that is inconsistent with this Settlement Agreement, then any Signatory may withdraw without being deemed to have waived any procedural right or to have taken any substantive position on any fact or issue by virtue of that Signatory's entry into the Settlement Agreement or its subsequent withdrawal. If any ACSC city rejects this Settlement Agreement, then this Settlement Agreement shall be void *ab initio* and counsel for the ACSC Cities shall thereafter only take such actions as are in accordance with the Texas Disciplinary Rules of Professional Conduct.
10. The Signatories agree that all negotiations, discussions and conferences related to the Settlement Agreement are privileged, inadmissible, and not relevant to prove any issues associated with Atmos' 2014 RRM filing and 2015 RRM filing.
11. The Signatories agree that neither this Settlement Agreement nor any oral or written statements made during the course of settlement negotiations may be used for any purpose other than as necessary to support the entry by the ACSC Cities of an ordinance or resolution implementing this Settlement Agreement.
12. The Signatories agree that this Settlement Agreement is binding on each Signatory only for the purpose of settling the issues set forth herein and for no other purposes, and, except to the extent the Settlement Agreement governs a Signatory's rights and obligations for future periods, this Settlement Agreement shall not be binding or precedential upon a Signatory outside this proceeding.

Attachment A

13. The Signatories agree that this Settlement Agreement may be executed in multiple counterparts and may be filed with facsimile signatures.

Agreed to this 7 day of May, 2015.

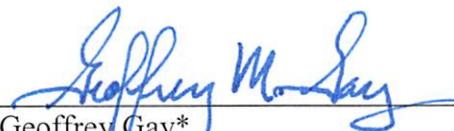
ATMOS ENERGY CORP., MID-TEX DIVISION

By: John A. Paris
John A. Paris
President, Mid-Tex Division

Attachment A

Agreed to this 7th day of May 2015.

ATTORNEY FOR ATMOS CITIES STEERING COMMITTEE, WHOSE MEMBERS INCLUDE THE CITIES OF ABILENE, ADDISON, ALLEN, ALVARADO, ANGUS, ANNA, ARGYLE, ARLINGTON, AUBREY, BEDFORD, BELLMEAD, BENBROOK, BEVERLY HILLS, BLOSSOM, BLUE RIDGE, BOWIE, BOYD, BRIDGEPORT, BROWNWOOD, BUFFALO, BURKBURNETT, BURLESON, CADDO MILLS, CANTON, CARROLLTON, CEDAR HILL, CELESTE, CELINA, CENTERVILLE, CISCO, CLARKSVILLE, CLEBURNE, CLYDE, COLLEGE STATION, COLLEYVILLE, COLORADO CITY, COMANCHE, COMMERCE, COOLIDGE, COPPELL, COPPERAS COVE, CORINTH, CORRAL CITY, CRANDALL, CROWLEY, DALWORTHINGTON GARDENS, DENISON, DESOTO, DUNCANVILLE, EASTLAND, EDGECLIFF VILLAGE, EMORY, ENNIS, EULESS, EVERMAN, FAIRVIEW, FARMERS BRANCH, FARMERSVILLE, FATE, FLOWER MOUND, FOREST HILL, FORT WORTH, FRISCO, FROST, GAINESVILLE, GARLAND, GARRETT, GRAND PRAIRIE, GRAPEVINE, GUNTER, HALTOM CITY, HARKER HEIGHTS, HASKELL, HASLET, HEWITT, HIGHLAND PARK, HIGHLAND VILLAGE, HONEY GROVE, HURST, HUTTO, IOWA PARK, IRVING, JUSTIN, KAUFMAN, KEENE, KELLER, KEMP, KENNEDALE, KERENS, KERRVILLE, KILLEEN, KRUM, LAKE WORTH, LAKESIDE, LANCASTER, LEWISVILLE, LINCOLN PARK, LITTLE ELM, LORENA, MADISONVILLE, MALAKOFF, MANSFIELD, MCKINNEY, MELISSA, MESQUITE, MIDLOTHIAN, MURPHY, NEWARK, NOCONA, NORTH RICHLAND HILLS, NORTHLAKE, OAKLEAF, OVILLA, PALESTINE, PANTEGO, PARIS, PARKER, PECAN HILL, PETROLIA, PLANO, PONDER, POTTSBORO, PROSPER, QUITMAN, RED OAK, RENO (PARKER COUNTY), RICHARDSON, RICHLAND, RICHLAND HILLS, ROANOKE, ROBINSON, ROCKWALL, ROSCOE, ROWLETT, ROYSE CITY, SACHSE, SAGINAW, SANSOM PARK, SEAGOVILLE, SHERMAN, SNYDER, SOUTHLAKE, SPRINGTOWN, STAMFORD, STEPHENVILLE, SULPHUR SPRINGS, SWEETWATER, TEMPLE, TERRELL, THE COLONY, TROPHY CLUB, TYLER, UNIVERSITY PARK, VENUS, VERNON, WACO, WATAUGA, WAXAHACHIE, WESTLAKE, WHITE SETTLEMENT, WHITESBORO, WICHITA FALLS, WOODWAY, AND WYLIE.

By: 
Geoffrey Gay*

* Subject to approval by ACSC City Councils

**MID-TEX DIVISION
ATMOS ENERGY CORPORATION**

RRC Tariff No:

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 06/01/2015	PAGE:

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	\$ 40.00 per month
Rider CEE Surcharge	\$ 0.00 per month ¹
Total Customer Charge	\$ 40.00 per month
Commodity Charge – All Ccf	\$ 0.08020 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, 2014.

**MID-TEX DIVISION
ATMOS ENERGY CORPORATION**

RRC Tariff No:

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 06/01/2015	PAGE:

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	\$ 700.00 per month
First 0 MMBtu to 1,500 MMBtu	\$ 0.2937 per MMBtu
Next 3,500 MMBtu	\$ 0.2151 per MMBtu
All MMBtu over 5,000 MMBtu	\$ 0.0461 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**

RRC Tariff No:

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 06/01/2015	PAGE:

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**

RRC Tariff No:

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 06/01/2015	PAGE:

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	\$ 18.60 per month
Rider CEE Surcharge	\$ 0.02 per month ¹
Total Customer Charge	\$ 18.62 per month
Commodity Charge – All <u>Ccf</u>	\$0.09931 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, 2014.

**MID-TEX DIVISION
ATMOS ENERGY CORPORATION**

RRC Tariff No:

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 06/01/2015	PAGE:

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	\$ 700.00 per month
First 0 MMBtu to 1,500 MMBtu	\$ 0.2937 per MMBtu
Next 3,500 MMBtu	\$ 0.2151 per MMBtu
All MMBtu over 5,000 MMBtu	\$ 0.0461 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**

RRC Tariff No:

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 06/01/2015	PAGE:

Curtailement Overpull Fee

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

Replacement Index

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

Agreement

A transportation agreement is required.

Notice

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

Special Conditions

In order to receive service under Rate T, customer must have the type of meter required by Company. Customer must pay Company all costs associated with the acquisition and installation of the meter.

**MID-TEX DIVISION
ATMOS ENERGY CORPORATION**

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 11/01/2015	PAGE:

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	
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Base Use/Heat Use Factors

Weather Station	<u>Residential</u>		<u>Commercial</u>	
	Base use <u>Ccf</u>	Heat use <u>Ccf/HDD</u>	Base use <u>Ccf</u>	Heat use <u>Ccf/HDD</u>
Abilene	10.22	0.1404	98.80	0.6372
Austin	11.59	0.1443	213.62	0.7922
Dallas	14.12	0.2000	208.11	0.9085
Waco	9.74	0.1387	130.27	0.6351
Wichita Falls	11.79	0.1476	122.35	0.5772

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.

**ATMOS ENERGY CORP., MID-TEX DIVISION
PROOF OF REVENUES AND PROPOSED TARIFF STRUCTURE
TEST YEAR ENDING DECEMBER 31, 2014**

	(a)	(b)	(c)	(d)	(e)	(f)	(g)
1	Proposed Change In Rates:		\$21,066,527	Schedule A			
2	Proposed Change In Rates without Revenue Related Taxes:		\$19,757,254	Ln 1 divided by factor on WP_F-5.1			
3							
4							
5							
6		Revenue					
		Requirements	Allocations				
7	Residential	\$ 338,431,486	77.95%	Per GUD 10170 Final Order			
8	Commercial	\$ 84,223,622	19.40%	Per GUD 10170 Final Order			
9	Industrial and Transportation	\$ 11,490,316	2.65%	Per GUD 10170 Final Order			
10	Net Revenue Requirements GUD No. 10170	<u>\$ 434,145,424</u>					
11							
12							
17							
18	Rate Class	Current	Proposed Change	Proposed Rates	Proposed Change In Revenues	Proposed Revenues	Proposed Rates with Rate Case Expenses
19							
20	Residential Base Charge	\$ 18.20	\$ 0.36	\$ 18.56	\$ 6,351,350	\$ 327,447,398	\$ 18.60
21	Residential Consumption Charge	\$ 0.08819	\$ 0.01112	\$ 0.09931	\$ 9,049,383	\$ 80,817,829	\$ 0.09931
22	Commercial Base Charge	\$ 38.50	\$ 1.37	\$ 39.87	\$ 2,000,584	\$ 58,221,364	\$ 40.00
23	Commercial Consumption Charge	\$ 0.07681	\$ 0.00339	\$ 0.08020	\$ 1,834,968	\$ 43,411,339	\$ 0.08020
24	I&T Base Charge	\$ 675.00	\$ 22.35	\$ 697.35	\$ 220,192	\$ 6,870,292	\$ 700.00
25	I&T Consumption Charge Tier 1 MMBTU	\$ 0.2807	\$ 0.0130	\$ 0.2937	\$ 142,055	\$ 3,209,350	\$ 0.2937
26	I&T Consumption Charge Tier 2 MMBTU	\$ 0.2056	\$ 0.0095	\$ 0.2151	\$ 117,051	\$ 2,650,282	\$ 0.2151
27	I&T Consumption Charge Tier 3 MMBTU	\$ 0.0441	\$ 0.0020	\$ 0.0461	\$ 42,703	\$ 984,314	\$ 0.0461
28					\$ 19,758,287	\$ 523,612,169	
29							

Data Sources:
GUD10170_FINAL.xlsm

ATMOS ENERGY CORP., MID-TEX DIVISION
 PROOF OF REVENUES AND PROPOSED TARIFF STRUCTURE
 TEST YEAR ENDING DECEMBER 31, 2014

(a)	(b)	(c)	(d)	(e)	(f)	(g)	
1 Proposed Change In Rates:		\$21,066,527	Schedule A				
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4							
5							
6							
		Revenue					
		Requirements	Allocations				
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8 Commercial	\$ 84,223,622		19.40%	Per GUD 10170 Final Order			
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18	Rate Class	Current	Proposed Change	Proposed Rates	Proposed Change In Revenues	Proposed Revenues	Proposed Rates with Rate Case Expenses
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22 Commercial Base Charge	\$ 38.50	\$ 1.37	\$ 39.87	\$ 2,000,584	\$ 58,221,364	\$ 40.00	
23 Commercial Consumption Charge	\$ 0.07681	\$ 0.00339	\$ 0.08020	\$ 1,834,968	\$ 43,411,339	\$ 0.08020	
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27 I&T Consumption Charge Tier 3 MMBTU	\$ 0.0441	\$ 0.0020	\$ 0.0461	\$ 42,703	\$ 984,314	\$ 0.0461	
28				<u>\$ 19,758,287</u>	<u>\$ 523,612,169</u>		
29							

Data Sources:
 GUD10170_FINAL.xlsm

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 06/01/2015	PAGE:

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	\$ 40.00 per month
Rider CEE Surcharge	\$ 0.00 per month ¹
Total Customer Charge	\$ 40.00 per month
Commodity Charge – All Ccf	\$ 0.08020 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, 2014.

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 06/01/2015	PAGE:

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.

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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 06/01/2015	PAGE:

Agreement

An Agreement for Gas Service may be required.

Notice

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Special Conditions

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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 06/01/2015	PAGE:

Application

Applicable to Residential Customers for all natural gas provided at one Point of Delivery and measured through one meter.

Type of Service

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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

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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 06/01/2015	PAGE:

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	\$ 700.00 per month
First 0 MMBtu to 1,500 MMBtu	\$ 0.2937 per MMBtu
Next 3,500 MMBtu	\$ 0.2151 per MMBtu
All MMBtu over 5,000 MMBtu	\$ 0.0461 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.

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 06/01/2015	PAGE:

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 11/01/2015	PAGE:

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 11/01/2015	PAGE:

Base Use/Heat Use Factors

Weather Station	<u>Residential</u>		<u>Commercial</u>	
	Base use <u>Ccf</u>	Heat use <u>Ccf/HDD</u>	Base use <u>Ccf</u>	Heat use <u>Ccf/HDD</u>
Abilene	10.22	0.1404	98.80	0.6372
Austin	11.59	0.1443	213.62	0.7922
Dallas	14.12	0.2000	208.11	0.9085
Waco	9.74	0.1387	130.27	0.6351
Wichita Falls	11.79	0.1476	122.35	0.5772

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.

**ATMOS ENERGY CORP., MID-TEX DIVISION
PENSIONS AND RETIREE MEDICAL BENEFITS FOR CITIES APPROVAL
TEST YEAR ENDING DECEMBER 31, 2014**

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 2014 Towers Watson Report (excluding Removed Cost Centers)	\$ 6,388,826	\$ 4,542,023	\$ 9,481,670	\$ 165,758	\$ 8,736,645	
2	Allocation to Mid-Tex	46.26%	46.26%	71.70%	100.00%	71.70%	
3	FY14 Towers Watson Benefit Costs (excluding Removed Cost Centers) Allocated to MTX (Ln 1 x Ln 2)	\$ 2,955,304	\$ 2,101,021	\$ 6,798,531	\$ 165,758	\$ 6,264,334	
4	O&M and Capital Allocation Factor	100.00%	100.00%	100.00%	100.00%	100.00%	
5	FY14 Towers Watson Benefit Costs To Approve (excluding Removed Cost Centers) (Ln 3 x Ln 4)	\$ 2,955,304	\$ 2,101,021	\$ 6,798,531	\$ 165,758	\$ 6,264,334	\$ 18,284,949
6							
7							
8	Summary of Costs to Approve:						
9							
10	Total Pension Account Plan ("PAP")	\$ 2,955,304		\$ 6,798,531			\$ 9,753,835
11	Total Post-Retirement Medical Plan ("FAS 106")		\$ 2,101,021			\$ 6,264,334	8,365,356
12	Total Supplemental Executive Retirement Plan ("SERP")				\$ 165,758		165,758
13	Total (Ln 10 + Ln 11 + Ln 12)	\$ 2,955,304	\$ 2,101,021	\$ 6,798,531	\$ 165,758	\$ 6,264,334	\$ 18,284,949
14							
15							
16	O&M Expense Factor	95.82%	95.82%	43.03%	21.00%	43.03%	
17							
18	Expense Portion (Ln 13 x Ln 16)	\$ 2,831,859	\$ 2,013,260	\$ 2,925,600	\$ 34,809	\$ 2,695,721	\$ 10,501,250
19							
20	Capital Factor	4.18%	4.18%	56.97%	79.00%	56.97%	
21							
22	Capital Portion (Ln 13 x Ln 20)	\$ 123,445	\$ 87,761	\$ 3,872,930	\$ 130,949	\$ 3,568,614	\$ 7,783,699
23							
24	Total (Ln 18 + Ln 22)	\$ 2,955,304	\$ 2,101,021	\$ 6,798,531	\$ 165,758	\$ 6,264,334	\$ 18,284,949



Meeting: Work Session

Date: June 1, 2015

Policy Report

WATER & SEWER COMMERCIAL PAPER PROGRAM

ISSUE

The Water & Sewer Utility Systems require cost effective financing. A commercial paper program provides a short-term funding mechanism for the capital improvement program (CIP). Staff requests Council's authorization to implement a commercial paper program for the Water & Sewer Utility Systems.

OPTIONS

1. Authorize a Water & Sewer Utility Systems commercial paper program.
2. Do not authorize a Water & Sewer Utility Systems commercial paper program.

RECOMMENDATION

Unless otherwise directed by Council, staff will proceed with the necessary actions to establish a commercial paper program.

COUNCIL GOAL

Financially Stable City Government

BACKGROUND

Commercial paper (CP) is a variable rate, short-term debt instrument that can be used to fund portions of the Capital Improvement Program. CP can be issued with maturities ranging from 1 to 270 days. CP interest is paid periodically as each CP note matures; principal is carried forward. At the expiration of the commercial paper program, principal and outstanding interest is refinanced with long-term debt.

Commercial paper will be issued only when needed to meet cash flow requirements instead of in advance like fixed rate bonds. Thus, a commercial paper program is cost effective because it minimizes the total amount of debt outstanding while construction of the improvements is taking place.

Because commercial paper is a short-term debt instrument, it is issued at very favorable short-term interest rates. Commercial paper interest rates are currently 0.08% to 0.15%. Fixed rate, long-term debt has interest rates currently in the range of 3.00% to 4.00%.

Issuance of commercial paper is an alternative debt instrument to finance improvements to the Water & Sewer Utility Systems. CP does not require voter authorization.

CONSIDERATION

The benefits from the implementation of a Water & Sewer Utility System commercial paper program include:

- Principal debt service is deferred until fixed rate long-term debt is issued;
- Commercial paper is issued in intervals to meet cash flow requirements;
- Commercial paper is issued at short-term interest rates, which are much lower than fixed rate long-term debt;
- Terms and Conditions of Water & Sewer bond covenants are met.

ATTACHMENT(S)

None.

Submitted By:

Approved By:

David Schuler
Chief Financial Officer

Bryan L. Bradford
City Manager

Date: June 1, 2015

Date: June 1, 2015



Meeting: Work Session

Date: June 1, 2015

Policy Report

MEMORANDUM OF UNDERSTANDING / INTERLOCAL AGREEMENT AMONG GARLAND POLICE DEPARTMENT AND DALLAS COUNTY FOR CRIMINAL JUSTICE INFORMATION SHARING VIA DALLAS COUNTY TECHSHARE PROSECUTOR

ISSUE

Council is requested to consider accepting a Memorandum of Understanding / Interlocal Agreement (MOU/ILA) with Dallas County on behalf of the Dallas County District Attorney's Office for criminal justice information sharing via Dallas County Techshare Prosecutor (TSP)

OPTIONS

1. Accept MOU/ILA with Dallas County
2. Do Not accept MOU/ILA with Dallas County

RECOMMENDATION

Accept MOU/ILA with Dallas County for purposes of criminal justice information sharing via TSP. Unless otherwise directed by Council, this item will be scheduled for formal consideration at the June 16, 2015 Regular Meeting.

COUNCIL GOAL

Consistent Delivery of Reliable City Services
Safe, Family-Friendly Neighborhoods

BACKGROUND

The purpose of this MOU/ILA is to allow the Garland Police Department to electronically file criminal cases with the Dallas County District Attorney's Office. Collecting and sharing criminal justice information with the Dallas County District Attorney's Office occurs in the normal course of business on individuals suspected of committing a crime. Currently cases are filed in paper hardcopy packets and must be personally delivered to the Dallas County District Attorney's office. Electronic filing will allow

MEMORANDUM OF UNDERSTANDING / INTERLOCAL AGREEMENT AMONG
GARLAND POLICE DEPARTMENT AND DALLAS COUNTY FOR CRIMINAL JUSTICE
INFORMATION SHARING VIA DALLAS COUNTY TECHSHARE PROSECUTOR

Page 2

criminal cases to be filed in a more expedient and efficient manner through digital format with the Dallas County District Attorney's office.

CONSIDERATION

If accepted, the MOU/ILA will allow the Garland Police Department to move forward in the process of preparing for electronic case filing. Dallas County and the District Attorney will provide the Garland Police Department access to TSP at no cost.

ATTACHMENT(S)

MOU/ILA

Submitted By:

Approved By:

Mitchel L. Bates
Chief of Police

Bryan L. Bradford
City Manager

Date:

Date:



Meeting: Work Session

Date: June 1, 2015

Policy Report

CONSIDER RESOLUTION AUTHORIZING CITY MANAGER TO EXECUTE CONSENT TO ASSIGNMENT OF WATERPARK LEASE

ISSUE

Horizon Family Holdings, LLC, owner of the seven Hawaiian Falls waterpark businesses, has been purchased by Source Capital, LLC. With this transaction, Source Capital has become the owner of CNL Income Garland, LP, the leaseholder of Garland's Hawaiian Falls waterpark. Source Capital has requested the City to execute a Consent to Assignment of Lease reflecting the change in CNL ownership.

OPTIONS

The available options are, 1) concur with CNL's request, 2) refer the item to the Parks and Recreation Board for further review, or 3) take no action at this time.

RECOMMENDATION

It is requested the City Council authorize by minute action the City Manager to execute the Consent to Assignment of Lease. Unless otherwise directed by Council, this item will be scheduled for formal consideration at the June 16, 2015 Regular Meeting.

COUNCIL GOAL

Sustainable Quality Development and Redevelopment
Financially Stable Government with Tax Base that Supports Community Needs

BACKGROUND

In 2002, the City of Garland executed a "Waterpark Groundlease and Operating Agreement" for Horizon Amusement South, LLC, (HAS) to develop and operate the first Hawaiian Falls Waterpark under a concessionaire arrangement that pays a percentage of waterpark revenues to the City. This partnership has created a recreation facility that has attracted over one million visitors and generated over a million dollars in revenue without incurring any operational expenses to the City.

The Operating Agreement provides for HAS to assign the Agreement for security purposes. In short, HAS's financial partner would assume the groundlease for security of the funds advanced to HAS in return for providing funding to develop the waterpark. HAS would operate the waterpark per the assignment. In 2006, CNL became the financial partner with HAS and the leaseholder for Garland Hawaiian Falls.

Source Capital, an Atlanta based private equity firm, has been an investor in Horizon Family Holdings since December 2013. With the recent purchase of Horizon, Source Capital has pledged to continue the Hawaiian Falls' philosophy of "serving the community by bringing families closer together". Source Capital will also provide a capital investment to the seven Hawaiian Falls waterparks. The purchase makes

CONSIDER RESOLUTION AUTHORIZING CITY MANAGER TO EXECUTE CONSENT TO ASSIGNMENT OF LEASE

Page 2

Source Capital the owner of CNL; however, the Garland waterpark will see no change in operations.

CONSIDERATION

This transaction will ensure the ability of the waterpark concessionaire to maintain the facility in a high quality manner and potentially enhance the City's revenue potential with no commitment of City funds. Managing Director for Financial Services David Schuler has found no issue with Source Capital, LLC. The Parks and Recreation Board has also been briefed on the issue.

ATTACHMENT(S)

Submitted By:

Approved By:

Warren Bird, CPRP
Recreation Director

Bryan L. Bradford
City Manager

Date: May 22, 2015

Date: May 22, 2015

CONSENT TO ASSIGNMENT OF LEASE

THIS CONSENT TO ASSIGNMENT OF LEASE, dated _____, 2015 (this “Consent”) by the CITY OF GARLAND, TEXAS, a Texas home-rule municipality (“City”), in favor of CNL INCOME GARLAND, LP, a Delaware limited partnership (“CNL”).

RECITALS

WHEREAS, City and CNL are parties to that certain Water Park Groundlease and Operating Agreement, dated December 1, 2002, as amended (the “Lease”), with respect to the Premises (as defined in the Lease);

WHEREAS, CNL is [indirectly] owned by Horizon Family Holdings, LLC (“Member”), and Member intends to sell one hundred percent (100%) of its equity interests to Source Horizon, LLC, a Georgia limited liability company (the “Transaction”); and

WHEREAS, CNL hereby seeks City’s consent to the Transaction.

NOW, THEREFORE, City hereby certifies and agrees:

1. City consents to the Transaction.
2. Nothing in this Consent shall be deemed or construed to be a release of CNL from its performance under the Lease.
3. This Consent shall be binding upon and shall inure to the benefit of the successors and assigns of City and CNL.
4. This Consent is not assignable and shall not be construed as a consent by City to any other assignment, encumbrance, or sublease of any of the Premises covered by the Lease, without the prior written consent of City pursuant to the terms and conditions of the Lease.
5. This Consent shall be governed by and construed and enforced in accordance with the laws of the State of Texas without reference to principles of conflicts of laws.

(Signature page follows)

IN WITNESS WHEREOF, the undersigned has executed this Consent as of date first written above.

CITY OF GARLAND, TEXAS,
a Texas home-rule municipality

By: _____
Name: _____
Title: _____

ACKNOWLEDGEMENT

THE STATE OF _____ §

§

COUNTY OF _____ §

BEFORE ME, the undersigned authority, on this day personally appeared _____, who certified to me that he/she is the _____ of the City of Garland, Texas, a Texas home-rule municipality, and acknowledged to me that he/she executed the same, in the capacity stated, and as the act and deed of said municipality.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the ____ day of _____, 2015.

Notary Public in and for the State of _____

Name (Printed or Typed)

My Commission Expires: _____



City Council Item Summary Sheet

Work Session

Date: June 1, 2015

Agenda Item

DART Quarterly Report

Summary of Request/Problem

Council will be updated on DART's services, activities, programs and projects within Garland.

Recommendation/Action Requested and Justification

Council discussion.

Submitted By:

Approved By:

**Bryan L. Bradford
City Manager**

DART Update to the Garland City Council
May 2015

DART currently is engaged in several initiatives and activities that affect the City of Garland. Garland City Council members have contacted the DART Board of Directors and DART management with comments, questions and suggestions. We appreciate your interest in DART and hope this update addresses those topics.

DART Passenger Service

Ridership for the 2nd quarter of FY 2015 (Jan through Mar) in Garland was 690,694 riders. There were 508,796 bus riders and 181,898 light rail riders at the two stations serving Garland. Those figures translate into an average of about 7,344 bus riders and 2,979 light rail riders each weekday for both Jupiter and Downtown Garland Stations.

The ridership on Route 378 – which connects Downtown Garland Station, Lake Ray Hubbard Transit Center and South Garland Transit Center averages about 1,310 riders each weekday. It is one of the most heavily used transit center feeder routes in the DART System, as well as one of the best performing.

During the 2nd quarter, Downtown Garland Station averaged 1,904 daily riders, ranking it seventeenth among DART's 62 light rail stations.

South Garland Transit Center averages approximately 1,467 weekday bus riders and Lake Ray Hubbard Transit Center averages just between 860 and 900 weekday riders.

Safety and Security (Provided by DART Police)

Uniform Crime Reporting Program Part I Offenses committed at Garland's rail stations and bus transit centers totaled five (5) in the second quarter of FY 2015. There were seven (7) offenses classified as Part II Offenses. Part II Offenses are generally less serious like public intoxication and trespassing.

During the second quarter of FY 2015, DART Police issued 79 fare enforcement violation citations and 17 warning citations within the City of Garland. DART Police issued 8,197 fare enforcement violation citations and 1,649 warning citations systemwide in the same timeframe.

Systemwide, crime statistics have dropped despite an increase in ridership. Part I Offenses dropped from 716 in FY 2013 to 566 in FY 2014. Similarly, Part II Offenses dropped from 2,544 in FY 2013 to 1,840 in FY 2014.

Crime statistics at Garland transit facilities have remained low or decreased during the second quarter of FY 2015 compared to those in FY 2014 (See Attachment 1).

Garland Area Passenger Amenities

Several bus stop improvements were made during the second quarter. Concrete benches were installed at three stops along Duck Creek Drive. Shelters have also been ordered for the following locations, with installation to occur no later than May 24, 2015:

- La Prada at Duck Creek - Northbound - Near Side
- La Prada at Duck Creek - Southbound - Far Side
- Duck Creek at Oates - Northbound - Far Side
- Duck Creek at Oates - Southbound - Far Side
- La Prada at Northwest - Westbound - Mid-block

These additions bring Garland bus stops up to the following:

- Total Garland Bus Stops 917
- Total Garland Stops with Shelters 30 *
- Non-Shelter Benches at Bus Stops 92 **

* Excludes shelters at Garland rail stations or transit centers

** All shelters have benches

2040 Transit System Plan

DART began a two-year process to update the long-term Transit System Plan in 2014. The current 2030 Transit System Plan was approved in 2006. Since that time, major changes have occurred in the demographics and economic development of the region.

Phase 1 of the 2040 plan includes a Comprehensive Operational Analysis of the bus network, extensive data analyses, customer survey data and input from a comprehensive public outreach program. The research is supporting development of the Moving You Forward 10 Year Service Plan. The 10-year plan will outline recommendations for short- and medium-term bus service changes through 2025 and will provide a solid foundation for Phase 2 of the effort. The Moving You Forward 10 Year Service Plan is anticipated to be complete in summer 2015.

During Phase 2, DART will evaluate long-term capital projects and programs to ensure that the DART System meets the future travel needs of the region.

DART is working with Garland riders, citizens, city staff and other stakeholders to get public comment on both the Moving You Forward 10 Year Service Plan and the 2040 Transit System Plan. The DART Board will take action on the new 2040 Transit System Plan in 2016.

DART to Add Seven All-Electric Buses with \$7.6 Million Federal Grant

DART has received a \$7.6 million grant to purchase seven all-electric Proterra EV buses and the infrastructure to charge and maintain them. DART is one of 10 transit authorities selected for funding from the Federal Transit Administration under the Low and No Emission Vehicle Deployment Program, which is distributing nearly \$55 million in competitive grants. The Proterra EV buses should arrive by early 2017 and will join the electric light rail trains as zero-emission vehicles in DART's transit fleet.

State of Good Repair

As part of DART's extension of the Blue Line to the UNT Dallas campus, the agency recently began work on a major renovation of Ledbetter Station. Some changes are necessitated by the rail expansion, while others are necessary to update and improve the serviceability and security of this heavily used 20-year old station.

Improvements include:

- Enhanced lighting
- Replacement of mobility ramp walls with open railing to increase visibility
- Lengthening and raising platforms to allow level boarding on three-car trains
- Adding a passenger load/unload zone to the east of the station

The project – scheduled from February 2015 to September 2016 – will be conducted in phases to maintain accessibility and minimize customer inconvenience. On occasions when train activity is suspended, passengers may be asked to use a bus bridge to start and/or complete their journey.

Learn more: DART.org/ConstructionUpdates

DART, local, state and federal officials Stand Up for Transportation – April 9

DART was joined by Dallas Mayor Mike Rawlings, DFW International Airport Executive Vice President of Operations Jim Crites, Dallas County Commissioner Mike Cantrell, U.S. Rep. Eddie Bernice Johnson, U.S. Rep Marc Veasey and others from the Federal Transit Administration and North Texas Council of Governments to send a message to Congress that it's time to fund a long-term surface transportation bill.

Stand Up for Transportation Day is a nationwide effort where hundreds of a transit agencies came together to urge Congress to provide a long-term investment in our nation's transportation infrastructure. More information about Stand Up for Transportation Day can be found at www.standup4transportation.org.

Texas Transit Association Bus Roadeo and Expo – April 10-11

DART hosted the 2015 Texas Transit Association Roadeo and Expo. Orientation sessions, business meetings, written tests, swap meet, awards banquet and lodging were held at the Renaissance Dallas Richardson Hotel at Galatyn Park Station. Competitions for bus driving skills and bus vehicle maintenance were held at Araphaho Center Station.

The TTA Roadeo is more than a competition of driving skills and maintenance disciplines; it is a unique learning opportunity for operators and maintenance teams to engage with other transit agency professionals from across Texas. This year's event attracted approximately 300 attendees as well as nearly 30 exhibitors representing private companies across the country.

DART proved it has some of the best bus operators and maintenance staff in the state. The agency placed first and second in the 40-foot bus division, first in the 30-foot bus division, and fourth in the bus maintenance competition. An MV Transportation employee, a driver for DART's paratransit services, took first place in the van competition.

The top performers move on to compete against teams from across North America at the American Public Transportation Association's International Bus Rodeo, which will be held in Fort Worth on May 1-5 during the Bus & Paratransit Conference.

Dallas Streetcar Opened April 13

Streetcar travel between Oak Cliff and Downtown Dallas is back after a nearly 50 year absence, connecting a historic community via a state-of-the-art electric vehicle.

The modern era of Dallas streetcar service resumed April 13 with a 1.6 mile route from downtown's Union Station to Oak Cliff's Methodist Dallas Medical Center. This marks the first phase of Dallas' modern streetcar system. DART is project manager and operator of the City of Dallas project.

A second phase, which extends the route to the shopping and dining of Oak Cliff's Bishop Arts District, is expected to be completed by early 2016. The third segment, currently in planning, will expand the streetcar line to the Kay Bailey Hutchison Convention Center and Omni Dallas Hotel.

Route and schedule information, along with vehicle photos are at **DART.org/DallasStreetcar**

Older Americans Information and Health Fair – May 7

DART, the Dallas Area Agency on Aging and the City of Dallas Park and Recreation Department invite all senior citizens to celebrate Older Americans Month at the 21st Annual Older Americans Information and Health Fair. The free event for seniors is from 10 a.m. to 1 p.m. at Centennial Hall in Fair Park. Attendees are encouraged to save on parking and ride DART's Green Line directly to Fair Park Station where signs will direct attendees to the hall. Senior citizens can get free health screenings for prostate, blood pressure, cholesterol and diabetes screenings while enjoying lunch, prizes, drawings and information on a variety of topics.

Learn more: <http://www.dart.org/transiteducation/seniors2015.asp>

Bike to Work Day – May 15

DART will celebrate National Bike to Work Day by hosting "bike energizer stations" from 7 to 9:30 a.m., Friday, May 15. The stations will have information about local bicycle issues, along with free promotional items, refreshments and tune-ups. Join in the festivities at the Downtown Garland Station.

Transit Education Programs in Garland

DART's Transit Education staff conducts transit education presentations for groups of 20 or more. General topics include safety, riding DART, trip planning, environmental benefits and careers in transportation. The team also exhibits at community events to provide trip planning, promote new campaigns, answer questions, distribute materials/giveaways and more. 2015 events included:

January 2015

Sam Houston Middle School - Career Day: 80 students, 5 teachers

February 2015

Watson Tech Center - Safety/How to Ride DART Presentation: 110 students, 11 teachers

March 2015

St. Mark Baptist Church - Senior Citizen How to Ride: 20 Senior Citizens

Kidfest - Firewheel Mall - DART Exhibit Booth: 700 people (adults and children)

April 2015

Each year DART hosts a Student Art Contest. This year, the agency received more than 1,300 entries, setting a new record. The First Place Winner in the K-2 category was James Goodson, a second grader at Southgate Elementary in Garland. The following schools in Garland (the city proper) submitted artwork:

- Cooper Elementary
- Southgate Elementary
- Luna Elementary
- Groves Homeschool
- Sam Houston Middle School
- Classical Center at Brandenburg Middle School
- Southgate Elementary - Student Art Contest Winner

ATTACHMENT 1

Part 1 Offenses

Quarter 2 (Jan. - April 2015)	Criminal Homicide	Forcible Rape	Robbery	Aggravated Assault	Burglary	Larceny-Theft	Motor- Vehicle Theft	Arson	Total : Q2 2015	Total: Q2 2014
Lake Ray Hubbard	0	0	0	0	0	0	0	0	0	0
South Garland Transit Center	0	0	0	0	0	1	0	0	1	1
Forest/Jupiter	0	0	0	0	0	2	0	0	2	1
Downtown Garland	0	0	0	0	0	2	0	0	2	3

ATTACHMENT 2

Part 2 Offenses

Quarter 2 (Jan. – April 2015)	Other Assaults	Forgery/Counterfeiting	Fraud	Embezzlement	Stolen Property: Buy/Rec/Poss	Vandalism	Weapons	Prostitution	Sex Offenses	Drug Abuse Violation
Lake Ray Hubbard	0	0	0	0	0	0	0	0	0	0
South Garland Transit Center	0	0	0	0	0	0	0	0	0	0
Forest/Jupiter	0	0	0	0	0	0	0	0	0	1
Downtown Garland	0	0	0	0	0	0	0	0	0	0

*Continuation of above chart

Quarter 2 (Jan. – April 2015)	Gambling	Offenses Against Family/Child	DUI	Liquor Laws	Drunkenness	DOC	Vagrancy	All Others	Suspicion	Runaways	Total Q2 2015	Total Q2 2014
Lake Ray Hubbard	0	0	0	0	0	0	0	0	0	0	0	0
South Garland Transit Center	0	0	0	0	0	0	0	2	0	0	2	1
Forest/Jupiter	0	0	0	0	0	0	0	3	0	0	3	2
Downtown Garland	0	0	0	0	1	0	0	1	0	0	2	2



City Council Item Summary Sheet

Work Session

Date: June 1, 2015

Agenda Item

Transportation Report

Summary of Request/Problem

Dean International, the City's transportation consultant, will update Council on the following:

- Transportation Program Updates
 - IH-635
 - IH-30
- Strategic Events Update
- Advocacy Group Update
- Transportation Updates
 - TEX-21
 - Regional Policy
 - Federal Policy
 - State Update

Recommendation/Action Requested and Justification

Council discussion.

Submitted By:

Approved By:

Bryan L. Bradford
City Manager



City Council Item Summary Sheet

Work Session

Date: June 1, 2015

Agenda Item

Demonstration of Mobile Version of eAssist

Summary of Request/Problem

Present and demonstrate eAssist Garland, the City of Garland's official mobile application for service requests and information.

This is a follow-up to the January 20, 2015, work session in which the web application of eAssist was presented to the City Council.

Recommendation/Action Requested and Justification

No recommendation requested.

Submitted By:

**Scott Bollinger, Neighborhood
Resources Manager**

Approved By:

**Bryan L. Bradford
City Manager**