

ORDINANCE NO. O-2016-45

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF TYLER, TEXAS (“CITY”), APPROVING A NEGOTIATED SETTLEMENT BETWEEN THE ATMOS CITIES STEERING COMMITTEE (“ACSC” OR “STEERING COMMITTEE”) AND ATMOS ENERGY CORP., MID-TEX DIVISION (“ATMOS MID-TEX” OR “COMPANY”), REGARDING THE COMPANY’S 2016 RATE REVIEW MECHANISM (“RRM”) FILINGS; DECLARING EXISTING RATES TO BE UNREASONABLE; ADOPTING TARIFFS THAT REFLECT RATE ADJUSTMENTS CONSISTENT WITH THE NEGOTIATED SETTLEMENT; FINDING THE RATES TO BE SET BY THE ATTACHED TARIFFS TO BE JUST AND REASONABLE AND IN THE PUBLIC INTEREST; REQUIRING THE COMPANY TO REIMBURSE CITIES’ 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 EXECUTIVE COMMITTEE’S LEGAL COUNSEL.

WHEREAS, the City of Tyler, Texas (“City”) is a gas utility customer of Atmos Energy Corp., Mid-Tex Division (“Atmos Mid-Tex” or “Company”), and a regulatory authority with an interest in the rates and charges of Atmos Mid-Tex; and

WHEREAS, the City is a member of the Atmos Cities Steering Committee (“ACSC” or “Steering Committee”), 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, on March 1, 2016, Atmos Mid-Tex filed its 2016 RRM rate request with ACSC Cities; and

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

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

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

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

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF TYLER, TEXAS:

PART 1. That the findings set forth in this Ordinance are hereby in all things approved.

PART 2. That the City Council finds that the settled amount of an increase in revenues of \$29.9 million on a system-wide basis 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 2016 RRM Filing is in the public interest, and is consistent with the City's authority under Section 103.001 of the Texas Utilities Code.

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

PART 4. That the ratemaking treatment for pensions and other post-employment benefits in Atmos Mid-Tex's next RRM filing shall be as forth on Attachment "C", attached hereto and incorporated herein.

PART 5. That Atmos Mid-Tex shall reimburse the reasonable ratemaking expenses of the ACSC in processing the Company's 2016 RRM filing.

PART 6. That to the extent any resolution or ordinance previously adopted by the Council is inconsistent with this Ordinance, it is hereby repealed.

PART 7. 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.

PART 8. 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.

PART 9. 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, 2016.

PART 10. That a copy of this Ordinance shall be sent to Atmos Mid-Tex, care of David Park, Vice President Rates and Regulatory Affairs, at Atmos Energy Corporation, 5420 LBJ Freeway, Suite 1862, Dallas, Texas 75240, and to Geoffrey Gay, General Counsel to ACSC, at Lloyd Gosselink Rochelle & Townsend, P.C., P.O. Box 1725, Austin, Texas 78767-1725.

PASSED AND APPROVED this 11th day of May 2016.

ATTEST:

Cassandra Brager
CASSANDRA BRAGER, CITY CLERK



Martin Heines
MARTIN HEINES, MAYOR
OF THE CITY OF TYLER, TEXAS

APPROVED:

Deborah G. Pullum
DEBORAH G. PULLUM,
CITY ATTORNEY

ORDINANCE NO. O-2016-45
ATTACHMENT "A"

MID-TEX DIVISION
ATMOS ENERGY CORPORATION

Attachment A
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 06/01/2016	PAGE: 12

Application

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

Type of Service

Where service of the type desired by Customer is not already available at the Point of Delivery, additional charges and special contract arrangements between Company and Customer may be required prior to service being furnished.

Monthly Rate

Customer's monthly bill will be calculated by adding the following Customer and Ccf charges to the amounts due under the riders listed below:

Charge	Amount
Customer Charge per Bill	\$ 19.10 per month
Rider CEE Surcharge	\$ 0.02 per month ¹
Total Customer Charge	\$ 19.12 per month
Commodity Charge – All Ccf	\$0.11378 per Ccf

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

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

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

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

Surcharge: 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, 2015.

MID-TEX DIVISION
ATMOS ENERGY CORPORATION

Attachment A
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 06/01/2016	PAGE: 13

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	\$ 41.75 per month
Rider CEE Surcharge	\$ 0.02 per month ¹
Total Customer Charge	\$ 41.77 per month
Commodity Charge – All Ccf	\$ 0.08494 per Ccf

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

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

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

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

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

Agreement

An Agreement for Gas Service may be required.

Notice

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

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

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 06/01/2016	PAGE: 14

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	\$ 738.00 per month
First 0 MMBtu to 1,500 MMBtu	\$ 0.3096 per MMBtu
Next 3,500 MMBtu	\$ 0.2267 per MMBtu
All MMBtu over 5,000 MMBtu	\$ 0.0486 per MMBtu

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

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

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

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

Curtailment Overpull Fee

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

Replacement Index

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

MID-TEX DIVISION
ATMOS ENERGY CORPORATION

Attachment A
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 06/01/2016	PAGE: 15

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.

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 06/01/2016	PAGE: 16

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	\$ 738.00 per month
First 0 MMBtu to 1,500 MMBtu	\$ 0.3096 per MMBtu
Next 3,500 MMBtu	\$ 0.2267 per MMBtu
All MMBtu over 5,000 MMBtu	\$ 0.0486 per MMBtu

Upstream Transportation Cost Recovery: Plus an amount for upstream transportation costs in accordance with Part (b) of Rider GCR.

Retention Adjustment: Plus a quantity of gas as calculated in accordance with Rider RA.

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

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

Surcharge: 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

Attachment A
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 06/01/2016	PAGE: 17

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 11/01/2016	PAGE: 41

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:

$$WNAF_i = \frac{R_i \left(HSF_i \times (NDD-ADD) \right)}{(BL_i + (HSF_i \times ADD))}$$

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:

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

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 11/01/2016		PAGE: 42

Base Use/Heat Use Factors

Weather Station	<u>Residential</u>		<u>Commercial</u>	
	Base use Ccf	Heat use Ccf/HDD	Base use Ccf	Heat use Ccf/HDD
Abilene	10.09	0.1392	98.01	0.6440
Austin	11.21	0.1551	203.36	0.8564
Dallas	13.72	0.2048	189.83	0.9984
Waco	9.89	0.1411	129.75	0.6695
Wichita Falls	11.49	0.1506	122.36	0.5967

Weather Normalization Adjustment (WNA) Report

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

Attachment B
Proof of Revenues

File Date: March 1, 2016

ATMOS ENERGY CORP., MID-TEX DIVISION
PROPOSED TARIFF STRUCTURE (BEFORE RATE CASE EXPENSE RECOVERY)
TEST YEAR ENDING DECEMBER 31, 2016

(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)
1 Proposed Change in Rates:										
2 Proposed Change in Rates without Revenue Related Taxes:		\$ 29,803,205								
3		\$ 27,447,850								
4										
5	Revenue Requirements	Allocations								
6	\$ 338,431,468	77.85%	Per GUD 10170 Final Order							
7 Residential	\$ 84,223,622	19.40%	Per GUD 10170 Final Order							
8 Commercial	\$ 11,460,318	2.85%	Per GUD 10170 Final Order							
9 Industrial and Transportation										
10 Net Revenue Requirements GUD No. 10170	\$ 434,145,424									
11										
12										
13										
14										
15										
16 With Proportional Increase all classes but Residential and a 40% residential base charge increase:										
17										

With Customer Charges Rounded Off and residential base charge increase for 2015 limited to \$0.50 per RRM tariff:										
18	19	20	21	22	23	24	25	26	27	28
	Current	Prospective		Revenues		Revenues		Revenues		Revenues
Residential Base Charge	\$ 18.56	\$ 0.48	\$ 8,658,622	Residential Base Charge	\$ 0.52	\$ 9,355,278	\$ 19.08	\$ 330,613,673		
Residential Consumption Charge	\$ 0.09831	\$ 0.01640	\$ 12,837,933	Residential Consumption Charge	\$ 0.01147	\$ 12,061,297	\$ 0.11378	\$ 64,830,970		
Commercial Base Charge	\$ 39.87	\$ 1.81	\$ 2,862,423	Commercial Base Charge	\$ 1.83	\$ 2,697,162	\$ 41.70	\$ 1,360,288		
Commercial Consumption Charge	\$ 0.08020	\$ 0.00480	\$ 2,682,423	Commercial Consumption Charge	\$ 0.00474	\$ 2,626,475	\$ 0.08494	\$ 47,085,684		
I&T Base Charge	\$ 697.35	\$ 38.03	\$ 363,224	I&T Base Charge	\$ 39.85	\$ 378,728	\$ 737.00	\$ 7,039,815		
I&T Consumption Charge Tier 1 MMBTU	\$ 0.2837	\$ 0.0168	\$ 172.197	I&T Consumption Charge Tier 1 MMBTU	\$ 0.0160	\$ 165,150	\$ 0.3000	\$ 3,216,747		
I&T Consumption Charge Tier 2 MMBTU	\$ 0.2161	\$ 0.0121	\$ 139.070	I&T Consumption Charge Tier 2 MMBTU	\$ 0.0118	\$ 132,886	\$ 0.2287	\$ 2,597,042		
I&T Consumption Charge Tier 3 MMBTU	\$ 0.0461	\$ 0.0026	\$ 51,988	I&T Consumption Charge Tier 3 MMBTU	\$ 0.0025	\$ 48,855	\$ 0.0486	\$ 971,117		
				\$ 27,447,850		\$ 27,446,933		\$ 550,032,610		

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

Attachment C

ORDINANCE NO. O-2016-45
ATTACHMENT "C"

Line No.	Description (a)	Shared Services Post-Retirement Medical Plan ("FAS 106")			Mid-Tex Direct Pension Account Plan ("PAP")			Mid-Tex Direct Post-Retirement Supplemental Executive Benefit Plan ("SERP")			Post-Retirement Medical Plan ("FAS 106")		Adjustment Total (g)
		(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	
1	Fiscal Year 2016 Towers Watson Report as adjusted (1), (3)	\$ 5,101,690	\$ 2,896,450	\$ 7,840,683	\$ 150,433	\$ 4,468,430							
2	O&M Expense Factor (2)	96.41%	96.41%	37.42%	20.77%	37.42%							
3	Fiscal Year 2016 Actuarially Determined O&M Benefits (Ln 1 x Ln 2)	\$ 4,918,540	\$ 2,792,473	\$ 2,933,599	\$ 31,249	\$ 1,671,119							
4	Allocation to Mid-Tex (2)	40.56%	40.56%	71.52%	100.00%	71.52%							
5	Mid-Tex Benefits Expense Included in Rates - Proposed (Ln 3 x Ln 4)	\$ 1,995,016	\$ 1,132,659	\$ 2,098,222	\$ 31,249	\$ 1,195,248	\$ 6,452,393						
6	Mid-Tex Benefits Expense per GUD 10359 and RRM Test Year Ending	\$ 2,831,859	\$ 2,013,260	\$ 2,925,600	\$ 34,809	\$ 2,665,721	\$ 10,501,250						
7	December 31, 2014 Benchmark (4)												
8	9 Test Year Adjustment (Line 6 minus Line 7)	\$ (836,844)	\$ (880,601)	\$ (827,379)	\$ (3,561)	\$ (1,500,472)	\$ (4,048,856)						
10	10 Adjustment Summary												
11	11 Adjustment Summary												
12	12 Account 922												
13	13 Account 926												
14	14 Total (Ln 12 plus Ln 13)	\$ (836,844)	\$ (880,601)	\$ (827,379)	\$ (3,561)	\$ (1,500,472)	\$ (2,331,412)						
15													
16													
17	Notes:												
18	1. Studies not applicable to Mid-Tex or Shared Services are omitted.												
19	2. The factors on Lines 2 and 4 are based on the factors in 2016 RRM (Test Year Ending December 31, 2015).												
20	3. SSU amounts exclude cost centers which do not allocate to Mid-Tex for rate making purposes.												
21	4. GUD No. 10359 is the benchmark for January-May which is the same benchmark as used in the RRM TYE December 31, 2014 for June-December.												

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

Line No.	Description (a)	Shared Services		Mid-Tex Direct		Adjustment Total (g)
		Pension Account Plan (PAP)	Post-Retirement Medical Plan (FAS 106")	Pension Account Plan (PAP)	Supplemental Executive Benefit Plan ("SERP")	
	Fiscal Year 2016 Towers Watson Report (excluding Removed Cost)					
1	Fiscal Year 2016 Towers Watson Report (excluding Removed Cost) Centers)	\$ 5,101,680	\$ 2,896,450	\$ 7,840,683	\$ 150,433	\$ 4,466,430
2	Allocation to Mid-Tex	40.56%	40.56%	71.52%	100.00%	71.52%
3	FY16 Towers Watson Benefit Costs (excluding Removed Cost) Centers) Allocated to MTEX (Ln 1 x Ln 2)	\$ 2,069,299	\$ 1,174,833	\$ 5,607,955	\$ 150,433	\$ 3,194,561
4	OBM and Capital Allocation Factor	100.00%	100.00%	100.00%	100.00%	100.00%
5	FY16 Towers Watson Benefit Costs To Approve (excluding Removed Cost Centers) (Ln 3 x Ln 4)	\$ 2,069,299	\$ 1,174,833	\$ 5,607,955	\$ 150,433	\$ 3,194,561
6						\$ 12,197,081
7	Summary of Costs to Approve:					
8						
9						
10	Total Pension Account Plan ("PAP")	\$ 2,069,299	\$ 1,174,833	\$ 5,607,955	\$ 150,433	\$ 7,677,254
11	Total Post-Retirement Medical Plan ("FAS 106")					4,369,394
12	Total Supplemental Executive Retirement Plan ("SERP")	\$ 2,069,299	\$ 1,174,833	\$ 5,607,955	\$ 150,433	150,433
13	Total (Ln 10 + Ln 11 + Ln 12)					\$ 12,197,081
14						
15						
16	OBM Expense Factor	96.41%	96.41%	37.42%	20.77%	37.42%
17	Expense Portion (Ln 13 x Ln 16)	\$ 1,995,016	\$ 1,132,659	\$ 2,098,222	\$ 31,249	\$ 1,195,248
18	Capital Factor	3.59%	3.59%	62.58%	79.23%	62.58%
19	Capital Portion (Ln 13 x Ln 20)	\$ 74,283	\$ 42,174	\$ 3,509,733	\$ 119,184	\$ 1,998,313
20	Total (Ln 18 + Ln 22)	\$ 2,069,299	\$ 1,174,833	\$ 5,607,955	\$ 150,433	\$ 3,194,561
21						\$ 12,197,081