

May 25, 2022

Ordinance No. _____

WHEREAS, Atmos Energy Corp., Mid-Tex Division (“Atmos”) provides natural gas utility service within the City of Dallas in accordance with Ordinance No. 27793; and

WHEREAS, on February 14, 2018 the City of Dallas adopted Ordinance No. 30777 which approved new rates for gas distribution service in the City of Dallas including Rider DARR-Dallas Annual Rate Review (“Rider DARR”), and

WHEREAS, Atmos filed for a \$15.3 million annual increase applicable to Dallas customers on January 14, 2022 pursuant to terms of the Dallas Annual Rate Review (DARR) tariff; and

WHEREAS subsequent to January 15, 2022, a state of disaster was declared by the Governor of the State of Texas, by Dallas County Texas, and by the City of Dallas, all due to the Novel Coronavirus Disease 2019 (COVID-19) outbreak and pandemic and

WHEREAS, such state of emergency declaration has continued, and

WHEREAS, the City of Dallas amended the Rider DARR on May 13, 2020, by Ordinance No. 31532, to allow implementation of a deferral of timelines in an instance where a state of emergency has been declared, and

WHEREAS, the deferred timeline extends the deadline for the City’s review of the DARR filing until August 29, 2022, and

WHEREAS, the City of Dallas has determined that Atmos failed to demonstrate the reasonableness of the requested increase; and

WHEREAS, Atmos and the City of Dallas have agreed to an annual rate increase of \$13.3 million to customers within the City of Dallas to settle and resolve the 2022 DARR filing; and

WHEREAS, the deferred timelines of Rider DARR as amended establish an effective date for new rates of September 1, 2022, and

WHEREAS, Atmos and the City of Dallas have agreed that Atmos’s unprotected Excess Deferred Income Tax liabilities are to be amortized over a 3-year period and protected balance changed from 24 years to 26 years; and

WHEREAS, The City Council may review the accuracy of the amortization of both protected and unprotected Excess Deferred Income Tax liabilities in Atmos’s next rate filing with the City of Dallas; and

WHEREAS, the tariffs attached to this Ordinance, including tariffs, R-Residential Sales, C-Commercial Sales, I-Industrial Sales and T-Transportation, and rate riders WNA-Weather Normalization Adjustment (Dallas) and CEE-Conservation and Energy Efficiency are determined to be fair and reasonable; Now, Therefore,

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF DALLAS;

Section 1. That the rate adjustments and tariffs presented in the “Dallas Annual Rate Review Filing Test Year Ended 9-30-21” filed by Atmos Energy Corp. on January 15, 2022, are unreasonable and are therefore denied in all respects.

Section 2. That the tariffs attached hereto as Exhibit A, including tariffs, R-Residential Sales, C-Commercial Sales, I-Industrial Sales and T-Transportation, and rate riders WNA-Weather Normalization Adjustment (Dallas) and CEE-Conservation and Energy Efficiency are hereby approved effective September 1, 2022.

Section 3. That the City’s expenses in reviewing the DARR filing and negotiating the settlement are deemed reasonable and Atmos shall reimburse the City in full for the costs of City’s consultants and outside legal counsel.

Section 4. That this ordinance shall take effect immediately from and after its passage in accordance with the provisions of the City Charter of the City of Dallas, and it is accordingly so ordained.

APPROVED AS TO FORM:
Christopher J. Caso,
City Attorney

By _____
Assistant City Attorney

Exhibit A

MID-TEX DIVISION ATMOS ENERGY CORPORATION

RATE SCHEDULE:	R – RESIDENTIAL SALES	
APPLICABLE TO:	Customers within the City of Dallas	
EFFECTIVE DATE:	Bills Rendered on or after 09/01/2022	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	\$ 25.75 per month
Rider CEE Surcharge	\$ 0.05 per month ¹
Total Customer Charge	\$ 25.80 per month
Commodity Charge – All <u>Ccf</u>	\$0.23307 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, 2022.

Exhibit A

MID-TEX DIVISION ATMOS ENERGY CORPORATION

RATE SCHEDULE:	C – COMMERCIAL SALES	
APPLICABLE TO:	Customers within the City of Dallas	
EFFECTIVE DATE:	Bills Rendered on or after 09/01/2022	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	\$ 55.55 per month
Rider CEE Surcharge	\$ (0.01) per month ²
Total Customer Charge	\$ 55.54 per month
Commodity Charge – All Ccf	\$ 0.10558 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, 2022.

Exhibit A

MID-TEX DIVISION ATMOS ENERGY CORPORATION

RATE SCHEDULE:	I – INDUSTRIAL SALES	
APPLICABLE TO:	Customers within the City of Dallas	
EFFECTIVE DATE:	Bills Rendered on or after 09/01/2022	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	\$ 1,106.65 per month
First 0 MMBtu to 1,500 MMBtu	\$ 0.3300 per MMBtu
Next 3,500 MMBtu	\$ 0.2407 per MMBtu
All MMBtu over 5,000 MMBtu	\$ 0.0379 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. Franchise Fees are to be assessed solely to customers within municipal limits. This does not apply to Environs Customers.

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.

Exhibit A

**MID-TEX DIVISION
ATMOS ENERGY CORPORATION**

RATE SCHEDULE:	I – INDUSTRIAL SALES	
APPLICABLE TO:	Customers within the City of Dallas	
EFFECTIVE DATE:	Bills Rendered on or after 09/01/2022	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.

Exhibit A

MID-TEX DIVISION ATMOS ENERGY CORPORATION

RATE SCHEDULE:	T – TRANSPORTATION	
APPLICABLE TO:	Customers within the City of Dallas	
EFFECTIVE DATE:	Bills Rendered on or after 09/01/2022	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	\$ 1,106.65 per month
First 0 MMBtu to 1,500 MMBtu	\$ 0.3300 per MMBtu
Next 3,500 MMBtu	\$ 0.2407 per MMBtu
All MMBtu over 5,000 MMBtu	\$ 0.0379 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. Franchise Fees are to be assessed solely to customers within municipal limits. This does not apply to Environs Customers.

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.

Exhibit A

MID-TEX DIVISION ATMOS ENERGY CORPORATION

RATE SCHEDULE:	T – TRANSPORTATION	
APPLICABLE TO:	Customers within the City of Dallas	
EFFECTIVE DATE:	Bills Rendered on or after 09/01/2022	PAGE:

Monthly Imbalance Fees

Customer shall pay Company the greater of (i) \$0.10 per MMBtu, or (ii) 150% of the difference per MMBtu between the highest and lowest “midpoint” price for the Katy point listed in *Platts Gas Daily* in the table entitled “Daily Price Survey” during such month, for the MMBtu of Customer’s monthly Cumulative Imbalance, as defined in the applicable Transportation Agreement, at the end of each month that exceeds 10% of Customer’s receipt quantities for the month.

Curtailment Overpull Fee

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

Replacement Index

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

Agreement

A transportation agreement is required.

Notice

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

Special Conditions

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

Exhibit A

MID-TEX DIVISION ATMOS ENERGY CORPORATION

RIDER:	WNA – WEATHER NORMALIZATION ADJUSTMENT	
APPLICABLE TO:	Customers within the City of Dallas	
EFFECTIVE DATE:	09/01/2022	PAGE:

Provisions for Adjustment

The base rate 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 regional weather station is Dallas.

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:

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

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 = base rate of temperature sensitive sales for the i^{th} schedule or classification utilized by the Commission in the Relevant Rate Order.
- 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
- 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:

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

Exhibit A**MID-TEX DIVISION
ATMOS ENERGY CORPORATION**

RIDER:	CEE – CONSERVATION AND ENERGY EFFICIENCY	
APPLICABLE TO:	Customers within the City of Dallas	
EFFECTIVE DATE:	09/01/2022	PAGE:

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

Base Use/Heat Use Factors

Weather Station	<u>Residential</u>		<u>Commercial</u>	
	Base use Ccf	Heat use Ccf/HDD	Base use Ccf	Heat use Ccf/HDD
Dallas	16.28	.1890	216.34	.8527

I. Purpose

Atmos Energy Corporation's Mid-Tex Division provides a Conservation and Energy Efficiency program which offers assistance to residential and commercial customers to encourage reductions in energy consumption and lower energy utility bills. The proposal is one where Atmos Energy shareholders will fund a half of the allowable expenses incurred annually, with a customer rate component providing the remainder of the funding. The programs offered under Rate Schedule CEE will be consistent with similar conservation and energy efficiency programs offered by other gas utilities and may include, but not limited to residential and commercial customer rebates for high efficiency appliances and equipment, as well as a low income customer weatherization assistance program.

II. Application

Applicable to Rate R Sales Service and Rate C Commercial Sales Service customers only.

The Customer Charges under Rate Schedule R-Residential Sales and Rate Schedule C-Commercial Sales, shall be increased or decreased annually beginning July 1, 2013 by the CEE Cost Recovery Component (CEE) at a rate per bill in accordance with the following formula:

$$CEE = CRC + BA$$

Where:

CRC = Cost Recovery-Current. The CRC shall include all expected costs attributable to the Company's CEE program for the twelve month period ending June 30th of each year, including, but not limited to rebates paid, material costs, the costs associated with installation and removal of replaced materials and/or equipment, the cost of educational and customer awareness materials related to conservation/efficiency and the planning, development, implementation and administration of the CEE program. CRC will be calculated in a manner that results in non-recurring cost being recovered only once. Direct program costs will be identified by class and common administrative costs will be allocated to each class pro-rata based upon the proportion of direct costs. Administrative costs shall not exceed 15%

of total CEE program costs.

BA = Balance Adjustment. The BA shall compute differences between Rider CRC collections by class and expenditures by class, including the pro-rata share of common administrative costs for each class for the twelve month period ending the prior December 31 and collect the over/under recovery during the 12 month period beginning July 1 of the following year.

Class = Rate R Sales Service customer and Rate C Sales Service customers.

Exhibit A

MID-TEX DIVISION ATMOS ENERGY CORPORATION

RIDER:	CEE – CONSERVATION AND ENERGY EFFICIENCY	
APPLICABLE TO:	Customers within the City of Dallas	
EFFECTIVE DATE:	09/01/2022	PAGE:

III. Administration

A third-party administrator (Program Administrator) may coordinate general program administration. Program administration expenses will be funded from the annual budget.

IV. Program Selection

Program selection will be determined on annual basis and a summary of programs selected for the upcoming twelve-month period will be provided to interested parties on or before March 1st of each calendar year. The portfolio of program offerings will be designed to be impactful and cost effective based on Atmos' knowledge of its customer base and experience administering various conservation and energy efficiency program initiatives. The regulators and Company shall agree prospectively of any changes to the program.

V. Report

The Company will file an annual report with the Director of the Gas Services Division of the Railroad Commission on or before March 1 of each calendar year. The annual report shall also be made available on the Company's website. The annual report will identify the portfolio of program offerings the Company will provide during the twelve-month period commencing July 1 of each year. This annual filing shall include detailed calculations of the CRC and the Balancing Adjustments, as well as data on the total cost of the CEE Program and by each individual rebate program. Detailed tracking and reporting of program administration costs is also required.