

ORDINANCE NO. 2024-018

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF WOLFFORTH TEXAS, APPROVING A NEGOTIATED SETTLEMENT BETWEEN THE EXECUTIVE COMMITTEE OF CITIES SERVED BY ATMOS WEST TEXAS (“CITIES”) AND ATMOS ENERGY CORP., WEST TEXAS DIVISION REGARDING THE COMPANY’S 2024 RATE REVIEW MECHANISM FILING; 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 SETTLEMENT TARIFFS TO BE JUST AND REASONABLE AND IN THE PUBLIC INTEREST; APPROVING AN ATTACHMENT ESTABLISHING A BENCHMARK FOR PENSIONS AND RETIREE MEDICAL BENEFITS; APPROVING AN ATTACHMENT REGARDING AMORTIZATION OF REGULATORY LIABILITY; 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 CITIES’ LEGAL COUNSEL.

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

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

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

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Legislature, and that will establish rates for Cities based on the system-wide cost of serving the Atmos West Texas service area; and

WHEREAS, the RRM tariff was adopted by the City in a rate ordinance in 2018; and

WHEREAS, on about April 1, 2024 Atmos West Texas filed its 2024 RRM rate request with Cities based on a test year ending December 31, 2023; and

WHEREAS, Cities coordinated its review of the Atmos West Texas 2024 RRM filing through its Executive Committee, assisted by Cities' attorneys and consultants, to resolve issues identified in the Company's RRM filing; and

WHEREAS, the Executive Committee, as well as Cities' counsel and consultants, recommends that Cities approve an increase in base rates for Atmos West Texas of \$4.3 million with an Effective Date of October 1, 2024; and

WHEREAS, the attached tariffs (Attachment 1) implementing new rates are consistent with the recommendation of the Cities' Executive Committee, are agreed to by the Company, and are just, reasonable, and in the public interest; and

WHEREAS, the settlement agreement sets a new benchmark for pensions and retiree medical benefits (Attachment 2) and

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

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

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

Section 2. That, without prejudice to future litigation of any issue identified by Cities, the City Council finds that the settled amount of an increase in revenues of \$4.3 million for Cities

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represents a comprehensive settlement of gas utility rate issues affecting the rates, operations, and services offered by Atmos West Texas within the municipal limits arising from Atmos West Texas' 2024 RRM filing, 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 West Texas are unreasonable. The new tariffs, attached hereto and incorporated herein as Attachment 1, are just and reasonable, and are designed to allow Atmos West Texas to recover annually an additional \$4.3 million in revenue from customers in Cities, over the amount allowed under currently approved rates. Such tariffs are hereby adopted.

Section 4. That the ratemaking treatment for pensions and retiree medical benefits in Atmos West Texas' next RRM filing shall be as set forth on Attachment 2, attached hereto and incorporated herein.

Section 5. That Atmos West Texas shall reimburse the reasonable ratemaking expenses of the Cities in processing the Company's 2024 RRM filing.

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

Section 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.

Section 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.

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Section 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 October 1, 2024.

Section 10. That a copy of this Ordinance shall be sent to Atmos West Texas, care of Philip Littlejohn, Vice President of Rates and Regulatory Affairs, West Texas Division, 6606 66th Street, Lubbock, Texas 79424, and Thomas Brocato, General Counsel to Cities, at Lloyd Gosselink Rochelle & Townsend, P.C., 816 Congress Avenue, Suite 1900, Austin, Texas 78701.

PASSED AND APPROVED this 19th day of August, 2024.

Mayor

ATTEST:

APPROVED AS TO FORM:

City Secretary

City Attorney