

REGULAR MEETING

October 8, 2013

7:00 p.m.

A Public Hearing was held concerning the request for a Specific Use Permit to allow a new double-wide manufactured home on Block 86 part of Lot 5 located at 210 SW Fourth Street.

There being a quorum present, Mayor Saunders called the meeting to order at 7:10 p.m.

Council members present: Rick Neumayer, Brandon Blue, Greg Allen, and Ann Fessenden

Absent: Bruce Franklin

Neumayer made a motion to approve the Consent Agenda to include the Minutes to the last meeting and budget review and payment of bills. Fessenden seconded the motion. Votes:

For – Neumayer, Blue, Allen, and Fessenden

Against – None

Passed – 4-0

Public Comment:

- none

Neumayer made a motion to deny the Serna's request to allow a horse at 612 N Goodman. Allen seconded the motion. Votes:

For – Neumayer, Blue, Allen, and Fessenden

Against – None

Passed – 4-0

Neumayer made a motion to hold a reauthorization election for the ¼ % sales tax for street maintenance on the second Saturday in May. Fessenden seconded the motion. Votes:

For – Neumayer, Blue, Allen, and Fessenden

Against – None

Passed – 4-0

Consideration of nominations for the Navarro Central Appraisal District Board of Directors died from lack of a motion.

The following Ordinance was read for consideration:

ORDINANCE NO. 13-1008

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF KERENS, TEXAS, APPROVING A NEGOTIATED RESOLUTION BETWEEN THE ATMOS CITIES STEERING COMMITTEE AND ATMOS ENERGY CORP., MID-TEX DIVISION REGARDING THE COMPANY'S 2013 ANNUAL RATE REVIEW MECHANISM FILING IN ALL CITIES EXERCISING ORIGINAL JURISDICTION; DECLARING EXISTING RATES TO BE UNREASONABLE; ADOPTING TARIFFS THAT REFLECT RATE ADJUSTMENTS CONSISTENT WITH THE NEGOTIATED SETTLEMENT AND FINDING THE RATES TO BE SET BY THE ATTACHED TARIFFS TO BE JUST AND REASONABLE; REQUIRING THE COMPANY TO

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REIMBURSE CITIES' REASONABLE RATEMAKING EXPENSES; REPEALING CONFLICTING RESOLUTIONS OR ORDINANCES; DETERMINING THAT THIS ORDINANCE WAS PASSED IN ACCORDANCE WITH THE REQUIREMENTS OF THE TEXAS OPEN MEETINGS ACT; ADOPTING A SAVINGS CLAUSE; DECLARING AN EFFECTIVE DATE; PROVIDING A MOST FAVORED NATIONS CLAUSE; AND REQUIRING DELIVERY OF THIS ORDINANCE TO THE COMPANY AND THE STEERING COMMITTEE'S LEGAL COUNSEL.

WHEREAS, the City of Kerens, 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"), a coalition of approximately 164 similarly situated cities served by Atmos Mid-Tex that have joined together to facilitate the review of and response to natural gas issues affecting rates charged in the Atmos Mid-Tex service area; and

WHEREAS, pursuant to the terms of the agreement settling the Company's 2007 Statement of Intent to increase rates, ACSC Cities and the Company worked collaboratively to develop a Rate Review Mechanism ("RRM") tariff that allows for an expedited rate review process controlled in a three-year experiment by ACSC Cities as a substitute to the current Gas Reliability Infrastructure Program ("GRIP") process instituted by the Legislature; and

WHEREAS, the City took action in 2008 to approve a Settlement Agreement with Atmos Mid-Tex resolving the Company's 2007 rate case and authorizing the RRM tariff; and

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

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

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

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

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

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

WHEREAS, the attached tariffs implementing new rates are consistent with the negotiated resolution reached by ACSC Cities and are just, reasonable, and in the public interest;

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

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

Section 2. That the City Council finds the existing rates for natural gas service provided by Atmos Mid-Tex are unreasonable and new tariffs which are attached hereto and incorporated herein as Attachment A, are just and reasonable and are hereby adopted.

Section 3. That Atmos Mid-Tex shall reimburse the reasonable ratemaking expenses of the ACSC Cities in processing the Company's RRM application.

Section 4. That to the extent any resolution or ordinance previously adopted by the Council is inconsistent with this Ordinance, it is hereby repealed.

Section 5. That the meeting at which this Ordinance was approved was in all things conducted in strict compliance with the Texas Open Meetings Act, Texas Government Code, Chapter 551.

Section 6. That if any one or more sections or clauses of this Ordinance is adjudged to be unconstitutional or invalid, such judgment shall not affect, impair or invalidate the remaining provisions of this Ordinance and the remaining provisions of the Ordinance shall be interpreted as if the offending section or clause never existed.

Section 7. That if ACSC determines any rates, revenues, terms and conditions, or benefits resulting from a Final Order or subsequent negotiated settlement approved in any proceeding addressing the issues raised in Atmos' 2013 RRM filing would be more beneficial to the ACSC Cities than the terms of the attached tariffs, then the more favorable rates, revenues, terms and conditions, or benefits shall additionally and automatically accrue to the ACSC Cities, including the City, without the need for City to take any further action. If this automatic adjustment occurs, Atmos Mid-Tex shall promptly thereafter file with the City an amended tariff documenting the adjustment to rates.

Section 8. That this Ordinance shall become effective from and after its passage with rates authorized by attached tariffs to be effective for bills rendered on or after November 1, 2013.

Section 9. That a copy of this Ordinance shall be sent to Atmos Mid-Tex, care of Chris Felan, Manager of Rates and Regulatory Affairs, at Atmos Energy Corporation, 5420 LBJ Freeway, Suite 1862, Dallas, Texas 75240, and to Geoffrey Gay, General Counsel to ACSC, at Lloyd Gosselink Rochelle & Townsend, P.C., P.O. Box 1725, Austin, Texas 78767-1725.

Neumayer made a motion to pass and approve the Ordinance as read. Allen seconded the motion. Votes:

For – Neumayer, Blue, Allen, and Fessenden

Against – None

Passed – 4-0

No action taken at this time after discussion on contract with Humane Society of Cedar Creek Lake.

Operations

- **Code Enforcement** – Officer Covey's report showed 4 occupancy inspections, 7 vehicles abated, one tree across neighbor's fence blocking carport, City mowed Family Dollar, rubble at 820 N Goodman finally gone,

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and that 5 citations were issued – 1 junk vehicle and 4 dog related. Scott was told to inform Covey that the parts store sign has been turned back on and that a temporary sign has been installed.

- **Water Dept.** – Scott updated the council on the status of NCWR lawsuits.
- **Sewer Dept.** – nursing home caused another major problem at the lift station.
- **Street Dept.** – No new problems.
- **Police Dept.** – Chief Miers not present.
- **Animal Control** – No new problems.
- **Court** – No problems to report
- **Tax Dept.** – Russell Hudson’s report shows 94.17% of current taxes collected as of September 30, 2013.
- **Office** – No problems.
- **Grants** – Water line construction has begun.
- **Economic Development** – A request for a Specific Use Permit to allow a flea market will be on next month’s agenda.
- **Long Range Planning** – Mayor Saunders discussed his idea of a permanent marker on the lines of the Big Tex bootprints.

Neumayer made a motion to adjourn the meeting. Fessenden seconded the motion.
Votes:

For – Neumayer, Blue, Allen, and Fessenden

Against – None

Passed – 4-0

With no further business to transact, Mayor Saunders adjourned the meeting at 7:45 p.m.

Jeffrey Saunders, Mayor

Attest:

Cindy Scott, City Secretary