

Regular Meeting September 17, 2019

Mayor Dusty Cornelius called the regular meeting to order at 7:03 p.m. with the following members present: Jim Justus, Abel Reyna, Heidi Hays, Doyle Parrish, Alva Rodriguez, and Brad Thornhill. Also present were City Administrator Margot Hardin, City Secretary Amy Wallace, Chief of Police John Wilson, and Public Works Director Chase Longo.

Approve August 20, 2019 Minutes: Abel Reyna made a motion to approve the August 20, 2019 minutes. Doyle Parrish seconded the motion. Motion carried.

Approve September 11, 2019 Minutes: Doyle Parrish made a motion to approve the September 11, 2019 minutes. Abel Reyna seconded the motion. Motion carried.

Approve August Accounts Payable: Brad Thornhill made a motion to approve the August Accounts Payable, excluding D & H Spraying and Landscaping Accounts Payable and Jim's Service Center Accounts Payable. Heidi Hays seconded the motion. Motion carried.

Approve August D & H Spraying and Landscaping Accounts Payable: Heidi Hays made a motion to approve the August D & H Spraying and Landscaping Accounts Payable. Abel Reyna seconded the motion. Motion carried.

Approve August Jim's Service Center Accounts Payable: Abel Reyna made a motion to approve the August Jim's Service Center Accounts Payable. Doyle Parrish seconded the motion. Abel Reyna, Heidi Hays, Doyle Parrish, Alva Rodriguez, and Brad Thornhill voted for the motion. Jim Justus abstained. Motion carried (5-0).

Public Forum: No one came forward.

Police Report: Chief of Police John Wilson presented the monthly Police Report.

Public Works Report: Public Works Director Chase Longo presented the monthly Public Works Report.

CCAD Board of Director Appointment Expires 12/31/19: Brad Thornhill made a motion to reappoint Abel Reyna to the Board of Directors for Crosby Central Appraisal District. Doyle Parrish seconded the motion. Heidi Hays, Jim Justus, Doyle Parrish, Alva Rodriguez, and Brad Thornhill voted for the motion. Abel Reyna abstained. Motion carried (5-0).

CCAD Appraisal Review Board Member Appointments Expires 12/31/19: Brad Thornhill made a motion to nominate Lance Morris, Davey Abell, and Donnie Swink to serve on the Appraisal Review Board. Heidi Hays seconded the motion. Jim Justus, Heidi Hays, Doyle Parrish, Alva Rodriguez, and Brad Thornhill voted for the motion. Abel Reyna abstained. Motion carried (5-0).

Tax Deed-Parcel-10805: Lots 22-28, Blk 66, North Addition: Doyle Parrish made a motion to deny the \$300.00 bid by Joe Palacios. Heidi Hays seconded the motion. Motion carried.

Tax Deed-Parcel 90528-Lots 25-35, Blk 65, North Addition: Doyle Parrish made a motion to deny the \$2,000.00 bid by Joe Palacios. Abel Reyna seconded the motion. Motion carried.

TWDB Grant: No action.

Animal Control Building Bids: Brad Thornhill made a motion to approve the \$11,000.00 bid with pitched roof by Ace Contractor. Alva Rodriguez seconded the motion. Motion carried.

Ordinance 09-2019-Ordinance Approving Atmos Settlement: Doyle Parrish made a motion to approve Ordinance 09-2019 approving Atmos Settlement. Jim Justus seconded the motion. Motion carried.

ORDINANCE NO. 09-2019

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF CROSBYTON, 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 2019 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 ATTACHED EXHIBIT ESTABLISHING A BENCHMARK FOR PENSIONS AND RETIREE MEDICAL BENEFITS; APPROVING AN ATTACHED EXHIBIT 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 Crosbyton, 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

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, 2019, Atmos West Texas filed its 2019 RRM rate request with Cities based on a test year ending December 31, 2018, and filed an errata on April 26, 2019; and

WHEREAS, Cities coordinated its review of the Atmos West Texas 2019 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 \$4.7 million for Cities' members; and

WHEREAS, the attached tariffs (Exhibit A) 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 Exhibit A rate tariffs incorporate the federal income tax rates that became effective January 1, 2019; and

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

WHEREAS, the settlement agreement establishes an amortization schedule for regulatory liability (Exhibit C); 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 CROSBYTON, 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 \$11.1 million on a system-wide basis, and \$4.7 million increase for Cities, 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' 2019 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 Exhibit A, are just and reasonable, and are designed to allow Atmos West Texas to recover annually an additional \$11.1 million in revenue on a system-wide basis, and \$4.7 million 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 Exhibit B, attached hereto and incorporated herein.

Section 5. That amortization of regulatory liability shall be consistent with the schedule found in Exhibit C, attached hereto and incorporated herein.

Section 6. That Atmos West Texas shall reimburse the reasonable ratemaking expenses of the Cities in processing the Company's 2019 RRM filing.

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 October 1, 2019.

Section 11. 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 Geoffrey Gay, General Counsel to Cities, at Lloyd Gosselink Rochelle & Townsend, P.C., 816 Congress Avenue, Suite 1900, Austin, Texas 78701.

PASSED AND APPROVED this 17th day of September, 2019.

Dusty Cornelius, Mayor

ATTEST:

APPROVED AS TO FORM:

Amy Wallace, City Secretary

Slater Elza, City Attorney

Approve Ordinance 09-2019-Adopting 2019/2020 Tax Rate of 0.7182: Brad Thornhill made a motion to approve Ordinance 09-2019 adopting 2019/2020 Tax Rate of 0.7182. Jim Justus seconded the motion. Motion carried.

Ordinance No. 09-2019

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF CROSBYTON, TEXAS. LEVYING TAXES FOR THE USE AND SUPPORT OF THE MUNICIPAL GOVERNMENT OF THE CITY OF CROSBYTON: AND ESTABLISHING AN EFFECTIVE DATE.

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF CROSBYTON AS FOLLOWS:

SECTION 1. That there is here levied and there shall be collected for the use and support of the Municipal Government of the City of Crosbyton, Texas, and to provide maintenance and operation funds for the year 2019, and upon real, personal and mixed within the corporate limits of said city subject to taxation, a tax of seventy one – eighty two cents (\$0.7182) on each \$100 valuation of properties, and said tax being so levied for the support of said city. This year’s tax levy to fund maintenance and operations expenditures does not exceed last year’s maintenance and operations tax levy.

SECTION 2. This ordinance shall take effect from and after its passage as provided by law.

PASSED AND APPROVED THIS 17th day of September, 2019.

Dusty Cornelius, Mayor

ATTEST:

Amy Wallace, City Secretary

Administrative Report: City Administrator Margot Hardin updated the council on the status of City projects.

With no further business before the council, the meeting was adjourned at 8:10 p.m.

Dusty Cornelius, Mayor

ATTEST:

Amy Wallace, City Secretary