

**NOTICE OF PUBLIC MEETING**  
**LORENA CITY COUNCIL**  
**MONDAY, SEPTEMBER 15, 2025 6:30 P.M.**  
**LORENA CITY HALL**  
**107-A S. FRONTAGE ROAD, LORENA TEXAS**

THE PUBLIC WILL BE ABLE TO JOIN THE MEETING BY VIDEOCONFERENCE  
AT THE FOLLOWING LINK <https://meet.goto.com/540240621>

The City Council Meeting will be opened to the public.

Questions and comments on items listed on the agenda may be emailed no later than  
NOON on the day of the meeting to the City Secretary Monica Hendrix via email to  
[mhendrix@lorenatx.gov](mailto:mhendrix@lorenatx.gov)

**AGENDA**

- 1. Call to Order/Roll Call.**
- 2. Pledge of Allegiance.**
- 3. Citizens questions or comments.**

*At this time any person with business before the Council not scheduled on the agenda may speak to the Council. Comments are limited to three (3) minutes, and this time is not transferable. Under the Texas Open Meetings Act, the Council is prohibited from discussing, responding, or acting on any comments or items that have not been properly posted on the agenda. This forum is limited to a total of 30 minutes.*

- 4. Approval of Minutes:**
  - a. August 4, 2025 Called Meeting
  - b. August 18, 2025 Regular Meeting
  - c. September 2, 2025 Called Meeting
- 5. Discussion and possible action on Resolution 2025-0915-01 approving a negotiated settlement between the Atmos Cities Steering Committee (ACSC) and Atmos Energy Corp., Mid-Tex Division regarding the Company's 2025 Rate Review Mechanism Filing.**
- 6. Discussion and possible action on Ordinance 2025-0915-01 approving the increase in customer rates for solid waste services based on increased cost of service to Frontier Waste Solutions.**
- 7. Discussion and possible action on using water impact fees to fund the City's final payment on the ARPA sub-recipient generator project in place of Utility Capital Project Funds.**
- 8. Discussion and possible action on approving purchase order # ZKJ9525HT for an amount of \$92,966.28 for a 2025 Bobcat T770 skid steer.**
- 9. Discussion and possible action on Resolution 2025-0915-02 nominating candidates for the McLennan Central Appraisal District Board of Directors for the year 2026.**
- 10. Police Department Report.**
  - a. August 2025 Monthly report
- 11. City Manager Report.**
  - a. TCEQ Complaint: 442127
- 12. Future Agenda Items.**
- 13. Adjourn**

I, the undersigned authority, do hereby certify that the above Notice of Meeting of the governing body of the City of Lorena, Texas, was posted on the front door at the Lorena City Hall and the city website on September 9, 2025.

Monica Hendrix

Monica Hendrix-City Secretary

***Attendance by Other Elected or Appointed Officials – NOTICE OF POSSIBLE QUORUM:*** *It is anticipated that members of City Council or other city board, commissions and/or committees may attend the meeting in numbers that may constitute a quorum of the other city boards, commissions and/or committees. Notice is hereby given that the meeting, to the extent required by law, is also noticed as a meeting of the other boards, commissions and/or*

*committees of the City, whose members may be in attendance. The members of the boards, commissions and/or committees may participate in discussions on the same items listed on the agenda, which occur at the meeting, but no action will be taken by such in attendance unless such item and action is specifically provided for on an agenda for that board, commission or committee subject to the Texas Open Meetings Act.*

In compliance with the American with Disabilities Act, the City of Lorena will provide reasonable accommodations for persons attending and/or participating in City Council meetings. The facility is wheelchair accessible, with handicap parking available at the side of the building. Requests for sign interpreters or special services must be received three (3) business days prior to the meeting by email at [mhendrix@lorenatx.gov](mailto:mhendrix@lorenatx.gov) or calling the City Secretary at 254-857-4641.

#### **PROCEDURES FOR CITIZEN PARTICIPATION AT MEETINGS**

The meetings will be streamed live on the City of Lorena's Facebook page.

Citizens who wish to address the Council on any item on the agenda or under the hearing of visitors, must submit questions via email to the City Secretary Monica Hendrix @ [mhendrix@lorenatx.gov](mailto:mhendrix@lorenatx.gov) or in person at Lorena City Hall at 107-A S. Frontage Road by NOON on the day of the meeting. Your comments will be read into the records during the meeting.

Council may not comment publicly on issues raised during citizen comments that are not listed on the agenda but may direct the City Manager to resolve or request the matter to be placed on a future agenda. Such public comments shall not include any "deliberation" as defined by Chapter 551 of the Government Code, as now or hereafter amended.

**NOTICE OF WORKSHOP AND CALLED MEETING**  
**LORENA CITY COUNCIL**  
**MONDAY, AUGUST 4, 2025 6:30 P.M.**  
**LORENA CITY HALL**  
**107-A S. FRONTAGE ROAD, LORENA TEXAS**

THE PUBLIC WILL BE ABLE TO JOIN THE MEETING BY VIDEOCONFERENCE  
AT THE FOLLOWING LINK <https://meet.goto.com/304926765>

The City Council Meeting will be opened to the public.

Questions and comments on items listed on the agenda may be emailed no later than **NOON** on the day of the meeting to the City Secretary Monica Hendrix via email to [mhendrix@lorenatx.gov](mailto:mhendrix@lorenatx.gov)

**WORKSHOP MINUTES**

**1. Call to order/Roll Call**

Mayor Walizer called the workshop to order at 6:30 p.m. Council members present were Mayor Russell Walizer, Jason Blanek, Emily McKenzie, Adam Montemayor and Carla Pendergraft. Kelly Yarbrough arrived at 6:54 p.m.

City Staff present were Monica Hendrix, Kyler Jones, Linda Klump, Kevin Neal, Scott Holt and Peter Rivas.

**2. Presentation and discussion of proposed 2025-2026 Fiscal Year Budget.**

City Manager Kevin Neal and Finance Officer Linda Klump presented a balanced budget to the council. Neal reviewed the significant changes in the budget to the council. Emily McKenzie had questions about several line items in the budget and Neal and Klump answered all her questions.

**3. Adjourn.**

The budget workshop adjourned at 8:16 p.m.

**Please note: No public comments will be heard during the workshop, and no vote will be held.**

**CALLED COUNCIL MEETING**  
**(Immediately following the workshop)**

**CALLED MEETING MINUTES**

**1. Call to Order/Roll Call.**

Mayor Walizer called the meeting to order at 8:27 p.m. All council members and staff were still present.

**2. Public comments.**

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None.

**3. Discussion and possible action setting the 2025 proposed property tax rate.**

Motion: Jason Blanek moved to set the 2025 property tax rate at .563934.

Second: Adam Montemayor

For: Jason Blanek, Carla Pendergraft, Kelly Yarbrough, Emily McKenzie and Adam Montemayor.

Against: None

Motion carried 5-0.

**4. Discussion and possible action setting the date for the tax rate and budget public hearings.**

Motion: Kelly Yarbrough moved to set the tax rate and budget public hearing date for August 18, 2025 at 6:30 p.m.

Second: Emily McKenzie

For: Jason Blanek, Carla Pendergraft, Kelly Yarbrough, Emily McKenzie and Adam Montemayor.

Against: None

Motion carried 5-0.

**5. Discussion and possible action setting the date to adopt the 2025 tax rate and the 2025-2026 fiscal Year Budget.**

Motion: Emily McKenzie moved to set the date to adopt the 2025 tax rate and 2025-2026 Fiscal Year budget on September 2, 2025 at 6:30 p.m.

Second: Adam Montemayor

For: Jason Blanek, Carla Pendergraft, Kelly Yarbrough, Emily McKenzie and Adam Montemayor.

Against: None

Motion carried 5-0.

**6. Adjourn**

Due to no further business the meeting adjourned at 8:34 p.m.

These minutes were approved on this 15<sup>th</sup> day of September 2025.

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Russell Walizer, Mayor

Attest:

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Monica Hendrix-City Secretary

**NOTICE OF COUNCIL MEETING AND PUBLIC HEARINGS**  
**LORENA CITY COUNCIL**  
**MONDAY, AUGUST 18, 2025 6:30 P.M.**  
**LORENA CITY HALL**  
**107-A S. FRONTAGE ROAD, LORENA TEXAS**

THE PUBLIC WILL BE ABLE TO JOIN THE MEETING BY VIDEOCONFERENCE  
AT THE FOLLOWING LINK <https://meet.goto.com/848630165>

The City Council Meeting will be opened to the public.

Questions and comments on items listed on the agenda may be emailed no later than NOON on the day of the meeting to the City Secretary Monica Hendrix via email to [mhendrix@lorenatx.gov](mailto:mhendrix@lorenatx.gov)

**MINUTES**

**1. Call to Order/Roll Call.**

Mayor Walizer called the meeting to order at 6:30 p.m. Council members present were Mayor Russell Walizer, Mayor Pro tem Kelly Yarbrough, Jason Blanek, Adam Montemayor and Carla Pendergraft. Emily McKenzie was absent.

City Staff present were Monica Hendrix, Kyler Jones, Linda Klump, Kevin Neal and Peter Rivas.

**2. Pledge of Allegiance.**

Mayor Walizer led the Pledge of Allegiance.

**3. Public comments.**

*At this time any person with business before the Council not scheduled on the agenda may speak to the Council. Comments are limited to three (3) minutes, and this time is not transferable. Under the Texas Open Meetings Act, the Council is prohibited from discussing, responding, or acting on any comments or items that have not been properly posted on the agenda. This forum is limited to a total of 30 minutes.*

Pat Kultgen, 115 Brandy Hill, Lorena, read her remarks to the council. Kultgen said the council's decision to issue the permit for the construction of The Texan truck stop/gas station has been controversial since it was proposed. Kultgen says the travel center will have a negative impact on the city's environment, homes, water quality, schools and existing businesses. Kultgen says the city violated its own ordinances by the development not being in harmony with the comprehensive plan and that gas stations are not allowed in the Interstate Corridor District. Kultgen says that council does not seem to realize that this illegal action is enforceable by the Texas Attorney General and the penalties are severe. Kultgen is strongly encouraging the council to revoke the Conditional Use Permit to the Texan immediately.

Gary Cox, 102 Walter Street, Lorena spoke and reminded council that the type of government they are overseeing puts the people first. Cox pointed out what council members voted to allow the truck stop right across the street to a 140-year-old neighborhood. Cox read the purpose and intent of the zoning ordinance from section 1.2. Cox says that it is a proven fact that crime goes

up around gas stations and other things too. Cox kept stating his displeasure of the council members who voted to approve the Conditional Use Permit for The Texan Travel Center.

**4. Public Hearing:**

**Conduct a public hearing on the proposed 2025-2026 Fiscal Year Budget.**

Mayor Walizer opened the public hearing at 6:38 p.m. No visitors chose to speak, and the public hearing closed at 6:38 p.m.

**5. Public Hearing:**

**Conduct a public hearing on the proposed 2025 Tax Rate.**

Mayor Walizer opened the public hearing at 6:38 p.m. No visitors chose to speak, and the public hearing closed at 6:39 p.m.

**6. Discussion and action setting September 2, 2025 at 6:30 p.m. for a public hearing on the proposed 2025 Tax Rate.**

City Secretary Monica Hendrix informed the council of miscommunication between herself and the tax office for the tax rate public hearing date. In order to meet the publishing requirements for the tax rate hearing notice, council needs to set the date for September 2, 2025 and can adopt the rate after the public hearing.

Motion: Kelly Yarbrough moved to set a tax rate public hearing on September 2, 2025 at 6:30 p.m.

Second: Jason Blanek

For: Jason Blanek, Carla Pendergraft, Kelly Yarbrough and Adam Montemayor

Against: None

Absent: Emily McKenzie

Motion carried 4-0.

**7. Approval of Minutes:**

**a. July 21, 2025 Regular Meeting**

Motion: Kelly Yarbrough moved to approve the July 21, 2025 minutes.

Second: Carla Pendergraft

For: Jason Blanek, Carla Pendergraft, Kelly Yarbrough and Adam Montemayor

Against: None

Absent: Emily McKenzie

Motion carried 4-0.

**8. Discussion and possible action on Resolution 2025-0818-01 amending the 2025 Investment Policy.**

Finance Officer Linda Klump informed the council for the city to be compliance with the Public Funds Investment Act the City of Lorena adopted an investment policy, Resolution R-112095, in 1995. As required by the Public Funds Investment Act that policy is subject to annual review. The Act also requires the designation of individuals to act as investment officers for the city. Klump informed council of the minor changes to the policy. Staff recommends adopting Resolution 2025-0818-2025-01, amending the Investment Policy and renames Kevin Neal and Linda Klump as investment officers.

Motion: Carla Pendergraft moved to approve Resolution 2025-0818-01 amending the 2025 Investment Policy.

Second: Jason Blanek

For: Jason Blanek, Carla Pendergraft, Kelly Yarbrough and Adam Montemayor

Against: None

Absent: Emily McKenzie

Motion carried 4-0.

**9. Discussion and possible action on Budget amendment 2025-01.**

Finance Officer Linda Klump explained the budget amendment will include the following:

1. Establishment of separate School Resource Department
2. Funding of Council approved computer equipment leases
3. Funding of Council approved use of 2022 Street Bond funds for Sutton Place engineering and a portion of Cindy Lane construction
4. Funding of Council approved security camera system for City Hall
5. Funding of Council approved water system improvements

Motion: Carla Pendergraft moved to approve budget amendment 2025-01.

Second: Kelly Yarbrough

For: Jason Blanek, Carla Pendergraft, Kelly Yarbrough and Adam Montemayor

Against: None

Absent: Emily McKenzie

Motion carried 4-0.

**10. Discussion and possible action on Ordinance 2025-0818-01 imposing a moratorium on the connection of property outside the city limits of Lorena Texas, which is also outside the city's certificated area to the City of Lorena's Water Supply System**

Public Works Director Kyler Jones explained the ordinance to council and stated this is to prevent developers outside of Lorena's Certificate of Convenience and Necessity (CCN) from requesting water meters. This ordinance will secure the water for development inside the city limits and CCN. This ordinance is renewed annually.

Motion: Carla Pendergraft moved to approve Ordinance 2025-0818-01

Second: Jason Blanek

For: Jason Blanek, Carla Pendergraft, Kelly Yarbrough and Adam Montemayor

Against: None

Absent: Emily McKenzie

Motion carried 4-0.

**11. Discussion and possible action on Ordinance 2025-0818-02 amending the definition of the term "hotel" as in section 74-21 of the code of ordinances of the City of Lorena; and adding a definition of the term "short-term rental facility" to section 74-21.**

City Secretary Monica Hendrix explained the hotel tax ordinance was adopted years ago and the city attorney recommended amending the ordinance to add the short-term rental facility to the ordinance in order to collect hotel occupancy taxes.

Motion: Carla Pendergraft moved to approve Ordinance 2025-0818-02

Second: Kelly Yarbrough.

For: Jason Blanek, Carla Pendergraft, Kelly Yarbrough and Adam Montemayor

Against: None

Absent: Emily McKenzie

Motion carried 4-0.

**12. Discussion and possible action on Ordinance 2025-0818-03 regarding the city's Texas Municipal Retirement System (TMRS) benefits, providing for an increase to the contribution rate, adopting annually accruing updated service credits and transfer updated service credits and annually accruing annuity increases, and authorizing the removal of the statutory maximum contribution rate limit.**

City Manager Kevin Neal explained the changes in the TMRS match will increase from 6% to

7% of the employees pay with the city making a 2 to 1 match. Neal explained that TMRS has changed the max rate from 7% to 8% and some surrounding cities are increasing to the 8% limit. Neal explained by increasing the match to 7%, it will keep the city competitive with surrounding cities on employee benefits. Kelly Yarbrough asked if this was budgeted for and Neal said yes. Neal also explained this action item is required by TMRS to make an increase.

Motion: Kelly Yarbrough moved to approve Ordinance 2025-0818-03

Second: Jason Blanek

For: Jason Blanek, Carla Pendergraft, Kelly Yarbrough and Adam Montemayor

Against: None

Absent: Emily McKenzie

Motion carried 4-0.

**13. Discussion and possible action to authorize the City Manager to enter into an agreement with Dunaway Associates, LLC, for professional planning services.**

City Manager Kevin Neal explained that the City Planner George Adams submitted his resignation, and the city needs to find a new planner. Neal explained by going with Dunaway Associates, LLC, this will prevent the city from having to hunt for a new planner each time someone leaves. Neal also explained that Stephen Cook who works for this firm is very familiar with the City of Lorena as he helped with the current Zoning Ordinance and Comprehensive Plan and Cook will be our primary contact.

Motion: Jason Blanek moved to authorize the City Manager to enter into an agreement with Dunaway Associates, LLC, for professional planning services.

Second: Carla Pendergraft

For: Jason Blanek, Carla Pendergraft, Kelly Yarbrough and Adam Montemayor

Against: None

Absent: Emily McKenzie

Motion carried 4-0.

**14. Discussion and possible action authorizing City Manager Kevin Neal as the Opioids Implementation Administrator and authorizing Neal to “opt in” for the Purdue Direct Settlement.**

City Manager Kevin Neal explained this is to participate with the Texas Attorney General's Office in litigation against the eight opioid manufacturers. Cities must appoint an administrator and opt to participate.

Motion: Kelly Yarbrough moved to authorize City Manager Kevin Neal as the Opioids Implementation Administrator and authorizing Neal to “opt in” for the Purdue Direct Settlement.

Second: Carla Pendergraft

For: Jason Blanek, Carla Pendergraft, Kelly Yarbrough and Adam Montemayor

Against: None

Absent: Emily McKenzie

Motion carried 4-0.

**15. Police Department Report.**

**a. Activity report/calls for service.**

Peter Rivas informed council the School Resource Officers attended the National Association of School Resource Officers training to get their advanced SRO training and it was very beneficial. Rivas also says school is back in swing and going well. The PD is also reviewing applications and background checks for potential new officers.

**16. Future agenda items.**

None.

**17. Adjourn**

Due to no further business the meeting was adjourned at 7:03 p.m.

These minutes were approved on the 15<sup>th</sup> day of September 2025.

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Russell Walizer, Mayor

Attest:

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Monica Hendrix, City Secretary

**NOTICE OF CALLED MEETING AND PUBLIC HEARING  
LORENA CITY COUNCIL  
TUESDAY, SEPTEMBER 2, 2025, 6:30 P.M.  
LORENA CITY HALL  
107-A S. FRONTAGE ROAD, LORENA TEXAS**

THE PUBLIC WILL BE ABLE TO JOIN THE MEETING BY VIDEOCONFERENCE  
AT THE FOLLOWING LINK <https://meet.goto.com/162697797>

Questions and comments on items listed on the agenda may be emailed no later than NOON on the day of the meeting to the City Secretary Monica Hendrix via email to [mhendrix@lorenatx.gov](mailto:mhendrix@lorenatx.gov)

**CALLED MEETING MINUTES 6:30 P.M.**

**1. Call to Order/Roll Call.**

Mayor Walizer called the meeting to order at 6:30 p.m. Council members present were Mayor Russell Walizer, Mayor Pro tem Kelly Yarbrough, Jason Blanek, Carla Pendergraft, Emily McKenzie and Adam Montemayor.

City staff present were Monica Hendrix, Linda Klump, Kevin Neal and Peter Rivas.

**2. Pledge of Allegiance**

Mayor Walizer led the Pledge of Allegiance.

**3. Citizens questions or comments.**

*At this time any person with business before the Council not scheduled on the agenda may speak to the Council. Comments are limited to three (3) minutes, and this time is not transferable. Under the Texas Open Meetings Act, the Council is prohibited from discussing, responding, or acting on any comments or items that have not been properly posted on the agenda. This forum is limited to a total of 30 minutes.*  
No visitors were present to speak.

**4. Public Hearing:**

**Conduct a public hearing on the Proposed 2025 Tax Rate.**

Mayor Walizer called the public hearing to order at 6:31 p.m. There were no visitors present to speak and the public hearing closed at 6:31 p.m.

**5. Discussion and possible action on Ordinance 2025-0902-01 accepting the 2025 Certified Tax Roll.**

City Secretary Monica Hendrix informed council the certified tax roll is accepted each year as a part of the budget process.

Motion: Jason Blanek moved to approve the ordinance accepting the 2025 certified tax roll.

Second: Carla Pendergraft

For: Jason Blanek, Carla Pendergraft, Kelly Yarbrough, Emily McKenzie and Adam Montemayor.

Against: None

Motion carried 5-0

**6. Discussion and possible action on Ordinance 2025-0902-02 adopting the 2025-2026 fiscal year budget.**

Motion: Kelly Yarbrough moved to approve Ordinance 2025-0902-02 adopting the 2025-2026 fiscal year budget.

Second: Emily McKenzie

For: Jason Blanek, Carla Pendergraft, Kelly Yarbrough, Emily McKenzie and Adam Montemayor.

Against: None

Motion carried 5-0

**7. Discussion and possible action on Ordinance 2025-09-02-03 adopting the 2025 property tax rate of .563934.**

Motion: Carla Pendergraft moved that the property tax rate be increased by the adoption of a tax rate of 0.563934, which is effectively a 5.24 percent increase in the tax rate.

Second: Adam Montemayor

For: Jason Blanek, Carla Pendergraft, Kelly Yarbrough, Emily McKenzie and Adam Montemayor.

Against: None

Motion carried 5-0

**8. Discussion and possible action on ratification of the property tax increase reflected in the 2025-2026 fiscal year budget.**

Motion: Kelly Yarbrough moved to ratify the property tax revenue increase reflected in the FY 2025-2026 budget.

Second: Carla Pendergraft

For: Jason Blanek, Carla Pendergraft, Kelly Yarbrough, Emily McKenzie and Adam Montemayor.

Against: None

Motion carried 5-0

**9. Adjourn.**

Due to no further business the meeting adjourned at 6:35 p.m.

These minutes were approved on this 15<sup>th</sup> day of September 2025.

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Russell Walizer, Mayor

Attest:

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Monica Hendrix, City Secretary

August 7, 2025

## **MODEL STAFF REPORT FOR RESOLUTION OR ORDINANCE**

### **BACKGROUND AND SUMMARY**

The City, along with 181 other Mid-Texas cities served by Atmos Energy Corporation, Mid-Tex Division (“Atmos Mid-Tex” or “Company”), is a member of the Atmos Cities Steering Committee (“ACSC”). In 2007, ACSC and Atmos Mid-Tex settled a rate application filed by the Company pursuant to Section 104.301 of the Texas Utilities Code for an interim rate adjustment commonly referred to as a GRIP filing (arising out of the Gas Reliability Infrastructure Program legislation). That settlement created a substitute rate review process, referred to as Rate Review Mechanism (“RRM”), as a substitute for future filings under the GRIP statute.

Since 2007, there have been several modifications to the original RRM Tariff. The most recent iteration of an RRM Tariff was reflected in an ordinance adopted by ACSC members in 2018. On or about April 1, 2025, the Company filed a rate request pursuant to the RRM Tariff adopted by ACSC members. The Company claimed that its cost-of-service in a test year ending December 31, 2024, entitled it to additional system-wide revenues of \$245.2 million.

Application of the standards set forth in ACSC’s RRM Tariff reduces the Company’s request to \$225.6 million, \$163.5 million of which would be applicable to ACSC members. After reviewing the filing and conducting discovery, ACSC’s consultants concluded that the system-wide deficiency under the RRM regime should be \$185.6 million instead of the claimed \$245.2 million.

After several settlement meetings, the parties have agreed to settle the case for \$205.6 million. This is a reduction of \$20 million to the Company’s initial request. This includes payment of ACSC’s expenses. The Effective Date for new rates is October 1, 2025. ACSC members should take action approving the Resolution/Ordinance before October 1, 2025.

## **RATE TARIFFS**

Atmos generated rate tariffs attached to the Resolution/Ordinance that will generate \$205.6 million in additional revenues. Atmos also prepared a Proof of Revenues supporting the settlement figures. ACSC consultants have agreed that Atmos' Proof of Revenues is accurate.

## **BILL IMPACT**

The impact of the settlement on average residential rates is an increase of \$7.83 on a monthly basis, or 9.27%. The increase for average commercial usage will be \$25.73 or 6.56%. Atmos provided bill impact comparisons containing these figures.

## **SUMMARY OF ACSC'S OBJECTION TO THE UTILITIES CODE SECTION 104.301 GRIP PROCESS**

ACSC strongly opposed the GRIP process because it constitutes piecemeal ratemaking by ignoring declining expenses and increasing revenues while rewarding the Company for increasing capital investment on an annual basis. The GRIP process does not allow any review of the reasonableness of capital investment and does not allow cities to participate in the Railroad Commission's review of annual GRIP filings or allow recovery of Cities' rate case expenses. The Railroad Commission undertakes a mere administrative review of GRIP filings (instead of a full hearing) and rate increases go into effect without any material adjustments. In ACSC's view, the GRIP process unfairly raises customers' rates without any regulatory oversight. In contrast, the RRM process has allowed for a more comprehensive rate review and annual evaluation of expenses and revenues, as well as capital investment.

## **RRM SAVINGS OVER GRIP**

While residents outside municipal limits must pay rates governed by GRIP, there are some cities served by Atmos Mid-Tex that chose to remain under GRIP rather than adopt RRM. Additionally, the City of Dallas adopted a variation of RRM which is referred to as DARR. When

new rates become effective on October 1, 2025, ACSC residents will maintain an economic monthly advantage over GRIP and DARR rates.

#### **Comparison to Other Mid-Tex Rates (Residential)**

	<u>Average Bill</u>	<u>Compared to RRM Cities</u>
RRM Cities:	\$54.68	-
DARR:	\$58.57	\$3.89
ATM Cities:	\$57.39	\$2.71
Environs:	\$55.96	\$1.28

Note: ATM Cities and Environs rates are as-filed. Also note that DARR uses a test year ending in September rather than December.

#### **EXPLANATION OF “BE IT RESOLVED” PARAGRAPHS:**

1. This section approves all findings in the Resolution/Ordinance.
2. This section adopts the RRM rate tariffs and finds the adoption of the new rates to be just, reasonable, and in the public interest.
3. This section makes it clear that Cities may challenge future costs associated with gas leaks.
4. This section finds that existing rates are unreasonable. Such finding is a necessary predicate to establishment of new rates. The new tariffs will permit Atmos Mid-Tex to recover an additional \$205.6 million on a system-wide basis.
5. This section approves an exhibit that establishes a benchmark for pensions and retiree medical benefits to be used in future rate cases or RRM filings.
6. This section requires the Company to reimburse the City for expenses associated with review of the RRM filing, settlement discussions, and adoption of the Resolution/Ordinance approving new rate tariffs.
7. This section repeals any resolution or ordinance that is inconsistent with the Resolution/Ordinance.

8. This section finds that the meeting was conducted in compliance with the Texas Open Meetings Act, Texas Government Code, Chapter 551.
9. This section is a savings clause, which provides that if any section is later found to be unconstitutional or invalid, that finding shall not affect, impair, or invalidate the remaining provisions of this Resolution/Ordinance. This section further directs that the remaining provisions of the Resolution/Ordinance are to be interpreted as if the offending section or clause never existed.
10. This section provides for an effective date upon passage.
11. This section directs that a copy of the signed Resolution/Ordinance be sent to a representative of the Company and legal counsel for ACSC.

## **CONCLUSION**

The Legislature's GRIP process allowed gas utilities to receive annual rate increases associated with capital investments. The RRM process has proven to result in a more efficient and less costly (both from a consumer rate impact perspective and from a ratemaking perspective) than the GRIP process. Given Atmos Mid-Tex's claim that its historic cost of service should entitle it to recover \$245.2 million in additional system-wide revenues, the RRM settlement at \$205.6 million for ACSC members reflects substantial savings to ACSC cities. Settlement at \$205.6 million is fair and reasonable. The ACSC Executive Committee consisting of city employees of 18 ACSC members urges all ACSC members to pass the Resolution/Ordinance before October 1, 2025. New rates become effective October 1, 2025.

**RESOLUTION NO. 2025-0915-01**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LORENA, TEXAS, APPROVING A NEGOTIATED SETTLEMENT BETWEEN THE ATMOS CITIES STEERING COMMITTEE (“ACSC”) AND ATMOS ENERGY CORP., MID-TEX DIVISION REGARDING THE COMPANY’S 2025 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; REQUIRING THE COMPANY TO REIMBURSE ACSC’S REASONABLE RATEMAKING EXPENSES; DETERMINING THAT THIS RESOLUTION 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 RESOLUTION TO THE COMPANY AND THE ACSC’S LEGAL COUNSEL.**

WHEREAS, the City of Lorena, 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, charges, and services of Atmos Mid-Tex; and

WHEREAS, the City is a member of the Atmos Cities Steering Committee (“ACSC”), 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 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, the current RRM tariff was adopted by the City in a rate ordinance in 2018; and

WHEREAS, on about April 1, 2025, Atmos Mid-Tex filed its 2025 RRM rate request with ACSC Cities based on a test year ending December 31, 2024; and

WHEREAS, ACSC coordinated its review of the Atmos Mid-Tex 2025 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 well as ACSC's counsel and consultants, recommend that ACSC Cities approve an increase in base rates for Atmos Mid-Tex of \$205.6 million on a system-wide basis with an Effective Date of October 1, 2025; and

WHEREAS, ACSC agrees that Atmos' plant-in-service is reasonable; and

WHEREAS, with the exception of approved plant-in-service, ACSC is not foreclosed from future reasonableness evaluation of costs associated with incidents related to gas leaks; and

WHEREAS, the attached tariffs (Attachment 1) 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 settlement agreement sets a new benchmark for pensions and retiree medical benefits (Attachment 2); and

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

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF LORENA, TEXAS:

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

**Section 2.** That, without prejudice to future litigation of any issue identified by ACSC, the City Council finds that the settled amount of an increase in revenues of \$205.6 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 2025 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 despite finding Atmos Mid-Tex's plant-in-service to be reasonable, ACSC is not foreclosed in future cases from evaluating the reasonableness of costs associated with incidents involving leaks of natural gas.

**Section 4.** 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 1, are just and reasonable, and are designed to allow Atmos Mid-Tex to recover annually an additional \$205.6 million on a system-wide basis, over the amount allowed under currently approved rates. Such tariffs are hereby adopted.

**Section 5.** That the ratemaking treatment for pensions and retiree medical benefits in Atmos Mid-Tex's next RRM filing shall be as set forth on Attachment 2, attached hereto and incorporated herein.

**Section 6.** That Atmos Mid-Tex shall reimburse the reasonable ratemaking expenses of the ACSC in processing the Company's 2025 RRM filing.

**Section 7.** That to the extent any resolution or ordinance previously adopted by the Council is inconsistent with this Resolution, it is hereby repealed.

**Section 8.** That the meeting at which this Resolution 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 Resolution is adjudged to be unconstitutional or invalid, such judgment shall not affect, impair, or invalidate the remaining provisions of this Resolution, and the remaining provisions of the Resolution 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 Resolution 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, 2025.

**Section 11.** That a copy of this Resolution shall be sent to Atmos Mid-Tex, care of Chris Felan, Vice President of Rates and Regulatory Affairs Mid-Tex Division, Atmos Energy Corporation, 5420 LBJ Freeway, Suite 1862, Dallas, Texas 75240, and to Thomas Brocato, General Counsel to ACSC, at Lloyd Gosselink Rochelle & Townsend, P.C., 816 Congress Avenue, Suite 1900, Austin, Texas 78701.

DULY PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF LORENA, TEXAS, BY A VOTE OF \_\_\_\_ TO \_\_\_\_, ON THIS THE 15TH DAY SEPTEMBER, 2025.

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Russell Walizer, Mayor

ATTEST:

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Monica Hendrix, City Secretary

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

<b>RATE SCHEDULE:</b>	<b>R – RESIDENTIAL SALES</b>	
<b>APPLICABLE TO:</b>	<b>ALL CUSTOMERS IN THE MID-TEX DIVISION UNDER THE RRM TARIFF</b>	
<b>EFFECTIVE DATE:</b>	<b>Bills Rendered on or after 10/01/2025</b>	

**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:

<b>Charge</b>	<b>Amount</b>
Customer Charge per Bill	\$ 23.65 per month
Rider CEE Surcharge	\$ 0.03 per month <sup>1</sup>
<b>Total Customer Charge</b>	<b>\$ 23.68 per month</b>
Commodity Charge – All Ccf	\$ 0.74748 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.

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<sup>1</sup>Reference Rider CEE - Conservation and Energy Efficiency as approved in GUD 10170. Surcharge billing effective July 1, 2025.

**MID-TEX DIVISION  
ATMOS ENERGY CORPORATION**

<b>RATE SCHEDULE:</b>	<b>C – COMMERCIAL SALES</b>	
<b>APPLICABLE TO:</b>	<b>ALL CUSTOMERS IN THE MID-TEX DIVISION UNDER THE RRM TARIFF</b>	
<b>EFFECTIVE DATE:</b>	<b>Bills Rendered on or after 10/01/2025</b>	

**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:

<b>Charge</b>	<b>Amount</b>
Customer Charge per Bill	\$ 94.00 per month
Rider CEE Surcharge	\$ 0.01 per month <sup>1</sup>
<b>Total Customer Charge</b>	<b>\$ 94.01 per month</b>
Commodity Charge – All Ccf	\$ 0.22261 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.

**Presumption of Plant Protection Level**

For service under this Rate Schedule, plant protection volumes are presumed to be 10% of normal, regular, historical usage as reasonably calculated by the Company in its sole discretion. If a customer believes it needs to be modeled at an alternative plant protection volume, it should contact the company at [mdtx-div-plantprotection@atmosenergy.com](mailto:mdtx-div-plantprotection@atmosenergy.com).

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<sup>1</sup> Reference Rider CEE - Conservation and Energy Efficiency as approved in GUD 10170. Surcharge billing effective July 1, 2025.

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

<b>RATE SCHEDULE:</b>	<b>I – INDUSTRIAL SALES</b>
<b>APPLICABLE TO:</b>	<b>ALL CUSTOMERS IN THE MID-TEX DIVISION UNDER THE RRM TARIFF</b>
<b>EFFECTIVE DATE:</b>	<b>Bills Rendered on or after 10/01/2025</b>

**Application**

Applicable to Industrial Customers with a maximum daily usage (MDU) of less than 200 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 200 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:

<b>Charge</b>	<b>Amount</b>
Customer Charge per Meter	\$ 1,848.75 per month
First 0 MMBtu to 1,500 MMBtu	\$ 0.7678 per MMBtu
Next 3,500 MMBtu	\$ 0.5623 per MMBtu
All MMBtu over 5,000 MMBtu	\$ 0.1206 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**

<b>RATE SCHEDULE:</b>	<b>I – INDUSTRIAL SALES</b>	
<b>APPLICABLE TO:</b>	<b>ALL CUSTOMERS IN THE MID-TEX DIVISION UNDER THE RRM TARIFF</b>	
<b>EFFECTIVE DATE:</b>	<b>Bills Rendered on or after 10/01/2025</b>	

**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.

**Presumption of Plant Protection Level**

For service under this Rate Schedule, plant protection volumes are presumed to be 10% of normal, regular, historical usage as reasonably calculated by the Company in its sole discretion. If a customer believes it needs to be modeled at an alternative plant protection volume, it should contact the company at [mdtx-div-plantprotection@atmosenergy.com](mailto:mdtx-div-plantprotection@atmosenergy.com).

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

<b>RATE SCHEDULE:</b>	<b>T – TRANSPORTATION</b>	
<b>APPLICABLE TO:</b>	<b>ALL CUSTOMERS IN THE MID-TEX DIVISION UNDER THE RRM TARIFF</b>	
<b>EFFECTIVE DATE:</b>	<b>Bills Rendered on or after 10/01/2025</b>	

**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.

This tariff is not available to customers with a maximum daily demand of 1,000 MMBtu or greater and a daily/annual load factor of 10% or less. Load factor is calculated as follows: annual usage / (maximum daily connected demand X 365). Load factors will be recalculated once each year to determine appropriate eligibility for Rate T.

**Type of Service**

Company's receipt and delivery of all gas quantities under the applicable Transportation Agreement will be on a wholly interruptible basis subject to the Terms and Conditions incorporated in the Transportation Agreement. If Customer is an Industrial Customer, then Customer may elect, at the reasonable discretion of Company, to contract for Plant Protection transportation quantities defined as the minimum natural gas required to prevent physical harm and/or protect critical safety to the plant facilities, plant personnel, or the public when such protection cannot be achieved through the use of an alternate fuel. 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:

<b>Charge</b>	<b>Amount</b>
Customer Charge per Meter	\$ 1,848.75 per month
First 0 MMBtu to 1,500 MMBtu	\$ 0.7678 per MMBtu
Next 3,500 MMBtu	\$ 0.5623 per MMBtu
All MMBtu over 5,000 MMBtu	\$ 0.1206 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).

**MID-TEX DIVISION  
ATMOS ENERGY CORPORATION**

<b>RATE SCHEDULE:</b>	<b>T – TRANSPORTATION</b>	
<b>APPLICABLE TO:</b>	<b>ALL CUSTOMERS IN THE MID-TEX DIVISION UNDER THE RRM TARIFF</b>	
<b>EFFECTIVE DATE:</b>	<b>Bills Rendered on or after 10/01/2025</b>	

**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.

**Overpull Fee**

Upon notification by Company of an event of interruption of Customer's deliveries, Customer will, for each MMBtu delivered in excess of the stated level of 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**

<b>RIDER:</b>	<b>SUR – SURCHARGES</b>	
<b>APPLICABLE TO:</b>	<b>ALL CUSTOMERS IN THE MID-TEX DIVISION UNDER THE RRM TARIFF</b>	
<b>EFFECTIVE DATE:</b>	<b>Bills Rendered on or after 10/01/2025</b>	

**Application**

This Rider is applicable to customer classes in the incorporated areas under the RRM tariff as authorized by the state or any governmental entity, a municipality, or a regulatory authority pursuant to any statute, ordinance, order, rule, contract, or agreement.

**Monthly Calculation**

Surcharges will be calculated in accordance with the applicable statute, ordinance, order, rule, contract, or agreement.

**FASB ASC 740-10 (Fin48) Refund**

Applicable to Customers taking service under Rate Schedules R – Residential, C – Commercial, I – Industrial and T – Transportation.

To ensure that gas utility customers receive the benefit associated with the changes in the Company's Uncertain Tax Positions ("UTPs") arising from recognition of Texas Margin Tax returns.

The decrease shall be calculated as follows:

Beginning with implementation of rates from the negotiated RRM Tariff, and annually thereafter, the portion of UTP liabilities identified in Schedule FIN48-1.1 for the prior fiscal year shall be allocated based on the final class allocations of GUD No. 10170 as per the RRM Tariff, divided by the annual bill count to derive rates to be refunded through Rider SUR in the subsequent fiscal year. Each year's calculation will include a true-up (+ or -) due to account for over/under collections. Amounts identified in Schedule FIN48-1 shall be adjusted to reflect any audit adjustments received from the Texas Comptroller of Public Accounts.

No action on the part of the Regulatory Authority is required to give effect to the amount to be refunded to customers. However, any amount refunded to customers shall be fully subject to review for reasonableness and accuracy in the gas utility's next statement of intent proceeding with the Railroad Commission of Texas, and if applicable, the gas utility shall be required to reconcile any discrepancies.

The following refund as authorized in the most recent negotiated RRM Tariff shall be refunded to each Rate Schedules R – Residential, C – Commercial, I – Industrial and T – Transportation customer's monthly bill in each month for a 12-month period. The refund amount by month by Rate Schedule is shown in the table below:

Rate Schedules	Rate
Rate R – Residential Sales	\$ (0.12)
Rate C – Commercial Sales	\$ (0.41)
Rate I – Industrial Sales	\$ (8.68)
Rate T – Transportation	\$ (8.68)

**MID-TEX DIVISION  
ATMOS ENERGY CORPORATION**

<b>RIDER:</b>	<b>TAX – TAX ADJUSTMENT</b>	
<b>APPLICABLE TO:</b>	<b>Entire Division as Set Forth Below</b>	
<b>EFFECTIVE DATE:</b>	<b>Bills Rendered on or after 10/01/2025</b>	<b>PAGE:</b>

**Application**

Applicable to Customers taking service under Rate R, Rate C, Rate I, and Rate T, except for exempt State Agency Customers, to the extent of state gross receipts taxes only.

**1. State Gross Receipts Taxes**

Applicability - Entire Division except for Unincorporated Areas

Each monthly bill shall be adjusted for Miscellaneous state gross receipts taxes imposed by Sections 182-021 - 182-025 of the Texas Tax Code.

Entire Division

Each monthly bill shall also be adjusted by an amount equivalent to the amount of all applicable taxes and any other governmental impositions, rentals, fees, or charges (except state, county, city, and special district ad valorem taxes and taxes on net income) levied, assessed, or imposed upon or allocated to Company with respect to the Gas Service provided to Customer by Company, and any associated facilities involved in the performance of such Gas Service. Each monthly bill shall also be adjusted by an amount equivalent to the proportionate part of any increase or decrease of any tax and any other governmental imposition, rental, fee, or charge (except state, county, city, and special district ad valorem taxes and taxes on net income) levied, assessed, or imposed subsequent to the effective date of this tariff, upon or allocated to Company's operations, by any new or amended law, ordinance, or contract.

**2. Federal or State Tax Law or Rate Changes:**

**Applicability – All Customers in the Mid-Tex Division (“MTX”) Under the RRM Tariff**

Applicable to Customers taking service under Rate R, Rate C, Rate I, and Rate T.

To ensure that gas utility customers receive the benefits or costs associated with the changes in tax rates at a federal or state level, MTX shall establish and accrue on its books and records, as of the effective date of the federal or state tax law or rate change: 1) regulatory liabilities to reflect the impact of a decrease in federal corporate income tax rates or state margin tax rates; or, 2) regulatory assets to reflect the impact of an increase in federal corporate income tax rates or state margin tax rates.

The gas utility may not change rates to give effect to a change in Federal or State Tax law or rates through the Rider TAX unless and until the city issues final authorization, an Accounting Order, or other express guidance authorizing such recovery through the RRM process.

Company may also not change rates to capture the impacts associated with the effects of Public Law 117-169, 136 STAT. 1818 of August 16, 2022 (“Tax Act 2022”) and certain other tax-related costs that will change from the amounts included in the most recent base revenue requirement established through an RRM filing unless and until the city issues a final authorization, an Accounting Order, or other express guidance authorizing such recovery.

Upon receipt of authorization from the city through an Accounting Order, final authorization or other express guidance, the calculation applicable to the aforementioned federal or state tax rate or law changes are as follows; however, to the extent there is a conflict between the calculation or methodology

**MID-TEX DIVISION  
ATMOS ENERGY CORPORATION**

<b>RIDER:</b>	<b>TAX – TAX ADJUSTMENT</b>	
<b>APPLICABLE TO:</b>	<b>Entire Division as Set Forth Below</b>	
<b>EFFECTIVE DATE:</b>	<b>Bills Rendered on or after 10/01/2025</b>	<b>PAGE:</b>

prescribed by an Accounting Order, final authorization, or other express guidance, and those contained in this rate schedule, the Accounting Order, final authorization, or other express guidance controls:

**Calculations**

1. With regard to changes in the tax rates at a federal or state level, the increase or decrease shall be calculated as follows:
  - a. A portion of the gas utility's revenue representing the difference between: 1) the cost of service as approved by the Commission or the applicable regulatory authority in the gas utility's most recent statement of intent or other rate proceeding, and 2) the cost of service that would have resulted had the rates been based on the new federal income tax rate (increase or decrease) or state margin taxes (increase or decrease), as of the effective date of the change;
  - b. If applicable, the portion of the gas utility's revenue representing the difference between: 1) each Interim Rate Adjustment surcharge approved by the regulatory authority since the gas utility's most recent statement of intent or other rate proceeding, and 2) each Interim Rate Adjustment surcharge that would have resulted had the surcharges been based on the new federal income tax rate (increase or decrease) or state margin taxes (increase or decrease), as of the effective date of the change; and
  - c. The excess or deficient deferred tax reserve, including any associated gross up in taxes, caused by the reduction or increase in the federal corporate income tax rate or state related tax increases, as of the effective date of the change.

Upon the receipt of authorization from the Commission or applicable regulatory authority, the gas utility shall separately refund to customers based on a decrease in federal or state tax rates or separately collect from customers based on an increase in federal or state tax rates within twelve (12) months or, pursuant to applicable Internal Revenue Code ("IRC") rules and regulations, as follows:

- d. The amount collected/refunded by the gas utility that reflects the difference in base rates between: 1) the cost of service approved by the regulatory authority in the gas utility's most recent statement of intent rate proceeding, and 2) the cost of service that would have resulted had the rates been based upon the new federal or state tax rates, between the effective date of this order and the effective date of the changes.
- e. If applicable, the amount collected/refunded by the gas utility that reflects the difference between: 1) each Interim Rate Adjustment surcharge approved by the Commission or the regulatory authority since the gas utility's most recent statement of intent rate proceeding, and 2) each Interim Rate Adjustment surcharge that would have resulted had the rates been based upon the new federal or state tax rates, between the effective date of this order and the effective date of the changes.
- f. The amount collected/refunded by the gas utility that reflects the difference in the excess or deficient deferred tax reserve included in base rates between: 1) the cost of service approved by the Commission or the regulatory authority in the gas utility's most recent statement of intent rate proceeding, and 2) the cost of service that would have resulted had the rates been based upon the new federal or state tax rates, between the effective date of this order and the effective date of the changes. These amounts shall be refunded or collected from customers based upon IRC rules and regulations if applicable.

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

<b>RIDER:</b>	<b>TAX – TAX ADJUSTMENT</b>	
<b>APPLICABLE TO:</b>	<b>Entire Division as Set Forth Below</b>	
<b>EFFECTIVE DATE:</b>	<b>Bills Rendered on or after 10/01/2025</b>	<b>PAGE:</b>

2. With regard to the Tax Act 2022 and certain other tax-related costs that will change from the amounts included in the base revenue requirement established through an RRM filing, any change in rates shall be calculated as follows:

- (a) The amount shall be calculated as the product of Company's grossed-up rate of return authorized in the cost of service as approved by the Commission or the applicable regulatory authority in the gas utility's most recent statement of intent or other rate proceeding times the Corporate Alternative Minimum Tax deferred tax asset ("CAMT DTA") estimated at September 30 of the fiscal year or applicable quarter-end within a fiscal year prior to the annual change in the rates pursuant to this tariff, less the income tax credits received in accordance with IRC requirements applicable to the Tax Act 2022 grossed-up for income taxes to a revenue equivalent.
- (b) The estimated CAMT DTA and the related effects on the rider revenue requirements shall be trued up to the actual effects in the following year and the over/under recovery amortized over the twelve months that each year's recalculated tariff rates are in effect. The over/under recovery shall include a grossed-up rate of return as authorized in Company's most recent statement of intent or other rate proceeding.
- (c) The methodology for computing Company's CAMT is as follows:
  - i. Confirm when Atmos Energy Corporation and its affiliates are subject to CAMT as an "applicable corporation" as defined the Tax Act 2022, then there will be MTX's CAMT DTA in the tariff.
  - ii. Calculate the Mid-Tex Division's (MTX) contribution to Adjusted Financial Statement Income ("AFSI") on a stand-alone basis. MTX's AFSI is calculated by adjusting MTX's applicable financial statement income by adjustments to depreciation, pension costs and federal income tax to arrive at AFSI. AFSI is intended to be computed consistent with applicable IRC requirements.
  - iii. Compare MTX's CAMT stand-alone amount with MTX's regular stand-alone tax liability. If the stand alone CAMT is in excess of the stand-alone regular tax, the CAMT DTA is recorded to MTX.

If the Internal Revenue Service issues new guidance related to the Tax Act 2022, Company shall have the right to make additional filings to recognize such adjustments.

Any Commission filing made to give effect to Federal or State Tax Law or Rate Changes shall be filed within 12-months following the enactment of a tax rate change with the Commission's Oversight and Safety Division or as part of a Statement of Intent.

Any city filing made to give effect to Federal or State Tax Law or Rate Changes shall be filed within 12-months following the enactment of a tax rate change and addressed to the city official at the address of record with the Mid-Tex Division.

With the exception of the authorization required from the Commission to allow the gas utility to recognize the new federal income tax rate (increase or decrease) or state taxes (increase or decrease) or the impacts associated with the effects of the Tax Act 2022 and certain other tax-related costs that will change from the amounts included in the base revenue requirement in the last approved RRM Tariff filing, no action on the part of the regulatory authority is required to give effect to the amount to be refunded or

**MID-TEX DIVISION  
ATMOS ENERGY CORPORATION**

<b>RIDER:</b>	<b>TAX – TAX ADJUSTMENT</b>	
<b>APPLICABLE TO:</b>	<b>Entire Division as Set Forth Below</b>	
<b>EFFECTIVE DATE:</b>	<b>Bills Rendered on or after 10/01/2025</b>	<b>PAGE:</b>

collected from customers. However, any amount refunded or collected from customers shall be fully subject to review for reasonableness and accuracy in the gas utility's next statement of intent proceeding, and if applicable, the gas utility shall be required to reconcile any discrepancies.

Regulatory orders issued pursuant to this mechanism are ratemaking orders and shall be subject to appeal under Sections 102.001(b) and 103.021, et seq., of the Texas Utilities Code (Vernon 2007). Rate changes subject to the provisions of this tariff may be implemented upon the filing of an appeal to the relevant authority.

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

<b>RIDER:</b>	<b>WNA – WEATHER NORMALIZATION ADJUSTMENT</b>	
<b>APPLICABLE TO:</b>	<b>ALL CUSTOMERS IN THE MID-TEX DIVISION UNDER THE RRM TARIFF</b>	
<b>EFFECTIVE DATE:</b>	<b>Bills Rendered on or after 10/01/2025</b>	

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  $i^{\text{th}}$  rate schedule or classification expressed in cents per Ccf

$R_i$  = Commodity Charge rate of temperature sensitive sales for the  $i^{\text{th}}$  schedule or classification.

$HSF_i$  = heat sensitive factor for the  $i^{\text{th}}$  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  $i^{\text{th}}$  schedule or classification divided by the average bill count in that class

The Weather Normalization Adjustment for the  $j^{\text{th}}$  customer in  $i^{\text{th}}$  rate schedule is computed as:

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

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

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

<b>RIDER:</b>	<b>WNA – WEATHER NORMALIZATION ADJUSTMENT</b>	
<b>APPLICABLE TO:</b>	<b>ALL CUSTOMERS IN THE MID-TEX DIVISION UNDER THE RRM TARIFF</b>	
<b>EFFECTIVE DATE:</b>	<b>Bills Rendered on or after 10/01/2025</b>	

Base Use/Heat Use Factors

Weather Station	<u>Residential</u>		<u>Commercial</u>	
	Base use <u>Ccf</u>	Heat use <u>Ccf/HDD</u>	Base use <u>Ccf</u>	Heat use <u>Ccf/HDD</u>
Abilene	9.61	0.1476	91.65	0.7406
Austin	8.19	0.1394	183.99	1.1581
Dallas	12.74	0.2017	193.53	1.1001
Waco	9.23	0.1277	148.26	0.7631
Wichita Falls	10.43	0.1387	122.94	0.7038

Weather Normalization Adjustment (WNA) Report

On or before June 1 of each year, the company posts on its website at [www.atmosenergy.com/MTXtariffs](http://www.atmosenergy.com/MTXtariffs), 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.

**ATMOS ENERGY CORP., MID-TEX DIVISION**  
**MID-TEX RATE REVIEW MECHANISM**  
**PENSIONS AND RETIREE MEDICAL BENEFITS FOR CITIES APPROVAL**  
**TEST YEAR ENDING DECEMBER 31, 2024**

Line No.	Description	Shared Services		Mid-Tex Direct			Adjustment Total
		Pension Account Plan	Post- Employment Benefit Plan	Pension Account Plan	Post- Employment Benefit Plan	Supplemental Executive Benefit Plan	
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
1	Proposed Benefits Benchmark - Fiscal Year 2025 Willis Towers Watson Report as adjusted	\$ 572,372	\$ (649,253)	\$ 882,931	\$ (3,920,499)	\$ 65,943	
2	Allocation Factor	46.27%	46.27%	84.14%	84.14%		100.00%
3	Proposed Benefits Benchmark Costs Allocated to Mid-Tex (Ln 1 x Ln 2)	\$ 264,856	\$ (300,432)	\$ 742,888	\$ (3,298,664)	\$ 65,943	
4	O&M and Capital Allocation Factor	100.00%	100.00%	100.00%	100.00%		100.00%
5	Proposed Benefits Benchmark Costs to Approve (Ln 3 x Ln 4)	\$ 264,856	\$ (300,432)	\$ 742,888	\$ (3,298,664)	\$ 65,943	\$ (2,525,408)
6							
7	O&M Expense Factor	76.41%	76.41%	39.54%	39.54%		10.97%
8							
9	Summary of Costs to Approve:						
10	Total Pension Account Plan	\$ 202,374		\$ 293,727			\$ 496,101
11	Total Post-Employment Benefit Plan		\$ (229,557)		\$ (1,304,242)		\$ (1,533,799)
12	Total Supplemental Executive Benefit Plan					\$ 7,231	\$ 7,231
13	Total (Ln 10 + Ln 11 + Ln 12)	\$ 202,374	\$ (229,557)	\$ 293,727	\$ (1,304,242)	\$ 7,231	\$ (1,030,467)

ATMOS ENERGY CORP., MID-TEX DIVISION  
MID-TEX RATE REVIEW MECHANISM  
AVERAGE BILL COMPARISON - BASE RATES  
TEST YEAR ENDING DECEMBER 31, 2024

**ATMOS ENERGY CORP., MID-TEX DIVISION**  
**MID-TEX RATE REVIEW MECHANISM**  
**AVERAGE BILL COMPARISON - BASE RATES**  
**TEST YEAR ENDING DECEMBER 31, 2024**

Line No.	Description	Average Volumes	Current Rates	Proposed Rates	Current Average Bill	Proposed Average Bill	Amount Change	Percent Change
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
33	<b><u>Rate I at 1277 MMBTU</u></b>							
34	Base Rates:							
35	Customer Charge		\$ 1,587.75	\$ 1,848.75	\$ 1,587.75	\$ 1,848.75	\$ 261.00	
36	Block 1 - Consumption Charge (MMBtu)	1,277	\$ 0.6553	\$ 0.7678	836.99	980.69	143.69	
37	Block 2 - Consumption Charge (MMBtu)	-	\$ 0.4799	\$ 0.5623	-	-	-	
38	Block 3 - Consumption Charge (MMBtu)	-	\$ 0.1029	\$ 0.1206	-	-	-	
39	Total Base Rates	<u>1,277</u>			<u>\$ 2,424.74</u>	<u>\$ 2,829.44</u>	<u>\$ 404.69</u>	16.69%
40								
41	Gas Cost:							
42	Rider GCR Part A (MMBtu)	1,277	\$ 2.07711	\$ 2.07711	\$ 2,653.03	\$ 2,653.03	\$ -	
43	Rider GCR Part B (MMBtu)	1,277	\$ 0.88986	\$ 0.88986	1,136.59	1,136.59	-	
44	Total Gas Cost				<u>\$ 3,789.63</u>	<u>\$ 3,789.63</u>	<u>\$ -</u>	0.00%
45								
46	Total Base with Gas Cost				<u>\$ 6,214.37</u>	<u>\$ 6,619.07</u>	<u>\$ 404.69</u>	
47	Rider FF and Rider TAX		0.06725	0.06725	417.92	445.14	27.22	6.51%
48								
49	<b>Total Industrial Average Bill</b>				<b><u>\$ 6,632.29</u></b>	<b><u>\$ 7,064.20</u></b>	<b><u>\$ 431.91</u></b>	<b><u>6.51%</u></b>
50								
51	<b><u>Rate T at 4534 MMBTU</u></b>							
52	Base Rates:							
53	Customer Charge		\$ 1,587.75	\$ 1,848.75	\$ 1,587.75	\$ 1,848.75	\$ 261.00	
54	Block 1 - Consumption Charge (MMBtu)	1,500	\$ 0.6553	\$ 0.7678	982.95	1,151.70	168.75	
55	Block 2 - Consumption Charge (MMBtu)	3,034	\$ 0.4799	\$ 0.5623	1,456.19	1,706.22	250.03	
56	Block 3 - Consumption Charge (MMBtu)	-	\$ 0.1029	\$ 0.1206	-	-	-	
57	Total Base Rates	<u>4,534</u>			<u>\$ 4,026.89</u>	<u>\$ 4,706.67</u>	<u>\$ 679.78</u>	16.88%
58								
59	Gas Cost:							
60	Rider GCR Part B (MMBtu)	4,534	\$ 0.88986	\$ 0.88986	\$ 4,034.96	\$ 4,034.96	\$ -	
61	Total Gas Cost				<u>\$ 4,034.96</u>	<u>\$ 4,034.96</u>	<u>\$ -</u>	0.00%
62								
63	Total Base with Gas Cost				<u>\$ 8,061.85</u>	<u>\$ 8,741.63</u>	<u>\$ 679.78</u>	
64	Rider FF and Rider TAX		0.06725	0.06725	542.17	587.88	45.72	8.43%
65								
66	<b>Total Transportation Average Bill</b>				<b><u>\$ 8,604.01</u></b>	<b><u>\$ 9,329.51</u></b>	<b><u>\$ 725.50</u></b>	<b><u>8.43%</u></b>

**Subject:**

Discussion and possible action on Ordinance 2025-0915-01

**AN ORDINANCE OF THE CITY OF LORENA, TEXAS ADOPTING A THIRD ADDENDUM TO ORDINANCE NO. 2022-1219-02 AND TO THE AGREEMENT BETWEEN CITY OF LORENA AND FRONTIER TEXAS VENTURES 1, LLC D/B/A FRONTIER WASTE SOLUTIONS FOR SOLID WASTE SERVICES; APPROVING INCREASE IN CUSTOMER RATES BASED ON INCREASED COSTS OF SERVICE TO FRONTIER WASTE SOLUTIONS; SETTING DATE THAT NEW RATES BECOME EFFECTIVE; AND FINDING THAT THE MEETING AT WHICH THIS ADDENDUM WAS ADOPTED WAS OPEN TO THE PUBLIC AND COMPLIED WITH THE TEXAS OPEN MEETINGS ACT**

**Background Information:**

**Current Findings:**

The City of Lorena Budget for Fiscal Year 2026 approved at the September 2, 2025 City Council meeting was prepared based on a 5% increase in sanitation rates for all classes of sanitation customers to meet expected increases in expenses. This Ordinance provides those adjusted sanitation rates to support the adopted budget with an effective date of October 1, 2025.

**Recommendation:**

Adopt Ordinance 2025-0915-01 adjusting sanitation rates in support of the adopted budget.

ORDINANCE NO. 2025-0915-01

AN ORDINANCE OF THE CITY OF LORENA, TEXAS ADOPTING A THIRD ADDENDUM TO ORDINANCE NO. 2022-1219-02 AND TO THE AGREEMENT BETWEEN CITY OF LORENA AND FRONTIER TEXAS VENTURES 1, LLC D/B/A FRONTIER WASTE SOLUTIONS FOR SOLID WASTE SERVICES; APPROVING INCREASE IN CUSTOMER RATES BASED ON INCREASED COSTS OF SERVICE TO FRONTIER WASTE SOLUTIONS; SETTING DATE THAT NEW RATES BECOME EFFECTIVE; AND FINDING THAT THE MEETING AT WHICH THIS ADDENDUM WAS ADOPTED WAS OPEN TO THE PUBLIC AND COMPLIED WITH THE TEXAS OPEN MEETINGS ACT

WHEREAS, by Ordinance No. 2022-1219-02 the City Council of the City of Lorena, Texas granted the franchise and agreement for collection of solid waste within the City of Lorena and disposal thereof to Frontier Waste Solutions (hereinafter "Provider"); and

WHEREAS, the Agreement for Solid Waste Services allows for the Provider to periodically request to increase the customer rates where its costs of providing the services have increased; and

WHEREAS, any increase is subject to City Council approval, and the Provider must submit acceptable proof of the increased costs, and such increase must be reasonable under the circumstances; and

WHEREAS, the Provider has submitted proof that its cost of service has increased due to the inflation and increases in fuel charges; and

WHEREAS, The City Staff has reviewed the information and has found the Provider's request to be justified and reasonable in the facts and circumstances.

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

Section 1. That the foregoing recitals are incorporated herein and made findings of fact. The increase requested, which will be passed along to customers is five (5%) Percent.

Section 2. That the Provider has submitted proof that an increase in customer rates is justified due to increased cost of services to the Provider, and the requested increase is reasonable in the facts and circumstances.

Section 3. The customer rate increase of five (5%) Percent is hereby APPROVED and the third addendum to Ordinance No. 2022-1219-02 and the Agreement for Solid Waste Services with Frontier Waste Solutions is hereby ADOPTED;

Section 4. That the increase shall go into effect for the October 2025 billing cycle. The increase will be considered in the calculation of the Franchise Fee and the Administrative/Billing Fee, and for purposes of any applicable taxes.

Section 5. All ordinances, resolutions, or parts thereof, that are in conflict or inconsistent with any provisions of this Ordinance are hereby repealed to the extent of such conflict, and the provisions of this Ordinance shall be and remain controlling as to the matters regulated herein.

Section 6. Should any of the clauses, sentences, paragraphs, sections or parts of this Ordinance be deemed invalid, unconstitutional, or unenforceable by a court of law or administrative agency with jurisdiction over the matter, such action shall not be construed to affect any other valid portion of this Ordinance.

Section 7. It is officially found that the meeting at which this Ordinance was adopted was open to the public and was noticed and held in compliance with the Texas Open Meetings Act.

**PASSED AND APPROVED this 15<sup>th</sup> day of September, 2025.**

**CITY OF LORENA**

BY: \_\_\_\_\_  
Russell Walizer, Mayor

Attest:

---

Monica Hendrix, City Secretary

**Subject:**

Discussion and possible action on using water impact fees to fund the City's final payment on the ARPA sub-recipient generator project in place of Utility Capital Project Funds.

**Background Information:**

In 2023, the City was awarded a sub-recipient ARPA grant from McLennan County for the purchase and installation of a back-up generator for water well #3. McLennan County committed to providing \$225,000 for the project. The City of Lorena committed to applying a portion of the City's ARPA grant funds to the generator purchase and to use Utility Capital Project Funds for the engineering and remaining construction expenses. The actual total cost of the generator project was \$542,434.00. McLennan County funded \$225,000 as committed. The City of Lorena used \$194,870.74 of the City's ARPA grant for the generator leaving \$122,563.26 to be funded from the City's Utility Capital Project Fund.

**Current Findings:**

Over the life of the ARPA generator project the City of Lorena Utility Capital Project Fund has provided \$122,563.26, including the last construction payment and retainage of \$49,373.45. The City also has available water impact fees collected in previous years of \$27,740.16 (including accumulated interest). These funds are to be used for a water project that would be on the City's water system capital improvement plans. The generator project would qualify for the use of those impact fees.

**Recommendation:**

Staff recommends using the water impact fees to offset the final generator project construction and retainage payment reserving some of the Utility Capital Project Funds.

**Subject:** Discussion and possible action on approving purchase order # ZKJ9525HT for an amount of \$92,966.28 for a 2025 Bobcat T770 skid steer.

**Current Information:**

City staff budgeted \$120,000 in the fiscal year 2025/2026 to purchase a new skid steer for the public works department, and the city council approved the PY 2025/2026 budget on September 2, 2025. The City has received a quote from Bobcat of Waco for a 2025 T770 from Sourcewell, priced at \$92,966.28. We are bringing this purchase order before the council due to the current budget policy and recommendations from the budget auditors that any single item purchased for an amount over \$50,000.00 be brought before the council as an action item to ratify the purchase of this piece of equipment.

**Recommendation:**

The city staff recommends that the City Council approve purchase order # ZKJ9525HT for an amount of \$92,966.28 to Bobcat of Waco.

**TAXING UNIT: CITY OF LORENA**

**Resolution No. 2025-0915-02**

**RESOLUTION OF CANDIDATE NOMINATIONS FOR THE McLENNAN CENTRAL APPRAISAL DISTRICT BOARD OF DIRECTORS FOR THE YEAR 2025**

**WHEREAS**, Section 6.03 (g) of the Texas Property Tax Code, requires that each taxing unit entitled to vote may nominate by Resolution one candidate for each of the five positions to be filled and submit those nominations to the Chief Appraiser of the McLennan Central Appraisal District **before** October 15, 2025.

**THEREFORE**, the City of Lorena submits the following nomination(s) for the Board of Directors of the McLennan Central Appraisal District for 2026:

- 1.** \_\_\_\_\_
- 2.** \_\_\_\_\_
- 3.** \_\_\_\_\_
- 4.** \_\_\_\_\_
- 5.** \_\_\_\_\_

**ACTION TAKEN** this 15th day of September, 2025, in Regular Session of the governing body of the above-mentioned taxing unit; as authorized under Section 6.03 of the Texas Property Tax Code, for the purpose of nominating candidates to the Board of Directors of the McLennan Central Appraisal District.

---

Russell Walizer, Mayor

**ATTEST:**

---

Monica Hendrix, City Secretary



August 29, 2025

City of Lorena  
107-A S. FRONTAGE ROAD  
LORENA, TX 76655

Dear Entity Officials,

It is time to start the process of appointing the McLennan Central Appraisal District Board of Directors for 2026. The attached Voting Procedures will explain the process. Also attached, you will find a list showing your entity's voting entitlement, a sample nomination resolution for your governing body, and. Key dates are below, and for the 5 largest entities, there is a change to the deadline for submitting the ballot in December.

- **Before October 15<sup>th</sup>:** Each governing body will submit its choice of nominee names and addresses, via resolution, to the chief appraiser.
- **Before October 30<sup>th</sup>:** The chief appraiser will prepare and deliver a ballot to the presiding officer of each taxing unit.
- **Before December 15<sup>th</sup> or within 3 days of the 2<sup>nd</sup> meeting following receipt of the ballot:** Each governing body will vote, via resolution, and return the ballot to the chief appraiser.
- **Before December 31<sup>st</sup>:** The chief appraiser will send the election results to each governing body as well as the candidates.

If you have any questions regarding the process, please let me know.



Jim Halbert, RPA, CCA  
Chief Appraiser  
Phone: 254-752-9864  
315 S. 26<sup>th</sup> Street, Waco, TX 76710  
[www.mclennancad.org](http://www.mclennancad.org)  
Follow us!

How did we do?

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**MCLENNAN CENTRAL APPRAISAL DISTRICT BOARD OF DIRECTORS  
ALLOWABLE VOTES BY ENTITY**

TAXING UNIT	Preceding YR Tax Levy 2024	PERCENT OF TOTAL LEVY	CALCULATED 2026 TERM VOTES
<b>TOTAL</b>	<b>565,030,621</b>	<b>100%</b>	<b>5,000</b>
<b>SCHOOL DISTRICTS</b>			
AXTELL ISD	1,708,655.84	0.302401%	15
BOSQUEVILLE ISD	3,439,703.98	0.608764%	30
BRUCEVILLE-EDDY ISD	2,066,630.98	0.365756%	18
CHINA SPRING ISD	14,018,586.83	2.481031%	124
CONNALLY ISD	10,056,813.07	1.779870%	89
CRAWFORD ISD	3,431,317.66	0.607280%	30
GHOLSON ISD	638,050.84	0.112923%	6
HALLSBURG ISD	1,010,634.13	0.178864%	9
LA VEGA ISD	18,638,309.90	3.298637%	165
LORENA ISD	8,512,770.11	1.506603%	75
MART ISD	1,470,945.91	0.260330%	13
McGREGOR ISD	10,241,246.18	1.812512%	91
MIDWAY ISD	77,526,380.51	13.720740%	686
MOODY ISD	2,151,795.99	0.380828%	19
OGLESBY ISD	8,086.42	0.001431%	0
RIESSEL ISD	4,422,789.41	0.782752%	39
ROBINSON ISD	9,884,053.97	1.749295%	87
VALLEY MILLS ISD	866,580.82	0.153369%	8
WACO ISD	91,500,174.46	16.193844%	810
WEST ISD	6,699,347.83	1.185661%	59
<b>COUNTY</b>			
MCLENNAN COUNTY	93,963,740.34	16.629849%	831
MCLENNAN COMMUNITY COLLEGE	40,532,599.61	7.173523%	359
<b>CITY</b>			
BELLMEAD, CITY OF	2,532,279.52	0.448167%	22
BEVERLY HILLS, CITY OF	785,599.73	0.139037%	7
BRUCEVILLE-EDDY, CITY OF	483,152.36	0.085509%	4
CRAWFORD, CITY OF	511,527.58	0.090531%	5
GHOLSON, CITY OF	37,154.42	0.006576%	0
GOLINDA, CITY OF	41,297.65	0.007309%	0
HALLSBURG, CITY OF	24,124.10	0.004270%	0
HEWITT, CITY OF	8,458,696.63	1.497033%	75
LACY-LAKEVIEW, CITY OF	3,227,914.38	0.571281%	29
LEROY, CITY OF	27,340.94	0.004839%	0
LORENA, CITY OF	1,101,681.31	0.194977%	10
MART, CITY OF	611,300.15	0.108189%	5
McGREGOR, CITY OF	4,722,626.91	0.835818%	42
MOODY, CITY OF	499,999.72	0.088491%	4
RIESSEL, CITY OF	265,619.60	0.047010%	2
ROBINSON, CITY OF	6,973,450.94	1.234172%	62
VALLEY MILLS, CITY OF	10,886.58	0.001927%	0
WACO, CITY OF	122,933,836.58	21.757022%	1,088
WEST, CITY OF	2,026,118.32	0.358586%	18
WOODWAY, CITY OF	6,966,798.51	1.232995%	62



## BOARD OF DIRECTORS ELIGIBILITY & RESPONSIBILITY

### **Eligibility:**

To be eligible to serve, a person must have resided in the appraisal district for at least two (2) years immediately preceding the date of taking office. An employee of a taxing unit that participates in the district is not eligible to serve on the board unless the individual is also a member of the governing body or an elected official of a taxing unit that participates in the district. A person may not be appointed if related within the second degree of consanguinity (blood) or affinity (marriage) to either an appraiser who appraises property for use in the appraisal district's appraisal review board proceedings or a tax representative who represents taxpayers for compensation before the appraisal district's appraisal review board. Owing delinquent taxes for more than 60 days after the date the person knew or should have known of the delinquency, disqualifies a person from serving on the CAD board of directors.

### **Term:**

All directors, other than the County Tax Assessor Collector, serve a four-year term.

### **Meetings:**

Meetings at a minimum are held at least once per calendar quarter, at the convenience of the majority of the board. Meetings are typically held on a Thursday at 9:00 a.m.

### **Compensation:**

Directors may not receive a salary, per diem, or other compensation. The appraisal district may reimburse for reasonable and necessary expenses incurred in the performance of a director's duties if included in the appraisal district budget.

### **General Statement of Functions:**

The board of directors has the following primary responsibilities:

- Establish the appraisal district's appraisal office.
- Adopt the appraisal district's annual operating budget.
- Adopt the appraisal district's reappraisal plan.
- Contract for necessary services.
- Hire a chief appraiser.
- Hire a taxpayer liaison officer.
- Appoint members to serve on the Appraisal Review Board.

The board's authority over appraisals is limited. The board does not appraise property or review values on individual properties. The board has no authority to officially review ARB decisions. The board does have some authority over appraisals through its duties to contract, budget, and settle litigation.

# McLennan Central Appraisal District

## McLennan CAD Taxing Units:

In 2025, taxing units in the appraisal district that are eligible to vote will appoint two directors to the 2026 McLennan Central Appraisal District Board of Directors for a four-year term beginning January 1, 2026.

Two of the appointed directors on the MCAD Board have terms that expire on December 21, 2025. The current MCAD Board members are listed below:

### Appointed Board members whose terms expire December 21, 2025:

- Ben Perry, Chairperson
- Jim Patton

### Appointed Board members whose terms expire December 21, 2027:

- George Chase
- Jonathan Green
- Mildred Green

### Elected Board members whose terms expire December 21, 2026:

- John Kinnaird, Secretary
- Perry Felton
- Linda Hatchel

The above directors are joined on the board by Randy Riggs, who serves as an ex officio voting member as the McLennan County Tax Assessor/Collector.

Each taxing unit is entitled to nominate, via resolution adopted by its governing body (sample enclosed), one (1) candidate for **each** of the two (2) open positions on the board of directors. The presiding officer of the governing body of each taxing unit shall submit the name and address of the unit's nominee(s) to the chief appraiser **before October 15<sup>th</sup>**. **Before October 30<sup>th</sup>**, the chief appraiser shall prepare a ballot, listing the candidates, and shall deliver a copy of said ballot to the presiding officer of each taxing unit that is entitled to vote.

Each governing body shall determine its vote, via resolution, and submit it to the chief appraiser **before December 15<sup>th</sup>**. Entities that are entitled to cast at least 5% of the total votes must determine their vote by resolution adopted at the first or second open meeting of the governing body that is held after the date the chief appraiser delivers the ballot to the presiding officer of the governing body (Midway ISD, Waco ISD, McLennan County, MCC, City of Waco). Your voting entitlement may be cast for one candidate, or it may be distributed amongst any number of candidates the governing body would like to choose. The chief appraiser shall count the votes, declare the two (2) newly elected board members who received the largest cumulative total votes, and submit those results, **before December 31<sup>st</sup>**, to each governing body.

### Please mark these important dates on your calendar for the governance of the McLennan Central Appraisal District:

- Before October 15<sup>th</sup>: Each governing body will submit its choice of nominee names and addresses, via resolution, to the chief appraiser.
- Before October 30<sup>th</sup>: The chief appraiser will prepare and deliver a ballot to the presiding officer of each taxing unit.
- Before December 15<sup>th</sup> or within 3 days of the 2<sup>nd</sup> meeting following receipt of ballot: Each governing body will vote, via resolution, and return the ballot to the chief appraiser.
- Before December 31<sup>st</sup>: The chief appraiser will send the election results to each governing body, as well as to the candidates.

There is a very small window of time in which to consider this issue. Please remember to include these procedures and dates on the agenda of your next scheduled meeting, in order to plan how your taxing unit would like to prepare for and act on this matter. Your vote is extremely important to ensure the continued dedicated leadership of this board.

The voting entitlement has been determined from the preceding year (2024) supplemented tax levy.

Respectfully submitted,

*Jim Halbert*

Jim Halbert, RPA, CCA  
Chief Appraiser



# LORENA POLICE DEPARTMENT

COUNCIL REPORT  
AUGUST 2025



# CALLS FOR SERVICE BY TYPE – AUGUST 2025

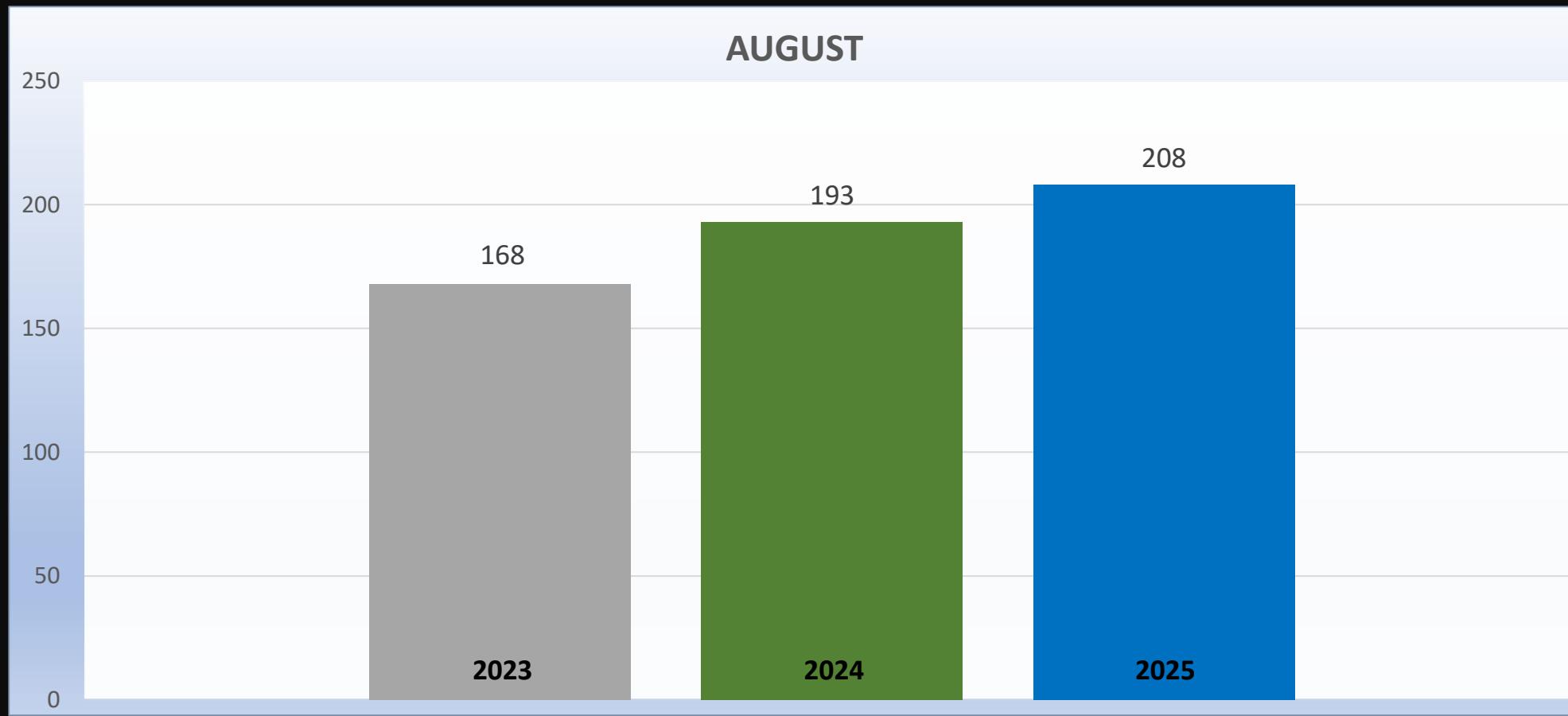
DESCRIPTION	# OF CALLS
BURGLAR ALARM	2
ABANDONED VEHICLE	3
ABANDONING/ENDANGERING A CHILD (OCCURRED IN WACO)	1
ACCIDENT	17
ASSIST CITIZEN / MOTORIST / OTHER AGENCY	44
CIVIL MATTER/ DISTURBANCE	6
DAMAGE TO CITY PROPERTY	1
DRUG OFFENSE (UNFOUNDED)	1
EMS/ FIRE / LIFT ASSISTANCE	30
FOLLOW UP	13
BUILDING CHECK/ FOOT PATROL	32
FOUND PROPERTY	1
HARASSMENT/ THREAT	2
INVESTIGATION OF SANITY	1
MISSING PERSON	1
SUSPICIOUS PERSON / VEHICLE/ CIRCUMSTANCES	19
BURGLARY/ THEFT/ FRAUD	4
TRAFFIC CONTROL/ COMPLAINTS/ HAZARD	15
VIOLATION OF CITY ORDINANCE (DOG/ SOLICITING)	10
WELFARE CHECK	5
<b>TOTAL</b>	<b>208</b>

# CALLS FOR SERVICE – DETAILED

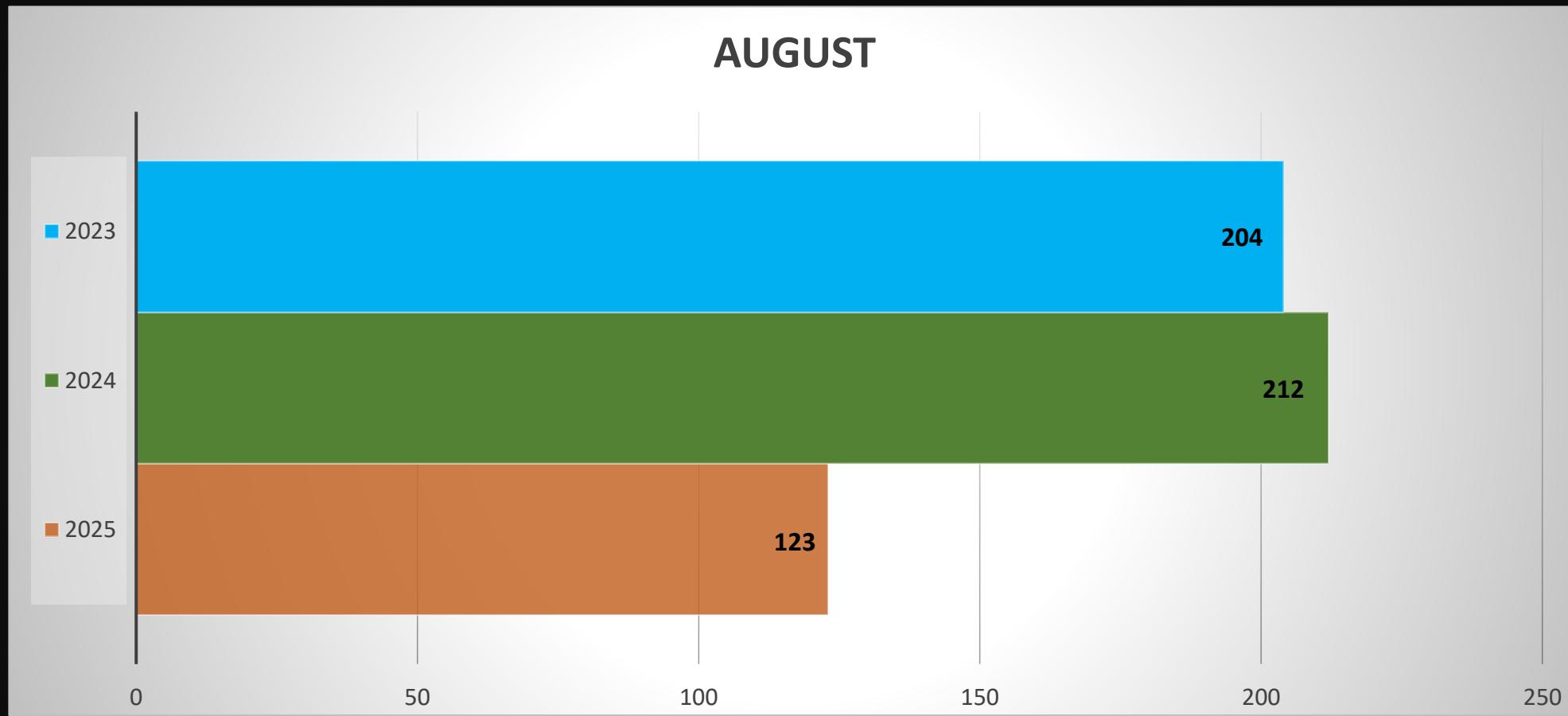
- 8/1/2025 – Suspicious Person – 10:46 Resident called to report a male knocking on back door while she was home alone with her baby. Officer Board arrived and determined the male was there to take photos of the property for insurance purposes.
- 8/2/2025 – Welfare Check – 21:24 Caller reported she was lost and needed to get to Waco. She was given a courtesy ride to Waco.
- 8/4/2025 – Welfare Check – 07:46 Resident reported elderly female knocking at their door asking for help. The female was transported to a hospital for observation and treatment. It was later determined the elderly female was neighbor.
- 8/10/2025 – Civil Matter – 11:49 Non-resident requested officers respond to the police department for a child custody exchange to ensure no disturbance or violence occurred.
- 8/13/2025 – Suspicious Person – 09:06 Resident reported a male sleeping on a bench outside a church. Male was given a courtesy ride.
- 8/15/2025 – Abandoning/Endangering Child – 21:16 Resident wanted to speak to an officer regarding a child custody exchange in which a gun was reportedly displayed during the exchange. The incident was determined to have occurred in Waco. Caller was referred to Waco PD.
- 8/24/2025 – Traffic Hazard – 22:17 Caller reported an object wrapped in a sheet across a lane of traffic on Interstate 35. Hazard was removed.
- 8/26/2025 – Assist Other Agency – 15:51 McLennan County Sheriff deputies, ambulance and Lorena Fire Department personnel were dispatched to an address outside city limits on a report of a possible stabbing. Officers determined a son had pushed and assaulted family members. One male was arrested at the scene and subsequently transported to jail by deputies.
- 8/28/2025 – Assist Other Agency – 00:14 Deputies responded to the same address as the previous call listed above, in violation of a protective order, after the male returned to the home and ran from deputies. The male was apprehended after an electronic controlled device (taser) was successfully deployed. The male was arrested for violating the protective order, resisting arrest, and evading on foot.
- 8/28/2025 – Disturbance/Drug Offense – 04:55 Resident reported an argument with a roommate and stated the roommate had drugs in his room at the residence. MCSO deputies had arrived and cleared the call just prior to Officer Becknaul's arrival. No drugs were located.
- 8/29/2025 – Disturbance – 14:32 Caller reported witnessing a disturbance between two individuals at the travel center. Officer Becknaul arrived and determined it was a mother and son arguing. The disturbance was settled.



# CALLS FOR SERVICE - GRAPH



# TRAFFIC STOPS BY LORENA POLICE



# INVESTIGATIONS

- 8/1/2025 – Reckless Damage or Destruction – Officer Board responded to a report of a tractor trailer tire that had struck and damaged a building, with the tire still at the location.
- 8/1/2025 – Found Property – Local business owner reported finding a credit card that had been left at their business. The owner of the credit card was contacted. Case Closed.
- 8/11/2025 - Investigation of Insanity - Resident of local apartment complex reported having suicidal ideations. Subject was transported by ambulance to a local hospital for treatment.
- 8/12/2025 - Criminal Trespass – A resident reported a vehicle had driven through a field marked with no trespassing signs and possibly damaged the field. Investigation is ongoing.
- 8/12/2025 - FSI – A vehicle struck and damaged a sign in the parking lot of City Hall. Vehicle owner was contacted, and sign will be repaired. Case Closed.
- 8/13/2025 – Terroristic Threat - Officers received a report of a late disturbance call at a local store. An investigation revealed subjects had possibly been threatened with a gun during the disturbance; however, the victims declined to press charges. Case Closed
- 8/13/2025 – FSI – Non-resident reported her vehicle had been left disabled on the shoulder of the interstate and discovered it was damaged when she returned the next day. Investigation is ongoing.
- 8/14/2025 – Information Report – Resident reported potential threat of harm to her and/or a colleague. No criminal act had been committed but the incident was documented.
- 8/14/2025 – Criminal Mischief – During routine patrol and while Officer Board was securing facility doors at the park, three light fixture covers were found to be damaged. Investigation is ongoing.
- 8/18/2025 – Burglary of Motor Vehicle – An employee at Bojangles reported items missing from his unlocked vehicle in the parking lot. After reviewing surveillance video with a manager, a suspect was identified, and a warrant has been issued.
- 8/19/2025 – Harassment – Individual reported unwanted and offensive contact through social media. The contact has since stopped.
- 8/22/2025 – Criminal Mischief – Non-resident reported damage to her vehicle from an apparent road rage type incident. Officers were unable to confirm her version of events, and the investigation has been closed.
- 8/24/2025 – FSI Involving Serious Bodily Injury – Three vehicle crash involving a motorcycle on Interstate 35. One vehicle fled the scene. The motorcyclist was transported to a hospital for treatment. Investigation is ongoing.



# ARRESTS

Driving While Intoxicated – Non-resident was arrested during a routine traffic stop after officers discovered the driver was intoxicated.

Warrant Arrest (DWI) – A male (non-resident) was arrested on a warrant for DWI after blood test results showed the driver was intoxicated at the time of an injury accident in June.

**TWO (2) ARRESTS TOTAL FOR AUGUST 2025**

**Subject:** City Manager's Report Supplement.

**Background Information:** On or about June 16, 2025, a complaint was filed with the Texas Commission on Environmental Quality (TCEQ) against the City of Lorena's Public Water System (PWS), complaint number 442127. The complainant stated concern for the hydrostatic pressure of the system and watercolor and drinking water quality. The complaint was assigned to Mrs. Jessica Sanchez, an investigator out of the Waco Regional Office for TCEQ, who conducted an unannounced investigation of Lorena's PWS on or about June 24, 2025.

**Current Finding:** After investigating the above-referenced complaint, Mrs. Sanchez determined that Lorena was compliant with all TCEQ rules and regulations. She further noted that TCEQ was not alleging any violations and acknowledged that the City of Lorena continues to merit recognition as a "Superior" PWS.

**Recommendation:** A copy of the compliance letter dated August 11, 2025, addressed to the Mayor, has been attached as Exhibit A of this supplement.

# "EXHIBIT A"

Brooke Paup, *Chairwoman*  
Bobby Janecka, *Commissioner*  
Catarina R. Gonzales, *Commissioner*  
Kelly Keel, *Executive Director*



## TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

*Protecting Texas by Reducing and Preventing Pollution*

August 11, 2025

The Honorable Tommy Ross, Mayor  
City of Lorena  
127 S. Frontage Road STE A  
Lorena, Texas 76655-9609

Re: General Compliance Letter for the Complaint Investigation at:  
City of Lorena Public Water System, McLennan County, Texas  
TCEQ ID No.: TX1550036 RN ID No. RN101428563

Dear Mayor Ross:

On June 25, 2025, Mrs. Jessica Sanchez of the Texas Commission on Environmental Quality (TCEQ) Waco Regional Office conducted an investigation of the above-referenced facility to evaluate compliance with applicable requirements for a public water supply. No violations are being alleged as a result of the investigation. At this time, your public water supply continues to merit recognition as a "Superior" system.

The TCEQ appreciates your assistance in this matter and your compliance efforts to ensure protection of the State's environment. If you or members of your staff have any questions regarding these matters, please feel free to contact Mrs. Jessica Sanchez in the Waco Regional Office at (254) 751-0335.

Sincerely,

*Richard Monreal*

Richard Monreal  
Water Section Manager  
Waco Regional Office

RM/JS/dm