

**NOTICE OF MEETING OF THE GOVERNING BODY OF THE
CITY OF NAVASOTA, TEXAS
OCTOBER 4, 2021**

Notice is hereby given that a Special Meeting of the governing body of the City of Navasota will be held on the 4th of October, 2021 at 6:00 PM at the City Hall in the City Council Chambers, Room No. 161, located at 200 E. McAlpine Street, Navasota, Texas 77868, at which time the following subjects will be considered, to wit:

To watch the City Council meeting live please visit the City of Navasota's Youtube here: <https://www.youtube.com/channel/UCItnx7BQt0TCIYJRiZ14g5w>

- 1 Call to Order.
- 2 Invocation
Pledge of Allegiance
- 3 Remarks of visitors: Any citizen may address the City Council on any matter. Registration forms are available on the podium and/or table in the back of the city council chambers. This form should be completed and delivered to the City Secretary by 5:45 p.m. Please limit remarks to three minutes. The City Council will receive the information, ask staff to look into the matter, or place the issue on a future agenda. Topics of operational concerns shall be directed to the City Manager.
- 4 Executive Session: The City Council shall meet in Executive Session as permitted by Section 551.071, Texas Government Code - Consultation with Attorney - Dispute regarding invoice received from Symmetry Energy Solutions, LLC for natural gas supplied to the City of Navasota for the month of February 2021, and associated matters.
- 5 Executive Session: The City Council will meet in executive session as permitted by Section 551.074, Texas Government Code – Personnel Matters – Discussion Concerning the Appointment of a City Staff Member, Pursuant to Article V, Section 1(c) of the Navasota City Charter, to Serve as the Administrative Officer Authorized to Perform the Duties of the City Manager in the City Manager’s Absence or Inability to Perform His Duties, and Related Issues.
- 6 Reconvene in open session.
- 7 Discuss and possibly act upon dispute regarding invoice received from Symmetry Energy Solutions, LLC for natural gas supplied to the City of Navasota for the month of February 2021, and associated matters.
- 8 Consideration and Possible Action Concerning the Appointment of a City Staff Member, Pursuant to Article V, Section 1(c) of the Navasota City Charter, to Serve as the Administrative Officer Authorized to Perform the Duties of the City Manager in the City Manager’s Absence or Inability to Perform His Duties, and Related Issues.
- 9 Adjourn.

DATED THIS THE 30TH OF SEPTEMBER, 2021

/BS/

BY: BRAD STAFFORD, CITY MANAGER

I, the undersigned authority, do hereby certify that the above notice of meeting of the governing body of the CITY OF NAVASOTA, is a true and correct copy of said notice and that I posted a true and correct copy of said notice in the glass bulletin board, in the foyer, on the south side of the Municipal Building as well as in the bulletin board on the north side of the Municipal Building of the City of Navasota, Texas, a place convenient and readily accessible to the general public at all times, and said notice was posted on the 30th of September, 2021 at 02:33 PM and will remain posted continuously for at least 72 hours preceding the scheduled time of said meeting. Agendas may be viewed at www.navasotatx.gov.

The City Council reserves the right to convene in Executive Session at any time deemed necessary for the consideration of confidential matters under the Texas Government Code, Sections 551.071-551.089.

DATED THIS THE 30TH OF SEPTEMBER, 2021

/SMH/

BY: SUSIE M. HOMEYER, CITY SECRETARY

THIS FACILITY IS WHEELCHAIR ACCESSIBLE AND ACCESSIBLE PARKING SPACES ARE AVAILABLE. REQUESTS FOR ACCOMMODATIONS OR INTERPRETIVE SERVICES MUST BE MADE 48 HOURS PRIOR TO THIS MEETING. PLEASE CONTACT THE CITY SECRETARY'S OFFICE AT(936) 825-6475 OR (936) 825-6408 OR BY FAX AT (936) 825-2403.

CITY OF NAVASOTA CITY COUNCIL AGENDA

AGENDA ITEM NO.: 4

AGENDA DATE: October 4,
2021

PREPARED BY: Brad Stafford, City Manager

APPROVED BY: BS

ITEM: Executive Session: The City Council shall meet in Executive Session as permitted by Section 551.071, Texas Government Code - Consultation with Attorney - Dispute regarding invoice received from Symmetry Energy Solutions, LLC for natural gas supplied to the City of Navasota for the month of February 2021, and associated matters.

ITEM BACKGROUND:

The time is _____p.m.

BUDGETARY AND FINANCIAL SUMMARY:

STAFF RECOMMENDATION:

ATTACHMENTS:

- ## 1. Gas Contract



October 12, 2012

City of Navasota
200 East McAlpine
Navasota, TX 77868

Attn: Mr. Brad Stafford

RE: APT-#6624
Letter Agreement on Temporary Waiver of Monthly Customer Charge
and Firm Transportation and Storage Agreement
between Atmos Pipeline - Texas (Atmos) and City of Navasota

ATTACHED PLEASE FIND THE FOLLOWING DOCUMENT(S):

- ☒ (1) Fully Executed Agreement
☐ (2) Unexecuted Agreements
☐ (3) Partially Executed Agreements
☐ Other:

PLEASE TAKE THE FOLLOWING ACTION:

- ☐ Return One (1) executed original to undersigned
☐ Execute both originals and return to undersigned
☒ Retain for your files
☐ Other:

SPECIAL INSTRUCTIONS:

- ☐ Execution of the Agreement by a "duly authorized" Officer of the Corporation or by an Attorney-in-Fact is required.
☐ Please note changes and initial
☐ Keep one copy for your files and return one to undersigned

Please contact me at 214-206-2512 if you have any questions regarding the enclosed.

Thank you for your assistance.

Sincerely,

A handwritten signature in dark ink that reads "Wilma L. Easter".

Wilma L. Easter
Sr. Transportation Administrator



Charles R. Yarbrough, II
Vice President
Rates and Regulatory Affairs

August 31, 2012

City of Navasota
Attn: City Manager
200 East McAlpine
Navasota, Texas 77868

Re: Letter Agreement on Temporary Waiver of Monthly Customer Charge

Dear Sir/Madam:

The City of Navasota (City) and Atmos Pipeline – Texas, a division of Atmos Energy Corporation (Atmos) have entered into a Firm Transportation and Storage Agreement dated February 1, 2012 (Agreement) for the transportation of gas by Atmos to the City. In connection with the Agreement, the City is transitioning its natural gas service. In order to enable a smooth transition and to provide sufficient time for Atmos to complete construction of facilities necessary to directly connect the City's facilities to the Atmos system, the City may find it necessary to request that Atmos temporarily cease serving the City and temporarily waive its monthly customer charge under the Agreement during the transition period.

This letter will evidence the agreement between the City and Atmos concerning the above mentioned transition period. During any month prior to March 1, 2013 that the City does not nominate gas for delivery under the Agreement, Atmos will temporarily waive the monthly customer charge under the Agreement for that month, and Atmos will have no obligation to delivery gas to the City under the Agreement during such month. Notwithstanding the foregoing and subject to the provisions of Article XI of the Agreement, the City will be obligated to pay Atmos at least 48 months of monthly customer charges under the Agreement at an MDQ of at least 3,462 MMBtu per day.

If this letter properly reflects the agreement of the City and Atmos, please execute both copies of this letter agreement and return them for execution by Atmos. After Atmos' execution of the

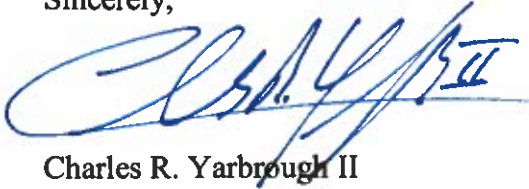
Navasota Letter Agreement

August 31, 2012

Page 2 of 2

letter agreement, a fully executed copy of the letter agreement will be returned to you. If you have any questions, please do not hesitate to contact me.

Sincerely,



Charles R. Yarbrough II

AGREED TO AND ACCEPTED THIS 27th
DAY OF September, 2012

THE CITY OF NAVASOTA, TEXAS

By 

Brad Stafford
City Manager
City of Navasota, Texas

AGREED TO AND ACCEPTED THIS 8th
DAY OF October, 2012

ATMOS PIPELINE – TEXAS,
a division of Atmos Energy Corporation

By 

Dennis Gordon
Vice President
Atmos Pipeline - Texas

FIRM TRANSPORTATION AND STORAGE AGREEMENT

Between

Atmos Pipeline - Texas

And

City of Navasota, Texas

Dated

February 1, 2012

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FIRM TRANSPORTATION AND STORAGE AGREEMENT

THIS AGREEMENT is made and entered into effective the 1st day of, February, 2012, by and between **ATMOS PIPELINE - TEXAS**, a Division of **ATMOS ENERGY CORP.**, a Texas and Virginia corporation, hereinafter referred to as "**Atmos**", and **THE CITY OF NAVASOTA**, a Texas municipal corporation, hereinafter referred to as "**Navasota**" (collectively, the "Parties").

W I T N E S S E T H:

WHEREAS, Navasota operates distribution facilities to serve residential, commercial and industrial customers in certain areas of Texas; and,

WHEREAS, Navasota desires to have its gas supplies transported on a firm basis to its distribution facilities; and,

WHEREAS, Navasota desires to have stored on a firm basis gas supplies that are required to support the varying hourly and daily needs of its customers; and,

WHEREAS, Atmos owns and operates intrastate pipeline and storage facilities and is willing to provide such firm transportation and storage services to Navasota;

NOW, THEREFORE, in consideration of the premises and mutual covenants and agreements contained herein, Atmos and Navasota do hereby agree as follows:

ARTICLE I

Subject Matter:

1.1 General Description: Subject to the terms and conditions of this Agreement, Atmos agrees to receive gas from Navasota (or its designee) at the Point(s) of Receipt, to transport such gas on a firm basis, to store such gas on a firm basis and to deliver such gas on a firm basis to Navasota (or its designee) at the Point(s) of Delivery, provided such gas is ultimately delivered to Navasota's customers on Navasota's distribution system(s) listed in Exhibit "A", attached hereto and incorporated herein, (as may be amended from time to time), or used as lost and unaccounted for gas on such distribution system(s). "Residential and commercial customers" shall be defined in the same manner as they are defined in Atmos Energy Corp., Mid-Tex Division's ("Mid-Tex") Rate Schedule No. 200, as such Schedule may be amended in the future with regulatory approval, attached hereto as Exhibit "F" and incorporated herein for all purposes.

1.2 Non-jurisdictional Warranty: *As a material representation, without which Atmos would not have been willing to execute this Agreement, Navasota warrants to Atmos that Navasota and its agents shall take no action nor commit any act of*

omission which shall subject this transaction or Atmos' (or its agent's) facilities to jurisdiction of the Federal Energy Regulatory Commission ("FERC") or successor governmental agency under the terms of the Natural Gas Act of 1938, as amended ("NGA"). The gas delivered and accepted hereunder shall not have been nor shall be sold, transported, or otherwise utilized by Navasota or its agents in a manner which shall subject Atmos (or its agents) to the terms of the NGA. In addition to and without excluding any remedy Atmos may have at law or in equity, Navasota shall be liable to Atmos and Atmos' agent(s) for all damages, injury and reasonable expense Atmos or its agent(s) may sustain by reason of any breach hereof. Further, should Navasota or its agents perform any act, or cause any action to be performed, at any time, that results in any gas covered hereunder becoming regulated by or subject to jurisdictional authority of the FERC, or successor governmental authority, under the terms of the NGA contrary to this Agreement, this Agreement shall automatically terminate on the day before the date of such occurrence; provided, however such termination shall never be construed to impair any rights of the Parties with regard to such breach of contract. Navasota hereby waives any defense for breach of this Section that Atmos or its agent could avoid NGA jurisdiction under the provisions of Section 1(c) of such Act.

1.3 Section 311 Transportation: In order to allow Navasota access to broader gas supplies in situations that might otherwise be prohibited by the provisions of Section 1.2 of this Agreement, Atmos agrees to proceed with due diligence to make interruptible transportation available to Navasota under Section 311 of the Natural Gas Policy Act of 1978 ("NGPA") on a non-discriminatory basis; provided Navasota shall not transport a majority of its gas supply for residential and commercial customers under interruptible Section 311 transactions. Such transportation shall be made available to Navasota under terms substantially the same as those contained in this Agreement. In addition, Atmos agrees to use reasonable efforts to make firm transportation available to Navasota and other firm shippers under Section 311 of the NGPA.

1.4 Distribution Responsibilities: Navasota is solely responsible for all service requirements downstream of the Point(s) of Delivery, including, but not limited to, any intervening transportation between the Point of Delivery and the Navasota distribution system, leak investigation, customer notifications(s), customer inquiries, repairs to facilities downstream of the Point(s) of Delivery, odorization, and for any other service requirement deemed to be the responsibility of a natural gas distribution utility.

ARTICLE II

Quantity:

2.1 Capacity Rights:

(a) Navasota shall have the right to the amount of firm Maximum Daily Quantity ("MDQ") on Atmos' then existing pipeline systems as specified on Exhibit A-1.

(b) Navasota recognizes that the MDQ provided for in Section 2.1(a) is intended to be the MDQ required by Navasota from Atmos. Changes in the MDQ may occur as follows:

(i) Navasota may request a change in the MDQ to be effective on the first day of each calendar quarter during the term of this Agreement. If Navasota desires a change in the MDQ effective on the first day of any such calendar quarter, it shall notify Atmos, in writing, at least thirty (30) days prior to the first day of such calendar quarter, and shall provide new MDQ information to Atmos as well as detail of the specific Points of Delivery at which such change is needed. Unless otherwise mutually agreed, the changed MDQ requested under this Section 2.1(b)(i) shall become effective on the first day of such calendar quarter; and

(ii) On or before October 1st of each year, Navasota and Atmos shall review the then effective MDQ and shall determine any appropriate changes in the MDQ to be effective on the immediately following first day of November. In addition, on or before October 1st of each year, Navasota shall furnish an estimate of peak day volumes to be transported hereunder to each Point of Delivery during the following twelve calendar months.

Until the end of the primary term as defined in Section 11.1, unless otherwise mutually agreed, the changed MDQ required under this Section 2.1(b) shall never be less than the higher of 3,462 , the highest daily volume delivered under this Agreement in the previous twenty-four (24) months, if daily delivery information is readily available, or the highest average daily volume delivered under this Agreement in the previous twenty-four (24) months. Following the expiration of the primary term, unless otherwise mutually agreed, the changed MDQ required under this Section 2.1(b) shall never be less than the higher of the highest daily volume delivered under this Agreement in the previous twenty-four (24) months, if daily delivery information is readily available, or the highest average daily volume delivered under this Agreement in the previous twenty-four (24) months. Any increase in the MDQ shall only become effective to the extent Atmos has firm capacity available to provide all or any portion of the increase. Atmos shall not be required to establish new Points of Delivery or increase delivery capacity at an existing Point of Delivery unless, on a non-discriminatory basis, additional firm capacity is available on the portion of its system on which additional capacity is required. If facility enhancements are required in order to increase service under this Agreement, Atmos and Navasota shall negotiate in good faith the reasonable compensation required for any such facility enhancements.

2.2 MDQ Adjustment: Effective on and after the 1st day of the 1st month following the end of the twelfth month after completion of the facilities necessary to deliver gas at the Navasota City gate Point of Delivery, if Navasota's daily usage on any day exceeds Navasota's MDQ as set forth herein by 10% or more, then Navasota's MDQ shall be increased to equal such daily usage up to the firm capacity available through the then existing Atmos facilities. The effective date of such increase in the MDQ shall be

the first day of the calendar month following the day on which Navasota's daily usage exceeded Navasota's MDQ by 10% or more.

2.3 **Overrun Capacity:** In the event Navasota requires capacity on a short-term basis in excess of the then available MDQ set forth in Section 2.1 in order to maintain firm delivery capacity to its residential and commercial customers, Atmos shall make available to Navasota, upon request by Navasota, on a prorata basis with other firm transportation customers, any then existing interruptible capacity in the vicinity of the affected Point(s) of Delivery, but only to the extent that such interruptible capacity is necessary for Navasota to maintain service to Navasota's residential and commercial customers. The Capacity Overrun Fee shall be equal to the fee specified in Rate Schedule CGS – Other, as amended by the Railroad Commission of Texas, or its successor, from time to time. For purposes of this Section 2.2, transportation of gas by Atmos for delivery to its distribution system(s) at city gate stations shall be considered as if Atmos and/or Atmos Mid-Tex is a similarly situated shipper to Navasota with regard to such transportation services.

2.4 **Storage Capacity:** Navasota agrees that firm transportation on Atmos' system requires the use of storage. Navasota shall have the right to have quantities of gas stored in Atmos' Primary and Secondary storage facilities (Primary and Secondary facilities are defined in Exhibit B, as attached hereto and incorporated herein). Navasota's maximum capacity rights for the Primary and Secondary storage facilities and, in total, are as specified on Exhibit B. If changed levels of MDQ become effective under Section 2.1(b), appropriate changes in Storage Capacities, Injection Rights, and Withdrawal Rights shall be implemented on a non-discriminatory basis to reflect the changes in the need for storage.

2.5 **Injection Rights:** Navasota shall nominate volumes of gas for injection into storage from any active Point of Receipt by utilizing its firm transportation capacity rights on the Atmos system. All nominations for injection to storage must designate the volumes to be injected into Primary and Secondary storage facilities. Navasota shall have the right to have a total of up to the volumes of gas specified on Exhibit C injected each day into Primary and Secondary storage facilities as set forth on Exhibit C, attached hereto and incorporated herein. Simultaneous injection and withdrawal nominations shall be allowed if pipeline system operations and pressures permit. Notwithstanding anything contained on Exhibit C to the contrary, the parties recognize that actual operating capabilities of Atmos' pipeline and storage facilities may allow for the maximum injection nominations set forth on Exhibit C to be waived, in whole or in part, from time to time. In that regard, Atmos shall advise Navasota of its daily operating conditions, and Navasota, at its option, may nominate volumes of gas in excess of the maximums set forth on Exhibit C to the extent permitted by such actual operating conditions.

2.6 **Withdrawal Rights:** Navasota shall nominate volumes of gas for withdrawal from storage utilizing its firm transportation capacity rights on the Atmos system. Nominations for withdrawal shall designate the volumes of gas attributable to Primary and Secondary storage facilities. Navasota may nominate up to a combined daily

maximum equal to the volumes of gas shown on Exhibits D and E to be withdrawn from Primary and Secondary storage facilities. Navasota's withdrawal rights shall be determined by the then existing inventory of Navasota's gas in Primary and Secondary storage facilities as set forth on Exhibits D and E, which are attached hereto and incorporated herein. Navasota's total storage withdrawal nominations for any day shall not exceed the lesser of (i) 70% of Navasota's estimated daily demand or (ii) the maximum withdrawal based on Navasota's inventory as set forth on Exhibits D and E. Notwithstanding anything contained on Exhibits D and E to the contrary, the parties recognize that actual operating capabilities of Atmos' pipeline and storage facilities may allow for the maximum withdrawal limitations set forth on Exhibits D and E to be waived, in whole or in part, from time to time. In that regard, Atmos shall advise Navasota of its daily operating conditions, and Navasota may at its option, nominate volumes of gas in excess of the maximum set forth on Exhibits D and E to the extent permitted by such actual operating conditions.

2.7 Capacity Allocation: Subject to applicable regulatory rules and orders, in the event that there is insufficient capacity on a portion of Atmos' system to meet the then current demand of all shippers, capacity shall be allocated as follows:

(i) First, firm deliveries under this Agreement in the affected area shall be given the same priority of service as all other gas deliveries in such area where the gas so delivered serves residential and commercial loads, and (ii) Next, in the event there remains insufficient capacity in the affected area to meet the requirement for gas being delivered to serve all firm shippers' requirements for such service, capacity for such service shall then be allocated within the affected area in accordance with applicable regulatory rules and orders.

For purposes of this Section 2.7, "firm deliveries" or "firm capacity" shall include all gas being transported by Atmos on a firm basis, regardless of whether Atmos or any of its affiliates does or does not hold title to such gas during the course of such transportation. For purposes of any curtailment order issued by the Railroad Commission of Texas and applicable to Atmos, Atmos shall treat deliveries to Navasota as if the deliveries were direct deliveries by Atmos to the customers of Navasota.

2.8 Atmos shall provide Navasota with written notice of any realignment, transfer, or other conveyance to Mid-Tex of any of Atmos facilities on which a Delivery Point to Navasota is located at least thirty (30) days prior to such realignment, transfer, or other conveyance.

ARTICLE III

Nominations:

3.1 Nominations: Navasota shall provide Atmos with its first of the month transportation and storage nominations no later than 1:30 p.m. Central Time on the last business day prior to the first calendar day of each month. Each such transportation

and/or storage nomination shall contain Navasota's nominated quantities for the Point(s) of Receipt and the Point(s) of Delivery, designation of the appropriate contract(s) covering such gas, and the identity by name and telephone number of individual(s) who have authority to confirm the nominated gas volumes at each Point of Receipt and Delivery. Atmos and Navasota agree that nominations for Point(s) of Receipt and Point(s) of Delivery within a geographic operational area may be aggregated. Navasota may change nominated quantities on any business day, provided such nomination change must be received by Atmos prior to 11:30 a.m. Central Time of any business day to be effective the next business day. If Navasota fails to furnish transportation and storage nominations as required herein for any month during the term hereof: Atmos may suspend transportation and storage service hereunder for such month. Subject to the other provisions of this Agreement, Atmos may refuse to receive, store and/or deliver quantities of gas on any day in excess of those quantities nominated hereunder by Navasota for transportation and/or storage hereunder on such days. Navasota understands that with regard to Point(s) of Receipt nominations, other than pooling Point(s) of Receipt, Atmos at any time and from time to time and for any specified or unspecified time period(s), may for operational reasons prorate and/or totally refuse to accept new nominations or honor then existing nominations at certain then existing and/or newly proposed Point(s) of Receipt; however, Atmos shall notify Navasota or Navasota's designee of such refusal as soon as practicable. Notwithstanding the foregoing, Navasota shall not attempt to utilize the nomination process hereunder to reserve or gain additional pipeline and/or storage capacity by over nomination, and in the event Atmos reasonably determines that Navasota has attempted to do so, Navasota agrees that Atmos shall have the right, with or without prior notice, to reduce the nomination under this Agreement. Navasota shall use its reasonable best efforts to model its anticipated demand and shall adjust its receipt and delivery nominations on a daily basis, as necessary, to reflect its variable demand requirements.

ARTICLE IV

Gas Supply Sourcing:

4.1 Sourcing of Supply: The parties hereto recognize that, due to the location of Navasota's Point(s) of Delivery and Atmos' storage facilities and the operational requirements of the Atmos pipeline, it may become necessary for Navasota to source certain volumes of its gas supply in proximity to the Point(s) of Delivery and storage facilities hereunder in order for Atmos to provide firm transportation delivery and storage service hereunder. In order to meet Navasota's market and storage requirements, Atmos and Navasota shall coordinate in a timely manner to insure adequate gas supplies are available in certain geographic operational areas. In the event of force majeure on Atmos' pipeline system such that service to Navasota residential and commercial customers may be interrupted, Atmos shall make additional available interruptible pipeline capacity available to Navasota, to the extent then practicable, on any segment of the Atmos system if such action would minimize or eliminate firm service interruption.

ARTICLE V

Imbalances:

5.1 **Obligation to Balance:** It is recognized that during any applicable time period an exact balance of gas received by Atmos and delivered to Navasota may not be possible due to the inability of the parties to control precisely such receipts or deliveries. However, Atmos, to the extent practicable, shall deliver to Navasota during each applicable time period a quantity of gas equivalent, on an MMBtu basis, to the quantity received from Navasota (or its designee) during that time period, less the percentage specified in Rider RA of the quantity of gas received by Atmos from Navasota (or its designee) at the Point(s) of Receipt which Atmos shall retain to replace normal gas lost, gas used as fuel and gas used in day-to-day pipeline operations (hereinafter referred to as the "Retention Volume"). An imbalance shall exist hereunder when, during any applicable time period (e.g., hour, day, or month), there is a numerical difference between (i) the quantity of gas delivered by Atmos to Navasota at the Point(s) of Delivery, and (ii) the quantity of gas (exclusive of the Retention Volume) received by Atmos from Navasota (or its designee) at the Point(s) of Receipt. Atmos and Navasota agree that for the purpose of determining imbalances hereunder, the nominations of Navasota for storage injections and withdrawals shall be considered to have physically occurred as nominated and that receipts and deliveries shall be treated on an aggregated basis within geographic operational areas. Atmos and Navasota agree that, for all purposes under this Agreement, the term "day" shall mean the 24-hour period beginning at 9:00 a.m., Central Time (CT), on one calendar day and ending at 9:00 a.m., CT, on the following calendar day.

5.2 **Responsibility to Balance:** It shall be the responsibility of Navasota to monitor, and if necessary, adjust, or cause to be adjusted, (i) deliveries of gas at the Point(s) of Receipt and storage to Atmos for transportation and (ii) receipts of transportation gas from Atmos at Point(s) of Delivery and storage, in order to maintain a balance of receipts and deliveries at consistent flow rates throughout each applicable time period. If daily delivery information is available, Atmos shall provide Navasota information on a daily basis to allow Navasota to readily determine the actual deliveries of gas at the Point(s) of Receipt and storage and the actual deliveries of gas at the Point(s) of Delivery. Navasota shall advise Atmos promptly of any situation wherein an imbalance has occurred or may occur unless corrective action is taken. Navasota shall be obligated to promptly adjust its receipts and/or deliveries of transportation and storage gas to the extent necessary to correct or avoid any imbalance and to promptly notify Atmos of such adjustments. Any adjustments to receipts and/or deliveries by Navasota, whether or not pursuant to notification to or from either party, shall be coordinated with Atmos' gas control personnel.

5.3 **Cumulative Imbalance Resolution:** In the event of a monthly imbalance [as described in Section 5.1] which Navasota fails to correct during the next month and Navasota's deliveries to Atmos at the Point(s) of Receipt during such two (2) month

period (less any retention volumes) are in excess of, or deficient by, more than ten percent (10%) of the transportation quantities delivered by Atmos to Navasota at the Point(s) of Delivery during said two (2) month period, Navasota will pay Atmos the Monthly Imbalance Fees as set forth in Atmos' Rate Schedule CGS – Other then in effect. Atmos expressly reserves the right to restrict, interrupt, or reduce the quantity of gas Atmos shall accept at any and/or all Point(s) of Receipt until such time as the cumulative imbalance is corrected. For the purposes of this paragraph, the term "cumulative imbalance" shall mean the sum of (1) any imbalance carried forward from an immediately preceding month to the next succeeding month, plus (2) any imbalance based on the delivery and receipt of gas hereunder during such succeeding month.

5.4 Operational Control: Notwithstanding anything contained herein which might be construed to the contrary, Atmos shall always have the total and unrestricted right (but with no obligation whatsoever), at any time and from time to time, to restrict, interrupt, or reduce its delivery of gas hereunder to the extent necessary to maintain system integrity on any affected portion of its pipeline system. Atmos' exercise of such right shall be taken in a manner that complies with the Railroad Commission of Texas' Code of Conduct and the provisions of the Final Order in GUD Docket No. 496. In the event of under deliveries by Navasota during any applicable time period, Atmos shall not be required to purchase gas or confiscate or redirect gas from other shippers in order to maintain deliveries to Navasota at the Point(s) of Delivery. Notwithstanding anything contained herein which might be construed to the contrary, Atmos shall always have the total and unrestricted right (but with no obligation whatsoever), at any time and from time to time, to restrict, interrupt, or reduce its receipt of gas hereunder to maintain a balance at consistent flow rates throughout any applicable time period or to correct an imbalance hereunder.

5.5 Cash Out Balancing: Notwithstanding Section 5.3 and subject to regulatory approval, Atmos expressly reserves the right, at any time in the future, to institute, and from time to time revise, a cash out balancing process on a non – discriminatory basis as to all similarly situated shippers, including Mid-Tex. Atmos may from time to time apply the process to all Navasota's imbalances, or just certain categories of Navasota's imbalances, on a non-discriminatory basis, and may apply the process on a daily or monthly basis. Any such cash out balancing process shall be similar to what other pipelines are then using.

ARTICLE VI

Quality:

6.1 Quality Specifications: Each party shall deliver to the other party hereto natural gas which is of **merchantable quality** and is **commercially free from water, hazardous substances, hydrocarbon liquids, bacteria, and other objectionable liquids, solids or gas components**. In addition, the gas delivered by each party shall specifically contain not more than:

- (i) **five one hundredths of one percent (.05%) oxygen,**

- (ii) **five (5) grains of total sulphur** consisting of not more than **one quarter (1/4) grain of hydrogen sulphide** and **one (1) grain of mercaptan sulphur** per one hundred (100) cubic feet of gas,
- (iii) **two percent (2%) by volume of carbon dioxide**,
- (iv) **four percent (4%) by volume total non-hydrocarbon and inert gases** (including carbon dioxide, nitrogen, oxygen, helium, etc.), and
- (v) **seven pounds (7#) of water vapor** per one million (1,000,000) cubic feet of gas.

The gas shall be at **temperatures not in excess of one hundred twenty (120) degrees Fahrenheit or less than forty (40) degrees Fahrenheit**, provided that the gas shall have a **hydrocarbon dew point not to exceed forty (40) degrees Fahrenheit** at the delivery pressure, and shall have a **heat content of not less than nine hundred fifty (950) or more than eleven hundred (1,100) Btu** per cubic foot under the conditions of measurement contained herein. Atmos may refuse to accept any gas delivered by Navasota (or its designee) which is not interchangeable with other gas in Atmos' pipeline at the applicable Point(s) of Receipt hereunder other than pooling Point(s) of Receipt. Atmos' determination of such interchangeability shall be based upon a factor which is equivalent to the quotient obtained by dividing the total heating value of such gas, expressed in Btu, by the square root of the specific gravity of such gas. Such factor must **be within $\pm 7\%$ of the interchange factor** established by Atmos for its system at the applicable Point(s) of Receipt.

6.2 Quality Remedy: If at any time the gas fails to meet the quality specifications enumerated herein, the party receiving such gas shall notify the party delivering such gas, and the delivering party shall immediately correct such failure. If the delivering party is unable or unwilling to deliver gas according to such specifications, the party receiving such gas may refuse to accept delivery of gas hereunder for so long as such condition exists. A party's acceptance of non-conforming gas shall not constitute a waiver of the quality specifications enumerated herein with regard to gas tendered subsequently hereunder.

6.3 Revised Specifications: Notwithstanding anything contained herein, Atmos reserves the right, at any time and from time to time, to unilaterally amend, on a nondiscriminatory basis, the quality specifications set forth above upon giving Navasota at least thirty (30) days prior written notice of any such change(s).

ARTICLE VII

Delivery and Receipt Facilities:

7.1 Delivery Points: All measurement, regulation and other facility cost(s) for connection at the Navasota City Gate Point of Delivery at or near the existing delivery point from Eagle Rock – DeSoto Pipeline Company to Navasota, including the cost of equipment to telemetrically monitor measurement and the cost of the outlet regulator on

the meter, shall be borne solely by Atmos. Should new or additional measurement/regulation and/or other facilities be required to cause future deliveries to be made, Navasota and Atmos shall negotiate in good faith on which party shall be responsible for what portion of the cost of all such new or additional facilities, including, but not limited to, facilities to telemetrically monitor measurement at each Point of Delivery. It is agreed that all Point(s) of Delivery to be established hereunder shall be subject to Atmos' approval. The Points of Delivery hereunder are as set forth and identified on Exhibit "A" with a collective Daily Delivery Capacity as set forth on Exhibit "A-1," such exhibits being attached hereto and incorporated herein, as amended from time to time.

7.2 Receipt Points: Gas delivered by Navasota (or its designee) to Atmos hereunder shall be delivered at mutually agreeable points on Atmos' pipeline transmission system, which points are sometimes herein referred to as the "Point(s) of Receipt." It is agreed that all Point(s) of Receipt to be established hereunder shall be subject to Atmos' approval, which shall not be unreasonably withheld. If adequate metering facilities are already in existence at the Point(s) of Receipt hereunder, such existing metering facilities may be used for so long as, in Atmos' reasonable opinion, they remain adequate. The party having title to such facilities shall retain title to such facilities. However, if new or additional facilities for Point(s) of Receipt are required hereunder, Navasota shall be responsible for the cost of such facilities. If Navasota desires new or continued service hereunder at any such point(s), Navasota shall enter into a Facilities Construction Agreement ("FCA") with Atmos to provide and install the necessary facilities, including equipment to telemetrically monitor measurement. Atmos shall not be obligated to expend any monies to install, repair and / or replace any facilities located at the Point(s) of Receipt hereunder without the prior commitment from Navasota for reimbursement.

7.3 Receipt Point Termination: Notwithstanding anything contained in this Agreement which might be construed to the contrary, in the event of unfavorable operating conditions (as determined by Atmos in its sole opinion), or a change of ownership of specific Point(s) of Receipt or appurtenant facilities, or if, in Atmos' sole opinion, the receipt of gas from a specific Point of Receipt hereunder ever becomes uneconomical for any reason whatsoever, then Atmos shall have the right to immediately discontinue the receipt of gas; provided that Atmos discontinues the receipt of gas from all shippers at such Point(s) of Receipt. In the event a Point of Receipt is terminated due to a change of ownership or Atmos' determination that the receipt of gas is uneconomical, Atmos shall give Navasota ninety (90) days' prior written notice before discontinuing the receipt of gas.

7.4 Pressure at Points of Receipt: Navasota (or its designee) shall deliver gas to Atmos at the Point(s) of Receipt at pressures sufficient to enter Atmos' pipeline system at such point(s); provided, however, that Navasota's delivery pressure into Atmos' system at the Point(s) of Receipt shall not exceed Atmos' maximum allowable operating pressure, as such may vary from time to time, at any such point(s).

7.5 Pressure at Point(s) of Delivery: Atmos shall deliver gas to Navasota at Atmos' operating pressure, as such may vary from time to time, at the Point(s) of Delivery. Atmos shall have no obligation at any time to install or maintain compression at any Point(s) of Delivery in order to deliver gas to Navasota.

7.6 Downstream Facilities: Navasota shall be wholly responsible for (i) constructing, operating, maintaining, and regulating all gas pipe and facilities downstream of the Eagle Rock – Grimes County Point of Delivery and downstream of the outlet regulator at the Navasota City Gate Point of Delivery, (ii) ensuring that the construction, operation, regulation and maintenance of all gas pipe and facilities downstream of the Point(s) of Delivery are at all times in compliance with all local, federal and state laws, codes and regulations, (iii) providing all required odorization of gas delivered at the Point(s) of Delivery, and (iv) any and all environmental matters (including, but not limited to, obtaining and providing all permits and regulatory and/or court approvals) related to gas pipe or facilities downstream of the Point(s) of Delivery. Navasota shall also be responsible for all costs to repair or replace any downstream facilities as established under this Section 7.6. Navasota shall also be responsible for any and all liability related to Navasota's failure to fulfill its responsibilities under this Section 7.6.

ARTICLE VIII

Measurement:

8.1 Measuring Equipment and Testing: The gas delivered to Atmos at the Point(s) of Receipt shall be measured by meters of standard type which shall be installed, operated and maintained by the party metering the gas (the "metering party"). The gas redelivered to Navasota at the Point(s) of Delivery shall be measured by meters of standard type that shall be installed, operated and maintained by Atmos or pursuant to the FCA. Measurement devices and equipment shall be tested and adjusted for accuracy on a regular schedule by the party operating the metering facilities. In the event that a meter is bypassed for operational reasons, Navasota shall give prior notice to Atmos, if possible, and, if not possible prior to the bypass, as soon as possible after the bypass has begun. Volumes delivered during bypass situations shall be calculated in accordance with generally accepted industry standards.

8.2 Metering Access: The non-metering party shall have access to the metering party's metering equipment at all times, but the maintenance, calibration and adjustment of the Point(s) of Receipt and/or Delivery metering equipment shall be done only by the employees or agents of the metering party. Records from all such metering equipment shall remain the property of the metering party and shall be kept on file by said party for a period of not less than two (2) years. However, upon request of the other party, the metering party shall make available to the other party volume records from its metering equipment, together with calculations therefrom, for inspection and verification, subject to return by the other party to the metering party within thirty (30) days after receipt thereof.

8.3 Additional Metering Equipment: The non-metering party may, at its option and expense, install and operate meters, instruments, additional recording devices, telemetry and other equipment, in a manner which shall not interfere with the metering party's equipment at Point(s) of Delivery, to check the metering party's meter(s), instruments and equipment or to obtain measurement information, but the measurement of gas for the purpose of this Agreement shall be by the metering party's meter only, except as hereinafter specifically provided. The meters, check meters, instruments, additional recording devices, telemetry and equipment installed by each party shall be subject at all reasonable times to inspection or examination by the other party, but the calibration and adjustment thereof shall be done only by the installing party.

8.4 Notice of Meter Testing: Each party shall give to the other party notice of the time of all tests of such notifying party's meters at Point(s) of Delivery sufficiently in advance of such tests so that the other party may conveniently have its representatives present; provided, however, that if either party has given such notice to the other party and such other party is not present at the time specified, then the party giving the notice may proceed with the test as though the other party were present.

8.5 Meter Accuracy: Meter measurements computed by the metering party shall be deemed to be correct except where the meter is found to be inaccurate by more than one percent (1 %), fast or slow, or to have failed to register, in either of which cases the metering party shall repair or replace the meter. The quantity of gas delivered while the meter was inaccurate or failed to register shall be determined by the readings of the other party's check meter, if installed and in good operating condition, or, if not installed and in good operating condition, then by correcting the error if the percentage of error is ascertainable by calibration or mathematical calculation. If not so ascertainable, then it shall be determined by estimating the quantity on a basis of deliveries under similar conditions when the meter was registering accurately. Such adjustments or correction shall be made only for one-half (1/2) of the period that has elapsed since the previous test; provided, however, no such adjustment or correction shall exceed a time period of ninety (90) days.

8.6 Temperature Equipment: For metering points for which the daily volume is expected to exceed 50,000 cubic feet per day, the party responsible for the cost of equipment at the metering point shall at its expense properly install and operate a device of standard make to continuously determine or record flowing temperature; provided, however, such party may install such temperature equipment at metering points that are not anticipated to exceed 50,000 cubic feet per day. The temperature values shall be used in gas measurement computations.

8.7 Metering Standards: The meters for measurement of volumes at the Point(s) of Receipt and Delivery hereunder shall be installed and operated, and gas measurement computations shall be made, in accordance with current industry standards. Orifice metering shall be done in accordance with the latest version of **A.G.A. Report No. 3 - ANSI/API 2530**. Positive displacement and turbine metering shall be done in

accordance with the latest version of **ANSI B 109.1, B 109.2, or B 109.3**. Turbine metering shall be done in accordance with the latest version of **A.G.A. Report No. 7**. Ultrasonic metering shall be done in accordance with the latest version of **AGA Report No. 9**. Electronic Gas Measurement (EGM) shall be done in accordance with the latest version of **API Manual of Petroleum Measurement Standards Chapter 21 - Flow Measurement Using Electronic Metering Systems**. The unit of measurement of gas shall be one thousand (1,000) cubic feet at a base pressure base of fourteen and sixty-five one hundredths (14.65) pounds per square inch absolute and a temperature base of sixty (60) degrees Fahrenheit. Meter measurements shall be computed by the measuring party into such units in accordance with the Ideal Gas Laws for volume variations due to metered pressure and corrected for deviation using average values of recorded relative density and flowing temperature, or by using the calculated relative density determined by the method mentioned in Section 8.8 below. In no circumstance shall the average value of flowing temperature or relative density be determined for a period of less than one day.

8.8 Heating Value and Density Determination: The average heating value (Btu) and relative density of the gas delivered hereunder by either party may be determined by the use of recording instruments of standard type, which may be installed and operated by the metering party at the metering point, or at such other point or points as are mutually agreeable to both parties; provided, however, if there is no Btu/relative density instrument at a particular Point of Receipt or Delivery, then the heating value and relative density of the gas at such point may be determined by "on-site" sampling and laboratory analysis.

8.9 Measurement Determinations: In gas measurement computations, the determinations for the average values for meter pressure, relative density, and flowing temperature values shall be determined only during periods of time when gas is actually flowing through the meter(s).

ARTICLE IX

Rate:

9.1 Transportation Rate:

(a) The amount payable to Atmos by Navasota for firm transportation and storage service during any month shall be calculated pursuant to the then effective Rate CGS – Other, including all Riders referenced in such rate schedule. Rate CGS – Other is subject to amendments or changes by judicial or regulatory authority. For purposes of calculating the Usage Charges due in any month under Rate CGS – Other, all volumes delivered on behalf of Navasota through all Delivery Points listed on Exhibit A shall be utilized. The current Rate CGS – Other, and related Riders, are attached as Exhibit “G.” Atmos shall not use Rider SUR to recover any rate case expense reimbursements from Navasota related to GUD Docket No. 10000.

9.2 Taxes:

(a) Atmos shall provide Navasota by March 15 of each year Navasota's total working gas inventory in each of Atmos' storage facilities. Navasota shall render such working gas inventory to the appropriate taxing authorities and pay any ad valorem taxes attributable to such inventory.

ARTICLE X

Payment:

10.1 Statements: On approximately the fifteenth (15th) day of each month, Atmos shall render to Navasota a statement for the preceding month showing the Mcf and MMBtu received at the Point(s) of Receipt and redelivered at the Point(s) of Delivery, the amount of compensation due to Atmos hereunder (including tax reimbursement), and other reasonable and pertinent information which is necessary to explain and support same and any adjustments made by Atmos in determining the amount billed.

10.2 Payment: Navasota shall pay Atmos on or before the 30th day after receipt of Atmos' statement for gas transported or stored hereunder during the preceding month, or as to payment which is otherwise due hereunder, according to the measurements, computations and rates herein provided. Navasota shall pay all statements either (i) by bank wire transfer by directing the bank wire transfer to Atmos Pipeline - Texas c/o Bank of America, Dallas, Texas, ABA No. 026009593, for deposit to Account No. 3756617812 or (ii) by ACH transfer by directing the transfer to Atmos Pipeline - Texas c/o Bank of America, Dallas, Texas ABA No. 111000012, for deposit to Account No. 3756617812. To assure proper credit, Navasota should designate the company name, invoice number and amount being paid in the Fedwire Text Section. If the invoiced amount of any payment due is not paid when due, then Navasota shall pay interest in accordance with Texas Government Code Sections 2251.025 and 2251.027; provided, however no interest shall accrue on unpaid amounts when failure to make payment is the result of a bona fide dispute between the parties hereto regarding such amounts (and Navasota timely pays all amounts not in dispute), unless and until it is ultimately determined that Navasota owes such disputed amount, whereupon Navasota shall pay Atmos that amount, plus interest computed back to the original payment due date, immediately upon such determination.

10.3 Audit: Each party hereto shall have the right at all reasonable times to examine the measurement records and charts of the other party, or its agent/designee if any, to the extent necessary to verify the accuracy of any statement, charge, computation or demand made under or pursuant to any of the provisions in this Agreement. If any such examinations reveal any inaccuracy in such billing theretofore made, the necessary adjustments in such billing and payment shall be made; provided, that no adjustments for any billing or payment shall be made for any inaccuracy claimed after the lapse of twenty five (25) months from the rendition of the invoice relating thereto.

10.4 Financial Security: If in either party's reasonable opinion, the credit worthiness or financial responsibility of the other party should ever become unsatisfactory, then upon request by either party at any time, and from time to time, during the term hereof, the other party shall deposit with the requesting party (i) such amount of money requested by the requesting party, or (ii) a letter of credit in a form acceptable to the requesting party from a financial institution- acceptable to the requesting party in an amount requested by the requesting party, as reasonably necessary, to guarantee performance hereunder, including the payment of statements and invoices hereunder, as well as any possible imbalances hereunder. Upon the termination of this Agreement, any money so deposited, less any amount due one party by the other party, shall be refunded to the party to whom the amount is due.

ARTICLE XI

Term:

11.1 Term: This Agreement shall be effective as of February 1, 2012 and shall remain in full force and effect for a primary term of 48 months beginning on the 1st day of the 1st month after Navasota nominates gas for delivery under this Agreement following the completion of the facilities necessary to deliver gas at the Navasota City Gate Point of Delivery; provided however, Navasota shall have the right to terminate this Agreement upon or after the expiration of the 24-month period beginning on the 1st day of the 1st month after Navasota nominates gas for delivery under this Agreement following the completion of the facilities necessary to deliver gas at the Navasota City Gate Point of Delivery if Navasota gives 90 day's prior notice and reimburses Atmos a prorated portion of the original book value of the pipeline and measurement facilities (including overheads) necessary to deliver gas to the Navasota City Gate Point of Delivery from the existing facilities of Atmos on the date of this Agreement plus an adjustment to recover Atmos' federal income tax liability resulting from such reimbursement. The prorate shall be equal to number of months remaining in the primary term divided by 48 . The Agreement shall continue year-to-year thereafter unless written notice of termination has been given by either party to the other at least 90 days prior to expiration of the Primary term or each anniversary of the expiration of the Primary Term. Notwithstanding the above, if an imbalance in deliveries exists on the date of termination, cancellation, or expiration hereof between the quantities theretofore received at the Point(s) of Receipt and those redelivered at the Point(s)of Delivery, the term of this Agreement shall be extended, solely for the purpose of correcting such imbalance, for a period sufficient to allow the party whose deliveries are in arrears to promptly eliminate any imbalance, but such imbalance, in any event, must be eliminated no later than the end of the sixtieth (60th) day of such extension. Provided further, any termination, cancellation, or expiration of this Agreement shall never operate to extinguish either party's obligations hereunder with respect to such party's performance or non-performance hereunder prior to such termination, cancellation, or expiration.

ARTICLE XII

Force Majeure:

12.1 Force Majeure: In the event either party hereto is rendered unable, wholly or in part, by force majeure to carry out its obligations under this Agreement, other than to make payments due hereunder, it is agreed that such party shall give notice and full particulars of such force majeure in writing to the other party as soon as possible after the occurrence of the cause relied on. The obligations of the party giving such notice, so far as they are affected by such force majeure, shall be suspended during the continuance of any inability so caused, but for no longer period, and such cause shall be as far as possible remedied with all reasonable dispatch. The term "force majeure", as employed herein, shall mean acts of God, strikes, lockouts, or other industrial disturbances, acts of the public enemy, terrorism, wars, blockades, insurrections, riots; epidemics, landslides, disasters, lightning, earthquakes, fires, storms, floods, washouts; arrests and restraints of governments and people, civil disturbances, sabotage, explosions, breakage or accident to machinery or lines of pipe; the necessity for making inspections, maintenance, or repairs to or alterations of machinery, equipment, or lines of pipe; breakage of pipeline transmission lines, failure of machinery or equipment due to rain, sleet, ice, snow, rising water, or other unavoidable causes; shortage of water, freezing of storage wells or lines of pipe, partial or entire failure of storage wells, and any other causes, whether of the kind herein enumerated or otherwise, not within the control of the party claiming suspension and which by the exercise of due diligence such party is unable to prevent or overcome.

12.2 Strikes and Lockouts: It is understood and agreed that the settlement of strikes or lockouts shall be entirely within the discretion of the party involved in the labor difficulty, and that the above requirements that any force majeure shall be remedied with all reasonable dispatch shall not require the settlement of strikes or lockouts by acceding to the demands of an opposing party when such course is inadvisable in the discretion of the party involved in the labor difficulty.

ARTICLE XIII

Federal, State, and Local Government Bodies:

13.1 Subject to Laws: This Agreement and all operations hereunder are subject to the applicable federal and state laws and the applicable ordinances, orders, rules, and regulations of any local, state or federal governmental authority having or asserting jurisdiction; but nothing contained herein shall be construed as a waiver of any right to question or contest any such law, ordinance, order, rule or regulations in any forum having jurisdiction or to assert that any such law, ordinance, order, rule or regulation prevails over provisions in this Agreement. The parties hereto understand that the rate and non-discrimination provisions of the Agreement are subject to the applicable regulatory authority.

13.2 Choice of Law: This Agreement shall be interpreted and enforced in accordance with the laws of the State of Texas except any provisions of such laws that would require the application of the laws of another forum.

ARTICLE XIV

Termination Privilege:

14.1 Termination by Default: If either party hereto shall fail to perform any of the covenants or obligations imposed upon it under and by virtue of this Agreement (except where such failure shall be excused under any of the provisions of this Agreement), then in such event the other party at its option may terminate this Agreement by proceeding as follows: The party not in default shall cause a written notice to be served on the party in default, stating specifically the cause for terminating this Agreement and declaring it to be the intention of the party giving the notice to terminate the same; whereupon, the party in default shall have thirty (30) days after the service of the aforesaid notice in which to remedy or remove the cause or causes of default stated in the notice of termination; and if within said period of thirty (30) days the party in default does so remedy and remove said cause or causes, then this Agreement shall continue in full force and effect. In case the party in default does not so remedy and remove the cause of default within said period of thirty (30) days, then this Agreement shall become null and void from and after the expiration of said period.

14.2 Alternative Remedies: Any cancellation of this Agreement pursuant to the provisions of this Article shall be without prejudice to the right of the party not in default to collect any amounts then due without waiver of any other remedy to which the party not in default may be entitled for violation of this Agreement.

ARTICLE XV

Responsibility:

15.1 Possession and Indemnity: As between the parties hereto, Navasota shall be deemed to be in control and possession of the gas and be responsible for and shall, to the extent permitted by law, indemnify Atmos for, and hold Atmos harmless from, any damage or injury caused thereby until the gas shall have been delivered to Atmos at the Point(s) of Receipt and after such gas shall have been delivered at the Point(s) of Delivery, except to the extent injuries and damages are caused by the negligence of Atmos or a breach of the quality specifications set forth in Section 6.1 of Article VI. As between the parties hereto, Atmos shall be deemed to be in control and possession of the gas and be responsible for and shall indemnify Navasota for, and hold Navasota harmless from, any damage or injury caused thereby upon receipt of the gas at the Point(s) of Receipt and until such gas shall have been delivered to Navasota (or for its account) at the Point(s) of Delivery, except to the extent that injuries and damages are caused by the negligence of Navasota or Navasota's designee or a breach of the quality specifications set forth in Section 6.1 of Article VI.

ARTICLE XVI

Title--Warranty & Indemnity

16.1 Title and Indemnity: Navasota warrants to Atmos that at the time of delivery of gas hereunder to Atmos, Navasota shall have good title or the right to deliver such gas, and that such gas shall be free and clear of all liens and adverse claims. To the extent permitted by law, Navasota agrees to indemnify Atmos for, and hold Atmos harmless from, all suits, actions, debts, accounts, damages, costs (including attorneys' fees), losses and expenses arising from or out of any adverse claims of any and all persons to or against said gas. Atmos warrants to Navasota that Atmos shall take no action to encumber Navasota's title to the subject Gas.

ARTICLE XVII

Miscellaneous

17.1 Entirety of Agreement: This Agreement constitutes the entire agreement between the parties covering the subject matter hereof and there are no agreements, modifications, conditions or understandings, written or oral, express or implied, pertaining to the subject matter hereof which are not contained herein.

17.2 Modifications: Except as provided in Section 17.6, modifications of this Agreement shall be or become effective only upon the mutual execution of appropriate supplemental agreements or amendments hereto by duly authorized representatives of the respective parties. The parties recognize that Atmos is required to file tariffs with the Railroad Commission of Texas which shall be summaries of certain key terms of this Agreement. The parties agree that the filing of such tariffs shall not be effective in any way to modify, amend or alter the terms of this Agreement.

17.3 Effect of Captions: The captions or headings preceding the various parts of this Agreement are inserted and included solely for convenience and shall never be considered or given any effect in construing this Agreement or any part of this Agreement, or in connection with the intent, duties, obligations or liabilities of the parties hereto.

17.4 Assignment: This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns; provided, however, that this Agreement shall not be transferred or assigned by either party without the prior written consent of the non-assigning party, which consent shall not be unreasonably withheld, and any purported transfer or assignment without such consent shall be null and void and shall not operate to release the assigning party's obligations hereunder.

17.5 Third Party Beneficiaries: Atmos and Navasota acknowledge, agree and intend that this Agreement is entered into solely for the respective benefit of Atmos and

Navasota and nothing contained in this Agreement, either express or implied, shall be interpreted or construed as conferring any rights, remedies or claims under or in respect to this Agreement or any provision hereof upon any person or entity not a party hereto, other than the successors or assigns of the Parties hereto.

17.6 Industry Standards: The Parties understand and agree that gas industry standards are in the process of being developed by the North American Energy Standards Board, subject to FERC approval. To the extent that Atmos reasonably deems it necessary, from time to time and at any time, to implement any or all of such standards, Atmos shall have the right to add such standards hereto and/or modify or change the provisions contained herein in order to effect such changes if such changes do not have a material adverse effect on the rights of Navasota hereunder.

17.7 Waiver of Breach: The waiver by either party of any breach of any of the provisions of this Agreement shall not constitute a continuing waiver of other breaches of the same or other provisions of this Agreement.

17.8 Notices: Except as provided in Article X, all notices provided for herein shall be in writing and shall be deemed to be delivered to Atmos when addressed to Atmos Pipeline - Texas, 5420 LBJ Freeway, Suite 1554, Dallas, Texas 75240, Attention: Gas Transportation Contract Administration, and deposited in the United States Mail, postage prepaid, or when acknowledgement of facsimile receipt is received, or when delivery by an overnight courier service is acknowledged, and shall be deemed to be delivered to Navasota when addressed to the City of Navasota, Navasota City Hall, 200 East McAlpine Navasota, Texas 77868, Attention: City Manager, and deposited in the United States Mail, postage prepaid, or when acknowledgement of facsimile receipt is received, or when delivery by an overnight courier service is acknowledged. Either party hereto shall give written notice to the other of any changes in the above referenced notice addresses.

17.9 Non-direct Damages: Except for consequential, incidental, indirect and/or special damages with regard to a breach of either (i) the warranty set forth in Section 1.2 of Article I hereof or (ii) the quality specifications set forth in Section 6.1 of Article VI hereof which result in a party incurring costs above and beyond the expenses incurred in such party's normal and routine equipment and facility maintenance and customer service activities, the parties agree to fully waive any right they may have to seek and collect punitive, exemplary, consequential, incidental, indirect, and/or special damages from the other party that may arise under this Agreement. The consequential, incidental, indirect and/or special damages which either party may be entitled to recover under this section

shall be reduced by the percentage of such damages that are caused by that party's acts or omissions, or by its equipment and facilities failure to perform as it should if properly and prudently installed, maintained and operated.

IN WITNESS WHEREOF, this Agreement has been executed in duplicate originals by the parties hereto effective on the day and year first herein written.

**ATMOS PIPELINE - TEXAS,
A DIVISION OF ATMOS COMPANY**

By: 

Name: Richard A. Erskine

Title: President

CITY OF NAVASOTA

By: 

Name: Brad Stafford

Title: City Manager

EXHIBIT "A"

(Page 1 of 2)

POINTS OF DELIVERY TO CITY OF NAVASOTA

**Eagle Rock – Grimes
Texas¹**

Station # 17412700

Grimes County,

Navasota City Gate

Station # TBD

Grimes County, Texas

¹ This Point of Delivery will only be effective until completion of the facilities necessary to deliver gas at the Navasota City Gate Point of Delivery.

EXHIBIT "A-1"

Daily Delivery Capacity (MMBtu/Day) 3462

Notwithstanding the preceding, the MDQ shall be 2,463 MMBtu/Day from the effective date of this Agreement until the 1st day of the first month after the completion of the facilities necessary to deliver gas at the Navasota City Gate Point of Delivery.

EXHIBIT “B”

Total Storage Capacity 44,655 Mcf

Primary Storages

Primary Storage Capacity 14,414 Mcf

Bethel

Lake Dallas

Lapan

Secondary Storages

Secondary Storage Capacity 30,241 Mcf

Tri-Cities

New York

EXHIBIT C"

MAXIMUM STORAGE INJECTION NOMINATIONS

PRIMARY			
NAVASOTA Inventory Level (MCF)			Maximum Injection Nomination (MCF/D)
(%)	From	To	
0-75	-	10,811	191
76-85	10,812	12,252	140
86-95	12,253	13,693	99
96-100	13,694	14,414	57

SECONDARY			
NAVASOTA Inventory Level (MCF)			Maximum Injection Nomination (MCF/D)
(%)	From	To	
0-75	-	22,681	191
76-85	22,682	25,705	134
86-95	25,706	28,729	106
96-100	28,730	30,241	78

Maximum Injection Nominations may be reduced by force majeure, maintenance and reservoir integrity tests.

EXHIBIT D

PRIMARY STORAGE FACILITIES* MAXIMUM STORAGE WITHDRAWAL NOMINATIONS

NAVASOTA INVENTORY LEVEL (MCF)	NAVASOTA MAX. NOMINATION (MMCF/D)
14,414	1,088
13,405	1,086
12,407	1,045
11,428	975
10,519	911
9,676	826
8,897	763
8,179	692
7,517	607
6,907	551
6,346	494
5,848	445
5,403	396
5,006	360
4,650	325
4,331	290
4,044	268
3,786	240
3,552	219
3,340	205
3,148	184
2,973	170
2,812	155
2,665	141
509	10

* Bethel, Lake Dallas and LaPan

EXHIBIT E

SECONDARY STORAGE FACILITIES* MAXIMUM STORAGE WITHDRAWAL NOMINATIONS

NAVASOTA Inventory Level (MCF)	NAVASOTA Maximum Nominations (MCF/D)	NAVASOTA Inventory Level (MCF)	NAVASOTA Maximum Nominations (MCF/D)
30,241	493	13,209	205
29,636	491	12,945	197
29,043	489	12,686	189
28,463	486	12,432	181
27,893	483	12,183	174
27,335	479	11,940	166
26,789	475	11,701	162
26,253	471	11,467	154
25,728	466	11,238	150
25,213	461	11,013	143
24,709	455	10,793	137
24,215	449	10,577	133
23,731	443	10,365	129
23,256	436	10,158	122
22,791	429	9,955	116
22,335	422	9,756	113
21,888	414	9,561	108
21,451	407	9,369	103
21,022	399	9,182	99
20,601	391	8,998	95
20,189	383	8,818	90
19,785	374	8,642	88
19,390	366	8,469	83
19,002	357	8,300	80
18,622	349	8,134	77
18,249	340	7,971	74
17,884	332	7,812	71
17,527	323	7,655	68
17,176	314	7,502	65
16,833	305	7,352	63
16,496	297	7,205	60
16,166	288	7,061	58
15,843	279	6,920	56
15,526	271	6,781	53
15,215	262	6,646	51

14,911	254
14,613	245
14,321	237
14,034	229
13,753	221
13,478	212

6,513	49
6,383	47
6,255	45
6,130	44
6,007	42

* Tri-Cities and New York

EXHIBIT "F"

See Attached Rate Schedule 200

RATE SCHEDULE NO. 200

Page 1 of 3

CUSTOMER RATE ELIGIBILITY

A customer's rate classification shall be determined by the primary end use of the gas delivered through each meter, as follows:

I. Residential Classification

Notwithstanding a customer's classification under the Standard Industrial Classification Code or the North American Industrial Code, except as provided below in this Paragraph I, any customer whose service is separately and individually metered and uses natural gas primarily for residential end uses and occupies the building will be classified as a residential customer and receive service under the Residential Rate. "Residential end uses" means heating, space heating, cooking, water heating and other similar type uses in a building used as a dwelling. A residential home developer or real estate agent or broker who uses separately and individually metered gas for residential end uses in a building for sales or show purposes, but does not occupy the building as a dwelling, may receive service for such building under the Residential Rate, but will not be classified as a residential customer for any other purpose. A lessor, or religious or educational organization, which uses separately and individually metered gas in a building used as a dwelling primarily for residential end uses, but allows another person to occupy the building as a dwelling, will receive service for such building under the Residential Rate, but such service will not cause such a customer to be classified as a residential customer for any other purpose. A customer receiving gas service through a single meter primarily for residential end uses in a building containing no more than four (4) residential dwelling units may receive service under the Residential Rate. A customer that uses gas only for gas logs and/or gas lights, and not primarily for residential end uses, shall receive service under the Residential Rate, but such service will not cause such a customer to be classified as a residential customer for any other purpose. In the event applicable laws and regulations allow the company and a customer, who would otherwise be classified as a residential customer, to negotiate a contract for gas services, such a written contract shall control the customer's classification, rate and terms and conditions of service.

II. Commercial Classification

Except as otherwise provided in this Paragraph II, any customer who has a Standard Industrial Classification Code of 01, 02, 07, 08, 09, 15, 16, 17, 40 through 49 (except electric generation) or above 49, or the North American Industrial Code equivalent code classification, will be classified as a commercial customer and receive service under the Commercial Rate. Any customer classified as a commercial customer may receive service under the Schedule of Industrial Rates, provided the customer has 1) standby equipment for the use of other fuel with a capacity at least equal to that normally required by the customer, and 2) fuel in storage in an amount adequate to fulfill the customer's fuel requirements during periods of curtailment, interruption, or discontinuance of gas service. Independent School Districts or private schools that use gas in buildings used to provide educational instruction to students will be classified as

RATE SCHEDULE NO. 200

Page 2 of 3

commercial customers for such purposes and will receive service at such buildings under the Commercial Rate. In the event applicable laws and regulations allow the company and a customer, who would otherwise be classified as a commercial customer, to negotiate a contract for gas services, such a written contract shall control the customer's classification, rate and terms and conditions of service.

List of "Standard Industrial Classification Code" Code Numbers Qualifying for Commercial Service:

- 01. Agricultural production - crops.
- 02. Agricultural production - livestock.
- 07. Agricultural services.
- 08. Forestry.
- 09. Fishing, hunting, and trapping.
- 15. Building construction - general contractors and operative builders.
- 16. Construction other than building construction - general contractors.
- 17. Construction - special trade contractors.
- 40. Railroad transportation.
- 41. Local and suburban transit and interurban highway passenger transportation.
- 42. Motor freight transportation and warehousing.
- 43. U. S. Postal Service.
- 44. Water transportation.
- 45. Transportation by air.
- 46. Pipe lines, except natural gas.
- 47. Transportation services.
- 48. Communication.
- 49. Electric, gas, and sanitary services. (Except Electric Generation).
- 50.-51. Wholesale trade.
- 51.-59. Retail trade.
- 60.-67. Finance, insurance, and real estate.
- 70.-89. Services.
- 91.-97. Public administration.
- 99. Nonclassifiable establishments (Except Residential).

III. Industrial Classification

Except as otherwise provided in this Paragraph III, any customer who has a Standard Industrial Classification Code of 10, 11, 12, 13, 14, 20 - 39 or 49 (electric generation only), or the North American Industrial Code equivalent code classification, will be classified as an industrial customer and receive service under the Schedule of Industrial Rates unless the customer's consumption during any month of its contract year is less than 125 Mcf. A customer, who would otherwise be classified as an industrial customer and whose consumption in any month of its contract year is less than 125 Mcf may at the end of that contract year elect to receive service under the Commercial Rate by giving the Company thirty(30) days prior notice of such an election. Such a customer may subsequently elect to return to an industrial customer classification and service at the end of any month of service at the Commercial Rate by giving the Company

RATE SCHEDULE NO. 200

Page 3 of 3

Thirty (30) days prior notice of such an election and entering a new industrial service contract.

List of "Standard Industrial Classification Code" Code Numbers Qualifying for Industrial Service:

- 10. Metal Mining.
- 11. Anthracite mining.
- 12. Bituminous coal and lignite mining.
- 13. Oil and gas extraction.
- 14. Mining and quarrying of nonmetallic minerals, except fuels.
- 20.-39. Manufacturing
- 49. Electric generation only.

IV. Controlling Classification Code

In the event the North American Industrial Code replaces the Standard Industrial Classification Code: a) the North American Industrial Code shall control the rate classification for customers; and b) this Rate Schedule may be restated to reflect such a Code change; but c) if a customer's rate classification would be changed, the Standard Industrial Classification Code shall control the rate classification of that customer until that customer's rate is changed in a manner provided under the Texas Utilities Code, and only thereafter shall the North American Industrial Code control the rate classification for such a customer.

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EXHIBIT "G"
See Attached Rate Schedules and Rider

**ATMOS PIPELINE-TEXAS
ATMOS ENERGY CORPORATION**

REVISION NO: 0

RATE SCHEDULE:	CGS – OTHER	
APPLICABLE TO:	CoServ, West Texas Gas, the City of Rising Star and Other City Gate Service Customers, except Mid-Tex	
EFFECTIVE DATE:	11/01/2011	PAGE: 10

Application

Applicable, in the event that Company has entered into a Transportation Agreement for City Gate Service to a Local Distribution Company (Customer), other than Mid-Tex, connected to the Atmos Pipeline -Texas System for the transportation of all natural gas supplied by Customer to a Point or Points of Delivery.

Type of Service

This service provides firm transportation and storage service to Local Distribution Companies. Where service of the quantity and type required by Customer is not already available at a Point of Delivery, additional charges and special contract arrangements between Company and Customer may be required prior to service being furnished at such Point of Delivery.

Monthly Rate

Customer's monthly bill will be calculated by adding the Monthly Customer and Usage charges to the amounts and quantities due under the Riders listed below. The Monthly Customer Charge each month will be equal to the Capacity Charge, as adjusted, multiplied by the Customer's Maximum Daily Quantity (MDQ) as set forth in the Transportation Agreement between Customer and Company. Total Usage Charges each month will be equal to the Usage Charge multiplied by the volume of gas delivered to Customer by Company during such month:

Charge	Amount
Capacity	\$ 3.6263 per MMBtu of MDQ ¹
Annual Rider REV Adjustment	\$(0.1213) per MMBtu of MDQ
Interim Rate Adjustment ("IRA")	\$ 0.4036 per MMBtu of MDQ ²
Total Capacity Charge	\$ 3.9086 per MMBtu of MDQ
Usage	\$ 0.0276 per MMBtu

Rider RA: Plus a quantity of gas as calculated in accordance with Rider RA.

Rider TAX: Plus an amount for tax calculated in accordance with Rider TAX.

Rider SUR: Plus an amount for surcharges calculated in accordance with Rider SUR.

Rider REV: Plus an amount per MMBtu in accordance with Rider REV as an adjustment to the Capacity Charge per MMBtu of MDQ.

¹ The Capacity Charge per MMBtu will be adjusted annually as calculated pursuant to Rider REV.

² 2010 IRA - \$0.4036.

RATE SCHEDULE:	CGS – OTHER	
APPLICABLE TO:	CoServ, West Texas Gas, the City of Rising Star and Other City Gate Service Customers, except Mid-Tex	
EFFECTIVE DATE:	11/01/2011	PAGE: 11

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.

Curtailment Overpull Fee

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

Replacement Index

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

Agreement

A transportation agreement is required.

Notice

Service hereunder and the rates for service 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 CGS, 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.

RIDER:	RA – RETENTION ADJUSTMENT	
APPLICABLE TO:	Rate CGS – Mid-Tex, Rate CGS – Other and Rate PT	
EFFECTIVE DATE:	04/18/2011	PAGE: 15

Applicability

This Rider is applicable to Customers taking service under Rate CGS - Mid-Tex, Rate CGS – Other and Rate PT.

Monthly Rate

The retention percentage for Rate CGS – Mid-Tex, Rate CGS - Other and Rate PT is 1.00% of the volume of gas received into Atmos Pipeline –Texas' system for the account of a Customer.

RIDER:	REV – REVENUE ADJUSTMENT	
APPLICABLE TO:	Rate CGS – Mid-Tex, Rate CGS – Other and Rate PT	
EFFECTIVE DATE:	04/18/2011	PAGE: 16

Applicability

This Rider will apply to Rate CGS – Mid-Tex, Rider CGS - Other and Rate PT.

Adjustment Mechanism

Effective each November 1, rate schedules subject to this Rider will be adjusted based on the change in 1) the level of Other Revenue for the twelve-month period from July 1 of the prior year through June 30 of the current year from 2) the level of Other Revenue credited to the total cost of service in GUD Docket No. 10000.

Seventy-five percent of the difference between 1) the level of Other Revenue for the twelve-month period from July 1 of the prior year through June 30 of the current year less revenue related taxes and 2) the level of Other Revenue credited to the total cost of service in GUD Docket No. 10000 less revenue related taxes shall be allocated to the Rate CGS class and the Rate PT class in the same proportion as the Other Revenue was allocated to each class in GUD Docket No. 10000, as determined from the dollar amounts for Other Revenue Credit On Schedule J to the Final Order in GUD 10000, Columns (d) and (e), Line 6 for each class, respectively, as compared to the Total System Other Revenue Credit on Schedule J, Column (c), Line 6. The allocated portion of the difference in Other Revenue for each class shall be divided by the then current MDQ for such class, and that result shall be divided by 12 to calculate a monthly amount. The resulting amount shall be added to or subtracted from the capacity charge for each class.

Such adjusted capacity charge will then be adjusted for any Interim Rate Adjustments approved by the Commission after the issuance of the Final Order in GUD Docket No. 10000.

Adjustment Review Process

No later than August 15th of each year, Atmos Pipeline – Texas shall file with the Commission an "Other Revenue Adjustment" Report showing the following:

1. The actual Other Revenue billed by APT during the twelve-month period from July 1 of the prior year through June 30 of the current year by FERC Account;
2. A listing of the customers in the Other Revenue class by coded reference showing monthly volumes and monthly revenues for each customer;
3. The then current MDQ for each class (CGS and PT);
4. the Other Revenue allocation percentages for each class derived from Schedule J;
5. The calculations described in the Adjustment Mechanism Section of this Rider REV (similar to the attached illustrative schedule) and supporting schedules;
6. A confidential cross reference listing of the Customer codes and names (for Railroad Commission Staff only);
7. A statement on whether or not the proposed adjustment would generate additional revenue of more than 2 ½% of Atmos Pipeline – Texas' annual per books revenue for the twelve-month period ending on June 30 of the current year; and
8. Proposed tariffs showing the proposed adjusted rates.

Atmos Pipeline – Texas shall provide notice to all directly affected customers by bill insert or direct mail within 30 days of the date of the filing of the Other Revenue Adjustment Report. The notice shall provide the customers with the proposed adjustment and contact information on where the customer can inspect a copy of the filing.

RIDER:	REV – REVENUE ADJUSTMENT	
APPLICABLE TO:	Rate CGS – Mid-Tex, Rate CGS – Other and Rate PT	
EFFECTIVE DATE:	04/18/2011	PAGE: 17

The Commission shall have the opportunity to review the Other Revenue Adjustment Report and may submit discovery requests until the 40th day following the filing date of the Other Revenue Adjustment Report. Directly affected customers may also submit discovery requests until that date. The Commission shall advise Atmos Pipeline – Texas of its intent to approve, adjust or deny the proposed Other Revenue Adjustment on or before the 10th day before November 1 of the current year. Atmos Pipeline – Texas shall have the right to appeal the commission's decision by filing a Motion for Rehearing with the Commission within 20 days following the issuance of the Commission's decision.

Atmos Pipeline – Texas shall promptly reimburse the Commission for the cost of reviewing each Other Revenue Adjustment Report upon the invoicing of such cost.

The Other Revenue Adjustment, as adjusted by the Commission, shall be implemented on November 1, of the current year and shall remain in effect until revised on the following November 1st.

This Rider REV will expire on the fourth November 1st following its effective date unless an extension of Rider REV for an additional 3-year period is approved by the Commission. Atmos Pipeline – Texas may request an extension by filing such request with the third Other Revenue Adjustment Report. The request shall include a statement on how Rate CGS and Rate PT customers have benefited from the use of Rider REV, information on the number of customers gained or lost, the annual volumes and revenues for each of the three years on which adjustments have been based, the number of customers who have shifted from Rate PT to Other Revenue and the number of customers who have shifted from Other Revenue to Rate PT.

RIDER:	SUR – SURCHARGES	
APPLICABLE TO:	Rate CGS – Mid-Tex, Rate CGS – Other and Rate PT	
EFFECTIVE DATE:	04/18/2011	PAGE: 18

Applicability

This Rider is applicable to customer classes as authorized by the state or any governmental entity or regulatory authority pursuant to any statute, order, rule, contract, or agreement.

Monthly Calculation

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

Applicability

This rider is applicable to Customers taking service under Rate CGS – Mid-Tex, Rate CGS – Other and Rate PT, except for exempt State Agency Customers, to the extent of state gross receipts taxes only.

Monthly Calculation

Each monthly bill shall 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.

RIDER:	TAX -TAXES	
APPLICABLE TO:	Rate CGS – Mid-Tex, Rate CGS – Other and Rate PT	
EFFECTIVE DATE:	04/18/2011	PAGE: 19

Applicability

This rider is applicable to Customers taking service under Rate CGS – Mid-Tex, Rate CGS – Other and Rate PT, except for exempt State Agency Customers, to the extent of state gross receipts taxes only.

Monthly Calculation

Each monthly bill shall 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.

**CITY OF NAVASOTA
CITY COUNCIL AGENDA**

AGENDA ITEM NO.: **5**

AGENDA DATE: October 4,
2021

PREPARED BY: Brad Stafford, City Manager

APPROVED BY: BS

ITEM: Executive Session: The City Council will meet in executive session as permitted by Section 551.074, Texas Government Code – Personnel Matters – Discussion Concerning the Appointment of a City Staff Member, Pursuant to Article V, Section 1(c) of the Navasota City Charter, to Serve as the Administrative Officer Authorized to Perform the Duties of the City Manager in the City Manager’s Absence or Inability to Perform His Duties, and Related Issues.

ITEM BACKGROUND:

The time is _____p.m.

BUDGETARY AND FINANCIAL SUMMARY:

STAFF RECOMMENDATION:

ATTACHMENTS:

CITY OF NAVASOTA CITY COUNCIL AGENDA

AGENDA ITEM NO.: 6

AGENDA DATE: October 4,
2021

PREPARED BY: Susie M. Homeyer, City Secretary

APPROVED BY: BS

ITEM: Reconvene in open session.

ITEM BACKGROUND:

The time is _____p.m.

BUDGETARY AND FINANCIAL SUMMARY:

STAFF RECOMMENDATION:

ATTACHMENTS:

CITY OF NAVASOTA CITY COUNCIL AGENDA

AGENDA ITEM NO.: 7

AGENDA DATE: October 4,
2021

PREPARED BY: Brad Stafford, City Manager

APPROVED BY: BS

ITEM: Discuss and possibly act upon dispute regarding invoice received from Symmetry Energy Solutions, LLC for natural gas supplied to the City of Navasota for the month of February 2021, and associated matters.

ITEM BACKGROUND:

BUDGETARY AND FINANCIAL SUMMARY:

STAFF RECOMMENDATION:

ATTACHMENTS:

**CITY OF NAVASOTA
CITY COUNCIL AGENDA**

AGENDA ITEM NO.: **8**

AGENDA DATE: October 4,
2021

PREPARED BY: Brad Stafford, City Manager

APPROVED BY: BS

ITEM: Consideration and Possible Action Concerning the Appointment of a City Staff Member, Pursuant to Article V, Section 1(c) of the Navasota City Charter, to Serve as the Administrative Officer Authorized to Perform the Duties of the City Manager in the City Manager's Absence or Inability to Perform His Duties, and Related Issues.

ITEM BACKGROUND:

The City Charter states City Council may designate a qualified administrative officer to perform the duties of the city manager to perform administrative duties in the absence or inability of the manager to perform the duties. With the CM retiring, even though you will have an interim CM, there may be times when someone would need to perform certain duties in the absence of the city manager or interim city manager.

BUDGETARY AND FINANCIAL SUMMARY:

STAFF RECOMMENDATION:

Staff recommends authorizing the Assistant City Manager, to perform the duties of the city manager in his absence.

ATTACHMENTS: