

**CITY OF LAVON, TEXAS**  
**ORDINANCE NO. 2023-06-03**

Atmos Energy Corporation – Gas Franchise

**AN ORDINANCE GRANTING TO ATMOS ENERGY CORPORATION, A TEXAS AND VIRGINIA CORPORATION, ITS SUCCESSORS AND ASSIGNS, A FRANCHISE TO CONSTRUCT, MAINTAIN, AND OPERATE PIPELINES AND EQUIPMENT IN THE CITY OF LAVON, COLLIN COUNTY, TEXAS, FOR THE TRANSPORTATION, DELIVERY, SALE, AND DISTRIBUTION OF GAS IN, OUT OF, AND THROUGH SAID CITY FOR ALL PURPOSES; PROVIDING FOR THE PAYMENT OF A FEE OR CHARGE FOR THE USE OF THE PUBLIC RIGHTS-OF-WAYS; AND PROVIDING THAT SUCH FEE SHALL BE IN LIEU OF OTHER FEES AND CHARGES, EXCEPTING AD VALOREM TAXES; REPEALING ALL PREVIOUS GAS FRANCHISE ORDINANCES; PROVIDING FOR A TERM AND EFFECTIVE DATE; PROVIDING FOR WRITTEN ACCEPTANCE OF THIS FRANCHISE; PROVIDING THAT THE MEETING AT WHICH THIS ORDINANCE IS PASSED IS OPEN TO THE PUBLIC; PROVIDING FOR SEVERABILITY; AND ORDAINING OTHER PROVISIONS RELATED TO THE SUBJECT MATTER HEREOF.**

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF LAVON, TEXAS:

SECTION 1. GRANT OF AUTHORITY: The City of Lavon, Texas, hereinafter called “City,” hereby grants to Atmos Energy Corporation, Mid-Tex Division, hereinafter called “Atmos Energy,” its successors and assigns, consent to use and occupy the present and future streets, alleys, highways, public utility easements, public ways and other public places (“Public Rights-of-Way”), for the purpose of laying, maintaining, constructing, protecting, operating, and replacing therein and thereon pipelines and all other appurtenant equipment (the “System”) to deliver, transport, and distribute gas in, out of, and through City for persons, firms, and corporations, including all the general public, and to sell gas to persons, firms, and corporations, including all the general public, within the City corporate limits, as such limits may be amended from time to time during the term of this franchise, said consent being granted for a term ending December 31, 2048.

SECTION 2. CONSTRUCTION, MAINTENANCE, OPERATION & RELOCATION OF ATMOS ENERGY FACILITIES:

- A. Atmos Energy shall lay, maintain, construct, operate, and replace its pipes, mains, laterals, and other equipment so as to comply with the ordinances, rules, and regulations of the City that are not in conflict with this ordinance, and so as to minimize interference with traffic, place or cause to be placed appropriate barriers to mark excavations or obstructions, and restore to approximate original condition all Public Rights-of-Way that it may disturb at its cost. Atmos shall repair any defects in restoration related to its activity in the Public Rights-of-Way for a period of one (1)

year. Public Rights-of-Way shall not be encumbered longer than necessary to execute the work. In determining the location of the facilities of the City and other users of Public Right-of-Way within City, City shall minimize interference with then existing facilities of Atmos Energy and shall require other users of Public Rights-of-Way to minimize interference with existing facilities of Atmos Energy. The location of all mains, pipes, laterals and other appurtenant equipment shall be fixed under the supervision of the City Engineer or designee. In the event of a conflict between the location of the proposed facilities of Atmos Energy and the location of the existing facilities of City or other users of Public Rights-of-Way within Public Rights-of-Way that cannot otherwise be resolved, City or an authorized agent of City shall resolve the conflict and determine the location of the respective facilities within the Public Rights-of-Way. Unless otherwise specifically addressed in this Ordinance, City shall retain all of the powers of regulation of its streets and alleys given to it either by the Constitution of this State, by general law, or Charter.

Atmos Energy or contractors working on behalf of Atmos Energy shall not be required to pay for street cutting, street excavation or other special permits related to excavations in Public Rights-of-Way in connection with Atmos Energy's operations in Public Rights-of-Way. City shall provide Atmos Energy with its annual capital improvements plan as well as any updates or changes as soon as the plan, update, or change becomes available. City shall notify Atmos Energy as soon as reasonably possible of any projects that will affect Atmos Energy's facilities located in the Public Rights-of-Way. When required by City to remove or relocate its mains, laterals, and/or other facilities lying within Public Rights-of-Way, Atmos Energy shall do so as soon as practically possible with respect to the scope of the project. Unless otherwise agreed, Atmos Energy shall not be required to remove or relocate its facilities in less than thirty (30) days from the time notice is given to Atmos Energy by City.

- B. If City, in constructing its sewers, drainage, water lines, streets, or utilities, should request that Atmos Energy remove or relocate its mains, laterals, and other facilities lying within Public Rights-of-Way, Atmos Energy shall do so at its own expense for facilities that are in conflict, unless such work is for the primary purpose of beautification or to accommodate a private developer. Facilities are deemed to be in conflict to the extent that the proposed City facilities are determined by Atmos Energy to be inconsistent with gas distribution industry standard safe operating practices for existing facilities. Atmos Energy shall not be required to relocate facilities to a depth of greater than four (4) feet unless otherwise agreed to by City and Atmos Energy.

When Atmos Energy is required by City to remove or relocate its mains, laterals, and other facilities lying within Public Rights-of-Way to accommodate a request by City, and costs of utility removals or relocations are eligible under federal, state, county, local or other programs for reimbursement of costs and expenses incurred by Atmos Energy as a result of such removal or relocation, and such reimbursement is required to be handled through City, Atmos Energy costs and expenses shall be included in any application by City for reimbursement if Atmos Energy submits its cost and expense documentation to City prior to the filing of the application. City shall provide reasonable written notice to Atmos Energy of the deadline for Atmos Energy to submit documentation of the costs and expenses of such relocation to City. Upon receipt of reimbursement from a federal or state agency, the City shall remit to Atmos Energy, within thirty (30) days of receipt, its portion related to the relocation or removal of its facilities.

If Atmos Energy is required by City to remove or relocate its mains, laterals, or other facilities lying within Public Rights-of-Way for any reason other than the construction or reconstruction of sewers, drainage, water lines, streets or utilities by City, Atmos Energy shall be entitled to reimbursement from City or others of the cost and expense of such removal or relocation.

- C. When Atmos Energy is required to remove or relocate its mains, laterals or other facilities to accommodate construction by City without reimbursement from City, Atmos Energy shall have the right to seek recovery of relocation costs as provided for in applicable state and/or federal law. Nothing herein shall be construed to prohibit, alter, or modify in any way the right of Atmos Energy to seek or recover a surcharge from customers for the cost of relocation pursuant to applicable state and/or federal law. City shall not oppose recovery of relocation costs when Company is required by City to perform relocation. City shall not require that Company document request for reimbursement as a pre-condition to recovery of such relocation costs. Notwithstanding any provision of this agreement, the City shall have the right to participate and challenge any other capital costs or expenses of the Company and request full documentation to the full extent provided by state law.
- D. If City abandons any Public Rights-of-Way in which Atmos Energy has facilities, such abandonment shall be conditioned on Atmos Energy's right to maintain its use of the former Public Right-of-Way and on the obligation of the party to whom the Public Right-of-Way is abandoned to reimburse Atmos Energy for all removal or relocation expenses if Atmos Energy agrees to the removal or relocation of its facilities following abandonment of the Public Right-of-

Way. If the party to whom the Public Right-of-Way is abandoned requests Atmos Energy to remove or relocate its facilities and Atmos Energy agrees to such removal or relocation, such removal or relocation shall be done within a reasonable time at the expense of the party requesting the removal or relocation. If relocation cannot practically be made to another Public Right-of-Way, the expense of any right-of-way acquisition shall be considered a relocation expense to be reimbursed by the party requesting the relocation.

SECTION 3. INDEMNITY & INSURANCE: Atmos Energy shall fully indemnify and save harmless the City from any and all damage, loss, action or cause of action arising in whole or in part from Atmos Energy's exercise of any of its rights, privileges, franchises and obligations hereunder, except to the extent arising out of the City's negligent or intentional acts or omissions. In the event of joint and concurrent negligence or fault of both Atmos Energy and the City, responsibility and indemnity, if any, shall be apportioned comparatively in accordance with the laws of the State of Texas without, however, waiving any governmental immunity available to the City under Texas law and without waiving any of the defenses of the parties under Texas law. It is understood that it is not the intention of the parties hereto to create liability for the benefit of third parties, but that this section shall be solely for the benefit of the parties hereto and shall not create or grant any rights, contractual or otherwise, to any person or entity.

Atmos Energy shall, at its sole cost and expense, obtain, maintain, and provide, throughout the term of this franchise agreement, insurance or provide self-insurance against all claims for injuries to person or damages to property that may arise from or in connection with the exercise of the rights, privileges and authority granted hereunder to Atmos Energy, its agents, representatives or employees in accordance with the following minimum coverage:

- A. Commercial general or excess liability on an occurrence or claims made form with minimum limits of five million dollars (\$5,000,000.00) per occurrence and ten million dollars (\$10,000,000.00) aggregate. To the extent that coverage is maintained on a claims made form, the minimum limits are ten million dollars (\$10,000,000.00) per occurrence and twenty million dollars (\$20,000,000.00) aggregate. This coverage shall include the following:
  - a. Products/completed operations to be maintained for two (2) years;
  - b. Personal and advertising injury;
  - c. Contractual liability; and,
  - d. Explosion, collapse, or underground hazards

- B. Automobile liability coverage with a minimum policy limit of one million dollars (\$1,000,000.00) combined single limit. This coverage shall include all owned, hired and non-owned automobiles.
- C. Workers' compensation and employers' liability coverage. Statutory coverage limits for Coverage A and five hundred thousand dollars (\$500,000.00) Coverage B employers' liability is required.
- D. Atmos Energy will provide the necessary proof of insurance within thirty (30) days of the effective date of this franchise. Atmos Energy will not be required to furnish separate proof when applying for permits. Atmos Energy will provide thirty (30) days advance written notice to City of cancellation or material change to the insurance policies.

SECTION 4. NON-EXCLUSIVE FRANCHISE: The rights, privileges, and franchises granted by this Ordinance are not to be considered exclusive, and City hereby expressly reserves the right to grant, at any time, like privileges, rights, and franchises as it may see fit to any other person or corporation for the purpose of transporting, delivering, distributing, or selling gas to and for City and the inhabitants thereof.

SECTION 5. PAYMENTS TO CITY:

- A. Atmos Energy, its successors and assigns, agrees to pay and City agrees to accept, on or before the 15<sup>th</sup> day of July, 2023, and on or before the same day of each succeeding year during the term of this franchise the last payment being made on the 15<sup>th</sup> day of July, 2048, a sum of money which shall be equivalent to five percent (5%) of the Gross Revenues, as defined in 5.B. below, received by Atmos Energy during the preceding calendar year.
- B. "Gross Revenues" shall mean:
  - (1) all revenues received by Atmos Energy from the sale of gas to all classes of customers within the City;
  - (2) all revenues received by Atmos Energy from the transportation of gas through the System of Atmos Energy within the City to customers located within the City;

- (3) the value of gas transported by Atmos Energy for transport customers through the System of Atmos Energy within the City ("Third Party Sales"), with the value of such gas to be established by utilizing Atmos Energy's monthly weighted average cost of gas charged to industrial customers in the Mid-Tex division, as reasonably near the time as the transportation service is performed; and
- (4) "Gross Revenues" shall also include fees collected pursuant to this agreement and the following "miscellaneous charges": State gross receipts, charges to connect, disconnect, or reconnect gas and charges to handle returned checks from consumers within the City.
- (5) "Gross Revenues" shall not include:
  - (a) revenues billed but not ultimately collected or received by Atmos Energy;
  - (b) contributions in aid of construction;
  - (c) the revenue of any affiliate or subsidiary of Atmos Energy;
  - (d) sales tax paid to the City;
  - (e) interest or investment income earned by Atmos Energy;
  - (f) monies received from the lease or sale of real or personal property, provided, however, that this exclusion does not apply to the lease of facilities within the City's right of way; and
  - (g) any revenues to the value of gas sold or transported to another gas utility not affiliated with Atmos Energy that resells the gas to customers within the City.

C. The initial payment for the rights and privileges herein provided shall be for the privilege period January 1 through December 31, 2023, and each succeeding payment shall be for the privilege period of the calendar year in which the payment is made.

It is also expressly agreed that the aforesaid payments shall be in lieu of any and all other and additional occupation taxes, easement, franchise taxes or charges (whether levied as an ad valorem, special, or other character of tax or charge), municipal license, permit, and inspection fees, bonds, street taxes, and street or alley rentals or charges, and all other and additional municipal taxes, charges, levies, fees, and rentals of whatsoever kind and character that City may

now impose or hereafter levy and collect from Atmos Energy or Atmos Energy's agents, excepting only the usual general or special ad valorem taxes that City is authorized to levy and impose upon real and personal property. If the City does not have the legal power to agree that the payment of the foregoing sums of money shall be in lieu of taxes, licenses, fees, street or alley rentals or charges, easement or franchise taxes or charges aforesaid, then City agrees that it will apply so much of said sums of money paid as may be necessary to satisfy Atmos Energy's obligations, if any, to pay any such taxes, licenses, charges, fees, rentals, easement or franchise taxes or charges aforesaid.

D. Effect of Other Municipal Franchise Ordinance Fees Accepted and Paid by Atmos Energy.

If Atmos Energy should at any time after the effective date of this Ordinance agree to a new municipal franchise ordinance, or renew an existing municipal franchise ordinance, with another municipality in Atmos Energy's Mid-Tex Division, which municipal franchise ordinance determines the franchise fee owed to that municipality for the use of its public rights-of-way in a manner that, if applied to the City, would result in a franchise fee greater than the amount otherwise due City under this Ordinance, then the franchise fee to be paid by Atmos Energy to City pursuant to this Ordinance may, at the election of the City, be increased so that the amount due and to be paid is equal to the amount that would be due and payable to City were the franchise fee provisions of that other franchise ordinance applied to City. The City acknowledges that the exercise of this right is conditioned upon the City's acceptance of all terms and conditions of the other municipal franchise *in toto*. The City may request waiver of certain terms and Company may grant, in its sole reasonable discretion, such waiver. Such waiver shall not be withheld except for good cause. Requesting such waiver shall not bind the City to a decision to accept or reject any franchise ordinance terms.

E. Atmos Energy Franchise Fee Recovery Tariff

- (1) Atmos Energy may file with the City a tariff or tariff amendment(s) to provide for the recovery of the franchise fees under this agreement.
- (2) City agrees that (i) as regulatory authority, it will adopt and approve the ordinance, rates or tariff which provide for 100% recovery of such franchise fees as part of Atmos Energy's rates; (ii) if the City intervenes in any regulatory proceeding before a federal or state agency in which the recovery of Atmos Energy's franchise fees is an issue, the City

will take an affirmative position supporting 100% recovery of such franchise fees by Atmos Energy and; (iii) in the event of an appeal of any such regulatory proceeding in which the City has intervened, the City will take an affirmative position in any such appeals in support of the 100% recovery of such franchise fees by Atmos Energy.

- (3) City agrees that it will take no action, nor cause any other person or entity to take any action, to prohibit the recovery of such franchise fees by Atmos Energy.

- F. Lease of Facilities Within City's Rights-of-Way. Atmos Energy shall have the right to lease, license or otherwise grant to a party other than Atmos Energy the use of its facilities within the City's public rights-of-way provided: (i) Atmos Energy first notifies the City of the name of the lessee, licensee or user; the type of service(s) intended to be provided through the facilities; and the name and telephone number of a contact person associated with such lessee, licensee or user and (ii) Atmos Energy makes the franchise fee payment due on the revenues from such lease pursuant to Section 5 of this Ordinance. This authority to lease facilities within City's Rights-of-Way shall not affect any such lessee, licensee or user's obligation, if any, to pay franchise fees.
- G. City shall give Company notice of annexations and disannexations of territory by the City, which notice shall include a map and addresses, if known. Upon receipt of said notice, Company shall promptly initiate a process to reclassify affected customers into the city limits no later than sixty (60) days after receipt of notice from the City. The annexed areas added to the city limits will be included in future franchise fee payments in accordance with the sales tax effective date of the annexation if notice was timely received from City. Upon request from City, Company will provide documentation to verify that affected customers were appropriately reclassified and included for purposes of calculating franchise fee payments. In no event shall the Company be required to add premises for the purposes of calculating franchise payment prior to the earliest date that the same premises are added for purposes of collecting sales tax.
- H. If Atmos Energy fails to pay when due any payment provided for in this Section, Company shall pay such amount plus interest consistent with the rate for customer deposits under Texas Utilities Code Section 183.003 from such due date until payment is received by City.

SECTION 6. ACCEPTANCE OF FRANCHISE: In order to accept this franchise, Atmos Energy must file with the City Secretary its written acceptance of this franchise ordinance within sixty



(60) days after its final passage and approval by City. If such written acceptance of this franchise ordinance is not filed by Atmos Energy, the franchise ordinance shall be rendered null and void.

SECTION 7. PARAGRAPH HEADINGS. CONSTRUCTION: The paragraph headings contained in this ordinance are for convenience only and shall in no way enlarge or limit the scope or meaning of the various and several paragraphs hereof. Both parties have participated in the preparation of this ordinance and this ordinance shall not be construed either more or less strongly against or for either party.

SECTION 8. BOOKS AND RECORDS: Atmos Energy agrees that at the time of each annual payment, Atmos Energy shall also submit to the City a statement showing its Gross Revenues for the preceding calendar year. City may, if it sees fit, upon reasonable notice to the Atmos Energy, have the books and records of Atmos Energy examined by a representative of said City to ascertain the correctness of the reports agreed to be filed herein. Atmos Energy shall make available, during normal working hours and upon reasonable notice, such personnel and records as City may in its reasonable discretion request in order to complete such audit, and shall make no charge to the City therefor. Atmos Energy shall assist City in its review by providing all requested information no later than fifteen business (15) days after receipt of a request. The cost of the audit shall be borne by City unless the audit discloses that the Atmos Energy has underpaid the franchise fee by 10% or more, in which case the reasonable costs of the audit shall be immediately reimbursed to the City by Atmos Energy. If such an examination reveals that Atmos Energy has underpaid City, then upon receipt of written notification from City regarding the existence of such underpayment, Atmos Energy shall undertake a review of City's claim and if said underpayment is confirmed, remit the amount of underpayment to City, including any interest calculated in accordance with Section 5.H. Should Atmos Energy determine through examination of its books and records that City has been overpaid, upon receipt of written notification from Atmos Energy regarding the existence of such overpayment, City shall review Atmos Energy's claim and if said overpayment is confirmed, remit the amount of overpayment to Atmos Energy including any interest calculated in accordance with Section 5.H. If Atmos Energy provides confidential or proprietary information to the City, Atmos Energy shall be solely responsible for identifying such information with markings calculated to bring the City's attention to the proprietary or confidential nature of the information. The City agrees to maintain the confidentiality of any non-public information obtained from Atmos Energy so designated to the extent allowed by law. City shall not be liable to Atmos Energy for the release of any information the City is required to release by law. If the City receives a request under the Texas Public Information Act that includes Atmos Energy's proprietary or confidential information, City will notify the Texas Attorney General of the proprietary or confidential nature of the document(s). The City also will provide Atmos Energy with a

copy of this notification, and thereafter Atmos Energy is responsible for establishing that an exception under the Texas Public Information Act allows the City to withhold the information.

#### SECTION 9. TERMINATION:

##### A. Right to Terminate.

In addition to any rights set out elsewhere in this Ordinance, City reserves the right to terminate the franchise and all rights and privileges pertaining thereto, in the event that Atmos Energy violates any material provision of the franchise.

##### B. Procedures for Termination.

- (1) City may, at any time, terminate this franchise for a continuing material violation by Atmos Energy of any of the substantial terms hereof. In such event, City shall give to Atmos Energy written notice, specifying all grounds on which termination or forfeiture is claimed, by registered mail, addressed and delivered to Company at the address set forth in Section 14 hereof. Atmos Energy shall have sixty (60) days after the receipt of such notice within which to cease such violation and comply with the terms and provisions hereof. In the event Atmos Energy fails to cease such violation or otherwise comply with the terms hereof, then Atmos Energy's franchise is subject to termination under the following provisions. Provided, however, that if Atmos Energy commences work or other efforts to cure such violations within thirty (30) days after receipt of written notice and shall thereafter prosecute such curative work with reasonable diligence until such curative work is completed, then such violations shall cease to exist, and the franchise will not be terminated.
- (2) Termination shall be declared only by written decision of the City Council after an appropriate public proceeding whereby Atmos Energy is afforded the full opportunity to be heard and to respond to any such notice of violation or failure to comply. Atmos Energy shall be provided at least fifteen business (15) days prior written notice of any public hearing concerning the termination of the franchise. In addition, ten (10) days' notice by publication shall be given of the date, time and place of any public hearing to interested members of the public.
- (3) City, after full public hearing, and upon finding material violation or failure to comply, may terminate the Franchise or excuse the violation or failure to comply, upon a showing by Atmos Energy of mitigating circumstances or upon a showing of good cause of said violation or failure to comply as may be determined by the City Council.

- (4) Nothing herein stated shall preclude Atmos Energy from appealing the final decision of the City Council to a court or regulatory authority having jurisdiction.
- (5) Nothing herein stated shall prevent City from seeking to compel compliance by suit in any court of competent jurisdiction if Atmos Energy fails to comply with the terms of this Franchise after due notice and the providing of adequate time for Atmos Energy to comply with said terms.

SECTION 10. NO THIRD-PARTY BENEFICIARIES: This franchise is made for the exclusive benefit of the City and Atmos Energy, and nothing herein is intended to, or shall confer any right, claim, or benefit in favor of any third party.

SECTION 11. SUCCESSORS AND ASSIGNS: No assignment or transfer of this franchise shall be made, in whole or in part, without approval of the City Council of the City, in accordance with Section 13.02.C of the City Charter. The City may withhold such approval for franchises in the City for good cause due to (1) the failure of the proposed assignee or transferee to agree to comply with all provisions of this Ordinance and such additional conditions as the Council may prescribe in order to remedy existing conditions of non-compliance, or (2) Assignee being materially weaker than Atmos Energy. For the purpose of this section, “materially weaker” means that the long term unsecured debt rating of the Assignee is less than investment grade as rated by both S&P and Moody’s. If the Assignee is materially weaker, the City may request additional documents and information reasonably related to the transaction and the legal, financial, and technical qualifications of the Assignee. City agrees that said approval shall not be unreasonably withheld or delayed. Upon approval, the rights, privileges, and franchise herein granted to Company shall extend to and include its successors and assigns. The terms, conditions, provisions, requirements and agreements contained in this franchise shall be binding upon the successors and assigns of the Company. This franchise is made for the exclusive benefit of the City and Atmos Energy, and nothing herein is intended to, or shall confer any right, claim, or benefit in favor of any third party.

SECTION 12. COMPLIANCE WITH LAWS, CHARTER AND ORDINANCES: This franchise is granted subject to the laws of the United States of America and its regulatory agencies and commissions and the laws of the State of Texas, the City Charter, as amended, and all other generally applicable ordinances of the City, not inconsistent herewith, including, but not limited to, ordinances regulating the use of Public Rights-of-Way, as amended.

SECTION 13. NO WAIVER: Either City or Atmos Energy shall have the right to waive any requirement contained in this Ordinance, which is intended for the waiving party's benefit, but, except as otherwise provided herein, such waiver shall be effective only if in writing executed by the party for whose benefit such requirement is intended. No waiver of any breach or violation of any term of this Ordinance shall be deemed or construed to constitute a waiver of any other breach or violation, whether concurrent or subsequent, and whether of the same or a different type of breach or violation.

SECTION 14. NOTICES: Any notices required or desired to be given from one party to the other party to this Ordinance shall be in writing and shall be given and shall be deemed to have been served and received if: (1) delivered in person to the address set forth below; (2) deposited in an official depository under the regular care and custody of the United States Postal Service located within the confines of the United States of America and sent by certified mail, return receipt requested, and addressed to such party at the address hereinafter specified; or (3) delivered to such party by courier receipted delivery. Either party may designate another address within the confines of the continental United States of America for notice, but until written notice of such change is actually received by the other party, the last address of such party designated for notice shall remain such party's address for notice.

To City of Lavon:

Attn: City Lavon

120 School Road

Lavon, TX 75166

With a copy to:

Messer, Fort, & McDonald P.L.L.C.

Attn: Julie Fort

6371 Preston Rd., Ste. 200

Frisco, Texas 75034

To Atmos Energy:

Attn: Manager of Public Affairs

Atmos Energy Corp.,

Mid-Tex Division

1310 Highway 66

Garland, Texas 75040

SECTION 15. RENEGOTIATION: If either City or Atmos Energy requests renegotiation of any term of this franchise, Company and City agree to renegotiate in good faith revisions to any and all terms of this franchise. If the parties cannot come to agreement upon any provisions being renegotiated, then the existing provisions of this Ordinance will continue in effect for the remaining term of the franchise.

SECTION 16. PREVIOUS ORDINANCES: When this franchise becomes effective, all gas franchise ordinances and parts of franchise ordinances applicable to Atmos Energy or its predecessors in interest granted by the City, are hereby repealed.

SECTION 17. SEVERABILITY: Should any section, subsection, sentence, clause, or phrase of this Ordinance be declared unconstitutional or invalid by a court of competent jurisdiction, it is expressly provided that any and all remaining portions of this Ordinance shall remain in full force and effect. The City hereby declares that it would have passed this Ordinance, and each section, subsection, clause or phrase thereof irrespective of the fact that any one or more sections, subsections, sentences, clauses and phrases be declared unconstitutional or invalid.

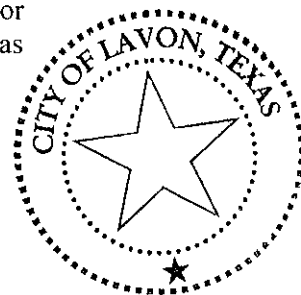
SECTION 18. EFFECTIVE DATE: If Atmos Energy accepts this Ordinance, it becomes effective as of June 8, 2023.

PASSED AND APPROVED on this the 20 day of June, 2023.

ATTEST:

Rae L. Norton  
Rae L. Norton, City Secretary

Vicki Sanson  
Vicki Sanson, Mayor  
City of Lavon, Texas



STATE OF TEXAS  
COUNTY OF COLLIN  
CITY OF LAVON

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I, Rae L. Norton, City Secretary of the City of Lavon, Collin County, Texas, do hereby certify that the above and foregoing is a true and correct copy of an ordinance passed by the City Council of the City of Lavon, Texas, at a Regular session, held on the 20 day of June, 2023, as it appears of record in the Minutes in Book \_\_\_\_\_, page \_\_\_\_\_.

WITNESS MY HAND AND SEAL OF SAID CITY, this the 20 day of June, 2023.

Rae L. Norton  
Rae L. Norton, City Secretary  
City of Lavon, Texas

