

Memorandum



CITY OF DALLAS

DATE September 21, 2018

TO Honorable Mayor and Members of the City Council

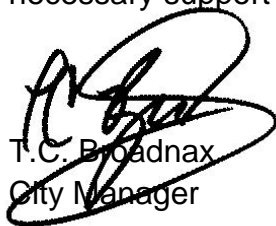
SUBJECT **Acceleration of Atmos Energy's Infrastructure Replacement**

After Atmos Energy announced a plan earlier this year to accelerate replacement of their cast iron pipe in 3 years instead of 4 years, the Mayor requested information on what it would cost and potential rate implications of a more expedited schedule.

On August 16, 2018, a City of Dallas team, comprised of staff from the City Attorney's Office and the Public Works Department, met with several members of Atmos Energy's leadership team to discuss the Mayor's request for a more expedited replacement schedule for Atmos Energy's infrastructure. While Atmos Energy has accelerated its cast iron and steel pipe replacement programs, at the end of the August 16th meeting, it was understood that the sparse availability of qualified crews and construction materials, and not necessarily rate implications, are the driving factors with not being able to further accelerate replacement of Atmos Energy's infrastructure.

During the meeting, the Atmos Energy team provided further details on the plan to ramp up the number of crews by 40% to approximately 180 by the end of 2019. The increase of crews will help Atmos to achieve replacement of all cast iron and a majority of its steel service lines in the City of Dallas by the end of 2021. During the August 16th meeting, Atmos Energy also discussed its risk model and its influence on the sequence of areas in which Atmos Energy will next work.

As Atmos Energy has identified the availability of qualified crews and construction materials as major barriers to further accelerate their infrastructure replacement programs, City of Dallas staff will continue to ensure that Atmos Energy has all of the necessary support in the coordination of their infrastructure replacement programs.



T.C. Broadnax
City Manager

c: Chris Caso, City Attorney (I)
Craig D. Kinton, City Auditor
Billerae Johnson, City Secretary
Preston Robinson, Administrative Judge
Kimberly Bizzor Tolbert, Chief of Staff to the City Manager
Majed A. Al-Ghafry, Assistant City Manager

Jon Fortune, Assistant City Manager
Joey Zapata, Assistant City Manager
Nadia Chandler Hardy, Assistant City Manager and Chief Resilience Officer
M. Elizabeth Reich, Chief Financial Officer
Directors and Assistant Directors