

RESOLUTION NO. _____

A RESOLUTION BY THE CITY OF PFLUGERVILLE, TEXAS (“CITY”), APPROVING AND ADOPTING RATE SCHEDULE “RRM – RATE REVIEW MECHANISM” FOR ATMOS ENERGY CORPORATION, MID-TEX DIVISION TO BE IN FORCE IN THE CITY FOR A PERIOD OF TIME AS SPECIFIED IN THE RATE SCHEDULE; ADOPTING A SAVINGS CLAUSE; DETERMINING THAT THIS RESOLUTION WAS PASSED IN ACCORDANCE WITH THE REQUIREMENTS OF THE TEXAS OPEN MEETINGS ACT; DECLARING AN EFFECTIVE DATE; MAKING OTHER FINDINGS AND PROVISIONS RELATED TO THE SUBJECT; AND REQUIRING DELIVERY OF THIS RESOLUTION TO THE COMPANY.

WHEREAS, the City of Pflugerville, Texas (“City”) is a gas utility customer of Atmos Energy Corp., Mid-Tex Division (“Atmos Mid-Tex” or “the Company”), and a regulatory authority with an interest in the rates and charges of Atmos Mid-Tex; and

WHEREAS, the City is a regulatory authority under the Gas Utility Regulatory Act (“GURA”) and under § 103.001 of GURA has exclusive original jurisdiction over the rates, operations and services of Atmos Mid-Tex within the municipality; and

WHEREAS, the City as a member of the coalition of cities served by Atmos Mid-Tex known as the Atmos Texas Municipalities (“ATM”); and

WHEREAS, the City previously approved a Rate Review Mechanism (“RRM”) Tariff that allows for an alternative, negotiated rate review process to facilitate annual changes in gas utility rates reflective of Atmos Mid-Tex’s annual system-wide cost of providing service in lieu of an interim rate adjustment through a legislatively-constructed Gas Reliability Infrastructure Program (“GRIP”); and

WHEREAS, the RRM process permits City review of requested rate changes and provides for a review of Atmos Mid-Tex’s total cost of service on an annual basis; and

WHEREAS, the initial RRM tariff expired in 2011; and

WHEREAS, ATM, through its Special Counsel in conjunction with experts retained on behalf of ATM, negotiated with Atmos Mid-Tex to develop a new RRM process that would annually adjust rates in lieu of rate adjustments through annual GRIP filings or full rate cases at the Railroad Commission; and

WHEREAS, the renewal of the RRM process may avoid costly rate case litigation; and

WHEREAS, ATM's legal counsel recommend ATM member cities approve the negotiated RRM; and

WHEREAS, the attached Rate Schedule "RRM – Rate Review Mechanism" ("RRM Tariff") provides for a reasonable rate review process that is to be utilized in lieu of GRIP filings; and

WHEREAS, the attached RRM Tariff as a whole is in the public interest;

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

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

Section 2. That the City Council finds that the RRM Tariff, which is attached hereto and incorporated herein as "Attachment A," is reasonable and in the public interest, and from the effective date of this Resolution is in force and effect in the City.

Section 3. That to the extent any resolution or Resolution previously adopted by the City Council is inconsistent with this Resolution, it is hereby repealed.

Section 4. That the meeting at which this Resolution was approved was in all things conducted in strict compliance with the Texas Open Meetings Act, Texas Government Code, Chapter 551.

Section 5. That if any one or more sections or clauses of this Resolution is judged to be unconstitutional or invalid, such judgment shall not affect, impair or invalidate the remaining provisions of this Resolution and the remaining provisions of the Resolution shall be interpreted as if the offending section or clause never existed.

Section 6. That this Resolution shall become effective from and after its passage.

Section 7. That a copy of this Resolution shall be sent to Atmos Mid-Tex, care of Christopher Felan, Vice President of Rates and Regulatory Affairs, Atmos Energy Corporation, 5420 LBJ Freeway, Suite 1600, Dallas, Texas 75240 and to Mr. Alfred R. Herrera, Herrera & Boyle, PLLC, 816 Congress Avenue, Suite 1250, Austin, Texas 78701.

PASSED AND APPROVED this 11th day of June, 2013.

Jeff Coleman, Mayor

ATTEST:

Karen Thompson, City Secretary

ATTACHMENT A

RATE REVIEW MECHANISM (RRM)

BILLS RENDERED ON AND AFTER OCTOBER 15, 2013

Last Annual Effective Date: June 1, 2017