

ORDINANCE NO. _____

AN ORDINANCE BY THE CITY OF PFLUGERVILLE, TEXAS (“CITY”), APPROVING A CHANGE IN THE RATES OF ATMOS ENERGY CORPORATION, MID-TEX DIVISION (“ATMOS”) AS A RESULT OF A SETTLEMENT BETWEEN ATMOS AND THE ATMOS TEXAS MUNICIPALITIES (“ATM”) UNDER THE RATE REVIEW MECHANISM; FINDING THE RATES SET BY THE ATTACHED TARIFFS TO BE JUST AND REASONABLE; DIRECTING ATMOS ENERGY TO REIMBURSE THE CITY’S RATE-CASE EXPENSES; FINDING THAT THE MEETING COMPLIED WITH THE OPEN MEETINGS ACT; DECLARING AN EFFECTIVE DATE; AND REQUIRING DELIVERY OF THE ORDINANCE TO THE COMPANY AND LEGAL COUNSEL.

WHEREAS, the City of Pflugerville, Texas (“City”) is a regulatory authority under the Gas Utility Regulatory Act (“GURA”) and under § 103.001 of GURA has exclusive original jurisdiction over Atmos Energy Corporation – Mid-Tex Division’s (“Atmos”) rates, operations, and service of a gas utility within the municipality; and

WHEREAS, Section 103.021 of GURA authorizes the City to obtain information from Atmos as necessary to make a determination of the basis for the Atmos’ proposed increase in rates; and

WHEREAS, Section 103.022 of GURA provides that Atmos shall reimburse the City its reasonable cost of engaging personnel to assist it in reviewing Atmos’ application; and

WHEREAS, the City has participated in prior cases regarding Atmos as part of a coalition of cities known as the Atmos Texas Municipalities (“ATM”); and

WHEREAS, the Rate Review Mechanism (“RRM”) for 2013 that Atmos filed with the City Secretary on or around July 15, 2013 proposed a system-wide increase of \$22.7 million; and

WHEREAS, experts representing ATM have analyzed data furnished by Atmos and have interviewed Atmos’ management regarding the RRM; and

WHEREAS, it is necessary to establish the benchmark cost for Pensions and Other Post Employment Benefits (Pension/OPEB); and

WHEREAS, on September 26, 2013, ATM and Atmos entered into a settlement agreement which would provide for a net increase of \$16.6 million. This will cause the rates to increase by \$0.74 per month for a typical residential customer; and

WHEREAS, the settlement agreement's net decrease to Atmos' previously filed request would be approximately 27% less than such filed RRM; and

WHEREAS, the Steering Committee of ATM and its counsel recommend approval of the attached tariffs, set forth as Attachment A.

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

Section 1. The findings set forth in this Ordinance are hereby in all things approved.

Section 2. The amended tariffs in Attachment A are hereby adopted to become effective on November 1, 2013.

Section 3. The benchmark for Pension and Other Post Employment Benefits shall be as shown in Atmos' RRM 2013 Application at Workpapers F-2.3 and F-2.3.1, for fiscal year 2013, appended to this Ordinance as Attachment B.

Section 4. Atmos is hereby directed to reimburse the City's costs, as part of the Atmos Texas Municipalities, of engaging counsel, rate consultants, and other personnel in assisting the City in its investigation of Atmos' proposed increase in rates.

Section 5. To the extent any Ordinance or Resolution previously adopted by the City Council is inconsistent with this Ordinance, it is hereby superseded.

Section 6. The meeting at which this Ordinance was approved was in all things conducted in strict compliance with the Texas Open Meetings Act, Texas Government Code, Chapter 551.

Section 7. If any one or more sections or clauses of this Ordinance is judged to be unconstitutional or invalid, such judgment shall not affect, impair or invalidate the remaining provisions of this Ordinance and the remaining provisions of the Ordinance shall be interpreted as if the offending section or clause never existed.

Section 8. This Ordinance shall become effective on October 22, 2013, upon its passage by three affirmative votes on first reading; provided that this Ordinance will be posted and adopted at a subsequent meeting in accordance with the provisions of Section 3.15(d) of the City Charter.

Section 9. A copy of this Ordinance 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 22nd day of October, 2013.

Jeff Coleman, Mayor

ATTEST:

Karen Thompson, City Secretary

APPROVED AS TO FORM:

George Hyde, City Attorney

ATTACHMENT A

Rate Schedules

Rate Schedule: R – Residential Sales

Rate Schedule: C – Commercial Sales

Rate Schedule: I – Industrial Sales

Rate Schedule: T – Transportation Sales

Rate Schedule: WNA – Weather Normalization Adjustment

ATTACHMENT B

Pension and Other Post Employment Benefits Benchmark

Workpapers F-2.3 and F-2.3.1