

RESOLUTION NO. _____

RESOLUTION BY THE CITY OF PFLUGERVILLE, TEXAS (“CITY”) SUSPENDING THE EFFECTIVE DATE FOR NINETY DAYS IN CONNECTION WITH THE RATE INCREASE FILING OF ATMOS ENERGY CORPORATION ON OR ABOUT JANUARY 31, 2012; REQUIRING THE REIMBURSEMENT OF MUNICIPAL RATE CASE EXPENSES; AUTHORIZING PARTICIPATION IN RELATED RATE PROCEEDINGS; AUTHORIZING THE RETENTION OF SPECIAL COUNSEL; FINDING THAT THE MEETING COMPLIES WITH THE OPEN MEETINGS ACT; MAKING OTHER FINDINGS AND PROVISIONS RELATED TO THE SUBJECT; AND DECLARING AN EFFECTIVE DATE

WHEREAS, Atmos Energy Corporation (“Atmos” or “Company”) filed a Statement of Intent with the City on or about January 31, 2012 to change its rate schedules within the corporate limits of this municipality, specifically to increase its system-wide, annual revenue requirement by approximately \$49.0 million which is an increase in base-rate revenue exclusive of cost of gas of approximately 12%; and

WHEREAS, the City is a regulatory authority under the Gas Utility Regulatory Act (“GURA”) and under Chapter 104, §103.001 et seq. of GURA has exclusive original jurisdiction over Atmos’ rates, operations, and services within the municipality; and

WHEREAS, in order to maximize the efficient use of resources and expertise in reviewing, analyzing and investigating Atmos’ rate request and its changes in tariffs it is prudent to coordinate the City’s efforts with a coalition of similarly situated municipalities; and

WHEREAS, the City, in matters regarding applications by Atmos to change rates, has in the past joined with other local regulatory authorities to form the Atmos Texas Municipalities (“ATM”), and hereby continues its participation in ATM; and

WHEREAS, Atmos’ rate request consists of a voluminous amount of information including Atmos’ rate-filing package, pre-filed direct testimony, exhibits, schedules, and workpapers; and

WHEREAS, Atmos proposed March 6, 2012 as the effective date for its requested increase in rates; and

WHEREAS, it is not possible for the City to complete its review of Atmos' filing by March 6, 2012; and

WHEREAS, the City will need an adequate amount of time to review and evaluate Atmos' rate application to enable the City to adopt a final decision as a local regulatory authority with regard to Atmos' requested rate increase; and

WHEREAS, the City will require the assistance of specialized legal counsel and rate experts to review the merits of Atmos' application to increase rates; and

WHEREAS, to the extent Atmos seeks review at the Railroad Commission of Texas of the City's final decision regarding Atmos' statement of intent to change rates, or should Atmos submit a statement of intent to the Railroad Commission to increase rates in the environs of the City, the decision of the Railroad Commission of Texas could have an impact on the rates paid by the City and its citizens who are customers of Atmos and in order for the City's participation to be meaningful it is important that the City promptly intervene in such proceeding at the Railroad Commission of Texas.

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

Section 1. The findings set out in the preamble are in all things approved and incorporated herein as if fully set forth.

Section 2. Atmos' proposed effective date for its proposed increase in rates is hereby **SUSPENDED** for ninety days beyond March 6, 2012.

Section 3. The statutory suspension period may be further extended if Atmos does not provide timely, meaningful, and proper public notice of its request to increase rates, or if its rate-filing package is materially deficient.

Section 4. The City shall participate in a coalition of cities known as the Atmos Texas Municipalities or as “ATM” and authorizes intervention in proceedings related to Atmos’ Statement of Intent before the Railroad Commission of Texas and related proceedings in courts of law; and

Section 5. The City hereby orders Atmos to pay the City’s rate case expenses as provided in the Gas Utility Regulatory Act and that Atmos shall do so on a monthly basis and within 30 days after submission of the City’s invoices for the City’s reasonable costs associated with the City’s activities related to this rate review or to related proceedings involving Atmos before the City, the Railroad Commission of Texas, or any court of law.

Section 6. Subject to the right to terminate employment at any time, the City retains and authorizes the law firm of Herrera & Boyle, PLLC to act as Special Counsel with regard to rate proceedings involving Atmos before the City, the Railroad Commission of Texas, or any court of law and to retain such experts as may be reasonably necessary for review of Atmos’ rate application subject to approval by the steering committee of the ATM.

Section 7. The City, in coordination with the Steering Committee, shall review the invoices of the lawyers and rate experts for reasonableness before submitting the invoices to Atmos for reimbursement.

Section 8. A copy of this resolution shall be sent to Atmos Energy Mid-Tex, care of Mr. David Park, Vice President Rates and Regulatory Affairs, Atmos Energy Corporation, 5420 LBJ Freeway, Suite 1862, Dallas, Texas 75240; and to Mr. Alfred R. Herrera, Herrera & Boyle, PLLC, 816 Congress Ave., Suite 1250, Austin, Texas 78701.

Section 9. 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 10. This resolution shall become effective from and after its passage.

PASSED AND APPROVED this 14th day of February, 2012.

Jeff Coleman, Mayor

ATTEST:

Karen Thompson, City Secretary