

**RESOLUTION NO. \_\_\_\_\_**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PFLUGERVILLE, TEXAS, (“CITY”) APPROVING A SETTLEMENT BETWEEN ATMOS ENERGY CORP’S MID-TEX DIVISION (“ATMOS”) AND ATMOS TEXAS MUNICIPALITIES (“ATM”) RESULTING IN NO CHANGE IN BASE RATES AND APPROVING TARIFFS WHICH REFLECT COSTS RELATED TO THE STEEL PIPE REPLACEMENT PROGRAM; FINDING THE RATES SET BY THE ATTACHED TARIFFS TO BE JUST AND REASONABLE; REQUIRING DELIVERY OF THE RESOLUTION TO THE COMPANY AND LEGAL COUNSEL; DETERMINING THAT THE MEETING AT WHICH THIS RESOLUTION WAS APPROVED COMPLIED WITH THE OPEN MEETINGS ACT; MAKING OTHER FINDINGS AND PROVISIONS RELATED TO THE SUBJECT; AND DECLARING AN EFFECTIVE DATE.**

**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 Atmos Energy Corporation – Mid-Tex Division (“Atmos”) rates, operations, and services as a gas utility within the municipality; 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**, on or about April 1, 2010 Atmos filed for an increase in rates, pursuant to the Rate Review Mechanism (“RRM”), of approximately \$15.6 million; which represents approximately a \$9 million base rate increase and an approximate \$6.6 million for the steel pipe replacement program; and,

**WHEREAS**, after months of investigation by ATM’s rate experts and weeks of negotiations by ATM’S negotiation team a settlement was arrived at which provides: (1) the steel service line replacement program for this last year be funded through a monthly increase of the

residential customer charge of twenty-nine cents and an increase in the commercial customer charge of a dollar and twenty-two cents; (2) there will be no increase in base rates; and (3) Atmos and representatives of ATM will begin meeting in mid-August to begin working on rate-related issues, especially those that are difficult to resolve in the time period called for by the RRM process.

**WHEREAS**, the Executive Committee of ATM and its lawyers recommend that the Council approve the attached tariffs which are consistent with the understandings between Atmos and the ATM Executive Committee.

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

**Section 1.** That the findings set out in the preamble to this resolution are hereby in all things approved and adopted..

**Section 2.** The rates contained in the attached tariffs are just and reasonable and are hereby approved subject to a prudence review of the steel pipe replacement expenditures in the next general rate proceeding.

**Section 3.** That a copy of this Resolution shall be sent to Mr. David Park, Vice President for Rates and Regulation, Mid-Tex Division, Atmos Energy Corporation, 5420 LBJ Freeway, Suite 1800, Dallas, Texas 75204, and to Jim Boyle, Counsel for ATM, at Herrera & Boyle, PLLC, 816 Congress Avenue, Suite 1250, Austin, TX 78701.

**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 this resolution shall become effective immediately from and after its passage.

PASSED and APPROVED this 9<sup>th</sup> day of August, 2011.

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Jeff Coleman, Mayor

ATTEST:

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Karen Thompson, City Secretary