

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PFLUGERVILLE, TEXAS (CITY) AUTHORIZING THE INTERVENTION AT THE RAILROAD COMMISSION OF TEXAS CONCERNING THE FILING FOR AN INCREASE IN RATES BY ATMOS PIPELINE – TEXAS; REQUIRING ATMOS PIPELINE TO REIMBURSE REASONABLE RATE CASE EXPENSES; AUTHORIZING THE RETENTION OF COUNSEL AND RATE CONSULTANTS; FINDING THAT THE MEETING AT WHICH THIS RESOLUTION WAS APPROVED COMPLIED WITH THE OPEN MEETINGS ACT; MAKING SUCH OTHER FINDINGS AND OTHER PROVISIONS RELATED TO THE SUBJECT; AND PROVIDING FOR AN EFFECTIVE DATE

WHEREAS, on or about September 17, 2010, Atmos Pipeline – Texas (APT or Company), a division of Atmos Energy Corporation, filed with the Railroad Commission of Texas (“RCT”) a request to increase its city gate service (CGS) rates and its pipeline transportation (PT) rates; and,

WHEREAS, the APT’s request will increase revenues by approximately \$38.9 million but because of the manner in which APT proposes to recover the increase from its wholesale customers, rates APT charges to Atmos Energy Corporation – Mid-Tex Division, will increase by about \$43 million, which represents an increase of approximately 41.2% in the CGS rate, which will ultimately be recovered from retail customers; and,

WHEREAS, APT is requesting a return on equity of 12.75%, which is materially higher than any utility has requested or that the RCT has approved; and,

WHEREAS, APT seeks formal approval of certain investments made under the Gas Utility Regulatory Act (GURA), § 104.301, often referred to as the “GRIP

Statute,” in the amount of about \$482 million for expenditures made during the period of January 2003 through March 2010; and,

WHEREAS, several accounting adjustments during that time period related to APT’s operation and maintenance expenses that APT proposes, require detailed examination; and,

WHEREAS, APT is part of a larger corporation, which raises numerous issues regarding APT’s affiliate transactions; and,

WHEREAS, utility law is a complex area of law requiring specialized expertise in the examination of APT’s books and records; and,

WHEREAS, given that APT has proposed an October 22, 2010 effective date for this increase it is important to act promptly to intervene at the Railroad Commission of Texas; and,

WHEREAS, the City has participated as a member of a coalition of cities known as the Atmos Texas Municipalities (ATM) in matters regarding Atmos Mid-Texas and has benefitted from its participation and membership in such coalition; NOW, THEREFORE,

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

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

Section 2. That subject to the right to terminate employment at any time, the City employs the Herrera & Boyle law firm to represent the City in Railroad Commission GUD Docket No. 10000 and with regard to any administrative proceedings

or court actions related thereto, and the City authorizes counsel to employ, with the approval of the ATM Steering Committee, such rate experts as are necessary to assist them with regard to the review, investigation and possible filing of testimony in GUD Docket No. 10000.

Section 3. The City authorizes counsel to intervene on behalf of the City in GUD Docket No. 10000.

Section 4. Atmos shall on a monthly basis reimburse the City, by payment to the designated City representing ATM for this purpose, for the reasonable costs of attorneys and consultants and expenses related thereto as provided in Texas Utility Code, Section 103.022, upon the presentation of invoices reviewed by the Steering Committee.

Section 5. 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 6. This resolution shall take effect immediately from and after its passage.

PASSED AND APPROVED this ____ day of _____, 2010.

Mayor Jeff Coleman

ATTEST:

City Secretary Karen Thompson