

RESOLUTION NO. 542

A RESOLUTION OF THE CITY OF TERRELL ENDORSING THE EFFORTS OF THE ATMOS CITIES STEERING COMMITTEE TO REDUCE RATES OF ATMOS ENERGY CORP., MID-TEX DIVISION; DENYING ATMOS ENERGY CORP., MID-TEX DIVISION'S STATEMENT OF INTENT TO INCREASE THE GAS UTILITY RATES WITHIN THE CITY; AUTHORIZING INTERVENTION IN ANY NECESSARY PROCEEDINGS AFFECTING CITY'S INTERESTS BEFORE ADMINISTRATIVE OR JUDICIAL BODIES AND PARTICIPATION WITH THE ATMOS CITIES STEERING COMMITTEE; REQUIRING REIMBURSEMENT OF REASONABLE LEGAL AND CONSULTANT EXPENSES; FINDING THAT THE MEETING AT WHICH THIS RESOLUTION IS ADOPTED IS OPEN TO THE PUBLIC AS REQUIRED BY LAW; AND REQUIRING DELIVERY OF THIS RESOLUTION TO THE COMPANY AND LEGAL COUNSEL.

WHEREAS, the City of Terrell ("City") is a regulatory authority under the Gas Utility Regulatory Act ("GURA") and has original jurisdiction over the gas utility rates of Atmos Energy Corp., Mid-Tex Division (the "Company"); and

WHEREAS, at least 88 Texas municipalities served by the Company required the Company to file rate filing packages with those cities to show cause regarding the reasonableness of the Company's current rates in those cities (the "Show Cause Cities"); and

WHEREAS, at least 53 Show Cause Cities have adopted ordinances reducing the Company's rates to be charged to all customers within those cities; and

WHEREAS, the Company has appealed those rate ordinances of the Show Cause Cities to the Railroad Commission of Texas under the provisions of the Gas Utilities Regulatory Act; and

WHEREAS, the Company filed with the City on or about May 31, 2006, its Statement of Intent to increase gas utility rates within the City effective July 5, 2006; and

WHEREAS, the City has original jurisdiction to evaluate the Company's request as it pertains to customers of the Company served from the distribution facilities located within the City, pursuant to GURA §§ 102.001(b) and 103.001;

WHEREAS, the appeal of the Company's Statement of Intent to increase rates will be consolidated with the appeals of the Show Cause Cities; and

WHEREAS, GURA § 103.022 provides that costs incurred by the City in ratemaking activities are to be reimbursed by the regulated utility;

WHEREAS, the City wishes to participate with the Atmos Cities Steering Committee ("ACSC") and be represented by attorneys and consultants representing ACSC;

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

SECTION 1. That the City endorses the efforts of ACSC to reduce the rates charged by the Company within the boundaries of member cities.

SECTION 2. That the Company's Statement of Intent to increase gas utility rates within the City, as part of the Company's statewide gas utility system, be denied in all respects.

SECTION 3. That it is in the best interests of the customers of the Company within the City for the City to participate through the ACSC in the appeals filed by the Company to the Railroad Commission of Texas, and the City's intervention in Railroad Commission proceedings and any litigation associated with the Company's rates charged in the City is hereby authorized.

SECTION 4. That the Company shall promptly reimburse the City's reasonable costs associated with the City's participation in ratemaking proceedings and associated litigation.

SECTION 5. That it is hereby officially found and determined that the meeting at which this Resolution is adopted is open to the public as required by law and the public notice of the time, place, and purpose of said meeting was given as required.

SECTION 6. A copy of this Resolution shall be sent to Atmos Mid-Tex, care of Richard T. Reis, at Atmos Energy Corporation, 5420 LBJ Freeway, Suite 1800, Dallas, Texas 75240, and to Geoffrey Gay, legal counsel to ACSC, at Lloyd Gosselink Blevins Rochelle & Townsend, P.C., P.O. Box 1725, Austin, Texas 78767-1725.

DULY PASSED and approved by the City Council of the City of Terrell, Texas on this the 20th day of June, 2006.

APPROVED:

FRANCES ANDERSON, MAYOR

ATTEST:

JOHN ROUNSAVALL, CITY SECRETARY