

## RESOLUTION NO. 581

A RESOLUTION BY THE CITY OF TERRELL, TEXAS SUSPENDING THE JULY 30, 2007 EFFECTIVE DATE OF THE PROPOSAL BY ATMOS ENERGY CORP., MID-TEX DIVISION TO IMPLEMENT INTERIM GRIP RATE ADJUSTMENTS FOR GAS UTILITY INVESTMENT IN 2006; AUTHORIZING PARTICIPATION WITH THE ATMOS CITIES STEERING COMMITTEE ("ACSC") IN A REVIEW AND INQUIRY INTO THE SUFFICIENCY OF THE FILING AND THE BASIS OF THE PROPOSED RATE ADJUSTMENTS; AUTHORIZING INTERVENTION IN ADMINISTRATIVE AND COURT PROCEEDINGS INVOLVING THE PROPOSED GRIP RATE ADJUSTMENTS; REQUIRING REIMBURSEMENT OF REASONABLE LEGAL AND CONSULTANT RATEMAKING COSTS; AND REQUIRING DELIVERY OF THIS RESOLUTION TO THE COMPANY AND LEGAL COUNSEL.

WHEREAS, the City of Terrell, Texas ("City") is a gas utility customer of Atmos Energy Corp., Mid-Tex Division ("Atmos Mid-Tex" or "the Company"), and a regulatory authority with an interest in the rates and charges of Atmos Mid-Tex; and

WHEREAS, Atmos Mid-Tex made filings with the City and the Railroad Commission of Texas ("Railroad Commission") on or about May 31, 2007, proposing to implement interim rate adjustments ("GRIP rate increases"), pursuant to Texas Utilities Code § 104.301, on all customers served by Atmos Mid-Tex, effective July 30, 2007; and

WHEREAS, Atmos Mid-Tex was recently granted a rate increase as a result of its filing in GUD No. 9670, in which the Final Order was only signed on March 29, 2007; and

WHEREAS, in GUD No. 9670, it was determined that Atmos Mid-Tex had inappropriately included certain expenditures in its prior GRIP rate increases for rate years 2003, 2004, and 2005; and

WHEREAS, it is incumbent upon the City, as a regulatory authority, to examine this latest GRIP filing to determine its compliance with the Texas Utilities Code; and

WHEREAS, ratepayers of Atmos Mid-Tex, including the City and its residents, will be adversely impacted by the proposed GRIP rate increases; and

WHEREAS, it is advantageous for the City and its citizens to coordinate the City's response to Atmos' filing with similarly situated municipalities; and

WHEREAS, the City has benefited from prior participation with the Atmos Cities Steering Committee ("ACSC"); and

WHEREAS, it is efficient and cost beneficial for the City to again coordinate review of the reasonableness of the proposed GRIP rate increases and joint participation in any proceedings at the Railroad Commission related to the proposed GRIP rate increases; and

WHEREAS, the Executive Committee of ACSC has recommended suspension and established a budget for evaluation of the Atmos filing; and

WHEREAS, a GRIP proceeding involves rate making, entitling cities to reimbursement of reasonable rate case expenses;

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

1. The July 30, 2007 effective date of the GRIP rate increases proposed by Atmos Mid-Tex is hereby suspended for the maximum period allowed by law to permit adequate time to investigate the sufficiency of the GRIP Rate Increase filing, review the proposed increases, analyze all necessary information, and take appropriate action related to the proposed increases.

2. The City is authorized to cooperate with ACSC to hire and direct legal counsel and consultants, to negotiate with the Company, to make recommendations to the City regarding the proposed GRIP rate increases, and to direct any administrative proceedings or litigation associated with the proposed GRIP rate increases.

3. The City is authorized to intervene in any administrative proceedings or litigation associated with the proposed GRIP rate increases.

4. Atmos Mid-Tex shall promptly reimburse the City's reasonable costs associated with the City's ratemaking activities related to the proposed GRIP rate increases.

5. A copy of this Resolution shall be sent to Atmos Mid-Tex, care of Charles R. Yarbrough, II, at Atmos Energy Corporation, 5420 LBJ Freeway, Suite 1800, Dallas, Texas 75240, and to Geoffrey Gay, legal counsel to ACSC, at Lloyd Gosselink, 816 Congress Avenue, Suite 1900, Austin, Texas 78701.

Signed this 19<sup>th</sup> day of June, 2007.

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HAL RICHARDS, MAYOR

ATTEST:

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JOHN ROUNSAVALL, CITY SECRETARY