

RESOLUTION NO. 25-2006

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MESQUITE, TEXAS SUSPENDING THE MAY 30, 2006, EFFECTIVE DATE OF THE PROPOSAL BY ATMOS ENERGY CORP., MID-TEX DIVISION TO IMPLEMENT INTERIM GRIP RATE ADJUSTMENTS FOR GAS UTILITY INVESTMENT IN 2005; AUTHORIZING PARTICIPATION WITH THE GAS STANDING STEERING COMMITTEE IN A REVIEW AND INQUIRY INTO THE SUFFICIENCY OF THE FILING AND THE BASIS AND REASONABLENESS 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 EXPENSES; AND REQUIRING DELIVERY OF THIS RESOLUTION TO THE COMPANY AND LEGAL COUNSEL.

WHEREAS, the City of Mesquite, 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 March 30, 2006, 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 May 30, 2006; and

WHEREAS, a recent rate investigation conducted by consultants for the Gas Standing Steering Committee has indicated that Atmos Mid-Tex is already collecting sufficient revenues to earn its allowed return and does not require a GRIP surcharge; and

WHEREAS, the sufficiency of the filing by Atmos Mid-Tex and its compliance with statutory mandates is in question and needs to be determined; 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, the City and its residents could benefit from coordination with the Gas Standing Steering Committee in a 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 reasonable costs associated with the participation of cities in this rate proceeding are reimbursable from Atmos Mid-Tex.

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

SECTION 1. That the May 30, 2006, 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.

SECTION 2. That the City of Mesquite is authorized to cooperate with the Gas Standing Steering Committee 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.

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

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

SECTION 5. That 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 the Gas Standing Steering Committee, at Lloyd Gosselink, 816 Congress Avenue, Suite 1900, Austin, Texas 78701.

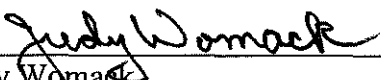

DULY RESOLVED by the City Council of the City of Mesquite, Texas, on the 1st day of May, 2006.



Mike Anderson  
Mayor

ATTEST:

APPROVED:

  
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Judy Womack  
City Secretary  
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B. J. Smith  
City Attorney