

RESOLUTION NO. 33-2006

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MESQUITE, TEXAS, DENYING ATMOS ENERGY CORPORATION, MID-TEX DIVISION'S STATEMENT OF INTENT TO INCREASE THE GAS UTILITY RATES IN THIS MUNICIPALITY; SUPPORTING THE REDUCTION OF EXISTING NATURAL GAS DISTRIBUTION RATES CURRENTLY CHARGED BY ATMOS MID-TEX WITHIN THE CITY; ORDERING ATMOS MID-TEX TO REIMBURSE THE CITY FOR ITS REASONABLE COSTS INCURRED IN RATEMAKING PROCEEDINGS OR APPEALS OF SAID PROCEEDINGS; AUTHORIZING THE ATMOS CITIES STEERING COMMITTEE TO ACT ON BEHALF OF THE CITY AND INTERVENE IN ANY PROCEEDINGS BEFORE ADMINISTRATIVE OR JUDICIAL BODIES; REQUIRING DELIVERY OF THIS RESOLUTION TO THE COMPANY AND LEGAL COUNSEL; AND FINDING THAT THE MEETING AT WHICH THIS RESOLUTION IS ADOPTED IS OPEN TO THE PUBLIC AS REQUIRED BY LAW.

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

WHEREAS, the City, along with 87 other Atmos Cities Steering Committee ("ACSC") cities, exercised its authority under GURA, §§103.001 and 104.151, to initiate a proceeding to determine whether the existing rates of the Company were unreasonable or in any way in violation of any provision of law and ordered the Company to show cause regarding the reasonableness of its existing natural gas distribution rates within the City; and

WHEREAS, the Company filed its rate filing package with the City in response to the City's order on or about December 31, 2005, and the City's representatives obtained additional information from the Company through written requests for information; and

WHEREAS, the City's consultants and representatives, through cooperative efforts and under the direction of the ACSC, reviewed the information and recommended that the City reduce the rates charged by the Company within the City; and

WHEREAS, by its own action pursuant to GURA, §104.151(a), or by procedural agreement with the Company, the City reduced the current natural gas rates charged by the Company within the City effective May 31, 2006; and

WHEREAS, the Company has bonded in its existing rates with the Railroad Commission as part of its appeal of rates set by ACSC cities; and

WHEREAS, as part of its appeal of city rate actions taken by ACSC members, the Company filed a Statement of Intent to Increase the Gas Utility Rates within the City effective July 5, 2006; and

WHEREAS, the Company's request is unreasonable based upon the information already reviewed by the City in response to its action initiating the show cause action.

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

SECTION 1. That the Statement of Intent to Increase Gas Utility Rates filed by Atmos Energy Corporation, Mid-Tex Division (the "Company"), on or about May 31, 2006, and effective July 5, 2006, is hereby denied.

SECTION 2. That the reduction to current rates previously adopted by the City pursuant to ordinance or agreement with the Company is just and reasonable.

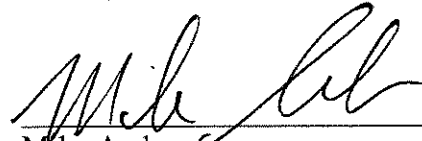
SECTION 3. That the City is authorized to intervene in any appeal of the City's action filed at the Railroad Commission of Texas and to otherwise participate in any litigation associated with the Company's rates charged in the City, in conjunction with the Atmos Cities Steering Committee ("ACSC").

SECTION 4. That the Company shall promptly reimburse ACSC for rate-making costs associated with the City's activities related to the show cause proceeding and/or the denial of the Statement of Intent including appeals to the Railroad Commission or Courts, in accordance with the Gas Utility Regulatory Act ("GURA"), §103.022.

SECTION 5. That a copy of this resolution shall be sent to the Company, 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, P.O. Box 1725, Austin, Texas 78767-1725.


SECTION 6. 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 that public notice of the time, place and purpose of said meeting was given as required.

DULY RESOLVED by the City Council of the City of Mesquite, Texas, on the 19th day of June, 2006.




Mike Anderson
Mayor

ATTEST:



Judy Womack
City Secretary

APPROVED:



B. J. Smith
City Attorney