

RESOLUTION NO. _____

WHEREAS, Atmos Energy Corporation – Mid-Tex Division (“Atmos”) filed a Statement of Intent with the City of Austin, Texas (“City”) on September 20, 2007 to increase its system-wide annual revenue requirement by approximately \$51.9 million; and

WHEREAS, the City is a regulatory authority under the Gas Utility Regulatory Act (“GURA”) and under § 103.001 of GURA has exclusive original jurisdiction over Atmos’ rates, operations, and services within the City; and

WHEREAS, the City, by Ordinance No. 20071018-031, denied Atmos’ requested rate increase, authorized participation in a coalition of cities known as Atmos Texas Municipalities (“ATM”) and authorized the hiring of lawyers and rate experts; and

WHEREAS, Atmos has appealed Ordinance No. 20071018-031 to the Railroad Commission of Texas, which has docketed the appeal along with other appeals as Gas Utilities Docket No. 9762; and

WHEREAS, ATM has conducted extensive discovery upon Atmos and has engaged in extensive negotiations regarding the appropriate rates and rate structure for Atmos; and

WHEREAS, Atmos and ATM have entered into a settlement agreement resolving all disputes regarding the appropriate rates, terms and conditions for Atmos, attached hereto as Exhibit A; and

WHEREAS, Atmos and ATM have determined that the best method to implement such settlement agreement is to have it approved by each ATM city; and

WHEREAS, in order for the City to examine the settlement agreement, it must reestablish its original jurisdiction over the rates of Atmos; and

WHEREAS, the Gas Utilities Regulatory Act authorizes municipalities exercising original jurisdiction over gas utilities to issue a Show Cause as to their rates, terms and conditions, **NOW THEREFORE,**

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF AUSTIN:

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

Section 2. Pursuant to Texas Utilities Code Section 104.151, the City finds that the existing rates, terms and conditions of Atmos are unreasonable and determines that Atmos should Show Cause why such rates, terms and conditions should not be changed.

Section 3. In light of the fact that a settlement agreement has been reached between Atmos and ATM resolving all issues, it is reasonable to proceed to a hearing on the settlement agreement.

Section 4. A copy of this Resolution shall be sent to Atmos Mid-Tex, care of Joe T. Christian, Director of Rates, at Atmos Energy Corporation, 5420 LBJ Freeway, Suite 1800, Dallas, Texas 75204, and to Jim Boyle, Counsel to ATM, Herrera and Boyle, PLLC, 860 Congress Avenue, Suite 1120, Austin, TX 78701.

ADOPTED: _____, 2008 **ATTEST:** _____
Shirley A. Gentry
City Clerk