

RESOLUTION NO. 11-31

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COMMERCE, TEXAS, ("CITY") APPROVING A SETTLEMENT BETWEEN ATMOS ENERGY CORP'S MID-TEX DIVISION ("ATMOS") AND ATMOS TEXAS MUNICIPALITIES ("ATM") RESULTING IN NO CHANGE IN BASE RATES AND APPROVING TARIFFS WHICH REFLECT COSTS RELATED TO THE STEEL PIPE REPLACEMENT PROGRAM; FINDING THE RATES SET BY THE ATTACHED TARIFFS TO BE JUST AND REASONABLE; REQUIRING DELIVERY OF THE RESOLUTION TO THE COMPANY AND LEGAL COUNSEL; DETERMINING THAT THE MEETING AT WHICH THIS RESOLUTION WAS APROVED COMPLIED WITH THE OPEN MEETINGS ACT; MAKING OTHER FINDINGS AND PROVISIONS RELATED TO THE SUBJECT; AND DECLARING AN EFFECTIVE DATE.

A regular meeting of the City Council of the City of Commerce, Texas, was held in Commerce, Texas, at City Hall on the 16th day of August 2011, at 6:00 p.m.; a majority of Council Members being present and constituting a quorum, the following resolution was adopted;

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 Energy Corporation – Mid Tex-Division ("Atmos") rates, operations, and services as a gas utility within the municipality; and

WHEREAS, the City has participated in prior cases regarding Atmos as part of a coalition of cities known as the Atmos Texas Municipalities ("ATM"); and

WHEREAS, on or about April 1, 2010 Atmos filed for an increase in rates, pursuant to the Rate Review Mechanism ("RRM"), of approximately \$15.6 million; which represents approximately \$9 million base rate increase and an approximate \$6.6 million for the steel pipe replacement program; and

WHEREAS, after months of investigation by ATM's rate experts and weeks of negotiations by ATM's negotiation team a settlement was arrived at which provides: (1) the steel service line replacement program for the last year be funded through a monthly increase of the residential customer charge of twenty-nine cents and an increase in the commercial customer charge of a dollar and twenty-two cents; (2) there will be no increase in base rates; and (3) Atmos and representatives of ATM will begin meeting in mid August to begin working on rate-related issues, especially those that are difficult to resolve in the time period called for by the RRM process.

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

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

SECTION 2. The rates contained in the attached tariffs are just and reasonable and are hereby approved subject to a prudence review of the steel pipe replacement expenditures in the next general rate proceeding.

SECTION 3. That a copy of this Resolution shall be sent to Mr. David Park, Vice President for Rates and Regulation, Mid-Tex Division, Atmos Energy Corporation, 5420 LBJ Freeway, Suite 1800, Dallas, Texas 75204; and to Jim Boyle, Counsel for ATM, at Herrera & Boyle, PLLC, 816 Congress Avenue, Suite 1250, Austin, Texas 78701

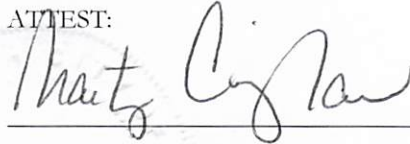
SECTION 4. That the meeting at which this resolution was approved was in all things conducted in strict

compliance with the Texas Open Meetings Act, Texas Government Code, Chapter 551.

SECTION 5. That this resolution shall become effective immediately from and after its passage.

PASSED BY THE GOVERNING BODY of the City of Commerce, Texas, at a regular meeting of the City Council of the City of Commerce, Texas, on the 16th day of August 2011.

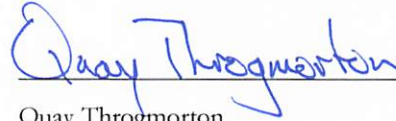
ATTEST:



Marty Cunningham
City Secretary

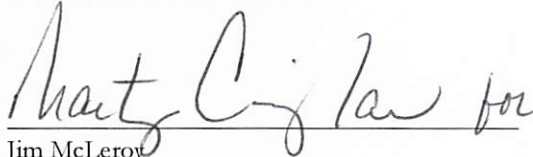
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CITY OF COMMERCE, TEXAS



Quay Throgmorton
Mayor

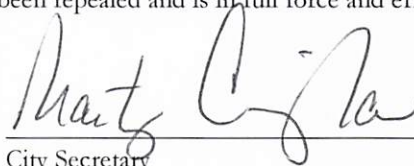
APPROVED AS TO FORM:



Jim McLeroy
City Attorney

I, Marty Cunningham, City Secretary of the City of Commerce, Texas, do hereby certify that the above is a true and correct copy of a resolution and that the same has not been repealed and is in full force and effect.

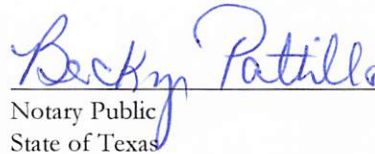
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City Secretary
City of Commerce, Texas

Sworn to and subscribed before me, on this the 17th day of August, 2011 to certify which witness my hand and seal of office.

(seal)



Notary Public
State of Texas

