

TOWN OF ADDISON, TEXAS

ORDINANCE NO. 006-020

AN ORDINANCE OF THE TOWN OF ADDISON, TEXAS FINDING THAT THE EXISTING NATURAL GAS DISTRIBUTION RATES OF ATMOS MID-TEX SHOULD BE REDUCED; ORDERING ATMOS ENERGY CORP., MID-TEX DIVISION, TO REDUCE ITS EXISTING RATES WITHIN THE CITY; ADOPTING SPECIFIC NEW RATES R, T & C AND ORDERING ALL RATES, SERVICE CHARGES AND TARIFF LANGUAGE NOT INCONSISTENT WITH ATTACHMENT "A" TO REMAIN OPERATIVE EXCEPT THAT ALL GRIP SURCHARGES SHALL IMMEDIATELY CEASE; ORDERING ATMOS MID-TEX TO REIMBURSE THE CITY FOR ITS REASONABLE COSTS INCURRED IN THIS SHOW CAUSE AND ANY RELATED 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; ORDAINING OTHER PROVISIONS RELATED TO THE SUBJECT MATTER HEREOF; PROVIDING AN EFFECTIVE DATE.

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

WHEREAS, the City has the authority under Sections 103.001 and 104.151, GURA, to initiate a proceeding to determine whether the existing rates of a gas utility are unreasonable or in any way in violation of any provision of law; and

WHEREAS, the City previously authorized participation with the Atmos Cities Steering Committee ("ACSC"); and

WHEREAS, on November 8, 2005, the City 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 on or about December 31, 2005; and

WHEREAS, 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 under the direction of the ACSC have reviewed the rate filing package and responses to information requests and have made a recommendation to the City regarding the rates to be charged by the Company within the City; and

WHEREAS, on April 25, 2006, a public hearing was held, at which time the Company was given an opportunity to address the City Council regarding its current rates; and

WHEREAS, GURA § 104.151(a) provides that if a regulatory authority, on its own motion or on complaint by an affected person, after reasonable notice and hearing, finds that the existing rates of a gas utility for a service are unreasonable or in violation of law, the regulatory authority shall enter an order establishing the just and reasonable rates to be observed thereafter, and serve a copy of the order on the gas utility; and

WHEREAS, GURA § 104.151(b) provides that the rates thus ordered by the regulatory authority constitute the legal rates of the gas utility until changed as provided by GURA; and

WHEREAS, after affording reasonable notice and hearing to the Company, it is the City's opinion that the Company's current rates are not reasonable; and

WHEREAS, based upon such hearing, the briefing of staff, and the consultants' findings, the City has made a determination of the reasonableness of the existing rates of the Company, and has determined just and reasonable rates to be hereafter observed and enforced for all services of the Company within the City.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE TOWN OF ADDISON, TEXAS:

Section 1. The Company was given reasonable notice of the hearing held on April 25, 2006, and the Company had a reasonable opportunity to show to the City that its rates were just and reasonable.

Section 2. The Company failed to show that its existing rates are just or reasonable.

Section 3. The rates set forth on Attachment "A" to this Ordinance, which attachment is and shall be incorporated herein as if it were fully set forth herein, are just and reasonable rates:

A. The rates set forth in Attachment "A" establish the Company's overall revenues at an amount that will permit the Company a reasonable opportunity to earn a reasonable return on its invested capital used and useful in providing service to the public in excess of the Company's reasonable and necessary operating expenses, in compliance with GURA § 104.051; and

B. The rates set forth in Attachment "A" do not yield more than a fair return on the adjusted value of invested capital used and useful in providing service to the public, in compliance with GURA § 104.052.

Section 4. The Company shall immediately begin charging the rates set forth on Attachment "A" hereto, and shall, pursuant to GURA § 104.301, immediately cease the imposition and collection of all Gas Reliability Infrastructure Program ("GRIP") surcharges.

Section 5. The existing rates, service charges and tariff language not inconsistent with Section 4 and Attachment "A" shall remain operative.

Section 6. 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 ACSC.

Section 7. The Company shall promptly reimburse ACSC for ratemaking costs associated with the City's activities related to the show cause proceeding, including appeals to the Railroad Commission or Courts, in accordance with GURA §103.022.

Section 8. A copy of this Ordinance 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 9. This Ordinance shall become effective immediately from and after its passage, as the law and charter in such cases provide.

Section 10. The above and foregoing premises to this Ordinance are true and correct and are incorporated herein and made a part hereof for all purposes.

Section 11. It is hereby officially found and determined that the meeting at which this Ordinance is passed 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.

PASSED AND APPROVED by the City Council of the Town of Addison, Texas this 25th day of April, 2006.



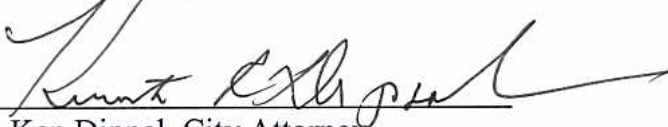
Joe Chow, Mayor

ATTEST:

By: 

Carmen Moran, City Secretary

APPROVED AS TO FORM:

By: 

Ken Dippel, City Attorney

Published:
04/29/06

Attachment A
Atmos Energy Corp., Mid-Tex Division
Ordered Rates

| Line No. | Rate R - Summary | Ordered Rates |
|----------|---|-----------------------|
| 1 | Customer Charge | \$ 7.50 |
| 2 | | |
| 3 | Block 1 Commodity Rate (0-3 Mcf) | \$ 1.1915 per Mcf |
| 4 | Block 2 Commodity Rate (over 3 Mcf) | 0.9415 per Mcf |
| 5 | | |
| 6 | Average Monthly Bill (6 Mcf without Gas Cost) | \$ 14.72 per Month |
| 7 | | |
| 8 | Average Monthly Bill (6 Mcf with Gas Cost) | \$ 34.75 per Month |
| 9 | | |
| 10 | | |
| 11 | | |
| 12 | Rate C - Summary | Ordered Rates |
| 13 | | |
| 14 | Customer Charge | \$ 12.50 |
| 15 | | |
| 16 | Block 1 Commodity Rate (0-30 Mcf) | \$ 0.7417 per Mcf |
| 17 | Block 2 Commodity Rate (30-350 Mcf) | \$ 0.4917 per Mcf |
| 18 | Block 3 Commodity Rate (Over 350 Mcf) | \$ 0.2417 per Mcf |
| 19 | | |
| 20 | Average Monthly Bill (30 Mcf without Gas Cost) | \$ 36.76 per Month |
| 21 | | |
| 22 | Average Monthly Bill (30 Mcf with Gas Cost) | \$ 136.78 per Month |
| 23 | | |
| 24 | | |
| 25 | | |
| 26 | Rate T - Summary | Ordered Rates |
| 27 | | |
| 28 | Customer Charge | \$ 300.00 |
| 29 | | |
| 30 | Block 1 Commodity Rate (0-1,500 MMBtu) | \$ 0.4977 per MMBtu |
| 31 | Block 2 Commodity Rate (Next 3,500 MMBtu) | \$ 0.3477 per MMBtu |
| 32 | Block 3 Commodity Rate (Next 45,000 MMBtu) | \$ 0.1977 per MMBtu |
| 33 | Block 4 Commodity Rate (Over 50,000 MMBtu) | \$ 0.0477 per MMBtu |
| 34 | | |
| 35 | Average Monthly Bill (300 MMBtu without gas cost) | \$ 475.07 per Month |
| 36 | | |
| 37 | Average Monthly Bill (300 MMBtu with gas cost) | \$ 1,474.93 per Month |