

RESOLUTION NO. _____

RESOLUTION BY THE CITY OF DENTON; AUTHORIZING PARTICIPATION IN A COALITION OF SIMILARLY SITUATED CITIES IN CONNECTION WITH THE STATEMENT OF INTENT TO CHANGE RATE CGS AND RATE PT OF ATMOS PIPELINE—TEXAS FILED ON OR ABOUT JANUARY 6, 2017; AUTHORIZING PARTICIPATION IN RELATED RATE PROCEEDINGS; AUTHORIZING THE RETENTION OF SPECIAL COUNSEL; REQUIRING THE REIMBURSEMENT OF MUNICIPAL RATE CASE EXPENSES; FINDING THAT THE MEETING COMPLIES WITH THE OPEN MEETINGS ACT; AND MAKING OTHER FINDINGS AND PROVISIONS RELATED TO THE SUBJECT

WHEREAS, Atmos Pipeline—Texas (“APT”) filed a Statement of Intent with the Railroad Commission of Texas on or about January 6, 2017 to increase Rate CGS and Rate PT; and

WHEREAS, APT plans to increase its revenue requirement by approximately \$72.9 million, representing an increase of approximately 17.38%; and

WHEREAS, the impact on customers, on a rate-schedule basis, is as follows:

Capacity Charges

Rate Schedule	Current Capacity Charge per MMBtu of MDQ	Proposed Capacity Charge per MMBtu of MDQ	Difference	Percentage Increase
Rate CGS (“City Gate Service”) – MidTex	\$9.1275	\$11.24146	\$2.11396	23%
Rate CGS – Other	\$9.1275	\$11.24146	\$2.11396	23%
Rate PT (“Pipeline Transportation”)	\$4.8331	\$7.70001	\$2.86691	59%

The customer charge in a customer’s bill is the “Maximum Daily Quantity” (“MDQ”), multiplied by the capacity charges shown in the table above.

Usage Charge

Rate Schedule	Current Usage Charge per MMBtu	Proposed Usage Charge per MMBtu	Difference	Percentage Increase
Rate CGS – Mid-Tex	\$0.0276	\$0.02785	\$0.00025	1%
Rate CGS – Other	\$0.0276	\$0.02785	\$0.00025	1%
Rate PT	\$0.0163	\$0.01325	(\$0.00305)	-19%

WHEREAS, APT seeks a Return on Equity (ROE) of 13.5%; a capital structure weighted toward equity – 59.83% Equity and 40.17% Debt; and

WHEREAS, APT's rate request consists of a voluminous amount of information including APT's rate-filing package, exhibits, schedules, and work papers; and

WHEREAS, in order to maximize the efficient use of resources and expertise in reviewing, analyzing and investigating APT's rate request and its changes in tariffs it is prudent to coordinate the City's efforts with a coalition of similarly situated municipalities; and

WHEREAS, the City, in matters regarding applications by APT to change rates, has in the past joined with other local regulatory authorities to form the Atmos Texas Municipalities ("ATM") and hereby continues its participation in ATM; and

WHEREAS, the City will require the assistance of specialized legal counsel and rate experts to review the merits of APT's application to increase rates; and

WHEREAS, APT filed a statement of intent to increase rates with the Railroad Commission of Texas, and therefore the decision of the Railroad Commission of Texas will have an impact on the rates paid by the City and its citizens who are customers of APT, and in order for the City's participation to be meaningful, it is important that the City promptly intervene in such proceedings at the Railroad Commission of Texas, NOW, THEREFORE,

THE COUNCIL OF THE CITY OF DENTON HEREBY RESOLVES:

SECTION 1. The findings set out in the preamble are in all things approved and incorporated herein as if fully set forth.

SECTION 2. The City authorizes intervention in proceedings related to APT's Statement of Intent before the Railroad Commission of Texas and related proceedings, including in courts of law, as part of the coalition of cities known as the Atmos Texas Municipalities ("ATM").

SECTION 3. The City hereby orders APT to reimburse the City's rate case expenses as provided in the Gas Utility Regulatory Act and that APT shall do so on a monthly basis and within 30 days after submission of the City's invoices for the City's reasonable costs associated with the City's activities related to this rate review or to related proceedings involving APT before the Railroad Commission of Texas or any court of law.

SECTION 4. Subject to the right to terminate employment at any time, the City retains and authorizes the law firm of Herrera & Boyle, PLLC to act as Special Counsel with regard to rate proceedings involving APT before the Railroad Commission of Texas or any court of law and to retain such experts as may be reasonably necessary for review of APT's rate application subject to approval by the City.

SECTION 5. The City, or its designee member city in the Atmos Texas Municipalities, shall review the invoices of the lawyers and rate experts for reasonableness before submitting the invoices to APT for reimbursement.

SECTION 6. A copy of this resolution shall be sent to APT, care of Mr. Charles R. Yarbrough, II, 5420 LBJ Freeway, Suite 1557, Dallas, Texas, 75240; and to Mr. Alfred R. Herrera, Herrera & Boyle, PLLC, 816 Congress Ave., Suite 1250, Austin, Texas 78701.

SECTION 7. 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 8. This resolution shall become effective from and after its passage.

PASSED AND APPROVED this the _____ day of _____, 2017.

CHRIS WATTS, MAYOR

ATTEST:
JENNIFER WALTERS, CITY SECRETARY

BY: _____

APPROVED AS TO LEGAL FORM:
ANITA BURGESS, CITY ATTORNEY

BY:  _____