

RESOLUTION NO. R-2018-44

**A RESOLUTION BY THE CITY OF BASTROP, TEXAS ("CITY")
SUSPENDING THE EFFECTIVE DATE FOR NINETY (90) DAYS IN
CONNECTION WITH THE RATE INCREASE FILING MADE ON OR
ABOUT JUNE 1, 2018 BY ATMOS ENERGY FOR ITS MIDTEX DIVISION;
FINDING THAT THE MEETING COMPLIES WITH THE OPEN MEETINGS
ACT; MAKING OTHER FINDINGS AND PROVISIONS RELATED TO THE
SUBJECT; AND DECLARING AN EFFECTIVE DATE**

WHEREAS, Atmos Energy ("Atmos" or "Company") filed a Statement of Intent with the City on or about June 1, 2018, to increase its annual revenue by approximately \$4.5 million in the cities known as Atmos Texas Municipalities ("ATM"), which equates to an increase in annual revenue of approximately 8.0 percent, and is the equivalent of an increase of about \$46.0 million on a system-wide basis; and

WHEREAS, the City is a regulatory authority under the Gas Utility Regulatory Act ("GURA") and under Chapter 104, §103.001 et seq. of GURA has exclusive original jurisdiction over Atmos's rates, operations, and services within the municipality; and

WHEREAS, in order to maximize the efficient use of resources and expertise in reviewing, analyzing and investigating Atmos'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 Atmos to change rates, has in the past joined with other local regulatory authorities to form an alliance of cities known as Atmos Texas Municipalities ("ATM"), and hereby continues its participation in ATM; and

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

WHEREAS, Atmos' rate application is the Company's first general rate case since about 2012, and follows annual increases approved under the now-expired tariff known as the "Rate Review Mechanism" ("RRM"); and

WHEREAS, Atmos' proposed July 6, 2018, as the effective date for its requested increase in rates; and

WHEREAS, it is not reasonably possible for the City to complete its review of Atmos's filing by July 6, 2018; and

WHEREAS, the City will need an adequate amount of time to review and evaluate Atmos's rate application to enable the City to adopt a final decision as a local regulatory authority with regard to Atmos' requested rate increase; and

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

WHEREAS, if Atmos submits a corresponding application with the Railroad Commission of Texas or appeals the City's action to the Railroad Commission of Texas, the decision of the Railroad Commission of Texas will have a direct impact on the City and its citizens who are customers of Atmos, and in order for the City's participation to be meaningful it is important that the City intervene in any such proceedings at the Railroad Commission of Texas related to Atmos's application to increase rates.

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

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

Section 2: Atmos's proposed effective date for its proposed increase in rates is hereby **SUSPENDED** for ninety days beyond July 6, 2018.

Section 3: The statutory suspension period may be further extended if Atmos does not provide timely and meaningful, and proper public notice of its request to increase rates, if its rate-filing package is materially deficient, or by agreement.

Section 4: The City shall participate in a coalition of cities known as the Atmos Texas Municipalities ("ATM"), and authorizes intervention in proceedings related to Atmos's Statement of Intent before the Railroad Commission of Texas and related proceedings in courts of law; and

Section 5: The City hereby orders Atmos to reimburse the City's rate case expenses consistent with the Gas Utility Regulatory Act and that Atmos 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 related to proceedings involving Atmos before the City, the Railroad Commission of Texas, or any court of law.

Section 6: Subject to the right to terminate employment at any time, the City retains and authorizes the law firm of Herrera Law & Associates, PLLC to act as Special Counsel with regard to rate proceedings involving Atmos before the City, the Railroad Commission of Texas, or any court of law, and to retain such experts as may be reasonably necessary for review of Atmos's rate application subject to approval by the steering committee of the ATM.

Section 7: The City, in coordination with the Steering Committee, shall review the invoices of the lawyers and rate experts for reasonableness before submitting the invoices to Atmos for reimbursement.

Section 8: A copy of this resolution shall be sent to Mr. Alfred R. Herrera, Herrera Law & Associates, PLLC, 816 Congress Ave., Suite 950, Austin, Texas 78701, and a courtesy copy to Atmos' local representative.

Section 9: 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.

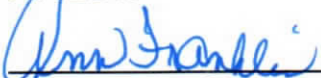
DULY RESOLVED AND ADOPTED by the City Council of the City of Bastrop this 26th day of June, 2018.

APPROVED:



Connie B. Schroeder, Mayor

ATTEST:



Ann Franklin, City Secretary

APPROVED AS TO FORM:



Alan Bojorquez, City Attorney