

**ORDINANCE NO. 24-2013**

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF ABILENE, TEXAS, (“CITY”) APPROVING AND ADOPTING RATE SCHEDULE “RRM – RATE REVIEW MECHANISM” FOR ATMOS ENERGY CORPORATION, MID-TEX DIVISION TO BE IN FORCE IN THE CITY FOR A PERIOD OF TIME AS SPECIFIED IN THE RATE SCHEDULE; ADOPTING A SAVINGS CLAUSE; DETERMINING THAT THIS ORDINANCE WAS PASSED IN ACCORDANCE WITH THE REQUIREMENTS OF THE TEXAS OPEN MEETINGS ACT; DECLARING AN EFFECTIVE DATE; AND REQUIRING DELIVERY OF THIS ORDINANCE TO THE COMPANY AND ACSC LEGAL COUNSEL.**

**WHEREAS**, the City of Abilene, Texas (“City”) is a gas utility customer of Atmos Energy Corp., Mid-Tex Division (“Atmos Mid-Tex” or “the Company”), and a regulatory authority with an interest in the rates and charges of Atmos Mid-Tex; and

**WHEREAS**, the City is a member of the Atmos Cities Steering Committee (“ACSC”), a coalition of cities, most of whom retain original jurisdiction over the rates and services of Atmos Mid-Tex; and

**WHEREAS**, in 2007 ACSC member cities and Atmos Mid-Tex collaboratively developed the Rate Review Mechanism (“RRM”) Tariff that allows for an expedited rate review process controlled by cities as a substitute for the legislatively-constructed Gas Reliability Infrastructure Program (“GRIP”); and

**WHEREAS**, the GRIP mechanism does not permit the City to review rate increases, and constitutes piecemeal ratemaking; and

**WHEREAS**, the RRM process permits City review of requested rate increases and provides for a holistic review of the true cost of service for Atmos Mid-Tex; and

**WHEREAS**, the initial RRM tariff expired in 2011; and

**WHEREAS**, ACSC’s representatives have worked with Atmos Mid-Tex to negotiate a renewal of the RRM process that avoids litigation and Railroad Commission filings; and

**WHEREAS**, the ACSC's Executive Committee and ACSC's legal counsel recommend ACSC members approve the negotiated new RRM tariff; and

**WHEREAS**, the attached Rate Schedule "RRM – Rate Review Mechanism" ("RRM Tariff") provides for a reasonable expedited rate review process that is a substitute for, and is superior to, the statutory GRIP process; and

**WHEREAS**, the expedited rate review process as provided by the RRM Tariff avoids piecemeal ratemaking; and

**WHEREAS**, the RRM tariff reflects the ratemaking standards and methodologies authorized by the Railroad Commission in the most recent Atmos Mid-Tex rate case, G.U.D. No. 10170; and

**WHEREAS**, the RRM Tariff provides for an annual reduction in Atmos Mid-Tex's requested rate increase of at least \$3 million; and

**WHEREAS**, the RRM Tariff provides for a lower customer charge than if Atmos Mid-Tex pursued GRIP filings; and

**WHEREAS**, the attached RRM Tariff as a whole is in the public interest;

**NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF ABILENE, TEXAS:**

Section 1. That the findings set forth in this Ordinance are hereby in all things approved.

Section 2. That the City Council finds that the RRM Tariff, which is attached hereto and incorporated herein as Attachment A, is reasonable and in the public interest, and is hereby in force and effect in the City.

Section 3. That to the extent any resolution or ordinance previously adopted by the City Council is inconsistent with this Ordinance, it is hereby repealed.

Section 4. That the meeting at which this Ordinance was approved was in all things conducted in strict compliance with the Texas Open Meetings Act, Texas Government Code, Chapter 551.

Section 5. That if any one or more sections or clauses of this Ordinance is judged to be unconstitutional or invalid, such judgment shall not affect, impair or invalidate the remaining provisions of this Ordinance and the remaining provisions of the Ordinance shall be interpreted as if the offending section or clause never existed.

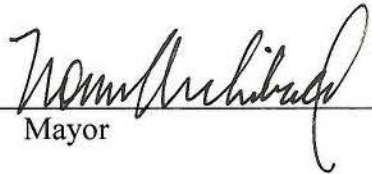
Section 6. That this Ordinance shall become effective from and after its passage.

Section 7. That a copy of this Ordinance shall be sent to Atmos Mid-Tex, care of Christopher Felan, Vice President of Rates and Regulatory Affairs for Atmos Mid-Tex Division, Atmos Energy Corporation, 5420 LBJ Freeway, Suite 1600, Dallas, Texas 75240, and to Geoffrey Gay, General Counsel to ACSC, at Lloyd Gosselink Rochelle & Townsend, P.C., 816 Congress Avenue, Suite 1900, Austin, Texas 78701.

**PASSED on FIRST READING** this 13th day of June, 2013.

A notice of the time and place said ordinance would be given a public hearing and considered for final passage was published in the Abilene Reporter-News on June 9, 2013, a daily newspaper of general circulation in the City of Abilene, the same being more than ten (10) days prior to the time designated for said hearing. After such opportunity for the public to be heard, said ordinance was passed on its second and final reading.

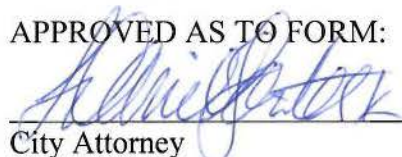
**PASSED on SECOND AND FINAL READING** after **PUBLIC HEARING** this 24th day of June, 2013.

  
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Mayor

ATTEST:

  
\_\_\_\_\_  
City Secretary

APPROVED AS TO FORM:

  
\_\_\_\_\_  
City Attorney