

RESOLUTION

WHEREAS, Texas Gas Service Company, an operating division of ONEOK, Inc. (“Company”), is a regulated utility subject to the exclusive original jurisdiction of the City of El Paso (“City”) for rates services and operations within the City and operates pursuant to an assignment of a franchise previously granted to Southern Union Company;

WHEREAS, on April 2, 2012, the Company filed a Statement of Intent to Change Rates pursuant to Texas Utilities Code Sec. 104.301 (Interim Adjustment for Changes in Investment, also known as Gas Reliability Infrastructure Program, or “GRIP”) requesting an interim adjustment of \$2,059,254 for the El Paso Service Area and specifying an effective date of June 1, 2012;

WHEREAS, the City Council finds that the Company gave notice of the increase by means of billing inserts starting on _____, 2012 and ending not later than 45 days after April 2, 2012, proof of which is attached to this Resolution as Exhibit “A”,

WHEREAS, the City Council finds that, calculations of return, depreciation, ad valorem taxes, income taxes and revenue related taxes are consistent with the findings of the Railroad Commission of Texas in Gas Utilities Docket 9988, PETITION OF TEXAS GAS SERVICE COMPANY, A DIVISION OF ONEOK, INC., FOR REVIEW OF RATESETTING ACTIONS OF THE MUNICIPALITIES OF CITY OF EL PASO, ANTHONY, CLINT, HORIZON CITY, SOCORRO AND VINTON;

WHEREAS, after negotiations between representatives of the Company and representatives of the City, the Company has agreed to reduce its request and has filed new schedules in support of the reduced request which schedules are attached to this Resolution as Exhibit “B”;

WHEREAS, the City Council finds that a reasonable amount to represent the recovery permitted under the Texas Utilities Code Sec. 104.301 (“GRIP Statute”) for the change in investment for the year ending December 31, 2011, is \$_____, assigned to customer classes through a change in the customer charge for residential customers of \$0.__ per month, commercial \$0.__ per month, public authority \$___ per month, industrial \$___ per month, municipal pumping \$_____ per month and transportation customers \$_____ per month;

WHEREAS, the City Council finds that it is reasonable to allow the Company to defer recovery of expenses incurred by the City in connection with this proceeding until the next general rate case, such deferral to be without interest or return, and has engaged the firm of Mounce, Green, Myers, Safi Paxson & Galatzan to review the applications and engage in discussions with the Company,

WHEREAS, the City Council finds that the amount of Accumulated Federal Deferred Income Taxes (“ADFIT”) included in the revised Schedule 2, represents a reasonable value of the change in the amount of ADFIT between December 31, 2010 and year end 2011 for purposes of this filing subject to the refund provisions of the GRIP statute;

WHEREAS, the City Council finds that the Company has agreed to file and should be ordered to file a full accounting explanation of ADFIT with its next general rate case,

WHEREAS, the City Council finds that actual and estimated fees and expenses of \$ _____ are reasonable for the City’s participation in this proceeding.

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF EL PASO:

1. That Texas Gas Service Company be allowed to implement an interim rate adjustment pursuant to Texas Utilities Code Sec. 104.301, due to changes in the value of invested capital in the El Paso service area for the year ending December 31, 2011, in the amount of \$ _____ for the El Paso Service Area distribution system allocated among customer classes as provided in the rate schedules attached as Exhibit “C” to this resolution effective for meters read on or after July 16, 2012, subject to the remaining terms of this Resolution.
2. That Texas Gas Service Company is ordered to continue to comply in all respects with the annual filings required under Texas Utilities Code Sec. 104.301.
3. That Texas Gas Service Company is ordered to reimburse the City for its expenses as invoiced by the City, not to exceed \$ _____, and that the recovery by Texas Gas Service Company of expenses (including expenses incurred by Texas Gas Service Company) related to this proceeding is deferred until the next general rate case, but no interest or return will be allowed on such recovery.
4. Texas Gas Service is ordered to file a full accounting explanation of the Accumulated Deferred Federal Income Taxes with its next general rate case. The City, as regulatory authority, may order refunds or otherwise take into account any corrections which need to be made to the ADFIT calculations in GRIP filings made prior to the general rate case. Until such rate case filing time, Texas Gas Service Company is not required to include ADFIT related to yearly differences between purchased gas costs and recovery in its GRIP filings.

5. That all relief requested by Texas Gas Service Company not granted herein is denied.

ADOPTED this _____ day of July 2012.

THE CITY OF EL PASO

John F. Cook
Mayor

ATTEST:

Richarda Duffy Momsen
City Clerk

APPROVED AS TO FORM:

Sylvia Borunda Firth
City Attorney

APPROVED AS TO CONTENT:

William F. Studer,
Deputy City Manager
Financial & Mgt. Support Services