

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 May 2, 2011, 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 \$1,131,764 for the El Paso Service area and specifying an effective date of July 1, 2011;

WHEREAS, the City Council finds that the Company gave notice of the increase by means of billing inserts starting May 11, 2011, proof of which is attached to this Resolution as Exhibit "A";

WHEREAS, the City Council finds that, calculations of return, depreciation, ad valorem taxes, and federal income tax rates are consistent with the findings of the Railroad Commission of Texas in Gas Utilities Docket 9988, GUD No. 9988 & 9992 (Consolidated); *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

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, 2010, is \$1,040,264, assigned to customer classes through a change in the monthly customer charge for residential customers of \$0.31, commercial \$1.00, industrial \$11.84 and standby \$11.84, public authority \$3.57, municipal pumping \$15.73 and transportation and cogeneration customers \$59.29;

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 June 1, 2010 through December 31, 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; and

WHEREAS, the City Council finds that actual and estimated fees and expenses not to exceed \$10,000 are reasonable for the City's participation in this proceeding.

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 period from March 31, 2010 through December 31, 2010, in the amount of \$1,040,264 for the El Paso distribution system allocated among customer classes as provided in the rate schedules attached as Exhibit "B" to this resolution effective for gas service rendered on or after August 15, 2011, 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 \$10,000, 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 August 2011.

THE CITY OF EL PASO

ATTEST:

John F. Cook, Mayor

Richarda D. Momsen
City Clerk

APPROVED AS TO FORM:

APPROVED AS TO CONTENT:

Sylvia Borunda Firth
Senior Assistant City Attorney

William F. Studer, Jr., Deputy City Manager
Finance and Management Support Services

AFFIDAVIT OF NOTICE

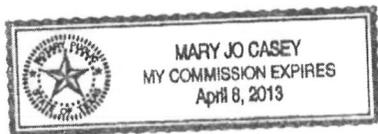
BEFORE ME, the undersigned authority, on this day personally appeared Lori Moreno, who being by me duly sworn, deposed as follows:

1. My name is Lori Moreno. I am over twenty-one (21) years of age, of sound mind, capable of making this affidavit, and personally acquainted with the facts herein stated.
2. I am employed as the Manager - Communications for Texas Gas Service Company, a division of ONEOK, Inc. ("TGS").
3. TGS is a provider of natural gas utility service to customers located within the municipalities of El Paso, Anthony, Clint, Vinton, Socorro and Horizon City, Texas.
4. During billing cycles for the months of May and June, 2011, which includes meters read between May 3, 2011 and June 8, 2011 and bills mailed between May 11, 2011 and June 14, 2011, a copy of the notice attached hereto was inserted with the customers' billing statements. As a result, notice to each TGS customer within the municipalities of El Paso, Anthony, Clint, Vinton, Socorro and Horizon City, Texas was completed within 45 days of the filing date of May 2, 2011; fulfilling the requirements under Section 104.301(a) of the Texas Utilities Code. Additionally, the Notice and Interim Rate Adjustment was placed on the TGS website as of May 4, 2011 where it remains posted as of the date of this Affidavit.

Lori Moreno

Lori Moreno

SUBSCRIBED AND SWORN to before me on the 5th day of August, 2011.



Mary Jo Casey

Notary Public in and for the State of Texas

My commission expires: April 8, 2013

Notice of New Interim Rate Adjustment Tariff

Texas Gas Service Company, a division of ONEOK, Inc. ("Company"), hereby gives notice of its intent to implement a new Interim Rate Adjustment ("IRA") tariff for gas services provided to approximately 197,875 residential, 11,909 commercial, 38 industrial, 841 public authority, 18 municipal water pumping, and 45 transportation customers within the incorporated areas of the Company's El Paso Service Area, which includes the Cities of El Paso, Socorro, Clint, Anthony, Horizon City, and Vinton, Texas. The new IRA tariff was filed with the Cities on May 2, 2011, and the proposed effective date of the IRA tariff is July 1, 2011.

The new IRA tariff implements an interim rate adjustment pursuant to TEX. UTIL. CODE ANN. §104.301. The interim rate adjustment will allow the Company to recover the incremental cost of new investment that it has made in the El Paso Service Area between June 1, 2010 and December 31, 2010.

The new IRA tariff will increase the monthly average bill for all residential, commercial, industrial, public authority, municipal water pumping, cogeneration, and transportation customers within the Company's El Paso Service Area. The average monthly increase, excluding revenue related fees and taxes, that each of these customer classes will experience is shown in the table below.

Rate Schedule	Current Customer Charge	Interim Rate Adjustment	Total
10 - Residential	\$10.80	\$0.34	\$11.14
20, 21 - Commercial, Comm. A/C	\$18.30	\$1.08	\$19.38
25, 26 - Public Authority, Pub Auth. A/C	\$32.71	\$3.89	\$36.60
27 - Municipal Water Pumping	\$121.75	\$17.12	\$138.87
40 - Industrial	\$84.01	\$12.88	\$96.89
SS - Stand By	\$125.00	\$12.88	\$137.88
C-1 - Cogeneration	\$300.50	\$64.51	\$365.01
T-1 - Standard Transportation	\$300.50	\$64.51	\$365.01

A complete copy of the IRA tariff filing has been provided to each City, and is also available for inspection during normal business hours and upon reasonable notice at the Company's business office located at 4600 Pollard Street, El Paso, Texas, 79930. Persons with specific questions or desiring additional information about this filing may contact the Company at (915) 680-7208. Information regarding the new IRA tariff is also available on the internet at <http://www.texasgasservice.com>.

TEXAS GAS SERVICE COMPANY

EXHIBIT A
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INTERIM RATE ADJUSTMENT

A. APPLICABILITY

This Interim Rate Adjustment (IRA) applies to all general service rate schedules of Texas Gas Service Company (Company) currently in force in the incorporated areas of El Paso, Anthony, Clint, Vinton, Socorro, and Horizon City, Texas. Applicable rate schedules include 10, 20, 21, 25, 26, 27, 40, SS, C-1, and T-1.

B. PURPOSE

Section 104.301, Subchapter G of the Texas Utility Code, effective on September 1, 2003, provides for an interim adjustment in a gas utility's monthly customer charge or initial block usage rate to recover the cost of changes in the utility's infrastructure investment and related expenses and revenues for providing gas utility service. The filing date of the utility's most recent rate case establishing rates for the area in which the interim rate adjustment will apply shall be no more than two years prior to the date the utility files its initial interim rate adjustment application for that area. The interim adjustment shall be recalculated on an annual basis, unless the utility files a written request and obtains approval from the regulatory authority to suspend the operation of the interim adjustment rate schedule for any year. This rate schedule establishes the interim adjustment provisions consistent with Section 104.301, Subchapter G of the Texas Utility Code.

C. BILLING

The following Interim Rate Adjustments will be added to the applicable Rate Schedule Customer Charge for each monthly billing period:

Rate Schedule	Customer Class	Current Customer Charge	Interim Rate Adjustment	Total Customer Charge
10	Residential	\$10.80	\$0.31	\$11.11
20	Commercial	\$18.30	\$1.00	\$19.30
21	Commercial A/C	\$18.30	\$1.00	\$19.30
25	Public Authority	\$32.71	\$3.57	\$36.28
26	Public Auth A/C	\$32.71	\$3.57	\$36.28
27	Municipal Water Pumping	\$121.75	\$15.73	\$137.48
40	Industrial	\$84.01	\$11.84	\$95.85
SS	Standby	\$125.00	\$11.84	\$136.84
C-1	Cogeneration	\$300.50	\$59.29	\$359.79
T-1	Transportation	\$300.50	\$59.29	\$359.79

All applicable fees and taxes will be added to the above rate.

Initial

Meters Read On and After
August 16, 2011

EXHIBIT B
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INTERIM RATE ADJUSTMENT
(Continued)

D. COMPUTATION OF IRA RATE

The amount the Company shall adjust its utility rates upward or downward under this rate schedule each calendar year is based on the difference between the value of the invested capital for the preceding calendar year and the value of the invested capital for the calendar year preceding that calendar year. The value of the invested capital is equal to the original cost of the investment at the time the investment was first dedicated to public use minus the accumulated depreciation related to that investment.

Based on the difference between the values of the invested capital amounts as determined above, the Company may adjust only the following related components of its revenue requirement: return on investment, depreciation expense, ad valorem taxes, revenue related taxes and incremental federal income taxes. The factors for these components shall be the same as those established in the Company's most recent rate case for the service area in which this interim rate adjustment is to be implemented.

The revenue requirement calculated pursuant to this rate schedule shall be allocated among the Company's customer classes for this service area in the same manner as the cost of service was allocated among customer classes in the Company's latest effective rates for this area.

E. FILING WITH THE REGULATORY AUTHORITY

1. The Company shall file either the initial interim adjustment or the annual interim adjustment with the regulatory authority at least 60 days before the proposed implementation date. During the 60-day period, the regulatory authority may act to suspend implementation of the adjustment.
2. The Company shall provide notice to customers by bill insert or direct mail not later than the 45th day after the date of filing the interim adjustment.
3. The Company shall file with the regulatory authority an annual report describing the investment projects completed and placed in service during the preceding calendar year and the investments retired or abandoned during the preceding calendar year. The annual report shall also state the cost, need, and customers benefited by the change in investment.
4. In addition, the Company shall file with the regulatory authority an annual earnings monitoring report demonstrating the Company's earnings during the preceding calendar year. Should the Company earn a return of more than 75 basis points above the return established in the latest effective rates implemented under this rate schedule, the Company shall file a statement stating the reasons why the rates are not unreasonable or in violation of the law.
5. After the issuance of a final order or decision by a regulatory authority in a rate case that is filed after the implementation of a tariff or rate schedule under this section, any change in investment that has been included in an approved interim adjustment shall no longer be subject to subsequent review for reasonableness or prudence. All amounts collected under this rate schedule are subject to refund until the issuance of a final decision in the next rate case filing for this service area.
6. The Company shall file a rate case no later than the 180th day after the fifth anniversary date its initial interim rate adjustment for this service area became effective.
7. The provisions under Section 104.301, Subchapter G of the Texas Utility Code for this interim adjustment do not limit the power of the regulatory authority under Section 104.151.

Initial

Meters Read On and After
August 16, 2011

EXHIBIT B
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