

RESOLUTION - 2005-07-19

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

WHEREAS, on February 18, 2005, 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 \$1,207,239 and specifying an effective date of May 31, 2005; and

WHEREAS, the City Council finds that the Company gave notice of the increase by means of billing inserts on or before April 4, 2005, and by publication in The El Paso Times, a newspaper of general circulation, for four weeks commencing February 20, 2005, proof of which is attached to this Resolution as Exhibit “A”, and

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 City Council in the resolution passed on September 21, 2004; and

WHEREAS, after negotiations 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”; 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, 2004, is \$967,691 for the El Paso Service Area of which approximately \$2,170 would be recovered from Village of Vinton customers, assigned to customer classes through a change in the customer charge for residential customers of \$0.32 per month, commercial \$1.17 per month, public authority \$3.65 per month, industrial \$9.94 per month, municipal pumping \$22.83 per month and transportation customers \$64.15 per month, and

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

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 year end 2003 and year end 2004 for purposes of this filing subject to the refund provisions of the GRIP statute, and

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 the Company has included in this request amounts for plant expenditures which were relocations of lines required by governmental entities (“Relocations”) which recovery of which could have been requested pursuant to Texas Utility Code Sec. 104.112, and

WHEREAS, the City Council finds that the cost of Relocations can alternatively be recovered as additional invested capital under the GRIP Statute, and

WHEREAS, the City Council finds that the Company has provided evidence that the Relocations were necessary due to requirements of Governmental Agencies and the costs were not reimbursable to the Company, and

BE IT RESOLVED BY THE CITY COUNCIL OF THE VILLAGE OF VINTON:

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, 2004, in the amount of \$967,591 for the El Paso 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 29, 2005, 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 the recovery by Texas Gas Service Company of expenses 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 19th day of July 2005.

THE VILLAGE OF VINTON



Mayor

ATTEST:



City Clerk