

ORDINANCE NO. O-2011- 015

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF
MAGNOLIA, TEXAS, DENYING PROPOSED NATURAL GAS RATE
CHANGES OF HUGHES NATURAL GAS, INC.**

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WHEREAS, Hughes Natural Gas, Inc. ("HNG or Company") filed a Statement of Intent on June 2, 2011 to change rates for residential and commercial customers within the City of Magnolia. The proposed rates are to be effective on July 7, 2011 by operation of law unless the City of Magnolia denies the requested rate change. HNG contemporaneously filed a Statement of Intent to change rates with the Railroad Commission of Texas ("Commission") for the Company's customers throughout the remainder of its service area;

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

Section 1. That the City of Magnolia finds that it is in the best interest of the natural gas customers inside the city limits of Magnolia that the Company's proposed rates be denied so that the Company can appeal the City's decision to the Railroad Commission of Texas and allow the Commission to determine fair and reasonable rates for the Company's customers inside the City of Magnolia in a consolidated proceeding with HNG's current proceeding pending in Gas Utilities Docket No. 10083.

Section 2. That the natural gas rates and charges authorized by the City of Magnolia in Ordinance No. 2006-091 dated June 13, 2006 shall remain in effect until modified by the Commission's order in Gas Utilities Docket No. 10083.

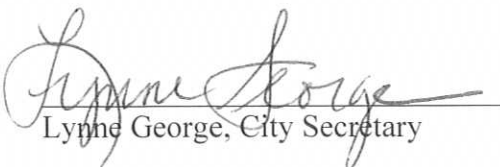
Section 3. That upon a motion to deny the proposed rates as stated in Hughes Natural Gas, Inc.'s Statement of Intent, the proposed rate changes are DENIED.

APPROVED AND ADOPTED on this the 14th day of June, 2011.



Todd Kana, Mayor

ATTEST:



Lynne George, City Secretary

