

**BEFORE THE  
RAILROAD COMMISSION OF TEXAS**

<b>APPLICATION OF ATMOS ENERGY CORP., MID-TEX DIVISION FOR THE TEST YEAR 2010 ANNUAL INTERIM RATE ADJUSTMENT PROGRAM FOR THE ENVIRONS AREAS.</b>	§ § § § §	<b>GAS UTILITIES DOCKET NO. 10059</b>
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**INTERIM RATE ADJUSTMENT ORDER**

Notice of Open Meeting to consider this Order was duly posted with the Secretary of State within the time period provided by law pursuant to TEX. GOV'T CODE ANN. Chapter 551 (Vernon 2008). The Railroad Commission of Texas adopts the following findings of fact and conclusions of law and orders as follows:

**FINDINGS OF FACT**

*Background*

1. Atmos Energy Corporation (Atmos) is a "gas utility," as that term is defined in the TEXAS UTILITY CODE, and is subject to the jurisdiction of the Railroad Commission of Texas (Commission).
2. Atmos Energy Corporation, Mid-Tex Division (Atmos), a division of Atmos, owns and operates a gas distribution system.
3. On February 25, 2011, Atmos filed an application for an annual interim rate adjustment (IRA) applicable to customers located in its Mid-Tex System environs area.
4. Atmos requested that the interim rate adjustments for all customer classes become effective on April 26, 2011.
5. On March 3, 2011, the Commission suspended implementation of Atmos' proposed interim rate adjustments until June 10, 2011, which would be 45 days following the 60<sup>th</sup> day after the application would be considered complete.
6. On May 27, 2011 and June 7, 2011, Atmos agreed to additional extensions to the requested effective date, therefore, extending the statutory deadline to June 27, 2011.

7. TEXAS UTILITIES CODE, §104.301 (Vernon 2007) does not provide a remedy for parties that oppose an annual interim rate adjustment.
8. 16 TEX. ADMIN. CODE, §7.7101 (2008) allows written comments or a protest concerning the proposed interim rate adjustment to be filed with the Gas Services Division.
9. Neither TEXAS UTILITIES CODE, §104.301 (Vernon 2007) nor 16 TEX. ADMIN. CODE, §7.7101 (2008) provides the opportunity for parties to intervene in the Commission's review of an application for an annual interim rate adjustment.
10. A gas utility's allowed adjustment in the first interim rate adjustment following a rate case is based on the difference between the gas utility's invested capital at the end of the rate case test year and the invested capital at the end of the calendar year following the end of such test year.
11. This docket is the second annual interim rate adjustment for the distribution system environs of Atmos Energy Corp., Mid-Tex Division following GUD No. 9869.
12. Until promulgation of TEXAS UTILITIES CODE, §104.301 (Vernon 2007), a utility could not increase its rates applicable to environs customers without filing with the Commission a formal statement of intent rate case, including a comprehensive cost of service rate review.
13. Atmos' proposed interim rate adjustments will allow Distribution an opportunity to recover a return on investment, depreciation expense, and related taxes on the incremental cost of infrastructure investment since its last rate case, GUD No. 9869, without the necessity of filing a statement of intent rate case and without review by the Commission of Atmos' comprehensive cost of service.

#### Applicability

14. This docket applies to only those rates over which the Commission has original jurisdiction, including all of the Distribution system environs customers.
15. For the environs areas, Atmos' average customer counts by class for 2010 was; 44,064 residential customers, 2,091 commercial customers, and 55 industrial sales and transport customers, excluding Dallas customers.

Most Recent Comprehensive Rate Case

16. Atmos' most recent rate case for the area in which the interim rate adjustment will be implemented is GUD No. 9869, *Petition for De Novo Review of the Denial of the Statement of Intent filed by Atmos Energy Corp., Mid-Tex Division by the City of Dallas; Statement of Intent to Increase Gas Utility Rates in the Unincorporated Areas Served by the Mid-Tex Division.*
17. GUD No. 9869 was filed on April 23, 2009.
18. The data used in GUD No. 9869 was based on a test-year ending June 30, 2008 updated through December 31, 2008 for known and measurable changes.
19. The Commission signed the GUD No. 9869 final Order on January 26, 2010, and the rates became effective the same day.
20. The base rates currently charged by Atmos were set by the Commission in GUD No. 9869.
21. The following chart shows the factors that were used for Distribution to establish or used in the Final Order setting rates in GUD No. 9869 to calculate the return on investment, depreciation expense, incremental federal income tax, and ad valorem taxes.

**GUD 9869 CALCULATION FACTORS**

<b>Factor</b>	<b>Distribution</b>
Rate of return	8.60%
Mid-Tex Depreciation Rate	3.484%
SSU Depreciation Rate	7.868%
Federal Income Tax Rate	35%
Mid-Tex Ad Valorem Tax Rate	1.134%
SSU Ad Valorem Tax Rate	0.460%

Interim Rate Adjustment

22. Atmos seeks approval from the Commission for an adjustment to its revenue, based on incremental net utility plant investment, with regard to the following components: return on investment; depreciation expense; ad valorem taxes; revenue related taxes; and federal income taxes.

23. The revenue amounts to be recovered through Atmos' proposed annual interim rate adjustments are incremental to the revenue requirement established in Atmos' most recent rate case for the area in which the interim rate adjustment is to be implemented, i.e., GUD No. 9869.
24. In the first interim rate adjustment, GUD 9961, following their most recent rate case, GUD 9869, Atmos adjusted its rates are based on the difference between Distribution's invested capital at the end of the most recent rate case test-year (June 30, 2008 updated through December 31, 2008) and the invested capital at the end of the calendar-year following the end of the most recent rate case test-year (December 31, 2009).
25. In this docket, the second interim rate adjustment following their most recent rate case, GUD 9869, Atmos adjusted its rates are based on the difference between Distribution's invested capital from December 31, 2009 to December 31, 2010.
26. The value of Atmos' 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 for Distribution's interim rate adjustments.
27. Atmos' incremental net utility plant investment increase is \$20,233,979 for Distribution, as shown in Exhibit B.
28. Atmos is required to use the same factors to calculate the interim return on investment, depreciation expense, and incremental federal income tax as those established or used in the final order setting rates in Atmos' most recent rate case for the area in which the interim rate adjustment is to be implemented.
29. Atmos is required to allocate the revenue to be collected through the interim rate adjustment among its customer classes in the same manner as the cost of service was allocated among its customer classes in its most recent rate case for the area in which the interim rate adjustment is to be implemented.
30. Atmos proposed the interim rate adjustment as a flat rate to be applied to the monthly customer charges and monthly meter charges rather than as a volumetric rate to be applied to the initial block usage rates.
31. Atmos is required to show its annual interim rate adjustments on its customers' monthly billing statements as a surcharge.
32. The proposed interim rate adjustment does not require an evidentiary proceeding; rather, TEXAS UTILITIES CODE, §104.301 and 16 TEX. ADMIN. CODE, §7.7101 require the regulatory authority to review a utility's method of calculating the interim rate adjustment.

33. Due process protections are deferred until Atmos files its next full statement of intent rate case.

Notice

34. Atmos provided adequate notice to its Distribution Residential (R) and Commercial (C) customers between March 7, 2011 and April 4, 2011.
35. Atmos provided adequate notice to its Distribution Industrial (I) and Transportation (T) customers on March 14, 2011.

Comprehensive Rate Case Required

36. Atmos is not required to initiate a rate case supporting a statement of intent, at the time it applies for an interim rate adjustment.
37. A gas utility that implements an interim rate adjustment and does not file a rate case before the fifth anniversary of the date its initial interim rate adjustment became effective is required to file a rate case not later than the 180th day after that anniversary.

Review of Interim Rate Adjustment

38. Atmos' proposed allocation methodology complies with TEXAS UTILITIES CODE, §104.301, and with 16 TEX. ADMIN. CODE, §7.7101.
39. For allocation methodology, it is reasonable for the Commission to approve use of Atmos' overall cost of service (less other revenue, gas cost, and revenue related taxes) as determined in its most recent rate case. The following overall cost of service allocation factors for use in the calculation of Atmos' interim rate adjustment are reasonable:

<b>Customer Class</b>	<b>Allocation Factors</b>
<b>Distribution:</b>	
Residential (R)	0.789938
Commercial (C)	0.187018
Industrial Sales & Transport (I & T)	0.023044

40. Atmos' proposed customer and meter counts comply with TEXAS UTILITIES CODE, §104.301, and with 16 TEX. ADMIN. CODE, §7.7101. For calculating the number of customer charges or meter charges per year, it is reasonable for the Commission to approve use of Distribution's 2010 year-end number of customers multiplied by twelve. The following total numbers of customer and meter charges for use in the calculation of the interim rate adjustment are reasonable:

<b>Customer Class</b>	<b>Total Number of Customer Charges / Meters</b>
<b>Distribution:</b>	
Residential (R)	17,298,144
Commercial (C)	1,485,444
Industrial Sales & Transport (I & T)	11,256
<b>Total</b>	<b>18,794,844</b>

41. It is reasonable for the Commission to approve Atmos' applications for interim rate adjustments. The following amounts of interim rate adjustment revenue and additional customer charges by customer class are reasonable:

<b>Customer Class</b>	<b>Interim Rate Adjustment Revenue</b>	<b>Additional Customer / Meter Charges</b>
<b>Distribution:</b>	\$20,233,979	
Residential (R)	\$15,983,586	\$ 0.92
Commercial (C)	\$3,784,113	\$ 2.55
Industrial (I & T)	\$466,281	\$41.43

Reimbursements of Expense

42. As provided for in the statute and the rule, a gas utility that implements an interim rate adjustment is required to reimburse the Commission for the utility's proportionate share of the Commission's annual costs related to the administration of the interim rate adjustment mechanism.
43. After the Commission has finally acted on Atmos' application for an interim rate adjustment, the Director of the Gas Services Division will estimate Atmos' proportionate share of the Commission's annual costs related to the processing of such applications.
44. In making the estimate of Atmos' proportionate share of the Commission's annual costs related to the processing of such applications, the Director will take into account the number of utilities the Commission reasonably expects to file for interim rate adjustments during the fiscal year, and the costs expected to be incurred in processing such applications.
45. Atmos is required to reimburse the Commission for the amount determined by the Director of the Gas Services Division and approved by the Commission, within thirty days after receipt of notice of the amount of the reimbursement.

CONCLUSIONS OF LAW

1. Atmos Energy Corporation (Atmos) is a "gas utility" as defined in TEX. UTIL. CODE ANN. § 101.003(7) (Vernon 2007 and Supp. 2008) and § 121.001 (Vernon 2007), and is therefore subject to the jurisdiction of the Railroad Commission of Texas (Commission).
2. The Commission has jurisdiction over Atmos, Atmos' applications for interim adjustments for incremental changes in investment, and the subject matter of this case under TEX. UTIL. CODE ANN. §102.001, §104.001, §104.002, and §104.301 (Vernon 2007).
3. Under TEX. UTIL. CODE ANN. §102.001 (Vernon 2007), the Commission has exclusive original jurisdiction over the rates and services of a gas utility that distributes natural gas in areas outside of a municipality and over the rates and services of a gas utility that transmits, transports, delivers, or sells natural gas to a gas utility that distributes the gas to the public.
4. Under the provisions of the TEXAS UTILITIES CODE ANN. §104.301 (Vernon 2008) and 16 TEX. ADMIN. CODE § 7.7101 (2008), Atmos is required to seek Commission approval before implementing an interim rate adjustment tariff for environs customers.

5. Atmos filed its applications for interim rate adjustments for changes in investment in accordance with the provisions of TEX. UTIL. CODE ANN. §104.301 (Vernon 2008) and 16 TEX. ADMIN. CODE § 7.7101 (2008).
6. Atmos' application for an interim rate adjustment was processed in accordance with the requirements of TEX. UTIL. CODE ANN. §104.301 (Vernon 2008) and 16 TEX. ADMIN. CODE §7.7101 (2008).
7. In accordance with 16 TEX. ADMIN. CODE § 7.315 (2008), within thirty days of the effective date of any change to rates or services, Atmos is required to file with the Gas Services Division of the Commission its revised tariffs.
8. Atmos may not charge any rate that has not been successfully filed and accepted as a tariff filing electronically pursuant to TEX. UTIL. CODE ANN. § 102.151 and 104.002 (Vernon 2008) and 16 TEX. ADMIN. CODE § 7.315 (2008).
9. In accordance with TEX. UTIL. CODE ANN. §104.301(a) (Vernon 2007) and 16 TEX. ADMIN. CODE § 7.7101(a) (2008), the filing date of Atmos' most recent rate case, in which there is a final order setting rates for the area in which the interim rate adjustment will apply, was no more than two years prior to the date Atmos filed its initial interim rate adjustment.
10. Atmos is required, under TEX. UTIL. CODE ANN. §104.301(e) (Vernon 2007) and 16 TEX. ADMIN. CODE § 7.7101(d) (2008), to file with the Commission an annual project report, including the cost, need, and customers benefited by the change in investment, and 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.
11. Atmos shall include in all future annual interim rate adjustment filings, relocation project reports that provide additional information about relocation project costs included in investment projects, in the same format as required in this docket.
12. Atmos is required, under TEX. UTIL. CODE ANN. §104.301(f) (Vernon 2007) and 16 TEX. ADMIN. CODE § 7.7101(e) (2008), to file with the Commission an annual earnings monitoring report demonstrating the Utility's earnings during the preceding calendar year.
13. Atmos is required, under 16 TEX. ADMIN. CODE §7.7101(h) (2008), to recalculate its approved interim rate adjustments annually and is required to file an application for an annual adjustment no later than 60 days prior to the one-year anniversary of the proposed implementation date of the previous interim rate adjustment application.



14. In accordance with 16 TEX. ADMIN. CODE § 7.7101(i) (2008), all amounts collected from customers under Atmos' interim rate adjustment tariffs or rate schedules are subject to refund. The issues of refund amounts, if any, and whether interest should be included on refunded amounts and, if so, the rate of interest, shall be addressed in the rate case a gas utility files or the Commission initiates after the implementation of an interim rate adjustment and shall be the subjects of specific findings of fact in the Commission's final order setting rates.
15. In accordance with 16 TEX. ADMIN. CODE § 7.7101(j) (2008), in the rate case that Atmos files or the Commission initiates after the implementation of an interim rate adjustment, any change in investment and related expenses and revenues that have been included in any interim rate adjustment shall be fully subject to review for reasonableness and prudence. Upon issuance of a final order setting rates in the rate case that Atmos files or the Commission initiates after the implementation of an interim rate adjustment, any change in investment and related expenses and revenues that have been included in any interim rate adjustment shall no longer be subject to review for reasonableness or prudence.
16. The Commission has authority to suspend the implementation of the interim rate adjustment, under TEX. UTIL. CODE ANN. § 104.301(a) (Vernon 2007) and 16 TEX. ADMIN. CODE § 7.7101(e) (2008).
17. Atmos provided adequate notice, in accordance with TEX. UTIL. CODE ANN. § 104.301(a) (Vernon 2007) and 16 TEX. ADMIN. CODE § 7.7101(b) (2008).
18. Atmos' applications for interim rate adjustments, as proposed, comply with all provisions of TEX. UTIL. CODE ANN. § 104.301 (Vernon 2007) and 16 TEX. ADMIN. CODE § 7.7101 (2008).
19. Atmos' interim rate adjustments established in the findings of fact and conclusions of law, comply with the provisions of TEX. UTIL. CODE ANN. § 104.301 (Vernon 2007) and 16 TEX. ADMIN. CODE § 7.7101 (2008).
20. In accordance with TEX. UTIL. CODE ANN. § 104.301(h) (Vernon 2007) and 16 TEX. ADMIN. CODE § 7.7101(l) (2008), Atmos shall file a comprehensive rate case for the areas in which the interim rate adjustment is implemented, not later than the 180th day after the fifth anniversary of the date its initial interim rate adjustment became effective.
21. The Commission has authority, under TEX. UTIL. CODE ANN. § 104.301(j) (Vernon 2007) and 16 TEX. ADMIN. CODE § 7.7101(m)(2008), to recover from Atmos the Utility's proportionate share of the Commission's annual costs related to the administration of the interim rate adjustment mechanism.

**IT IS THEREFORE ORDERED BY THE RAILROAD COMMISSION OF TEXAS THAT** Atmos' interim rate adjustments as requested and to the extent recommended to be approved in the findings of fact and conclusions of law are **HEREBY APPROVED** to be effective for bills rendered on or after June 27, 2011.

**IT IS FURTHER ORDERED THAT** Atmos **SHALL** file with the Commission no later than April 10, 2012, for Distribution, an annual project report, including the cost, need, and customers benefited by the change in investment, and 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.

**IT IS FURTHER ORDERED THAT** Atmos **SHALL** file with the Commission no later than April 10, 2012, for Distribution, a relocation project report, which provides additional information about relocation costs included in investment projects, in the format provided in this docket.

**IT IS FURTHER ORDERED THAT** Atmos **SHALL** file with the Commission no later than April 10, 2012, for Distribution, an annual earnings monitoring report demonstrating Distribution's earnings during the preceding calendar year.

**IT IS FURTHER ORDERED THAT** Atmos **SHALL** file with the Commission no later than April 10, 2012, for Distribution, recalculations of its approved interim rate adjustments and applications for annual interim rate adjustments for the preceding calendar year.

**IT IS FURTHER ORDERED THAT** within 30 days of this order Atmos **SHALL** electronically file its interim rate adjustment tariffs in proper form that accurately reflect the rates, as expressed in Exhibit A, approved by the Commission in this Order.


**IT IS FURTHER ORDERED THAT** Atmos **SHALL** not charge any rate that has not been electronically filed and accepted by the Commission as a tariff.

**IT IS FURTHER ORDERED THAT** Atmos **SHALL** reimburse the expenses incurred by the Commission in reviewing these applications. The amount of this reimbursement shall be determined by the Director of the Gas Services Division and must be approved by the Commission. This Order will not be final and effective until 20 days after a party is notified of the Commission's order. A party is presumed to have been notified of the Commission's order three days after the date on which the notice is actually mailed. If a timely motion for rehearing is filed by any party at interest, this order shall not become final and effective until such motion is overruled, or if such motion is granted, this order shall be subject to further action by the Commission. Pursuant to TEX. GOV'T CODE §2001.146(e), the time allotted for Commission action on a motion for rehearing in this case prior to its being overruled by operation of law, is hereby extended until 90 days from the date the order is served on the parties.

Any portion of the Utility's application not expressly granted herein is overruled. All requested findings of fact and conclusions of law, which are not expressly adopted herein, are denied. All pending motions and requests for relief not previously granted or granted herein are denied.

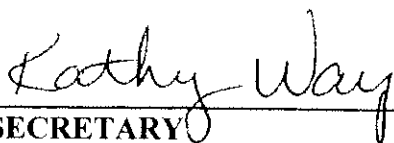
SIGNED this 27<sup>th</sup> day of June 2011.

RAILROAD COMMISSION OF TEXAS

  
ELIZABETH A. JONES  
CHAIRMAN

  
DAVID PORTER  
COMMISSIONER

ATTEST

  
SECRETARY

## **Exhibit A**

<b>RATE SCHEDULE:</b>	<b>R – RESIDENTIAL SALES</b>	
<b>APPLICABLE TO:</b>	<b>Unincorporated Areas</b>	
<b>EFFECTIVE DATE:</b>		

**Application**

Applicable to Residential Customers for all natural gas provided at one Point of Delivery and measured through one meter.

**Type of Service**

Where service of the type desired by Customer is not already available at the Point of Delivery, additional charges and special contract arrangements between Company and Customer may be required prior to service being furnished.

**Monthly Rate**

Customer's monthly bill will be calculated by adding the following Customer and Mcf charges to the amounts due under the riders listed below:

<b>Charge</b>	<b>Amount</b>
GUD 9869 Customer Charge per Bill	\$16.00 per month
Interim Rate Adjustments ("IRA")	\$ 1.70 per month <sup>1</sup>
<b>Total Customer Charge</b>	\$17.70 per month
Commodity Charge – All Mcf	\$ 0.4315 per Mcf

Gas Cost Recovery: Plus an amount for gas costs and upstream transportation costs calculated in accordance with Part (a) and Part (b), respectively, of Rider GCR.

Weather Normalization Adjustment: Plus or Minus an amount for weather normalization calculated in accordance with Rider WNA.

Franchise Fee Adjustment: Plus an amount for franchise fees calculated in accordance with Rider FF. Franchise Fees are to be assessed solely to customers within municipal limits. This does not apply to Environs Customers.

Tax Adjustment: Plus an amount for tax calculated in accordance with Rider TAX.

Surcharges: Plus an amount for surcharges calculated in accordance with the applicable rider(s).

**Agreement**

An Agreement for Gas Service may be required.

**Notice**

Service hereunder and the rates for services provided are subject to the orders of regulatory bodies having jurisdiction and to the Company's Tariff for Gas Service.

Note: <sup>1</sup>2009 IRA - \$0.78; 2010 IRA - \$0.92.

<b>RATE SCHEDULE:</b>	<b>C – COMMERCIAL SALES</b>	
<b>APPLICABLE TO:</b>	<b>Unincorporated Areas</b>	
<b>EFFECTIVE DATE:</b>		

**Application**

Applicable to Commercial Customers for all natural gas provided at one Point of Delivery and measured through one meter and to Industrial Customers with an average annual usage of less than 3,000 Mcf.

**Type of Service**

Where service of the type desired by Customer is not already available at the Point of Delivery, additional charges and special contract arrangements between Company and Customer may be required prior to service being furnished.

**Monthly Rate**

Customer's monthly bill will be calculated by adding the following Customer and Mcf charges to the amounts due under the riders listed below:

<b>Charge</b>	<b>Amount</b>
GUD 9869 Customer Charge per Bill	\$ 30.00 per month
Interim Rate Adjustments ("IRA")	\$ 4.72 per month <sup>1</sup>
<b>Total Customer Charge</b>	<b>\$ 34.72 per month</b>
Commodity Charge - All Mcf	\$ 0.5748 per Mcf

Gas Cost Recovery: Plus an amount for gas costs and upstream transportation costs calculated in accordance with Part (a) and Part (b), respectively, of Rider GCR.

Weather Normalization Adjustment: Plus or Minus an amount for weather normalization calculated in accordance with Rider WNA.

Franchise Fee Adjustment: Plus an amount for franchise fees calculated in accordance with Rider FF. Franchise Fees are to be assessed solely to customers within municipal limits. This does not apply to Environs Customers.

Tax Adjustment: Plus an amount for tax calculated in accordance with Rider TAX.

Surcharges: Plus an amount for surcharges calculated in accordance with the applicable rider(s).

**Agreement**

An Agreement for Gas Service may be required.

**Notice**

Service hereunder and the rates for services provided are subject to the orders of regulatory bodies having jurisdiction and to the Company's Tariff for Gas Service.

Note: <sup>1</sup>2009 IRA - \$2.17; 2010 IRA - \$2.55.

<b>RATE SCHEDULE:</b>	<b>I – INDUSTRIAL SALES</b>	
<b>APPLICABLE TO:</b>	<b>Unincorporated Areas</b>	
<b>EFFECTIVE DATE:</b>		

**Application**

Applicable to Industrial Customers with a maximum daily usage (MDU) of less than 3,500 MMBtu per day for all natural gas provided at one Point of Delivery and measured through one meter. Service for Industrial Customers with an MDU equal to or greater than 3,500 MMBtu per day will be provided at Company's sole option and will require special contract arrangements between Company and Customer.

**Type of Service**

Where service of the type desired by Customer is not already available at the Point of Delivery, additional charges and special contract arrangements between Company and Customer may be required prior to service being furnished.

**Monthly Rate**

Customer's monthly bill will be calculated by adding the following Customer and MMBtu charges to the amounts due under the riders listed below:

<b>Charge</b>	<b>Amount</b>
GUD 9869 Customer Charge per Meter	\$ 550.00 per month
Interim Rate Adjustments ("IRA")	\$ 76.00 per month <sup>1</sup>
<b>Total Customer Charge</b>	<b>\$ 626.00 per month</b>
First 0 MMBtu to 1,500 MMBtu	\$ 0.1373 per MMBtu
Next 3,500 MMBtu	\$ 0.0999 per MMBtu
All MMBtu over 5,000 MMBtu	\$ 0.0159 per MMBtu

Gas Cost Recovery: Plus an amount for gas costs and upstream transportation costs calculated in accordance with Part (a) and Part (b), respectively, of Rider GCR.

Franchise Fee Adjustment: Plus an amount for franchise fees calculated in accordance with Rider FF. Franchise Fees are to be assessed solely to customers within municipal limits. This does not apply to Environs Customers.

Tax Adjustment: Plus an amount for tax calculated in accordance with Rider TAX.

Surcharges: Plus an amount for surcharges calculated in accordance with the applicable rider(s).

**Curtailment Overpull Fee**

Upon notification by Company of an event of curtailment or interruption of Customer's deliveries, Customer will, for each MMBtu delivered in excess of the stated level of curtailment or interruption, pay Company 200% of the midpoint price for the Katy point listed in *Platts Gas Daily* published for the applicable Gas Day in the table entitled "Daily Price Survey."

**Replacement Index**

In the event the "midpoint" or "common" price for the Katy point listed in *Platts Gas Daily* in the table entitled "Daily Price Survey" is no longer published, Company will calculate the applicable imbalance fees

Note: <sup>1</sup>2009 IRA - \$34.57; 2010 IRA - \$41.43.

<b>RATE SCHEDULE:</b>	<b>I – INDUSTRIAL SALES</b>	
<b>APPLICABLE TO:</b>	<b>Unincorporated Areas</b>	
<b>EFFECTIVE DATE:</b>		

utilizing a daily price index recognized as authoritative by the natural gas industry and most closely approximating the applicable index.

**Agreement**

An Agreement for Gas Service may be required.

**Notice**

Service hereunder and the rates for services provided are subject to the orders of regulatory bodies having jurisdiction and to the Company's Tariff for Gas Service.

**Special Conditions**

In order to receive service under Rate I, Customer must have the type of meter required by Company. Customer must pay Company all costs associated with the acquisition and installation of the meter.



<b>RATE SCHEDULE:</b>	<b>T – TRANSPORTATION</b>	
<b>APPLICABLE TO:</b>	<b>Unincorporated Areas</b>	
<b>EFFECTIVE DATE:</b>		

**Application**

Applicable, in the event that Company has entered into a Transportation Agreement, to a customer directly connected to the Atmos Energy Corp., Mid-Tex Division Distribution System (Customer) for the transportation of all natural gas supplied by Customer or Customer's agent at one Point of Delivery for use in Customer's facility.

**Type of Service**

Where service of the type desired by Customer is not already available at the Point of Delivery, additional charges and special contract arrangements between Company and Customer may be required prior to service being furnished.

**Monthly Rate**

Customer's bill will be calculated by adding the following Customer and MMBtu charges to the amounts and quantities due under the riders listed below:

<b>Charge</b>	<b>Amount</b>
GUD 9869 Customer Charge per Meter	\$ 550.00 per month
Interim Rate Adjustments ("IRA")	\$ 76.00 per month <sup>1</sup>
<b>Total Customer Charge</b>	<b>\$ 626.00 per month</b>
First 0 MMBtu to 1,500 MMBtu	\$ 0.1373 per MMBtu
Next 3,500 MMBtu	\$ 0.0999 per MMBtu
All MMBtu over 5,000 MMBtu	\$ 0.0159 per MMBtu

Upstream Transportation Cost Recovery: Plus an amount for upstream transportation costs in accordance with Part (b) of Rider GCR.

Retention Adjustment: Plus a quantity of gas as calculated in accordance with Rider RA.

Franchise Fee Adjustment: Plus an amount for franchise fees calculated in accordance with Rider FF. Franchise Fees are to be assessed solely to customers within municipal limits. This does not apply to Environs Customers.

Tax Adjustment: Plus an amount for tax calculated in accordance with Rider TAX.

Surcharges: Plus an amount for surcharges calculated in accordance with the applicable rider(s).

**Imbalance Fees**

All fees charged to Customer under this Rate Schedule will be charged based on the quantities determined under the applicable Transportation Agreement and quantities will not be aggregated for any Customer with multiple Transportation Agreements for the purposes of such fees.

**Monthly Imbalance Fees**

Customer shall pay Company the greater of (i) \$0.10 per MMBtu, or (ii) 150% of the difference per MMBtu between the highest and lowest "midpoint" price for the Katy point listed in *Platts Gas Daily* in the table

Note: <sup>1</sup>2009 IRA - \$34.57; 2010 IRA - \$41.43.

<b>RATE SCHEDULE:</b>	<b>T – TRANSPORTATION</b>	
<b>APPLICABLE TO:</b>	<b>Unincorporated Areas</b>	
<b>EFFECTIVE DATE:</b>		

entitled "Daily Price Survey" during such month, for the MMBtu of Customer's monthly Cumulative Imbalance, as defined in the applicable Transportation Agreement, at the end of each month that exceeds 10% of Customer's receipt quantities for the month.

**Curtailment Overpull Fee**

Upon notification by Company of an event of curtailment or interruption of Customer's deliveries, Customer will, for each MMBtu delivered in excess of the stated level of curtailment or interruption, pay Company 200% of the midpoint price for the Katy point listed in *Platts Gas Daily* published for the applicable Gas Day in the table entitled "Daily Price Survey."

**Replacement Index**

In the event the "midpoint" or "common" price for the Katy point listed in *Platts Gas Daily* in the table entitled "Daily Price Survey" is no longer published, Company will calculate the applicable imbalance fees utilizing a daily price index recognized as authoritative by the natural gas industry and most closely approximating the applicable index.

**Agreement**

A transportation agreement is required.

**Notice**

Service hereunder and the rates for services provided are subject to the orders of regulatory bodies having jurisdiction and to the Company's Tariff for Gas Service.

**Special Conditions**

In order to receive service under Rate T, customer must have the type of meter required by Company. Customer must pay Company all costs associated with the acquisition and installation of the meter.

## **Exhibit B**

**ATMOS ENERGY CORP., MID-TEX DIVISION - UNINCORPORATED AREAS**  
**INTERIM COST RECOVERY AND RATE ADJUSTMENT REPORT**  
**AS OF DECEMBER 31, 2010**

Line No.	Description (a)	Total Approved Per GUD 9869 As of 12/31/08 (1)	Per Book As of 12/31/10 (c)	Adjustments (d)	Per Book Adjusted As of 12/31/10 (e)	Ref (f)	Change In Investment (Col. e - Col. b) (g)
1	Utility Plant Investment	\$ 2,321,013,992	\$ 2,566,696,685	\$ (88,374,422)	\$ 2,478,322,262	2	\$ 157,308,271
2	Accumulated Depreciation	873,821,257	1,007,256,362	(77,668,511)	929,587,851	2	55,766,594
3	Allocated SSU Utility Plant Investment	136,939,883	155,752,654	(1,034,208)	154,718,446	2, 3	17,778,563
4	Allocated SSU Accumulated Depreciation	85,875,753	98,053,250	-	98,053,250	3	12,177,497
5	Removal of Expense Account Costs, and Other	(702,729)	-	(5,158)	(5,158)	2	697,571
6	Adjustments	\$ 1,497,554,136	\$ 1,617,139,727	\$ (11,745,277)	\$ 1,605,394,450	2	\$ 107,840,313
7	Net Utility Plant Investment						
8							
9	Calculation of the Interim Rate Adjustment Amount:						
10	Return						
11	Depreciation Expense						
12	Property-related Taxes (Ad Valorem)						
13	Revenue-related Taxes						
14	Federal Income Tax						
15	Interim Rate Adjustment Amount						
16	GRIP refund amount calculated as per the Final Order in GUD 9869 (5)						
17	Adjusted Interim Rate Amount (Ln. 15 plus Ln. 16)						
18							
19	Interim Rate Adjustment Amount times the Allocation Factors:						
20	Rate Schedule R						
21	Rate Schedule C						
22	Rate Schedules I and T						
23	Total						
24							
25	Total Change in Customer/Meter Charge:						
26	Rate Schedule R						
27	Rate Schedule C						
28	Rate Schedules I and T						
29							

(Sch. A, Ln. 6, Col. g) times (Sch. B, Ln. 1, Col. b) \$ 9,274,267  
 [(Sch. A, Ln. 1, Col. g) times (Sch. B, Ln. 3, Col. b)] plus [(Sch. A, Ln. 3, Col. g) times (Sch. B, Ln. 5, Col. b)] 6,879,458

[(Sch. A, Col. g, Ln. 10, Col. b)] plus [(Sch. A, Col. g, Ln. 3 minus Ln. 4) times (Sch. B, Ln. 15, Col. b)] 1,227,710  
 (Sch. C, Ln. 9, Col. b) 2,954,035

\$ 20,335,470  
 \$ (101,491)  
 \$ 20,233,979

(Sch. A, Ln. 17, Col. g) times (Sch. B, Ln. 20, Col. b) \$ 15,983,566  
 (Sch. A, Ln. 17, Col. g) times (Sch. B, Ln. 21, Col. b) 3,784,113  
 (Sch. A, Ln. 17, Col. g) times (Sch. B, Ln. 22, Col. b) 466,281  
 \$ 20,233,979

(Sch. A, Ln. 20, Col. g) divided by (Sch. B, Ln. 26, Col. b) \$ 0.92  
 (Sch. A, Ln. 21, Col. g) divided by (Sch. B, Ln. 27, Col. b) \$ 2.55  
 (Sch. A, Ln. 22, Col. g) divided by (Sch. B, Ln. 28, Col. b) \$ 41.43

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Line No.	Description (a)	Total Approved Per GUD 9869 As of 12/31/08 (1) (b)	Per Book As of 12/31/10 (c)	Adjustments (d)	Per Book Adjusted As of 12/31/10 (e)	Ref (f)	Change in Investment (Col. e - Col. b) (g)
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30 Notes:

31 1. Amounts updated to include the 2009 IRA authorized in GUD 9961.

32 2. See Workpaper/Schedule A for adjustment details.

33 3. The amounts in Column (c) represent the SSU per book amounts multiplied by the factors authorized in GUD 9869, updated using the 2010 allocation factors.

34 4. Revenue-related taxes are recovered through Rider TAX and Rider FF.

35 5. The GRIP refund amount is a one-time adjustment appearing only in the 2010 filing. The GRIP refund amount is shown as an adjustment from the calculated Interim Rate Amount as

36 per a discussion with Railroad Commission Staff on 5/19/11.