

**BEFORE THE  
RAILROAD COMMISSION OF TEXAS**

<b>APPLICATION OF ATMOS ENERGY, WEST TEXAS DIVISION FOR TEST YEAR 2010 ANNUAL INTERIM RATE ADJUSTMENT FOR THE ENVIRONS AREAS OF THE CITIES OF THE WEST TEXAS RATE DIVISION</b>	§ § § § § §	<b>GAS UTILITIES DOCKET NO. 10060</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 2000 & Supp. 2009). The Railroad Commission of Texas (Commission) 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, West Texas Division (Atmos West Texas) owns and operates a natural gas distribution system that provides natural gas to customers in the service area known as the West Texas Rate Division.
3. On March 1, 2011, Atmos West Texas filed with the Commission, pursuant to Texas Utilities Code Sec. 104.301 and Rule §7.7101, an application to recover \$278,064 of 2010 infrastructure investment costs through the implementation of an Interim Rate Adjustment (IRA) applicable to customers located in the environs of its West Texas Rate Division area.
4. On March 2, 2011, the Commission suspended implementation of Atmos West Texas' proposed IRA until June 14, 2011, which is 45 days following the 60<sup>th</sup> day after the filing date of the application.
5. Neither TEXAS UTILITIES CODE, §104.301 (Vernon 2007) nor 16 TEX. ADMIN. CODE, §7.7101 (2009) provide the opportunity for parties to intervene in the Commission's review of an application for an annual IRA.

6. 16 TEX. ADMIN. CODE, §7.7101 (2004) allows written comments or a protest concerning the proposed IRA to be filed with the Gas Services Division.
7. No comments or protests were received in this docket.
8. On February 25, 2005, Atmos West Texas filed a Statement of Intent to change its rates to customers located in the environs of the West Texas Service Area, otherwise known as the 66 Cities Environs, **GUD No. 9573**. An order approving new rates was signed on July 11, 2005; an order Nunc Pro Tunc correcting a typographical error was signed on September 7, 2005.
9. Atmos' most recent Statement of Intent rate case for West Texas unincorporated areas was administered by the Commission in Gas Utilities Docket No. 9573, Statement of Intent Filed by Atmos Energy Corporation to Increase Rates and Change Tariffs in the Environs of the West Texas Service Area.
10. Beginning in 2005, Atmos proposed seven sequential Interim Rate Adjustments applicable to customers in the West Texas unincorporated areas. The applications were administered in Gas Utility Docket Nos. 9608, 9693, 9740, 9829, 9877, 9956 and 10060.
11. The total revenue requirement increase calculated by Atmos for the West Texas Rate Division and the revenue requirement increase attributable to West Texas unincorporated areas in each of the seven Interim Rate Adjustments are shown in Table 1.0, columns B through G, following.

**Table 1.0 Revenue Increase Summary - West Texas Rate Division**

	A	B	C	D	E	F	G	
	Most recent rate case	1st Interim Rate Adjustment	2nd Interim Rate Adjustment	3 <sup>rd</sup> Interim Rate Adjustment	4th Interim Rate Adjustment	5th Interim Rate Adjustment	6th Interim Rate Adjustment	7th Interim Rate Adjustment
Atmos' initial revenue increase request	\$7,683,862							
Revenue increase for total West Texas Rate Division	\$3,200,000 per settlement	\$2,539,525		\$1,234,326	\$1,315,318	\$2,311,698	\$2,678,703	\$2,267,626
Revenue increase for West Texas municipalities and cities, per settlement	\$2,729,349					Rate Review Mechanism (RRM)		
Revenue increase for West Texas unincorporated areas	\$470,651 (Dkt. 9573)	\$347,087 (Dkt. 9608)	\$0 (Dkt. 9693)	\$131,760 (Dkt. 9740)	\$288,375 (Dkt. 9829)	\$288,375 (Dkt. 9877)	\$321,476 (Dkt. 9956)	\$278,064 (Dkt. 10060)

Source: Atmos West Texas' April 29, 2011 response to Request for Information No. 1-13

12. The test year end dates and Interim Rate Adjustment effective dates for each of the seven Interim Rate Adjustment cases applicable to Atmos' West Texas unincorporated areas are shown in Table 2.0, following.

**Table 2.0 Interim Rate Adjustment Cases – West Texas Unincorporated Areas**

	Docket No.	Test year end date	Interim Rate Adjustment effective date
1	9608	12/31/2004	12/13/2005
2	9693	12/31/2005	None*
3	9740	12/31/2006	1/2/2008
4	9829	12/31/2007	2/11/2009
5	9877	12/31/2008	8/18/2009
6	9956	12/31/2009	6/8/2010
7	10060	12/31/2010	5/24/2010 upon approval

\* In 2005, Atmos' earnings exceeded the allowable level; Atmos forfeited its Interim Rate Adjustment.

13. Until promulgation of Sec. 104.301 of the Texas Utilities Code, a gas utility could initiate rate increases applicable to customers in unincorporated areas only by filing with the Commission a formal Statement of Intent rate case, including a comprehensive cost of service rate review.
14. Section 104.301 of the Texas Utilities Code provides Atmos an opportunity to recover, subject to refund, its annual infrastructure investment costs, including incremental depreciation expense, incremental ad valorem taxes, incremental revenue related taxes, incremental federal income taxes, and a return on its incremental investment, without the necessity of filing a Statement of Intent rate case and without an immediate review by the Commission of Atmos' comprehensive cost of service.

Applicability

15. This docket applies only to rates over which the Commission has original jurisdiction, including rates applicable to West Texas environs areas, as identified in Finding of Fact No. 3.
16. During the 2010 calendar year, Atmos had approximately 13,863 customers in West Texas environs areas. Of these, 11,946 were residential customers, 1,694 were commercial customers, 114 were industrial customers, 97 were public authority customers, and 12 were state authority customers. (Atmos April 29, 2011 response to Request for Information No. 1-8)

Most Recent Comprehensive Rate Case

17. In Docket No. 9573, the most recent rate case for Atmos' West Texas environs areas, the Commission determined that a rate of return of 8.77% is reasonable for Atmos. (July 11, 2005 *Final Order* at Finding of Fact No. 25)
18. In Docket No. 9573, the Commission determined that Atmos' depreciation rates are reasonable and approved those rates, as described in the July 11, 2005 *Final Order*, Exhibit A, Depreciation Schedules 6, WP6-1, WP6-2, WP6-3, WP6-3, WP6-4 and WP6-5. (*Final Order* at Finding of Fact Nos. 26 and 42)
19. In the Interim Rate Adjustment applications filed by Atmos after Docket No. 9573, Atmos used a composite depreciation rate of 3.03% to calculate its change in revenue requirement.
20. Atmos' 3.03% composite depreciation rate is the result of dividing \$5,032,831 of depreciation expense by \$166,040,322 of Invested Capital – Gross Plant, as determined in Docket No. 9573. (Docket No. 9573 *Final Order* at Schedule 6, column (b), line 12 and Docket No. 9573 *Application* at Schedule WP 7-1, line 33)
21. In Docket No. 9573, the Commission approved Customer Charges applicable to West Texas unincorporated areas as listed in Table 3.0, column A, following.

Interim Rate Adjustments

22. Interim Rate Adjustments approved by the Commission for the 2004 – 2009 calendar years, applicable to Atmos' customers in West Texas unincorporated areas, are shown in Table 3.0, columns B through G, following.
23. Atmos' proposed Interim Rate Adjustment for the 2010 calendar year, applicable to customers in West Texas unincorporated areas, is shown in Table 3.0, column H, following.
24. When Atmos' Interim Rate Adjustments for 2004-2010 are added to monthly Customer Charges approved by the Commission in Docket No. 9573, the resulting totals are shown in Table 3.0, column I, following. (Application, Tab 2, IRA-4 tariffs)

**Table 3.0 Atmos' Customer Charges and Interim Rate Adjustments**

	A	B	C	D	E	F	G	H	I
Customer Charge	2004	2005	2006	2007	2008	2009	2010	Total	
Residential	\$8.50	\$1.09	\$-	\$0.49	\$0.58	\$1.00	\$1.18	\$0.99	\$13.83
Commercial	\$14.00	\$3.09	\$-	\$1.43	\$1.67	\$2.93	\$3.46	\$2.94	\$29.52
Public authority	\$42.00	\$7.67	\$-	\$3.52	\$3.92	\$7.87	\$8.54	\$7.22	\$80.74
State institution	\$40.74	\$11.91	\$-	\$7.07	\$6.44	\$11.72	\$13.15	\$10.90	\$101.93
Industrial	\$55.00	\$30.17	\$-	\$21.44	\$21.99	\$46.06	\$54.89	\$48.19	\$277.74
Docket No.	9573	9608	9693	9740	9829	9877	9956	10060	

25. Atmos represented that its proposed Interim Rate Adjustment for the 2010 calendar year is based upon the difference between the value of the Company's invested capital for the West Texas Rate Division as of December 31, 2010 and the value of the invested capital as of December 31, 2009. (Application, Tab 1, page 2)
26. Per Rule §7.7101(f)(3), the value of 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.
27. For 2010, Atmos reported an increase in Utility Plant Investment of \$15,084,961. (Application, Tab 2, IRA-3, column (c), line 1)
28. For 2010, Atmos reported an Accumulated Depreciation decrease of \$2,445,759. (Application, Tab 2, IRA-3, column (c), line 2)
29. In its April 29, 2011 response to Request for Information No. 1-5, Atmos represented that \$416 of costs for entertainment, alcoholic beverages, and meals were excluded from the revenue requirement calculation. (Application, Tab 2, IRA-3, column (c), line 5)
30. After reducing \$15,084,961 of incremental Utility Plant Investment by \$2,445,759 of incremental Accumulated Depreciation and \$416 of exclusions, the net increase in Rate Base for 2010 for the West Texas Rate Division is \$12,638,786. (Application, Tab 2, IRA-3, column (c), line 9)
31. For 2010, Atmos reported an increase in depreciation expense of \$457,074 as permitted by Texas Utilities Code Sec. 104.301(d) and Rule §7.7101(f)(4)(B). (Application, Tab 2, IRA-3, column (c), line 13)
32. For 2010, Atmos reported incremental taxes of \$702,763, including ad valorem taxes of \$197,172, revenue-related taxes of \$148,290, and federal income taxes of \$357,301, as permitted by Texas Utilities Code Sec. 104.301(d) and Rule §7.7101(f)(4)(C) - (E). (Application, Tab 2, IRA-3, column (c), lines 14-16)
33. For 2010, Atmos' allowable after tax rate of return was 8.77%, resulting in an allowable increase in return of \$1,108,422, per Texas Utilities Code Sec. 104.301(d) and Rule §7.7101(f)(4)(A). Atmos used an increase in return of \$1,107,790 to calculate its increase in revenue requirement. (Application, Tab 2, IRA-3, column (c), line 11)
34. Atmos used the same factors to calculate the Docket No. 10060 return on investment, depreciation expense, and federal income tax as those used to set rates in the Company's most recent rate case, Docket No. 9573, consistent with Rule §7.7101(f)(5).
35. For 2010, Atmos reported an incremental increase in West Texas Rate Division net revenue requirement of \$2,267,626. Of this amount, Atmos proposed to recover \$278,064 from

customers in West Texas unincorporated areas. (Atmos' April 29, 2010 response to Request for Information No. 1-13)

36. To determine the 2010 incremental increase in revenue requirement of \$2,267,626 attributable to West Texas Rate Division infrastructure investment, Atmos summed its incremental increases in depreciation expense, taxes, and return, as shown in Exhibit C, attached.
37. As required by Sec. 104.301(a) of the Texas Utilities Code and Rule §7.7101(f)(6), Atmos allocated the incremental revenue requirement among customer classes in the same manner the cost of service was allocated among customer classes in Docket No. 9573, as shown in Table 4.0, following. (Application, Tab 2, IRA-16)

**Table 4.0 Revenue Requirement Allocation Factors  
for the West Texas Rate Division**

Customer Class	Allocation Factors
Residential	70.389%
Commercial	18.597%
Industrial	4.854%
Public Authority	5.655%
State Authority	.505%

38. Atmos' application included an annual project report, as required by Texas Utilities Code Sec. 104.301(e) and Rule §7.7101(d). According to the report, which describes each investment project completed:
- The change in utility plant investment due to 2010 West Texas Rate Division investment projects is \$17,073,600 before retirements, transfers and adjustments and \$15,084,960 after retirements, transfers and adjustments. (Application, Tab 4, Summary Assets Activity)
  - The change in utility plant investment due to 2010 safety-related projects is \$9,772,841. (Atmos West Texas' April 29, 2011 response to Request for Information No. 1-22)
  - The change in utility plant investment for 2010 integrity testing projects is \$0 because Atmos expenses, rather than capitalizes, costs associated with integrity testing. (Atmos' April 29, 2011 response to Request for Information No. 1-24)
39. The Interim Rate Adjustment proposed by Atmos is a flat rate for each customer class to be added to monthly Customer Charges, as permitted by Sec. 104.301(a) of the Texas Utilities Code and Rule §7.7101(f)(7).
40. The 2010 Interim Rate Adjustment proposed by Atmos is based, in part, upon Atmos West Texas' customer counts for the West Texas Rate Division.
41. Atmos West Texas' customer counts for the West Texas Rate Division are shown in Exhibit B, attached, as presented by Atmos in Docket No. 9573, the most recent rate case, and as

presented in Docket No. 10060, the instant case. (Atmos West Texas' April 29, 2011 response to Request for Information No. 1-8)

42. Atmos' 2010 customer counts were multiplied by 12 months to determine the annual number of bills. When the annual number of bills for each customer class is multiplied by the proposed Interim Rate Adjustment for each customer class, the approximate result is the proposed revenue requirement of \$278,064 for West Texas unincorporated areas.
43. Per Rule §7.7101(f)(7), Atmos is required to show an Interim Rate Adjustment on its customers' monthly billing statements as a surcharge.
44. As required by Texas Utilities Code Sec. 104.301(f), Atmos filed an annual earnings monitoring report with its application. The earnings monitoring report states that Atmos West Texas' actual rate of return in 2010 was 8.40% as compared with the 8.77% allowed rate of return established in Docket No. 9573. (Application, Tab 3)

#### Notice

45. Atmos West Texas completed its notice of the Interim Rate Adjustment to Residential, Commercial, Industrial, Public Authority, and State Institution customers on April 14, 2011, completing the application. (Atmos' April 29, 2011 response to Request for Information No. 1-1)
46. Per Rule §7.7101(b), mailed notice is deemed complete three days after the notice is mailed; thus, bill insert notice to affected customers was complete on April 17, 2011, three days after the final April 14, 2010 mailing date.

#### Comprehensive Rate Case Requirement

47. Atmos is not required to file a Statement of Intent rate case at the time it applies for approval to implement an Interim Rate Adjustment.
48. Atmos did not file a rate case for the West Texas unincorporated areas prior to December 13, 2010, which was the fifth anniversary of the date its initial Interim Rate Adjustment became effective, and must file a rate case no later than June 11, 2011, which is the 180th day after the fifth anniversary. (Texas Utilities Code Sec. 104.301(h))

#### Review of Interim Rate Adjustment Application

49. Atmos filed its application with the Commission 60 days before the proposed implementation date of the Interim Rate Adjustment, in accordance with TEX. UTIL. CODE ANN. §104.301(a) (Vernon 2007) and 16 TEX. ADMIN. CODE §7.7101(a)(2) (2009).
50. Atmos' application included each of the components required by 16 TEX. ADMIN. CODE §7.7101(c) (2009).

51. Atmos' application included an annual report describing investment projects completed during 2010 and an annual earnings monitoring report, in accordance with TEX. UTIL. CODE ANN. §104.301(e) and (f). (Vernon 2007)
52. Notice was mailed, pursuant to TEX. UTIL. CODE ANN. §104.301(a) (Vernon 2007), to affected customers within 45 days from the date the application was filed.
53. The methodology used by Atmos to develop its Interim Rate Adjustment proposal is consistent with the methodology prescribed in TEX. UTIL. CODE ANN. §104.301 (Vernon 2007) and 16 TEX. ADMIN. CODE §7.7101(f) (2009).
54. Atmos allocated the 2010 revenue requirement among customer classes in the same manner the cost of service was allocated in the Company's most recent rate case for the West Texas unincorporated areas, pursuant to TEX. UTIL. CODE ANN. §104.301(a) (Vernon 2007) and 16 TEX. ADMIN. CODE §7.7101(f)(6) (2009).
55. Atmos' application to implement an Interim Rate Adjustment was reviewed in accordance with the requirements of TEX. UTIL. CODE ANN. §104.301 (Vernon 2007) and 16 TEX. ADMIN. CODE §7.7101(g) (2009).
56. Atmos' proposed Interim Rate Adjustment applicable to customers in West Texas unincorporated areas is consistent with TEX. UTIL. CODE ANN. §104.301 (Vernon 2007) and 16 TEX. ADMIN. CODE §7.7101 (2009).
57. The reasonableness and prudence of investments, and related expenses and revenues, included in the 2010 Interim Rate Adjustment will be determined in the next rate case for the unincorporated West Texas Rate Division areas, as required by 16 TEX. ADMIN. CODE §7.7101 (2009).
58. After issuance of a final order in the next rate case, Atmos' investments recovered through the 2010 Interim Rate Adjustment will no longer be subject to a subsequent review for reasonableness and prudence, in accordance with TEX. UTIL. CODE ANN. §104.301(Vernon 2007).
59. It is reasonable for the Commission to approve Atmos' Interim Rate Adjustment, subject to refund until the conclusion of Atmos' next rate case for the West Texas unincorporated areas.

*Reimbursement of Expenses Incurred by the Commission*

60. Atmos is required to reimburse the Commission for expenses incurred by the Commission during the review of this Interim Rate Adjustment application.

61. The Director of the Gas Services Division will estimate Atmos' proportionate share of the Commission's annual costs related to the administration of Interim Rate Adjustment applications and will notify Atmos of the amount to be reimbursed to the Commission, as outlined in Rule §7.7101.
62. The Company is required to reimburse the Commission for the amount determined by the Director of the Gas Services Division, within thirty days after receipt of notice of the amount of the reimbursement.

### CONCLUSIONS OF LAW

1. Atmos Energy Corporation, West Texas Division is a "gas utility" as that term is defined in TEX. UTIL. CODE ANN. §101.003(7) (Vernon 2010) and §121.001 (Vernon 2007) and is, therefore, subject to the jurisdiction of the Railroad Commission of Texas.
2. The Commission has jurisdiction over Atmos' application to establish an Interim Rate Adjustment 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.
4. Under TEX. UTIL. CODE ANN. §104.301 (Vernon 2007) and 16 TEX. ADMIN. CODE §7.7101 (2009), Atmos is required to seek Commission approval before implementing an Interim Rate Adjustment applicable to customers in unincorporated areas.
5. The Commission has authority to suspend the implementation of an Interim Rate Adjustment, under TEX. UTIL. CODE ANN. §104.301(a) (Vernon 2007) and 16 TEX. ADMIN. CODE §7.7101(a)(6) (2004).
6. Neither TEX. UTIL. CODE ANN. §104.301 (Vernon 2007) nor 16 TEX. ADMIN. CODE §7.7101 (2009) allow a party to intervene in the Commission's review of an Interim Rate Adjustment application.
7. In accordance with 16 TEX. ADMIN. CODE §7.315 (2011), within thirty days of the effective date of any change to rates or services, Atmos is required to file its tariff with the Gas Services Division.
8. Atmos may not charge any rate that has not been electronically filed and successfully accepted by the Gas Services Division pursuant to TEX. UTIL. CODE ANN. §§102.151 and 104.002 (Vernon 2007) and 16 TEX. ADMIN. CODE §7.315 (2011).

9. Atmos is required, under TEX. UTIL. CODE ANN. §104.301(e) (Vernon 2007) and 16 TEX. ADMIN. CODE §7.7101(d) (2011), to file with the Commission an annual project report.
10. Atmos is required, under TEX. UTIL. CODE ANN. §104.301(f) (Vernon 2007) and 16 TEX. ADMIN. CODE §7.7101(e) (2011), to file with the Commission an annual earnings monitoring report.
11. In accordance with TEX. UTIL. CODE ANN. §104.301(a) (Vernon 2007) and 16 TEX. ADMIN. CODE §7.7101(i) (2011), all amounts collected from customers under Atmos' Interim Rate Adjustment tariffs are subject to refund until the conclusion of the next rate case for West Texas unincorporated areas.
12. Atmos' Interim Rate Adjustment, as set forth in the findings of fact and conclusions of law in this *Interim Rate Adjustment Order*, complies with the provisions of TEX. UTIL. CODE ANN. §104.301 (Vernon 2007) and 16 TEX. ADMIN. CODE §7.7101 (2011).
13. The Commission has authority, under TEX. UTIL. CODE ANN. §104.301(j) (Vernon 2007) and 16 TEX. ADMIN. CODE §7.7101(m) (2011), to recover from Atmos a proportionate share of the Commission's annual costs related to administration of the Interim Rate Adjustment mechanism.
14. Atmos is required under TEX. UTIL. CODE ANN. §104.301(h)(Vernon 2007) and 16 TEX. ADMIN. CODE §7.7101(l) (2011) to file its next Statement of Intent rate case applicable to West Texas environs areas no later than June 11, 2011, which is the 180<sup>th</sup> day after the fifth anniversary of the effective date its initial Interim Rate Adjustment was implemented.

**IT IS THEREFORE ORDERED BY THE RAILROAD COMMISSION OF TEXAS THAT** Atmos Energy Corporation, West Texas Division's Interim Rate Adjustment tariffs applicable to customers in unincorporated territories within the West Texas Rate Division, as shown in Exhibit D attached to this *Interim Rate Adjustment Order*, are **HEREBY APPROVED**, subject to refund, with an effective date of May 24, 2011.

**IT IS FURTHER ORDERED THAT** within 30 days from the date of this *Interim Rate Adjustment Order*, Atmos shall electronically file its Interim Rate Adjustment tariffs in proper form that reflects the effective date of May 24, 2011 and the rates shown in Exhibit D, attached.

**IT IS FURTHER ORDERED THAT** Atmos shall not charge any rate that has not been successfully electronically filed and accepted by the Commission.

**IT IS FURTHER ORDERED THAT** Atmos shall file with the Commission no later than June 11, 2011, a Statement of Intent rate case for unincorporated territories within the West Texas Rate Division.

**IT IS FURTHER ORDERED THAT** Atmos shall reimburse the Commission for the Commission's expenses incurred during the review of this application and the Director of the Gas Services Division shall determine the amount of the reimbursement.

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 Atmos' 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 24th day of May, 2011.

**RAILROAD COMMISSION OF TEXAS**

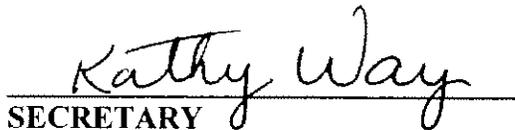


**ELIZABETH AMES JONES  
CHAIRMAN**



**DAVID PORTER  
COMMISSIONER**

**ATTEST**



**SECRETARY**

**Interim Rate Adjustment Order  
EXHIBIT A**

**66 Incorporated Cities and Municipalities in the West Texas Rate Division**

Abernathy	New Deal
Amherst	New Home
Anton	Odessa
Big Spring	O'Donnell
Bovina	Olton
Brownfield	Opdyke West
Buffalo Springs	Palisades
Canyon	Pampa
Coahoma	Panhandle
Crosbyton	Petersburg
Dimmitt	Plainview
Earth	Post
Edmonson	Quitaque
Floydada	Ralls
Forsan	Ransom Canyon
Friena	Ropesville
Hale Center	Seagraves
Happy	Seminole
Hart	Shallowater
Hereford	Silverton
Idalou	Slaton
Kress	Smyer
Lake Tanglewood Village	Springlake
Lamesa	Stanton
Levelland	Sudan
Littlefield	Tahoka
Lockney	Timbercreek Canyon
Lorenzo	Tulia
Los Ybanez	Turkey
Meadow	Vega
Midland	Wellman
Muleshoe	Wilson
Nazareth	Wolfforth

**Interim Rate Adjustment Order  
EXHIBIT B**

**West Texas Rate Division Customer Counts by Customer Class**

1		Docket No. 9573 rate case	Docket No. 10060 7 <sup>th</sup> Interim Rate Adjustment	Percent change
2	Residential customers, West Texas unincorporated areas	15,071	11,946	-21%
3	Residential customers, West Texas incorporated areas	121,615	121,808	0%
4	Residential customers, West Texas Rate Division total	136,686	133,754	-2%
5	Commercial customers, West Texas unincorporated areas	1,916	1,694	-12%
6	Commercial customers, West Texas incorporated areas	10,835	10,248	-5%
7	Commercial customers, West Texas Rate Division total	12,751	11,942	-6%
8	Industrial customers, West Texas unincorporated areas**	182	114	-37%
9	Industrial customers, West Texas incorporated areas**	157	77	-51%
10	Industrial customers, West Texas Rate Division total**	339	190	-44%
11	Public authority customers, West Texas unincorporated areas	121	97	-20%
12	Public authority customers, West Texas incorporated areas	1,439	1,382	-4%
13	Public authority customers, West Texas Rate Division total	1,560	1,480	-5%
14	State institution customers, West Texas unincorporated areas	16	12	-25%
15	State institution customers, West Texas incorporated areas	74	76	-25%
16	State institution customers, West Texas Rate Division total	90	88	3%
17	Total customers, West Texas unincorporated areas	17,306	13,863	-20%
18	Total customers, West Texas incorporated areas	134,120	133,591	0%
19	Total customers, West Texas Rate Division total	151,426	147,454	-3%

Source of customer counts: Atmos' June 4, 2009 response to Request for Information No. 1-7

\*\* The industrial Interim Rate Adjustment applies to any industrial customer that purchases gas from Atmos' tariff and any commercial customer whose predominant use of natural gas is other than space heating, cooking, water heating or other such uses. The Interim Rate Adjustment does not apply to larger industrial customers that purchase gas at a customer-specific negotiated rate.

**Interim Rate Adjustment Order  
EXHIBIT C  
West Texas Rate Division  
(incorporated and unincorporated areas)**

Net Increase in Rate Base				Net Increase in Revenue Requirement		
Increase in Utility Plant Investment	\$15,084,961	X	Depreciation rate, 3.03% composite	=	Increase in Depreciation Expense	\$457,074
Less: Exclusions	- \$416				Plus: Increase in Taxes	+ \$702,763
Less: Net Reduction in Accumulated Depreciation	- \$2,445,759					
Equals: Net increase in Rate Base	\$12,638,786	X	Rate of return	=	Plus: Increase In return	+ \$1,107,790
					Equals: Net increase in Revenue Requirement	\$2,267,626

Reference: Finding of Fact Nos. 27-36

**Interim Rate Adjustment Order  
EXHIBIT D**

Interim Rate Adjustment tariffs  
applicable to Atmos Energy Corporation, West Texas Division  
customers in unincorporated territories within the West Texas Rate Division  
effective May 24, 2011

Residential Gas Service

Availability

This schedule is applicable to general use by Residential customers for heating, cooking, refrigeration, water heating and other similar type uses. This schedule is not available for service to premises with an alternative supply of natural gas.

Monthly Rate

Customer Charge:	\$ 8.50
2004 GRIP Charge:	\$ 1.09
2005 GRIP Charge:	\$ 0.00
2006 GRIP Charge:	\$ 0.49
2007 GRIP Charge:	\$ 0.58
2008 GRIP Charge:	\$ 1.00
2009 GRIP Charge:	\$ 1.18
2010 GRIP Charge:	\$ 0.99
Total Customer Charge:	\$13.83

Commodity Charge:

All Consumption	\$ 0.11035 per Ccf
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Rate Adjustment Provision

The West Texas System Gas Cost Adjustment Rider applies to this schedule except for service inside City limits of Odessa.

The West Texas System Weather Normalization Adjustment applies to this schedule.

The West Texas Rate Division 2004, 2005, 2006, 2007, 2008, 2009 and 2010 GRIP Adjustments apply to this schedule.

Commercial Gas Service

Availability

This schedule is applicable to Commercial type customers, including hospitals and churches, for heating, cooking, refrigeration, water heating and other similar type uses. This schedule is not available for service to premises with an alternative supply of natural gas.

Monthly Rate

Customer Charge:	\$ 14.00
2004 GRIP Charge:	\$ 3.09
2005 GRIP Charge:	\$ 0.00
2006 GRIP Charge:	\$ 1.43
2007 GRIP Charge:	\$ 1.67
2008 GRIP Charge:	\$ 2.93
2009 GRIP Charge:	\$ 3.46
2010 GRIP Charge:	\$ 2.94
Total Customer Charge:	\$ 29.52

Commodity Charge:

All Consumption	\$ 0.0970 per Ccf
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Rate Adjustment Provision

The West Texas System Gas Cost Adjustment Rider applies to this schedule.

The West Texas System Weather Normalization Adjustment Rider applies to this schedule.

The West Texas Rate Division 2004, 2005, 2006, 2007, 2008, 2009 and 2010 GRIP Adjustments apply to this schedule.

Public Authority Gas Service

Availability

This schedule is applicable to general use by Public Authority type customers, including public schools, for heating, cooking, refrigeration, water heating and other similar type uses. This schedule is not available for service to premises with an alternative supply of natural gas.

Monthly Rate

Customer Charge:	\$ 42.00
2004 GRIP Charge:	\$ 7.67
2005 GRIP Charge:	\$ 0.00
2006 GRIP Charge:	\$ 3.52
2007 GRIP Charge:	\$ 3.92
2008 GRIP Charge:	\$ 7.87
2009 GRIP Charge:	\$ 8.54
2010 GRIP Charge:	<u>\$ 7.22</u>
Total Customer Charge:	\$ 80.74

Commodity Charge:

All Consumption	\$ 0.08300 per Ccf
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Rate Adjustment Provision

The West Texas System Gas Cost Adjustment Rider applies to this schedule except for service inside City limits of Odessa.

The West Texas System Weather Normalization Adjustment Rider applies to this schedule.

The West Texas Rate Division 2004, 2005, 2006, 2007, 2008, 2009 and 2010 GRIP Adjustments apply to this schedule.

State Institution Gas Service

Availability

This schedule is applicable to gas service to state agencies (as provided in Texas Utilities Code, Section 104.202) including, but not limited to, state college and universities, MHMR schools, agriculture, highway and public safety departments, prisons, and other facilities owned or operated by the State of Texas for the purpose of heating, cooking, refrigeration, water heating and other similar type uses.

Monthly Rate

Customer Charge:	\$ 40.74
2004 GRIP Charge:	\$ 11.91
2005 GRIP Charge:	\$ 0.00
2006 GRIP Charge:	\$ 7.07
2007 GRIP Charge:	\$ 6.44
2008 GRIP Charge:	\$ 11.72
2009 GRIP Charge:	\$ 13.15
2009 GRIP Charge:	<u>\$ 10.90</u>
Total Customer Charge:	\$ 101.93

Commodity Charge:

All Consumption \$ 0.08051 per Ccf

Rate Adjustment Provision

The West Texas System Gas Cost Adjustment Rider applies to this schedule except for service inside City limits of Odessa.

The West Texas System Weather Normalization Adjustment Rider applies to this schedule.

The West Texas Rate Division 2004, 2005, 2006, 2007, 2008, 2009 and 2010 GRIP Adjustments apply to this schedule.

Industrial Gas Service

Availability

This schedule is applicable to the sales to any industrial or commercial customer whose predominant use of natural gas is other than space heating, cooking, water heating or other similar type uses. Service under this schedule is available to eligible customers following execution of a contract specifying the maximum hourly load. This schedule is not available for service to premises with an alternative supply of natural gas.

Monthly Rate

Customer Charge:	\$ 55.00
2004 GRIP Charge:	\$ 30.17
2005 GRIP Charge:	\$ 0.00
2006 GRIP Charge:	\$ 21.44
2007 GRIP Charge:	\$ 21.99
2008 GRIP Charge:	\$ 46.06
2009 GRIP Charge:	\$ 54.89
2010 GRIP Charge:	<u>\$ 48.19</u>
Total Customer Charge:	\$277.74

Commodity Charge:

0-1000 Ccf	\$ 0.09650
All over 1000 Ccf	\$ 0.07500

Rate Adjustment Provision

The West Texas System Gas Cost Adjustment Rider applies to this schedule except for service inside City limits of Odessa.

The West Texas Rate Division 2004, 2005, 2006, 2007, 2008, 2009 and 2010 GRIP Adjustments apply to this schedule.