

**BEFORE THE
RAILROAD COMMISSION OF TEXAS**

**APPLICATION OF ATMOS PIPELINE - §
TEXAS FOR 2011 RIDER REV § GAS UTILITIES DOCKET No. 10099
ADJUSTMENT FILING §**

FINAL 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. CHAP 551, *et seq.* (Vernon 2004 & Supp. 2010). The Railroad Commission adopts the following findings of fact and conclusions of law and orders as follows:

FINDINGS OF FACT

1. Atmos Pipeline – Texas (“Applicant” or “Company”), a division of Atmos Energy Corporation is a gas utility as that term is defined in the Texas Utility Code.
2. On September 17, 2010, Atmos Pipeline – Texas filed a *Statement of Intent* to change its Rate CGS and Rate PT and related riders and the case was docketed as GUD No. 10000.
3. On June 27, 2011, the Railroad Commission of Texas (“Commission”) issued its *Final Order Nunc Pro Tunc* in GUD No. 10000.
4. Atmos Pipeline – Texas is an unincorporated division of Atmos Energy Corporation and is an intrastate natural gas transmission pipeline operating solely in Texas. Atmos Pipeline – Texas operates a large intrastate pipeline consisting of approximately 6,000 miles of transmission pipeline, approximately 700 city gate meters, five underground storage facilities, and forty-one (41) gas compressor stations. The geographical areas served by this pipeline division span from the area bounded by the Oklahoma border; the Katy hub near Houston; the Carthage hub in East Texas; the Waha hub in West Texas; and the Austin/Hill Country area.
5. As set out in the *Final Order Nunc Pro Tunc*, in GUD No. 10000 Atmos Pipeline – Texas established that the cost of service without application of a revenue credit for revenues from non-regulated customers was \$226,772,532.
6. The rates necessary to recover \$226,772,532 would have been as follows:
 - a. Rate CGS – Mid-Tex: Capacity Charge per MDQ, \$6.2984 per MMBtu of MDQ, Mid – Tex WGIS Charge, \$0.8134 per MMBtu of MDQ, and a Usage Charge per MMBtu \$0.0276.

- b. Rate CGS – Other: Capacity Charge per MDQ, \$6.2984, and a Usage Charge per MMBtu, \$0.0276.
 - c. Rate PT: Capacity Charge per MDQ, \$4.0732, Usage Charge per MMBtu, \$0.0163.
7. In GUD No. 10000, Atmos Pipeline – Texas established that revenues from the non-regulated customers, Other Revenues were \$83,723,392. Thus, the rates were adjusted to allow recovery of \$143,049,141.
8. The rates necessary to recover \$143,049,141 were established in GUD No. 10000 as follows:
 - a. Rate CGS – Mid-Tex: Capacity Charge per MDQ, \$3.6263 per MMBtu of MDQ, Mid – Tex WGIS Charge, \$0.8134 per MMBtu of MDQ, and a Usage Charge per MMBtu \$0.0276.
 - b. Rate CGS – Other: Capacity Charge per MDQ, \$3.6263, and a Usage Charge per MMBtu, \$0.0276.
 - c. Rate PT: Capacity Charge per MDQ, \$2.3061, and a Usage Charge per MMBtu, \$0.0163.
9. On May 13, 2011, Atmos Pipeline – Texas filed an application for an annual interim rate adjustment (IRA) applicable to customers located on Atmos Pipeline – Texas’s system. The *Final Order* was issued in that case on July 26, 2011.
10. In GUD No. 10000, the Commission approved the application of a Rider Rev designed to allow an annual adjustment to the rates for other revenues.
11. In GUD No. 10000, the Commission found that it had the authority approve an adjustment mechanism such as the Rider Rev because market forces control the revenues recovered from the non-regulated customers.
12. The Rider Rev, as approved, was found to be a reasonable mechanism to provide an annual adjustment to Rate CGS-Mid-Tex, and Rate CGS-Other and Rate PT for 75% of the difference between the amount of Other Revenue determined in GUD No. 10000 and the amount of Other Revenue determined on an annual basis.
13. The Commission approved the Rider Rev on a three-year trial basis. The Commission found that it was reasonable to review the results of the Rider Rev Tariff at the end of three-years to determine if the Rider Rev Tariff is achieving its stated goal and for the Commission to determine if the Rider Rev Tariff should be continued or eliminated.
14. As provided in the revenue adjustment rider, the Rider REV will expire on the fourth November 1st following its effective date unless an extension of Rider REV for an additional 3-year period is approved by the Commission. APT may request an extension by filing such request with the third Other Revenue Adjustment Report. The request shall include a statement on how Rate CGS and Rate PT customers have benefited from

- the use of Rider REV, information on the number of negotiated rate customers gained or lost, the annual volumes and revenues for each of the three years on which adjustments have been based, the number of negotiated rate customers who have shifted from Rate PT to Other Revenue, and the number of negotiated rate customers who have shifted from Other Revenue to Rate PT.
15. On August 12, 2011, Atmos Pipeline – Texas filed its first Rider Rev filing and that case was docketed as GUD No. 10099.
 16. This Atmos Pipeline – Texas Rider Rev results in a credit, or reduction, to the rates currently charged by Atmos Pipeline – Texas. The Other Revenue credit in GUD 10000 was \$83,723,392. In this docket for the twelve months ended June 30, 2011, Other Revenue increased to \$88,799,640. The Difference is (\$5,079,248.) At 75% of the difference the credit to CGS and PT customers is (\$3,807,186.)
 17. The total reduction of \$ (3,807,186) is allocated \$ (3,696,891) to CGS customers and \$(110,296) to PT customers.
 18. Applying the credit of (\$3,807,186) included in the Rider Rev adjustment results in the following rates attached as Exhibit A:
 - a. Rate CGS – Mid-Tex: Capacity Charge per MDQ, \$3.6263 per MMBtu of MDQ, Mid – Tex WGIS Charge, \$0.8134 per MMBtu of MDQ, Annual Rider Rev Adjustment of \$(0.1213) per MMBtu of MDQ, Interim Rate Adjustment of \$0.4036 per MMBtu of MDQ, and a Usage Charge per MMBtu of \$0.0276.
 - b. Rate CGS – Other: Capacity Charge per MDQ, \$3.6263 per MMBtu of MDQ, Annual Rider Rev Adjustment of \$(0.1213) per MMBtu of MDQ, Interim Rate Adjustment of \$0.4036 per MMBtu of MDQ, and a Usage Charge per MMBtu of \$0.0276.
 - c. Rate PT – Capacity Charge per MDQ, \$2.3061 per MMBtu of MDQ, Annual Rider Rev Adjustment of \$(0.0811) per MMBtu of MDQ, Interim Rate Adjustment of \$0.2454 per MMBtu, and a Usage Charge per MMBtu of \$0.0163.
 19. The Company provided adequate notice to Atmos Pipeline – Texas City Gate Service customers, Rate CGS, on August 21, 2011.
 20. The Company provided adequate notice to Atmos Pipeline – Texas Pipeline Transportation customers, Rate PT, on August 21, 2011.
 21. The Railroad Commission’s Gas Services Division Utility Audit Section conducted an audit on August 22, 2011 through August 31, 2011, Audit Number 11-126. The audit tested the accuracy of the information and calculations reflected in the 2011 initial filing of the Atmos Pipeline – Texas revenue adjustment under the Rider Rev Adjustment tariff authorized in Gas Utilities Docket No. 10000. Based on the findings of the audit no

violations were noted and the calculation of the 2011 Rider Rev calculation as determined by the utility was determined to be correct.

22. As provided in the tariff, Atmos Pipeline – Texas is required to reimburse the Commission for the Commission’s estimated annual costs related to the administration of the Rider Rev adjustment.

CONCLUSIONS OF LAW

1. Atmos Pipeline – Texas is a “Gas Utility” as defined in TEX. UTIL. CODE ANN. §101.003(7) (Vernon 2007 & Supp. 2010) and §121.001(2007& Supp. 2010) and is therefore subject to the jurisdiction of the Railroad Commission of Texas (Commission).
2. The Railroad Commission of Texas (Commission) has jurisdiction over Atmos Pipeline – Texas and its *Statement of Intent* under TEX. UTIL. CODE ANN. §§ 102.001, 103.022, 103.054, & 103.055, 104.001, and 104.201 (Vernon 2007& Supp. 2010).
3. Under TEX. UTIL. CODE ANN. §102.001 (Vernon 2007& Supp. 2010), 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. This adjustment to the rates was processed in accordance with the requirements of the Gas Utility Regulatory Act (GURA) and the tariff that was approved in GUD No. 10000.
5. In accordance with the provision of the approved Rider Rev Tariff adequate notice was properly provided.
6. Atmos Pipeline – Texas is required by 16 Tex. Admin. Code §7.315 (2010) to file electronic tariffs incorporating rates consistent with this Order within thirty days of the date of this Order.
7. Atmos Pipeline – Texas is required by 16 Tex. Admin. Code § 7.310 to utilize the Federal Energy Regulatory Commission’s (FERC) Uniform System of Accounts (USOA) prescribed for natural gas companies.
8. The approved tariff provides for recovery from Atmos Pipeline - Texas the Commission’s estimated costs related to the administration of Rider Rev.

IT IS THEREFORE ORDERED that Atmos Pipeline – Texas proposed adjustment to its current rates is hereby **APPROVED**.

IT IS FURTHER ORDERED that, in accordance with 16 TEX. ADMIN. CODE §7.315, within 30 days of the date this Order is signed, Atmos Pipeline – Texas shall file tariffs with the Gas

Services Division. The tariffs shall incorporate rates, consistent with this Order, as stated in the findings of fact and conclusions of law as shown on Exhibit A attached.

IT IS THEREFORE ORDERED that Atmos Pipeline – Texas **SHALL** reimburse the estimated expenses incurred by the Commission in reviewing this application. The amount of this reimbursement shall be determined by the Director of the Gas Services Division.

IT IS FURTHER ORDERED that all proposed findings of fact and conclusions of law not specifically adopted in this Order are hereby **DENIED**. **IT IS ALSO ORDERED** that all pending motions and requests for relief not previously granted or granted herein are hereby **DENIED**.

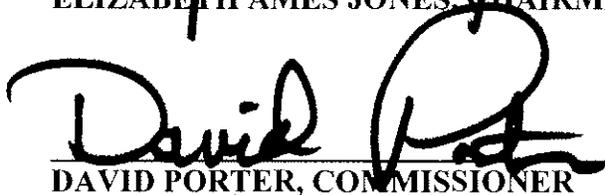
This Order will not be final and effective until 20 days after a party is notified of the Commission's order. A party is presumed to have been notified of the Commission's order three days after the date on which the notice is actually mailed. If a timely motion for rehearing is filed by any party at 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.

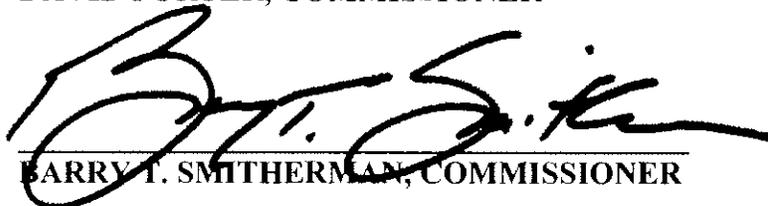
All requested findings of fact and conclusions of law which are not expressly adopted herein are denied. All pending motions and requests for relief not previously granted or granted herein are denied.

SIGNED this 11th day of October, 2011.

RAILROAD COMMISSION OF TEXAS


ELIZABETH AMES JONES, CHAIRMAN


DAVID PORTER, COMMISSIONER


BARRY T. SMITHERMAN, COMMISSIONER

ATTEST:

Kathy Way
SECRETARY

EXHIBIT A

TARIFFS PER GUD 10099 Final Order

RATE SCHEDULE:	CGS – MID-TEX	
APPLICABLE TO:	Mid-Tex	
EFFECTIVE DATE:	11/01/2011	PAGE: 8

Application

Applicable, in the event that Company has entered into a Transportation Agreement for City Gate Service to a Local Distribution Company (Customer) connected to the Atmos Pipeline -Texas System for the transportation of all natural gas supplied by Customer to a Point or Points of Delivery.

Type of Service

This service provides firm transportation and storage service to Local Distribution Companies. Where service of the quantity and type required by Customer is not already available at a Point of Delivery, additional charges and special contract arrangements between Company and Customer may be required prior to service being furnished at such Point of Delivery.

Monthly Rate

Customer's monthly bill will be calculated by adding the Monthly Customer and Usage charges to the amounts and quantities due under the Riders listed below. The Monthly Customer Charge each month will be equal to the Capacity Charge, as adjusted, multiplied by the Customer's Maximum Daily Quantity (MDQ) as set forth in the Transportation Agreement between Customer and Company. Total Usage Charges each month will be equal to the Usage Charge multiplied by the volume of gas delivered to Customer by Company during such month:

Charge	Amount
Capacity	\$ 3.6263 per MMBtu of MDQ ¹
Capacity Charge related to Mid-Tex Working Gas	\$0.8134 per MMBtu of MDQ
Annual Rider REV Adjustment	\$ (0.1213) per MMBtu of MDQ
Interim Rate Adjustment ("IRA")	\$ 0.4036 per MMBtu of MDQ ²
Total Capacity Charge	\$ 4.7220 per MMBtu of MDQ
Usage	\$ 0.0276 per MMBtu

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

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

Rider SUR: Plus an amount for surcharges calculated in accordance with Rider SUR.

Rider REV: Plus an amount per MMBtu in accordance with Rider REV as an adjustment to the Capacity Charge per MMBtu of MDQ.

Rider WGIS: Plus an amount per MMBtu in accordance with Rider WGIS as an adjustment to the Capacity Charge per MMBtu of MDQ.

¹ The Capacity Charge per MMBtu will be adjusted annually as calculated pursuant to Rider REV.
² 2010 IRA - \$0.4036

RATE SCHEDULE:	CGS – MID-TEX	
APPLICABLE TO:	Mid-Tex	
EFFECTIVE DATE:	11/01/2011	PAGE: 9

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 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.

Curtailement Overpull Fee

Upon notification by Company of an event of curtailement or interruption of Customer's deliveries, Customer will, for each MMBtu delivered in excess of the stated level of curtailement 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 service 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 CGS, 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.

RATE SCHEDULE:	CGS – OTHER	
APPLICABLE TO:	CoServ, West Texas Gas, the City of Rising Star and Other City Gate Service Customers, except Mid-Tex	
EFFECTIVE DATE:	11/01/2011	PAGE: 10

Application

Applicable, in the event that Company has entered into a Transportation Agreement for City Gate Service to a Local Distribution Company (Customer), other than Mid-Tex, connected to the Atmos Pipeline -Texas System for the transportation of all natural gas supplied by Customer to a Point or Points of Delivery.

Type of Service

This service provides firm transportation and storage service to Local Distribution Companies. Where service of the quantity and type required by Customer is not already available at a Point of Delivery, additional charges and special contract arrangements between Company and Customer may be required prior to service being furnished at such Point of Delivery.

Monthly Rate

Customer's monthly bill will be calculated by adding the Monthly Customer and Usage charges to the amounts and quantities due under the Riders listed below. The Monthly Customer Charge each month will be equal to the Capacity Charge, as adjusted, multiplied by the Customer's Maximum Daily Quantity (MDQ) as set forth in the Transportation Agreement between Customer and Company. Total Usage Charges each month will be equal to the Usage Charge multiplied by the volume of gas delivered to Customer by Company during such month:

Charge	Amount
Capacity	\$ 3.6263 per MMBtu of MDQ ¹
Annual Rider REV Adjustment	\$(0.1213) per MMBtu of MDQ
Interim Rate Adjustment ("IRA")	\$ 0.4036 per MMBtu of MDQ ²
Total Capacity Charge	\$ 3.9086 per MMBtu of MDQ
Usage	\$ 0.0276 per MMBtu

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

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

Rider SUR: Plus an amount for surcharges calculated in accordance with Rider SUR.

Rider REV: Plus an amount per MMBtu in accordance with Rider REV as an adjustment to the Capacity Charge per MMBtu of MDQ.

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.

¹ The Capacity Charge per MMBtu will be adjusted annually as calculated pursuant to Rider REV.
² 2010 IRA - \$0.4036.

RATE SCHEDULE:	CGS – OTHER	
APPLICABLE TO:	CoServ, West Texas Gas, the City of Rising Star and Other City Gate Service Customers, except Mid-Tex	
EFFECTIVE DATE:	11/01/2011	PAGE: 11

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 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 service 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 CGS, 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.

RATE SCHEDULE:	PT - PIPELINE TRANSPORTATION	
APPLICABLE TO:	Entire System	
EFFECTIVE DATE:	11/01/2011	PAGE: 12

Applicability

This rate schedule is applicable to service by the Company under a Transportation Agreement - Pipeline, to a customer directly connected to the Atmos Pipeline-Texas System for the transportation of all natural gas supplied by Customer or Customer's agent for delivery to Customer at one Point of Delivery.

Not applicable for service to City Gate Service customers.

Type of Service

This service provides interruptible transportation service to end use customers. Where service of the quantity and type desired by Customer is not already available at a Point of Delivery, additional charges and special contract arrangements between Company and Customer may be required prior to service being furnished at such Point of Delivery.

Monthly Rate

Customer's monthly bill will be calculated by adding the Monthly Customer and Usage charges to the amounts and quantities due under the Riders listed below. The Monthly Customer Charge each month will be equal to the Capacity Charge, as adjusted, multiplied by the Customer's Maximum Daily Quantity (MDQ) as set forth in the Transportation Agreement between Customer and Company. Total Usage Charges each month will be equal to the Usage Charge multiplied by the volume of gas delivered to Customer by Company during such month:

Charge	Amount
Capacity	\$ 2.3061 per MMBtu of MDQ ¹
Annual Rider REV Adjustment	\$(0.0811) per MMBtu of MDQ
Interim Rate Adjustment ("IRA")	\$ 0.2454 per MMBtu of MDQ ²
Total Capacity Charge	\$ 2.4704 per meter
Usage	\$ 0.0163 per MMBtu

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

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

Rider MF: Plus an amount for municipal fees calculated in accordance with Rider MF.

Rider SUR: Plus an amount for surcharges calculated in accordance with Rider SUR.

¹ The Capacity Charge per MMBtu will be adjusted annually as calculated pursuant to Rider REV.
² 2010 IRA - \$0.2454.

RATE SCHEDULE:	PT - PIPELINE TRANSPORTATION	
APPLICABLE TO:	Entire System	
EFFECTIVE DATE:	11/01/2011	PAGE: 13

Rider REV: Plus an amount per MMBtu in accordance with Rider REV as an adjustment to the Capacity Charge per MMBtu of MDQ.

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 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.

Curtailement Overpull Fee

Upon notification by Company of an event of curtailement or interruption of Customer's deliveries, Customer will, for each MMBtu delivered in excess of the stated level of curtailement 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.

MDQ Adjustment

If a Customer's daily usage on any day exceeds the Customer's MDQ as set forth in the applicable Transportation Agreement by 10% or more, the Customer's MDQ shall be increased to equal such daily usage. The effective date of such increase in the MDQ shall be the first day of the calendar month that begins following the day on which the Customer's daily usage exceeded the Customer's MDQ.

Agreement

A transportation agreement is required.

Notice

Service hereunder and the rates for service 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 PT, 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.