

**RAILROAD COMMISSION OF TEXAS
GAS SERVICES DIVISION**

**GAS UTILITIES
INFORMATION BULLETIN**

No. 828



**RAILROAD COMMISSION
OF TEXAS**

**Michael L. Williams, Chairman
Victor G. Carrillo, Commissioner
Elizabeth A. Jones, Commissioner**

**Stephen L. Pitner
Director
Gas Services Division**

September 25, 2007

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Orders were issued in the following dockets:

GUD No. 9726

Application of Atmos Pipeline-Texas for Test Year 2006 Annual Interim Rate Adjustment for the Pipeline System – *Final Order*.

GUD No. 9726

Application of Atmos Pipeline-Texas for Test Year 2006 Annual Interim Rate Adjustment for the Pipeline System – *Order*.

GUD No. 9726

Application of Atmos Pipeline-Texas for Test Year 2006 Annual Interim Rate Adjustment for the Pipeline System – *Order*.

GUD No. 9734

Application of Atmos Energy Corp. Mid-Texas Division for Test Year 2006 Annual Interim Rate Adjustment for the Environs Area – *Final Order*.

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SECTION 1
NEW APPEALS AND APPLICATIONS FILED

DOCKET NO. -- 9752
CAPTION -- Appeal of Atmos Energy Corp., Mid-Tex Division for Review of the Municipal Rate Actions Regarding the Annual 2006 GRIP Filing from the Cities of Abilene, Allen, Alvarado, et al.
DATE FILED -- September 12, 2007
FILED BY -- Douglas C. Walther
EXAMINER -- Stephen Pitner

DOCKET NO. -- 9753
CAPTION -- Appeal of Atmos Energy Corp., Mid-Tex Division for Review of the Municipal Rate Actions Regarding the Annual 2006 GRIP Filing from the Cities of Malakoff and Palestine.
DATE FILED -- September 13, 2007
FILED BY -- Douglas C. Walther
EXAMINER -- Stephen Pitner

DOCKET NO. -- 9754
CAPTION -- Appeal of Atmos Energy Corp., Mid-Tex Division for Review of the Municipal Rate Actions Regarding the Annual 2006 GRIP Filing from the Cities of Anna, Bedford, Bellmead, et al.
DATE FILED -- September 17, 2007
FILED BY -- Douglas C. Walther
EXAMINER -- Stephen Pitner

DOCKET NO. -- 9755
CAPTION -- Amendment of 16 Tex. Admin. Code 2.1 relating to Informal Complaint Procedure, and new 2.5, relating to Informal Complaint Process Regarding Lost of Unaccounted for Gas (LUG), and 2.7 relating to Administrative Penalties for Failure to Participate, to implement House Bills 1920 and 3273, 80th Legislature (2007).
DATE FILED -- September 21, 2007
FILED BY -- Commission's Own Motion
EXAMINER -- Mary Ross McDonald

DOCKET NO. -- 9756
CAPTION -- New 16 Tex. Admin. Code 7.7003 relating to Administrative Penalties and Other Remedies for Discrimination, and 7.7005, relating to Authority to Establish Market-Based Rates, to implement House Bill 3273, 80th Legislature (2007).
DATE FILED -- September 21, 2007
FILED BY -- Commission's Own Motion
EXAMINER -- Mary Ross McDonald

September 25, 2007

DOCKET NO. -- 9757
CAPTION -- Amendment of 16 Tex. Admin. Code 8.1 relating to General Applicability and Standards; 8.5 Definitions; 8.101, Pipeline Integrity Assessment and Management Plans for Natural Gas and Hazardous Liquids Pipelines; and 8.115, New Construction Commence Report, to implement changes to pipeline safety regulations regard-
DATE FILED -- September 21, 2007
FILED BY -- Commission's Own Motion
EXAMINER -- Mary Ross McDonald

DOCKET NO. -- 9758
CAPTION -- Appeal of Atmos Energy Corp., Mid-Tex Division for Review of the Municipal Rate Actions Regarding the Annual 2006 GRIP Filing from the Cities of Addison, Angus, Burleson, et al.
DATE FILED -- September 21, 2007
FILED BY -- Douglas C. Walther
EXAMINER -- Stephen Pitner

SECTION 2

APPEALS AND APPLICATIONS SET FOR HEARING OR PREHEARING CONFERENCE

None at this time.

SECTION 3
STATUS OF PENDING CASES

None at this time.

SECTION 4
NOTICES OF DISMISSAL

None at this time.

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SECTION 5
ORDERS OF THE COMMISSION

BEFORE THE
RAILROAD COMMISSION OF TEXAS

APPLICATION OF ATMOS PIPELINE-TEXAS FOR TEST YEAR 2006 ANNUAL INTERIM RATE ADJUSTMENT FOR THE PIPELINE SYSTEM		GAS UTILITIES DOCKET NO. 9726
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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. Chapter 551 (Vernon 2004). 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 Pipeline-Texas (Pipeline, or the Company), a division of Atmos, owns and operates a gas pipeline transportation system.
3. On May 31, 2007, Atmos filed an application for an annual interim rate adjustment (IRA) applicable to customers located on Pipeline's system. By Order signed on May 30, 2007, the Commission has approved an extension of the deadline for this filing.
4. Atmos requested that the IRA for all customer classes become effective on July 30, 2007.
5. On June 04, 2007, the Commission suspended implementation of Atmos' proposed IRA for Pipeline until September 13, 2007, which is 45 days following the 60th day after the applications were complete.
6. On August 10, 2007, Atmos Texas Municipalities (ATM) Cities filed a Plea To Intervene with the Commission in the cause of the Company's application for an IRA. The Commission filed a response on August 14, 2007, citing the IRA statute and rule and taking no action on the plea.
7. Neither TEXAS UTILITIES CODE, §104.301 (Vernon Supp 2004-2005) nor 16 TEX. ADMIN. CODE, §7.7101 (2004) provide the opportunity for parties to intervene in the Commission's review of an application for an annual IRA.

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8. 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.
9. On August 13, 2007, the ATM Cities filed a plea to the jurisdiction of the Commission, citing the Company's failure to provide notice to residential and commercial customers as a defect in its IRA filing and requesting dismissal of the docket. The Commission filed a response on August 23, 2007, noting that the Company's notice met the requirements of the Commission's rule and took no action on the plea.
10. On August 22, 2007, the ATM Cities filed an appeal of the failure to admit ATM Cities as a party and to convene an adjudatory hearing. An order denying the appeal has been prepared for consideration by the Commission concurrent with its consideration of this Order.
11. On August 30, 2007, the ATM Cities filed an appeal of failure to grant plea to the jurisdiction for failure to provide notice to residential and commercial ratepayers and proper notice to pipeline customers. An Order denying the appeal has been prepared for consideration by the Commission concurrent with its consideration of the IRA order in this proceeding.
12. This docket is the fourth annual IRA for Pipeline.
13. Until promulgation of TEXAS UTILITIES CODE, §104.301 (Vernon Supp 2004-2005), a utility could not increase its rates subject to the Commission's jurisdiction without filing with the Commission a formal statement of intent rate case, including a comprehensive cost of service rate review.
14. Atmos' proposed IRA will allow Pipeline an opportunity to recover, subject to refund, a return on investment, depreciation expense, and related taxes on the incremental cost of infrastructure investment since its last rate case, without the necessity of filing a statement of intent rate case and without review by the Commission of Pipeline's comprehensive cost of service.

Applicability

15. This docket applies to only those rates over which the Commission has original jurisdiction, which includes the entire Pipeline system.
16. As of year-end 2006, Pipeline customers totaled approximately 754 City Gate meters and 202 Pipeline Transportation rate meters.

Most Recent Comprehensive Rate Case

17. Atmos' most recent rate case for Pipeline for the area in which the IRA will be implemented is GUD No. 9400, *Statement of Intent Filed by TXU Gas Company to Change Rates in the Company's Statewide Gas Utility System*.
18. GUD No. 9400 was filed on May 23, 2003.
19. The data used in GUD No. 9400 was based on a test-year ending December 31, 2002.
20. The Commission signed the GUD No. 9400 final Order on May 25, 2004, and the rates became effective the same day.
21. The Commission in GUD No. 9400 set the rates charged by Pipeline which have been adjusted by prior orders authorizing IRA adjustments.
22. The following chart shows the factors that were established in GUD No. 9400 to calculate the return on investment, depreciation expense, and incremental federal income taxes for Pipeline:

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Rate of Return	8.258%
Depreciation Rate	2.097%
Federal Income Tax Rate	35%

Interim Rate Adjustment

23. Pipeline 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.
24. The revenue amounts to be recovered through Atmos' proposed annual IRA for Pipeline are incremental to the revenue requirement established in Atmos' most recent rate case for Pipeline for the area in which the IRA is to be implemented, GUD No. 9400, as adjusted for prior orders authorizing IRA adjustments.
25. The Company calculated and presented all incremental values for investment, accumulated depreciation, return on investment, depreciation expense, ad valorem taxes, and incremental federal income taxes on a full calendar-year basis. Revenue related taxes are not included in Atmos' calculation of the IRA. An existing rate schedule that was established by the final Order in GUD No. 9400 (Rider TAX) is applied to all revenues, including revenues that result from an IRA.
26. For the first IRA following a rate case, the amounts by which Pipeline may adjust its rates are based on the difference between Pipeline's invested capital at the end of the most recent rate case test-year (December 31, 2002) and the invested capital at the end of the calendar-year following the end of the most recent rate case test-year (December 31, 2003).
27. This docket is the fourth annual IRA for Pipeline. Therefore, to request its IRA in this docket, Atmos submitted data for Pipeline for the calendar year ending December 31, 2006.
28. The value of Pipeline's 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 Pipeline's IRA.
29. Pipeline 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 for Pipeline in Atmos' most recent rate case for the area in which the IRA is to be implemented.
30. Atmos filed the Commission's Annual Earnings Monitoring Report (EMR) for Pipeline as required by 16 TEXAS ADMINISTRATIVE CODE §7.7101. The Company's rate of return is 7.234%, which reasonably compares with the 8.258% allowed rate of return established in GUD No. 9400.
31. Atmos filed its Annual Project Report for Pipeline as required by 16 TEXAS ADMINISTRATIVE CODE §7.7101.
 - Pipeline capital project additions totaled \$109,532,973.
 - Safety-related improvements/infrastructure projects totaled \$14,293,343, or 13% of total additions.¹
 - Integrity testing projects totaled \$15,245,076, or 14% of total additions.²
32. The Company is required to allocate the revenue to be collected through the IRA for Pipeline 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 IRA is to be implemented.
33. Atmos proposed the IRA for Pipeline 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.

¹ Response to Staff's RFI #1-03.

² Response to Staff's RFI #1-05.

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34. Pipeline is required to show its annual IRA on its customers' monthly billing statements as a surcharge.
35. The proposed IRA 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 IRA.
36. Due process protections are deferred until Atmos files its next full statement of intent rate case for Pipeline.

Notice

37. The Company provided adequate notice to Pipeline's City Gate (CGS) customers on June 7 and 8, 2007.
38. The Company provided adequate notice to Pipeline's Pipeline Transportation (PT) customers on June 7 and 8, 2007.

Comprehensive Rate Case Required

39. The Company is not required to initiate a rate case supporting a statement of intent, at the time it applies for an IRA for Pipeline.
40. A gas utility that implements an IRA and does not file a rate case before the fifth anniversary of the date its initial IRA became effective is required to file a rate case not later than the 180th day after that anniversary.

Review of Interim Rate Adjustment

41. Pipeline presented its IRA calculation two different ways:
- An IRA calculation using all the factors from GUD No. 9400, Pipeline's most recent rate case, including the property-related taxes (Ad Valorem) percentage of 1.305%.
 - An alternate IRA calculation using the factors for GUD No. 9400 for rate of return, depreciation, and federal income tax, but using a property-related taxes (Ad Valorem) percentage of 1.503% based on the actual 2006 taxes paid by the Company to reflect the recently changed property tax law.³
42. Pipeline's proposed IRA is \$13,025,772 based on an incremental net utility plant investment increase of \$88,937,803 using the property-related taxes (Ad Valorem) percentage of 1.305% from GUD No. 9400.
43. Pipeline's proposed IRA is \$13,201,664 based on an incremental net utility plant investment increase of \$88,937,803 using the property-related taxes (Ad Valorem) percentage of 1.503% based on the actual 2006 taxes paid by the Company.
44. The Company is also proposing a special one-year adjustment credit to the CGS and PT meter charges to update the 2005 allocation of Customer Support and General Office to Pipeline and remove the allocated costs of the Customer Support function since this function did not provide service to Pipeline in 2005.
45. Atmos' proposed allocation methodology for Pipeline complies with TEXAS UTILITIES CODE, §104.301, and with 16 TEX. ADMIN. CODE, §7.7101.
46. For allocation methodology, it is reasonable for the Commission to approve use of Pipeline's 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 Pipeline's IRA are reasonable:

Customer Class	Allocation Factor
Rate CGS (City Gate Service)	0.731657
Rate PT (Pipeline Transportation)	0.268343

3. 16 TEX. ADMIN. CODE §7.7101(f)(5) only refers to the return on investment, depreciation expense, and incremental federal income tax factors from the most recent rate case to calculate the IRA. The Ad Valorem taxes are not specifically designated as a factor that must remain the same.

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47. Atmos' proposed customer and meter counts for Pipeline comply with TEXAS UTILITIES CODE, §104.301, and with 16 TEX. ADMIN. CODE, §7.7101.
48. For calculating the number of customer charges or meter charges per year, it is reasonable for the Commission to approve use of Pipeline's 2006 year-end number of customers multiplied by twelve. The following total numbers of customer and meter charges for use in the calculation of the IRA are reasonable:

Customer Class	Total Number of Customer Charges / Meters
Rate CGS (City Gate Service)	9,048
Rate PT (Pipeline Transportation)	2,424

49. It is reasonable for the Commission to approve the IRA, as proposed by Pipeline, using the alternative property tax calculation to comply with the recently changed property tax law. It is also reasonable for the Commission to approve Pipeline's request for a special one-year adjustment and credit to the meter charge to remove the 2005 allocated costs of the Customer Support function to Pipeline. The corresponding customer charges by customer class are as follows:

Customer Class	2006 IRA Customer/Meter Charge	Customer/Meter Charge Credit	One-Year Customer/Meter Charge
Rate CGS (City Gate Service)	\$1,822.06	(\$31.06)	\$1,791.00
Rate PT (Pipeline Transportation)	\$2,466.77	(\$42.52)	\$2,424.25

Reimbursements of Expense

50. As provided for in the statute and the rule, a gas utility that implements an IRA is required to reimburse the Commission for the utility's proportionate share of the Commission's annual costs related to the administration of the IRA mechanism.
51. After the Commission has finally acted on Atmos' application for an IRA for Pipeline, 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.
52. In making the estimate of Pipeline's 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 IRAs during the fiscal year, and the costs expected to be incurred in processing such applications.
53. The Company 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.

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CONCLUSIONS OF LAW

1. Atmos Energy Corporation (Atmos) is a “gas utility” as defined in TEX. UTIL. CODE ANN. §101.003(7) (Vernon 1998 and Supp. 2004) and §121.001 (Vernon 1998 and Supp. 2004-2005), and is therefore subject to the jurisdiction of the Railroad Commission of Texas (Commission).
2. The Commission has jurisdiction over Atmos, Atmos’ applications for IRAs for Pipeline 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 1998 and Supp. 2004-2005).
3. Under TEX. UTIL. CODE ANN. §102.001 (Vernon 1998 and Supp. 2004-2005), 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 and 16 TEX. ADMIN. CODE § 7.7101 (2004), Atmos is required to seek Commission approval before implementing an IRA tariff for Pipeline’s customers.
5. Atmos filed its application for IRA for Pipeline for changes in investment in accordance with the provisions of TEX. UTIL. CODE ANN. §104.301 (Vernon Supp. 2004-2005) and 16 TEX. ADMIN. CODE §7.7101 (2004).
6. Atmos’ application for an IRA for Pipeline was processed in accordance with the requirements of TEX. UTIL. CODE ANN. §104.301 (Vernon Supp. 2004-2005) and 16 TEX. ADMIN. CODE §7.7101 (2004).
7. In accordance with 16 TEX. ADMIN. CODE §7.315 (2002), within thirty days of the effective date of any change to rates or services, the Company is required to file with the Gas Services Division of the Commission its revised tariffs for Pipeline.
8. The Company may not charge any rate for Pipeline that has not been successfully filed and accepted as a tariff filing electronically pursuant to TEX. UTIL. CODE ANN. §102.151 and 104.002 and 16 TEX. ADMIN. CODE §7.315 (2002).
9. In accordance with TEX. UTIL. CODE ANN. §104.301(a) (Vernon Supp. 2004-2005) and 16 TEX. ADMIN. CODE §7.7101(a) (2004), the filing date of Atmos’ most recent rate case for Pipeline, in which there is a final order setting rates for the area in which the IRA will apply, was no more than two years prior to the date Atmos filed its initial IRA for Pipeline.
10. Atmos is required, under TEX. UTIL. CODE ANN. §104.301(e) (Vernon Supp. 2004-2005) and 16 TEX. ADMIN. CODE §7.7101(d) (2004), to file with the Commission an annual project report for Pipeline, 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 IRA filings for Pipeline, 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 Supp. 2004-2005) and 16 TEX. ADMIN. CODE §7.7101(e) (2004), to file with the Commission an annual earnings monitoring report demonstrating Pipeline’s earnings during the preceding calendar year.
13. Atmos is required, under 16 TEX. ADMIN. CODE §7.7101(h) (2004), to recalculate its approved IRA for Pipeline 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 IRA application.

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14. In accordance with 16 TEX. ADMIN. CODE §7.7101(i) (2004), all amounts collected from customers under Pipeline's IRA 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 IRA 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) (2004), in the rate case that Atmos files for Pipeline or the Commission initiates after the implementation of an IRA, any change in investment and related expenses and revenues that have been included in any IRA 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 for Pipeline or the Commission initiates after the implementation of an IRA, any change in investment and related expenses and revenues that have been included in any IRA shall no longer be subject to review for reasonableness or prudence.
16. The Commission has authority to suspend the implementation of the IRA, under TEX. UTIL. CODE ANN. §104.301(a) (Vernon Supp. 2004-2005) and 16 TEX. ADMIN. CODE §7.7101(e) (2004).
17. The Company provided adequate notice, in accordance with TEX. UTIL. CODE ANN. §104.301(a) (Vernon Supp. 2004 – 2005) and 16 TEX. ADMIN. CODE §7.7101(b) (2004).
18. Atmos' application for an IRA for Pipeline, as proposed, complies with all provisions of TEX. UTIL. CODE ANN. §104.301 (Vernon Supp. 2004-2005) and 16 TEX. ADMIN. CODE §7.7101 (2004).
19. The Company's IRA set forth in the findings of fact and conclusions of law in this Order comply with the provisions of TEX. UTIL. CODE ANN. §104.301 (Vernon Supp. 2004-2005) and 16 TEX. ADMIN. CODE §7.7101 (2004).
20. In accordance with TEX. UTIL. CODE ANN. §104.301(h) (Vernon Supp. 2004 – 2005) and 16 TEX. ADMIN. CODE §7.7101(l) (2004), Atmos shall file a comprehensive rate case for Pipeline for the areas in which the IRA is implemented, no later than the 180th day after the fifth anniversary of the date its initial IRA became effective.
21. The Commission has authority, under TEX. UTIL. CODE ANN. §104.301(j) (Vernon Supp. 2004-2005) and 16 TEX. ADMIN. CODE §7.7101(m) (2004), to recover from Atmos the Pipeline's proportionate share of the Commission's annual costs related to the administration of the IRA mechanism.

IT IS THEREFORE ORDERED BY THE RAILROAD COMMISSION OF TEXAS THAT Pipeline's IRA, as requested, and to the extent recommended to be approved in the findings of fact and conclusions of law, are **HEREBY APPROVED**, subject to refund, to be effective for bills rendered on or after September 11, 2007.

IT IS FURTHER ORDERED THAT Atmos **SHALL** file with the Commission no later than May 30, 2008, for Pipeline, 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 May 30, 2008, for Pipeline, 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 May 30, 2008, for Pipeline, an annual earnings monitoring report demonstrating Pipeline's earnings during the preceding calendar year.

IT IS FURTHER ORDERED THAT Atmos **SHALL** file with the Commission no later than May 30, 2008, for Pipeline, recalculations of its approved IRA and applications for annual IRA for the preceding calendar year.

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IT IS FURTHER ORDERED THAT within 30 days of this order Atmos **SHALL** electronically file its IRA tariffs for Pipeline in proper form that accurately reflect the rates approved by the Commission in this Order.

IT IS FURTHER ORDERED THAT Atmos **SHALL** not charge any rate for Pipeline 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 this application. 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 Pipeline'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 11th day of September, 2007.

RAILROAD COMMISSION OF TEXAS

/s/

MICHAEL L. WILLIAMS
CHAIRMAN

/s/

VICTOR G. CARRILLO
COMMISSIONER

/s/

ELIZABETH A. JONES
COMMISSIONER

ATTEST

Kim Williamson _____
SECRETARY

September 25, 2007

RAILROAD COMMISSION OF TEXAS

**APPLICATION OF ATMOS PIPELINE-
TEXAS FOR TEST YEAR 2006 ANNUAL
INTERIM RATE ADJUSTMENT FOR
THE PIPELINE SYSTEM**

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**GAS UTILITIES DOCKET
NO. 9726**

ORDER

Notice of Open Meeting to consider this Order was duly posted with the Secretary of State within the time provided by law pursuant to Tex. Gov=t Code Ann. Chapter 551 (Vernon 1994 and Vernon Supp. 2005).

After considering the ATM Cities= appeal of their not being admitted as a party in this docket and their not being granted an adjudicatory hearing, and the letter of August 14, 2007, from the Gas Services Staff, the appeal of the ATM Cities is **DENIED.**

IT IS FURTHER ORDERED THAT all relief not specifically granted herein is **DENIED.**

SIGNED this 11th day of September, 2007.

RAILROAD COMMISSION OF TEXAS

/s/ _____
MICHAEL L. WILLIAMS
CHAIRMAN

/s/ _____
VICTOR G. CARRILLO
COMMISSIONER

/s/ _____
ELIZABETH A. JONES
COMMISSIONER

September 25, 2007

ATTEST

Kim Williamson _____
SECRETARY

RAILROAD COMMISSION OF TEXAS

APPLICATION OF ATMOS PIPELINE-TEXAS FOR TEST YEAR 2006 ANNUAL INTERIM RATE ADJUSTMENT FOR THE PIPELINE SYSTEM	§ § § §	GAS UTILITIES DOCKET NO. 9726
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ORDER

Notice of Open Meeting to consider this Order was duly posted with the Secretary of State within the time provided by law pursuant to Tex. Gov't Code Ann. Chapter 551 (Vernon 1994 and Vernon Supp. 2005).

After considering the ATM Cities' *Appeal of Failure to Grant Plea to the Jurisdiction for Failure to Provide Notice to Residential and Commercial Ratepayers and Proper Notice to Pipeline Customers*, and the letter of August 23, 2007, from the Gas Services Staff, the appeal of the ATM Cities is **DENIED**.

IT IS FURTHER ORDERED THAT all relief not specifically granted herein is **DENIED**.

SIGNED this 11th day of September, 2007.

RAILROAD COMMISSION OF TEXAS

/s/ _____
MICHAEL L. WILLIAMS
CHAIRMAN

/s/ _____
VICTOR G. CARRILLO
COMMISSIONER

/s/ _____
ELIZABETH A. JONES
COMMISSIONER

September 25, 2007

ATTEST

Kim Williamson _____
SECRETARY

**BEFORE THE
RAILROAD COMMISSION OF TEXAS**

APPLICATION OF ATMOS ENERGY CORP. MID-TEX DIVISION FOR TEST YEAR 2006 ANNUAL INTERIM RATE ADJUSTMENT FOR THE ENVIRONS AREA		GAS UTILITIES DOCKET NO. 9734
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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. Chapter 551 (Vernon 2004). 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 (Mid-Tex, Distribution, or the Company), a division of Atmos, owns and operates a gas distribution system.
3. On May 31, 2007, Mid-Tex filed an application for an annual interim rate adjustment (IRA) applicable to customers located in its Distribution environs area.
4. Mid-Tex requested that the IRA for all customer classes become effective on July 30, 2007.
5. On June 04, 2007, the Commission suspended implementation of Atmos' proposed IRA for Distribution until September 13, 2007, which is 45 days following the 60th day after the applications were complete.

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6. Neither TEXAS UTILITIES CODE, §104.301 (Vernon Supp 2004-2005) nor 16 TEX. ADMIN. CODE, §7.7101 (2004) provide the opportunity for parties to intervene in the Commission's review of an application for an annual IRA.
7. 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.
8. No pleas to intervene were filed in the docket.
9. On August 20, 2007, Atmos Texas Municipalities (ATM) filed a motion to dismiss for failure to provide appropriate notice to customers according to 16 TEX. ADMIN. CODE, §7.7101. The Commission filed a response on August 23, 2007 taking no action on the motion and noting that the Company's notice met the requirements of the rule.
10. This docket is the first annual IRA for the distribution system environs of Mid-Tex subsequent to its most recent rate case for Distribution, GUD No. 9670, *Petition for De Novo Review of the Reduction of the Gas Utility Rates of Atmos Energy Corp.*
11. Until promulgation of TEXAS UTILITIES CODE, §104.301 (Vernon Supp 2004-2005), 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.
12. Atmos' proposed IRA will allow Distribution an opportunity to recover, subject to refund, a return on investment, depreciation expense, and related taxes on the incremental cost of infrastructure investment since its last rate case, without the necessity of filing a formal statement of intent rate case and without review by the Commission of Distribution's comprehensive cost of service.

Applicability

13. This docket applies to only those rates over which the Commission has original jurisdiction, which includes all of Distribution's environs customers.
14. As of year-end 2006, Distribution environs customers totaled approximately 45,950 Residential customers, 2,295 Commercial customers, and 57 Industrial Sales and Transport customers.

Most Recent Comprehensive Rate Case

15. Atmos' most recent rate case for Distribution for the area in which the IRA will be implemented is GUD No. 9670, *Petition for De Novo Review of the Reduction of the Gas Utility Rates of Atmos Energy Corp.*
16. GUD No. 9670 was filed on May 31, 2006.
17. The data used in GUD No. 9670 was based on a test-year ending December 31, 2005.
18. The Commission signed the GUD No. 9670 initial Order on March 29, 2007; an Order on rehearing was signed on June 13, 2007; and a second Order on rehearing was signed by the Commission on August 14, 2007.
19. The Commission in GUD No. 9670 set the rates currently charged by Distribution.
20. The following chart shows the factors that were established in GUD No. 9670 to calculate the return on investment, depreciation expense, incremental federal income tax, and ad valorem taxes for Distribution:

Rate of Return	7.903 %
Depreciation Rate for Mid-Tex	3.452%
Depreciation Rate for Shared Services	9.460%

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Federal Income Tax Rate	35%
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Interim Rate Adjustment

21. Distribution 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.
22. The revenue amounts to be recovered through Atmos' proposed annual IRA for Distribution are incremental to the revenue requirement established in Atmos' most recent rate case for Distribution for the area in which the IRA is to be implemented, i.e., GUD No. 9670.
23. The Company calculated and presented all incremental values for investment, accumulated depreciation, return on investment, depreciation expense, ad valorem taxes, and incremental federal income taxes on a full calendar-year basis. Revenue related taxes are not included in Atmos' calculation of the IRA. An existing rate schedule that was established by the final Order in GUD No. 9670 (Rider TAX) is applied to all revenues, including revenues that result from an IRA.
24. For the first IRA following a rate case, the amounts by which Mid-Tex may adjust its rates are based on the difference between Distribution's invested capital at the end of the most recent rate case test-year (December 31, 2005) and the invested capital at the end of the calendar-year following the end of the most recent rate case test-year (December 31, 2006).
25. This docket is the first IRA for Distribution. Therefore, to request its IRA in this docket, Atmos submitted data for Distribution for the calendar year ending December 31, 2006.
26. The value of Distribution's 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 IRA.
27. Mid-Tex 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 for Distribution in Atmos' most recent rate case for the area in which the IRA is to be implemented.
28. Atmos filed the Commission's Annual Earnings Monitoring Report (EMR) for Distribution as required by 16 TEXAS ADMINISTRATIVE CODE §7.7101. The Company's rate of return is 4.134% as compared with the 7.903% allowed rate of return that was established in GUD No. 9670.
29. Atmos filed its Annual Project Report for Distribution as required by 16 TEXAS ADMINISTRATIVE CODE §7.7101.
 - Mid-Tex capital project additions totaled \$140,253,453.
 - Safety-related improvements/infrastructure projects totaled \$61,868,897, or 44% of total additions.⁴
 - Integrity testing projects totaled \$384,800, or 0.27% of total additions.⁵
30. Atmos is required to allocate the revenue to be collected through the IRA for Distribution 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 IRA is to be implemented.
31. Atmos proposed the IRA for Distribution 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.
32. Distribution is required to show its annual IRA on its customers' monthly billing statements as a surcharge.

⁴ Response to Staff's RFI #1-02.

⁵ Response to Staff's RFI #1-04.

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33. The proposed IRA 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 IRA.
34. Due process protections are deferred until Atmos files its next full statement of intent rate case for Distribution.

Notice

35. Atmos provided adequate notice to Distribution's Residential (R) and Commercial (C) customers between June 05, 2007 and July 03, 2007.
36. Atmos provided adequate notice to Distribution's Industrial (I) and Transportation (T) customers on June 08, 2007.

Comprehensive Rate Case Required

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

Review of Interim Rate Adjustment

39. Distribution presented its IRA calculation two different ways:
- An IRA calculation using all the factors from GUD No. 9670, Distribution's most recent rate case, including the property-related taxes (Ad Valorem) percentage of 1.559% for Mid-Tex and 0.325% for Shared Services.
 - An alternate IRA calculation using the factors from GUD No. 9670 for rate of return, depreciation, and federal income tax, but using a property-related taxes (Ad Valorem) percentage of 1.475% for Mid-Tex and 0.328% for Shared Services based on the actual 2006 taxes paid by the Company to reflect the recently changed property tax law.⁶
40. Distribution's proposed IRA is \$12,489,796 based on an incremental net utility plant investment increase of \$62,375,020 using the property-related taxes (Ad Valorem) percentage of 1.559% for Mid-Tex and 0.325% for Shared Services from GUD No. 9670.
41. Distribution's proposed IRA is \$12,422,428 based on an incremental net utility plant investment increase of \$62,375,020 using the property-related taxes (Ad Valorem) percentage of 1.475% for Mid-Tex and 0.328% for Shared Services based on the actual 2006 taxes paid by the Company.
42. Atmos' proposed allocation methodology for Distribution complies with TEXAS UTILITIES CODE, §104.301, and with 16 TEX. ADMIN. CODE, §7.7101.
43. For allocation methodology, it is reasonable for the Commission to approve use of Distribution's 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 Distribution's IRA are reasonable:

Customer Class	Allocation Factor
Rate R (Residential)	0.797036
Rate C (Commercial)	0.174422
Rate I & T (Industrial Sales and Transportation)	0.028543

⁶ 16 TEX. ADMIN. CODE §7.7101(f)(5) only refers to the return on investment, depreciation expense, and incremental federal income tax factors from the most recent rate case to calculate the IRA. The Ad Valorem taxes are not specifically designated as a factor that must remain the same.

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44. Atmos' proposed customer and meter counts for Distribution comply with TEXAS UTILITIES CODE, §104.301, and with 16 TEX. ADMIN. CODE, §7.7101.
45. For calculating the number of customer charges or meter charges per year, it is reasonable for the Commission to approve use of Distribution's 2006 year-end number of customers multiplied by twelve. The following total numbers of customer and meter charges for use in the calculation of the IRA are reasonable:

Customer Class	Total Number of Customer Charges / Meters
Rate R (Residential)	16,912,032
Rate C (Commercial)	1,469,904
Rate I&T (Industrial & Transport)	12,336

46. It is reasonable for the Commission to approve the IRA, as proposed by Distribution, using the alternative property tax calculation to comply with the recently changed property tax law. The corresponding amounts of IRA revenue and additional customer charges by customer class are as follows:

Customer Class	IRA Revenue	Additional Customer/Meter Charge	New Customer/Meter Charge
Rate R (Residential)	\$9,901,118	\$0.59	\$10.69
Rate C (Commercial)	\$2,166,740	\$1.47	\$20.28
T (Industrial & Transport)	\$354,571	\$28.74	\$344.75

Reimbursements of Expense

47. As provided for in the statute and the rule, a gas utility that implements an IRA is required to reimburse the Commission for the utility's proportionate share of the Commission's annual costs related to the administration of the IRA mechanism.
48. After the Commission has finally acted on Atmos' application for an IRA for Distribution, 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.
49. 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 IRAs during the fiscal year, and the costs expected to be incurred in processing such applications.
50. 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 1998 and Supp. 2004) and §121.001 (Vernon 1998 and Supp. 2004-2005), and is therefore subject to the jurisdiction of the Railroad Commission of Texas (Commission).
2. The Commission has jurisdiction over Atmos, Atmos' application for IRAs for Distribution 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 1998 and Supp. 2004-2005).

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3. Under TEX. UTIL. CODE ANN. §102.001 (Vernon 1998 and Supp. 2004-2005), 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 the provisions of the TEXAS UTILITIES CODE ANN. §104.301 and 16 TEX. ADMIN. CODE § 7.7101 (2004), Atmos is required to seek Commission approval before implementing an interim rate adjustment tariff for environs customers.
5. Atmos filed its application for interim rate adjustments for Distribution for changes in investment in accordance with the provisions of TEX. UTIL. CODE ANN. §104.301 (Vernon Supp. 2004-2005) and 16 TEX. ADMIN. CODE §7.7101 (2004).
6. Atmos' application for an IRA for Distribution was processed in accordance with the requirements of TEX. UTIL. CODE ANN. §104.301 (Vernon Supp. 2004-2005) and 16 TEX. ADMIN. CODE §7.7101 (2004).
7. In accordance with 16 TEX. ADMIN. CODE §7.315 (2002), 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 for Distribution.
8. Atmos may not charge any rate for Distribution that has not been successfully filed and accepted as a tariff filing electronically pursuant to TEX. UTIL. CODE ANN. §102.151 and 104.002 and 16 TEX. ADMIN. CODE §7.315 (2002).
9. In accordance with TEX. UTIL. CODE ANN. §104.301(a) (Vernon Supp. 2004-2005) and 16 TEX. ADMIN. CODE §7.7101(a) (2004), the filing date of Atmos' most recent rate case for Distribution, in which there is a final order setting rates for the area in which the IRA will apply, was no more than two years prior to the date Atmos filed its initial IRA for Distribution.
10. Atmos is required, under TEX. UTIL. CODE ANN. §104.301(e) (Vernon Supp. 2004-2005) and 16 TEX. ADMIN. CODE §7.7101(d) (2004), to file with the Commission an annual project report for Distribution, 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 IRA filings for Distribution, 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 Supp. 2004-2005) and 16 TEX. ADMIN. CODE §7.7101(e) (2004), to file with the Commission an annual earnings monitoring report demonstrating Distribution's earnings during the preceding calendar year.
13. Atmos is required, under 16 TEX. ADMIN. CODE §7.7101(h) (2004), to recalculate its approved IRA for Distribution 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 IRA application.
14. In accordance with 16 TEX. ADMIN. CODE §7.7101(i) (2004), all amounts collected from customers under Distribution's IRA 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 IRA and shall be the subjects of specific findings of fact in the Commission's final order setting rates.

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15. In accordance with 16 TEX. ADMIN. CODE §7.7101(j) (2004), in the rate case that Atmos files for Distribution or the Commission initiates after the implementation of an IRA, any change in investment and related expenses and revenues that have been included in any IRA 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 for Distribution or the Commission initiates after the implementation of an IRA, any change in investment and related expenses and revenues that have been included in any IRA shall no longer be subject to review for reasonableness or prudence.
16. The Commission has authority to suspend the implementation of the IRA, under TEX. UTIL. CODE ANN. §104.301(a) (Vernon Supp. 2004-2005) and 16 TEX. ADMIN. CODE §7.7101(e) (2004).
17. The Company provided adequate notice, in accordance with TEX. UTIL. CODE ANN. §104.301(a) (Vernon Supp. 2004 – 2005) and 16 TEX. ADMIN. CODE §7.7101(b) (2004).
18. Atmos' application for an IRA for Distribution, as proposed, complies with all provisions of TEX. UTIL. CODE ANN. §104.301 (Vernon Supp. 2004-2005) and 16 TEX. ADMIN. CODE §7.7101 (2004).
19. The Company's IRA set forth in the findings of fact and conclusions of law, in this Order comply with the provisions of TEX. UTIL. CODE ANN. §104.301 (Vernon Supp. 2004-2005) and 16 TEX. ADMIN. CODE §7.7101 (2004).
20. In accordance with TEX. UTIL. CODE ANN. §104.301(h) (Vernon Supp. 2004 – 2005) and 16 TEX. ADMIN. CODE §7.7101(l) (2004), Atmos shall file a comprehensive rate case for Distribution for the areas in which the IRA is implemented, no later than the 180th day after the fifth anniversary of the date its initial IRA became effective.
21. The Commission has authority, under TEX. UTIL. CODE ANN. §104.301(j) (Vernon Supp. 2004-2005) and 16 TEX. ADMIN. CODE §7.7101(m) (2004), to recover from Atmos, Distribution's proportionate share of the Commission's annual costs related to the administration of the IRA mechanism.

IT IS THEREFORE ORDERED BY THE RAILROAD COMMISSION OF TEXAS THAT Distribution's IRA, as requested, and to the extent recommended to be approved in the findings of fact and conclusions of law, are **HEREBY APPROVED**, subject to refund, to be effective for bills rendered on or after September 11, 2007.

IT IS FURTHER ORDERED THAT Atmos **SHALL** file with the Commission no later than May 30, 2008, 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 May 30, 2008, 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 May 30, 2008, 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 May 30, 2008, for Distribution, recalculations of its approved IRA and applications for annual IRA for the preceding calendar year.

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

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IT IS FURTHER ORDERED THAT Atmos **SHALL** not charge any rate for Distribution 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 this application. 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 Distribution'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 11th day of September, 2007.

RAILROAD COMMISSION OF TEXAS

/s/ _____
MICHAEL L. WILLIAMS
CHAIRMAN

/s/ _____
VICTOR G. CARRILLO
COMMISSIONER

/s/ _____
ELIZABETH A. JONES
COMMISSIONER

ATTEST

/s/ _____
SECRETARY

SECTION 6
MISCELLANEOUS

STEPHEN L. PITNER, GAS SERVICES DIVISION DIRECTOR

1. OFFICE OF THE DIRECTOR

A. Publications

1. Texas Utilities Code Titles 3 and 4. Now available at the State of Texas' website at:
<http://www.capitol.state.tx.us/statutes/uttoc.html>
Special Rules of Practice and Procedure and Substantive Rules. Now available thru the Commission's Website at:
[http://info.sos.state.tx.us/pls/pub/readtac\\$ext.ViewTAC?tac_view=4&ti=16&pt=1&ch=7](http://info.sos.state.tx.us/pls/pub/readtac$ext.ViewTAC?tac_view=4&ti=16&pt=1&ch=7)

2.
 - a. Annual Report for Fiscal Year 2006 – Now available via the Commission's website at:
<http://www.rrc.state.tx.us/divisions/gas/2006AnnualStatisticalReport.html>
 - b. Annual Report for Fiscal Year 2005 – Now available via the Commission's website at:
<http://www.rrc.state.tx.us/divisions/gas/RRCAnnualReport2005.htm>
 - c. Annual Report for Fiscal Year 2004 – Now available via the Commission's website at:
<http://www.rrc.state.tx.us/divisions/gas/TABLECON04.htm>
 - d. Annual Report for Fiscal Year 2003 – Now available via the Commission's website at:
<http://www.rrc.state.tx.us/divisions/gas/tablecontents03.html>
 - e. Annual Report for Fiscal Year 2002 – Now available via the Commission's website at:

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<http://www.rrc.state.tx.us/divisions/gs/tablecontents02.html>

f. Annual Report for Fiscal Year 2001 – available via the Commission’s website at:

<http://www.rrc.state.tx.us/divisions/gs/tablecontents01.html>

g. Annual Report for Fiscal Year 2000 - \$17.00 (includes statistical data for 1999)

3. Six MCF Monthly Residential Gas Bill Analysis for Twenty-five Texas Cities - \$2.00 – Now available via the Commission’s website at:

<http://www.rrc.state.tx.us/divisions/gs/rap/sixmcf.html>

Anyone who wishes to obtain a copy of any of the publications or maps listed in Section A should contact the Central Records Section at 512-463-6887 OR 512-463-6882 P. O. Box 12967, Austin, Texas 78711-2967.

B. Interest Rate on Customer Deposits

We have been advised by the Public Utility Commission that the interest rate to be applied to customer deposits in calendar year 2007 is 4.68%. All gas utilities should use 3.09% through December 31, 2006 and use 4.68% effective January 1, 2007.

2. UTILITY AUDIT SECTION

A. Maintains headquarters and three district offices as follows:

Headquarters - William B. Travis Building 1701 North Congress, P. O. Box 12967, Austin, Texas 78701	Telephone (512) 463-7022 Fax (512) 475-3180
Ed Abrahamson, Director, Utility Audit Section Shannon Miller, Program Specialist Pearl Rodriguez, Program Specialist Rachel Hampton, Administrative Assistant	
Dallas District- 1546 Rowlett Rd., Suite 107, Garland, Texas 75043	Telephone (972) 240-5757 Fax (972) 303-1897
Yolandra Davis, Auditor Josh Settle, Auditor	
Austin District- P. O. Box 12967, Austin, Texas 78711-2967	Telephone (512) 463-7022 Fax (512) 475-3180
Stephen Cooper, Senior Auditor	
Houston District- 1706 Seamist Drive. Suite 501 Houston, TX 77008-3135	Telephone (713) 869-8425 Fax (713) 869-3219
Margie Stoney, Senior Auditor Larry Alcorn, Auditor Dale Francis, Auditor LaToya Johnson, Auditor Konata Uzoma, Auditor	

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B. Gas Utility Tax, Annual Reports and Audit Reports

1. Questions relating to gas utility tax, call Rachel Hampton at (512) 463-7022.
2. Questions relating to annual reports, call Rachel Hampton or Pearl Rodriguez at (512) 463-7022.
3. Inquiries relating to audit reports, call Pearl Rodriguez at (512) 463-7022.

C. Available Information

Copies of gas utility annual reports (2000 to present), as well as information relating to any of the above, A through C, are available for review at the William B. Travis Building, Gas Services Division, 9th Floor, 1701 North Congress. All requests for copies must be made in writing and should be addressed to the Audit Section. Copies will be provided for a fee, depending on the volume of copy work desired, allow a minimum of seven to ten business days for completion of requests. Inquiries regarding copies should be directed to the Audit Section at (512) 463-7022, or Fax your request to (512) 475-3180.

3. MARKET OVERSIGHT**A. Maintains the following office to assist you:**

Headquarters - William B. Travis Building
1701 North Congress, P.O. Box 12967, Austin, Texas 78711 Telephone (512) 463-7164
William O. Geise, Director

B. Gas Utilities Information Bulletin

Published on the Commission's web site at: <http://www.rrc.state.tx.us/divisions/gs/rap/rapbls.html>

C. Proposals For Decision

Published on the Commission's web site at: <http://www.rrc.state.tx.us/divisions/gs/rap/pfds.html>

D. Tariff Filings

Questions pertaining to the filing of tariffs and/or quality of service rules should be directed to Kathy Arroyo, Yolanda Lovelace or Marie Blanco at (512) 463-7167.

E. Curtailments

Curtailment questions should be referred to (512) 463-7167. Curtailment reports made Monday through Friday, 8:00 a.m. to 5:00 p.m., should be made to (512) 463-7167. Curtailment reports made during hours other than those specified above and holidays, should be made to (512) 463-6788.

F. Compliance Filings

Questions regarding gas utilities docket compliance filing requirements should be referred to Mark Brock at (512) 463-7164.

G. Complaints and Inquiries

All complaints and inquiries relating to the gas utility industry should be directed to the Market Oversight Section at (512) 463-7164.

H. Pending RRC Rules and Regulations:

GUD No. 9277 Amendments to §7.305 Curtailment Rule

4. HEARINGS AND LEGAL ANALYSIS**A. Miscellaneous**

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Anyone wishing to obtain copies of appendices to Orders appearing in Section 5 of this Bulletin should contact the Legal Division at (512) 463-7017.

B. Status of Pending Cases

The status of all pending cases listed in Section 3 of this Bulletin is for informational purposes only and is complete up to the time of printing of this Bulletin. For a more accurate status of pending cases, please call the Legal Division at (512) 463-7017.