

**RAILROAD COMMISSION OF TEXAS  
GAS SERVICES DIVISION**

**GAS UTILITIES  
INFORMATION BULLETIN**

**No. 788**



**RAILROAD COMMISSION  
OF TEXAS**

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

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

**January 25, 2006**

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Orders were issued in the following dockets:

**GUD NO 9600** STATEMENT OF INTENT FILED BY ATMOS ENERGY CORPORATION TO CHANGE RATES IN THE ENVIRONS OF THE DALHART SERVICE AREA – *Final Order*

**GUD NO 9601** STATEMENT OF INTENT FILED BY ATMOS ENERGY CORPORATION TO CHANGE RATES IN THE ENVIRONS OF THE FRITCH-SANFORD SERVICE AREA – *Final Order*

**GUD NO. 9604** STATEMENT OF INTENT FILED BY SIENERGY, L.P., TO CHANGE RATES IN THE UNINCORPORATED AREAS SERVED IN THE VICINITY OF MISSOURI CITY – *Final Order*

**GUD NO. 9633** APPEAL FILED BY ATMOS ENERGY CORP., MID-TEX DIVISION FOR REVIEW OF MUNICIPAL RATE ACTIONS REGARDING THE ANNUAL GRIP FILING FROM THE CITIES OF BALCH SPRINGS, BANDERA, BELTON, ET AL. – *Final Order*

JANUARY 25, 2006

**SECTION 1**  
**NEW APPEALS AND APPLICATIONS FILED**

**DOCKET NO.** -- 9636  
**CAPTION** -- Request of University of Texas at Arlington for Establishment of a Transportation Rate on Atmos Energy Corp.'s System.  
**DATE FILED** -- January 17, 2006  
**FILED BY** -- Roger Borgelt  
**EXAMINER** -- Michelle Lingo

**DOCKET NO.** -- 9637  
**CAPTION** -- To Establish Advisory Committee for Rulemaking.  
**DATE FILED** -- January 23, 2006  
**FILED BY** -- Commission's Own Motion  
**EXAMINER** -- Mary Ross McDonald

**DOCKET NO.** -- 9640  
**CAPTION** -- Petition filed by Centerpoint Energy Entex for Review of the City of Bastrop's Municipal Rate Decision and Request for Declaratory Order.  
**DATE FILED** -- January 25, 2006  
**FILED BY** -- Ann M. Coffin  
**EXAMINER** -- John Chakales

**DOCKET NO.** -- 9641  
**CAPTION** -- Petition filed by Centerpoint Energy Entex for Review of the City of Longview's Municipal Rate Decision and Request for Declaratory Order.  
**DATE FILED** -- January 4, 2006  
**FILED BY** -- Ann M. Coffin  
**EXAMINER** -- John Chakales

**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**

**STATEMENT OF INTENT FILED BY ATMOS  
ENERGY CORPORATION TO CHANGE  
RATES IN THE ENVIRONS OF THE DALHART  
SERVICE AREA**

**GAS UTILITIES DOCKET  
NO. 9600**

**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, et seq. (Vernon 2004 & Supp. 2005). The Railroad Commission of Texas adopts the following findings of fact and conclusions of law and orders as follows:

**FINDINGS OF FACT**

1. Atmos Energy Corporation (“Atmos”) is a gas utility as that term is defined in the Texas Utility Code.
2. Atmos owns and operates a gas distribution system in the cities of Dalhart and Channing, in the environs of the Cities of Dalhart and Channing, and in the unincorporated community of Hartley. The system will be referred to as the Dalhart Distribution System.
3. Atmos' last rate case for the Environs of the Dalhart Service Area was in 1986, *Statements of Intent Filed by Energas Company to Change Residential and Commercial Rates in the Environs of the Cities of Dalhart and Channing, Texas*, Docket Nos. 5803 and 5804 (August 11, 1986) (final order granting application).
4. In 1986, the Commission approved a general service rate applicable to domestic, commercial, and small industrial customers, including schools, hospitals, and churches, located in the environs of the Dalhart System.

5. The 1986 general service rate embedded the cost of gas, as follows:

Customer	\$4.30 per month	
Commodity	<p>\$0.22647 for the first 20 Ccf per month</p> <p>\$0.37249 for the next 80 Ccf per month</p> <p>\$0.3437 for the next 400 Ccf per month</p> <p>\$0.33177 for amounts over 500 Ccf per month</p>	<p>Rate Base Plus Base Gas Cost:</p> <p>= (\$0.02736) + \$0.25383</p> <p>= \$0.11866 + \$0.25383</p> <p>= \$0.09354 + \$0.25383</p> <p>= \$0.07794 + \$0.25383</p>
Rate	<p>Bills rendered under the foregoing shall be subject to adjustment each month to the nearest .01 cents per Ccf for changes in the weighted average cost of gas to Atmos Energy supplier or suppliers Dalhart System above or below \$0.23434 per Ccf at 13.2 psia (\$0.26008 per Ccf at 14.65 psia). A factor of 1.083203 shall be applied to such changes to compensate for additional expenses of gas lost.</p>	

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6. On August 1, 2005, Atmos filed with the Railroad Commission of Texas (Commission) a Statement of Intent requesting that the Commission approve tariff changes for customers located in the environs of the Cities of Dalhart and Channing, and in the unincorporated community of Hartley.
7. On August 1, 2005, Atmos filed with the Cities of Dalhart and Channing Statements of Intent requesting those cities approve the same tariff changes.
8. On October 11, 2005, the City of Dalhart approved Atmos' proposed tariff changes.
9. The City of Channing took no action on Atmos' proposed tariff changes.
10. The tariff changes separate the general service tariff customers into four distinct customer classes: residential, commercial, public authority, and small industrial.
11. Atmos' proposed tariffs separate the customers into four customer classes.
12. Atmos will continue to charge identical rates to each customer class.
13. Each residential, commercial, public authority, and small industrial customer will be assessed a customer charge of \$4.30 per month.
14. Each residential, commercial, public authority, and small industrial customer will be assessed commodity charges as follows:
  - Zero for the first 26 Ccf or less of gas used per month
  - \$0.11866 per Ccf for the next 74 Ccf per month
  - \$0.09354 per Ccf for the next 400 Ccf per month
  - \$0.07794 per Ccf for gas over 500 Ccf per month
15. The West Texas System Gas Cost Adjustment (GCA) tariff will apply to the residential, commercial, public authority, and small industrial customer classes:

West Texas System Gas Cost Adjustment (GCA):

The GCA to be applied to each Ccf billed shall be computed as follows and rounded to the nearest \$0.01:

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$$GCA = (G/S + CF) \times TF$$

Where:

1. "G," in dollars, is the expected cost of gas for the expected sales billing units
2. "S," in Ccf at 13.6 psia, is the expected sales billing units to be billed to the customers in the respective sector of the company's West Texas Service Area.
3. "CF", in \$/Ccf at 13.6 psia, is a correction factor charge per Ccf to adjust for the cumulative monthly differences between the cost of gas purchased by the Company and the amount of gas cost billed the customer.

Once a year, on a 12 months ended September basis, the Company shall review the percentage of lost and unaccounted for gas. If this percentage exceeds 5% of the amount metered in, the correcting account balance will be reduced so that the customer will effectively be charged a maximum of 5% for lost and unaccounted for gas and the Company will absorb the excess.

4. a) TF is a tax factor of 1.0526. West Texas System.  
b) TF is a tax factor of 1.0204. ICL of Dalhart and Sanford - Fritch Systems      c) TF is a tax factor of 1.0000. OCL of Dalhart and Sanford - Fritch Systems

*The Company's base rates include a base cost gas of \$0.00/Ccf.*

16. The tariff changes will result in no rate increase to the environs customers.
17. The tariff changes remove from base rates the embedded cost of gas.
18. The tariff changes modify the company's existing purchase GCA methodology to include a correction factor to account for the cumulative monthly differences between the cost of gas purchased by Atmos and the amount of gas cost billed to the customers.
19. The tariff integrates the Dalhart System into the West Texas System purchase GCA rider.
20. Atmos' West Texas System GCA is reasonable.
21. The tariff revises the Dalhart System gas service rate rider to recover a 3 % franchise fee only from customers located within the city limits, as a surcharge to customers' bills.
22. The proposed tariff does not assess franchise fees to environs customers.
23. The tariff reconciles an existing GCA under collection through a surcharge to customers over an approximate five-year period, using a monthly correction factor of \$0.06720 per Ccf. As of September 30, 2005, the approximate under collected amount is \$874,014.75.

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24. Atmos' proposed tariffs are reasonable.
25. Atmos requested the tariffs for all customer classes become effective for bills rendered on and after October 1, 2005.
26. On August 16, 2005, the Commission suspended the implementation of Atmos' proposed tariff changes for 150 days after the day the rate schedules would otherwise be effective.
27. On December 6, 2005, Atmos mailed notice of the proposed rate changes to the environs customers in the Dalhart Distribution System.
28. Atmos' notice meets the statutory and rule requirements of notice and provides sufficient information to rate payers regarding the Statement of Intent.
29. A prehearing conference was conducted on September 13, 2005.
30. Atmos' proposed changes do not constitute a major change.
31. No protest was filed with the Commission regarding the proposed tariff changes and no environs customer requested a hearing or filed a petition to intervene.
32. The Commission used informal proceedings and no hearing was required.
33. Atmos' proposed tariffs will affect the following approximate numbers of environs customers:

<b>Dalhart</b>	99 environs customers
<b>Channing</b>	0 environs customers
<b>Hartley (Unincorporated)</b>	146 environs customers

34. The following documents were admitted into the record of this case:
- Atmos' original Statement of Intent filed on August 1, 2005;
  - Atmos' Response of August 26, 2005, to Examiners' Request for Information;
  - Atmos' Response of October 17, 2005, to Examiners' Request for Information;
  - Atmos' Response of October 24, 2005, to Examiners' Request for Information;
  - Atmos' Supplemental Response of October 28, 2005, to Examiners' Request for Information; and
  - Atmos' proof of notice dated December 6, 2005.
4. The rate of return on investment, depreciation expense, ad valorem taxes, revenue related taxes, and federal income tax factors for the environs customers of the Dalhart System were not addressed in this docket.
5. Atmos does not seek recovery of rate case expenses.

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**CONCLUSIONS OF LAW**

1. Atmos is a "Gas Utility" as defined in TEX. UTIL. CODE ANN. §§ 101.003(7) (Vernon 1998 and Supp. 2005) and is therefore subject to the jurisdiction of the Railroad Commission of Texas (Commission).
2. The Commission has jurisdiction over Atmos and Atmos' Statement of Intent under TEX. UTIL. CODE ANN. § 102.001 (Vernon 1998 & Supp. 2005) and § 104.001 (Vernon 1998 and Supp. 2005).
3. Under TEX. UTIL. CODE ANN. § 102.001 (Vernon 1998 & Supp. 2004), 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, Chapter 104 and 16 TEX. ADMIN. CODE § 7.205, 7.210, 7.220, and 7.315 (2002), a utility is required to seek Commission approval before increasing its rates and filing revised tariff schedules for Environs customers.
5. The Statement of Intent was processed in accordance with the requirements of the Gas Utility Regulatory Act (GURA), and the Administrative Procedure Act, TEX. GOV'T CODE ANN. §§ 2001.001 *et seq.* (Vernon 2000 & Supp. 2005) ("APA").
6. In accordance with TEX. UTIL. CODE ANN. §104.105 (Vernon 1998), the Commission used informal proceedings and no hearing was required.
7. TEX. UTIL. CODE ANN. § 104.107 (Vernon 1998 and Supp. 2005) provides the Commission authority to suspend the operation of the schedule of proposed rates for 150 days from the date the schedule would otherwise go into effect.
8. The proposed rates did not constitute a major change as defined by TEX. UTIL. CODE ANN. § 104.101 (Vernon 1998).
9. In accordance with TEX. UTIL. CODE ANN. § 104.103 (Vernon 1998), 16 TEX. ADMIN. CODE ANN. § 7.230 (2002), and 16 TEX. ADMIN. CODE ANN. § 7.235 (2002); Atmos gave proper notice of this Statement of Intent to its customers.
10. Atmos filed its Statement of Intent to change rates in accordance with the provisions of TEX. UTIL. CODE ANN. '104.102 (Vernon 1998 and Supp. 2005), 16 TEX. ADMIN. CODE " 7.205, 7.210, and 7.220 (2002).
11. In accordance with 16 TEX. ADMIN. CODE '7.315 (2002), within thirty days of the effective date of any change to rates, Atmos is required to file with the Gas Services Division of the Commission its revised tariffs electronically.

**IT IS ORDERED** that the rates and rate design reflected in the findings of fact, conclusions of law, and in the attached tariffs are **APPROVED**.

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**IT IS FURTHER ORDERED** that, in accordance with 16 TEX. ADMIN. CODE § 7.315 (2002), within thirty days of the date this Order is signed, Atmos shall file tariffs electronically 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, and consistent with the attached tariffs.

**IT IS FURTHER ORDERED** that Atmos' rates as requested and to the extent recommended to be approved in the findings of fact and conclusions of law are **HEREBY APPROVED** to be effective for service provided and gas delivered on and after the date of this order.

**IT IS FURTHER ORDERED** that Atmos **SHALL** reconcile the existing gas cost adjustment (GCA) under-collection through a surcharge of the GCA to the Dalhart Service Area customers over an approximate five-year period using a monthly correction factor of \$0.06720 per Ccf based upon the balance on December 31, 2005.

**IT IS FURTHER ORDERED** that Atmos **SHALL**, within 60 days of the date of this Order, file with the Gas Services Section of the Commission an updated report showing the balance of any over or under recovery in the Dalhart Service Area as of December 31, 1005.

**IT IS FURTHER ORDERED** that Atmos **SHALL** file with the Gas Services Section of the Commission an updated report annually each November showing the remaining balance at September 30<sup>th</sup> and amounts collected monthly.

**IT IS FURTHER ORDERED** that Atmos **SHALL** include in its GCA only its reasonable and necessary gas purchase expenses. The reasonableness and prudence of Atmos's gas purchases pursuant to its CGA clause may be subject to an adjustment and potential refund in a subsequent proceeding.

**IT IS FURTHER ORDERED** that the proposed findings of fact and conclusions of law not specifically adopted herein are **DENIED**.

**IT IS FURTHER ORDERED** that Atmos may begin charging the approved rates for gas delivered and service provided on and after the date of this Order. This order will not be final and appealable, however, 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 ninety days from the date the order is served on the parties.

**SIGNED** this 24<sup>th</sup> day of January, 2006.

**RAILROAD COMMISSION OF TEXAS**

JANUARY 25, 2006

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/s/ \_\_\_\_\_

**ELIZABETH A. JONES**  
**CHAIRMAN**

/s/ \_\_\_\_\_

**MICHAEL L. WILLIAMS**  
**COMMISSIONER**

/s/ \_\_\_\_\_

**VICTOR G. CARRILLO**  
**COMMISSIONER**

**ATTEST**

/s/ Kim Williamson  
**SECRETARY**

Exhibit A-1

**Page 1 of 6**

New Tariff

Atmos Energy Company  
Dalhart Distribution System

**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.

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MONTHLY RATE

Customer Charge:           **\$    4.30**

Commodity Charge:

First 26 Ccf or less - Included with Customer Charge.  
Next 74 Ccf @ \$ 0.11866  
Next 400 Ccf @ \$ 0.09354  
Over 500 Ccf @ \$ 0.07794

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

Exhibit A-2

**Page 2 of 6**

New Tariff

Atmos Energy Company  
Dalhart Distribution System

**COMMERCIAL GAS SERVICE**

AVAILABILITY

This schedule is applicable to general use by 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:           **\$    4.30**

Commodity Charge:

First 26 Ccf or less - Included with Customer Charge.  
Next 74 Ccf @ \$ 0.11866  
Next 400 Ccf @ \$ 0.09354  
Over 500 Ccf @ \$ 0.07794

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

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Exhibit A-3

**Page 3 of 6**

New Tariff

Atmos Energy Company  
Dalhart Distribution System

**PUBLIC AUTHORITY GAS SERVICE**

AVAILABILITY

This schedule is applicable to general use by 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:           \$    **4.30**

Commodity Charge:

First 26 Ccf or less - Included with Customer Charge.  
Next 74 Ccf @ \$ 0.11866  
Next 400 Ccf @ \$ 0.09354  
Over 500 Ccf @ \$ 0.07794

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

Exhibit A-4

**Page 4 of 6**

New Tariff

Atmos Energy Company  
Dalhart Distribution System

**SMALL INDUSTRIAL GAS SERVICE**

AVAILABILITY

This schedule is applicable to the sales of any industrial or commercial customer whose predominant use of natural gas is other and space heating, cooking, water heating or other similar type uses. Service under this schedule is

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available to eligible customers following the 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:           \$    **4.30**

Commodity Charge:

First 26 Ccf or less - Included with Customer Charge.

Next 74 Ccf @ \$ 0.11866

Next 400 Ccf @ \$ 0.09354

Over 500 Ccf @ \$ 0.07794

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

Exhibit B-5

**Page 5 of 6**  
New Tariff

Atmos Energy Corporation

**West Texas System and Dalhart System**  
**GAS COST ADJUSTMENT**  
**GCA**

**APPLICATION**

Gas bills issued under rate schedules to which this Rider applies will include adjustments to reflect decreases or increases in purchased gas costs or taxes. Any such adjustments shall be filed with the appropriate regulatory authority before the beginning of the month in which the adjustment will be applied to bills. The amount of each adjustment shall be computed as follows:

**GAS COST ADJUSTMENT (GCA)**

The GCA to be applied to each Ccf billed shall be computed as follows and rounded to the nearest \$0.01:

$$GCA = ( G/S + CF ) \times TF$$

Where:

1. "G", in dollars, is the expected cost of gas for the expected sales billing units.
2. "S", in Ccf at 13.6 psia, is the expected sales billing units to be billed to the customers in the respective sector of the Company's West Texas Service.

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3. "CF", in \$/Ccf at 13.6 psia, is a correction factor charge per Ccf to adjust for the cumulative monthly differences between the cost of gas purchased by the Company and the amount of gas cost billed the customer.

Once a year, on a 12 months ended September basis, the Company shall review the percentage of lost and unaccounted for gas. If this percentage exceeds 5% of the amount metered in, the correcting account balance will be reduced so that the customer will effectively be charged a maximum of 5% for lost and unaccounted for gas and the Company will absorb the excess.

4.

- a) **TF is a tax factor of 1.0526. West Texas System**
- b) **TF is a tax factor of 1.0204. ICL Dalhart and Fritch-Sanford Systems**
- c) **TF is a tax factor of 1.0000. OCL of Dalhart and Fritch-Sanford Systems**

*The Company's base rates include a base cost of gas of \$00.00/Ccf.*

Exhibit C-6

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Revised Tariff

Atmos Energy Company  
Dalhart Distribution System

Gas Service Rate Rider

Application

**All volumes sold inside the city limit of the Dalhart System will be subject to 3% surcharge to recover the city franchise fees payable by Atmos Energy to the Cities. This fee shall be recovered as a surcharge to customers' monthly bills.**

ISSUED BY: C.W. Guy, Vice President - Rates & Regulatory Affairs

**BEFORE THE  
RAILROAD COMMISSION OF TEXAS**

**STATEMENT OF INTENT FILED BY ATMOS  
ENERGY CORPORATION TO CHANGE  
RATES IN THE ENVIRONS OF THE FRITCH-  
SANFORD SERVICE AREA**

**GAS UTILITIES DOCKET  
NO. 9601**

**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, et seq. (Vernon 2004 & Supp. 2005). The Railroad Commission of Texas adopts the following findings of fact and conclusions of law and orders as follows:

**FINDINGS OF FACT**

1. Atmos Energy Corporation (“Atmos”) is a gas utility as that term is defined in the Texas Utility Code.
2. Atmos owns and operates a gas distribution system in the cities and environs of Fritch and Sanford. The system will be referred to as the Fritch-Sanford Distribution System.
3. Atmos’ last rate case for the Environs of the Fritch-Sanford Service Area was in 1993, *Statements of Intent Filed by Energas to Change Rates in the Environs of the Cities of Fritch and Sanford, Texas*, Docket Nos. 8371 and 8372 (August 30, 1993) (final order granting application).
4. In 1993, the Commission approved a general service rate applicable to all domestic and commercial customers in the environs of the Fritch-Sanford System for heating, cooking, refrigeration, water heating, and similar uses.
5. The general service rate that was approved in 1993 embedded the cost of gas as summarized below:

Customer	\$3.20 per month	
Commodity	\$0.38515 for the first 100 Ccf per month \$0.37800 for the next 150 Ccf per month \$0.35052 for the next 250 Ccf per month	Rate Base plus Base Gas Cost: = \$0.11069 + \$0.27446 = \$0.10354 + \$0.27446 = \$0.07606 + \$0.27446

<p>Rate</p>	<p><u>Application</u>                      Gas bills issued under rate schedules to which this Rider applies will include adjustments to reflect decreases or increases in purchased gas costs or taxes from the base level of those expenses embedded in the rates. Any such adjustments shall be filed with the appropriate regulatory authority before the beginning of the month in which the adjustment will be applied to bills.</p> <p><u>Gas Cost Adjustment (GCA)</u>                      The GCA to be applied to each Mcf billed shall be computed as follows and rounded to the nearest \$0.0001:</p> $GCA = (G/S - BASE + CF) \times TF$ <p>Where:</p> <ol style="list-style-type: none"> <li>1. "G," in dollars, is the expected cost of gas for the expected sales billing units.</li> <li>2. "S," in Mcf at 13.6 psia, is the expected sales billing units to be billed to the company's Fritch Sanford Service Area.</li> <li>3. "CF", in \$/Mcf at 13.6 psia, is a correction factor per Mcf to adjust for the cumulative monthly differences between the cost of gas purchased by the Company, including any state, local, or federal taxes levied on such purchases, and the amount of gas cost billed the customer.</li> </ol> <p>Once a year, on a 12 months ended September basis, the Company shall review the percentage of lost and unaccounted for gas. If this percentage exceeds 5% of the amount metered in, the correcting account balance will be reduced so that the customer will effectively be charged a maximum of 5% for lost and unaccounted for gas while the Company will absorb the excess.</p> <ol style="list-style-type: none"> <li>4. "BASE," in \$/Mcf at 13.6 psia, is the base cost of gas of \$2.7057/Mcf that is included in base rates.</li> <li>5. TF is a tax factor of 1.0144.</li> </ol>	

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6. On August 1, 2005, Atmos filed with the Railroad Commission of Texas (Commission) a Statement of Intent requesting that the Commission approve tariff changes for customers located in the environs of the Cities of Fritch and Sanford.
7. On August 1, 2005, Atmos filed with the Cities of Fritch and Sanford Statements of Intent requesting those cities approve the same tariff changes.
8. On August 15, 2005, the City of Sanford approved Atmos' proposed tariff changes.
9. On August 16, 2005, the City of Fritch approved Atmos' proposed tariff changes.
10. The tariff changes separate the general service tariff customers into four distinct customer classes: residential, commercial, public authority, and small industrial.
11. Each residential, commercial, public authority, and small industrial customer will be assessed a customer charge of \$3.20 per month.
12. Each residential, commercial, public authority, and small industrial customer will be assessed commodity charges as follows:
  - First 100 Ccf per month: \$0.11069 per Ccf (or \$1.1069 per Mcf)
  - next 150 Ccf per month: \$0.0354 per Ccf (or \$1.10354 per Mcf)
  - over 250 Ccf per month: \$0.07606 per Ccf (or \$0.7606 per Mcf)
13. The West Texas System Gas Cost Adjustment (GCA) tariff will apply to all customer classes:

The GCA to be applied to each Ccf billed shall be computed as follows and rounded to the nearest \$0.01:

$$\text{GCA} = (\text{G}/\text{S} + \text{CF}) \times \text{TF}$$

Where:

1. "G," in dollars, is the expected cost of gas for the expected sales billing units.
2. "S," in Ccf at 13.6 psia, is the expected sales billing units to be billed to the customers in the respective sector of the company's West Texas Service Area .
3. "CF", in \$/Ccf at 13.6 psia, is a correction factor charge per Ccf to adjust for the cumulative monthly differences between the cost of gas purchased by the Company and the amount of gas cost billed the customer.

Once a year, on a 12 months ended September basis, the Company shall review the percentage of lost and unaccounted for gas. If this percentage exceeds 5% of the amount metered in, the correcting account balance will be reduced so that the customer will effectively be charged a maximum of 5% for lost and unaccounted for gas and the Company will absorb the excess.

4. a) TF is a tax factor of 1.0526. West Texas System.

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- b) TF is a tax factor of 1.0204. ICL of Dalhart and Sanford-Fritch Systems  
c) TF is a tax factor of 1.0000. OCL of Dalhart and Sanford -Fritch Systems

14. The tariff changes will result in no rate increase to the environs customers.
15. The tariff changes remove from base rates the embedded cost of gas.
16. For consistency with the West Texas System purchase GCA, the proposed tariff modifies the company's existing PGA methodology to remove all base cost of gas.
17. The proposed tariff rounds to the nearest cent.
18. The correction factor in the proposed tariff is expressed in Ccf.
19. The proposed tariff revises applicable tax factors.
20. The tariff integrates the Fritch-Sanford System into the West Texas System GCA rider.
21. The tariff revises the Fritch-Sanford System gas service rate rider to recover a 3 % franchise fee only from customers located within the city limits, as a surcharge to customers' bills.
22. The proposed tariff does not assess franchise fees to environs customers.
23. Atmos' modification to its GCA is reasonable.
24. Atmos will reconcile the existing gas cost adjustment over-collection by crediting back to customers through a component of the GCA over an approximate one-year period using a monthly correction factor of \$0.0700 per Ccf. As of September 30, 2005, the over collected amount was approximately \$12,364.85.
25. Atmos' proposed tariffs are reasonable.
26. Atmos requested the tariffs for all customer classes become effective for bills rendered on and after October 1, 2005.
27. On August 16, 2005, the Commission suspended the implementation of Atmos' proposed tariff changes for 150 days after the day the rate schedules would otherwise be effective.
28. On December 6, 2005, Atmos mailed notice of the proposed rate changes to the Environs customers in the Fritch-Sanford Distribution System.
29. Atmos' notice meets the statutory and rule requirements of notice and provides sufficient information to rate payers regarding the Statement of Intent.
30. A prehearing conference was conducted on September 13, 2005.

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31. Atmos' proposed changes do not constitute a major change.
32. No protest was filed with the Commission regarding the proposed tariff changes and no environs customer requested a hearing or filed a petition to intervene.
33. The Commission used informal proceedings and no hearing was required.
34. Atmos' proposed tariffs will affect approximately 667 residential, eight (8) commercial, and one (1) public authority customers.
35. The following documents were admitted into the record of this case:
  - Atmos' Original Statement of Intent filed on August 1, 2005;
  - Atmos' Response of August 26, 2005, to Examiners' Request for Information;
  - Atmos' Response of October 17, 2005, to Examiners' Request for Information;
  - Atmos' Response of October 24, 2005, to Examiners' Request for Information;
  - Atmos' Supplemental Response of October 28, 2005, to Examiners' Request for Information; and
  - Atmos' proof of notice dated December 6, 2005.
36. The rate of return on investment, depreciation expense, ad valorem taxes, revenue related taxes, and federal income tax factors for the environs customers of the Fritch Sanford System were not addressed in this docket.
37. Atmos does not seek recovery of rate case expenses.

#### CONCLUSIONS OF LAW

1. Atmos is a "Gas Utility" as defined in TEX. UTIL. CODE ANN. §§ 101.003(7) (Vernon 1998 and Supp. 2005) and is therefore subject to the jurisdiction of the Railroad Commission of Texas (Commission).
2. The Commission has jurisdiction over Atmos and Atmos' Statement of Intent under TEX. UTIL. CODE ANN. § 102.001 (Vernon 1998 & Supp. 2005) and § 104.001 (Vernon 1998 and Supp. 2005).
3. Under TEX. UTIL. CODE ANN. § 102.001 (Vernon 1998 & Supp. 2004), 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, Chapter 104 and 16 TEX. ADMIN. CODE § 7.205, 7.210, 7.220, and 7.315 (2002), a utility is required to seek Commission approval before increasing its rates and filing revised tariff schedules for Environs customers.

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5. The Statement of Intent was processed in accordance with the requirements of the Gas Utility Regulatory Act (GURA), and the Administrative Procedure Act, TEX. GOV'T CODE ANN. §§ 2001.001 *et seq.* (Vernon 2000 & Supp. 2005) (“APA”).
6. In accordance with TEX. UTIL. CODE ANN. §104.105 (Vernon 1998), the Commission used informal proceedings and no hearing was required.
7. TEX. UTIL. CODE ANN. § 104.107 (Vernon 1998 and Supp. 2005) provides the Commission authority to suspend the operation of the schedule of proposed rates for 150 days from the date the schedule would otherwise go into effect.
8. The proposed rates did not constitute a major change as defined by TEX. UTIL. CODE ANN. § 104.101 (Vernon 1998).
9. In accordance with TEX. UTIL. CODE ANN. § 104.103 (Vernon 1998), 16 TEX. ADMIN. CODE ANN. § 7.230 (2002), and 16 TEX. ADMIN. CODE ANN. § 7.235 (2002); Atmos gave proper notice of this Statement of Intent to its customers.
10. Atmos filed its Statement of Intent to change rates in accordance with the provisions of TEX. UTIL. CODE ANN. '104.102 (Vernon 1998 and Supp. 2005), 16 TEX. ADMIN. CODE " 7.205, 7.210, and 7.220 (2002).
11. In accordance with 16 TEX. ADMIN. CODE '7.315, within thirty days of the effective date of any change to rates, Atmos is required to file with the Gas Services Division of the Commission its revised tariffs electronically.

**IT IS ORDERED** that the rates and rate design reflected in the findings of fact, conclusions of law, and in the attached tariffs are **APPROVED**.

**IT IS FURTHER ORDERED** that, in accordance with 16 TEX. ADMIN. CODE § 7.315, within thirty days of the date this Order is signed, Atmos shall file tariffs electronically with the Gas Services Division. The tariffs shall incorporate the rates and rate design, consistent with this Order, as stated in the findings of fact and conclusions of law.

**IT IS FURTHER ORDERED** that Atmos’ rates as requested and to the extent recommended to be approved in the findings of fact and conclusions of law are **HEREBY APPROVED** to be effective for service provided and gas delivered on and after the date of this order.

**IT IS FURTHER ORDERED** that Atmos **SHALL** reconcile the existing gas cost adjustment over-collection through a credit to the Fritch-Sanford System customers over an approximate one-year period using a monthly correction factor of \$0.0700 per Ccf based upon the balance on December 31, 2005.

**IT IS FURTHER ORDERED** that Atmos **SHALL**, within 60 days of the date of this Order, file with the Gas Services Section of the Commission an updated report showing the balance of any over or under recovery in the Fritch-Sanford System as of December 31, 1005.

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**IT IS FURTHER ORDERED** that Atmos **SHALL** file with the Gas Services Section of the Commission an updated report annually each November showing the remaining balance at September 30<sup>th</sup> and amounts refunded monthly.

**IT IS FURTHER ORDERED** that Atmos **SHALL** include in its purchased gas adjustment only its reasonable and necessary gas purchase expenses. The reasonableness and prudence of Atmos's gas purchases pursuant to its GCA clause may be subject to an adjustment and potential refund in a subsequent proceeding.

**IT IS FURTHER ORDERED** that the proposed findings of fact and conclusions of law not specifically adopted herein are **DENIED**.

**IT IS FURTHER ORDERED** that Atmos may begin charging the approved rates for gas delivered and services provided on and after the date of this Order. This order will not be final and appealable, however, 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 ninety days from the date the order is served on the parties.

**SIGNED** this 26<sup>th</sup> day of January, 2006.

**RAILROAD COMMISSION OF TEXAS**

*/s/* \_\_\_\_\_  
**ELIZABETH A. JONES**  
**CHAIRMAN**

*/s/* \_\_\_\_\_  
**MICHAEL L. WILLIAMS**  
**COMMISSIONER**

*/s/* \_\_\_\_\_  
**VICTOR G. CARRILLO**  
**COMMISSIONER**

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ATTEST

/s/ Kim Williamson  
SECRETARY

Exhibit A-1

**Page 1 of 5**

New Tariff

Atmos Energy Company  
Fristch-Sanford Distribution System

**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:           \$     **3.20**

Commodity Charge:

First 100 Ccf @ \$ 0.11069

Next 150 Ccf @ \$ 0.10354

Next 250 Ccf @ \$ 0.07606

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

Exhibit A-2

**Page 2 of 6**

New Tariff

Atmos Energy Company

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Dalhart Distribution System

**COMMERCIAL GAS SERVICE**

AVAILABILITY

This schedule is applicable to general use by 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:           **\$    3.20**

Commodity Charge:

First 100 Ccf @ \$ 0.11069  
Next 150 Ccf @ \$ 0.10354  
Next 250 Ccf @ \$ 0.07606

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

Exhibit A-3

**Page 3 of 6**

New Tariff

Atmos Energy Company  
Dalhart Distribution System

**PUBLIC AUTHORITY GAS SERVICE**

AVAILABILITY

This schedule is applicable to general use by 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:           **\$    3.20**

Commodity Charge:

First 100 Ccf @ \$ 0.11069

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Next 150 Ccf @ \$ 0.10354

Next 250 Ccf @ \$ 0.07606

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

Exhibit A-4

**Page 4 of 6**

New Tariff

Atmos Energy Company  
Dalhart Distribution System

**SMALL INDUSTRIAL GAS SERVICE**

AVAILABILITY

This schedule is applicable to the sales of any industrial or commercial customer whose predominant use of natural gas is other and space heating, cooking, water heating or other similar type uses. Service under this schedule is available to eligible customers following the 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:           \$     **3.20**

Commodity Charge:

First 100 Ccf @ \$ 0.11069

Next 150 Ccf @ \$ 0.10354

Next 250 Ccf @ \$ 0.07606

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

Exhibit B-5

**Page 5 of 6**

New Tariff

Atmos Energy Corporation

**Fritch-Sanford Distribution System**  
**GAS COST ADJUSTMENT**  
**GCA**

**APPLICATION**

JANUARY 25, 2006

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Gas bills issued under rate schedules to which this Rider applies will include adjustments to reflect decreases or increases in purchased gas costs or taxes. Any such adjustments shall be filed with the appropriate regulatory authority before the beginning of the month in which the adjustment will be applied to bills. The amount of each adjustment shall be computed as follows:

**GAS COST ADJUSTMENT (GCA)**

The GCA to be applied to each Ccf billed shall be computed as follows and rounded to the nearest \$0.01:

$$GCA = ( G/S + CF ) \times TF$$

Where:

1. "G", in dollars, is the expected cost of gas for the expected sales billing units.
2. "S", in Ccf at 13.6 psia, is the expected sales billing units to be billed to the customers in the respective sector of the Company's West Texas Service.
3. "CF", in \$/Ccf at 13.6 psia, is a correction factor charge per Ccf to adjust for the cumulative monthly differences between the cost of gas purchased by the Company and the amount of gas cost billed the customer.

Once a year, on a 12 months ended September basis, the Company shall review the percentage of lost and unaccounted for gas. If this percentage exceeds 5% of the amount metered in, the correcting account balance will be reduced so that the customer will effectively be charged a maximum of 5% for lost and unaccounted for gas and the Company will absorb the excess.

4.
  - a) **TF is a tax factor of 1.0526. West Texas System**
  - b) **TF is a tax factor of 1.0204. ICL Dalhart and Fritch-Sanford Systems**
  - c) **TF is a tax factor of 1.0000. OCL of Dalhart and Fritch-Sanford Systems**

*The Company's base rates include a base cost of gas of \$00.00/Ccf.*

ISSUED BY: C.W. Guy, Vice President - Rates & Regulatory Affairs

JANUARY 25, 2006

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**BEFORE THE  
RAILROAD COMMISSION OF TEXAS**

**STATEMENT OF INTENT FILED BY  
SIENERGY, L.P., TO CHANGE RATES IN  
THE UNINCORPORATED AREAS SERVED IN  
THE VICINITY OF MISSOURI CITY.**

**GAS UTILITIES DOCKET  
NO. 9604**

**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, et seq. (Vernon 1994 & Supp. 2004). The Railroad Commission of Texas adopts the following findings of fact and conclusions of law and orders as follows:

**FINDINGS OF FACT**

1. SiEnergy, L.P. ("SiEnergy") is a gas utility as that term is defined in the Texas Utility Code.
2. SiEnergy owns and operates a gas distribution system that distributes gas in Missouri City, Texas and its surrounding environs.
3. On August 5, 2005, SiEnergy filed a Statement of Intent requesting that the Railroad Commission of Texas ("Commission") approve a new rates for all customer classes in the environs of Missouri City, Texas.
4. The proposed rates will increase SiEnergy's total annual revenues by approximately \$182,816.
5. SiEnergy requested that the proposed new rates become effective on September 9, 2005.
6. On September 7, 2005, the Commission suspended the implementation of SiEnergy's proposed rates for 150 days after the date the rate schedules would otherwise be effective.
7. A Notice of Hearing was issued on November 22, 2005, and a final hearing was convened on December 9, 2005, to take testimony, other evidence, and legal argument on a limited number issues.
8. No protests were filed with the Commission regarding the proposed new rate schedules; no environs

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- 
- customer requested a hearing or filed a petition to intervene.
9. SiEnergy published public notice of the proposed rate changes once a week for four or more consecutive weeks in a newspaper of general circulation in the county that contains territory affected by the proposed changes.
  10. SiEnergy's publication of notice meets the statutory and rule requirements of notice and provides sufficient information to rate payers about the statement of intent.
  11. SiEnergy completed its requirement to publish notice on or before October 5, 2005.
  12. The data submitted by SiEnergy in this docket encompass a full test-year, i.e. the twelve-month period ending March 31, 2005.
  13. There are approximately 2,570 Residential, 4 Commercial, and 3 Public School class customers that will be affected by SiEnergy's rate changes.
  14. It is reasonable to set SiEnergy' allowable rate of return by establishing the weighted average cost of capital for a capital structure comprised of 47.9 percent long-term debt, 1.5 percent preferred equity, and 50.6 percent common equity.
  15. A cost of long-term debt for SiEnergy of 6.33 percent is reasonable.
  16. A cost of common equity for SiEnergy of 10.5 percent is reasonable.
  17. A cost of preferred equity for SiEnergy of 5.5 percent is reasonable.
  18. An overall rate of return of 8.423 percent based on the weighted average cost of capital is reasonable.
  19. SiEnergy's net plant in service of \$3,553,930, determined by adjusting plant in service of \$4,088,094 by \$532,164 for depreciation and amortization reserves, is reasonable in this case.
  20. In determining SiEnergy's total rate base, it is reasonable to reduce SiEnergy's rate base by \$705 for customer deposits and by \$180,203 for accumulated deferred federal income taxes.
  21. In determining SiEnergy's total rate base, it is reasonable to increase SiEnergy's rate base by \$16,504 for customer prepayments and by \$64,110 for cash working capital.
  22. SiEnergy's total rate base of \$3,453,635 is reasonable.
  23. Income tax expense of \$95,949, and taxes other than income taxes of \$0.00 are reasonable.
  24. Employee and labor related expenses of \$284,856, operations expenses of \$39,973, customer related expenses of \$86,160, and administrative and general expenses of \$101,888, are reasonable.

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25. Depreciation and amortization expenses of \$139,291 are reasonable.
26. Purchased gas expenses of \$1,227,012 are reasonable.
27. SiEnergy's proposed Residential Sales Rate, consisting of a minimum customer charge of \$15.00 per month and a single volumetric charge of \$0.2055 per Ccf on all gas volumes delivered, is reasonable.
28. SiEnergy's proposed Commercial Sales Rate, consisting of a minimum customer charge of \$30.00 per month and a single volumetric charge of \$0.2413 per Ccf on all gas volumes delivered, is reasonable.
29. SiEnergy's proposed Public School Sales Rate, consisting of a minimum customer charge of \$30.00 per month and a single volumetric charge of \$0.2413 per Ccf on all gas volumes delivered, is reasonable.
30. SiEnergy's proposed Rider PSF - Pipeline Safety Fee, attached hereto in Exhibit A, is reasonable.
31. The costs and expenses incurred by SiEnergy in prosecuting GUD No. 9604 at the Commission and before the city of Missouri City, Texas were equal and otherwise non-distinguishable from the request for rates before the two regulating authorities.
32. It is reasonable to aggregate all rate case expenses incurred by SiEnergy in prosecuting GUD No. 9604 and the underlying rate case filed before the city of Missouri City, Texas and to recover the aggregate expenses equally from all customers subject to the final orders approved in GUD No. 9604 and before the city.
33. The requested actual rate case expenses of SiEnergy in the amount of \$31,942.84 for actual work performed are reasonable. The requested estimated future rate case expenses of \$22,872.16 are reasonable.
34. It is reasonable that SiEnergy recover all rate case expenses approved herein by use of per Ccf surcharge.
35. It is reasonable that SiEnergy recover all rate case expenses approved herein over a period of twelve (12) months billed to all customers subject to the final order approved in GUD No. 9604 and to all customers located within the city of Missouri City, Texas.
36. It is reasonable that all rate case expenses approved herein be recovered on a system-wide basis from all customers subject to SiEnergy's tariff provisions within Missouri City and the surrounding environs.
37. It is reasonable for SiEnergy to include a carrying charge of 4.66% per annum on its own rate case expenses after the effective date of this order until recovered by surcharge.
38. SiEnergy's proposed Rate M - Miscellaneous Service Charges, attached hereto in Exhibit A, are reasonable.
39. SiEnergy's proposed Rate Schedules, attached hereto in Exhibit A, are reasonable.

**CONCLUSIONS OF LAW**

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1. SiEnergy, L.P. (“SiEnergy”) is a "Gas Utility" as defined in TEX. UTIL. CODE ANN. §101.003(7) (Vernon 1998 & Supp. 2005) and §121.001(Vernon 1998 & Supp. 2005) and is therefore subject to the jurisdiction of the Railroad Commission (Commission) of Texas.
2. The Railroad Commission of Texas (“Commission”) has jurisdiction over SiEnergy and SiEnergy's Statement of Intent under TEX. UTIL. CODE ANN. §§102.001, 104.001, 104.001, and §104.201(Vernon 1998 & Supp. 2005).
3. Under TEX. UTIL. CODE ANN. §102.001 (Vernon 1998 & Supp. 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. This Statement of Intent was processed in accordance with the requirements of the Gas Utility Regulatory Act (“GURA”), and the Administrative Procedure Act, TEX. GOV'T CODE ANN. §§2001.001-2001.902 (Vernon 2000 & Supp. 2005) (“APA”).
5. In accordance with the stated purpose of the Texas Utilities Code, Subtitle A, expressed under TEX. UTIL. CODE ANN. §101.002 (Vernon 1998 & Supp. 2005), the Commission has assured that the rates, operations, and services established in this docket are just and reasonable to customers and to the utilities.
6. TEX. UTIL. CODE ANN. §104.107 (Vernon 1998 & Supp. 2005) provides the Commission authority to suspend the operation of the schedule of proposed rates for 150 days from the date the schedule would otherwise go into effect.
7. In accordance with TEX. UTIL. CODE §104.103 (Vernon 1998 and Supp. 2005), 16 TEX. ADMIN. CODE ANN. §7.230 (2002), and 16 TEX. ADMIN. CODE ANN. §7.235 (2002), adequate notice was properly provided.
8. In accordance with the provisions of TEX. UTIL. CODE ANN. §104.102 (Vernon 1998 & Supp. 2005), 16 TEX. ADMIN. CODE ANN. §7.205 (2002), and 16 TEX. ADMIN. CODE §7.210 (2002), SiEnergy filed its Statement of Intent to change rates.
9. SiEnergy met its burden of proof in accordance with the provisions of TEX. UTIL. CODE ANN. §104.008 (Vernon 1998 and Supp. 2005) that its rate changes are just and reasonable.
10. The revenue, rates, rate design, and service charges proposed by SiEnergy are just and reasonable, not unreasonably preferential, prejudicial, or discriminatory, and are sufficient, equitable, and consistent in application to each class of consumer, as required by TEX. UTIL. CODE ANN. §104.003 (Vernon 1998 & Supp. 2005).
11. The overall revenues as established by the findings of fact are reasonable; fix an overall level of revenues for SiEnergy that will permit the company a reasonable opportunity to earn a reasonable return on its invested capital used and useful in providing service to the public over and above its reasonable and necessary operating expenses, as required by TEX. UTIL. CODE ANN. § 104.051 (Vernon 1998 & Supp.

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2005); and otherwise comply with Chapter 104 of the Texas Utilities Code.

12. The revenue, rates, rate design, and service charges proposed will not yield to SiEnergy more than a fair return on the adjusted value of the invested capital used and useful in rendering service to the public to the public, as required by TEX. UTIL. CODE ANN. § 104.052 (Vernon 1998 & Supp. 2005).
13. All expenses for lost and unaccounted for gas in excess of 5.0 percent shall be disallowed, consistent with TEX. ADMIN. CODE § 7.5525(b)(1) (2002).
14. SiEnergy is required by 16 TEX. ADMIN. CODE §7.315 (2002) to file electronic tariffs incorporating rates consistent with this Order within thirty days of the date of this Order.
15. Each party seeking reimbursement for its rate case expenses has the burden to prove the reasonableness of such rate case expenses by a preponderance of the evidence, under 16 TEX. ADMIN. CODE § 7.5530 (2002).
16. The rate case expenses enumerated in the findings of fact herein are reasonable and comply with 16 TEX. ADMIN. CODE ANN. § 7.5530 (2002).
17. The Commission has the authority to allow SiEnergy to recover rate case expenses through a surcharge on its rates, under TEX. UTIL. CODE ANN. § 104.051 (Vernon 1998 & Supp. 2005).

**IT IS THEREFORE ORDERED** that the rates reflected in the findings of fact and conclusions of law are 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, SiEnergy shall file tariffs with the Gas Services Division. The tariffs shall incorporate the rates, rate design, and service charges consistent with this Order, as stated in the findings of fact and conclusions of law.

**IT IS FURTHER ORDERED** that SiEnergy's rates as requested and to the extent recommended to be approved in the findings of fact and conclusions of law are **HEREBY APPROVED** to be effective for gas consumed and for services delivered on and after the date of this Order.

**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**.

**IT IS FURTHER ORDERED** that SiEnergy is authorized to recover all rate case expenses incurred in GUD No. 9604 and the rate case filed with the city of Missouri City, Texas and approved by this order by means of a surcharge on its rates charged to ratepayers subject to the final orders entered in GUD No. 9604 and the City Ordinance approved by Missouri City, Texas. A surcharge on rates shall be calculated on a per Ccf basis for all customer classes and implemented over a period of twelve (12) months, commencing with the date this final order becomes effective.

**IT IS FURTHER ORDERED** that SiEnergy shall be allowed to charge an interest rate of 4.66% per annum on the rate

JANUARY 25, 2006

case expenses approved herein for SiEnergy, until such funds are recovered through means of the surcharge approved by this order.

**IT IS ALSO ORDERED** that SiEnergy shall file a quarterly report informing the Railroad Commission of the balance of the surcharge with the Director of the Gas Services Division.

**IT IS FURTHER ORDERED THAT** SiEnergy may begin charging rates for gas delivered and for services delivered on and after the date of this Order. This Order will not be final and appealable 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. Each exception to the examiners' proposal for decision 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 24<sup>th</sup> day of January, 2006.

**RAILROAD COMMISSION OF TEXAS**

*/s/* \_\_\_\_\_

**ELIZABETH A. JONES**  
**CHAIRMAN**

*/s/* \_\_\_\_\_

**MICHAEL L. WILLIAMS**  
**COMMISSIONER**

*/s/* \_\_\_\_\_

**VICTOR G. CARRILLO**  
**COMMISSIONER**

**ATTEST**

*/s/ Kim Williamson* \_\_\_\_\_  
**SECRETARY**

JANUARY 25, 2006

**BEFORE THE  
RAILROAD COMMISSION OF TEXAS**

**APPEAL FILED BY ATMOS ENERGY CORP., GAS UTILITIES DOCKET NO. 9633  
MID-TEX DIVISION FOR REVIEW OF  
MUNICIPAL RATE ACTIONS REGARDING THE  
ANNUAL GRIP FILING FROM THE CITIES OF  
BALCH SPRINGS, BANDERA, BELTON, ET AL.**

**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 (Distribution), a division of Atmos, owns and operates a gas distribution system.
3. On September 19 and September 20, 2005, Distribution filed applications for interim rate adjustments in each of the listed and identified in Exhibit A (Municipalities").
4. The interim rate adjustments apply only to those customers located within the city limits of each of the Municipalities.
5. Municipalities that denied or approved Atmos' proposed interim rate adjustment and the date of each Municipality's action is provided in Exhibit A, attached to this Order.
6. On January 3, 2006, Distribution filed with the Commission an appeal for Review of Municipal Actions Regarding the Atmos Energy Corp., Mid-Tex Division's Annual Gas Reliability Program Rate Adjustment applicable to the Cities identified in Exhibit A.
7. On January 11, 2006, the Commission's Director of Gas Services suspended implementation of Atmos' proposed interim rate adjustment until April 18, 2006.
8. Atmos Cities Steering Committees (ACSC) and Atmos Texas Municipalities (ATM) filed pleas to intervene, requests for hearing and requests for rate case reimbursement.
9. The Commission took no action on ACSC's or ATM's pleas to intervene, requests for hearing and requests for rate case reimbursement.

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10. ATM filed a motion for prehearing conference and procedural schedule.
11. The Commission took no action on ATM's motion for prehearing conference and procedural schedule.
12. ACSC represents the Cities of Brownwood, Caddo Mills, Cedar Hill, Clyde, Coral City, Crandall, Denison, Eastland, Frisco, Haltom City, Irving, Kaufman, Keene, Kennedale, Krum, Malakoff, Mansfield, Midlothian, Red Oak, Sherman, Snyder, Tyler, and Wylie.
13. ATM represents the Cities of Balch Springs, Belton, Burnet, Clifton, Coleman, Copperas Cove, Corsicana, Denton, Dublin, Fredericksburg, Frost, Gatesville, Goldthwaite, Granbury, Grandview, Greenville, Groesbeck, Hillsboro, Lampasas, Leander, Llano, Lometa, Longview, Mexia, Pflugerville, Ranger, Riesel, Round Rock, San Saba, Somerville, Trinidad, and Whitney.
14. On January 13, 2006, the City of Dallas filed a Motion to Intervene, Request for Evidentiary Hearing and Request for Rate Case Reimbursement.
15. The Commission took no action on the City of Dallas' Motion to Intervene, Request for Evidentiary Hearing and Request for Rate Case Reimbursement.
16. ATM filed an Emergency Appeal of Gas Services Division's decision to take no action on their motion to intervene alleging denial of intervention and evidentiary hearing on January 20, 2006.
17. Atmos Energy Corp., Mid-Texas Division filed a response to ATM's emergency appeal on January 23, 2006.
18. Neither TEXAS UTILITIES CODE, §104.301 (Vernon Supp 2004-2005) nor 16 TEX. ADMIN. CODE, §7.7101 (2004) provides the opportunity for parties to intervene in the Commission's review of an application for an annual interim rate adjustment.
19. Until promulgation of TEXAS UTILITIES CODE, §104.301 (Vernon Supp 2004-2005), a utility could not increase its rates applicable to customers located within a municipality without filing with the regulatory authority a formal statement of intent rate case, including a comprehensive cost of service rate review.
20. Atmos' proposed interim rate adjustments would allow Distribution an opportunity to recover a return on investment, depreciation expense, and related taxes on the incremental cost of infrastructure investment since its last rate case, without the necessity of filing a statement of intent rate case and without review by the regulatory authority of Atmos' comprehensive cost of service.

#### *Applicability*

21. This docket applies to only those rates over which the Commission has appellate jurisdiction, including customers located within a municipality served by the Distribution system.

#### *Most Recent Comprehensive Rate Case*

22. Atmos' most recent rate case for the area in which the interim rate adjustment 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*.
23. GUD No. 9400 was filed on May 23, 2003.
24. The data used in GUD No. 9400 was based on a test-year ending December 31, 2002.
25. The Commission signed the GUD No. 9400 final Order on May 25, 2004, and the rates became effective the same day.

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26. The rates currently charged by Atmos to customers within the Municipalities were set by the Commission in GUD No. 9400.
27. The following chart shows the factors that were used to establish or used in the Final Order setting Distribution rates in GUD No. 9400 to calculate the return on investment, depreciation expense, incremental federal income tax, and ad valorem taxes.

**GUD 9400 CALCULATION FACTORS**

<b>Factor</b>	<b>Distribution</b>
Rate of Return	8.258 %
Depreciation Rate	3.539 %
Federal Income Tax Rate	35 %
Ad Valorem Tax Rate	1.550 %

*Interim Rate Adjustment*

28. Atmos seeks approval 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.
29. The revenue amounts to be recovered through Atmos' proposed annual interim rate adjustment are incremental to the revenue requirement established in Atmos' most recent rate case for the area in which the interim rate adjustment is to be implemented, i.e., GUD No. 9400.
30. Atmos 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 interim rate adjustment. 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 interim rate adjustment.
31. To request its interim rate adjustment in this docket, Atmos submitted data for the calendar year ending December 31, 2004.
32. For the first interim rate adjustment following a rate case, the amounts by which Atmos may adjust its rates are based on the difference between Distribution's invested capital at the end of the most recent test-year (December 31, 2003) and the invested capital at the end of the calendar-year following the end of the most recent rate case test-year (December 31, 2002).
33. This docket is the second annual interim rate adjustment for Atmos. Therefore, to request its interim rate adjustments in this docket, Atmos submitted data for the calendar year ending December 31, 2004.
34. The value of Atmos' invested capital is equal to the original cost of the investment at the time the investment was first dedicated to public use minus the accumulated depreciation related to that investment for Distribution interim rate adjustments.
35. Atmos' incremental net utility plant investment is \$28,902,652 for Distribution. The interim rate adjustment is determined on a system wide basis and the same adjustments are applied to all Distribution customers, including those served by the municipalities in this docket.
36. Atmos is required to use the same factors to calculate the interim return on investment, depreciation expense, and incremental federal income tax as those established or used in the final order setting rates in Atmos' most recent rate case for the area in which the interim rate adjustment is to be implemented.

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37. Atmos is required to allocate the revenue to be collected through the interim rate adjustment among its customer classes in the same manner as the cost of service was allocated among its customer classes in its most recent rate case for the area in which the interim rate adjustment is to be implemented.
38. Atmos proposed the interim rate adjustment as a flat rate to be applied to the monthly customer charges and monthly meter charges rather than as a volumetric rate to be applied to the initial block usage rates.
39. Atmos is required to show its annual interim rate adjustment on its customers' monthly billing statements as a surcharge.
40. The proposed interim rate adjustment does not require an evidentiary proceeding; rather, TEXAS UTILITIES CODE, §104.301 and 16 TEX. ADMIN. CODE, §7.7101 require the regulatory authority to review a utility's method of calculating the interim rate adjustment.
41. The Commission's Director of Gas Services Division afforded the Municipalities an opportunity to submit comments.

Notice

42. Atmos provided adequate notice to its Distribution customers within 45 days from the date it filed its application with the municipalities. Residential and Commercial customers were noticed by bill insert. Industrial Sales and Transport customers were noticed via mail.
43. Atmos provided adequate notice via certified mail to the Municipalities simultaneous with filing its petition for review with the Commission.

Comprehensive Rate Case Requirements

44. At the time it applies for an interim rate adjustment, a Utility is not required to file a statement of intent or initiate a rate case with the regulatory authority.
45. A gas utility that implements an interim rate adjustment and does not file a rate case before the fifth anniversary of the date its initial interim rate adjustment became effective is required to file a rate case not later than the 180th day after that anniversary.

Review of Interim Rate Adjustment

46. For allocation methodology, it is reasonable for the Commission to approve use of Atmos' overall cost of service (less other revenue, gas cost, and revenue related taxes) as determined in its most recent rate case. The following overall cost of service allocation factors for use in the calculation of Atmos' interim rate adjustment are reasonable:

Customer Class	Allocation Factors
<b>Distribution:</b>	
Residential (R)	0.7066
Commercial (C)	0.2147
Industrial Sales & Transport (I & T)	0.0788

47. For calculating the number of customer charges or meter charges per year, it is reasonable for the Commission to approve use of Distribution's 2004 year-end number of customers multiplied by twelve. The following total numbers of customer and meter charges for use in the calculation of the interim rate adjustment are reasonable:

Customer Class	Total Number of Customer Charges / Meters
<b>Distribution:</b>	

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Residential (R)	16,430,676
Commercial (C)	1,494,108
Industrial Sales & Transport (I & T)	12,732
Total	<b>17,937,516</b>

48. It is reasonable for the Commission to approve Atmos' applications for interim rate adjustments, as revised by Atmos in its Statement of Intent. The following amounts of interim rate adjustment revenue and additional customer charges by customer class are reasonable:

Customer Class	Interim Rate Adjustment Revenue	Ad Additional Customer / Meter Charges
<b>Distrib Distribution:</b>	\$6,731,115	
Residential (R)	4,756,051	\$0.29
Commercial (C)	1,444,854	\$0.97
Industri Industrial (I & T)	530,210	\$41.64

*Reimbursements of Expense*

49. As provided for in the statute and the rule, a gas utility that implements an interim rate adjustment is required to reimburse the Commission for the utility's proportionate share of the Commission's annual costs related to the administration of the interim rate adjustment mechanism.
50. After the Commission has finally acted on Atmos' application for an interim rate adjustment, the Director of the Gas Services Division will estimate Atmos' proportionate share of the Commission's annual costs related to the processing of such applications.
51. In making the estimate of Atmos' proportionate share of the Commission's annual costs related to the processing of such applications, the Director will take into account the number of utilities the Commission reasonably expects to file for interim rate adjustments during the fiscal year and the costs expected to be incurred in processing such applications.
52. 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' applications for interim adjustments for incremental changes in investment, and the subject matter of this case under TEX. UTIL. CODE ANN. §102.001, §104.001, §104.002, and §104.301 (Vernon 1998 and Supp. 2004-2005).
3. Under TEX. UTIL. CODE ANN. §102.001 (Vernon 1998 and Supp. 2004-2005), the Commission has exclusive appellate jurisdiction to review an order or ordinance of a municipality regarding the rates and services of a gas utility that distributes natural gas in areas inside of a municipality.
4. Atmos filed its applications for interim rate adjustments for changes in investment in accordance with the provisions

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of TEX. UTIL. CODE ANN. §104.301 (Vernon Supp. 2004-2005).

5. The Railroad Commission's rule, 16 TEX. ADMIN. CODE §7.7101, Interim Rate Adjustments, governs applications for interim rate adjustment over which the Commission is exercising its original jurisdiction pursuant to TEX. UTIL. CODE §102.001, in environs areas. Nevertheless, in the absence of specific procedural and methodological requirements at the municipal level, it is reasonable for the Railroad Commission to use its own rule in evaluating the appeals in this docket. In addition, applying the provisions of the Commission's rule results in an interim rate adjustment in this docket that is consistent with the interim rate set by the Commission in GUD No. 9615.
6. Atmos' appeal for review of its proposed interim rate adjustments 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.
8. Atmos may not charge any rate that has not been successfully filed and accepted as a tariff filing electronically pursuant to TEX. UTIL. CODE ANN. § 102.151 and 104.002 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, in which there is a final order setting rates for the area in which the interim rate adjustment will apply, was no more than two years prior to the date Atmos filed its initial interim rate adjustment.
10. Atmos is required, under TEX. UTIL. CODE ANN. §104.301(e) (Vernon Supp. 2004-2005) and 16 TEX. ADMIN. CODE § 7.7101(d) (2004), to file with the Commission an annual project report, including the cost, need, and customers benefited by the change in investment, and describing the investment projects completed and placed in service during the preceding calendar year and the investments retired or abandoned during the preceding calendar year. This annual project report shall be for the Distribution system as a whole.
11. Atmos shall include in all future annual interim rate adjustment filings, relocation project reports that provide additional information about relocation project costs included in investment projects, in the same format as required in this docket. This additional information shall be for the Distribution system as a whole.
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 the Utility's earnings during the preceding calendar year. This annual earnings monitoring report shall be for the Distribution system as a whole.
13. Atmos is required, under TEX. UTIL. CODE ANN. §104.301(c) (Vernon Supp. 2004-2005) and 16 TEX. ADMIN. CODE §7.7101(h) (2004), to recalculate its approved interim rate adjustments annually and is required to file an application for an annual adjustment no later than 60 days prior to the one-year anniversary of the proposed implementation date of the previous interim rate adjustment application. This recalculation of the Utility's approved interim rate adjustments and application for an annual adjustment shall be for the Distribution system as a whole.
14. In accordance with TEX. UTIL. CODE ANN. §104.301(a) (Vernon Supp. 2004-2005) and 16 TEX. ADMIN. CODE § 7.7101(i) (2004), all amounts collected from customers under Atmos' interim rate adjustment tariffs or rate schedules are subject to refund. The issues of refund amounts, if any, and whether interest should be included on refunded amounts and, if so, the rate of interest, shall be addressed in the rate case a gas utility files or the Commission initiates after the implementation of an interim rate adjustment and shall be the subjects of specific findings of fact in the Commission's final order setting rates.
15. In accordance with TEX. UTIL. CODE ANN. §104.301(a) (Vernon Supp. 2004-2005) and 16 TEX. ADMIN. CODE § 7.7101(j) (2004), in the rate case that Atmos files or the Commission initiates after the implementation of an interim rate adjustment, any change in investment and related expenses and revenues that have been included in any interim

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rate adjustment shall be fully subject to review for reasonableness and prudence. Upon issuance of a final order setting rates in the rate case that Atmos files or the Commission initiates after the implementation of an interim rate adjustment, any change in investment and related expenses and revenues that have been included in any interim rate adjustment shall no longer be subject to review for reasonableness or prudence.

16. The Commission has authority to suspend the implementation of the interim rate adjustment, under TEX. UTIL. CODE ANN. § 104.301(a) (Vernon Supp. 2004-2005) and 16 TEX. ADMIN. CODE § 7.7101(e) (2004).
17. Atmos 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' interim rate adjustments, as established in the findings of fact and conclusions of law, comply with the provisions of TEX. UTIL. CODE ANN. § 104.301 (Vernon Supp. 2004-2005) and 16 TEX. ADMIN. CODE § 7.7101 (2004).
19. 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 the areas in which the interim rate adjustment is implemented, not later than the 180th day after the fifth anniversary of the date its initial interim rate adjustment became effective.
20. 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 Utility's proportionate share of the Commission's annual costs related to the administration of the interim rate adjustment mechanism.

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

**IT IS FURTHER ORDERED THAT** Atmos **SHALL** file with the regulatory authority no later than September 19, 2006, a system wide Distribution 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 regulatory authority no later than September 19, 2006, a system wide Distribution 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 regulatory authority no later than September 19, 2006, a system wide Distribution annual earnings monitoring report demonstrating Distribution's earnings during the preceding calendar year.

**IT IS FURTHER ORDERED THAT** Atmos **SHALL** file with the regulatory authority no later than September 19, 2006, recalculations of its approved interim rate adjustments and applications for annual interim rate adjustments for the preceding calendar year. These recalculations shall be for the Distribution system as a whole.

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

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

**IT IS FURTHER ORDERED THAT** Atmos **SHALL** reimburse the expenses incurred by the Commission in reviewing

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these applications. The amount of this reimbursement shall be determined by the Director of the Gas Services Division and must be approved by the Commission.

This Order will not be final and effective until 20 days after a party is notified of the Commission's order. A party is presumed to have been notified of the Commission's order three days after the date on which the notice is actually mailed. If a timely motion for rehearing is filed by any party at interest, this order shall not become final and effective until such motion is overruled, or if such motion is granted, this order shall be subject to further action by the Commission. Pursuant to TEX. GOV'T CODE §2001.146(e), the time allotted for Commission action on a motion for rehearing in this case prior to its being overruled by operation of law, is hereby extended until 90 days from the date the order is served on the parties.

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

**SIGNED** this 24<sup>th</sup> day of January, 2006.

**RAILROAD COMMISSION OF TEXAS**

*/s/* \_\_\_\_\_  
**ELIZABETH A. JONES**  
**CHAIRMAN**

*/s/* \_\_\_\_\_  
**MICHAEL L. WILLIAMS**  
**COMMISSIONER**

*/s/* \_\_\_\_\_  
**VICTOR G. CARRILLO**  
**COMMISSIONER**

**ATTEST**

*/s/ Kim Williamson* \_\_\_\_\_  
**SECRETARY**

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**EXHIBIT A**

**List of Appeal Cities**

Balch Springs, Bandera, Belton, Brownwood, Burnet, Caddo Mills, Cedar Hill, Clifton, Clyde, Coleman, Copperas Cove, Corral City, Corsicana, Crandall, Dallas, Denison, Denton, Dublin, Eastland, Electra, Fredericksburg, Frisco, Frost, Gatesville, Goldthwaite, Granbury, Grandview, Greenville, Groesbeck, Haltom City, Hillsboro, Irving, Kaufman, Keene, Kennedale, Krum, Lampasas, Leander, Llano, Lometa, Longview, Malakoff, Mansfield, Mexia, Midlothian, Pflugerville, Quitman, Ranger, Red Oak, Riesel, Round Rock, San Saba, Sherman, Snyder, Somerville, Star Harbor, Trinidad , Tyler, Whitney, and Wylie.

**EXHIBIT B**

**IRA Rates**

**GAS UTILITIES DOCKET NO. 9633:**

**Appeal filed by Atmos Energy Corp., Mid-Tex Division for Review of Municipal Rate Actions Regarding the Annual GRIP Filing from the Cities of Balch Springs, Bandera, Belton, Brownwood, Burnet, Caddo Mills, Cedar Hill, Clifton, Clyde, Coleman, Copperas Cove, Corral City, Corsicana, Crandall, Dallas, Denison, Denton, Dublin, Eastland, Electra, Fredericksburg, Frisco, Frost, Gatesville, Goldthwaite, Granbury, Grandview, Greenville, Groesbeck, Haltom City, Hillsboro, Irving, Kaufman, Keene, Kennedale, Krum, Lampasas, Leander, Llano, Lometa, Longview, Malakoff, Mansfield, Mexia, Midlothian, Pflugerville, Quitman, Ranger, Red Oak, Riesel, Round Rock, San Saba, Sherman, Snyder, Somerville, Star Harbor, Trinidad , Tyler, Whitney, and Wylie.**

**Exhibit B**

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**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 2004 – Now available via the Commission's website at:  
<http://www.rrc.state.tx.us/divisions/gs/TABLECON04.htm>  
b. Annual Report for Fiscal Year 2003 – Now available via the Commission's website at:  
<http://www.rrc.state.tx.us/divisions/gs/tablecontents03.html>  
c. Annual Report for Fiscal Year 2002 – Now available via the Commission's website at:  
<http://www.rrc.state.tx.us/divisions/gs/tablecontents02.html>  
d. Annual Report for Fiscal Year 2001 – available via the Commission's website at:  
<http://www.rrc.state.tx.us/divisions/gs/tablecontents01.html>  
e. Annual Report for Fiscal Year 2000 - \$17.00 (includes statistical data for 1999)  
f. Annual Report for Fiscal Year 1999 - \$9.00 (includes statistical data for 1998)  
g. Annual Report for Fiscal Year 1998 - \$7.00 (includes statistical data for 1997)
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

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calendar year 2005 is 6.00%. All gas utilities should use this rate.

## 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

Ed Abrahamson, Director, Utility Audit Section

Shannon Miller, Program Specialist

Pearl Rodriguez, Program Specialist

Rachel Hampton, Administrative Assistant

Telephone (512) 463-7022

Fax (512) 475-3180

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

Telephone (713) 869-8425

Houston, TX 77008-3135

Fax (713) 869-3219

Margie Stoney, Senior Auditor

Larry Alcorn, Auditor

Dale Francis, Auditor

Bryan L. Sparkman, Auditor

Konata Uzoma, Auditor

### 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 (1999 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 five 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

William O. Geise, Director

Telephone (512) 463-7164

### B. Gas Utilities Information Bulletin

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

### C. Proposals For Decision

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

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- 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**  
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.