

**BEFORE THE
RAILROAD COMMISSION OF TEXAS**

APPLICATION OF ATMOS ENERGY CORP., MID-TEX DIVISION FOR THE TEST YEAR 2009 ANNUAL INTERIM RATE ADJUSTMENT PROGRAM FOR THE ENVIRONS AREAS.	§ § § § §	GAS UTILITIES DOCKET NO. 9961
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INTERIM RATE ADJUSTMENT ORDER

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

FINDINGS OF FACT

Background

1. Atmos Energy Corporation (Atmos) is a "gas utility," as that term is defined in the TEXAS UTILITY CODE, and is subject to the jurisdiction of the Railroad Commission of Texas (Commission).
2. Atmos Energy Corporation, Mid-Tex Division (Distribution), a division of Atmos, owns and operates a gas distribution system.
3. On March 29, 2010, Distribution filed an application for an annual interim rate adjustment (IRA) applicable to customers located in its Mid-Tex System environs area.
4. Atmos requested that the interim rate adjustments for all customer classes become effective on May 28, 2010.
5. On April 16, 2010, the Commission suspended implementation of Atmos' proposed interim rate adjustments until July 12, 2010, which would be 45 days following the 60th day after the application would be considered complete.
6. On June 24, 2010 and July 16, 2010, Atmos requested additional extensions to the requested effective date, therefore, extending the statutory deadline to August 25, 2010.
7. TEXAS UTILITIES CODE, §104.301 (Vernon 2007) does not provide a remedy for parties that oppose an annual interim rate adjustment.

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

Applicability

14. This docket applies to only those rates over which the Commission has original jurisdiction, including all of the Distribution system environs customers.
15. As of December 31, 2009, Distribution environs customers included approximately 43,336 Residential customers, 2,099 Commercial customers, and 55 Industrial Sales and Transport customers.

Most Recent Comprehensive Rate Case

16. Atmos' most recent rate case for the area in which the interim rate adjustment will be implemented is GUD No. 9869, *Petition for De Novo Review of the Denial of the Statement of Intent filed by Atmos Energy Corp., Mid-Tex Division by the City of Dallas; Statement of Intent to Increase Gas Utility Rates in the Unincorporated Areas Served by the Mid-Tex Division.*

17. GUD No. 9869 was filed on April 23, 2009.
18. The data used in GUD No. 9869 was based on a test-year ending June 30, 2008 updated through December 31, 2008 for known and measurable changes.
19. The Commission signed the GUD No. 9869 final Order on January 26, 2010, and the rates became effective the same day.
20. The rates currently charged by Atmos were set by the Commission in GUD No. 9869.
21. The following chart shows the factors that were used for Distribution to establish or used in the Final Order setting rates in GUD No. 9869 to calculate the return on investment, depreciation expense, incremental federal income tax, and ad valorem taxes.

GUD 9869 CALCULATION FACTORS

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

Interim Rate Adjustment

22. Atmos seeks approval from the Commission for an adjustment to its revenue, based on incremental net utility plant investment, with regard to the following components: return on investment; depreciation expense; ad valorem taxes; revenue related taxes; and federal income taxes.
23. The revenue amounts to be recovered through Atmos' proposed annual interim rate adjustments are incremental to the revenue requirement established in Atmos' most recent rate case for the area in which the interim rate adjustment is to be implemented, i.e., GUD No. 9869.
24. 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 rate case test-year (June 30, 2008 updated through December 31, 2008) and the invested capital at the end of the calendar-year following the end of the most recent rate case test-year (December 31, 2009).

25. The value of Atmos' invested capital is equal to the original cost of the investment at the time the investment was first dedicated to public use minus the accumulated depreciation related to that investment for Distribution's interim rate adjustments.
26. Atmos' incremental net utility plant investment increase is \$16,957,187 for Distribution, as shown in Exhibit B.
27. 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.
28. 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.
29. 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.
30. Atmos is required to show its annual interim rate adjustments on its customers' monthly billing statements as a surcharge.
31. 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.
32. Due process protections are deferred until Atmos files its next full statement of intent rate case.

Notice

33. Atmos provided adequate notice to its Distribution Residential (R) and Commercial (C) customers between April 5, 2010 and April 30, 2010.
34. Atmos provided adequate notice to its Distribution Industrial (I) and Transportation (T) customers on April 30, 2010.

Comprehensive Rate Case Required

35. Atmos is not required to initiate a rate case supporting a statement of intent, at the time it applies for an interim rate adjustment.

36. 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

37. Atmos' proposed allocation methodology complies with TEXAS UTILITIES CODE, §104.301, and with 16 TEX. ADMIN. CODE, §7.7101.
38. 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
Distribution:	
Residential (R)	0.789938
Commercial (C)	0.187018
Industrial Sales & Transport (I & T)	0.023044

39. Atmos' proposed customer and meter counts comply with TEXAS UTILITIES CODE, §104.301, and with 16 TEX. ADMIN. CODE, §7.7101.
40. For calculating the number of customer charges or meter charges per year, it is reasonable for the Commission to approve use of Distribution's 2009 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
Distribution:	
Residential (R)	17,213,616
Commercial (C)	1,458,732
Industrial Sales & Transport (I & T)	11,304
Total	18,683,652

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

Customer Class	Interim Rate Adjustment Revenue	Additional Customer / Meter Charges
Distribution:	\$ 16,957,187	
Residential (R)	13,395,123	\$ 0.78
Commercial (C)	3,171,295	\$ 2.17
Industrial (I & T)	390,769	\$34.57

Reimbursements of Expense

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

CONCLUSIONS OF LAW

1. Atmos Energy Corporation (Atmos) is a “gas utility” as defined in TEX. UTIL. CODE ANN. § 101.003(7) (Vernon 2007 and Supp. 2008) and § 121.001 (Vernon 2007), and is therefore subject to the jurisdiction of the Railroad Commission of Texas (Commission).
2. The Commission has jurisdiction over Atmos, Atmos’ applications for interim adjustments for incremental changes in investment, and the subject matter of this case under TEX. UTIL. CODE ANN. §102.001, §104.001, §104.002, and §104.301 (Vernon 2007).
3. Under TEX. UTIL. CODE ANN. §102.001 (Vernon 2007), the Commission has exclusive original jurisdiction over the rates and services of a gas utility that distributes natural gas in areas outside of a municipality and over the rates and services of a gas utility that transmits, transports, delivers, or sells natural gas to a gas utility that distributes the gas to the public.
4. Under the provisions of the TEXAS UTILITIES CODE ANN. §104.301 (Vernon 2008) and 16 TEX. ADMIN. CODE § 7.7101 (2008), Atmos is required to seek Commission approval before implementing an interim rate adjustment tariff for environs customers.
5. Atmos filed its applications for interim rate adjustments for changes in investment in accordance with the provisions of TEX. UTIL. CODE ANN. §104.301 (Vernon 2008) and 16 TEX. ADMIN. CODE § 7.7101 (2008).
6. Atmos’ application for an interim rate adjustment was processed in accordance with the requirements of TEX. UTIL. CODE ANN. §104.301 (Vernon 2008) and 16 TEX. ADMIN. CODE §7.7101 (2008).
7. In accordance with 16 TEX. ADMIN. CODE § 7.315 (2008), within thirty days of the effective date of any change to rates or services, Atmos is required to file with the Gas Services Division of the Commission its revised tariffs.
8. Atmos may not charge any rate that has not been successfully filed and accepted as a tariff filing electronically pursuant to TEX. UTIL. CODE ANN. § 102.151 and 104.002 (Vernon 2008) and 16 TEX. ADMIN. CODE § 7.315 (2008).
9. In accordance with TEX. UTIL. CODE ANN. §104.301(a) (Vernon 2007) and 16 TEX. ADMIN. CODE § 7.7101(a) (2008), the filing date of Atmos' most recent rate case, in which there is a final order setting rates for the area in which the interim rate adjustment will apply, was no more than two years prior to the date Atmos filed its initial interim rate adjustment.
10. Atmos is required, under TEX. UTIL. CODE ANN. §104.301(e) (Vernon 2007) and 16 TEX. ADMIN. CODE § 7.7101(d) (2008), to file with the Commission an annual project report,

including the cost, need, and customers benefited by the change in investment, and describing the investment projects completed and placed in service during the preceding calendar year and the investments retired or abandoned during the preceding calendar year.

11. Atmos shall include in all future annual interim rate adjustment filings, relocation project reports that provide additional information about relocation project costs included in investment projects, in the same format as required in this docket.
12. Atmos is required, under TEX. UTIL. CODE ANN. §104.301(f) (Vernon 2007) and 16 TEX. ADMIN. CODE § 7.7101(e) (2008), to file with the Commission an annual earnings monitoring report demonstrating the Utility's earnings during the preceding calendar year.
13. Atmos is required, under 16 TEX. ADMIN. CODE §7.7101(h) (2008), to recalculate its approved interim rate adjustments annually and is required to file an application for an annual adjustment no later than 60 days prior to the one-year anniversary of the proposed implementation date of the previous interim rate adjustment application.
14. In accordance with 16 TEX. ADMIN. CODE § 7.7101(i) (2008), all amounts collected from customers under Atmos' interim rate adjustment tariffs or rate schedules are subject to refund. The issues of refund amounts, if any, and whether interest should be included on refunded amounts and, if so, the rate of interest, shall be addressed in the rate case a gas utility files or the Commission initiates after the implementation of an interim rate adjustment and shall be the subjects of specific findings of fact in the Commission's final order setting rates.
15. In accordance with 16 TEX. ADMIN. CODE § 7.7101(j) (2008), in the rate case that Atmos files or the Commission initiates after the implementation of an interim rate adjustment, any change in investment and related expenses and revenues that have been included in any interim rate adjustment shall be fully subject to review for reasonableness and prudence. Upon issuance of a final order setting rates in the rate case that Atmos files or the Commission initiates after the implementation of an interim rate adjustment, any change in investment and related expenses and revenues that have been included in any interim rate adjustment shall no longer be subject to review for reasonableness or prudence.
16. The Commission has authority to suspend the implementation of the interim rate adjustment, under TEX. UTIL. CODE ANN. § 104.301(a) (Vernon 2007) and 16 TEX. ADMIN. CODE § 7.7101(e) (2008).
17. Atmos provided adequate notice, in accordance with TEX. UTIL. CODE ANN. § 104.301(a) (Vernon 2007) and 16 TEX. ADMIN. CODE § 7.7101(b) (2008).

18. Atmos' applications for interim rate adjustments, as proposed, comply with all provisions of TEX. UTIL. CODE ANN. § 104.301 (Vernon 2007) and 16 TEX. ADMIN. CODE § 7.7101 (2008).
19. Atmos' interim rate adjustments established in the findings of fact and conclusions of law, comply with the provisions of TEX. UTIL. CODE ANN. § 104.301 (Vernon 2007) and 16 TEX. ADMIN. CODE § 7.7101 (2008).
20. In accordance with TEX. UTIL. CODE ANN. § 104.301(h) (Vernon 2007) and 16 TEX. ADMIN. CODE § 7.7101(l) (2008), Atmos shall file a comprehensive rate case for the areas in which the interim rate adjustment is implemented, not later than the 180th day after the fifth anniversary of the date its initial interim rate adjustment became effective.
21. The Commission has authority, under TEX. UTIL. CODE ANN. § 104.301(j) (Vernon 2007) and 16 TEX. ADMIN. CODE § 7.7101(m)(2008), to recover from Atmos the Utility's proportionate share of the Commission's annual costs related to the administration of the interim rate adjustment mechanism.

IT IS THEREFORE ORDERED BY THE RAILROAD COMMISSION OF TEXAS THAT Atmos' interim rate adjustments as requested and to the extent recommended to be approved in the findings of fact and conclusions of law are **HEREBY APPROVED** to be effective for bills rendered on or after August 24, 2010.

IT IS FURTHER ORDERED THAT Atmos **SHALL** file with the Commission no later than May 12, 2011, 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 12, 2011, 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 12, 2011, 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 12, 2011, for Distribution, recalculations of its approved interim rate adjustments and applications for annual interim rate adjustments for the preceding calendar year.

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

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

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

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

SIGNED this 24th day of August, 2010.


RAILROAD COMMISSION OF TEXAS



VICTOR G. CARRILLO
CHAIRMAN



ELIZABETH A. JONES
COMMISSIONER



MICHAEL L. WILLIAMS
COMMISSIONER

ATTEST



SECRETARY

GUD NO. 9961

EXHIBIT A

RATE SCHEDULE:	R – RESIDENTIAL SALES	
APPLICABLE TO:	Unincorporated Areas	
EFFECTIVE DATE:		PAGE:

Application

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

Type of Service

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

Monthly Rate

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

Charge	Amount
GUD 9869 Customer Charge per Bill	\$16.00 per month
Interim Rate Adjustments ("IRA")	\$ 0.78 per month ¹
Total Customer Charge	\$16.78 per month
Commodity Charge – All Mcf	\$ 0.4315 per Mcf

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

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

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

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

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

Agreement

An Agreement for Gas Service may be required.

Notice

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

Note: ¹2009 IRA - \$0.78.

RATE SCHEDULE:	C – COMMERCIAL SALES	
APPLICABLE TO:	Unincorporated Areas	
EFFECTIVE DATE:		PAGE:

Application

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

Type of Service

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

Monthly Rate

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

Charge	Amount
GUD 9869 Customer Charge per Bill	\$ 30.00 per month
Interim Rate Adjustments ("IRA")	\$ 2.17 per month ¹
Total Customer Charge	\$ 32.17 per month
Commodity Charge - All Mcf	\$ 0.5748 per Mcf

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

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

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

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

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

Agreement

An Agreement for Gas Service may be required.

Notice

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

Note: ¹2009 IRA - \$2.17.

RATE SCHEDULE:	I – INDUSTRIAL SALES	
APPLICABLE TO:	Unincorporated Areas	
EFFECTIVE DATE:		PAGE:

Application

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

Type of Service

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

Monthly Rate

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

Charge	Amount
GUD 9869 Customer Charge per Meter	\$ 550.00 per month
Interim Rate Adjustments ("IRA")	\$ 34.57 per month ¹
Total Customer Charge	\$ 584.57 per month
First 0 MMBtu to 1,500 MMBtu	\$ 0.1373 per MMBtu
Next 3,500 MMBtu	\$ 0.0999 per MMBtu
All MMBtu over 5,000 MMBtu	\$ 0.0159 per MMBtu

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

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

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

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

Curtailment Overpull Fee

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

Replacement Index

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

Note: ¹2009 IRA - \$34.57.

RATE SCHEDULE:	I – INDUSTRIAL SALES	
APPLICABLE TO:	Unincorporated Areas	
EFFECTIVE DATE:		PAGE:

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

Agreement

An Agreement for Gas Service may be required.

Notice

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

Special Conditions

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

RATE SCHEDULE:	T – TRANSPORTATION	
APPLICABLE TO:	Unincorporated Areas	
EFFECTIVE DATE:		PAGE:

Application

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

Type of Service

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

Monthly Rate

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

Charge	Amount
GUD 9869 Customer Charge per Meter	\$ 550.00 per month
Interim Rate Adjustments ("IRA")	\$ 34.57 per month ¹
Total Customer Charge	\$ 584.57 per month
First 0 MMBtu to 1,500 MMBtu	\$ 0.1373 per MMBtu
Next 3,500 MMBtu	\$ 0.0999 per MMBtu
All MMBtu over 5,000 MMBtu	\$ 0.0159 per MMBtu

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

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

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

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

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

Imbalance Fees

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

Monthly Imbalance Fees

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

Note: ¹2009 IRA - \$34.57.

RATE SCHEDULE:	T – TRANSPORTATION	
APPLICABLE TO:	Unincorporated Areas	
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entitled "Daily Price Survey" during such month, for the MMBtu of Customer's monthly Cumulative Imbalance, as defined in the applicable Transportation Agreement, at the end of each month that exceeds 10% of Customer's receipt quantities for the month.

Curtailement Overpull Fee

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

Replacement Index

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

Agreement

A transportation agreement is required.

Notice

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

Special Conditions

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

GUD NO. 9961

EXHIBIT B

Summary

ATMOS ENERGY CORP., MID-TEX DIVISION
 INTERIM COST RECOVERY AND RATE ADJUSTMENT REPORT
 AS OF DECEMBER 31, 2009

Change to Customer/Meter Charge for 2009 Interim Rate Adjustment

Line No.	Rate Class (a)	Customer/Meter Charge per GUD 9869 Adjusted (1) (b)	Interim Cost Recovery Adjustment to Monthly Charge (2) (c)	Proposed Customer/Meter Charge (d)
1	Rate Schedule R	\$ 16.00	\$ 0.78	\$ 16.78
2				
3	Rate Schedule C	\$ 30.00	\$ 2.17	\$ 32.17
4				
5	Rate Schedules I and T	\$ 550.00	\$ 34.57	\$ 584.57
6				
7				

Note:

1. Column (b) is GUD 9869 rate.
2. Column (c) is 2009 Interim Rate Adjustment per the proposed Tariffs for Rate R, C, I and T customers.

ATMOS ENERGY CORP., MID-TEX DIVISION
INTERIM COST RECOVERY AND RATE ADJUSTMENT REPORT
AS OF DECEMBER 31, 2009

Line No.	Description (a)	Total Approved Per GUD 9869 As of 12/31/08 (1) (b)	Per Book As of 12/31/09 (c)	Adjustments (d)	Per Book Adjusted As of 12/31/09 (e)	Ref (f)	Change in Investment (Col. e - Col. b) (g)
1	Utility Plant Investment	\$ 2,193,366,659	\$ 2,409,388,414	\$ (88,374,422)	\$ 2,321,013,992	2	\$ 127,647,332
2	Accumulated Depreciation	835,517,163	951,372,808	(77,551,551)	873,821,257	2	38,304,094
3	Allocated SSU Utility Plant Investment	122,267,878	137,974,091	(1,034,208)	136,939,883	2, 3	14,672,005
4	Allocated SSU Accumulated Depreciation	73,668,593	85,875,753	-	85,875,753	2, 3	12,207,160
	Removal of Ancillary Equipment, Expense						
5	Account Costs, and Other Adjustments			(702,729)	(702,729)	2	(702,729)
6	Net Utility Plant Investment	\$ 1,406,448,781	\$ 1,510,113,944	\$ (12,559,808)	\$ 1,497,554,136		\$ 91,105,356
7							
8							
9	Calculation of the Interim Rate Adjustment Amount:						
10	Return						(Sch. A, Ln. 6, Col. g) times (Sch. B, Ln. 1, Col. b) \$ 7,835,061
11	Depreciation Expense						[(Sch. A, Ln. 1, Col. g) times (Sch. B, Ln. 3, Col. b)] plus [(Sch. A, Ln. 3, Col. g) times (Sch. B, Ln. 5, Col. b)] 5,601,644
12	Property-related Taxes (Ad Valorem)						[(Sch. A, Col. g, Ln. 1 minus Ln. 2), times (Sch. B, Ln. 10, Col. b)] plus [(Sch. A, Col. g, Ln. 3 minus Ln. 4) times (Sch. B, Ln. 15, Col. b)] 1,024,862
13	Revenue-related Taxes						-
14	Federal Income Tax						(Sch. C, Ln. 9, Col. b) 2,495,619
15	Interim Rate Adjustment Amount						\$ 16,957,187
16							
17	Interim Rate Adjustment Amount times the Allocation Factors:						
18	Rate Schedule R						(Sch. A, Ln. 15, Col. g) times (Sch. B, Ln. 20, Col. b) \$ 13,395,123
19	Rate Schedule C						(Sch. A, Ln. 15, Col. g) times (Sch. B, Ln. 21, Col. b) 3,171,295
20	Rate Schedules I and T						(Sch. A, Ln. 15, Col. g) times (Sch. B, Ln. 22, Col. b) 390,769
21	Total						\$ 16,957,187
22							
23	Total Change in Customer/Meter Charge:						
24	Rate Schedule R						(Sch. A, Ln. 18, Col. g) divided by (Sch. B, Ln. 26, Col. b) \$ 0.78
25	Rate Schedule C						(Sch. A, Ln. 19, Col. g) divided by (Sch. B, Ln. 27, Col. b) \$ 2.17
26	Rate Schedules I and T						(Sch. A, Ln. 20, Col. g) divided by (Sch. B, Ln. 28, Col. b) \$ 34.57
27							

**ATMOS ENERGY CORP., MID-TEX DIVISION
INTERIM COST RECOVERY AND RATE ADJUSTMENT REPORT
AS OF DECEMBER 31, 2009**

Line No.	Description (a)	Total Approved Per GUD 9869 As of 12/31/08 (1) (b)	Per Book As of 12/31/09 (c)	Adjustments (d)	Per Book Adjusted As of 12/31/09 (e)	Ref (f)	Change in Investment (Col. e - Col. b) (g)
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- 28 Notes:
- 29 1. Amounts per the Final Order GUD 9869.
- 30 2. See Workpaper/Schedule A for adjustment details.
- 31 3. The amounts in Column (c) represent the SSU per book amounts multiplied by the proposed 2010 allocation factors.
- 32 4. Revenue-related taxes are recovered through Rider TAX and Rider FF.

ATMOS ENERGY CORP., MID-TEX DIVISION
 INTERIM COST RECOVERY AND RATE ADJUSTMENT REPORT
 AS OF DECEMBER 31, 2009

Line No.	Description (a)	Ref (b)	Adjustments (c)	Total Adjustment (d)
1	GUD 9869 Utility Plant Investment Adjustments:			
2	Beginning Balance, Prior Years' Adjustments Rolled Forward			
3	a) Reverse Atmos' reinstatement of Poly 1 Pipe replacements	1	\$ (87,999,180)	
4	b) Reverse Atmos' 2004 retirement of Poly 1 replacement pipe	1	13,656	
5	c) Reverse Atmos' reinstatement of Poly Pipe software	1	(212,093)	
6	d) Remove Mid-Tex disallowances from GUD 9869	7	(176,806)	
7	e) Remove SSU disallowances from GUD 9869	7	(1,034,208)	
8				\$ (89,408,630)
9				
10	GUD 9869 Accumulated Depreciation Adjustments:			
11	Beginning Balance, Prior Years' Adjustments Rolled Forward			
12	a) Reverse Atmos' reinstatement of accumulated depreciation for Poly 1 Pipe replacements	1	\$ (87,999,180)	
13	b) Reverse Atmos' 2004 retirement of Poly 1 replacement pipe	1	13,656	
14	c) Add GUD 9869 projects disallowed remaining balance	1	10,557,693	
15	d) Reverse Atmos' reinstatement of accumulated depreciation for Poly Pipe software	1	(212,093)	
16	e) Add GUD 9762 increase in accumulated depreciation for Poly Pipe software, not booked as of 12/31/2007	1	88,372	
17				\$ (77,551,551)
18	Rate Base Adjustments:			
19	a) Capital to O&M Adjustment	2	(84,889)	
20	b) Remove amounts capitalized in 2009 related to Poly 1 Pipe Replacement	3	(2,838)	
21	c) Year 2009 Increase for Shared Services Reclassification of Projects from General Office to Customer Support	4	117,549	
22	d) Year 2008 Increase for Depreciation Reclassification of Projects from General Office to Customer Support	4	(7,946)	
23	e) Reduction to exclude Project 010.11402 which has been reopened in 2010	5	(705,027)	
24	f) Reduction to exclude Depreciation on Project 010.11402 which has been reopened in 2010	5	62,043	
25	g) Reduction to exclude Direct Expense Account Charges from Mid-Tex 2009 Additions	6	(3,891)	
26	h) Reduction to exclude Expense Account Charges for Shared Services from Mid-Tex 2009 Additions	6	(3,196)	
27	i) Adjustments to Utility Plant - Discovery	8	(74,535)	
28				\$ (792,729)
29				
30	Notes:			
31	1. These balances roll forward the adjustments authorized in GUD 9869 Final Order.			
32	2. This adjustment removes certain costs which were moved from Capital to O&M during 2010.			
33	3. This adjustment removes amounts capitalized related to the replacement of Poly 1 pipe.			
34	4. This adjustment relates to the Reclassification of Shared Services Additions from General Office to Customer Support			
35	5. Project 010.11402 has been removed as the project was reopened during 2010.			
36	6. This adjustment removes certain expense report charges booked to Capital			
37	7. These adjustments are per GUD 9869 Final Order, Schedule C 12-31, Lines 82A, 82B and 83C.			
38	8. Adjustment to Utility Plant for items/issues found during discovery.			

ATMOS ENERGY CORP., MID-TEX DIVISION
Interim Cost Recovery and Rate Adjustment Report
As of December 31, 2009
Adjustments Identified During Discovery

Line No.	Project Number (a)	Description of Adjustment (b)	Reference (c)	Adjustment (d)
1	010.11395	To remove dollars charged to capital that should have been charged to O&M	(1)	\$ (1,775.67)
2	080.27865	To remove capital dollars for the purchase of segways per agreement with Railroad Commission Staff. The Company expressly reserves the right to seek recovery of this investment in subsequent Statement of Intent filings.	(2)	\$ (6,817.00)
3	080.27929	To remove capital dollars for the purchase of segways per agreement with Railroad Commission Staff. The Company expressly reserves the right to seek recovery of this investment in subsequent Statement of Intent filings.	(3)	\$ (65,942.00)
4				
5		Total Adjustment to Utility Plant Investment		\$ (74,534.67)
6				
7				

Notes:

1. The adjustment was identified in Staff set 2, Question number 2-4. The Project is shown on the Atmos Energy Corp., Mid-Tex Division Project Report, SSU Additions, on page 1 of 5, on Line 18.
2. The adjustment was identified in Staff set 1, Question number 1-17. The Project is shown on the Atmos Energy Corp., Mid-Tex Division Project Report, Mid-Tex Additions, on page 68 of 73.
3. The adjustment was identified in Staff set 1, Question number 1-17. The Project is shown on the Atmos Energy Corp., Mid-Tex Division Project Report, Mid-Tex Additions, on page 69 of 73.

ATMOS ENERGY CORP., MID-TEX DIVISION
INTERIM COST RECOVERY AND RATE ADJUSTMENT REPORT
AS OF DECEMBER 31, 2009

Line No.	Description (a)	Total (b)	Reference (c)
1	Return Factor		
2		8.60%	GUD 9869, Sch G, Ln 21, Col (b)
3	Mid-Tex Depreciation Expense Factor		
4		3.484%	GUD 9869, Sch F-3, Col (g), Ln 21 divided by Sch F-3 Col (e), Ln 21
5	SSU Depreciation Expense Factor		
6		7.868%	GUD 9869 Sch F-3, Col (g), Ln 69 divided by [(Col (e), Ln 38, times Col (g), Ln 39) + (Col (e), Ln 65, times Col (g), Ln 66)]
7	Mid-Tex Property Tax Factor Calculation:		
8	Property-Related Taxes (Ad Valorem)	\$ 15,404,206	Amount of Ad Valorem taxes paid for 2009
9	Total Net Plant	\$ 1,357,909,334	GUD 9869, Sch C 12_31, Col (f), Ln 33 - Sch D 12_31, Col (f), Ln 33 + Sch F-3 examiner's note in excel cell H87 of \$(116,968)
10	Mid-Tex Property Tax Factor	1.134%	Line 8 divided by Line 9
11			
12	SSU Property Tax Factor Calculation:		
13	Property-Related Taxes (Ad Valorem)	\$ 224,065	Amount of Ad Valorem taxes paid for 2009
14	Total Net Plant	\$ 48,671,207	GUD 9869, Sch C 12_31, Col (f), Ln 81 - Sch D 12_31, Col (f), Ln 82 + Sch F-3 examiner's note in excel cell H88 of \$(962,285)
15	SSU Property Tax Factor	0.460%	Line 13 divided by Line 14
16			
17	Federal Income Tax Factor Calculation (1 / .65) * (.35)	53.84615%	GUD 9869, Schedule F-6, Page 2 of 3, Col (b), Ln 10
18			
19	Allocation Factors:		
20	Rate Schedule R	0.789938	GUD 9869, CCS-2, Base Revenue Requirements Allocation, Residential Allocation Factor
21	Rate Schedule C	0.187018	GUD 9869, CCS-2, Base Revenue Requirements Allocation, Commercial Allocation Factor
22	Rate Schedules I and T	0.023044	GUD 9869, CCS-2, Base Revenue Requirements Allocation, Industrial & Transport Allocation Factor
23	Total	1.000000	Sum of Line 20 through Line 22
24			
25	2009 Year-end number of customers times 12 (Rate R and C); 2009 Year-end number of meters times 12 (Rate I and T):		
26	Rate Schedule R	17,213,616	Current year-end number of customers per the methodology in GUD 9560 Final Order, Finding of Fact No. 49.
27	Rate Schedule C	1,458,732	Current year-end number of customers per the methodology in GUD 9560 Final Order, Finding of Fact No. 49.
28	Rate Schedules I and T	11,304	Current year-end number of meters per the methodology in GUD 9560 Final Order, Finding of Fact No. 49.

ATMOS ENERGY CORP., MID-TEX DIVISION
 INTERIM COST RECOVERY AND RATE ADJUSTMENT REPORT
 AS OF DECEMBER 31, 2009

Line No.	Description (a)	Factors (b)	Reference (c)
1	Cost of Common Equity	\$ 65,098,354	GUD 9869, Sch G, Col (b), Ln 5
2	Cost of Preferred Stock		
3	Return excluding debt, per GUD 9869	\$ 65,098,354	Line 1 plus Line 2
4	Total Invested Capital	\$ 1,279,647,241	GUD 9869, Sch G, Col (b), Ln 14
5	Return rate excluding debt, per GUD 9869	5.087%	GUD 9869, Sch G, Col (b), Ln 19
6	Federal Income Tax Factor	53.84615%	Schedule B, Line 17, Column (b)
7	Federal Income Tax Adjustment Factor	2.739%	Line 5 times Line 6
8	Change in Invested Capital - Net Utility Plant	\$ 91,105,356	Schedule A, Line 6, Column (g)
9	Change in Federal Income Tax	\$ 2,495,619	Line 7 times Line 8