

**BEFORE THE
RAILROAD COMMISSION OF TEXAS**

**STATEMENT OF INTENT FILED BY §
ATMOS ENERGY CORP., WEST §
TEXAS DIVISION TO CHANGE GAS § GAS UTILITIES DOCKET No. 10085
RATES IN THE UNINCORPORATED §
AREAS OF THE WEST TEXAS CITIES §
RATE DIVISION**

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. § 551.001, *et seq.*, (Vernon 2004 & Supp. 2010). 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 Corp., West Texas Division, ("Atmos") is a gas utility as that term is defined in the Texas Utility Code.
2. On June 8, 2011, Atmos filed a Statement of Intent to change rates in the unincorporated areas of the West Texas Rate Division.
3. Notice of the proposed increase was provided by bill insert.
4. Staff of the Railroad Commission of Texas ("Staff") intervened in this proceeding.
5. The parties have reached a *Unanimous Settlement Agreement* and it is attached to this Final Order as, Exhibit 1.
6. As set out in paragraph 8 of the *Unanimous Settlement Agreement* the investments included in GUD Nos. 9609, 9692, 9772, 9834, 9876, 9955, and 10061 are hereby approved and shall not be subject to any further review for prudence in any subsequent proceeding.
7. Consistent with paragraph 17 of the *Unanimous Settlement Agreement* the approval of investments included in GUD Nos. 9608, 9693, 9740, 9829, 9877, 9956, and 10060, or any other particular component of the company's cost of service, shall not be considered binding or precedential in any subsequent proceeding.

8. To the extent that the expenses of Blueflame Insurance, an affiliate of Atmos, are included in the calculation of the company's overall revenue requirement the record in this proceeding establishes that those expenses are reasonable and necessary for the provision of natural gas service provided by the company.
9. The price charged to Atmos by Blueflame is not higher than the price charged by Blueflame to its other affiliates or divisions or to a nonaffiliated person for insurance.
10. Based upon the record in this proceeding, the *Unanimous Settlement Agreement* is just and reasonable.

CONCLUSIONS OF LAW

1. Atmos Energy Corp., West Texas Division, ("Atmos") is a "Gas Utility" as defined in TEX. UTIL. CODE ANN. §101.003(7) (Vernon Supp. 2010) 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 and Atmos' Statement of Intent and appeals under TEX. UTIL. CODE ANN. §§ 102.001, 103.022, 103.054, 103.055, 104.001 and 104.201 (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. This proceeding was conducted 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 2008 & Supp. 2010) ("APA").
5. The Commission has assured that the rates, operations, and services established in this docket are just and reasonable to customers and to the utilities in accordance with the stated purpose of the Texas Utilities Code, Subtitle A, expressed under TEX. UTIL. CODE ANN. §101.002 (Vernon 2007).

IT IS THEREFORE ORDERED that the *Unanimous Settlement Agreement* of Atmos and Staff is **HEREBY** approved and adopted.

IT IS FURTHER ORDERED that the entry of this Order consistent with the *Unanimous Settlement Agreement* does not indicate the Commission's endorsement of any principle or method that may underlie the *Unanimous Settlement Agreement*. Neither should entry of this Order be regarded as precedent as to the appropriateness of any principle or methodology underlying the *Unanimous Settlement Agreement*.

SIGNED this 8th day of November, 2011.

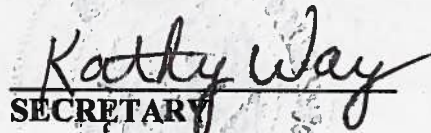
RAILROAD COMMISSION OF TEXAS

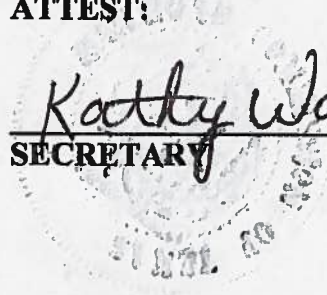

CHAIRMAN ELIZABETH AMES JONES


COMMISSIONER DAVID PORTER


COMMISSIONER BARRY T. SMITHERMAN

ATTEST:


SECRETARY



ATMOS ENERGY CORP., WEST
TEXAS DIVISION STATEMENT OF
INTENT TO CHANGE GAS RATES IN
THE UNINCORPORATED AREAS OF
THE WEST TEXAS CITIES RATE
DIVISION

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BEFORE THE
RAILROAD COMMISSION
OF TEXAS

UNANIMOUS SETTLEMENT AGREEMENT

This Settlement Agreement is entered into by and between the parties of record in GUD No. 10085, Atmos Energy Corp., West Texas Division ("Atmos" or "the Company") and the Staff of the Railroad Commission of Texas ("Staff").

WHEREAS, the Settlement Agreement resolves all issues relating to the Company's Statement of Intent to Change Gas Rates in the Unincorporated Areas of the West Texas Cities Rate Division filed on June 8, 2011, in a manner that Atmos and Staff ("the Signatories") believe is consistent with the public interest, and the Signatories represent diverse interests;

WHEREAS, the Signatories believe that a fully contested hearing in the case would be time-consuming and entail substantial additional expense for all parties and that the public interest will be served by adoption of an order consistent with the Settlement Agreement;

NOW, THEREFORE, in consideration of the mutual agreements and covenants established herein, the Signatories, through their undersigned representatives, agree to and recommend for approval by the Railroad Commission of Texas ("Commission") the following Settlement Terms as a means of fully resolving all issues raised in the June 8, 2011 Statement of Intent filed by Atmos on behalf of its West Texas Cities Rate Division:

Settlement Terms

1. The Signatories agree to the rates, terms and conditions reflected in the tariffs attached to this Settlement Agreement as Exhibit A. Said tariffs should allow Atmos an additional \$585,904 in annual revenue by implementation of rates as illustrated in the proof of revenues attached as part of Exhibit B to this Settlement Agreement. The Signatories further agree that the rates, terms, and conditions reflected in Exhibit A to this Settlement Agreement comply with the rate-setting requirements of Chapter 104 of the Texas Utilities Code.
2. The Signatories agree that Atmos' weighted average cost of debt is 6.87% and that an overall rate of return for Atmos of 8.72% is reasonable.
3. The Signatories agree that the depreciation rates approved by the Commission in GUD No. 10041 for the Company's West Texas Division remain reasonable and shall be used in any Interim Rate Adjustment ("IRA") filing made pursuant to Texas Utilities Code § 104.301 until changed by a subsequent rate proceeding.

4. The Signatories agree that Atmos' proposal to revise Rider GCA to provide for the recovery of uncollectible gas cost is reasonable and should be approved.
5. The Signatories agree that Atmos' proposed Rider WNA is reasonable and should be applicable to state institution customers.
6. The Signatories agree that the use of 10-year data is reasonable for purposes of establishing normal weather and that it is reasonable to account for deviations during the test year from normal weather patterns by performing weather normalization adjustments.
7. The Signatories agree that any IRA filing in the Company's West Texas Division made pursuant to Texas Utilities Code §104.301 shall use the following factors until changed by a subsequent rate proceeding:
 - The weighted average cost of debt and rate of return identified in paragraph 2 of this Settlement Agreement;
 - An overall depreciation rate of 4.19%. The depreciation rates for each applicable FERC account are shown in Exhibit C to this Settlement Agreement;
 - The invested capital amount of \$181,582,435 shall be used as the baseline investment for use in calculating the first IRA adjustment following the issuance of a Final Order in this proceeding;
 - A federal income tax factor of 35%;
 - The average use per month per customer class in order to determine the current and proposed bill information in future IRA filings is as follows: Residential at 57 Ccf, Commercial at 296 Ccf, Industrial at 3,066, Public Authority at 564 and State Institution at 357 Ccf; and
 - The base rate revenue allocation factors to be used to calculate the cost of changes in investment to be recovered from the appropriate customer classes are as follows:

Residential	Commercial	Industrial	Pub. Authority	State Institution
75.80%	16.43%	2.16%	5.32%	0.29%

8. Except for the adjustments made in paragraph 9, 10, and 11 of this Settlement Agreement, the Signatories agree that the capital investments included in the GUD 9608, GUD 9693, GUD 9740, GUD 9829, GUD 9877, GUD 9956, GUD 10060 interim rate adjustment filings considered in this proceeding were just and reasonable and the capital investment included in the cost of service proposed in this proceeding is just and reasonable.
9. Consistent with the Commission's Final Order in GUD No. 10000, *Statement of Intent to Change the Rate CGS and Rate PT of Atmos Pipeline – Texas*, the Signatories agree that it is reasonable to reconcile *ad valorem* tax estimates included in Atmos' GUD 9608, GUD 9693, GUD 9740, GUD 9829, GUD 9877, GUD 9956, GUD 10060 interim rate adjustment filings to actual *ad valorem* tax expense and that an adjustment of a total one-time refund of \$13,139 or approximately \$0.94 per customer shown on Exhibit D should be made to customers currently residing in the unincorporated areas of the West Texas Cities Rate Jurisdiction.

10. The Signatories agree that the removal of \$35,562 from Rate Base in this proceeding for the Mississippi complex billing project (SSU project 010.11279) is reasonable.
11. Consistent with the Commission's Final Order in GUD No. 10000, *Statement of Intent to Change the Rate CGS and Rate PT of Atmos Pipeline – Texas*, the Signatories agree that it is reasonable to make an adjustment to exclude per person meal expense over \$25 and per night lodging expense over \$150 (exclusive of taxes) from capitalized expenses and operations and maintenance expense used to calculate the cost of service in this proceeding, and that Cost of Service should be increased by \$9,590.
12. The Signatories agree that the Earnings Monitoring Reports that were filed with the interim rate adjustments referenced in Finding of Fact No. 8 above were properly filed by Atmos.
13. The Signatories agree that the allocations of Shared Services included in the interim rate adjustments referenced in Finding of Fact No. 8 above and considered in this proceeding were just and reasonable.
14. The Signatories agree that the terms of the Settlement Agreement are interdependent and indivisible, and that if the Commission enters an order that is inconsistent with this Settlement Agreement, then any Signatory may withdraw without being deemed to have waived any procedural right or to have taken any substantive position on any fact or issue by virtue of that Signatory's entry into the Settlement Agreement or its subsequent withdrawal.
15. The Signatories agree that all negotiations, discussions and conferences related to the Settlement Agreement are privileged, inadmissible, and not relevant to prove any issues associated with the June 8, 2011 Statement of Intent filed by Atmos on behalf of its West Texas Cities Rate Division pursuant to Texas law.
16. The Signatories agree that neither this Settlement Agreement nor any oral or written statements made during the course of settlement negotiations may be used for any purpose other than as necessary to support the entry by the Commission of an order implementing this Settlement Agreement.
17. The Signatories agree that this Settlement Agreement is binding on each Signatory only for the purpose of settling the issues set forth herein and for no other purposes, and, except to the extent the Settlement Agreement governs a Signatory's rights and obligations for future periods, this Settlement Agreement shall not be binding or precedential upon a Signatory outside this proceeding.
18. The Signatories agree that this Settlement Agreement may be executed in multiple counterparts and may be filed with facsimile signatures.

Agreed to this 30th day of September, 2011.

ATMOS ENERGY CORP, WEST TEXAS DIVISION

By: Jeffrey Foley
Jeffrey Foley
Vice President of Rates and Regulatory Affairs
West Texas Division of Atmos Energy Corporation

STAFF OF THE RAILROAD COMMISSION OF TEXAS

By: John Griffin
John Griffin
Attorney for Staff of the Railroad Commission of Texas

**ATMOS ENERGY CORPORATION
WEST TEXAS CITIES DISTRIBUTION SYSTEM**

Exhibit A Page 1 of 7

RATE SCHEDULE:	RESIDENTIAL GAS SERVICE	
APPLICABLE TO:	WEST TEXAS CITIES SERVICE AREA – Outside City Limits (OCL)	
EFFECTIVE DATE:	Bills Rendered on and after 07/12/2011	PAGE:

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

Charge	Amount
Customer Charge	\$ 13.50
Commodity Charge	
All Consumption	\$ 0.17055 per Ccf

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

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

RATE SCHEDULE:	COMMERCIAL GAS SERVICE	
APPLICABLE TO:	WEST TEXAS CITIES SERVICE AREA – Outside City Limits (OCL)	
EFFECTIVE DATE:	Bills Rendered on and after 07/12/2011	PAGE:

Availability

This schedule is applicable to Commercial 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

Charge	Amount
Customer Charge	\$ 30.00
Commodity Charge	
All Consumption	\$ 0.11330 per Ccf

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

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

RATE SCHEDULE:	INDUSTRIAL GAS SERVICE	
APPLICABLE TO:	WEST TEXAS CITIES SERVICE AREA – Outside City Limits (OCL)	
EFFECTIVE DATE:	Bills Rendered on and after 07/12/2011	PAGE:

Availability

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

Monthly Rate

Charge	Amount
Customer Charge	\$ 275.00
Commodity Charge	
All Consumption	\$ 0.06091 per Ccf

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

RATE SCHEDULE:	PUBLIC AUTHORITY GAS SERVICE	
APPLICABLE TO:	WEST TEXAS CITIES SERVICE AREA – Outside City Limits (OCL)	
EFFECTIVE DATE:	Bills Rendered on and after 07/12/2011	PAGE:

Availability

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

Monthly Rate

Charge	Amount
Customer Charge	\$ 81.00
Commodity Charge	
All Consumption	\$ 0.08968 per Ccf

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

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

RATE SCHEDULE:	STATE INSTITUTION GAS SERVICE	
APPLICABLE TO:	WEST TEXAS CITIES SERVICE AREA – Outside City Limits (OCL)	
EFFECTIVE DATE:	Bills Rendered on and after 07/12/2011	PAGE:

Availability

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

Monthly Rate

Charge	Amount
Customer Charge	\$ 102.00
Commodity Charge	
All Consumption	\$ 0.05733 per Ccf

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

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

RATE SCHEDULE:	WEST TEXAS DIVISION GAS COST ADJUSTMENT (GCA) RIDER	
APPLICABLE TO:	ALL SERVICE AREAS IN THE WEST TEXAS DIVISION	
EFFECTIVE DATE:	Bills Rendered on and after 07/12/2011	PAGE:

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. Accumulated Deferred Gas Costs shall also be adjusted for gas cost amounts which are uncollectible. 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 billings units.
2. "S", in Ccf as measured at local atmospheric pressure, is the expected sales billing units to be billed to customers in the respective section of the Company's Amarillo and West Texas Service Area.
3. "CF", in \$/Ccf as measured at local atmospheric pressure, is the correction factor charge per Ccf to adjust for the cumulative monthly difference between the cost of gas purchased by the Company and the amount of gas cost billed to the customer plus any gas cost which is uncollectible.

More specifically, CF shall be calculated as follows:

$$CF = (a/b) + (c/b)$$

a = over (under) collection dollar amount for the 12 month period ending September.

b = expected estimated sales volumes for the future 12 month period ending November.

c = net uncollectible gas cost, that is:

(uncollectible gas cost for the previous 12 months ended September) – (subsequently collected gas cost for the previous 12 months ended September)

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. "TF" is the tax factor. The tax factor for all unincorporated areas is 1. For incorporated areas the tax factor for each service area is calculated as: $1 / [1 - (SGR + FFR)]$ where SGR = the applicable state gross receipts rate imposed by sections 182-021 – 182-025 of the Texas Tax Code that is not otherwise collected by a separate rider and where FFR = the applicable franchise fee rate per city ordinance that is not otherwise collected by a separate rider.

RATE SCHEDULE:	WEST TEXAS DIVISION WEATHER NORMALIZATION ADJUSTMENT (WNA) RIDER	
APPLICABLE TO:	ALL SERVICE AREAS IN THE WEST TEXAS DIVISION	
EFFECTIVE DATE:	Bills Rendered on and after 07/12/2011	PAGE:

Provision for Adjustment

The base rate per Ccf (100,000 Btu) for gas service set forth in any Rate Schedules utilized in all cities in the West Texas Division or their environs for determining normalized winter period revenues shall be adjusted by an amount hereinafter described, which amount is referred to as the "Weather Normalization Adjustment". The Weather Normalization Adjustment shall apply to all temperature sensitive residential, commercial, public authority, and state institution bills based on meters read during the revenue months of October through May.

Computation of Weather Normalization Adjustment

The Weather Normalization Adjustment Factor shall be computed to the nearest one-hundredth cent per Ccf by the following formula:

WNAF	$R_i \frac{(HSF_i (NDD-ADD))}{(BL_i + (HSF_i \times ADD))}$
Where	
i	= any particular Rate Schedule or billing classification within any such particular Rate Schedule that contains more than one billing classification
WNAF	= Weather Normalization Adjustment Factor for the i^{th} rate schedule or classification expressed in cents per Ccf
R	= base rate of temperature sensitive sales for the i^{th} schedule or classification utilized
HSF	= heat sensitive factor for the i^{th} schedule or classification divided by the average bill count in that class
NDD	= billing cycle normal heating degree days
ADD	= billing cycle actual heating degree days
BL	= base load sales for the i^{th} schedule or Classification divided by the average bill count in that class

The Weather Normalization Adjustment for the j^{th} customer in i^{th} rate schedule is computed as:

WNA	$WNAF_i \times q_{ji}$ Where q_{ji} is the relevant sales quantity for the j^{th} Customer in i^{th} rate schedule
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Atmos Energy
WEST TEXAS ENVIRONS-UNINCORPORATED
REVENUE COMPARISON

	REVENUE AT PROPOSED RATES	CCF	REVENUE AT PRESENT RATES	Customers	DIFFERENCE AMOUNT	%
RESIDENTIAL	\$8,034,233	8,651,400	\$7,481,709	12,640	\$552,523	7.38%
COMMERCIAL	\$4,440,404	6,032,151	\$4,329,327	1,699	\$111,077	2.57%
INDUSTRIAL	\$2,800,373	4,167,158	\$2,882,664	113	(\$82,291)	-2.85%
PUBLIC AUTHORITY	\$512,102	678,597	\$506,308	100	\$5,794	1.14%
STATE AGENCY	45002.19941	52,159	46,201	12	(\$1,199)	-2.59%
TOTAL	\$15,832,113	19,581,467	\$15,246,209	14,565	\$585,904	3.84%

	IMPACT ON MARGIN (EXCLUDING GAS COST)		
RESIDENTIAL	\$3,523,248	\$2,970,725	\$552,523 18.60%
COMMERCIAL	\$1,295,140	\$1,184,063	\$111,077 9.38%
INDUSTRIAL	\$627,547	\$709,838	(\$82,291) -11.59%
PUBLIC AUTHORITY	\$158,270	\$152,476	\$5,794 3.80%
STATE AGENCY	\$17,805	\$19,004	(\$1,199) -6.31%
TOTAL	\$5,622,010	\$5,036,106	\$585,904 11.634%

Exhibit B
Page 2 of 10

85.1%

West Texas Distribution System
Comparison of Current and Proposed Commercial Rates
Test Year Ended December 31, 2010

Line No.	D / C	Current Rates					Proposed Rates				
		Min	Max	Charge / Rate	Bills / Volumes	Comm. % of Total	Revenue	Comm. % of Total	Revenue	Comm. % of Total	Rev. % of Total
1	WTX CITIES										
2	Customer Charge	D		\$ 29.52	20,277		\$ 598,583		\$ 608,316		13.7%
3											
4	Commodity Charge	C		\$ 0.097	8,021,086	99.8%	\$ 584,045	99.82%	\$ 682,189		15.4%
5											
6	Gas Cost	G		\$ -0.52142	6,021,086		\$ 3,139,494		\$ 3,139,494		70.7%
7											
22	SANFORD/FRITCH										
23	Customer Charge	D		\$ 3.20	113		\$ 361		\$ 3,382		0.0%
24											
25	Commodity Charge	C	0 - 100	\$ 0.11069	4,288	0.1%	\$ 475				0.0%
26	Block 1	C	100 - 250	\$ 0.10354	3,063	0.1%	\$ 317				0.0%
27	Block 2	C	250 >	\$ 0.07608	3,715	0.1%	\$ 283		\$ 1,254	0.2%	
28	Block 3										
30	Gas Cost	G		\$ 0.5214	11,065		\$ 5,770		\$ 5,770		0.1%
31											
32											
43											
44											
45											
46											
47											
48											
49											
50											
51											
52											
53											
54											
55											
56											
		D		Demand	20,380		\$ 598,944		\$ 611,697		
		C		Commodity	8,032,151	100.0%	\$ 585,120	99.8%	\$ 683,443		
		G		Gas Cost	8,032,151		\$ 3,145,264		\$ 3,145,264		
				Total			\$ 4,329,327	100.0%	\$ 4,440,404		99.8%
				Proposed Margin Increase					\$ 111,077		

West Texas Distribution System

Comparison of Current and Proposed Industrial Rates

Test Year Ended December 31, 2010

[illegible]

West Texas Distribution System

Current Rates													Proposed Rates					
Line No.	D/C	Min	Max	Charge / Rate	Bills / Volumes	Comm. % of Total	Revenue	Comm. % of Total	Rev. % of Total	Min	Max	Charge / Rate	Bills / Volumes	Comm. % of Total	Revenue	Comm. % of Total	Rev. % of Total	
WTX CITIES																		
1	D			\$ 80.74	1,190		\$ 96,118		19.0%			\$ 81.00	1,190		\$ 96,428		18.8%	
2																		
3	C			\$ 0.08300	686,584	98.2%	\$ 55,326	98.2%	10.9%			\$ 0.08968	686,584	98.2%	\$ 59,779		11.7%	
4																		
5	G			\$ 0.5214	686,584		\$ 347,568		68.6%			\$ 0.5214	686,584		\$ 347,568		67.9%	
6																		
SANFORD/FRITCH																		
21	D			\$ 3.20	12		\$ 39		0.0%			\$ 81.00	12		\$ 986			
22																		
23																		
Commodity Charge																		
24																		
25	C	0 - 100		\$ 0.11069	1,285	0.2%	\$ 142	0.3%	0.0%									
26	C	100 - 250		\$ 0.10354	1,242	0.2%	\$ 129	0.2%	0.0%									
27	C	250 >		\$ 0.07608	9,487	1.4%	\$ 722	1.3%	0.1%			\$ 0.08968	12,013	1.8%	\$ 1,077			
28																		
29																		
30																		
31	G			\$ 0.5214	12,013		\$ 6,264		1.2%			\$ 0.5214	12,013		\$ 6,264			
32																		
43																		
44	D			Demand	1,203		\$ 96,157					Demand	1,203		\$ 97,413			
45																		
46																		
47	C			Commodity	678,597	100.0%	\$ 56,319	100.0%				Commodity	678,597	100.0%	\$ 60,857			
48																		
49	G			Gas Cost	678,597		\$ 353,832					Gas Cost	678,597		\$ 353,832			
50																		
51				Total	Total		\$ 506,308		100.0%			Total	Total		\$ 512,102		98.4%	
52																		
53																		
															Proposed Margin Increase			\$ 5,794

West Texas Distribution System
Comparison of Current and Proposed State Institution Rates
 Test Year Ended December 31, 2010

Proposed Rates											
Line No.	D/C	Min	Max	Charge / Rate	Bills / Volumes	Comm. % of Total	Revenue	Comm. % of Total	Revenue	Comm. % of Total	Rev. % of Total
WTX CITIES											
1	D			\$ 101.93	145		\$ 14,805		\$ 14,815		32.9%
2											
3	C			\$ 0.08051	52,159	100.0%	\$ 4,199	100.0%	\$ 2,980	100.0%	6.8%
4											
5	G			\$ 0.5214	52,159		\$ 27,197		\$ 27,197		60.4%
6											
SANFORD/FRITCH											
21	D			\$ 3.20	0		\$ -				0.0%
22											
23											
24											
25	C	0 -	100	\$ 0.11089	0	0.0%	\$ -	0.0%			0.0%
26	C	100 -	250	\$ 0.10354	0	0.0%	\$ -	0.0%			0.0%
27	C	250 >		\$ 0.07806	0	0.0%	\$ -	0.0%			0.0%
28											
29											
30											
31	G			\$ 0.5214	0		\$ -				0.0%
32											
43											
WTX CITIES											
44	D			Demand	145		\$ 14,805		\$ 14,815		
45											
46	C			Commodity	52,159	100.0%	\$ 4,199	100.0%	\$ 2,980	100.0%	
47											
48	G			Gas Cost	52,159		\$ 27,197		\$ 27,197		
49											
50											
51				Total			\$ 46,201		\$ 45,002		100.0%
52											
53				Proposed Margin Increase			\$ (1,199)				

ATMOS ENERGY CORPORATION
WEST TEXAS ENVIRONS STATEMENT OF INTENT
SUMMARY PROOF OF REVENUE AT CURRENT RATES
TEST YEAR ENDING MARCH 31, 2010

Line	Description	West Texas Cities	Fritch- Sanford	Total	Class Allocation	Reference
	(a)	(c)	(g)	(i)	(m)	(n)
Residential						
1	<u>Rate Characteristics:</u>					
2	Customer Charge	\$13.83	\$3.20			Tariff- OCL Rates
3						
4	Consumption Charge (\$/Ccf)					
5	All Consumption	\$0.11035				Tariff- OCL Rates
6	First 100 Ccf or less		\$0.11069			Tariff- OCL Rates
7	Next 150 Ccf		\$0.10354			Tariff- OCL Rates
8	Over 250 Ccf		\$0.07606			Tariff- OCL Rates
9						Tariff- OCL Rates
10	<u>Billing Units:</u>					
11	Bills	1,612,986	16,431	1,631,399		Billing Determinants Study
12	Volumes					
13	All Consumption	82,679,069				Billing Determinants Study
14	First 100 Ccf or less		791,773			Billing Determinants Study
15	Next 150 Ccf		224,042			Billing Determinants Study
16	Over 250 Ccf		18,415			Billing Determinants Study
17	Total Ccf	82,679,069	1,032,231	83,911,300		
18						
19	<u>Present Revenue:</u>					
20	Customer Charge	\$ 22,307,354	\$ 58,978	\$ 22,366,331		Ln. 2 times Ln. 11
21	Consumption Charge	9,145,705	112,067	9,257,793		Ln. 4 times Ln. 17
22	Base Revenue	\$ 31,453,059	\$ 171,065	\$ 31,624,124	74.11%	Sum of Line 20 through Ln. 21
23						
24						
25	Commercial					
26						
27	<u>Rate Characteristics:</u>					
28	Customer Charge	\$29.52	\$3.20			Tariff- OCL Rates
29						
30	Consumption Charge (\$/Ccf)					
31	All Consumption	\$0.09700				Tariff- OCL Rates
32	First 100 Ccf or less		\$0.11069			Tariff- OCL Rates
33	Next 150 Ccf		\$0.10354			Tariff- OCL Rates
34	Over 250 Ccf		\$0.07606			Tariff- OCL Rates
35						Tariff- OCL Rates
36	<u>Billing Units:</u>					
37	Bills	142,941	751	143,692		Billing Determinants Study
38	Volumes					
39	All Consumption	31,377,146				Billing Determinants Study
40	First 100 Ccf or less		32,230			Billing Determinants Study
41	Next 150 Ccf		23,019			Billing Determinants Study
42	Over 250 Ccf		27,821			Billing Determinants Study
43	Total Ccf	31,377,146	83,170	31,460,316		
44						
45	<u>Present Revenue:</u>					
46	Customer Charge	\$ 4,219,815	\$ 2,404	\$ 4,222,018		Ln. 28 times Ln. 37
47	Consumption Charge	3,043,583	8,075	3,051,656		Ln. 30 times Ln. 43
48	Base Revenue	\$ 7,263,198	\$ 10,478	\$ 7,273,676	17.05%	Sum of Line 46 through Ln. 47,
49						

ATMOS ENERGY CORPORATION
WEST TEXAS ENVIRONS STATEMENT OF INTENT
SUMMARY PROOF OF REVENUE AT CURRENT RATES
TEST YEAR ENDING MARCH 31, 2010

Line	Description	West Texas Cities	Fritch- Sanford	Total	Class Allocation	Reference
	(a)	(c)	(g)	(f)	(m)	(n)
50						
51	Industrial					
52						
53	<u>Rate Characteristics:</u>					
54	Customer Charge	\$277.74	\$3.20			Tariff- OCL Rates
55						
56	Consumption Charge (\$/Ccf)					
57	0-1000 Ccf	\$0.09850				Tariff- OCL Rates
58	Over 1000 Ccf	\$0.07500				Tariff- OCL Rates
59	First 100 Ccf or less		\$0.11069			Tariff- OCL Rates
60	Next 150 Ccf		\$0.10354			Tariff- OCL Rates
61	Over 250 Ccf		\$0.07806			Tariff- OCL Rates
62						
63	<u>Billing Units:</u>					
64	Bills	2,280	-	2,280		Billing Determinants Study
65	Volumes					
66	0-1000 Ccf	1,485,970				Billing Determinants Study
67	Over 1000 Ccf	5,220,315				Billing Determinants Study
68	First 100 Ccf or less		-			Billing Determinants Study
69	Next 150 Ccf		-			Billing Determinants Study
70	Over 250 Ccf		-			Billing Determinants Study
71	Total Ccf	6,706,285	-	6,706,285		
72						
73	<u>Present Revenue:</u>					
74	Customer Charge	\$ 833,247	\$ -	\$ 833,247		Ln. 56 times Ln. 65
75	Consumption Charge	534,920	0	534,920		Ln. 56 times Ln. 71
76	Base Revenue	\$ 1,168,167	\$ -	\$ 1,168,167	2.74%	Sum of Line 74 through Ln. 75
77						
78						
79	Public Authority					
80						
81	<u>Rate Characteristics:</u>					
82	Customer Charge	\$80.74	\$3.20			Tariff- OCL Rates
83						
84	Consumption Charge (\$/Ccf)					
85	All Consumption	\$0.08300				Tariff- OCL Rates
86	First 100 Ccf or less		\$0.11069			Tariff- OCL Rates
87	Next 150 Ccf		\$0.10354			Tariff- OCL Rates
88	Over 250 Ccf		\$0.07806			Tariff- OCL Rates
89						
90	<u>Billing Units:</u>					
91	Bills	18,005	195	18,200		Billing Determinants Study
92	Volumes					
93	All Consumption	11,909,329				Billing Determinants Study
94	First 100 Ccf or less		8,857			Billing Determinants Study
95	Next 150 Ccf		8,563			Billing Determinants Study
96	Over 250 Ccf		65,413			Billing Determinants Study
97	Total Ccf	11,909,329	82,832	11,992,161		
98						
99	<u>Present Revenue:</u>					
100	Customer Charge	\$ 1,453,728	\$ 623	1,454,349		Ln. 82 times Ln. 91
101	Consumption Charge	988,474	8,842	995,317		Ln. 84 times Ln. 97
102	Base Revenue	\$ 2,442,201	\$ 7,465	\$ 2,449,666	5.74%	Sum of Line 100 through Ln. 101
103						
104						
105	State					
106						
107	<u>Rate Characteristics:</u>					
108	Customer Charge	\$101.93	\$3.20			Tariff- OCL Rates
109						
110	Consumption Charge (\$/Ccf)					
111	All Consumption	\$0.08051				Tariff- OCL Rates
112	First 100 Ccf or less		\$0.11069			Tariff- OCL Rates
113	Next 150 Ccf		\$0.10354			Tariff- OCL Rates
114	Over 250 Ccf		\$0.07806			Tariff- OCL Rates
115						
116	<u>Billing Units (1):</u>					
117	Bills	1,074	-	1,074		Billing Determinants Study
118	Volumes					
119	All Consumption	563,847				Billing Determinants Study
120	First 100 Ccf or less		-			Billing Determinants Study
121	Next 150 Ccf		-			Billing Determinants Study
122	Over 250 Ccf		-			Billing Determinants Study
123	Total Ccf	563,847	-	563,847		
124						
125	<u>Present Revenue:</u>					
126	Customer Charge	\$ 109,473	\$ -	109,473		Ln. 108 times Ln. 117
127	Consumption Charge	45,395	0	45,395		Ln. 110 times Ln. 123
128	Base Revenue	\$ 154,868	\$ -	\$ 154,868	0.36%	Sum of Line 126 through Ln. 127

**Atmos Energy Corporation - West Texas Environs
Class Cost of Service Study
For the test year ended December 31, 2010**

Schedule THP-CCOS

SUMMARY - with Test Year Normalized Revenues

Summary - with Test Year Normalized Revenues							
Line No.	Description	West Texas Environs	Residential	Commercial	Industrial	Public Authority	State institutions
1	Margin with test year rates, as filed	\$44,841,089	\$33,192,435	\$7,556,902	\$1,180,141	\$2,542,077	\$159,544
2	O&M Expense	19,309,259	15,696,525	2,526,944	258,283	790,120	37,387
3	Depreciation & Amort	10,661,705	8,637,293	1,412,390	144,665	446,128	21,228
4	Taxes Other than Income Tax	2,620,324	2,124,173	346,320	35,458	109,182	5,190
5	Interest on Customer Deposits	10,998	6,387	4,518	114	-	-
6	State Margin Tax	445,176	331,006	75,360	11,668	25,360	1,591
7	Income Tax	2,405,022	895,591	906,193	235,839	337,890	29,509
8							
9	Return at test year rates	\$9,186,616	\$5,501,479	\$2,285,178	\$503,913	\$833,406	\$64,639
10							
11	Rate Base	\$144,184,364	\$117,195,432	\$18,388,842	\$2,012,979	\$6,286,759	\$300,352
12							
13	ROR at test year rates	6.4%	4.7%	12.4%	25.0%	13.3%	21.5%

SUMMARY - with Proposed Proforma Revenue

		West Texas Environ	Summary - What Proposed Pipeline Revenue				
			Residential	Commercial	Industrial	Public Authority	State Institutions
14	Margin with test year rates, as filed	\$44,844,705	\$33,189,557	\$7,554,479	\$1,200,712	\$2,540,470	\$159,487
15	Revenue Increase with Proposed Rates	5,286,701	4,642,028	644,953	(122,628)	114,120	(11,771)
16	Proforma Margin with Proposed Rates	49,911,406	37,831,585	8,199,432	1,078,084	2,654,590	147,716
17	O&M Expense	19,318,849	15,708,847	2,526,237	259,046	789,384	37,355
18	Depreciation & Amort	10,661,705	8,637,293	1,412,390	144,665	446,128	21,228
19	Taxes Other than Income Tax	2,620,324	2,124,173	348,320	35,458	109,182	5,190
20	Interest on Customer Deposits	10,998	6,367	4,518	114	-	-
21	State Margin Tax (proposed)	497,879	377,397	81,785	10,748	26,476	1,473
22	Income Tax (proposed)	4,227,827	2,498,444	1,129,077	196,744	377,140	25,421
23							
24	Return at Proposed Rates	\$12,573,825	8,480,063	2,699,106	431,309	906,299	57,048
25							
26	Rate Base (proposed)	\$144,184,364	\$117,195,432	\$18,388,842	\$2,012,979	\$6,286,759	\$300,352
27							
28	ROR by class per Proposed Rates	8.72%	7.2%	14.7%	21.4%	14.4%	19.0%

29	Weighted Cost of Debt		3.28%																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																
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West Texas Distribution System
Rate Design
Test Year Ended December 31, 2010

Exhibit B
Page 10 of 10

Revenue Requirements	49,911,651
Less: Other Revenues	<u>1,974,204</u>
Distribution Sales Revenues	47,937,448

Class Allocation (from Class Cost of Service):	Percent	Dollars		
Residential	75.80%	36,335,374		
Commercial	16.43%	7,875,151		
Industrial	2.16%	1,035,447		
Public Authority	5.32%	2,549,603		
State Agency	0.30%	<u>141,874</u>		
		47,937,448	48397078	(459,630)

Proposed Rates	Proposed Rate	Revenues	
Residential Customer Charge	\$ 13.50	22,023,887	
Residential Consumption Charge	\$ 0.17055	14,311,072	36,334,959
Commercial Customer Charge	\$ 30.00	4,310,760	
Commercial Consumption Charge	\$ 0.11330	3,564,454	7,875,214
Industrial Customer Charge	\$ 275.00	627,000	
Industrial Consumption Charge	\$ 0.06091	408,480	1,035,480
Public Authority Customer Charge	\$ 81.00	1,474,178	
Public Authority Consumption Charge	\$ 0.08968	1,075,457	2,549,635
State Agency Customer charge	\$ 102.00	109,548	
State Agency Consumption Charge	\$ 0.05733	32,325	141,873

ATMOS ENERGY CORPORATION
WTX CITIES RATE DIVISION ENVIRONS STATEMENT OF INTENT
APPROVED DEPRECIATION RATES BY FERC ACCOUNT

**The following depreciation rates are the same as those approved by GUD 10041.*

Acct.	Description	Rate
<u>WTX-Cities Direct:</u>		
<u>Distribution Plant</u>		
30200	Franch & Consent Grp	0.00%
37401	Land	0.00%
37402	Land Rights	1.56%
37500	Structures & Improvements	3.05%
37501	Struct. & Improv. - Frame	3.05%
37502	Struct. & Improv. - Land Rights	3.05%
37503	Struct. & Improv. - Improvements	3.05%
37600	Mains - Cathodic Protection	2.68%
37601	Mains - Steel	2.68%
37602	Mains - Plastic	2.68%
37800	M&R Station Equipment - General	2.65%
37900	M&R Station Equipment - City Gate	3.92%
38000	Services	3.55%
38100	Meters	5.97%
38200	Meter Installations	6.62%
38300	House Regulators	5.89%
38400	House Regulator Installations	5.54%
38500	Industrial M&R Station Equipment	4.04%
38600	Other Property on Customers' Premises	1.82%
38700	Other Equipment	4.15%
<u>General Plant</u>		
38900	Land & Land Rights	0.00%
39004	Struct. & Improv. - Air Condition Equip.	3.36%
39009	Struct. & Improv. - Improv. to Leased Facilities	2.67%
39100	Office Furniture & Equipment	8.28%
39200	Transportation Equipment	3.10%
39300	Stores Equipment	2.86%
39400	Tools, Shop, and Garage Equipment	7.07%
39600	Power Operated Equipment	8.84%
39603	Power Op. Equip. - Ditchers	8.84%
39604	Power Op. Equip. - Backhoes	8.84%
39605	Power Op. Equip. - Welders	8.84%
39700	Communication Equipment	19.12%
39705	Comm. Eq. - Telemetry	19.12%
39800	Miscellaneous Equipment	10.45%
39906	Other Tangible Property-PC Hardware	19.62%

**ATMOS ENERGY CORPORATION
WTX CITIES RATE DIVISION ENVIRONS STATEMENT OF INTENT
APPROVED DEPRECIATION RATES BY FERC ACCOUNT**

**The following depreciation rates are the same as those approved by GUD 10041.*

Acct.	Description	Rate
39907	Other Tangible Property-PC Software	23.19%
39908	Other Tangible Property-Application Software	12.50%

Texas Division General Office:

General Plant

39009	Struct. & Improv. - Improv. to Leased Facilities	2.67%
39100	Office Furniture & Equipment	8.28%
39103	Office Furn. & Equip. - Office Machines	8.28%
39200	Transportation Equipment	3.10%
39400	Tools, Shop, and Garage Equipment	7.07%
39700	Communication Equipment	19.12%
39701	Communication Equip.	19.12%
39702	Comm. Eq. - Fixed Radio	19.12%
39705	Comm. Eq. - Telemetry	19.12%
39800	Miscellaneous Equipment	10.45%
39901	Other Tangible Property-Servers Hardware	18.62%
39902	Other Tangible Property-Servers Software	14.29%
39903	Other Tangible Property-Network-Hardware	14.29%
39905	Other Tangible Property-MF Hardware	20.00%
39906	Other Tangible Property-PC Hardware	19.62%
39907	Other Tangible Property-PC Software	23.19%
39908	Other Tangible Property-Application Software	12.50%

SSU - General Office:

General Plant

39000	Structures & Improvements	9.10%
39009	Improvements to Leased Premises	9.10%
39100	Office Furniture & Equipment	2.13%
39102	Remittance Processing Equipment	2.13%
39103	Office Furniture & Equipment	2.13%
39200	Transportation Equipment	10.32%
39300	Stores Equipment	10.32%
39400	Tools & Work Equipment	10.32%
39700	Communication Equipment - Telephone	8.45%
39800	Miscellaneous Equipment	8.15%
39900	Other Tangible Property	4.66%
39901	Other Tangible Property-Servers Hardware	6.95%
39902	Other Tangible Property-Servers Software	4.00%
39903	Other Tangible Property-Network-Hardware	9.30%
39904	Other Tangible Property-CPU	10.32%
39905	Other Tangible Property-MF Hardware	10.32%
39906	Other Tangible Property-PC Hardware	14.86%
39907	Other Tangible Property-PC Software	9.02%

**ATMOS ENERGY CORPORATION
WTX CITIES RATE DIVISION ENVIRONS STATEMENT OF INTENT
APPROVED DEPRECIATION RATES BY FERC ACCOUNT**

**The following depreciation rates are the same as those approved by GUD 10041.*

Acct.	Description	Rate
39908	Other Tangible Property-Application Software	11.11%
39909	Other Tangible Property-System Software	10.32%
39924	Other Tangible Property-GenStartupCost	15.89%

SSU - General Office:

General Plant

Greenville Data Center (010.11520)

39005	G-Structures & Improvements	9.10%
39104	G-Office Furniture & Equip.	2.13%

SSU - Customer Support:

General Plant

38900	Land & Land Rights	0.00%
39000	Structures & Improvements	9.10%
39009	Improvements to Leased Premises	9.10%
39100	Office Furniture & Equipment	2.13%
39102	Remittance Processing Equipment	2.13%
39103	Office Furniture & Equipment	2.13%
39200	Transportation Equipment	10.32%
39300	Stores Equipment	10.32%
39400	Tools & Work Equipment	10.32%
39700	Communication Equipment - Telephone	8.45%
39800	Miscellaneous Equipment	8.15%
39900	Other Tangible Property	4.66%
39901	Other Tangible Property-Servers Hardware	6.95%
39902	Other Tangible Property-Servers Software	4.00%
39903	Other Tangible Property-Network-Hardware	9.30%
39904	Other Tangible Property-CPU	10.32%
39905	Other Tangible Property-MF Hardware	10.32%
39906	Other Tangible Property-PC Hardware	14.86%
39907	Other Tangible Property-PC Software	9.02%
39908	Other Tangible Property-Application Software	11.11%
39909	Other Tangible Property-System Software	10.32%
39924	Other Tangible Property-GenStartupCost	15.89%

SSU - Customer Support:

General Plant

Charles K. Vaughn Center

38900	Land & Land Rights	0.00%
39010	Structures & Improvements	9.10%
39710	Communication Equipment	8.45%
39910	Other Tangible Equipment	4.66%
39916	PC Hardware	14.86%

**ATMOS ENERGY CORPORATION
WTX CITIES RATE DIVISION ENVIRONS STATEMENT OF INTENT
APPROVED DEPRECIATION RATES BY FERC ACCOUNT**

**The following depreciation rates are the same as those approved by GUD 10041.*

Acct.	Description	Rate
39917	PC Software	9.02%

Atmos Energy Corporation, West Texas Division
Analysis of Ad-Valorem Tax Adjustment to Actual Taxes Paid
Exhibit D

WTX-CITIES - GUD 10085

	Actual Ad Valorem Taxes Paid	Net Plant Per GRIP Filing (a)	Actual Tax Factor	Incremental Investment (a)	Ad Valorem on Incremental Investment Actual	Ad Valorem on Incremental Investment Per Filing (a)	Over/ (Under) Collection	Interest	TOTAL ADJUSTMENT
GUD 10060	2,102,159	181,412,512	1.16%	12,639,202	146,460	197,172	50,712	30	50,742
GUD 9956	1,883,435	168,424,130	1.12%	15,484,135	173,154	241,553	68,399	222	68,621
GUD 9877	1,936,732	151,443,731	1.28%	13,209,668	168,931	206,071	37,140	2,794	39,933
GUD 9829	1,872,289	140,828,105	1.33%	7,258,974	96,507	113,240	16,733	390	17,123
GUD 9740	1,949,558	127,485,594	1.53%	7,152,509	109,379	83,625	(25,754)	(1,914)	(27,668)
GUD 9693	1,839,869	117,702,856	1.56%	3,801,587	59,392	44,447	(14,945)	(1,818)	(16,763)
GUD 9608	1,724,526	115,012,383	1.50%	15,239,855	228,510	235,288	6,778	1,039	7,817
							139,062	742	139,804
Total Customers for WTX-Cities System									148,106 (b)
Per Customer Adjustment									0.94
Total Customers in Unincorporated Areas									13,920 (b)
Total Unincorporated Over / (Under) Collection									13,139

NOTES:

(a) Per GRIP Filing IRA-3

(b) Per Billing Determinates Study submitted with GUD 10085, excludes Fritch-Sanford