

**BEFORE THE
RAILROAD COMMISSION OF TEXAS**

STATEMENT OF INTENT FILED BY	§	
ATMOS ENERGY CORP., TO CHANGE	§	
GAS UTILITY RATES WITHIN THE	§	GAS UTILITIES DOCKET NO. 10174
UNINCORPORATED AREAS SERVED	§	AND CONSOLIDATED CASES
BY THE ATMOS ENERGY CORP.,	§	
WEST TEXAS 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. Chapter 551, *et seq.* (Vernon 2008 & Supp. 2011). 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 and is subject to the jurisdiction of the Railroad Commission of Texas (Commission).
2. On June 6, 2012, Atmos filed a Statement of Intent to change gas utility rates in the unincorporated areas served by the Atmos Energy Corp., West Texas Division. The filing was docketed as GUD No. 10174.
3. Atmos proposed that the increased rates become effective on July 11, 2012.
4. On June 26, 2012, the Commission suspended the implementation of Atmos' proposed rates for up to 150 days.
5. Atmos extended the proposed effective date of the proposed rates, thereby extending the statutory deadline to December 20, 2012.
6. Atmos filed a municipal Statement of Intent with 72 cities (Affected Cities) served by Atmos West Texas on February 7, 2012.
7. Atmos West Texas filed the following Petitions for De Novo Review of the denial of the Statement of Intent by various municipalities that denied that rate request:

- a. GUD No. 10175, Petition for De Novo Review of the Denial of the Statement of Intent Filed by Atmos Energy Corp., West Texas Division by the Cities of Amherst, Anton, Brownfield, et al. on May 31, 2012. These 44 cities include the following: Amherst, Anton, Bovina, Brownfield, Buffalo Springs, Canyon, Coahoma, Crosbyton, Dimmit, Floydada, Friona, Hale Center, Happy, Hart, Hereford, Lake Tanglewood, Lamesa, Levelland, Littlefield, Lockney, Muleshoe, New Deal, Odessa, Olton, Opdyke West, Palisades, Pampa, Panhandle, Plainview, Quitaque, Ransom Canyon, Sanford, Seminole, Shallowater, Silverton, Slaton, Smyer, Stanton, Sudan, Timbercreek Canyon, Tulia, Turkey, Wilson, and Wolfforth.
 - b. GUD No. 10178, Petition for De Novo Review of the Denial of the Statement of Intent Filed by Atmos Energy Corp., West Texas Division by the Cities of Big Spring, Earth, Edmonson, et al. on June 15, 2012. These 17 cities include the following: Big Spring, Earth, Edmonson, Forsan, Idalou, Kress, Lorenzo, Meadow, Nazareth, O'Donnell, Petersburg, Post, Ralls, Ropesville, Seagraves, Tahoka, and Wellman.
 - c. GUD No. 10191, Petition for De Novo Review of the Denial of the Statement of Intent Filed by Atmos Energy Corp., West Texas Division by the Cities of Abernathy, Amarillo, Channing, et al. on July 11, 2012. These cities include the following: Abernathy, Amarillo, Channing, Dalhart, Fritch, Lubbock, Midland, Springlake, and Vega.
 - d. GUD No. 10200, Petition of De Novo Review of the Denial of the Statement of Intent filed by Atmos Energy Corporation, West Texas Division by the City of Midland.
8. On March 13, 2012, Atmos filed an *Application of Atmos Energy Corp. to Revise Certain Depreciation Rates* and was docketed as GUD No. 10147.
 9. On June 19, 2012, Atmos filed a *Motion to Consolidate* [depreciation issues for Atmos West Texas from GUD No. 10147] and *Motion to Dismiss as to Atmos Pipeline-Texas*.
 10. On June 22, 2012, the depreciation issues for Atmos' West Texas Division from GUD No. 10147 were severed into GUD No. 10180.
 11. On June 22, 2012, GUD No. 10180 was consolidated into GUD No. 10174.
 12. On June 14, 2012, the Amarillo Rate Division Cities, the Lubbock Rate Division City, and Staff of the Railroad Commission of Texas (Staff) intervened in this proceeding.
 13. On June 22, 2012, the West Texas Cities Steering Committee intervened in this proceeding. These cities include the following: Amherst, Anton, Big Spring, Bovina, Brownfield, Buffalo Springs, Canyon, Coahoma, Crosbyton, Dimmitt, Earth, Edmonson, Floydada, Frosan, Friona, Hale Center, Happy, Hart, Hereford, Idalou, Kress, Lake

Tanglewood, Lamesa, Levellan, Littlefield, Lockney, Lorenzo, Meadow, Muleshoe, Nazareth, New Deal, Odessa, O'Donnell, Olton, Opdyke West, Palisades, Pampa, Panhandle, Petersburg, Plainview, Post, Quitaque, Ralls, Ransom Canyon, Ropesville, Sanford, Seagraves, Seminole, Shallowater, Silverton, Slaton, Smyer, Stanton, Sudan, Tahoka, Timbercreek Canyon, Tulia, Wellman, Wilson, and Wolfforth. On July 26, 2012, the following cities also joined the intervention of West Texas Cities: Abernathy, Midland, Springlake, and Vega.

14. On July 5, 2012, the State of Texas Agencies and Institutions of Higher Education (State Agencies) intervened in this proceeding.

Notice

15. Notice of the filing in this proceeding was provided to all customers within all unincorporated areas served by the West Texas Division by bill insert processing beginning on August 6, 2012 and ending on August 28, 2012. Notice of the filing was also provided by publishing a notice each week for four successive weeks, beginning the week of February 13, 2012 and running through the week of March 5, 2012, in a newspaper having a general circulation in each city affected by the proposed increase. Notice of the filing in this proceeding for the City of Midland was provided by publishing a notice each week for four successive weeks, beginning the week of August 6, 2012 and running through the week of August 27, 2012, in a newspaper having a general circulation in each city affected by the proposed increase.

Test Year

16. The test year in this case was the 12-month period ending September 30, 2011.

Hearing and Partial Settlement

17. The hearing in this matter commenced on September 12, 2012.
18. On September 14, 2012, the following parties filed a partial Settlement Agreement: Atmos West-Texas, Amarillo Rate Division Cities and the Lubbock Rate Division City, West Texas Cities Steering Committee, and Staff. The partial Settlement Agreement is attached to this Final Order as Attachment A.
19. The State was not a signatory to the partial Settlement Agreement.
20. The State declared that it was not opposed to the partial Settlement Agreement.

Books and Records

21. Atmos West Texas established that the utility maintains its books and records in accordance with the Federal Energy Regulatory Commission's (FERC) Uniform System of Accounts prescribed for Natural Gas Companies.
22. Atmos has established that the utility has fully complied with the books and records requirements of Rule 7.310 and the amounts included therein are therefore subject to the presumption encapsulated in Rule 7.503 that these amounts are reasonable and necessary.

Interim Order

23. The parties filed a motion to limit issues in this proceeding and on August 3, 2012, a ruling was issued which limited the scope of this proceeding to certain issues.
24. The scope of the proceeding limited the following issues from further litigation in the hearing:
 - a. Whether Atmos Energy may seek system-wide rates for the Atmos West Texas Division; and
 - b. Whether the Commission may set rates on a system-wide basis.
25. The parties were precluded from litigating the question of whether Atmos' proposed rates should be established on a system-wide basis.
26. An Interim Appeal related to preclusion of litigating system wide rates in this docket was filed with the Commission, which was overruled by operation of law.
27. Ample Commission precedent establishes that rates are set for natural gas utilities on a system-wide basis.
28. In GUD No. 9400, *TXU Gas Company Statement of Intent to Change Rates in the Company's Statewide Gas Utility*, the Commission set system-wide rates for the predecessor in interest to the Atmos Mid-Tex Division, of Atmos Energy Corporation.
29. In GUD No. 9488, *Statement of Intent filed by West Texas Gas, Inc. to Increase Special Rates in the Unincorporated Towns and Rural Areas, Environs, and Appeals from the Decisions of the Cities of Balmorhea, Claude, Darrouzett, Eden, Farwell, Follett, Groom, Higgins, Junction, Menard, Miami, Mobeetie, Shamrock, Startford, Texhoma, Wheeler, Pain Rock, Cactus, Cnadian, Kermit, Natalia, Somerset, Sonora, and Texline*, Docket Nos. 9488 – 9512, 9520, 9521, & 9526, the Commission set system-wide rates for West Texas Gas, Inc, a utility that owns and operates a natural gas public utility throughout several counties in West Texas.

30. In GUD No. 9902, *Statement of Intent of CenterPoint Energy Corp.*, the Commission set system-wide rates for the Houston Division of CenterPoint Energy. The Houston Division encompasses a large unincorporated area and several municipalities.

Hearing

31. A notice of hearing was issued on July 12, 2012.
32. The hearing on the merits in this matter was conducted from September 12, 2012 through September 21, 2012.
33. The evidentiary record was closed on September 21, 2012.

Overall Revenue Requirements

34. The partial Settlement Agreement sets rates at a level that will result in an overall revenue of \$92,600,122.
35. The revenues generated by the rates encompassed in the partial Settlement Agreement will result in a \$6,579,919 increase in the company's revenues.
36. The company originally proposed an increase to its overall revenues in the amount of \$9,708,267.
37. The partial Settlement Agreement results in a reduction of approximately 32% from the amount originally requested.
38. For purposes of calculating the first interim rate adjustment, the net invested capital amount of \$354,663,775 shall be used as the baseline.
39. The base year level of pension-related and other post-employment benefits expenses shall be set as shown on Exhibit D to the attached partial Settlement Agreement and are summarized as follows:

Section 104.059 Benchmarks

Description	Total
Shared Services Unit - Pension Account Plan ("PAP")	\$378,561
Shared Services Unit - Post-Retirement Medical Plan ("FAS 106")	\$316,209
West Texas Division - PAP	\$1,368,648
West Texas Division - FAS 106	\$2,854,933
West Texas Supplemental Executive Retirement Plan ("SERP")	\$151,492

40. Depreciation rates for the West Texas Division direct assets shall be those approved in GUD No. 10041.
41. The SSU Depreciation rates shall be those approved in GUD No. 10170.
42. The federal income tax factor to be used in future interim rate adjustment filings shall be 35%.
43. The *Ad Valorem* tax of \$3,659,051 divided by the net invested capital of \$354,663,775 for an *Ad Valorem* tax rate of 1.03% shall be applied in future interim rate adjustments.
44. Blueflame is an affiliate of Atmos Energy.
45. The company has established that the expenses related to Blueflame are reasonable and necessary and the price charged to the West Texas Division is not higher than the prices charged by the supplying affiliate to its other affiliates or division or to a non-affiliated person for the same item or class of items.
46. The appropriate rate of return for future interim rate adjustment filings shall be based upon the capital structure, cost of debt, and cost of equity components established by the Railroad Commission in the Final Order issued in GUD No. 10170.
47. The rate design encompassed by the rate elements approved in this Final Order and agreed by the parties in the partial Settlement Agreement is consistent with establishing a cost allocation methodology that evenly distributes costs among all areas served by the West Texas Division.
48. The proposed rates set out below are just and reasonable:

Amarillo Rate Jurisdiction (Incorporated and Unincorporated Areas)

Customer Class	Customer Charge	Consumption Charge
Residential	\$13.50	\$0.07550 per Ccf
Commercial	\$30.00	\$0.09794 per Ccf
Industrial	\$275.00	\$0.11273 per Ccf
Public Authority	\$75.00	\$0.10638 per Ccf

Lubbock Rate Jurisdiction (Incorporated and Unincorporated Areas)

Customer Class	Customer Charge	Consumption Charge
Residential	\$13.50	\$0.09175 per Ccf
Commercial	\$30.00	\$0.09045 per Ccf
Industrial	\$275.00	\$0.07402 per Ccf
Public Authority	\$75.00	\$0.12981 per Ccf
State Institution	\$75.00	\$0.11115 per Ccf

West Texas Cities Rate Jurisdiction (Incorporated Areas)

Customer Class	Customer Charge	Consumption Charge
Residential	\$13.50	\$0.12614 per Ccf
Commercial	\$30.00	\$0.09317 per Ccf
Industrial	\$275.00	\$0.05286 per Ccf
Public Authority	\$75.00	\$0.08431 per Ccf
State Institution	\$75.00	\$0.10146 per Ccf

West Texas Cities Rate Jurisdiction (Unincorporated Areas)

Customer Class	Customer Charge	Consumption Charge
Residential	\$13.50	\$0.17055 per Ccf
Commercial	\$30.00	\$0.11330 per Ccf
Industrial	\$275.00	\$0.06091 per Ccf
Public Authority	\$75.00	\$0.10076 per Ccf
State Institution	\$75.00	\$0.13551 per Ccf

49. The proposed rate design reduced the number of rates applicable to each class of customers within the Atmos West Texas Division.
50. The proposed rate design represents a phased-in approach that may ultimately result in uniform rates throughout the Atmos West Texas Division.
51. The Miscellaneous Service Charges requested in the company's June 6, 2012 Statement of Intent filing in GUD No. 10174 are just and reasonable.
52. The rates charged within the Atmos West Texas Cities environs is higher than the rates charged within the municipalities served by the West Texas Division.
53. The proposed rates are within 115% of the average of all rates for similar services for all municipalities served by the Atmos West Texas Division.
54. In light of the unique circumstances of this case, and the company's declared intent to pursue system-wide rates, the disparate rate structure is just and reasonable.
55. The attached tariffs and Rider Tax, Rider Franchise Fee Adjustment, Rider Weather Normalization Adjustment and Rider Gas Cost Adjustment, are 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 2007 and Supp. 2011) and §121.001(Vernon 2007) and is therefore subject to the jurisdiction of the Railroad Commission (Commission) of Texas.

2. The Commission has jurisdiction over Atmos and Atmos' *Statement of Intent* under TEX. UTIL. CODE ANN. §§ 102.001, 103.022, 103.054, & 103.055, 104.001, 104.001 and 104.201 (Vernon 2007).
3. Under TEX. UTIL. CODE ANN. §102.001 (Vernon 2007 and Supp. 2011), 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 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 and Supp. 2011) (APA).
5. TEX. UTIL. CODE ANN. §104.107 (Vernon 2007 and Supp. 2011) provides the Commission's authority to suspend the operation of the schedule of proposed rates for 150 days from the date the schedule would otherwise go into effect.
6. The proposed rates constitute a major change as defined by TEX. UTIL. CODE ANN. §104.101 (Vernon 2007 and Supp. 2011).
7. In accordance with TEX. UTIL. CODE ANN. §104.103 (Vernon 2007 and Supp. 2011), 16 TEX. ADMIN. CODE ANN. §§ 7.230 and 7.235, adequate notice was properly provided.
8. In accordance with TEX. UTIL. CODE ANN. §104.102 (Vernon 2007 and Supp. 2011), 16 TEX. ADMIN. CODE ANN. §§ 7.205 and 7.210, Atmos filed its *Statement of Intent* to change gas distribution rates.
9. In this proceeding, Atmos has the burden of proof under TEX. UTIL. CODE ANN. §104.008 (Vernon 2007 and Supp. 2011) to show that the proposed rate changes are just and reasonable.
10. Atmos failed to meet its burden of proof in accordance with the provisions of TEX. UTIL. CODE ANN. §104.008 (Vernon 2007 and Supp. 2011) on the elements of its requested rate increase identified in this order.
11. The revenue, rates, rate design, and service charges proposed by Atmos are not found to be just and reasonable, not unreasonably preferential, prejudicial, or discriminatory, and are not sufficient, equitable, and consistent in application to each class of consumer, as required by TEX. UTIL. CODE ANN. §104.003 (Vernon 2007 and Supp. 2011).
12. The revenue, rates, rate design, and service charges proposed by Atmos, as amended by the Commission and identified in the schedules attached to this order, are just and reasonable, are 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. (Vernon 2007 and Supp. 2011).

13. The Commission has assured that the rates, operations, and services established in this docket are just and reasonable to customers and to the utility in accordance with the stated purpose of the Texas Utilities Code, Subtitle A, expressed under TEX. UTIL. CODE ANN. §101.002 (Vernon 2007).
14. The overall revenues as established by the findings of fact and attached schedules are reasonable; fix an overall level of revenues for Atmos 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 2007 and Supp. 2011); and otherwise comply with Chapter 104 of the Texas Utilities Code Annotated.
15. The revenue, rates, rate design, and service charges proposed will not yield to Atmos more than a fair return on the adjusted value of the invested capital used and useful in rendering service to the public, as required by TEX. UTIL. CODE ANN. § 104.052 (Vernon 2007 and Supp. 2011).
16. The rates established in this docket comport with the requirements of TEX. UTIL. CODE ANN. §104.053 (Vernon 2007 and Supp. 2011) and are based upon the adjusted value of invested capital used and useful, where the adjusted value is a reasonable balance between the original cost, less depreciation, and current cost, less adjustment for present age and condition.
17. The rates established in this case comply with the affiliate transaction standard set out in TEX. UTIL. CODE ANN. § 104.055 (Vernon 2007 and Supp. 2011). Namely, in establishing a gas utility's rates, the regulatory authority may not allow a gas utility's payment to an affiliate for the cost of a service, property, right or other item or for an interest expense to be included as capital cost or an expense related to gas utility service except to the extent that the regulatory authority finds the payment is reasonable and necessary for each item or class of items as determined by the regulatory authority. That finding must include (1) a specific finding of reasonableness and necessity to each class of items allowed; and (2) a finding that the price to the gas utility is not higher than the prices charged by the supplying affiliate to its other affiliates or divisions or to a nonaffiliated person for the same item or class of items.
18. Section 104.003(a) provides that a rate may not be unreasonably preferential, prejudicial, or discriminatory but must be sufficient, equitable, and consistent in application to each class of consumer. In establishing a gas utility's rates, the Commission "may treat as a single class two or more municipalities that a gas utility serves if the [C]ommission considers that treatment to be appropriate."

19. Rate case expenses for GUD Nos. 10174 and 10195 will be considered by the Commission in accordance with TEX. UTIL. CODE ANN. §104.008 (Vernon 2007 and Supp. 2011), and 16 TEX. ADMIN. CODE §7.5530 (2008), in a separate proceeding.
20. It is reasonable for the Commission to allow Atmos to include a Purchased Gas Adjustment Clause in its rates to provide for the recovery of all of its gas costs, in accordance with 16 TEX. ADMIN. CODE § 7.5519.
21. Atmos is required by 16 TEX. ADMIN. CODE §7.315 to file electronic tariffs incorporating rates consistent with this Order within thirty days of the date of this Order.
22. Atmos has established that the company's books and records conform with 16 TEX. ADMIN. CODE § 7.310 to utilize the Federal Energy Regulatory Commission's (FERC) Uniform System of Accounts (USOA) prescribed for natural gas companies and Atmos is thus entitled to the presumption that the amounts included therein are reasonable and necessary in accordance with Commission Rule 7.503.

IT IS THEREFORE ORDERED that Atmos' proposed schedule of rates is hereby **DENIED**.

IT IS FURTHER ORDERED that the rates, rate design, and service charges established in the findings of fact and conclusions of law and shown on the attached tariffs for Atmos are **APPROVED**.

IT IS FURTHER ORDERED that the benchmarks established for future interim rate adjustments in these Findings of Fact and attached partial Settlement Agreement are **APPROVED**.

IT IS FURTHER ORDERED that the benchmarks established for the base year level of pension-related and other post-employment benefits expenses 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, Atmos shall electronically file tariffs and rate schedules with the Gas Services Division. The tariffs shall incorporate rates, rate design, and service charges consistent with this Order, as stated in the findings of fact and conclusions of law and shown on the attached Schedules.

IT IS FURTHER ORDERED that all proposed findings of fact and conclusions of law not specifically adopted in this Order are hereby **DENIED**.

IT IS ALSO ORDERED that all pending motions and requests for relief not previously granted or granted herein are hereby **DENIED**.

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

overruled, or if such motion is granted, this order shall be subject to further action by the Commission. Pursuant to TEX. GOV'T CODE ANN. § 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.

SIGNED this 2nd day of October, 2012.

RAILROAD COMMISSION OF TEXAS



CHAIRMAN BARRY T. SMITHERMAN



COMMISSIONER DAVID PORTER



COMMISSIONER BUDDY GARCIA

ATTEST:



SECRETARY

SETTLEMENT AGREEMENT BETWEEN ATMOS ENERGY CORPORATION, WEST TEXAS DIVISION, AMARILLO RATE DIVISION CITIES, LUBBOCK RATE DIVISION CITY, WEST TEXAS CITIES STEERING COMMITTEE AND RAILROAD COMMISSION OF TEXAS STAFF

WHEREAS, this settlement agreement (the "Settlement Agreement") is entered into by Atmos Energy Corporation's West Texas Division ("Atmos Energy" or the "Company"); Amarillo Rate Division Cities (consisting of Amarillo, Channing, and Dalhart) and Lubbock Rate Division City (consisting of the city of Lubbock) (collectively referred to as the "Amarillo and Lubbock Cities"); West Texas Cities Steering Committee ("WTX Cities"), which consists of the cities on Exhibit E; and Railroad Commission of Texas Staff ("Staff") (collectively "Signatories");

WHEREAS, Atmos Energy currently has pending before the Railroad Commission of Texas a Statement of Intent to change rates within the unincorporated areas of its West Texas Division and multiple appeals involving municipal ordinances denying Atmos Energy's request to increase rates within the incorporated areas of its West Texas Division, and all pending rate matters related to the Company's West Texas Division have been consolidated into GUD No. 10174; and

WHEREAS, the Amarillo and Lubbock Cities, WTX Cities, State Agencies and Staff sought intervention and were granted party status in GUD No. 10174; and

WHEREAS, Atmos Energy has filed direct and rebuttal testimony and Amarillo and Lubbock Cities, WTX Cities and Staff have each filed intervenor testimony; and

WHEREAS, Amarillo and Lubbock Cities, WTX Cities and Staff have engaged in significant discovery regarding the issues in dispute; and

WHEREAS, the Signatories agree that resolution of this docket by settlement agreement will significantly reduce the amount of reimbursable rate case expenses associated with this docket; and

WHEREAS, although the Signatories represent diverse interests, the Settlement Agreement largely resolves GUD No. 10174 in a manner that the Signatories believe is consistent with the public interest, and in so doing preserves and confirms the Amarillo and Lubbock Cities' right to present their arguments to the Commission, including filing a motion for rehearing on the limited issues identified in Settlement Term No. 3 below and an appeal of the final order in GUD No. 10174 on the limited issue identified in Settlement Term No. 3, below; and

WHEREAS, the Signatories believe that final resolution of all issues in GUD No. 10174 with the exception of the system-wide rate issue contemplated by Settlement Term No. 3 below can best be accomplished by a Commission order approving this Settlement Agreement and the rates, terms and conditions reflected in the tariffs attached to this Settlement Agreement as Exhibit A;

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 Commission the following Settlement Terms as a means of substantially reducing potential rate case expenses by resolving all issues in GUD No. 10174 except for the issue preserved for appeal, pursuant to Settlement Term No. 3, below:

Settlement Terms

1. The Signatories agree to the rates, terms and conditions reflected in the tariffs attached to this Settlement Agreement as Exhibit A. These tariffs should allow Atmos Energy's West Texas Division an additional, system-wide \$6.02 million in annual revenues as illustrated in the proof of revenues attached as part of Exhibit B to this Settlement Agreement. The Signatories agree that the \$6.02 million revenue increase is a "black box" amount and is not tied to any specific expense in Atmos Energy's West Texas Division's underlying cost of service. Except to the extent that rates under this Agreement are set consistent with a system-wide, cost-of-service methodology 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. The gas rates, terms and conditions established by this Settlement Agreement shall, subject to the Commission's approval, be effective for bills rendered on and after October 1, 2012, and should the Commission not approve this Settlement Agreement in time for Atmos Energy to implement rates on October 1, 2012, the Signatories agree that on October 1, 2012, Atmos Energy's existing rates will be established as temporary rates for service on and after that date and such temporary rates will be subject to reconciliation back to October 1, 2012, through a surcharge to give effect to the rates agreed to in this Settlement Agreement; provided that the surcharge period be no longer than a period of sixty days.
2. Exhibit A to this Settlement Agreement does not include the Company's proposed Depreciation Surcharge Rider and Signatories agree that the Depreciation Surcharge Rider should not be approved.
3. The Signatories agree that rates within Atmos Energy's West Texas Division have, under this Settlement Agreement, been established consistent with implementing a system-wide cost of service methodology. Unless the Commission reverses, including as part of an order on rehearing in GUD No. 10174, its decision approving a system-wide cost of service methodology for the West Texas Division, the Signatories also agree that rates for the Company's West Texas Division during the pendency of any appeal shall prospectively be established based on the system-wide cost of providing service within the Company's West Texas Division, which includes the Amarillo, Lubbock and West Texas Cities rate jurisdictions. The Signatories further agree that the Signatories shall propose findings of fact and conclusions of law to be included in the Commission's final order indicating that rates established in GUD No. 10174 were determined consistent with a system-wide cost of service methodology. Notwithstanding anything to the contrary in this Settlement Agreement, the Signatories agree that this Settlement Agreement is predicated upon and affirms that Amarillo and Lubbock Cities have the right to present their arguments to the Commission, including filing a motion for rehearing and an appeal, of the Commission's determination in GUD No. 10174 that rates should be established for the West Texas Division on a system-wide cost of service basis

and its determination that the issue of whether or not Atmos Energy's request to implement such system-wide rates is precluded from litigation.

4. Amarillo and Lubbock Cities agree that any appellate decision related to the system-wide cost of service issues in GUD No. 10174 shall apply on a going-forward basis only and shall not provide a basis to change retroactively the rates established under this Settlement Agreement, or subsequently prevent Atmos Energy from seeking to apply a system-wide cost of service methodology in a future rate proceeding. Amarillo and Lubbock Cities further agree that during the pendency of all appeals related to the Railroad Commission of Texas' system-wide cost of service decision in GUD No. 10174, Amarillo and Lubbock Cities will accept, process and establish rates based on the system-wide cost of service for the Company's West Texas Division.
5. In the event that a final judgment on appeal results in a remand of the system-wide cost of service issue to the Commission, Signatories agree that if, on remand, the Commission determines that rates should be established for the West Texas Division on a basis other than a system-wide cost of service, new rates should be prospectively established through the subsequent filing of a general rate case and such rate case shall be submitted no later than 120 days after the date of the Commission's final order on remand. In order to give effect to any Commission decision on remand, Atmos Energy agrees during the pendency of all appeals and any remand proceeding to maintain its books and records so that they track costs separately for each rate jurisdiction within the West Texas Division.
6. Signatories agree to the following customer charges and consumption charges for customers in Atmos Energy's West Texas Division. These rates are reflected in the rate schedules attached as Exhibit A.

Amarillo Rate Jurisdiction (Incorporated and Unincorporated Areas)

Customer Class	Customer Charge	Consumption Charge
Residential	\$13.50	\$0.07550 per Ccf
Commercial	\$30.00	\$0.09794 per Ccf
Industrial	\$275.00	\$0.11273 per Ccf
Public Authority	\$75.00	\$0.10638 per Ccf

Lubbock Rate Jurisdiction (Incorporated and Unincorporated Areas)

Customer Class	Customer Charge	Consumption Charge
Residential	\$13.50	\$0.09175 per Ccf
Commercial	\$30.00	\$0.09045 per Ccf
Industrial	\$275.00	\$0.07402 per Ccf
Public Authority	\$75.00	\$0.12981 per Ccf
State Institution	\$75.00	\$0.11115 per Ccf

West Texas Cities Rate Jurisdiction (Incorporated Areas)

Customer Class	Customer Charge	Consumption Charge
Residential	\$13.50	\$0.12614 per Ccf
Commercial	\$30.00	\$0.09317 per Ccf
Industrial	\$275.00	\$0.05286 per Ccf
Public Authority	\$75.00	\$0.08431 per Ccf
State Institution	\$75.00	\$0.10146 per Ccf

West Texas Cities Rate Jurisdiction (Unincorporated Areas)

Customer Class	Customer Charge	Consumption Charge
Residential	\$13.50	\$0.17055 per Ccf
Commercial	\$30.00	\$0.11330 per Ccf
Industrial	\$275.00	\$0.06091 per Ccf
Public Authority	\$75.00	\$0.10076 per Ccf
State Institution	\$75.00	\$0.13551 per Ccf

7. Signatories agree that the Miscellaneous Service Charges requested in the Company's June 6, 2012 Statement of Intent filing in GUD No. 10174 are reasonable and should be approved. Miscellaneous service charge rates are reflected in the rate schedules attached as Exhibit A.
8. Signatories agree that the West Texas Division specific depreciation rates established by the Commission in GUD No. 10041 remain reasonable for use. Signatories further agree that the Shared Services Unit depreciation rates shall be established consistent with the Railroad Commission of Texas' final order in GUD No. 10170 and shall be deemed effective the month that the rates pursuant to this Settlement Agreement are implemented.
9. Signatories agree that the Rider Tax, Rider FF, Rider WNA and Rider GCA, which are attached as Exhibit A, are reasonable and should be approved.
10. Signatories agree that municipalities within the Company's West Texas Division desiring to prospectively utilize a fee-on-fee calculation of municipal franchise fees may execute this option through an amendment to the municipality's franchise agreement with Atmos Energy.

11. To give effect to Section 104.059 of the Gas Utility Regulatory Act, Signatories agree that the base year level of pension-related and other post-employment benefits expenses, as shown on the attached Exhibit D and summarized below, shall be as follows:

Description	Total
Shared Services Unit - Pension Account Plan ("PAP")	\$378,561
Shared Services Unit - Post-Retirement Medical Plan ("FAS 106")	\$316,209
West Texas Division - PAP	\$1,368,648
West Texas Division - FAS 106	\$2,854,933
West Texas Supplemental Executive Retirement Plan ("SERP")	\$151,492

12. Signatories agree that in an effort to streamline the regulatory review process, Atmos Energy, Amarillo and Lubbock Cities and WTX Cities will work together in good faith to reach agreement on a new Rate Review Mechanism ("Rider RRM") that will establish rates for the West Texas Division based on the system-wide cost of serving the West Texas Division, which includes the Amarillo, Lubbock and West Texas Cities rate jurisdictions. In addition, Amarillo and Lubbock Cities and WTX Cities agree to consider a new RRM that would be consistent with the rate setting methodologies and decisions of the Railroad Commission of Texas' final order in GUD No. 10170. Signatories further agree that the RRM negotiation process shall not be construed as a waiver of Amarillo and Lubbock Cities' and WTX Cities' right to initiate a show cause proceeding or the Company's right to file a Statement of Intent under the provisions of the Texas Utilities Code, nor as a waiver of Amarillo and Lubbock Cities objection to use of a system-wide cost of service for the West Texas Division or of any appeal of the system-wide, rate issue in GUD No. 10174.
13. The Signatories agree that Atmos shall not make any filing in the incorporated areas of the West Texas Division pursuant to Texas Utilities Code § 104.301 so long as the cities and Atmos Energy are in negotiations regarding approval of a new RRM, nor during any period in which rates under an RRM are in effect. The Signatories further agree that any filing in the West Texas Division pursuant to Texas Utilities Code § 104.301 shall use the capital structure and cost of debt and equity established in the Railroad Commission of Texas' final order in GUD No. 10170 and the additional factors identified on the attached Exhibit C.
14. Atmos Energy, Amarillo and Lubbock Cities, and WTX Cities shall seek Commission approval of the parties' reasonable rate case expenses in GUD No. 10195. With regard to rate case expenses approved for recovery in GUD No. 10195, Signatories agree that: (1) Atmos Energy shall forgo recovery of \$300,000 of its rate case expenses; (2) the Company's remaining rate case expenses shall be recovered from customers within the incorporated and unincorporated areas; (2) Amarillo and Lubbock Cities' rate case expenses shall be recovered from customers within the Amarillo and Lubbock rate jurisdictions; and, (3) WTX Cities rate case expenses shall be recovered from customers within the incorporated areas of the West Texas Cities rate jurisdiction. Signatories further agree that the parties' reasonable rate case expenses should be recovered by surcharge over a twelve-month period.

15. The Signatories agree to the admission of the pre-filed testimony of the following witnesses, including any confidential portions of such testimony:

Atmos Energy:

- Direct and Rebuttal Testimony of Jeffrey R. Foley
- Direct and Rebuttal Testimony of Thomas H. Petersen
- Direct and Rebuttal Testimony of Barbara W. Myers
- Direct Testimony of Richard Kissinger
- Direct and Rebuttal Testimony of Dane A. Watson
- Direct and Rebuttal Testimony of Daniel Meziere
- Direct and Rebuttal Testimony of Robert B. Hevert
- Direct and Rebuttal Testimony of Gary Smith
- Direct Testimony of Paul Raab
- Rebuttal Testimony Pace McDonald
- Rebuttal Testimony John R. Ellerman
- Rebuttal Testimony of Chris Hutzler
- Rebuttal Testimony of Derek W. Boyd
- Rebuttal Testimony of William L. Brooks

Amarillo and Lubbock Cities:

- Michael L. Brosch
- Steven C. Carver
- Richard Lain
- Robert L. Fratto
- James W. Daniel
- David Parcell

WTX Cities:

- Constance T. Cannady
- Karl J. Nalepa
- Stephen Hill

Staff:

- Direct Testimony of Lynne LeMon
- Direct Testimony of Frank M. Tomicek

16. The Signatories further agree that an offer of proof in GUD No. 10174 may be made by each Signatory with respect to the issue of whether rates should be established for the West Texas Division on a system-wide cost of service basis.
17. The Signatories agree to support and seek Commission approval of this Settlement Agreement.
18. 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 approving this Settlement Agreement. Signatories further expressly agree that this

Settlement Agreement and any oral or written statements made during the course of settlement negotiations are privileged, inadmissible, and not relevant to prove any issues associated with Atmos Energy's rate filing in GUD No. 10170.

19. 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.
20. 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.
21. The Signatories agree that this Settlement Agreement may be executed in multiple counterparts and may be filed with facsimile signatures.

Agreed to this 14th day of September, 2012.

ATMOS ENERGY CORP, WEST TEXAS DIVISION

By:


Ann M. Coffin

AMARILLO RATE DIVISION CITIES & LUBBOCK RATE DIVISION CITY

By:

Alfred R. Herrera

Settlement Agreement and any oral or written statements made during the course of settlement negotiations are privileged, inadmissible, and not relevant to prove any issues associated with Atmos Energy's rate filing in GUD No. 10170.

19. 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.
20. 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.
21. The Signatories agree that this Settlement Agreement may be executed in multiple counterparts and may be filed with facsimile signatures.

Agreed to this 14th day of September, 2012.

ATMOS ENERGY CORP, WEST TEXAS DIVISION

By: _____

Ann M. Coffin

AMARILLO RATE DIVISION CITIES & LUBBOCK RATE DIVISION CITY

By: _____

Alfred R. Herrera

STAFF OF THE RAILROAD COMMISSION OF TEXAS

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

STEERING COMMITTEE OF CITIES SERVED BY ATMOS WEST TEXAS

By: _____
Geoffrey M. Gay

STAFF OF THE RAILROAD COMMISSION OF TEXAS

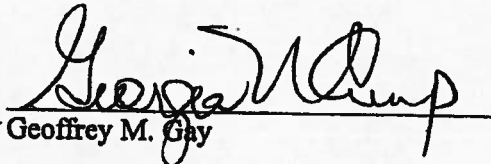
By: _____

John Griffin

Attorney for Staff of the Railroad Commission of Texas

STEERING COMMITTEE OF CITIES SERVED BY ATMOS WEST TEXAS

By: _____

for 
Geoffrey M. Gay

**WEST TEXAS DIVISION
ATMOS ENERGY CORPORATION**

EXHIBIT A

RATE SCHEDULE:	RESIDENTIAL GAS SERVICE	
APPLICABLE TO:	ALL AREAS IN THE WEST TEXAS DIVISION	
EFFECTIVE DATE:	Bills Rendered on and after 07/41/201210/01/2012	

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
<u>Customer Charge – All Areas In The West Texas Division</u>	<u>\$ 48.00-13.50</u>
<u>Consumption Charge – WTX Cities Incorporated</u>	<u>\$ 0.06073 0.12614per Ccf</u>
<u>Consumption Charge – WTX Cities Unincorporated</u>	<u>\$ 0.17055 per ccf</u>
<u>Consumption Charge – Amarillo Incorporated and Unincorporated</u>	<u>\$ 0.07550 per ccf</u>
<u>Consumption Charge – Lubbock Incorporated and Unincorporated</u>	<u>\$ 0.09175 per ccf</u>

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

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

~~The West Texas Division Rate Review Mechanism (RRM) Adjustment Rider applies to this schedule.~~

~~The West Texas Division Conservation and Energy Efficiency Rider applies to this schedule.~~

The West Texas Division Rider TAX applies to this schedule.

The West Texas Division Rider FF applies to this schedule.

~~The West Texas Cities Depreciation Surcharge applies to this schedule and to only those cities specifically listed on the Depreciation Surcharge Rider.~~

Miscellaneous Charges: Plus an amount for miscellaneous charges calculated in accordance with the applicable rider(s).

WEST TEXAS DIVISION
ATMOS ENERGY CORPORATION

EXHIBIT A

RATE SCHEDULE:	COMMERCIAL GAS SERVICE	
APPLICABLE TO:	ALL AREAS IN THE WEST TEXAS DIVISION	
EFFECTIVE DATE:	Bills Rendered on and after 07/11/201210/01/2012	

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 – All Areas In The West Texas Division	\$ 40.0030.00
Consumption Charge – WTX Cities Incorporated	\$ 0.048050.09317 per Ccf
Consumption Charge – WTX Cities Unincorporated	\$ 0.11330 per ccf
Consumption Charge – Amarillo Incorporated and Unincorporated	\$ 0.09794 per ccf
Consumption Charge – Lubbock Incorporated and Unincorporated	\$ 0.09045 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.

~~The West Texas Division Rate Review Mechanism (RRM) Adjustment Rider applies to this schedule.~~

~~The West Texas Division Conservation and Energy Efficiency Rider applies to this schedule.~~

The West Texas Division Rider TAX applies to this schedule.

The West Texas Division Rider FF applies to this schedule.

~~The West Texas Cities Depreciation Surcharge applies to this schedule and to only those cities specifically listed on the Depreciation Surcharge Rider.~~

Miscellaneous Charges: Plus an amount for miscellaneous charges calculated in accordance with the applicable rider(s).

**WEST TEXAS DIVISION
ATMOS ENERGY CORPORATION**

EXHIBIT A

RATE SCHEDULE:	INDUSTRIAL GAS SERVICE	
APPLICABLE TO:	ALL AREAS IN THE WEST TEXAS DIVISION	
EFFECTIVE DATE:	Bills Rendered on and after 07/11/201210/01/2012	

Availability

This schedule is applicable to the sales to 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
<u>Customer Charge – All Areas In The West Texas Division</u>	\$ 275.00
<u>Consumption Charge – WTX Cities Incorporated</u>	\$ 0.039620.05286 per ccf
<u>Consumption Charge – WTX Cities Unincorporated</u>	\$ 0.06091 per ccf
<u>Consumption Charge – Amarillo Incorporated and Unincorporated</u>	\$ 0.11273 per ccf
<u>Consumption Charge – Lubbock Incorporated and Unincorporated</u>	\$ 0.07402 per ccf

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

~~The West Texas Division Rate Review Mechanism (RRM) Adjustment Rider applies to this schedule.~~

The West Texas Division Rider TAX applies to this schedule.

The West Texas Division Rider FF applies to this schedule.

~~The West Texas Cities Depreciation Surcharge applies to this schedule and to only those cities specifically listed on the Depreciation Surcharge Rider.~~

Miscellaneous Charges: Plus an amount for miscellaneous charges calculated in accordance with the applicable rider(s).

WEST TEXAS DIVISION
ATMOS ENERGY CORPORATION

EXHIBIT A

RATE SCHEDULE:	PUBLIC AUTHORITY GAS SERVICE	
APPLICABLE TO:	ALL AREAS IN THE WEST TEXAS DIVISION	
EFFECTIVE DATE:	Bills Rendered on and after <u>07/11/2012</u>	10/01/2012

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 for service to premises with an alternative supply of natural gas.

Monthly Rate

Charge	Amount
Customer Charge – All Areas In The West Texas Division	\$ 75.00
Consumption Charge – WTX Cities Incorporated	\$ 0.071340.08431 per Ccf
Consumption Charge – WTX Cities Unincorporated	\$ 0.10076 per ccf
Consumption Charge – Amarillo Incorporated and Unincorporated	\$ 0.10638 per ccf
Consumption Charge – Lubbock Incorporated and Unincorporated	\$ 0.12981 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.

~~The West Texas Division Rate Review Mechanism (RRM) Adjustment Rider applies to this schedule.~~

The West Texas Division Rider TAX applies to this schedule.

The West Texas Division Rider FF applies to this schedule.

~~The West Texas Cities Depreciation Surcharge applies to this schedule and to only those cities specifically listed on the Depreciation Surcharge Rider.~~

Miscellaneous Charges: Plus an amount for miscellaneous charges calculated in accordance with the applicable rider(s).

**WEST TEXAS DIVISION
ATMOS ENERGY CORPORATION**

EXHIBIT A

RATE SCHEDULE:	STATE INSTITUTION GAS SERVICE	
APPLICABLE TO:	ALL AREAS IN THE WEST TEXAS DIVISION	
EFFECTIVE DATE:	Bills Rendered on and after 07/11/2012	10/01/2012

Availability

This schedule is applicable to gas service to state agencies (as provided in Texas Utilities Code, Section 104.202) including, but not limited to, state college and universities, MHMR schools, agriculture, highway and public safety departments, prisons, and other facilities owned or operated by the State of Texas for the purpose of heating, cooking, refrigeration, water heating and other similar type uses.

Monthly Rate

Charge	Amount
Customer Charge – All Areas In The West Texas Division	\$ 75.00
Consumption Charge – WTX Cities Incorporated	\$ 0.074340.10146 per Ccf
Consumption Charge – WTX Cities Unincorporated	\$ 0.13551 per ccf
Consumption Charge – Lubbock Incorporated and Unincorporated	\$ 0.11115 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.

~~The West Texas Division Rate Review Mechanism (RRM) Adjustment Rider applies to this schedule.~~

The West Texas Division Rider TAX applies to this schedule.

The West Texas Division Rider FF applies to this schedule.

~~The West Texas Cities Depreciation Surcharge applies to this schedule and to only those cities specifically listed on the Depreciation Surcharge Rider.~~

Miscellaneous Charges: Plus an amount for miscellaneous charges calculated in accordance with the applicable rider(s).

**WEST TEXAS DIVISION
ATMOS ENERGY CORPORATION**

EXHIBIT A

RATE SCHEDULE:	TRANSPORTATION SERVICE	
APPLICABLE TO:	ALL AREAS IN THE WEST TEXAS DIVISION	
EFFECTIVE DATE:	Bills Rendered on or after 07/11/2012	10/01/2012

Application

Applicable, in the event that Company has entered into a Transportation Agreement, to a customer directly connected to the Atmos Energy Corp., West Texas Division Distribution System 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 with an estimated annual usage greater than 100,000 Ccf per 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 bill will be calculated by adding the following Customer and Ccf charges to the amounts and quantities due under the riders listed below:

Charge	Amount
Customer Charge per Meter — All Areas in the West Texas Division	\$ 275.00 per month
Consumption Charge per Ccf: WTX Cities Incorporated	\$ 0.030620.05286 per Ccf
Consumption Charge — WTX Cities Unincorporated	\$ 0.06091 per ccf
Consumption Charge — Amarillo Incorporated and Unincorporated	\$ 0.11273 per ccf
Consumption Charge — Lubbock Incorporated and Unincorporated	\$ 0.07402 per ccf

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Upstream Transportation Cost Recovery: The customer is responsible for all upstream transportation costs.

Rate Review Mechanism: Plus or Minus an amount for rates as calculated in accordance with Rider RRM.

Retention Adjustment: Plus a quantity of gas equal to the Company's most recently calculated financial L&U percentage for the twelve months ended September multiplied by the gas received into Atmos Energy Corporation's West Texas Division for transportation to the customer.

Franchise Fee Adjustment: Plus an amount for franchise fees calculated in accordance with Rider FF. Rider FF is only applicable to customers inside the corporate limits of any incorporated municipality.

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).

**WEST TEXAS DIVISION
ATMOS ENERGY CORPORATION**

EXHIBIT A

RATE SCHEDULE:	TRANSPORTATION SERVICE	
APPLICABLE TO:	ALL AREAS IN THE WEST TEXAS DIVISION	
EFFECTIVE DATE:	Bills Rendered on or after 07/11/2012	10/01/2012

Miscellaneous Charges: Plus an amount for miscellaneous charges calculated in accordance with the applicable rider(s).

Conversions: Units may be converted from Ccf to Mcf or Mmbtu as necessary to comply with the underlying transportation agreement.

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 a monthly imbalance fee at the end of each month as defined in the applicable Transportation Agreement.

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 "Index" price reported for the month of delivery in inside FERC's Gas Market Report under the heading "West Texas Waha".

Replacement Index

In the event the "Index" price reported for the month of delivery in inside FERC's Gas Market Report under the heading "West Texas Waha" 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 transportation service under this tariff, customer must have the type of meter, instrumentation, and communication required by Company. Customer must pay Company all costs associated with the acquisition and installation of the required equipment.

**WEST TEXAS DIVISION
ATMOS ENERGY CORPORATION**

EXHIBIT A

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 07/11/2012	10/01/2012

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:

$$GCA = (G/S + CF)$$

Where:

1. "G", in dollars, is the expected cost of gas for the expected sales billing 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 West Texas Division.
3. "CF", in \$/Ccf as measured at local atmospheric pressure, 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 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.

ATMOS ENERGY CORPORATION
WEST TEXAS DISTRIBUTION SYSTEM

EXHIBIT A

RATE SCHEDULE:	WEST TEXAS DIVISION WEATHER NORMALIZATION ADJUSTMENT (WNA) RIDER	
APPLICABLE TO:	ALL AREAS IN THE WEST TEXAS DIVISION	
EFFECTIVE DATE:	Bills Rendered on and after 07/11/2012	10/01/2012

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

The Weather Normalization Adjustment for the jth customer in ith rate schedule is computed as:

WNA	i	$WNAF_i \times q_{ji}$ Where q_{ji} is the relevant sales quantity for the jth Customer in ith rate schedule
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**WEST TEXAS DIVISION
ATMOS ENERGY CORPORATION**

EXHIBIT A

RIDER:	FF – FRANCHISE FEE ADJUSTMENT	
APPLICABLE TO:	ALL AREAS IN THE WEST TEXAS DIVISION	
EFFECTIVE DATE:	Bills Rendered on and after 07/44/204210/01/2012	

Application

Applicable to Customers inside the corporate limits of an incorporated municipality that imposes a municipal franchise fee upon Company for the Gas Service provided to Customer. Franchise Fees to be assessed solely to customers within the municipal limits. This does not apply to Environs customers.

Monthly Adjustment

Company will adjust Customer's bill each month in an amount equal to the municipal franchise fees payable for the Gas Service provided to Customer by Company. Municipal franchise fees are determined by each municipality's franchise ordinance. Each municipality's franchise ordinance will specify the percentage and applicability of franchise fees.

From time to time, Company will make further adjustments to Customer's bill to account for any over- or under-recovery of municipal franchise fees by Company.

**WEST TEXAS DIVISION
ATMOS ENERGY CORPORATION**

EXHIBIT A

RIDER:	TAX – TAX ADJUSTMENT	
APPLICABLE TO:	ALL AREAS IN THE WEST TEXAS DIVISION	
EFFECTIVE DATE:	Bills Rendered on and after 07/11/2012	10/01/2012

Application

Applicable to Customers taking service under Residential, Commercial, Industrial, and Public Authority, and State Institution customers to the extent of state gross receipts taxes only.

Each monthly bill shall be adjusted for state gross receipts taxes imposed by Sections 182-021 - 182-025 of the Texas Tax Code.

Each monthly bill shall also be adjusted by an amount equivalent to the amount of all applicable taxes and any other governmental impositions, rentals, fees, or charges (except state, county, city, and special district ad valorem taxes and taxes on net income) levied, assessed, or imposed upon or allocated to Company with respect to the Gas Service provided to Customer by Company, and any associated facilities involved in the performance of such Gas Service. Each monthly bill shall also be adjusted by an amount equivalent to the proportionate part of any increase or decrease of any tax and any other governmental imposition, rental, fee, or charge (except state, county, city, and special district ad valorem taxes and taxes on net income) levied, assessed, or imposed subsequent to the effective date of this tariff, upon or allocated to Company's operations, by any new or amended law, ordinance, or contract.

**ATMOS ENERGY CORPORATION
WEST TEXAS DIVISION**

EXHIBIT A

RATE SCHEDULE:	OTHER SERVICE CHARGES	
APPLICABLE TO:	ALL AREAS IN THE WEST TEXAS DIVISION	
EFFECTIVE DATE:	Bills Rendered on and after 07/11/201210/01/2012	

The service charges on this tariff will be applied in accordance with Atmos Energy's Quality of Service rules and Commission rule 7.45.

DURING BUSINESS HOURS:

These charges apply to services initiated between 8am and 5pm, Monday through Friday.

Charge	Amount
Turn On New Service With Meter Set	\$ 45.00
Turn On Service (shut-In test required)	\$ 37.00
Turn On Service (meter read only required)	\$ 21.00
Miscellaneous Service Charge Calls	\$ 10.00
Reconnect Delinquent Service or Service Temporarily Off at Customer's Request	\$ 47.00
Return Check Fee	\$ 25.00
Tampering Fee	\$ 150.00

AFTER BUSINESS HOURS:

These charges apply to services initiated between 5pm and 8am, Monday through Friday, and all day Saturday and Sunday.

Charge	Amount
Turn On New Service With Meter Set	\$ 67.50
Turn On Service (shut-In test required)	\$ 55.50
Turn On Service (meter read only required)	\$ 31.50
Miscellaneous Service Charge Calls	\$ 15.00
Reconnect Delinquent Service or Service Temporarily Off at Customer's Request	\$ 70.50

**ATMOS ENERGY CORPORATION
WEST TEXAS DIVISION**

EXHIBIT A

RATE SCHEDULE:	OTHER SERVICE CHARGES	
APPLICABLE TO:	ALL AREAS IN THE WEST TEXAS DIVISION	
EFFECTIVE DATE:	Bills Rendered on and after 07/11/201210/01/2012	

Tampering Fee	\$ 150.00
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**WEST TEXAS DIVISION
ATMOS ENERGY CORPORATION**

EXHIBIT A

RATE SCHEDULE:	RESIDENTIAL GAS SERVICE	
APPLICABLE TO:	ALL AREAS IN THE WEST TEXAS DIVISION	
EFFECTIVE DATE:	Bills Rendered on and after 10/01/2012	

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 – All Areas In The West Texas Division	\$ 13.50
Consumption Charge – WTX Cities Incorporated	\$ 0.12614 per Ccf
Consumption Charge – WTX Cities Unincorporated	\$ 0.17055 per ccf
Consumption Charge – Amarillo Incorporated and Unincorporated	\$ 0.07550 per ccf
Consumption Charge – Lubbock Incorporated and Unincorporated	\$ 0.09175 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.

The West Texas Division Rider TAX applies to this schedule.

The West Texas Division Rider FF applies to this schedule.

Miscellaneous Charges: Plus an amount for miscellaneous charges calculated in accordance with the applicable rider(s).

**WEST TEXAS DIVISION
ATMOS ENERGY CORPORATION**

EXHIBIT A

RATE SCHEDULE:	COMMERCIAL GAS SERVICE	
APPLICABLE TO:	ALL AREAS IN THE WEST TEXAS DIVISION	
EFFECTIVE DATE:	Bills Rendered on and after 10/01/2012	

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 – All Areas In The West Texas Division	\$ 30.00
Consumption Charge – WTX Cities Incorporated	\$ 0.09317 per Ccf
Consumption Charge – WTX Cities Unincorporated	\$ 0.11330 per ccf
Consumption Charge – Amarillo Incorporated and Unincorporated	\$ 0.09794 per ccf
Consumption Charge – Lubbock Incorporated and Unincorporated	\$ 0.09045 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.

The West Texas Division Rider TAX applies to this schedule.

The West Texas Division Rider FF applies to this schedule.

Miscellaneous Charges: Plus an amount for miscellaneous charges calculated in accordance with the applicable rider(s).

**WEST TEXAS DIVISION
ATMOS ENERGY CORPORATION**

EXHIBIT A

RATE SCHEDULE:	INDUSTRIAL GAS SERVICE	
APPLICABLE TO:	ALL AREAS IN THE WEST TEXAS DIVISION	
EFFECTIVE DATE:	Bills Rendered on and after 10/01/2012	

Availability

This schedule is applicable to the sales to 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 – All Areas In The West Texas Division	\$ 275.00
Consumption Charge – WTX Cities Incorporated	\$ 0.05286 per ccf
Consumption Charge – WTX Cities Unincorporated	\$ 0.06091 per ccf
Consumption Charge – Amarillo Incorporated and Unincorporated	\$ 0.11273 per ccf
Consumption Charge – Lubbock Incorporated and Unincorporated	\$ 0.07402 per ccf

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

The West Texas Division Rider TAX applies to this schedule.

The West Texas Division Rider FF applies to this schedule.

Miscellaneous Charges: Plus an amount for miscellaneous charges calculated in accordance with the applicable rider(s).

**WEST TEXAS DIVISION
ATMOS ENERGY CORPORATION**

EXHIBIT A

RATE SCHEDULE:	PUBLIC AUTHORITY GAS SERVICE	
APPLICABLE TO:	ALL AREAS IN THE WEST TEXAS DIVISION	
EFFECTIVE DATE:	Bills Rendered on and after 10/01/2012	

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 for service to premises with an alternative supply of natural gas.

Monthly Rate

Charge	Amount
Customer Charge – All Areas In The West Texas Division	\$ 75.00
Consumption Charge – WTX Cities Incorporated	\$ 0.08431 per Ccf
Consumption Charge – WTX Cities Unincorporated	\$ 0.10076 per ccf
Consumption Charge – Amarillo Incorporated and Unincorporated	\$ 0.10638 per ccf
Consumption Charge – Lubbock Incorporated and Unincorporated	\$ 0.12981 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.

The West Texas Division Rider TAX applies to this schedule.

The West Texas Division Rider FF applies to this schedule.

Miscellaneous Charges: Plus an amount for miscellaneous charges calculated in accordance with the applicable rider(s).

**WEST TEXAS DIVISION
ATMOS ENERGY CORPORATION**

EXHIBIT A

RATE SCHEDULE:	STATE INSTITUTION GAS SERVICE	
APPLICABLE TO:	ALL AREAS IN THE WEST TEXAS DIVISION	
EFFECTIVE DATE:	Bills Rendered on and after 10/01/2012	

Availability

This schedule is applicable to gas service to state agencies (as provided in Texas Utilities Code, Section 104.202) including, but not limited to, state college and universities, MHMR schools, agriculture, highway and public safety departments, prisons, and other facilities owned or operated by the State of Texas for the purpose of heating, cooking, refrigeration, water heating and other similar type uses.

Monthly Rate

Charge	Amount
Customer Charge – All Areas In The West Texas Division	\$ 75.00
Consumption Charge – WTX Cities Incorporated	\$ 0.10146 per Ccf
Consumption Charge – WTX Cities Unincorporated	\$ 0.13551 per ccf
Consumption Charge – Lubbock Incorporated and Unincorporated	\$ 0.11115 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.

The West Texas Division Rider TAX applies to this schedule.

The West Texas Division Rider FF applies to this schedule.

Miscellaneous Charges: Plus an amount for miscellaneous charges calculated in accordance with the applicable rider(s).

**WEST TEXAS DIVISION
ATMOS ENERGY CORPORATION**

EXHIBIT A

RATE SCHEDULE:	TRANSPORTATION SERVICE	
APPLICABLE TO:	ALL AREAS IN THE WEST TEXAS DIVISION	
EFFECTIVE DATE:	Bills Rendered on or after 10/01/2012	

Application

Applicable, in the event that Company has entered into a Transportation Agreement, to a customer directly connected to the Atmos Energy Corp., West Texas Division Distribution System 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 with an estimated annual usage greater than 100,000 Ccf per 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 bill will be calculated by adding the following Customer and Ccf charges to the amounts and quantities due under the riders listed below:

Charge	Amount
Customer Charge per Meter – All Areas in the West Texas Division	\$ 275.00 per month
Consumption Charge - WTX Cities Incorporated	\$ 0.05286 per Ccf
Consumption Charge – WTX Cities Unincorporated	\$ 0.06091 per ccf
Consumption Charge – Amarillo Incorporated and Unincorporated	\$ 0.11273 per ccf
Consumption Charge – Lubbock Incorporated and Unincorporated	\$ 0.07402 per ccf

Upstream Transportation Cost Recovery: The customer is responsible for all upstream transportation costs.

Retention Adjustment: Plus a quantity of gas equal to the Company's most recently calculated financial L&U percentage for the twelve months ended September multiplied by the gas received into Atmos Energy Corporation's West Texas Division for transportation to the customer.

Franchise Fee Adjustment: Plus an amount for franchise fees calculated in accordance with Rider FF. Rider FF is only applicable to customers inside the corporate limits of any incorporated municipality.

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).

Miscellaneous Charges: Plus an amount for miscellaneous charges calculated in accordance with the applicable rider(s).

**WEST TEXAS DIVISION
ATMOS ENERGY CORPORATION**

EXHIBIT A

RATE SCHEDULE:	TRANSPORTATION SERVICE	
APPLICABLE TO:	ALL AREAS IN THE WEST TEXAS DIVISION	
EFFECTIVE DATE:	Bills Rendered on or after 10/01/2012	

Conversions: Units may be converted from Ccf to Mcf or Mmbtu as necessary to comply with the underlying transportation agreement.

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 a monthly imbalance fee at the end of each month as defined in the applicable Transportation Agreement,

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 "Index" price reported for the month of delivery in Inside FERC's Gas Market Report under the heading "West Texas Waha".

Replacement Index

In the event the "Index" price reported for the month of delivery in Inside FERC's Gas Market Report under the heading "West Texas Waha" 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 transportation service under this tariff, customer must have the type of meter, instrumentation, and communication required by Company. Customer must pay Company all costs associated with the acquisition and installation of the required equipment.

**WEST TEXAS DIVISION
ATMOS ENERGY CORPORATION**

EXHIBIT A

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 10/01/2012	

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:

$$GCA = (G/S + CF)$$

Where:

1. "G", in dollars, is the expected cost of gas for the expected sales billing 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 West Texas Division.
3. "CF", in \$/Ccf as measured at local atmospheric pressure, 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 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.

**ATMOS ENERGY CORPORATION
WEST TEXAS DISTRIBUTION SYSTEM**

EXHIBIT A

RATE SCHEDULE:	WEST TEXAS DIVISION WEATHER NORMALIZATION ADJUSTMENT (WNA) RIDER	
APPLICABLE TO:	ALL AREAS IN THE WEST TEXAS DIVISION	
EFFECTIVE DATE:	Bills Rendered on and after 10/01/2012	

Provisions 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

**WEST TEXAS DIVISION
ATMOS ENERGY CORPORATION**

EXHIBIT A

RIDER:	FF – FRANCHISE FEE ADJUSTMENT	
APPLICABLE TO:	ALL AREAS IN THE WEST TEXAS DIVISION	
EFFECTIVE DATE:	Bills Rendered on and after 10/01/2012	

Application

Applicable to Customers inside the corporate limits of an incorporated municipality that imposes a municipal franchise fee upon Company for the Gas Service provided to Customer. Franchise Fees to be assessed solely to customers within the municipal limits. This does not apply to Environs customers.

Monthly Adjustment

Company will adjust Customer's bill each month in an amount equal to the municipal franchise fees payable for the Gas Service provided to Customer by Company. Municipal franchise fees are determined by each municipality's franchise ordinance. Each municipality's franchise ordinance will specify the percentage and applicability of franchise fees.

From time to time, Company will make further adjustments to Customer's bill to account for any over- or under-recovery of municipal franchise fees by Company.

**WEST TEXAS DIVISION
ATMOS ENERGY CORPORATION**

EXHIBIT A

RIDER:	TAX – TAX ADJUSTMENT	
APPLICABLE TO:	ALL AREAS IN THE WEST TEXAS DIVISION	
EFFECTIVE DATE:	Bills Rendered on and after 10/01/2012	

Application

Applicable to Customers taking service under Residential, Commercial, Industrial, Public Authority, and State Institution customers to the extent of state gross receipts taxes only.

Each monthly bill shall be adjusted for state gross receipts taxes imposed by Sections 182-021 - 182-025 of the Texas Tax Code.

Each monthly bill shall also be adjusted by an amount equivalent to the amount of all applicable taxes and any other governmental impositions, rentals, fees, or charges (except state, county, city, and special district ad valorem taxes and taxes on net income) levied, assessed, or imposed upon or allocated to Company with respect to the Gas Service provided to Customer by Company, and any associated facilities involved in the performance of such Gas Service. Each monthly bill shall also be adjusted by an amount equivalent to the proportionate part of any increase or decrease of any tax and any other governmental imposition, rental, fee, or charge (except state, county, city, and special district ad valorem taxes and taxes on net income) levied, assessed, or imposed subsequent to the effective date of this tariff, upon or allocated to Company's operations, by any new or amended law, ordinance, or contract.

**ATMOS ENERGY CORPORATION
WEST TEXAS DIVISION**

EXHIBIT A

RATE SCHEDULE:	OTHER SERVICE CHARGES	
APPLICABLE TO:	ALL AREAS IN THE WEST TEXAS DIVISION	
EFFECTIVE DATE:	Bills Rendered on and after 10/01/2012	

The service charges on this tariff will be applied in accordance with Atmos Energy's Quality of Service rules and Commission rule 7.45.

DURING BUSINESS HOURS:

These charges apply to services initiated between 8am and 5pm, Monday through Friday.

Charge	Amount
Turn On New Service With Meter Set	\$ 45.00
Turn On Service (shut-In test required)	\$ 37.00
Turn On Service (meter read only required)	\$ 21.00
Miscellaneous Service Charge Calls	\$ 10.00
Reconnect Delinquent Service or Service Temporarily Off at Customer's Request	\$ 47.00
Return Check Fee	\$ 25.00
Tampering Fee	\$ 150.00

AFTER BUSINESS HOURS:

These charges apply to services initiated between 5pm and 8am, Monday through Friday, and all day Saturday and Sunday.

Charge	Amount
Turn On New Service With Meter Set	\$ 67.50
Turn On Service (shut-In test required)	\$ 55.50
Turn On Service (meter read only required)	\$ 31.50
Miscellaneous Service Charge Calls	\$ 15.00
Reconnect Delinquent Service or Service Temporarily Off at Customer's Request	\$ 70.50
Tampering Fee	\$ 150.00

ATMOS ENERGY CORPORATION
WEST TEXAS SYSTEM STATEMENT OF INTENT GUD 10174
SUMMARY PROOF OF REVENUE AT CURRENT RATES
TEST YEAR ENDING SEPTEMBER 30, 2011

EXHIBIT B

Line No.	Description (a)	West Texas ICL (b)	West Texas OCL (c)	Amarillo ICL (d)	Amarillo OCL (e)	Lubbock ICL (f)	Lubbock OCL (g)	Total (g)	Reference (h)
Residential									
1	<u>Rate Characteristics:</u>								
2	Customer Charge								
3		\$7.50	\$13.50	\$8.21	\$13.50	\$7.86	\$13.50		Tariff- Rates
4									
5	Consumption Charge (\$/Ccf)								
6	All Consumption								
7		\$0.27514	\$0.17055	\$0.12862	\$0.04562	\$0.17913	\$0.08395		Tariff- Rates
8	<u>Billing Units:</u>								
9	Bills								
10	Total Ccf	1,478,085	151,820	783,776	28,396	746,485	54,205	3,242,768	Billing Determinants Study
11		72,432,202	8,404,294	48,024,471	1,943,284	36,633,617	3,434,380	170,872,260	Billing Determinants Study
12		93.8%							
13	<u>Present Revenue:</u>								
14	Customer Charge	\$ 11,085,640	\$ 2,049,568	\$ 6,434,802	\$ 383,350	\$ 5,887,373	\$ 731,771	\$ 26,552,504	Ln. 2 times Ln. 9
15	Consumption Charge	19,828,996	1,433,352	6,176,907	88,653	6,562,180	288,316	\$ 34,478,405	Ln. 6 times Ln. 10
16	Base Revenue	\$ 31,014,636	\$ 3,482,920	\$ 12,611,710	\$ 472,003	\$ 12,429,553	\$ 1,020,087	\$ 61,030,909	Sum of Line 13 through Ln. 14
17	Revenue Related Franchise Fees Taxes Related to Margin	1,316,478		535,329		527,587		2,378,404	
18	Revenue Related State Taxes Related to Margin	607,614		247,078		243,510		1,098,202	
19	Margin Net of Tax	29,090,544	3,482,920	11,829,302	472,003	11,658,446	1,020,087	57,553,302	
20	<u>Commercial</u>								
21	Customer Charge	\$14.50	\$30.00	\$15.52	\$30.00	\$15.59	\$27.00		Tariff- Rates
22									
23									
24	Consumption Charge (\$/Ccf)								
25	All Consumption								
26		\$0.18484	\$0.11330	\$0.12617	\$0.04817	\$0.13767	\$0.08431		Tariff- Rates
27	<u>Billing Units:</u>								
28	Bills								
29	Total Ccf	122,916	20,342	69,398	2,183	67,524	3,657	286,020	Billing Determinants Study
30		25,133,313	6,099,189	20,322,118	801,015	15,608,146	601,423	68,565,204	Billing Determinants Study
31	<u>Present Revenue:</u>								
32	Customer Charge	\$ 1,782,283	\$ 810,255	\$ 1,077,050	\$ 65,493	\$ 1,052,700	\$ 98,751	\$ 4,686,531	Ln. 21 times Ln. 28
33	Consumption Charge	4,645,642	691,038	2,564,042	38,585	2,148,773	50,706	\$ 10,138,786	Ln. 25 times Ln. 29
34	Base Revenue	\$ 6,427,924	\$ 1,301,293	\$ 3,641,092	\$ 104,078	\$ 3,201,473	\$ 149,457	\$ 14,825,317	Sum of Line 32 through Ln. 33
35	Revenue Related Franchise Fees Taxes Related to Margin	272,846		154,553		135,893		563,292	
36	Revenue Related State Taxes Related to Margin	125,931		71,333		62,721		259,985	
37	Margin Net of Tax	6,029,147	1,301,293	3,415,205	104,078	3,002,860	149,457	14,002,040	

ATMOS ENERGY CORPORATION
WEST TEXAS SYSTEM STATEMENT OF INTENT GUD 10174
SUMMARY PROOF OF REVENUE AT CURRENT RATES
TEST YEAR ENDING SEPTEMBER 30, 2011

EXHIBIT B

Line No.	Description (a)	West Texas		West Texas		Amarillo ICL	Amarillo OCL	Lubbock ICL	Lubbock OCL	Total (g)	Reference (h)
		West Texas ICL (b)	OCL (c)	OCL (c)		(d)	(e)	(f)			
38	Industrial										
39	Rate Characteristics:										
40	Customer Charge										Tariff- Rates
41		\$110.00	\$275.00			\$58.23	\$100.00	\$94.57	\$220.00		
42	Consumption Charge (\$/Ccf)										
43	0-1000 Ccf	\$0.12859	\$0.06091			\$0.11982	\$0.09088	\$0.12573	\$0.07152		Tariff- Rates
44	Over 1000 Ccf	\$0.10277	\$0.06091			\$0.11982	\$0.09088	\$0.10350	\$0.07152		Tariff- Rates
45											
46	Billing Units:										
47	Bills	917	1,382	271							
48	Total Ccf	3,432,031	3,839,084	2,877,990	12	586			48	3,216	Billing Determinants Study
49	0-1000 Ccf	336,602	604,064	158,372	4,795	2,584,863			184,534	12,703,307	Billing Determinants Study
50	Over 1000 Ccf	3,095,429	3,235,030	2,519,618	2,462	263,418			32,762	1,387,680	Billing Determinants Study
51					2,333	2,321,445			131,773	11,305,627	Billing Determinants Study
52	Present Revenue:										
53	Customer Charge	\$ 100,870	\$ 380,050	\$ 15,780	\$ 1,200	\$ 55,418	\$ 10,560	\$		563,878	Ln. 40 times Ln. 47
54	Consumption Charge	43,284	36,794	18,976	224	33,119	2,343			134,740	Ln. 43 times Ln. 49
55	0-1000 Ccf	318,117	197,046	301,901	212	240,270	9,424			1,066,969	Ln. 44 times Ln. 50
56	Over 1000 Ccf	462,271	\$ 613,889	\$ 336,657	\$ 1,636	\$ 328,807	\$ 22,328			1,765,588	Sum of Line 55 through Ln. 56
57	Base Revenue	19,622	14,280	13,957						47,869	
58	Revenue Related Franchise Fees Taxes Related to Margin	9,056	6,596	6,442						22,094	
59	Revenue Related State Taxes Related to Margin	433,592	613,889	315,772	1,636	308,408	22,328			1,695,625	
60	Margin Net of Tax										
61		\$55.00	\$81.00	\$39.44	\$45.00	\$65.38	\$100.00				Tariff- Rates
62	Public Authority										
63	Rate Characteristics:										
64	Customer Charge										Tariff- Rates
65											
66	Consumption Charge (\$/Ccf)										
67	All Consumption	\$0.12786	\$0.08968	\$0.11798	\$0.09197	\$0.12602	\$0.09612				Tariff- Rates
68											
69	Billing Units:										
70	Bills	16,284	1,172	2,401	173	1,566					
71	Total Ccf	10,705,276	635,070	2,739,839	1,454,389	1,433,942	321,334	169		21,765	Billing Determinants Study
72										17,289,850	Billing Determinants Study
73	Present Revenue:										
74	Customer Charge	\$ 895,640	\$ 94,955	\$ 94,680	\$ 7,785	\$ 102,360	\$ 16,913	\$		1,212,333	Ln. 63 times Ln. 70
75	Consumption Charge	1,368,777	56,953	323,246	133,760	180,705	30,887			2,094,328	Ln. 67 times Ln. 71
76	Base Revenue	\$ 2,264,417	\$ 151,908	\$ 417,926	\$ 141,545	\$ 283,065	\$ 47,799	\$		3,306,661	Sum of Line 74 through Ln. 75
77	Revenue Related Franchise Fees Taxes Related to Margin	96,118	17,740	12,015						125,873	
78	Revenue Related State Taxes Related to Margin	44,363	8,188	5,546						58,096	
79	Margin Net of Tax	2,123,937	151,908	391,989	141,545	265,505	47,799			3,122,692	

ATMOS ENERGY CORPORATION
WEST TEXAS SYSTEM STATEMENT OF INTENT GUD 10174
SUMMARY PROOF OF REVENUE AT CURRENT RATES
TEST YEAR ENDING SEPTEMBER 30, 2011

EXHIBIT B

Line No.	Description (a)	West Texas ICL (b)	West Texas OCL (c)	Amarillo ICL (d)	Amarillo OCL (e)	Lubbock ICL (f)	Lubbock OCL (g)	Total (g)	Reference (h)
80	State								
81	Rate Characteristics:								
82	Customer Charge	\$61.50	\$102.00			\$60.65	\$95.00		Tariff Rates
83									
84									
85	Consumption Charge (\$/Ccf)								
86	All Consumption	\$0.13806	\$0.05733			\$0.11806	\$0.07634		Tariff Rates
87									
88	Billing Units:								
89	Bills	952	150			488	186	1,777	Billing Determinants Study
90	Total Ccf	588,133	51,825			468,367	357,774	1,466,099	Billing Determinants Study
91									
92	Present Revenue:								
93	Customer Charge	\$ 58,557	\$ 15,307			\$ 29,627	\$ 17,698	\$ 121,189	Ln. 82 times Ln. 89
94	Consumption Charge	81,198	2,971			55,295	27,312	\$ 168,777	Ln. 88 times Ln. 90
95	Base Revenue	\$ 139,755	\$ 18,278			\$ 84,923	\$ 45,010	\$ 287,965	Sum of Line 83 through Ln. 94
96	Revenue Related Franchise Fees Taxes Related to Margin	5,932				3,605		9,537	
97	Revenue Related State Taxes Related to Margin	2,738				1,664		4,402	
98	Margin Net of Tax	131,085	18,278			79,654	45,010	274,027	
	present revenues nongas	\$ 40,309,003	\$ 5,568,288	\$ 17,007,385	\$ 719,262	\$ 16,327,821	\$ 1,284,681	\$ 81,216,439	
	Imbedded Tax Rates								
	Franchise Fees	4.2447%		4.2447%		4.2447%			
	State Gross Receipts	1.9591%		1.9591%		1.9591%			
	State Gross Transportation	(185)		550		1,212		1,576	
							\$	\$ 81,218,016	

ATMOS ENERGY CORPORATION
WEST TEXAS SYSTEM STATEMENT OF INTENT GUD 10174
SUMMARY PROOF OF REVENUE - PROSPECTIVE RATES
TEST YEAR ENDING SEPTEMBER 30, 2011

EXHIBIT B

Line No.	Description (a)	West Texas ICL (b)	West Texas OCL (c)	Amarillo ICL (d)	Amarillo OCL (e)	Lubbock ICL (f)	Lubbock OCL	Total (g)
Residential								
1	<u>Rate Characteristics:</u>							
2	Customer Charge	\$13.50	\$13.50	\$13.50	\$13.50	\$13.50	\$13.50	
3								
4								
5	Consumption Charge (\$/Ccf)							
6	All Consumption	\$0.12614	\$0.17055	\$0.07550	\$0.07550	\$0.09175	\$0.09175	
7								
8	<u>Billing Units:</u>							
9	Bills							
10	Total Ccf	1,478,085	151,820	783,776	28,396	746,485	54,205	3,242,768
11		72,432,202	8,404,294	48,024,471	1,943,294	36,633,617	3,434,380	170,872,260
12		93.8%						
13	<u>Proposed Revenue:</u>							
14	Customer Charge	\$ 19,954,153	\$ 2,049,568	\$ 10,580,978	\$ 383,350	\$ 10,077,549	\$ 731,771	\$ 43,777,368
15	Consumption Charge	9,136,392	1,433,352	3,625,997	146,725	3,360,972	315,089	\$ 18,018,527
16	Base Revenue	\$ 29,090,544	\$ 3,482,920	\$ 14,206,975	\$ 530,075	\$ 13,438,521	\$ 1,046,860	\$ 61,795,895
17	Revenue Related Franchise Fees Taxes Related to Margin	1,316,478	-	641,328	-	602,786	-	
18	Revenue Related State Taxes Related to Margin	607,614	-	296,002	-	278,213	-	
19	Margin Including Tax	31,014,636	3,482,920	15,144,305	530,075	14,319,520	1,046,860	65,538,316
20	Commercial							
21	<u>Rate Characteristics:</u>							
22	Customer Charge	\$30.00	\$30.00	\$30.00	\$30.00	\$30.00	\$30.00	
23								
24								
25	Consumption Charge (\$/Ccf)							
26	All Consumption	\$0.09317	\$0.11330	\$0.09794	\$0.09794	\$0.09045	\$0.09045	
27								
28	<u>Billing Units:</u>							
29	Bills	122,916	20,342	69,398	2,183	67,524	3,657	286,020
30	Total Ccf	25,133,313	6,099,189	20,322,118	801,015	15,608,146	601,423	68,565,204
31								
32	<u>Proposed Revenue:</u>							
33	Customer Charge	\$ 3,687,481	\$ 610,255	\$ 2,081,926	\$ 65,493	\$ 2,025,721	\$ 109,723	\$ 8,580,600
34	Consumption Charge	2,341,666	691,038	1,990,258	78,448	1,411,719	54,397	\$ 6,567,526
35	Base Revenue	\$ 6,029,147	\$ 1,301,293	\$ 4,072,185	\$ 143,941	\$ 3,437,440	\$ 164,120	\$ 15,148,126
36	Revenue Related Franchise Fees Taxes Related to Margin	272,846	-	185,156	-	155,259	-	613,261
37	Revenue Related State Taxes Related to Margin	125,931	-	85,458	-	71,659	-	283,048
	Margin Including Tax	6,427,924	1,301,293	4,342,798	143,941	3,664,359	164,120	16,044,436

Industrial

Rate Characteristics:

Customer Charge
Consumption Charge (\$/Ccf)
0-1000 Ccf
Over 1000 Ccf

Billing Units:

Total Ccf
0-1000 Ccf
Over 1000 Ccf

Proposed Revenue:

Customer Charge
Consumption Charge
0-1000 Ccf
Over 1000 Ccf
Base Revenue

Revenue Related Franchise Fees Taxes Related to Margin

Revenue Related State Taxes Related to Margin

Margin Including Tax

Public Authority

Rate Characteristics:

Customer Charge

Consumption Charge (\$/Ccf)

All Consumption

Billing Units:

Total Ccf

Proposed Revenue:

Customer Charge

Consumption Charge

Base Revenue

Revenue Related Franchise Fees Taxes Related to Margin

Revenue Related State Taxes Related to Margin

Margin Including Tax

State

Rate Characteristics:

Customer Charge

Consumption Charge (\$/Ccf)

All Consumption

\$275.00 \$275.00 \$275.00 \$275.00 \$275.00 \$275.00

\$0.05286 \$0.06091 \$0.11273 \$0.07402 \$0.07402 \$0.07402

917 1,382 271 12 586 48 3,216
3,432,031 3,839,094 2,677,990 4,795 2,584,863 164,534 12,703,307
336,602 604,064 158,372 2,462 263,418 32,762 1,397,680
3,095,429 3,235,030 2,519,618 2,333 2,321,445 131,773 11,305,627

\$ 252,175 \$ 380,050 \$ 74,525 \$ 3,300 \$ 161,150 \$ 13,200 \$ 884,400
181,417 233,839 301,891 541 191,341 12,179 \$ 921,208

\$ 433,592 \$ 613,889 \$ 376,416 \$ 3,841 \$ 352,491 \$ 25,379 \$ 1,805,608
19,622 - 17,120 - 15,946 - 52,688
9,056 - 7,901 - 7,360 - 24,318
462,271 613,889 401,437 3,841 375,796 25,379 1,882,613

\$75.00 \$75.00 \$75.00 \$75.00 \$75.00 \$75.00

\$0.08431 \$0.10076 \$0.10638 \$0.12981 \$0.12981 \$0.12981

16,284 1,172 2,401 173 1,566 169 21,765
10,705,276 635,070 2,739,839 1,454,389 1,433,942 321,334 17,289,850

\$ 1,221,328 \$ 87,921 \$ 180,046 \$ 12,974 \$ 117,421 \$ 12,684 \$ 1,632,375
902,609 63,987 291,455 154,713 186,136 41,712 \$ 1,640,612
\$ 2,123,937 \$ 151,908 \$ 471,502 \$ 167,688 \$ 303,558 \$ 54,396 \$ 3,272,987
96,118 - 21,252 - 13,728 - 131,098
44,363 - 9,809 6,336 - 60,507
2,264,417 151,908 502,563 167,688 323,621 54,396 3,464,592

\$75.00 \$75.00 \$75.00 \$75.00 \$75.00 \$75.00

\$0.10146 \$0.13551 \$ - \$ - \$0.11115 \$0.11115

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Billing Units:

Bills	952	150	-	-	488	186	1,777
Total Ccf	588,133	51,825	-	-	468,367	357,774	1,466,099

Proposed Revenue:

Customer Charge	\$ 71,411	\$ 11,255	\$ -	\$ -	\$ 36,637	\$ 13,972	\$ 133,275
Consumption Charge	59,673	7,023	-	-	52,057	39,765	158,518
Base Revenue	\$ 131,085	\$ 18,278	\$ -	\$ -	\$ 88,694	\$ 53,737	\$ 291,793
Revenue Related Franchise Fees Taxes Related to Margin	5,932	-	-	-	4,118	-	10,051
Revenue Related State Taxes Related to Margin	2,738	-	-	-	1,901	-	4,639
Margin Including Tax	139,755	18,278	-	-	94,713	53,737	306,482

Proposed Margin Inclusive of Revenue Related Taxes \$ 40,309,003 \$ 5,568,288 \$ 20,391,103 \$ 845,544 \$ 18,778,009 \$ 1,344,492 \$ 87,236,439

Current Margin Inclusive of Revenue Related Taxes \$ 40,309,003 \$ 5,568,288 \$ 17,007,385 \$ 719,262 \$ 16,327,821 \$ 1,284,681 \$ 81,216,439

\$ - \$ - \$ 3,383,718 \$ 126,282 \$ 2,450,188 \$ 59,812 \$ 6,020,000

Imbedded Tax Rates

Local Gross Receipts	4.2447%	4.2447%
State Gross Receipts	1.9591%	1.9591%
State Gross Transportation		

ATMOS ENERGY CORPORATION
WEST TEXAS SYSTEM STATEMENT OF INTENT GUD 10174
RATE DESIGN - PROSPECTIVE

EXHIBIT B

NOTE (1): Each column includes both municipal and unincorporated billing determinates for the jurisdiction listed.

Line No.	Description	West Texas (1)	Amarillo (1)	Lubbock (1)
	(a)	(b)	(c)	(d)
Residential				
1	<u>Rate Characteristics:</u>			
2	Customer Charge			
3		\$13.50	\$13.50	\$13.50
4				
5	Consumption Charge (\$/Ccf)			
6	All Consumption			
7		\$0.13075	\$0.07550	\$0.09175
8	<u>Billing Units:</u>			
9	Bills			
10	Total Ccf	1,629,905	812,172	800,690
11		80,836,497	49,967,765	40,067,998
12	<u>Proposed Revenue:</u>			
13	Customer Charge			
14	Consumption Charge	\$ 22,003,720	\$ 10,964,328	\$ 10,809,320
15	Base Revenue	10,569,744	3,772,721	3,676,062
16		\$ 32,573,464	\$ 14,737,050	\$ 14,485,381
17	Local Gross Receipts	1,316,478	641,328	602,786
18	State Gross Receipts	607,614	296,002	278,213
19	Margin Including Tax	34,497,556	15,674,379	15,366,380
20	<u>Commercial</u>			
21	<u>Rate Characteristics:</u>			
22	Customer Charge			
23		\$30.00	\$30.00	\$30.00
24	Consumption Charge (\$/Ccf)			
25	All Consumption			
26		\$0.09710	\$0.09794	\$0.09045
27	<u>Billing Units:</u>			
28	Bills			
29	Total Ccf	143,258	71,581	71,181
30		31,232,502	21,123,133	16,209,569
31	<u>Proposed Revenue:</u>			
32	Customer Charge			
33	Consumption Charge	\$ 4,297,736	\$ 2,147,420	\$ 2,135,444
34	Base Revenue	3,032,704	2,068,706	1,466,116
35		\$ 7,330,440	\$ 4,216,126	\$ 3,601,560
36	Local Gross Receipts	272,846	185,156	155,259
37	State Gross Receipts	125,931	85,458	71,659
38	Margin Including Tax	7,729,217	4,486,739	3,828,479
39	<u>Industrial</u>			
40	<u>Rate Characteristics:</u>			
41	Customer Charge			
42		\$275.00	\$275.00	\$275.00
43	Consumption Charge (\$/Ccf)			
44	0-1000 Ccf	\$0.05711	\$0.11273	\$0.07402
45	Over 1000 Ccf	\$0.05711	\$0.11273	\$0.07402
46	<u>Billing Units:</u>			
47	Bills			
48	Total Ccf	2,299	283	634
49	0-1000 Ccf	7,271,125	2,682,785	2,749,397
50	Over 1000 Ccf	940,666	160,834	296,179
51		6,330,458	2,521,951	2,453,218
52	<u>Proposed Revenue:</u>			
53	Customer Charge	\$ 632,225	\$ 77,825	\$ 174,350
54	Consumption Charge			\$ 884,400

55	0-1000 Ccf		415,257	302,431	203,520	921,208
56	Over 1000 Ccf					
57	Base Revenue					
58			\$ 1,047,482	\$ 380,256	\$ 377,870	\$ 1,805,608
59		Local Gross Receipts	19,622	17,120	15,946	
60		State Gross Receipts	9,056	7,901	7,360	
61		Margin Including Tax	1,076,160	405,277	401,176	1,882,613
62	<u>Rate Characteristics:</u>	Public Authority				
63	Customer Charge		\$75.00	\$75.00	\$75.00	
64						
65						
66	Consumption Charge (\$/Ccf)					
67	All Consumption		\$0.08524	\$0.10638	\$0.12981	
68						
69	<u>Billing Units:</u>					
70	Bills		17,457	2,574	1,735	21,765
71	Total Ccf		11,340,346	4,194,228	1,755,276	17,289,850
72						
73	<u>Proposed Revenue:</u>					
74	Customer Charge		\$ 1,309,249	\$ 193,020	\$ 130,106	\$ 1,632,375
75	Consumption Charge		966,596	446,169	227,848	1,640,612
76	Base Revenue		\$ 2,275,844	\$ 639,189	\$ 357,953	\$ 3,272,987
77		Local Gross Receipts	96,118	21,252	13,728	
78		State Gross Receipts	44,363	9,809	6,336	
79		Margin Including Tax	2,416,325	670,250	378,017	3,464,592
80		State				
81	<u>Rate Characteristics:</u>					
82	Customer Charge		\$75.00	\$75.00	\$75.00	
83						
84						
85	Consumption Charge (\$/Ccf)					
86	All Consumption		\$0.10422	\$ 0.11115		
87						
88	<u>Billing Units:</u>					
89	Bills		1,102		675	1,777
90	Total Ccf		639,957		826,141	1,466,099
91						
92	<u>Proposed Revenue:</u>					
93	Customer Charge		\$ 82,666	\$ -	\$ 50,609	\$ 133,275
94	Consumption Charge		66,696	0	91,822	158,518
95	Base Revenue		\$ 149,363	\$ -	\$ 142,430	\$ 291,793
96		Local Gross Receipts	5,932	-	4,118	
97		State Gross Receipts	2,738	-	1,901	
98		Margin Including Tax	158,033	-	148,450	306,482
Proposed Margin Inclusive of Revenue Related Taxes			\$ 45,877,291	\$ 21,236,647	\$ 20,122,502	\$ 87,236,439

	West Texas ICL	West Texas OCL	Amarillo ICL	Amarillo OCL	Lubbock ICL	Lubbock OCL	TOTAL	
CURRENT REVENUES*								
Residential	31,014,636	3,482,920	12,811,710	472,003	12,429,553	1,020,087	81,030,909	
Commercial	8,427,924	1,301,293	3,641,092	104,078	3,201,473	149,457	14,825,317	
Industrial	482,271	813,889	338,657	1,638	328,807	22,328	1,785,588	
Public Authority	2,264,417	151,908	417,928	141,545	283,065	47,799	3,306,661	
State Agency	139,755	18,278	-	-	84,923	45,010	287,965	
SUBTOTAL	40,309,003	5,588,288	17,007,385	719,282	16,327,821	1,284,681	81,216,439	
ICL / OCL SPLIT	87.86%	12.14%	95.94%	4.06%	92.71%	7.29%		
CURRENT DISTRIBUTION								
Residential	78.94%	62.55%	74.15%	65.82%	76.12%	79.40%	75.15%	Average Consumption 52.69
Commercial	15.95%	23.37%	21.41%	14.47%	19.61%	11.63%	18.25%	239.72
Industrial	1.15%	11.02%	1.96%	0.23%	2.01%	1.74%	2.17%	3,950.03
Public Authority	5.82%	2.73%	2.46%	19.68%	1.73%	3.72%	4.07%	794.39
State Agency	0.35%	0.33%	0.00%	0.00%	0.52%	3.50%	0.35%	825.04
	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	
PROPOSED REVENUES*								
Residential	31,014,636	3,482,920	15,108,917	565,483	14,200,916	1,165,462	65,538,316	75.13%
Commercial	8,427,924	1,301,293	4,362,053	124,686	3,657,723	170,756	18,044,436	18.39%
Industrial	482,271	813,889	403,318	1,980	375,668	25,509	1,882,613	2.16%
Public Authority	2,264,417	151,908	500,879	189,572	323,406	54,611	3,484,592	3.97%
State Agency	139,755	18,278	-	-	97,025	51,425	308,482	0.35%
SUBTOTAL	40,309,003	5,588,288	20,374,988	881,680	18,654,738	1,467,763	87,238,439	100.00%
TOTAL CHANGE								
			3,387,581	142,419	2,326,917	183,083	6,020,000	
REVENUE RELATED TAXES								
Local Gross Receipts	4.2447%		0.0453					
State Gross Receipts	1.9591%		4.2447%		4.2447%			
Local Gross Receipts			1.9591%		1.9591%			

ATMOS ENERGY CORPORATION
WEST TEXAS SYSTEM STATEMENT OF INTENT GUD 10174
PROPOSED RATES: RULE 7.210 COMPLIANCE

EXHIBIT B

**The purpose of this schedule is to show that rates proposed for the unincorporated areas are within 115% of the average of all rates for similar services of all municipalities served by the same utility within the same county pursuant to Rule 7.210.*

Line No.	Description (a)	West Texas ICL (b)	West Texas OCL (c)	Amarillo ICL (d)	Amarillo OCL (e)	Lubbock ICL (f)	Lubbock OCL
Residential							
1	<u>Rate Characteristics:</u>						
2	Customer Charge	\$13.50	\$13.50	\$13.50	\$13.50	\$13.50	\$13.50
3							
4							
5	Consumption Charge (\$/Ccf)						
6	All Consumption	\$0.12614	\$0.17055	\$0.07550	\$0.07550	\$0.09175	\$0.09175
7							
8	<u>Billing Units:</u>						
9	Bills	1,478,085	1,478,085	783,776	783,776	746,485	746,485
10	Total Ccf	72,432,202	72,432,202	48,024,471	48,024,471	36,633,617	36,633,617
11							
12	<u>Proposed Revenue:</u>						
13	Customer Charge	\$ 19,954,153	\$ 19,954,153	\$ 10,580,978	\$ 10,580,978	\$ 10,077,549	\$ 10,077,549
14	Consumption Charge	9,136,392	12,353,312	3,625,997	3,625,997	3,360,972	3,360,972
15	Base Revenue	\$ 29,090,544	\$ 32,307,465	\$ 14,206,975	\$ 14,206,975	\$ 13,438,521	\$ 13,438,521
16	Residential Percent Difference		11.06%		0.00%		0.00%
17							
18							
19	Commercial						
20	<u>Rate Characteristics:</u>						
21	Customer Charge	\$30.00	\$30.00	\$30.00	\$30.00	\$30.00	\$30.00
22							
23							
24	Consumption Charge (\$/Ccf)						
25	All Consumption	\$0.09317	\$0.11330	\$0.09794	\$0.09794	\$0.09045	\$0.09045
26							

27 Billing Units:

28 Bills	122,916	122,916	69,398	69,398	67,524	67,524
29 Total Ccf	25,133,313	25,133,313	20,322,118	20,322,118	15,608,146	15,608,146

30
31 Proposed Revenue:

32 Customer Charge	\$ 3,687,481	\$ 3,687,481	\$ 2,081,926	\$ 2,081,926	\$ 2,025,721	\$ 2,025,721
33 Consumption Charge	2,341,666	2,847,604	1,990,258	1,990,258	1,411,719	1,411,719
34 Base Revenue	\$ 6,029,147	\$ 6,535,086	\$ 4,072,185	\$ 4,072,185	\$ 3,437,440	\$ 3,437,440

35 Commercial Percent Difference

	8.39%		0.00%			0.00%
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36
37
38 Industrial

39 Rate Characteristics:

40 Customer Charge	\$275.00	\$275.00	\$275.00	\$275.00	\$275.00	\$275.00
41						
42 Consumption Charge (\$/Ccf)						
43 0-1000 Ccf	\$0.05286	\$0.06091	\$0.11273	\$0.11273	\$0.07402	\$0.07402
44 Over 1000 Ccf	\$0.05286	\$0.06091	\$0.11273	\$0.11273	\$0.07402	\$0.07402

45
46 Billing Units:

47 Bills	917	917	271	271	586	586
48 Total Ccf	3,432,031	3,432,031	2,677,990	2,677,990	2,584,863	2,584,863
49 0-1000 Ccf	336,602	336,602	158,372	158,372	263,418	263,418
50 Over 1000 Ccf	3,095,429	3,095,429	2,519,618	2,519,618	2,321,445	2,321,445

51
52 Proposed Revenue:

53 Customer Charge	\$ 252,175	\$ 252,175	\$ 74,525	\$ 74,525	\$ 161,150	\$ 161,150
54 Consumption Charge	181,417	209,045	301,891	301,891	191,341	191,341
55 0-1000 Ccf						
56 Over 1000 Ccf						
57 Base Revenue	\$ 433,592	\$ 461,220	\$ 376,416	\$ 376,416	\$ 352,491	\$ 352,491

58
59
60
61 Public Authority

62 Rate Characteristics:

63 Customer Charge	\$75.00	\$75.00	\$75.00	\$75.00	\$75.00	\$75.00
--------------------	---------	---------	---------	---------	---------	---------

64
65
66 Consumption Charge (\$/Ccf)

67 All Consumption \$0.08431 \$0.10076 \$0.10638 \$0.10638 \$0.12981 \$0.12981

68
69 Billing Units:
70 Bills 16,284 16,284 2,401 2,401 1,566 1,566
71 Total Ccf 10,705,276 10,705,276 2,739,839 2,739,839 1,433,942 1,433,942
72

73 Proposed Revenue:
74 Customer Charge \$ 1,221,328 \$ 1,221,328 \$ 180,046 \$ 180,046 \$ 117,421 \$ 117,421
75 Consumption Charge 902,609 1,078,615 291,455 291,455 186,136 186,136
76 Base Revenue \$ 2,123,937 \$ 2,299,943 \$ 471,502 \$ 471,502 \$ 303,558 \$ 303,558
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State

81 Rate Characteristics:
82 Customer Charge \$75.00 \$75.00 \$75.00 \$75.00 \$75.00 \$75.00
83
84

Consumption Charge (\$/Ccf)

85 All Consumption \$0.10146 \$0.13551 \$ - \$ - \$0.11115 \$0.11115
86
87

Billing Units:

88 Bills 952 952 - - 488 488
89 Total Ccf 588,133 588,133 - - 468,367 468,367
90
91

Proposed Revenue:

92 Customer Charge \$ 71,411 \$ 71,411 \$ - \$ - \$ 36,637 \$ 36,637
93 Consumption Charge 59,673 79,700 0 0 52,057 52,057
94 Base Revenue \$ 131,085 \$ 151,111 \$ - \$ - \$ 88,694 \$ 88,694
95
96
97
98

Proposed nongas revenues \$ 37,808,306 \$ 41,754,824 \$ 19,127,077 \$ 19,127,077 \$ 17,620,703 \$ 17,620,703

Difference Between Environs and City Rates
Percent Difference

\$ 3,946,518
10.44%

\$ -
0.00%

\$ -
0.00%

**AVERAGE BILL COMPARISON
WTX, GUD 10174 SETTLEMENT**

EXHIBIT B

	CURRENT					
	West Texas ICL	West Texas OCL	Amarillo ICL	Amarillo OCL	Lubbock ICL	Lubbock OCL
RESIDENTIAL						
Average Consumption	49.00	55.36	61.27	68.43	49.07	63.36
Customer Charge	7.50	13.50	8.21	13.50	7.86	13.50
Consumption Charge	0.27514	0.17055	0.12862	0.04562	0.17913	0.08395
Margin	20.98	22.94	16.09	16.62	16.65	18.82
Revenue Taxes on Margin						
Gas Cost (see below)	25.05	28.30	31.32	34.98	25.09	32.39
Average Bill	46.03	51.24	47.41	51.61	41.74	51.21
Percent Change From Current						

COMMERCIAL						
Average Consumption	204.48	299.83	292.84	366.91	231.15	164.44
Customer Charge	14.50	30.00	15.52	30.00	15.59	27.00
Consumption Charge	0.18484	0.11330	0.12617	0.04817	0.13767	0.08431
Margin	52.30	63.97	52.47	47.67	47.41	40.86
Revenue Taxes on Margin						
Gas Cost (see below)	104.53	153.28	149.70	187.57	118.17	84.06
Average Bill	156.83	217.25	202.17	235.25	165.58	124.93
Percent Change From Current						

NOTES:

GAS COST NOT GROSSED UP FOR REVENUE RELATED TAXES	0.4795
REVENUE RELATED TAXES - PER BOOK RATE (2)	6.20%
GAS COST WITH REVENUE TAX GROSS UP	0.5112

**AVERAGE BILL COMPARISON
WTX, GUD 10174 SETTLEMENT**

EXHIBIT B

RESIDENTIAL

Average Consumption
Customer Charge
Consumption Charge
Margin
Revenue Taxes on Margin
Gas Cost (see below)
Average Bill
Percent Change From Current

PROPOSED					
West Texas ICL	West Texas OCL	Amarillo ICL	Amarillo OCL	Lubbock ICL	Lubbock OCL
49.00	55.36	61.27	68.43	49.07	63.36
13.50	13.50	13.50	13.50	13.50	13.50
0.12614	0.17055	0.07550	0.07550	0.09175	0.09175
19.68	22.94	18.13	18.67	18.00	19.31
1.30	-	1.20	-	1.19	-
25.05	28.30	31.32	34.98	25.09	32.39
46.03	51.24	50.65	53.65	44.28	51.70
0.0%	0.0%	6.8%	4.0%	6.1%	1.0%

COMMERCIAL

Average Consumption
Customer Charge
Consumption Charge
Margin
Revenue Taxes on Margin
Gas Cost (see below)
Average Bill
Percent Change From Current

204.48	299.83	292.84	366.91	231.15	164.44	
30.00	30.00	30.00	30.00	30.00	30.00	
0.09317	0.11330	0.09794	0.09794	0.09045	0.09045	
49.05	63.97	58.68	65.93	50.91	44.87	
3.24	-	3.88	-	3.37	-	
104.53	153.28	149.70	187.57	118.17	84.06	
156.83	217.25	212.26	253.51	172.44	128.94	
0.00%	0.00%	4.99%	7.76%	4.14%	3.21%	

EXHIBIT C

Factors Required by Section 104.301 of the Texas Utilities Code

- The net invested capital amount of \$354,663,775 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;
- The overall depreciation rate shall be calculated based on the WTX Direct depreciation rates approved by GUD 10041 and the SSU Depreciation rates approved by GUD 10170.
- A federal income tax factor of 35%;
- Ad Valorem Tax of \$3,659,051 divided by the net invested capital of \$354,663,775 for an Ad Valorem tax rate of 1.03%.
- 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 52.69 Ccf, Commercial at 239.72 Ccf, Industrial at 3,950.03 Ccf, Public Authority at 794.39 Ccf, and State Institution at 825.04 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 at 75.13%, Commercial at 18.39%, Industrial at 2.16%, Public Authority at 3.97%, and State Institution at 0.35%.

ATMOS ENERGY CORPORATION
WEST TEXAS SYSTEM STATEMENT OF INTENT
PENSIONS AND RETIREE MEDICAL BENEFITS FOR COMMISSION APPROVAL
TEST YEAR ENDING SEPTEMBER 30, 2011

Line No.	Description	Shared Services		West Texas System				Total (g)
		Pension Account Plan ("PAP")	Post-Retirement Medical Plan ("FAS 106")	Pension Account Plan ("PAP")	Post-Retirement Medical Plan ("FAS 106")	Supplemental Executive Retirement Plan ("SERP")		
	(a)	(b)	(c)	(d)	(e)	(f)		
1	Per Book Test Year Amounts	\$ 4,395,408	\$ 3,671,441	\$ 1,460,203	\$ 3,045,912	\$ 161,626		
2								
3	Test Year - Actuarially Determined Benefit Costs (Ln 1)	\$ 4,395,408	\$ 3,671,441	\$ 1,460,203	\$ 3,045,912	\$ 161,626		
4	Texas Division Allocation Factor	8.81%	8.81%	100.00%	100.00%	100.00%		
5	West Texas Allocation Factor	97.76%	97.76%	93.73%	93.73%	93.73%		
6	Test Year - Actuarially Determined Benefit Costs Allocated to WTX (Ln 3 x Ln 4 x Ln 5)	\$ 378,561	\$ 316,209	\$ 1,368,648	\$ 2,854,933	\$ 151,492		
7	O&M and Capital Allocation Factor	100.00%	100.00%	100.00%	100.00%	100.00%		
8	Test Year - Actuarially Determined Benefit Costs To Approve (Ln 6 x Ln 7)	\$ 378,561	\$ 316,209	\$ 1,368,648	\$ 2,854,933	\$ 151,492		
9								
10	Summary of Costs to Approve:							
11								
12	Total Pension Account Plan ("PAP")	\$ 378,561	\$ 316,209	\$ 1,368,648	\$ 2,854,933	\$ 151,492	\$ 1,747,209	
13	Total Post-Retirement Medical Plan ("FAS 106")						3,171,142	
14	Total Supplemental Executive Retirement Plan ("SERP")						151,492	
15	Total (Ln 12 + Ln 13 + Ln 14)	\$ 378,561	\$ 316,209	\$ 1,368,648	\$ 2,854,933	\$ 151,492	\$ 5,069,843	

ATMOS WEST TEXAS CITIES (67)

Abernathy	Post
Amherst	Quitaque
Anton	Ralls
Big Spring	Ransom Canyon
Bovina	Ropesville
Brownfield	Sanford
Buffalo Springs	Seagraves
Canyon	Seminole
Coahoma	Shallowater
Crosbyton	Silverton
Dimmitt	Slaton
Earth	Smyer
Edmonson	Springlake
Floydada	Stanton
Forsan	Sudan
Friona	Tahoka
Hale Center	Timbercreek Canyon
Happy	Tulia
Hart	Turkey
Hereford	Vega
Idalou	Wellman
Kress	Wilson
Lake Tanglewood	Wolfforth
Lamesa	
Levelland	
Littlefield	
Lockney	
Lorenzo	
Los Ybanez	
Meadow	
Midland	
Muleshoe	
Nazareth	
New Deal	
New Home	
Odessa	
O'Donnell	
Olton	
Opdyke West	
Palisades	
Pampa	
Panhandle	
Petersburg	
Plainview	