

## RAILROAD COMMISSION OF TEXAS

SEVERED RATE CASE EXPENSES  
FROM DOCKET NO. 9762

§  
§  
§  
§  
§  
§

GAS UTILITIES DOCKET NO. 9787

### FINAL ORDER

Notice of Open Meeting to consider this Order was duly posted with the Secretary of State within the time period provided by law pursuant to TEX. GOV'T CODE ANN. Chapter 551, et seq. (Vernon 1994 & Supp. 2009). The Railroad Commission of Texas adopts the following findings of fact and conclusions of law and orders as follows:

### FINDINGS OF FACT

1. On October 26, 2007, Atmos Energy Mid-Tex filed a *Statement of Intent* to increase gas utility rates in the unincorporated areas of its Mid-Tex Division. The filing was docketed as Gas Utilities Docket No. 9762.
2. In addition to the *Statement of Intent* that was filed to change rates within the unincorporated areas served by Atmos Mid-Tex, the company also filed a *Statement of Intent* with all of the municipalities served by the utility.
3. Several municipalities reached an agreement with Atmos Mid-Tex regarding the proposed rate increase and several municipalities denied the proposed rate increase. Atmos Mid-Tex filed petitions for *de novo* review of the denial of the *Statement of Intent* by various municipalities that denied that rate request. Those cases were consolidated into GUD No. 9762.
4. On February 18, 2007, the Railroad Commission severed consideration of rate case expenses into this docket.
5. The Atmos Texas Municipality (ATM) intervened in GUD No 9762: Austin, Balch Springs, Bandera, Belton, Bryan, Burnet, Cameron, Cisco, Clifton, Coleman, Copperas Cove, Corsicana, Denton, Dublin, Electra, Fredericksburg, Frost, Gatesville, Georgetown, Goldthwaite, Granbury, Grandview, Greenville, Groesbeck, Hamilton, Henrietta, Hillsboro, Hutto, Lampasas, Leander, Llano, Longview, Lometa, Mexia, Olney, Pflugerville, Ranger, Riesel, Round Rock, San Saba, Somerville, Star Harbor, Thorndale, Trinidad, Whitney, and Wortham. In addition to ATM, the City of Dallas also intervened.

6. The State of Texas intervened in this case on behalf of State agencies. The Industrial Gas Users (IGU), Railroad Commission of Texas (Staff), and Coserv Gas, Ltd also intervened.
7. On February 11, 2008, Atmos Mid-Tex reached an agreement with several municipalities (February Settlement). As a direct result of the settlement agreement Atmos Mid-Tex filed a notice of withdrawal of petitions for review from the actions of the following municipalities: Austin, Balch Springs, Bandera, Bartlett, Belton, Blooming Grove, Bryan, Caldwell, Cameron, Cedar Park, Clifton, Chandler, Chillicothe, Commerce, Copperas Cove, Corsicana, Denton, Electra, Fredericksburg, Gatesville, Georgetown, Goldthwaite, Granger, Granbury, Greenville, Groesbeck, Hamilton, Henrietta, Hickory Creek, Hico, Hillsboro, Hutto, Kerens, Lampasas, Leander, Lometa, Longview, Mart, Mexia, Nevada, Olney, Pflugerville, Ranger, Reenville, Rice, Riesel, Rogers, Robert Lee, Round Rock, San Angelo, Sanger, Somerville, Star Harbor, Saint Joe, Sunnyvale, Talty, Trinidad, Trophy Club, Whitehouse, and Whitney.
8. As a result of the February Settlement, Atmos Mid-Tex filed a motion to dismiss the following proceedings: GUD Nos. 9763, 9764, 9771, 9777, 9781 and 9785.
9. On March 14, 2008, CoServ filed a Motion to Withdraw as an Intervenor indicating that CoServ and Atmos had resolved and settled the matters in dispute between them.
10. On, or about, January 23, 2008, the City of Dallas denied the requested rate increase, and reduced the rates then charged by Atmos Mid-Tex.
11. Atmos Mid-Tex appealed from the decision of the City of Dallas denying the increase requested in the *Statement of Intent* and filed a request for acceptance of supersedes bond and reinstatement of preexisting rates.
12. The Railroad Commission issued a Final Order setting rates in the City of Dallas and Environs served by Atmos Mid-Tex on June 24, 2008.
13. A notice of hearing was issued in this case on March 16, 2009.
14. The hearing in this matter was conducted on April 2, 2009.
15. The evidentiary record was closed on September 15, 2009.
16. The total expenses claimed by Atmos Mid-Tex in these proceedings were \$2,516,373.87. Of that amount, Atmos Mid-Tex claimed \$2,123,909.87 in actual expenses, and \$392,464.00 in estimated future expenses.
17. The total expenses claimed by the City of Dallas in these proceedings were \$539,425.91. Of



that amount, the City of Dallas claimed \$469,425.91 in actual expenses, and \$70,000 in estimated future expenses.

18. The settlement with ACSC allowed for recovery from the ACSC municipalities of \$842,705.90 in expenses for Atmos Mid-Tex and \$334,199.61 in expenses of the ACSC municipalities.
19. The settlement with ATM allowed for recovery from ATM municipalities of \$125,801.74 in expenses for Atmos Mid-Tex and \$372,280.70 in expenses of the ATM municipalities.
20. The settlement with non-coalition cities allowed for recovery from those municipalities of \$68,446.43 in expenses for Atmos Mid-Tex.
21. Atmos Mid-Tex seeks the recovery of the remaining \$1,479,419.80 from the City of Dallas and the Environs customers.
22. The settlements occurred prior to February 29, 2008, and it is reasonable to allocate all costs incurred prior to that date to all parties participating in the proceedings.
23. As part of the decision to settle this proceeding several municipalities considered the impact of litigation expenses.
24. Allocation of the remaining expenses, incurred after the February Settlement, to the other municipalities that are no longer in this proceeding would preclude recovery of reasonably incurred expenses by Atmos Mid-Tex.
25. After March 1, 2008, the only active intervenors participating in this proceeding were the City of Dallas, and the State of Texas.
26. It is reasonable to assign the expenses after March 1, 2008, to the entities participating in this proceeding.
27. Atmos Mid-Tex seeks the recovery of \$23,750.00 in expenses associated with the production of documents by Ernst and Young in support of its annual audit.
28. In support of this request Atmos Mid-Tex produced a two-page invoice prepared by Ernst for the recovery.
29. The documents produced by Ernst and Young were available for review by all participants to the proceedings.
30. The documents in support of this expense item do not itemize the expenses and do not

include any information regarding the amount of work done, the originality of the work the date the work was performed, the hours required to accomplish the task, the billing rate, the number of people assigned to the task, the complexity of the work, the time and labor required to accomplish the work, and the nature, extent, and difficulty of the work.

31. In the underlying rate proceeding, Atmos Mid-Tex proposed the adoption of a rate review mechanism (RRM).
32. All of the settling municipalities adopted the RRM.
33. The Examiners in the underlying proceeding recommended adoption of a modified RRM.
34. After the *Proposal for Decision* was issued in GUD No. 9762, Atmos Mid-Tex withdrew its request for an RRM.
35. Atmos Mid-Tex withdrew its request because the company concluded that the (1) City of Dallas would under no circumstances work with the company to implement the RRM and (2) because Atmos Mid-Tex was mindful of the settlement it reached with the other 438 cities that included the RRM.
36. The factors that formed the basis of the decision to withdraw the RRM were known before the commencement of the hearing.
37. Withdrawal of the RRM prior to the commencement of the hearing would have avoided unnecessary litigation expenses.
38. Since the denial of the proposed rate increase at the municipal level the City of Dallas maintained its position that the proposed RRM was unworkable.
39. The potential was present before the hearing that a litigated proceeding would result in an approved RRM that was different from the proposed RRM.
40. Based on the two factors set out in Finding of Fact No. 35 above, it was not reasonable to wait until after the issuance of the *Proposal for Decision* to withdraw its request for an RRM. The City of Dallas made its refusal to consider the RRM clear at the municipal level and the potential that a litigated proceeding would result in an approved RRM that was different from the proposed RRM was apparent prior to the commencement of the hearing.
41. Atmos Mid-Tex approximated the expenses related to the RRM issues at \$60,742 for the entire proceeding.
42. Expenses related to RRM litigation from the commencement of the hearing to the issuance



of the *Proposal for Decision* could have been avoided by a timely withdrawal of the proposed RRM and it is not reasonable for Atmos Mid-Tex to recover expenses associated with litigation of the RRM during that period.

43. The case was pending before the Railroad Commission for nine months and it is reasonable to average the expenses related to that period at \$6,749 per month.
44. The period from the commencement of the hearing to the issuance of the *Proposal for Decision* is approximately two months and it is reasonable to estimate an expenditure of approximately \$13,498 in RRM-related litigation expenses.
45. Atmos Mid-Tex seeks the recovery of \$112,840.00 in expenses associated with the consulting work and prepared testimony of consultants with C.H. Guernsey and Company.
46. Evidence in the record established that other consultants charged from \$10,000 to \$80,000 for the same or similar work.
47. The engagement letter presented by C.H. Guernsey and Company Consulting to Atmos Mid-Tex indicated that the completion of the initial investigation, the completion of a report/testimony and the early stages of a rate proceeding typically cost between \$25,000 and \$35,000.
48. Based upon the invoices provided, C.H. Guernsey and Company had at least five individuals working on GUD No. 9732.
49. The first invoice, totaling \$37,654.44, submitted by C.H. Guernsey and Company Consulting exceeded the estimated amount for the completion of the initial investigation, the completion of a report/testimony and the early stages of a rate proceeding.
50. There was no description of the work performed by the Principal Consultant and the Senior Analyst of C.H. Guernsey and Company Consulting in the invoices submitted in support of its rate case expense request: Invoice Nos. 98322, 98584, 98734, 99043, 99334, 99568, and 99801.
51. The documents in support of the expense related to these individuals do not itemize the expenses, describe the work done, the hours required to accomplish a specific task, the complexity of the work performed by these individuals, the originality of the work, the novelty of the work, the time and labor required to accomplish the work, and the nature, extent, and difficulty of the work, and whether there was any duplication of effort.
52. The Principal Consultant and the Senior Analyst billed a total of \$57,800 during the underlying proceedings and removal of a portion of those expenses is reasonable as the

work cannot be evaluated based upon the invoices submitted. An adjustment of \$15,668.52 is reasonable and would allow recovery for expenses associated with preparation and attendance at the hearing in GUD No. 9762.

53. Consultants with Towers Perrin Consulting provided testimony on behalf of Atmos Mid-Tex during the hearing. The invoice submitted by Towers Perrin Consulting reflected total expense of \$32,549.92. The billing rate for two consultants was \$925 per hour and \$350 per hour.
54. Towers Perrin Consulting was previously retained as a consultant by Atmos Mid-Tex to the filing of these proceedings under a flat-fee agreement.
55. Pursuant to the flat-fee agreement Towers Perrin Consulting would provide the following services: (1) Retirement and Actuarial Consulting Services, (2) Health and Welfare Actuarial and Consulting Services, (3) Executive Compensation Consulting Services, (4) Risk Management Actuarial Services; and, (4) Compensation Outsourcing.
56. As compensation for the flat-fee agreement Atmos Mid-Tex agreed to provide a flat fee of \$1,019,000.
57. The flat-fee compensation \$1,019,000 was included in the base rates approved by the Railroad Commission and Atmos Mid-Tex is recovering that fee through the rates charged to customers.
58. Atmos Mid-Tex reduced its expense request for expenses related to the work of Towers Perrin Consulting to \$11,187.42 instead of \$32,549.92.
59. The documents in support of the expense related to the services provided by the consultants of Towers Perrin do not itemize the expenses, describe the work done, the hours required to accomplish a specific task, the complexity of the work performed by these individuals, the originality of the work, the novelty of the work, the time and labor required to accomplish the work, and the nature, extent, and difficulty of the work, and whether there was any duplication of effort.
60. The consulting services and testimony provided by Towers Perrin Consulting during the hearing were related to the subject matter of the flat-fee agreement and appear to be within the scope of work detailed in the engagement letter.
61. Dane Watson, a consulting expert from Alliance Consulting Group, retained by Atmos Mid-Tex was scheduled to testify on March 31, 2008.
62. The pace of the proceeding accelerated and Atmos Mid-Tex had Mr. Watson available prior



to that date in the event that Mr. Watson would be able to take the stand.

63. No other expenses were incurred for witnesses who were available to testify and did not testify.
64. It was reasonable to have one witness appear early in the event that the pace of the proceeding accelerated.
65. Airfare expenses paid by Alan Lovinger, an energy consultant with the firm of Brown, Williams, Moorhea & Quinn, Inc. were for economy class travel.
66. Atmos Mid-Tex engaged fewer attorneys in this rate proceeding than in GUD No. 9670.
67. The billing records submitted by Atmos Mid-Tex do not reflect any instance where the work of the attorneys was duplicated or overstaffed.
68. Atmos Mid-Tex managed the outside team of lawyers retained to handle GUD No. 9762 and this proceeding by ensuring that there was no duplication of effort and that the case was not overstaffed.
69. Billing by attorneys in excess of twelve hours per day raises issues of efficiency and adequate management of personnel during a hearing.
70. The outside team of lawyers logged eleven entries in excess of twelve hours: Seven occurred during the hearing on the merits, three involved travel to and from the City of Dallas, and the remaining entry was for six minutes in excess of twelve hours.
71. It is reasonable that on certain occasion during a hearing a lawyer may be required to log more than twelve hours.
72. Limiting billing to twelve hours when traveling to consult with clients and witnesses may result in added expenses to avoid a twelve-hour billing cap. Specifically, lawyers may be required to spend the night in order to avoid the theoretical cap.
73. The billing in excess of twelve hours a day reflected in the record of GUD No. 9762 is reasonable.
74. The billing records provided to Atmos Mid-Tex by the outside legal team did not provide information regarding the rates charged by the individual attorneys.
75. The billing rates of several of the attorneys on the outside legal team increased during the hearing.

76. It is not unusual for lawyers and consultants to raise rates while a proceeding is pending and the periodic increases may represent changes in the market that occur over time.
77. The engagement agreement between Atmos Mid-Tex and the outside legal firm provided for periodic increases to the rates of the attorneys assigned to GUD No. 9762 and this case.
78. It is not uncommon for an outside legal and consulting firm to include a provision in the engagement agreement that allows for the periodic increase in rates.
79. The parties agree that rates charged by attorneys practicing before the Commission range from \$150 to \$450.
80. In the absence of any contravening evidence, the range charged by other attorneys provides guidance as to the reasonableness of the rate charged by a particular attorney.
82. The City of Dallas engaged Diversified Utility Consultants as a consultant in this proceeding.
83. Several of the invoices submitted by Diversified Utility Consultants included an entry that described the work as "Review Information."
84. The invoice entry does not itemize the expenses, describe the work done, the hours required to accomplish a specific task, the complexity of the work performed by these individuals, the originality of the work, the novelty of the work, the time and labor required to accomplish the work, and the nature, extent, and difficulty of the work, and whether there was any duplication of effort.
85. The City of Dallas made an adjustment to remove any duplication of services from the rate request.
86. James Brazell and Jacob Pous testified in support of the rate case expense request of the City of Dallas.
87. The initial draft of testimony prepared by James Brazell duplicated the testimony filed by Jacob Pous.
88. The City of Dallas adjusted its rate case expense request by \$9,893.50 in order to remove the expenses associated with the preparation of the duplicate testimony.
89. The consultant for the City of Dallas, billing at a rate of \$235.00 per hour, included a billing entry for a trip to retrieve copies of documentation.



90. Matters easily delegable to non-professional or less experienced consultants and associates should not be billed at the same rate as matters that require the technical and legal expertise of highly skilled and experienced consultants and attorneys.
91. It is reasonable to remove \$101.83 of the proposed rate case expenses related to copying and filing documents by highly trained and technical consultants.
92. Based upon the adjustments set forth above, Atmos Mid-Tex will recover \$1,435,120.40. Of that amount, \$1,042,656.40 are actual expenses and \$392,464.00 are estimated future expenses.
93. Based upon the adjustments set forth above, the City of Dallas will recover \$533,006.58. Of that amount, \$463,006.58 are actual expenses and \$70,000 are estimated future expenses.
94. The Railroad Commission awarded a rate increase for Atmos Mid-Tex and not a rate decrease. Further, the rate case expenses exceed the rate increase awarded.
95. Allocation of expenses incurred prior to February 29, 2008 by Atmos Mid-Tex based on usage is reasonable.
96. A rate case expense surcharge of \$0.49 per month for Residential customers, \$1.44 per month for Commercial customers, and \$21.57 per month for Industrial and Transportation customers. These rates are reflected in the attached Rate Case Expense Rider.
97. It is reasonable to allow the utility an interest carrying charge on the un-recovered monthly balance at a rate equal to the deposit interest rate set annually each December by the Public Utility Commission.
98. It is reasonable that Atmos Mid-Tex file a report detailing recovery with the Commission forty-five (45) days after the end of June and December, identifying the beginning balance for the period, the recovery by month with monthly volumes, the interest calculation and the ending balance. It is reasonable that the report include a reconciliation of the estimated rate case expense approved by providing invoices submitted to the total authorized recovery of the estimated rate case expense.

### **CONCLUSIONS OF LAW**

1. Atmos Mid-Texas a "Gas Utility" as defined in TEX. UTIL. CODE ANN. §101.003(7) (Vernon 1998 & Supp. 2005) and § 121.001(Vernon 1998 & Supp. 2005) and is therefore subject to the jurisdiction of the Railroad Commission ("Commission") of Texas.

2. The Commission has jurisdiction over the utility's *Statement of Intent* under TEX. UTIL. CODE ANN. §§ 102.001, 104.001, 104.001, and 104.201(Vernon 1998 & Supp. 2008).
3. Under TEX. UTIL. CODE ANN. § 102.001 (Vernon 1998 & Supp. 2008), the Commission has exclusive original jurisdiction over the rates and services of a gas utility that distributes natural gas in areas outside of a municipality and over the rates and services of a gas utility that transmits, transports, delivers, or sells natural gas to a gas utility that distributes the gas to the public.
4. A "test year" is defined as the most recent 12 months, beginning on the first day of a calendar or fiscal year quarter, for which operating data for a gas utility are available, TEX. GOV'T CODE ANN. §§ 101.003(16).
5. This *Statement of Intent* was processed in accordance with the requirements of the Gas Utility Regulatory Act ("GURA"), and the Administrative Procedure Act, TEX. GOV'T CODE ANN. §§ 2001.001-2001.902 (Vernon 2000 & Supp. 2008) ("APA").
6. In accordance with the stated purpose of the Texas Utilities Code, Subtitle A, expressed under TEX. UTIL. CODE ANN. §101.002 (Vernon 1998 & Supp. 2008), the Commission has assured that the rates, operations, and services established in this docket are just and reasonable to customers and to the utilities.
7. TEX. UTIL. CODE ANN. §104.107 (Vernon 1998 & Supp. 2008) provides the Commission authority to suspend the operation of the schedule of proposed rates for 150 days from the date the schedule would otherwise go into effect.
8. In accordance with TEX. UTIL. CODE § 104.103 (Vernon 1998 and Supp. 2008), 16 TEX. ADMIN. CODE ANN. § 7.230 (2002), and 16 TEX. ADMIN. CODE ANN. § 7.235 (2008), adequate notice was properly provided.
9. In accordance with the provisions of TEX. UTIL. CODE ANN. §104.102 (Vernon 1998 & Supp. 2008), 16 TEX. ADMIN. CODE ANN. § 7.205 (2002), and 16 TEX. ADMIN. CODE §7.210 (2008), Atmos Mid-Tex filed its Statement of Intent to change rates.
10. Each party seeking reimbursement for its rate case expenses has the burden to prove the reasonableness of such rate case expenses by a preponderance of the evidence, under 16 Tex. Admin. Code § 7.5530 (2008).
11. Any expense incurred by a utility to establish its cost of service is not automatically recoverable as a rate case expense. *City of Port Neches, City of Nederland, City of Groves and the Texas Gas Service Company v. Railroad Commission*, 212 S.W.3<sup>rd</sup> 565, 579-581 (Tex. App. – Austin 2006).



12. Atmos Mid-Tex and the City of Dallas have not met their burden of proof in accordance with the provisions of TEX. UTIL. CODE ANN. § 104.008 (Vernon 1998 and Supp. 2008) that the proposed rate changes are just and reasonable.
13. The rate case expenses set out in Finding of Fact Nos. 92 and 93 are reasonable and Atmos Mid-Tex and the City of Dallas are entitled to recover those rate case expenses through a surcharge on its rates under TEX. UTIL. CODE ANN. § 104.051 (Vernon 1998 & Supp. 2005).
14. The rate case expenses enumerated in Finding of Fact Nos. 92 and 93 are reasonable and comply with the requirements of 16 Tex. Admin. Code Ann. § 7.5530.
15. Atmos Mid-Tex is required by 16 TEX. ADMIN. CODE § 7.315 (2008) to file electronic tariffs incorporating rates consistent with this Order within thirty days of the date of this Order.

**IT IS THEREFORE ORDERED** that Atmos Mid-Tex is authorized to recover \$1,042,656.40 in actual rate case expenses and that Atmos Mid-Tex is authorized to recover up to \$392,464.00 in estimated future rate case expenses provided that Atmos Mid-Tex submit evidence of actual incurrence and the reasonableness and necessity of future expenses to the Gas Services Division of the Commission.

**IT IS THEREFORE ORDERED** that the City of Dallas is authorized to recover \$463,006.58 in actual rate case expenses and that City of Dallas is authorized to recover up to \$70,000 in estimated future rate case expenses provided that City of Dallas submit evidence of actual incurrence and the reasonableness and necessity of future expenses to the Gas Services Division of the Commission.

**IT IS FURTHER ORDERED** that a surcharge on rates shall be calculated on a per month basis on all customer classes and implemented over a period of approximately twelve (12) months, commencing on the date this final order becomes effective.

**IT IS FURTHER ORDERED** that a recovery of rate case expenses over an approximate one-year period at a rate of \$0.49 per month for Residential customers, \$1.44 per month for Commercial customers, and \$21.57 per month for Industrial and Transportation customers is reasonable.

**IT IS FURTHER ORDERED** that Atmos Mid-Tex file a report detailing recovery with the Commission 45 days after the end of June and December identifying the beginning balance for the period, the recovery by month with monthly volumes the interest calculation and the ending balance. The report shall include a reconciliation of the estimated rate case expense approved by providing invoices submitted to the total authorized recovery of the estimated rate case expense

**IT IS FURTHER ORDERED** that the rates charged by Atmos Mid-Tex as requested and to the

extent adjusted in the findings of fact and conclusions of law are **HEREBY APPROVED** to be effective for gas consumed and for services delivered on and after the date of this Order.

**IT IS FURTHER ORDERED THAT** Atmos Mid-Tex may begin surcharging rates for gas delivered and for services delivered on and after the date of this Order. This Order will not be final and appealable until 20 days after a party is notified of the Commission's order. A party is presumed to have been notified of the Commission's order three days after the date on which the notice is actually mailed. If a timely motion for rehearing is filed by any party at interest, this order shall not become final and effective until such motion is overruled, or if such motion is granted, this order shall be subject to further action by the Commission. Pursuant to TEX. GOV'T CODE '2001.146(e), the time allotted for Commission action on a motion for rehearing in this case prior to its being overruled by operation of law, is hereby extended until 90 days from the date the order is served on the parties. Each exception to the examiners' proposal for decision not expressly granted herein is overruled. All requested findings of fact and conclusions of law, which are not expressly adopted herein, are denied. All pending motions and requests for relief not previously granted or granted herein are denied.

**SIGNED** this 9th day of June, 2010.

**RAILROAD COMMISSION OF TEXAS**

  
\_\_\_\_\_  
**CHAIRMAN VICTOR G. CARRILLO**

  
\_\_\_\_\_  
**COMMISSIONER ELIZABETH A. JONES**

**ATTEST:**

  
\_\_\_\_\_  
**SECRETARY**



RATE SCHEDULE:	TABLE OF CONTENTS	
APPLICABLE TO:	City of Dallas and All Environs Customers	REVISION: 1 DATE: 09/04/09
EFFECTIVE DATE:	09/29/09	PAGE: 1 OF 1

## **RATE CASE EXPENSE SURCHARGE**

### **A. APPLICABILITY**

The Rate Case Expense Surcharge (RCE) rate as set forth in Section (B) below is pursuant to **Final Order in GUD 9787**. This rate shall apply to the following rate schedules of Atmos Mid-Tex in the City of Dallas and in all unincorporated areas served.

### **B. RCE RATE**

Residential Customers:	\$ 0.49 per month
Commercial Customers:	\$ 1.44 per month
Industrial and Transportation Customers:	\$ 21.57 per month

This rate will be in effect for approximately 12 months until all approved and expended rate case expenses are recovered from the applicable customer classes as documented in the compliance filing on rate case expense recovery for GUD 9787.

### **C. OTHER ADJUSTMENTS**

Taxes: Plus applicable taxes and fees (including franchises fees) related to above.

### **D. CONDITIONS**

Subject to all applicable laws and orders, and the Company's rules and regulations on file with the regulatory authority.