

**BEFORE THE  
RAILROAD COMMISSION OF TEXAS**

**HEARINGS DIVISION**

**RENEWAL OF ATMOS PIPELINE- §  
TEXAS RIDER REV, SEVERED FROM § GAS UTILITIES DOCKET No. 10295  
GUD NO. 10293 §  
§**

**REVISED 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. CHAP 551, *et seq.* (Vernon 2004 & Supp. 2013). The Railroad Commission adopts the following findings of fact and conclusions of law and orders as follows:

**FINDINGS OF FACT**

1. Atmos Pipeline – Texas (“Applicant” or “Company”), a division of Atmos Energy Corporation is a gas utility as that term is defined in the Texas Utilities Code.
2. On August 9, 2013, Atmos Pipeline – Texas filed a *Request for Renewal of the Rider Rev tariff* with the Railroad Commission of Texas (Commission). The case was docketed as GUD No. 10295.
3. Notice of the Hearing was given to all parties entitled to notice and the hearing in this matter was held on October 29, 2013.
4. Atmos Pipeline – Texas is an unincorporated division of Atmos Energy Corporation and is an intrastate natural gas transmission pipeline operating solely in Texas. Atmos Pipeline – Texas operates a large intrastate pipeline consisting of approximately 6,000 miles of transmission pipeline, approximately 700 city gate meters, five underground storage facilities, and forty-one (41) gas compressor stations. The geographical areas served by this pipeline division spans from the area bounded by the Oklahoma border; the Katy hub near Houston; the Carthage hub in East Texas; the Waha hub in West Texas; and the Austin/Hill Country area.

5. Atmos Pipeline – Texas provides service to three customer classes.
  - a. Atmos Pipeline – Texas provides transportation and storage service to the local distribution companies (LDC). The customers in this group are served pursuant to two tariffs: Rate CGS-Mid-Tex and Rate CGS-Other.
  - b. The customers in this class are served pursuant to the Pipeline Transportation Tariff Rate PT-Pipeline Transportation. These are interruptible customers and are under cost of service rates set by the Commission because they do not have viable competitive alternatives to Atmos Pipeline – Texas.
  - c. Third, Atmos Pipeline-Texas provides services to certain industrial customers, electric generation customers, producers and marketer transportation customers (also referred to as through-system deliveries) that are served under negotiated rates. The third category of customers in this filing is the Other Revenue segment. The rates paid by these customers are negotiated rates and are not set by the Commission.

Tariff

6. The Railroad Commission of Texas has the authority to approve adjustment mechanisms such as the Rider Rev because market forces control the revenues recovered from the non-regulated customers.
7. The Rider Rev is a reasonable mechanism to provide an annual adjustment to Rate CGS-Mid-Tex, and Rate CGS-other and Rate PT for 75% of the difference between the amount of Other Revenue determined in GUD 10000 and the amount of Other Revenue determined on an annual basis.
8. It is reasonable for the Rider Rev as approved in GUD 10000 to be renewed as modified and extended.
9. It is reasonable that the Rider Rev be modified to require Atmos Pipeline – Texas to update all Maximum Dailey Quantities (“MDQs”) for each customer annually by providing a schedule showing the prior year’s MDQs by customer and the current year’s MDQs by customer as part of the annual Rider Rev filing.
10. It is reasonable that Atmos Pipeline – Texas provide notice to the customer of a rate increase or decrease that results from a Rider Rev adjustment.

11. It is reasonable that if the requested adjustment would generate additional revenue of more than 2 ½% of Atmos Pipeline – Texas' annual per books revenue for the twelve-month period ending on June 30 of the current year, the notice shall contain a statement concerning the customer's right within 20 days of the date of the filing to:
  - a. request a copy of the complete filing and the address for making such a request;
  - b. file a reply and the address for filing a reply; and
  - c. request a hearing and the address for making such a request.
12. It is reasonable to docket the annual review as a change in rates.
13. It is reasonable that if the requested Rider Rev adjustment generates an increase in revenue of more than 2 ½%, a directly affected customer has the right to request a hearing.
14. It is reasonable that directly affected customers or their representatives that oppose an increase of greater than 2 ½% shall file a hearing request with Docket Services at the same time any reply is filed.
15. It is reasonable that such hearing will be docketed and heard by the Hearings Division of the Commission on an expedited basis in order to permit the Commission to approve, adjust or deny the proposed Other Revenue Adjustment on or before November 1 of the current year.
16. It is reasonable that any such hearing will be limited in scope to the sole issue of the reasonableness of any increase greater than 2 ½% of Atmos Pipeline-Texas' annual per books revenue for the twelve-month period ending on June 30 of the current year.
17. As provided in the revenue adjustment rider, the Rider Rev will expire with the effective date of rates in the next statement of intent filing by Atmos Pipeline – Texas.
18. It is reasonable that the Rider Rev provide for cost recovery for the review by the Railroad Commission.
19. It is reasonable that the Rider Rev incorporate language that will allow for Railroad Commission denial and subsequent appeal by Atmos Pipeline – Texas.

**CONCLUSIONS OF LAW**

1. Atmos Pipeline – Texas is a “Gas Utility” as defined in TEX. UTIL. CODE ANN. § 101.003(7) (Vernon 2007 & Supp. 2010) and § 121.001(2013) and is therefore subject to the jurisdiction of the Railroad Commission of Texas (Commission).
2. The Railroad Commission of Texas (Commission) has jurisdiction over Atmos Pipeline – Texas under TEX. UTIL. CODE ANN. §§ 102.001, 104.001, and 104.201 (Vernon 2013).
3. Under TEX. UTIL. CODE ANN. § 102.001 (Vernon 2013), 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. In accordance with TEX. UTIL. CODE § 104.103 (Vernon 2007), 16 TEX. ADMIN. CODE ANN. § 7.230 (2010), and 16 TEX. ADMIN. CODE ANN. § 7.235 (2013), adequate notice was properly provided.
5. Atmos Pipeline – Texas is required by 16 TEX. ADMIN. CODE § 7.315 (2012) to file an electronic tariff consistent with this Order within thirty days of the date of this Order.
6. Atmos Pipeline – Texas is required by 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.

**IT IS THEREFORE ORDERED** that the Rider Rev tariff, as approved in GUD 10000, is renewed, modified and extended as set forth in this Revised Final Order and is hereby **APPROVED**.

**IT IS FURTHER ORDERED** that Atmos Pipeline-Texas shall file an electronic tariff consistent with this Final Order within thirty days of the date of this Order.

**IT IS FURTHER ORDERED** that all proposed findings of fact and conclusions of law not specifically adopted in this Order are hereby **DENIED**. **IT IS ALSO ORDERED** that all pending motions and requests for relief not previously granted or granted herein are hereby **DENIED**.


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

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 18th day of December, 2013.

**RAILROAD COMMISSION OF TEXAS**

  
 CHAIRMAN BARRY T. SMITHERMAN

  
 COMMISSIONER DAVID PORTER

  
 COMMISSIONER CHRISTI CRADDICK

ATTEST  
  
 SECRETARY  


<b>RIDER:</b>	<b>REV – REVENUE ADJUSTMENT</b>	
<b>APPLICABLE TO:</b>	<b>Rate CGS – Mid-Tex, Rate CGS – Other and Rate PT</b>	
<b>EFFECTIVE DATE:</b>	<b>12/18/2014</b>	<b>PAGE: 16</b>

### **Applicability**

This Rider will apply to Rate CGS – Mid-Tex, Rider CGS - Other and Rate PT.

### **Adjustment Mechanism**

Effective each November 1, rate schedules subject to this Rider will be adjusted based on the change in 1) the level of Other Revenue for the twelve-month period from July 1 of the prior year through June 30 of the current year from 2) the level of Other Revenue credited to the total cost of service in GUD Docket No. 10000.

Seventy-five percent of the difference between 1) the level of Other Revenue for the twelve-month period from July 1 of the prior year through June 30 of the current year less revenue related taxes and 2) the level of Other Revenue credited to the total cost of service in GUD Docket No. 10000 less revenue related taxes shall be allocated to the Rate CGS class and the Rate PT class in the same proportion as the Other Revenue was allocated to each class in GUD Docket No. 10000, as determined from the dollar amounts for Other Revenue Credit On Schedule J to the Final Order in GUD 10000, Columns (d) and (e), Line 6 for each class, respectively, as compared to the Total System Other Revenue Credit on Schedule J, Column (c), Line 6. The allocated portion of the difference in Other Revenue for each class shall be divided by the then current MDQ for such class, and that result shall be divided by 12 to calculate a monthly amount. The resulting amount shall be added to or subtracted from the capacity charge for each class.

Such adjusted capacity charge will then be adjusted for any Interim Rate Adjustments approved by the Commission after the issuance of the Final Order in GUD Docket No. 10000.

### **Adjustment Review Process**

No later than August 15<sup>th</sup> of each year, Atmos Pipeline – Texas shall file with the Commission an "Other Revenue Adjustment" Report showing the following:

1. The actual Other Revenue billed by Atmos Pipeline - Texas during the twelve-month period from July 1 of the prior year through June 30 of the current year by FERC Account;
2. A listing of the customers in the Other Revenue class by coded reference showing monthly volumes and monthly revenues for each customer;
3. The then current contractual MDQ and the MDQ in the prior year's filing for each customer in each class (CGS and PT);
4. The Other Revenue allocation percentages for each class derived from Schedule J;
5. The calculations described in the Adjustment Mechanism Section of this Rider REV and supporting schedules;
6. A confidential cross reference listing of the Customer codes and names (for Railroad Commission Staff only);
7. A statement on whether or not the proposed adjustment would generate additional revenue of more than 2 ½% of Atmos Pipeline – Texas' annual per books revenue for the twelve-month period ending on June 30 of the current year; and
8. Proposed tariffs showing the proposed adjusted rates.

Atmos Pipeline – Texas shall provide notice to all directly affected customers by bill insert or direct mail on the same date as the date of the filing of the Other Revenue Adjustment Report. The notice shall provide the customers with the proposed adjustment and contact information on where the customer can

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inspect a copy of the filing. If the requested adjustment would generate additional revenue of more than 2 ½% of Atmos Pipeline – Texas' annual per books revenue for the twelve-month period ending on June 30 of the current year, the notice shall contain a statement that within 20 days of the date of the filing the customer has a right to:

1. request a copy of the complete filing and the address for making such a request;
2. file a reply and the address for filing a reply; and
3. request a hearing and the address for making such a request.

If a hearing is requested, the Hearings Division of the Commission shall conduct the hearing, which shall be limited in scope to the sole issue of the reasonableness of any increase greater than 2 ½% of Atmos Pipeline – Texas' annual per books revenue for the twelve-month period ending on June 30 of the current year, on an expedited basis in order to permit the Commission to approve, adjust or deny the proposed Other Revenue Adjustment on or before November 1 of the current year.

The Commission shall have the opportunity to review the Other Revenue Adjustment Report and may submit discovery requests until the 40<sup>th</sup> day following the filing date of the Other Revenue Adjustment Report. Directly affected customers may also submit discovery requests until that date. The Commission shall approve, adjust or deny the proposed Other Revenue Adjustment on or before November 1 of the current year. Atmos Pipeline – Texas shall have the right to appeal the commission's decision by filing a Motion for Rehearing with the Commission within 20 days following the issuance of the Commission's decision.

Atmos Pipeline – Texas shall promptly reimburse the Commission for the cost of reviewing each Other Revenue Adjustment Report upon the invoicing of such cost.

The Other Revenue Adjustment, as adjusted by the Commission, shall be implemented on November 1 of the current year and shall remain in effect until revised on the following November 1<sup>st</sup>.

This Rider REV will expire with the effective date of rates in the next statement of intent filing by Atmos Pipeline – Texas.