

**BEFORE THE
RAILROAD COMMISSION OF TEXAS**

APPLICATION OF ATMOS ENERGY, WEST TEXAS DIVISION FOR TEST YEAR 2016 ANNUAL INTERIM RATE ADJUSTMENT FILING FOR THE UNINCORPORATED AREAS.	§ § § § §	GAS UTILITIES DOCKET NO. 10608
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INTERIM RATE ADJUSTMENT ORDER

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

FINDINGS OF FACT

Background

1. Atmos Energy Corporation (Atmos Energy) is a “gas utility,” as that term is defined in the TEXAS UTILITY CODE, and is subject to the jurisdiction of the Railroad Commission of Texas (Commission).
2. Atmos Energy Corporation, West Texas Division (Atmos WTX), a division of Atmos, owns and operates a gas distribution system.
3. On February 24, 2017, Atmos WTX filed an application for an annual interim rate adjustment (IRA) applicable to customers located in the Atmos WTX environs areas.
4. Atmos WTX requested that the IRA for all customer classes become effective on April 25, 2017.
5. On March 3, 2017, the Commission suspended implementation of Atmos WTX’s proposed IRA until June 19, 2017, which would be 45 days following the 60th day after the application would be considered complete.
6. Neither TEX. UTIL. CODE, §104.301 nor 16 TEX. ADMIN. CODE, §7.7101 provides the opportunity for parties to intervene in the Commission’s review of an application for an annual interim rate adjustment

7. 16 TEX. ADMIN. CODE, §7.7101 allows written comments or a protest concerning the proposed interim rate adjustment to be filed with the Commission.
8. As of the date of this interim order, no comments or protests concerning this application have been received by the Commission.
9. This docket represents the fourth annual interim rate adjustment for the Atmos WTX environs following GUD No. 10174.¹
10. Until promulgation of TEX. UTIL. CODE, §104.301, a utility could not increase its rates applicable to environs customers without filing with the Commission a formal statement of intent rate case, including a comprehensive cost of service rate review.
11. The proposed IRA will allow Atmos WTX an opportunity to recover, subject to refund, a return on investment, depreciation expense, and related taxes on the incremental cost of infrastructure investment since its last rate case, GUD No. 10174, without the necessity of filing a statement of intent rate case and without review by the Commission of Atmos WTX's comprehensive cost of service.

Applicability

12. This docket applies to only those rates over which the Commission has original jurisdiction, including all of the Atmos WTX environs customers.
13. As of December 31, 2016, Atmos WTX had approximately 300,713 customers in the West Texas Division. Of these, 274,077 were residential customers, 24,400 were commercial customers, 179 were industrial and transportation customers, 1,880 were public authority customers, and 177 were state institution customers.²
14. As of December 31, 2016, Atmos WTX had approximately 21,941 customers in the environs subject to this order. Of these, 19,319 were residential customers, 2,343 were commercial customers, 95 were industrial and transportation customers, 150 were public authority customers, and 34 were state institution customers.³

¹ *Statement of Intent Filed by Atmos Energy Corp., to Change Gas Utility Rates within the Unincorporated Areas Served by the Atmos Energy Corp., West Texas Division.*

² Response to Staff's RFI No.2-11.

³ Response to Staff's RFI No.2-11.

Most Recent Comprehensive Rate Case

15. Atmos WTX's most recent rate case for the area in which the IRA will be implemented is GUD No. 10174, *Statement of Intent Filed by Atmos Energy Corp., Change Gas Utility Rates within the Unincorporated Areas Served by the Atmos Energy Corp., West Texas Division*.
16. GUD No. 10174 was filed on June 6, 2012.
17. The Commission signed the GUD No. 10174 Final Order on October 2, 2012, and the rates became effective the same day.
18. The following chart shows the factors that were established for Atmos WTX in the Final Order setting rates in GUD No. 10174 to calculate the return on investment, depreciation expense, incremental federal income tax, and ad valorem taxes:

GUD No. 10174 CALCULATION FACTORS

Factor	Distribution
Rate of return	8.57%
Depreciation Rate	Varies
Federal Income Tax Rate	35%
Ad Valorem Tax Rate	1.03%

Interim Rate Adjustment

19. The revenue amounts to be recovered through Atmos WTX's proposed annual IRA are incremental to the revenue requirement established in Atmos WTX's most recent rate case for the area in which the IRA is to be implemented, GUD No. 10174, and subsequent approved IRAs.
20. In GUD No. 10349, the first IRA following the most recent rate case, Atmos WTX adjusted its rates based on the difference between invested capital at the end of the most recent rate case test-year, September 30, 2011 updated through March 31, 2012, and the invested capital at the end of the calendar-year following the end of the most recent rate case test-year (December 31, 2013).
21. In GUD No. 10429, the second IRA following the most recent rate case, Atmos WTX adjusted its rates based on the difference between invested capital from test year end December 31, 2013 to test year end December 31, 2014.
22. In GUD No. 10503, the third IRA following the most recent rate case, Atmos WTX adjusted its rates based on the difference between invested capital from test year end December 31, 2014 to test year end December 31, 2015.

23. In this docket, the fourth IRA following the most recent rate case, Atmos WTX adjusted its rates based on the difference between invested capital from test year end December 31, 2015 to test year end December 31, 2016.
24. Atmos WTX seeks approval from the Commission for an adjustment to its revenue, based on incremental net utility plant investment, with regard to the following components: return on investment; depreciation expense; ad valorem taxes; revenue related taxes; and federal income taxes. The incremental change in revenue requirement to be recovered through this IRA filing from all rate classes using the approved component factors is **\$10,216,049** of which **\$871,925** is attributable to customers subject to this order.
25. The value of Atmos WTX's invested capital is equal to the original cost of the investment at the time the investment was first dedicated to public use minus the accumulated depreciation related to that investment for the Company's interim rate adjustments.
26. Atmos WTX's incremental adjusted net utility plant investment increase is **\$60,207,155** for Atmos WTX, as shown in Exhibit B.
27. Atmos WTX is required to use the same factors to calculate the interim return on investment, depreciation expense, and incremental federal income tax as those established or used in the final order setting rates in Atmos WTX's most recent rate case for the Atmos WTX area in which the IRA is to be implemented, GUD 10174.
28. As required by TEX. UTIL. CODE, §104.301(f), Atmos WTX filed an annual Earnings Monitoring Report (EMR) with its application. The EMR states that Atmos WTX's actual rate of return in 2016 was 6.44% for the test year ended December 31, 2016, which is less than the 8.57% allowed rate of return established in GUD No. 10174.
29. GUD No. 10174, Atmos WTX's most recent Statement of Intent rate case for the unincorporated areas of Atmos WTX and the basis for the key factors in an IRA calculation, was approved by the Commission on October 2, 2012. Customer charges are shown in Column B of the table below.
30. GUD No. 10349, Atmos WTX's first IRA for the unincorporated areas of Atmos WTX, was approved by the Commission on June 17, 2014. IRA adjustments to the customer charges are shown in Column C of the table below.
31. GUD No. 10429, Atmos WTX's second IRA for the unincorporated areas of Atmos WTX, was approved by the Commission on June 9, 2015. IRA adjustments to the customer charges are shown in Column D of the table below.

32. GUD No. 10503, Atmos WTX's third IRA for the unincorporated areas of Atmos WTX, was approved by the Commission on May 3, 2016. IRA adjustments to the customer charges are shown in Column E of the table below.
33. This docket, GUD No. 10608, is the fourth IRA application for the unincorporated areas of Atmos WTX. The proposed 2016 IRA adjustments are shown in Column F of the table below.
34. When the Customer Charge, the 2013, 2014, and 2015 Interim Rate Adjustments, and proposed 2016 Interim Rate Adjustments (Columns B, C, D, E, and F) are added, the resulting customer charge for affected customer classes are as shown in Column G of the table below.

West Texas Division Customer Charges and Interim Rate Adjustments (IRA)

Customer Class	Customer Charge (GUD 10174)	IRA - 2013 (GUD 10349)	IRA - 2014 (GUD 10429)	IRA - 2015 (GUD 10503)	IRA - 2016 (GUD 10608)	New Customer Charge
A	B	C	D	E	F	G
Residential	\$ 13.50	\$ 2.36	\$ 1.90	\$ 1.75	\$ 2.34	\$ 21.85
Commercial	\$ 30.00	\$ 6.49	\$ 5.23	\$ 4.81	\$ 6.46	\$ 52.99
Industrial/Transportation	\$ 275.00	\$ 75.59	\$ 62.88	\$ 58.57	\$ 85.66	\$ 557.70
Public Authority	\$ 75.00	\$ 19.94	\$ 15.61	\$ 14.38	\$ 18.73	\$ 143.66
State Institution	\$ 75.00	\$ 21.27	\$ 14.91	\$ 12.68	\$ 16.93	\$ 140.79

35. Atmos WTX filed its Annual Project Report as required by 16 TEX. ADMIN. CODE § 7.7101(d).
- Net capital additions included in this docket totaled \$60,613,516.⁴
 - Gross capital project additions totaled \$ 66,247,693.⁵
 - Safety-related improvements/infrastructure projects are 71.6% of total additions.⁶
36. Atmos WTX proposes the IRA as a flat rate to be applied to the monthly customer charges and monthly meter charges rather than as a volumetric rate to be applied to the initial block usage rates.

⁴ Schedule IRA - 3 and IRA - 9.

⁵ Schedule IRA - 3 and IRA - 9.

⁶ Response to Staff's RFI No. 2-15.

37. Atmos WTX is required to show its annual IRA on its customers' monthly billing statements as a surcharge.
38. The proposed IRA does not require an evidentiary proceeding; rather, TEX. UTIL. CODE, §104.301 and 16 TEX. ADMIN. CODE, §7.7101 require the regulatory authority to review a utility's method of calculating the IRA.
39. Due process protections are deferred until the Atmos WTX files its next full statement of intent rate case.

Notice

40. Atmos WTX provided adequate notice to customers via bill insert in the unincorporated areas of Atmos WTX between March 1, 2017 and March 31, 2017.

Comprehensive Rate Case Required

41. Atmos WTX is not required to initiate a rate case supporting a statement of intent at the time it applies for an IRA.
42. Under 16 TEX. ADMIN. CODE § 7.7101(l) a gas utility that implements an IRA and does not file a rate case before the fifth anniversary of the date its initial IRA became effective is required to file a rate case not later than the 180th day after that anniversary.
43. Atmos WTX is required to file a statement of intent rate case no later than December 14, 2019.
44. Under 16 TEX. UTIL. CODE § 7.7101(j), any change in investment and related expenses and revenues that have been included in any interim rate adjustment shall be fully subject to review for reasonableness and prudence in the next rate case. Per 16 TEX. UTIL. CODE § 7.7101(i), all amounts collected from customers under and interim rate adjustment tariff are subject to refund until the conclusion of the next rate case.

Review of Interim Rate Adjustment

45. Atmos WTX's proposed allocation methodology complies with TEX. UTIL. CODE, §104.301, and with 16 TEX. ADMIN. CODE, §7.7101.
46. It is reasonable for the Commission to approve use of the allocation methodology used to determine Atmos WTX's overall cost of services (less other revenue, gas cost, and revenue related taxes) as determined in its most recent rate case. The following overall cost of

service allocation factors for use in the calculation of Atmos WTX's interim rate adjustment are reasonable:

Customer Class	Allocation Factors
Residential	75.13%
Commercial	18.39%
Industrial/Transportation	2.16%
Public Authority	3.97%
State Institution	0.35%
Total	100.0%

47. Atmos WTX's proposed customer and meter counts comply with TEX. UTIL. CODE, §104.301, and with 16 TEX. ADMIN. CODE, §7.7101. For calculating the number of customer charges or meter charges per year, it is reasonable for the Commission to approve use of Atmos WTX's 2016 actual number of customer charges. The following total numbers of customer and meter charges for use in the calculation of the IRA are reasonable:

Customer Class	Annual Number of Customer Charges
Distribution:	
Residential (R)	3,281,555
Commercial (C)	290,907
Industrial & Transportation (I & T)	2,576
Public Authority (PA)	21,651
State Institution (SI)	2,112
Total	3,598,801

48. It is reasonable for the Commission to approve Atmos WTX's application for an IRA. The following amounts of IRA revenue and additional customer charges by customer class are reasonable:

Customer Class	Interim Rate Adjustment Revenue	IRA Revenue From Environs	Additional Customer Charge
Residential (R)	\$7,675,317	\$540,957	\$ 2.34
Commercial (C)	\$1,878,731	\$180,512	\$ 6.46
Industrial (I & T)	\$220,667	\$110,587	\$ 85.66
Public Authority (PA)	\$405,577	\$33,471	\$ 18.73
State Institution (SI)	\$35,756	\$6,400	\$ 16.93
Total Increase	\$10,216,048	\$871,925	

Reimbursements of Expense

49. As provided for in the statute and the rule, a gas utility that implements an IRA is required to reimburse the Commission for the utility's proportionate share of the Commission's annual costs related to the administration of the IRA mechanism.
50. After the Commission has finally acted on Atmos WTX's application for an IRA, the Director of the Oversight and Safety Division will estimate Atmos WTX's proportionate share of the Commission's annual costs related to the processing of such applications.
51. In making the estimate of Atmos WTX's proportionate share of the Commission's annual costs related to the processing of such applications, the Director will take into account the number of utilities the Commission reasonably expects to file for IRAs during the fiscal year, and the costs expected to be incurred in processing such applications.
52. Atmos WTX is required to reimburse the Commission for the amount determined by the Director of the Oversight and Safety Division within thirty days after receipt of notice of the amount of the reimbursement.

CONCLUSIONS OF LAW

1. Atmos Energy Corporation (Atmos) is a "gas utility" as defined in TEX. UTIL. CODE § 101.003(7) and § 121.001, and is therefore subject to the jurisdiction of the Railroad Commission of Texas (Commission).
2. The Commission has jurisdiction over Atmos WTX's applications for IRAs for incremental changes in investment, and the subject matter of this case under TEX. UTIL. CODE §§ 102.001, 104.001, 104.002, and 104.301.
3. Under TEX. UTIL. CODE ANN. § 102.001, the Commission has exclusive original jurisdiction over the rates and services of a gas utility that distributes natural gas in areas outside of a municipality and over the rates and services of a gas utility that transmits, transports, delivers, or sells natural gas to a gas utility that distributes the gas to the public.
4. Under the provisions of the TEX. UTIL. CODE § 104.301 and 16 TEX. ADMIN. CODE § 7.7101, Atmos WTX is required to seek Commission approval before implementing an IRA tariff for environs customers.
5. Atmos WTX filed its application for an IRA for changes in investment in accordance with the provisions of TEX. UTIL. CODE § 104.301 and 16 TEX. ADMIN. CODE § 7.7101.
6. Atmos WTX's application for an IRA was processed in accordance with the requirements of TEX. UTIL. CODE ANN. § 104.301 and 16 TEX. ADMIN. CODE § 7.7101.

7. In accordance with 16 TEX. ADMIN. CODE § 7.315, within thirty days of the effective date of any change to rates or services, Atmos WTX is required to file with the Gas Services Division of the Commission its revised tariffs.
8. Atmos WTX may not charge any rate that has not been successfully filed and accepted as a tariff filing electronically pursuant to TEX. UTIL. CODE §§ 102.151 and 104.002 and 16 TEX. ADMIN. CODE § 7.315.
9. In accordance with TEX. UTIL. CODE § 104.301(a) and 16 TEX. ADMIN. CODE § 7.7101(a), the filing date of Atmos WTX's most recent rate case, in which there is a final order setting rates for the area in which the interim rate adjustment will apply, was no more than two years prior to the date Atmos WTX filed its initial interim rate adjustment.
10. Atmos WTX is required, under TEX. UTIL. CODE ANN. § 104.301(e) and 16 TEX. ADMIN. CODE § 7.7101(d), to file with the Commission an annual project report, including the cost, need, and customers benefited by the change in investment, and describing the investment projects completed and placed in service during the preceding calendar year and the investments retired or abandoned during the preceding calendar year.
11. Atmos WTX shall include in all future annual IRA filings, relocation project reports that provide additional information about relocation project costs included in investment projects, in the same format as required in this docket.
12. Atmos WTX is required, under TEX. UTIL. CODE ANN. § 104.301(f) and 16 TEX. ADMIN. CODE § 7.7101(e), to file with the Commission an annual earnings monitoring report demonstrating the Atmos WTX's earnings during the preceding calendar year.
13. Atmos WTX is required, under 16 TEX. ADMIN. CODE § 7.7101(h), to recalculate its approved IRA annually and is required to file an application for an annual adjustment no later than 60 days prior to the one-year anniversary of the proposed implementation date of the previous IRA application.
14. In accordance with 16 TEX. ADMIN. CODE § 7.7101(i), all amounts collected from customers under Atmos WTX's IRA tariffs or rate schedules are subject to refund. The issues of refund amounts, if any, and whether interest should be included on refunded amounts and, if so, the rate of interest, shall be addressed in the rate case Atmos WTX files or the Commission initiates after the implementation of an IRA and shall be the subjects of specific findings of fact in the Commission's final order setting rates.
15. In accordance with 16 TEX. ADMIN. CODE § 7.7101(j), in the rate case that Atmos WTX files or the Commission initiates after the implementation of an IRA, any change in investment and related expenses and revenues that have been included in any IRA shall be fully subject to review for reasonableness and prudence. Upon issuance of a final order setting rates in the rate case that Atmos WTX files or the Commission initiates after the

implementation of an IRA, any change in investment and related expenses and revenues that have been included in any IRA shall no longer be subject to review for reasonableness or prudence.

16. The Commission has authority to suspend the implementation of the IRA, under TEX. UTIL. CODE § 104.301(a) and 16 TEX. ADMIN. CODE § 7.7101(e).
17. Atmos WTX provided adequate notice of its IRA, in accordance with TEX. UTIL. CODE ANN. § 104.301(a) and 16 TEX. ADMIN. CODE § 7.7101(b).
18. Atmos WTX's application for an IRA, as proposed, comply with all provisions of TEX. UTIL. CODE § 104.301 and 16 TEX. ADMIN. CODE § 7.7101.
19. Atmos WTX's IRA, set forth in the findings of fact and conclusions of law in this Order, complies with the provisions of TEX. UTIL. CODE ANN. § 104.301 and 16 TEX. ADMIN. CODE § 7.7101.
20. In accordance with TEX. UTIL. CODE § 104.301(h) and 16 TEX. ADMIN. CODE § 7.7101(l), Atmos WTX shall file a comprehensive rate case for the areas in which the IRA is implemented, not later than the 180th day after the fifth anniversary of the date its initial interim rate adjustment became effective, or December 14, 2019.
21. The Commission has authority, under TEX. UTIL. CODE ANN. § 104.301(j) and 16 TEX. ADMIN. CODE § 7.7101(m), to recover from Atmos WTX the proportionate share of the Commission's annual costs related to the administration of the IRA mechanism.

IT IS THEREFORE ORDERED BY THE RAILROAD COMMISSION OF TEXAS THAT Atmos WTX's IRA for the unincorporated areas of the West Texas Division, as requested, and to the extent recommended to be approved in the findings of fact and conclusions of law, is **HEREBY APPROVED**, subject to refund, to be effective for bills rendered on or after the date of this order.

IT IS FURTHER ORDERED THAT Atmos WTX **SHALL** file with the Commission no later than December 14, 2019, a statement of intent to change rates as required under TEX. UTIL. CODE ANN. § 104.301(h) and 16 TEX. ADMIN. CODE § 7.7101(l).

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

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

IT IS FURTHER ORDERED THAT Atmos WTX **SHALL** reimburse the Commission for the utility's proportionate share of the Commission's annual costs related to the administration of the

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

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

SIGNED this 23rd day of May 2017.

RAILROAD COMMISSION OF TEXAS

Christi Craddick

CHRISTI CRADDICK
CHAIRMAN

Ryan Sitton

RYAN SITTON
COMMISSIONER

Wayne Christian

WAYNE CHRISTIAN
COMMISSIONER

ATTEST

Sharon Walters

Deputy SECRETARY

**WEST TEXAS DIVISION
ATMOS ENERGY CORPORATION**

RATE SCHEDULE:	RESIDENTIAL GAS SERVICE	
APPLICABLE TO:	ALL UNINCORPORATED AREAS IN THE WEST TEXAS DIVISION	
EFFECTIVE DATE:		

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 – per GUD 10174	\$ 13.50
Interim Rate Adjustment (“IRA”) ¹	\$ 8.35
Total Customer Charge	\$ 21.85
Consumption Charge – WTX Cities Unincorporated Areas	\$ 0.17055 per ccf
Consumption Charge – Amarillo Unincorporated Areas	\$ 0.07550 per ccf
Consumption Charge – Lubbock Unincorporated Areas	\$ 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.

The West Texas Division Interim Rate Adjustment applies to this schedule.

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

Notes: ¹2013 IRA - \$2.36; 2014 IRA - \$1.90; 2015 IRA - \$1.75; 2016 IRA - \$2.34.

**WEST TEXAS DIVISION
ATMOS ENERGY CORPORATION**

RATE SCHEDULE:	COMMERCIAL GAS SERVICE	
APPLICABLE TO:	ALL UNINCORPORATED AREAS IN THE WEST TEXAS DIVISION	
EFFECTIVE DATE:		

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 – per GUD 10174	\$ 30.00
Interim Rate Adjustment ("IRA") ¹	\$ 22.99
Total Customer Charge	\$ 52.99
Consumption Charge – WTX Cities Unincorporated Areas	\$ 0.11330 per ccf
Consumption Charge – Amarillo Unincorporated Areas	\$ 0.09794 per ccf
Consumption Charge – Lubbock Unincorporated Areas	\$ 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.

The West Texas Division Interim Rate Adjustment applies to this schedule.

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

Notes: ¹2013 IRA - \$6.49; 2014 IRA - \$5.23; 2015 IRA - \$4.81; 2016 IRA - \$6.46.

**WEST TEXAS DIVISION
ATMOS ENERGY CORPORATION**

RATE SCHEDULE:	INDUSTRIAL GAS SERVICE	
APPLICABLE TO:	ALL UNINCORPORATED AREAS IN THE WEST TEXAS DIVISION	
EFFECTIVE DATE:		

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 – per GUD 10174	\$ 275.00
Interim Rate Adjustment ("IRA") ¹	\$ 282.70
Total Customer Charge	\$ 557.70
Consumption Charge – WTX Cities Unincorporated Areas	\$ 0.06091 per ccf
Consumption Charge – Amarillo Unincorporated Areas	\$ 0.11273 per ccf
Consumption Charge – Lubbock Unincorporated Areas	\$ 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.

The West Texas Division Interim Rate Adjustment applies to this schedule.

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

Notes: ¹2013 IRA - \$75.59; 2014 IRA - \$62.88; 2015 IRA - \$58.57; 2016 IRA - \$85.66

**WEST TEXAS DIVISION
ATMOS ENERGY CORPORATION**

RATE SCHEDULE:	PUBLIC AUTHORITY GAS SERVICE	
APPLICABLE TO:	ALL UNINCORPORATED AREAS IN THE WEST TEXAS DIVISION	
EFFECTIVE DATE:		

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 – per GUD 10174	\$ 75.00
Interim Rate Adjustment ("IRA") ¹	\$ 68.66
Total Customer Charge	\$143.66
Consumption Charge – WTX Cities Unincorporated Areas	\$ 0.10076 per ccf
Consumption Charge – Amarillo Unincorporated Areas	\$ 0.10638 per ccf
Consumption Charge – Lubbock Unincorporated Areas	\$ 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.

The West Texas Division Interim Rate Adjustment applies to this schedule.

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

Notes: ¹2013 IRA - \$19.94; 2014 IRA - \$15.61; 2015 IRA - \$14.38; 2016 IRA - \$18.73

**WEST TEXAS DIVISION
ATMOS ENERGY CORPORATION**

RATE SCHEDULE:	STATE INSTITUTION GAS SERVICE	
APPLICABLE TO:	ALL UNINCORPORATED AREAS IN THE WEST TEXAS DIVISION	
EFFECTIVE DATE:		

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 – per GUD 10174	\$ 75.00
Interim Rate Adjustment (“IRA”) ¹	\$ 65.79
Total Customer Charge	\$140.79
Consumption Charge – WTX Cities Unincorporated Areas	\$ 0.13551 per ccf
Consumption Charge – Lubbock Unincorporated Areas	\$ 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.

The West Texas Division Interim Rate Adjustment applies to this schedule.

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

Notes: ¹2013 IRA - \$21.27; 2014 IRA - \$14.91; 2015 IRA - \$12.68; 2016 IRA - \$16.93

**WEST TEXAS DIVISION
ATMOS ENERGY CORPORATION**

RATE SCHEDULE:	TRANSPORTATION SERVICE	
APPLICABLE TO:	ALL UNINCORPORATED AREAS IN THE WEST TEXAS DIVISION	
EFFECTIVE DATE:		

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 – per GUD 10174	\$ 275.00
Interim Rate Adjustment ("IRA") ¹	\$ 282.70
Total Customer Charge	\$ 557.70
Consumption Charge – WTX Cities Unincorporated Areas	\$ 0.06091 per ccf
Consumption Charge – Amarillo Unincorporated Areas	\$ 0.11273 per ccf
Consumption Charge – Lubbock Unincorporated Areas	\$ 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).

Notes: ¹2013 IRA - \$75.59; 2014 IRA - \$62.88; 2015 IRA - \$58.57; 2016 IRA - \$85.66

**WEST TEXAS DIVISION
ATMOS ENERGY CORPORATION**

RATE SCHEDULE:	TRANSPORTATION SERVICE	
APPLICABLE TO:	ALL UNINCORPORATED AREAS IN THE WEST TEXAS DIVISION	
EFFECTIVE DATE:		

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

The West Texas Division Interim Rate Adjustment applies to this schedule.

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 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.

ATMOS ENERGY, WEST TEXAS DIVISION
2016 UNINCORPORATED AREAS
TWELVE MONTH PERIOD ENDING DECEMBER 31, 2016
SUMMARY

Line Number	Description [a]	Per GUD 10503 at 12/31/15 (1)	Increase in WTX Division [c]	Adjusted Balance at 12/31/2016 (3)
		[b]		[d]
1	Utility Plant Investment	\$ 659,144,061	\$ 66,224,278	\$ 725,368,339
2	Accumulated Depreciation	(151,534,558)	(5,634,177)	(157,168,735)
3	Net Investment	\$ 507,609,503	\$ 60,590,101	\$ 568,199,604
4				
5	Exclusions from Filing (2)		\$ 382,946	
6				
7	Adjusted Net Investment		\$ 60,207,155	
8				
9	Increase/(Decrease) in Net Investment		\$ 60,207,155	
10	Authorized Return on Capital - Per GUD 10170		8.57%	
11	Change in Return on Net Investment		\$ 5,158,784	
12				
13	Change in Depreciation Expense		2,662,216	
14	Change in Ad Valorem Tax		624,319	
15	Change in Federal Tax		1,770,730	
16	Change in Revenue Requirement		\$ 10,216,049	
17				
18	Annual Number of Bills		3,598,801	
19				
20	Increase per Bill per Month (to be applied to Monthly Customer Charge)			
21		Current Rates	IRA Increase	Proposed Rates
22	Monthly Residential Customer Charge - all areas	\$19.51	\$ 2.34	\$ 21.85
23	Monthly Commercial Customer Charge - all areas	\$46.53	\$ 6.46	\$ 52.99
24	Monthly Industrial Sales \ Transport Customer Charge - all areas	\$472.04	\$ 85.66	\$ 557.70
25	Monthly Public Authority Customer Charge - all areas	\$124.93	\$ 18.73	\$ 143.66
26	Monthly State Institution Customer Charge - all areas	\$123.86	\$ 16.93	\$ 140.79

Notes:

1. The amount is per GUD 10174 and subsequent GRIP docket.
2. Voluntary removal of employee expenses and rate base adjustments from the 2013 WTX SOI and prior dockets.
3. Please see the Tab "IRA-8.1" for adjustments requested in the Staff Set 2 RFls. The amounts impact IRA-8 and IRA-3.