

## PROPOSAL FOR DECISION

GUD NO. 10645

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***Rate Case Expenses Severed from Docket No. 10640, Petition for De Novo Review by Atmos Energy Corp., Mid-Tex Division (Atmos), of the Denial by the City of Dallas (Dallas) of the Dallas Annual Rate Review (DARR) Mechanism Tariff***

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### **PARTIES**

#### **APPELLANT: ATMOS ENERGY CORPORATION, MID-TEX DIVISION**

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### **PROCEDURAL HISTORY:**

Rate Case Expenses Severed: July 13, 2017  
Final Order Signed in GUD 10640: December 5, 2017

Hearing on the Merits: April 27, 2018  
Evidentiary Record Closed: May 15, 2018  
Proposal for Decision Issued: May 25, 2018  
Statutory Deadline: Not Applicable

Heard By: Dana Avant Lewis, Administrative Law Judge  
James Currier, Technical Examiner  
Rose Ruiz, Technical Examiner

**STATEMENT OF THE CASE**

GUD No. 10645 was docketed to consider and approve rate case expenses incurred during GUD No. 10640; an appeal by Atmos Energy Corp., Mid-Tex Division ("Atmos"), of an action taken by the City of Dallas ("Dallas"), which denied Atmos's requested annual rates adjustment pursuant to the Dallas Annual Rate Review Mechanism Tariff ("DARR").

Atmos and Dallas each incurred rate case expenses in the fully litigated DARR docket, GUD No. 10640, as well as in this associated rate case docket. On March 23, 2018, the parties filed a Unanimous Stipulation and Settlement Agreement ("Settlement") resolving all issues, including expense amounts and proposed allocated recovery.

Per the Settlement, the parties request that:

- Atmos recover up to \$141,420.64, including estimated expenses; and
- Dallas recover up to \$96,231.78, including estimated expenses; and
- Expenses be recovered over an approximate 12-month period by application of a fixed-price surcharge on Dallas customers' bills; and
- Allocation of the expenses to customers occur in the same proportion as the revenue requirement was allocated to each class in GUD No. 10640.

After review and consideration of the evidence supporting the requested amounts, as well as the proposed allocated recovery methodology, the Examiners recommend the Settlement be approved by the Commission.

**There is no deadline for Commission action.**

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**ATTACHMENTS TO THE PROPOSAL FOR DECISION ("PFD"):**

- 1. Unanimous Stipulation and Settlement Agreement (excluding Attachment D thereto, containing voluminous receipts and invoices related to rate case expenses)**
- 2. Corrected Rate Case Expense Surcharge (Joint Exhibit 1A)**
- 3. Dallas City Ordinance 28281 (providing for recovery of rate case expenses)**
- 4. Proposed Final Order**

## PROPOSAL FOR DECISION

### I. INTRODUCTION

Atmos Energy Corp., Mid-Tex Division ("Atmos"), filed with the Railroad Commission of Texas ("Commission"), a Petition for De Novo Review of the Denial by the City of Dallas ("Dallas") of the Dallas Annual Rate Review Mechanism Tariff ("DARR"), which was docketed as GUD No. 10640. The rate case expenses were severed into this separate docket, GUD No. 10645. This docket is to consider and approve rate case expenses incurred by Atmos and Dallas during the DARR docket and this rate case expense docket, totaling \$237,652.42.

Atmos and Dallas filed a Unanimous Stipulation and Settlement Agreement ("Settlement")<sup>1</sup> resolving all rate case expense issues, including amounts and the proposed allocated recovery method. The terms of the Settlement are consistent with the public interest and represent a just and reasonable compromise and settlement of the rate case expenses that have been or are expected to be incurred in connection with GUD Nos. 10640 and 10645.

In the Settlement, Atmos and Dallas agreed to the following:

- Atmos recover up to \$141,420.64, including estimated expenses; and
- Dallas recover up to \$96,231.78, including estimated expenses; and
- Expenses be recovered over an approximate 12-month period by application of a fixed-price surcharge on Dallas customers' bills; and
- Allocation of the expenses to customers occur in the same proportion as the revenue requirement was allocated to each class in GUD No. 10640.

The requested monthly rate surcharges are indicated below:

Rate Schedule	Surcharge
R – Residential	\$ 0.07629
C – Commercial	\$ 0.18533
I – Industrial	\$ 4.43088
T - Transportation	\$ 4.43088

### II. PARTIES

The parties in this proceeding are Atmos and Dallas. Atmos is a "gas utility" as defined by GURA Section 101.003 (Definitions).<sup>2</sup>

<sup>1</sup> Joint Exhibit 1, Unanimous Stipulation and Settlement Agreement ("Settlement"), at ¶ 1.

<sup>2</sup> Tex. Util. Code § 101.003(7) (Definitions) (defining "Gas Utility" as "a person or river authority that owns or operates for compensation in this state equipment or facilities to transmit or distribute combustible hydrocarbon natural gas or synthetic natural gas for sale or resale in a manner not subject to the jurisdiction of the Federal Energy

### III. PROCEDURAL HISTORY

Atmos filed its Petition for De Novo Review of the DARR tariff with the Commission on May 26, 2017, which was docketed as GUD No. 10640. Dallas was the only intervenor. On July 13, 2017, the rate case expenses were severed into this separate docket, GUD No. 10645. On December 5, 2017, the Commission issued its Final Order in GUD No. 10640.

On March 23, 2018, the parties filed a Unanimous Stipulation and Settlement Agreement resolving all issues concerning rate case expenses associated with GUD No. 10640, and this docket.

On April 9, 2018, a Notice of Hearing was issued, setting the merits hearing on April 26, 2018.<sup>3</sup> On April 11, 2018, an Amended Notice of Hearing was issued, moving the merits hearing to April 27, 2018.<sup>4</sup> On April 15, 2018, the Commission published the Amended Notice of Hearing in *Gas Utilities Information Bulletin No. 1081*.<sup>5</sup>

The hearing on the merits was held on April 27, 2018. The following evidence supporting the Settlement was admitted at the hearing:

- Joint Exhibit No. 1—Unanimous Stipulation and Settlement Agreement
- Joint Exhibit No. 1A—Revised Exhibit A to the Unanimous Stipulation and Settlement Agreement—Rider SUR-SURCHARGE-GUD NO. 10645
- Atmos Exhibit No. 1—Ordinance No. 28281 between Atmos Energy Corp. and City of Dallas

The record closed on May 15, 2018.<sup>6</sup>

### IV. JURISDICTION AND LAW OF THE CASE

Atmos is a gas utility, as defined by GURA Section 101.003(7). As such, the Commission has jurisdiction over Atmos and the issues in this docket.

Section VI (Evaluations and Procedures) of the DARR indicates that Atmos shall have the right to appeal Dallas's action to the Railroad Commission of Texas if Atmos and Dallas are unable to reach an agreement on the proposed rate adjustment. Furthermore, DARR Section VII (Reconsideration and Appeal), states that orders

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Regulatory Commission under the Natural Gas Act (15 U.S.C. Section 717 et seq.). The term includes a lessee, trustee, or receiver of a gas utility.”).

<sup>3</sup> See Examiners' Letter No. 04 (Notice of Hearing), issued April 9, 2018 (attaching the Notice of Hearing).

<sup>4</sup> See Examiners' Letter No. 05 (Notice of Hearing), issued April 11, 2018 (attaching the Notice of Hearing).

<sup>5</sup> See *Gas Utilities Information Bulletin No. 1081*, published by the Railroad Commission of Texas Oversight and Safety Division on April 15, 2018 (“Bulletin”).

<sup>6</sup> See Examiners' Letter No. 06 (Close of Record).

issued pursuant to the DARR mechanism are ratemaking orders subject to appeal under Tex. Util. Code § 102.001 (b) (Railroad Commission Jurisdiction) and Tex. Util. Code § 103.021, et seq. (Subchapter B; Rate Determination).

In addition, City of Dallas Ordinance No. 28281 (PFD, Attachment 3),<sup>7</sup> specifically contemplates recovery of rate case expenses in the event a DARR filing is appealed.

## **V. BURDEN OF PROOF**

Atmos and City of Dallas each carries the burden of proving the reasonableness of its own rate case expenses by a preponderance of the evidence.<sup>8</sup>

## **VI. NOTICE**

Proper notice has been issued in this proceeding in accordance with applicable statutes and rules. The Notice of Hearing complied with Chapter 2001 (Administrative Procedure) of the Texas Government Code, Part 1 (Railroad Commission of Texas) of Title 16 (Economic Regulation) of the Texas Administrative Code, and other applicable authority. The Notice of Hearing was published in *Gas Utilities Information Bulletin No. 1081*, in compliance with Commission Rule § 7.235 (Publication and Service of Notice).<sup>9</sup>

Proper notice has been issued in this proceeding in accordance with all applicable statutory and Commission requirements.

## **VII. TERMS OF THE SETTLEMENT**

The Settlement (PFD, Attachment 1)<sup>10</sup> resolves all issues in GUD No. 10645. The parties—Atmos and Dallas—represent diverse interests. The parties agree that the Settlement resolves all issues in a manner consistent with the public interest and is just and reasonable. After review and consideration of the Settlement and supporting documents, the Examiners recommend the Settlement be approved.

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<sup>7</sup> Atmos Exhibit 1, Ordinance No. 28281 between Atmos and Dallas (“Ordinance No. 28281”).

<sup>8</sup> 16 Tex. Admin. Code § 7.5530(a) (Allowable Rate Case Expenses) (“In any rate proceeding, any utility and/or municipality claiming reimbursement for its rate case expenses pursuant to Texas Utilities Code, § 103.022(b), shall have the burden to prove the reasonableness of such rate case expenses by a preponderance of the evidence.”).

<sup>9</sup> See Bulletin No. 1081, pp. 4-6 (containing the GUD No. 10645 Notice of Hearing); see *also* 16 Tex. Admin. Code § 7.235(a)(1)(A) (Publication and Service of Notice) (“The Commission shall publish the notice of hearing in the next Bulletin published after the date of issuance of the notice of hearing.”).

<sup>10</sup> The attached Settlement includes all accompanying exhibits, except for Exhibit D to the settlement, which is the affidavits found in Exhibit C to the settlement, supported by voluminous invoices and receipts supporting the rate case expenses.

Atmos and Dallas request reimbursement of reasonable rate case expenses incurred for the completed rate case, GUD No. 10640, and for this docket. The parties' requested amounts and agreed allocation are treated separately below.

#### **A. Allowable Rate Case Expenses**

In any gas utility rate proceeding, the utility and municipalities participating in the proceeding, if any, may be reimbursed their reasonable rate case expenses.<sup>11</sup> Any gas utility or municipality claiming reimbursement for its rate case expenses shall have the burden to prove the reasonableness of such rate case expenses by a preponderance of the evidence.<sup>12</sup> Each gas utility and/or municipality shall detail and itemize all rate case expenses and allocations and shall provide evidence showing the reasonableness of the cost of all professional services, including but not limited to:

- (1) the amount of work done;
- (2) the time and labor required to accomplish the work;
- (3) the nature, extent, and difficulty of the work done;
- (4) the originality of the work;
- (5) the charges by others for work of the same or similar nature; and
- (6) other factors taken into account in setting the amount of the compensation.<sup>13</sup>

In determining the reasonableness of the rate case expenses, the Commission shall consider all relevant factors including, but not limited to, the above evidence, and the Commission also shall consider whether the request for a rate change was warranted, whether there was duplication of services or testimony, whether the work was relevant and reasonably necessary to the proceeding, and whether the complexity and expense of the work was commensurate with both the complexity of the issues in the proceeding and the amount of the increase sought, as well as the amount of any increase that may be granted.<sup>14</sup>

#### **B. Amounts**

The parties represent that their reasonable rate case expenses are as reflected in the following table:<sup>15</sup>

<b>Party</b>	<b>Actual</b>	<b>Estimated</b>	<b>Total</b>
Atmos	\$126,420.64	\$15,000	\$141,420.64
Dallas	\$96,231.78	\$0	\$96,231.78
<b>TOTAL</b>	<b>\$222,652.42</b>	<b>\$15,000</b>	<b>\$237,652.42</b>

<sup>11</sup> See 16 Tex. Admin. Code § 7.5530 (Allowable Rate Case Expenses) (providing that a utility may be reimbursed its reasonable rate case expenses from certain customers), Tex. Util. Code § 103.022 (Rate Assistance and Cost Reimbursement) (providing that the governing body of a participating municipality may be reimbursed its reasonable rate case expenses from the utility).

<sup>12</sup> 16 Tex. Admin. Code § 7.5530(a) (Allowable Rate Case Expenses).

<sup>13</sup> *Id.*

<sup>14</sup> *Id.*

<sup>15</sup> Joint Exhibit 1 (Unanimous Stipulation and Settlement Agreement), at ¶ 1.

Atmos's rate case expenses broken down categorically, in compliance with 16 Tex. Admin. Code § 7.5530(d), are as follows:<sup>16</sup>

<b>Regulatory</b>	<b>Litigation</b>	<b>Estimated</b>	<b>Total</b>
\$12,375.00	\$114,045.64	\$15,000	\$141,420.64

Atmos and Dallas each provided evidence showing the reasonableness of the cost of all professional services, including but not limited to: (1) the amount of work done; (2) the time and labor required to accomplish the work; (3) the nature, extent, and difficulty of the work done; (4) the originality of the work; (5) the charges by others for work of the same or similar nature; and (6) other factors taken into account in setting the amount of compensation.<sup>17</sup>

### **C. Allocation and Surcharge**

The parties agree that rate case expenses shall be allocated in the same proportion as the revenue requirement was allocated to each class in GUD No. 10640.<sup>18</sup>

The parties further agree that all expenses shall be recovered over an approximate 12-month period by application of a fixed-price surcharge on the customer's bill commencing within a reasonable period from the date of the final order in this proceeding, GUD No. 10645.<sup>19</sup> The parties propose recovery of the authorized rate case expenses via the revised Rider SUR – Surcharge – GUD No. 10645 tariff<sup>20</sup> (PFD, Attachment 3) applicable to City of Dallas customers: Atmos will recover up to \$237,652.42 in actual and estimated expenses, not to exceed actual expense.

### **D. Examiner Findings and Recommendation**

The Examiners reviewed the sworn affidavits and documentation supporting the rate case expense amounts shown above. Considering the above factors, the Examiners find that the requested rate case expense amounts for Atmos and Dallas are reasonable and necessary, and that these parties proved the reasonableness of their expenses by a preponderance of the evidence. This severed rate case expense docket, GUD No. 10645, involved negotiation among the parties, several required filings, and attendance at a merits hearing. Accordingly, the Examiners recommend that the amounts reflected in the Settlement be approved.

<sup>16</sup> 16 Tex. Admin. Code §7.5530(d), requires the reasonable rate case expenses of the *utility* be classified as regulatory expense, litigation expense, or estimated expense. Dallas is not required to classify its expenses in the same manner.

<sup>17</sup> See *Id.*, Exhibits C and D attached thereto (Affidavits of Ann M. Coffin and Norman J. Gordon, as well as supporting documentation in Ex. D).

<sup>18</sup> Joint Exhibit 1 (Settlement), Stipulation and Settlement Terms, ¶ 2.

<sup>19</sup> *Id.*

<sup>20</sup> Joint Exhibit 1A.



Consistent with the Settlement, it is reasonable that Atmos and Dallas present invoices evidencing that the estimated expenses were incurred before reimbursement of future expenses. The total actual expenses shall not exceed the actual expenses submitted to the Commission as of March 23, 2018, totaling \$222,652, plus approved estimated expenses of \$15,000.

Furthermore, the Examiners find it reasonable to allocate the above expenses consistent with Commission Rule § 7.5530 (Allowable Rate Case Expenses). Use of a surcharge is a reasonable mechanism for recovering rate case expenses, and a 12-month recovery period is reasonable in this case. Rate Rider SUR – Surcharge is reasonable for Atmos to use to recover the above expense amount from Dallas customers.

The Examiners recommend Atmos be required to file a rate case expense compliance report with the RRC Gas Services Division and with the City of Dallas detailing the amount recovered by month by customer class, the amount of RCE recovered, and the outstanding balance by month on or before October 1, 2019.

#### **VIII. FINDINGS OF FACT AND CONCLUSIONS OF LAW**

The Findings of Fact and Conclusions of Law contained in the Proposed Final Order are incorporated herein by reference.

#### **IX. CONCLUSION**

After review and consideration, the Examiners recommend approval of the Settlement. Atmos and Dallas each proved, by a preponderance of the evidence, the reasonableness of rate case expenses incurred for GUD No. 10640 and for this rate case expense docket. The evidence supports that allocation of recoverable rate case expenses, as proposed in the Settlement, is consistent with Commission Rule § 7.5530 (Allowable Rate Case Expenses).

**SIGNED May 25, 2018.**

  
Dana Avant Lewis  
Administrative Law Judge

  
Rose Ruiz  
Technical Examiner

  
James Currier, III  
Technical Examiner

**GUD No. 10645**  
**Proposal for Decision**

**ATTACHMENT 1**

**Unanimous Stipulation and  
Settlement Agreement**

**(excluding Attachment D thereto,  
containing voluminous receipts and  
invoices related to rate case  
expenses)**

**GUD NO. 10645**

<b>RATE CASE EXPENSES SEVERED FROM</b>	<b>§</b>	<b>BEFORE THE</b>
<b>GUD NO. 10640, PETITION FOR DE NOVO</b>	<b>§</b>	
<b>REVIEW BY ATMOS ENERGY CORP.,</b>	<b>§</b>	<b>RAILROAD COMMISSION</b>
<b>MID-TEX DIVISION (ATMOS), OF THE</b>	<b>§</b>	
<b>DENIAL BY THE CITY OF DALLAS</b>	<b>§</b>	<b>OF TEXAS</b>
<b>(DALLAS) OF THE DALLAS ANNUAL</b>	<b>§</b>	
<b>RATE REVIEW (DARR) MECHANISM</b>		
<b>TARIFF</b>		

**UNANIMOUS STIPULATION AND SETTLEMENT AGREEMENT**

This Unanimous Stipulation and Settlement Agreement (“Agreement”) is entered into by and between Atmos Energy Corp., Mid-Tex Division (“Atmos Energy” or the “Company”), and the City of Dallas (“City”).

WHEREAS, it is agreed that the terms of this Agreement represent a fair and reasonable compromise and settlement of the rate case expenses that have or are expected to be incurred in connection with GUD No. 10640, *Petition for De Novo Review by Atmos Energy Corp., Mid-Tex Division (Atmos), of the Denial by the City of Dallas (Dallas) of the Dallas Annual Rate Review (DARR) Mechanism Tariff*, and that this Agreement is just, reasonable, and in the public interest, and should therefore be approved and adopted by the Railroad Commission of Texas (the “Commission”);

NOW, THEREFORE, the Parties, through their undersigned representatives, agree to and recommend for approval by the Commission the Stipulation and Settlement Terms listed below as a means of resolving all issues in dispute.

**STIPULATION AND SETTLEMENT TERMS:**

1. Costs Incurred: The Parties stipulate that the total amount of reasonably and necessarily incurred rate case expenses is \$237,652.42. This amount includes future estimated expenses. Future estimated expenses represent the amount expected to be incurred for the completion of this case. Future expenses up to the estimated amount will be reimbursed upon presentation of invoices evidencing that the amounts were actually incurred. Total reimbursement to parties will not exceed the amounts listed below. The Parties agree that

the total amount of reasonably and necessarily incurred rate case expenses consists of the following respective costs:

- a. Atmos Energy: \$141,420.64
  - b. City of Dallas: \$96,231.78
2. Surcharge & Amortization: The Parties agree that the total reimbursable rate case expenses agreed upon herein shall be recovered over an approximate 12-month period by application of a fixed-price surcharge on the customer's bill commencing within a reasonable period from the date of the final order in this proceeding, GUD No. 10645. Use of a surcharge is a reasonable mechanism for recovering rate case expenses and a 12-month recovery period is reasonable in this case. The Parties further agree that:
  - a. The Parties' rate case expenses shall be allocated in the same proportion as the revenue requirement was allocated to each class in GUD No. 10640;
  - b. The attached Rate Schedule, attached as Exhibit A, authorizing the recovery of rate case expenses is reasonable and should be approved.
3. Evidentiary Support for Settlement Agreement: A summary of the rate case expenses and the allocation of those expenses is attached as Exhibit B. The rate case expenses for each party are supported by the affidavits from counsel and summarized in Exhibit C. The rate case expenses are supported by the invoices and other supporting documentation included as Exhibit D. In support of this Settlement Agreement, the Parties agree that the expense reports and affidavits attesting to actual and future estimated expenses submitted by Atmos Energy and the City shall be admitted into the evidentiary record of this proceeding. The Parties agree that the allocation of rate case expenses shall be made in accordance with the allocations ordered in GUD No. 10640 and the allocations are detailed as part of Exhibit A. The Parties further agree that, if requested by the Administrative Law Judge, the Parties shall offer respective witnesses to appear before the Administrative Law Judge to respond to any clarifying questions regarding the expenses at issue in this proceeding, the treatment of these expenses under the terms of this Agreement, and why Commission approval of this Agreement is reasonable and in the public interest.
4. Additional Terms: The Parties agree to the following additional terms and conditions:
  - a. The Parties arrived at this Agreement through negotiation and compromise. The Parties agree that all actual expenses reimbursed remain subject to refund to Atmos Energy in the event that the Commission does not issue an order approving this Agreement. The Parties further agree that the failure to address any specific issue in this proceeding does not mean that any Party or the Commission approves of any particular treatment of costs or the underlying assumptions associated with costs. Furthermore, the Parties stipulate that the failure to litigate any specific issue in this docket does not waive any Party's right to contest that issue in any other current or future docket and that the failure to litigate an issue cannot be asserted as a defense or estoppel, or any similar argument, by or against any Party in any other proceeding.

- b. The Parties urge the Commission to adopt an appropriate order consistent with the terms of this Agreement. Other than to support the implementation by Atmos Energy of the stipulated surcharge, the terms of this Agreement may not be used either as an admission or concession of any sort or as evidence in any proceeding. The Parties further agree that: (a) oral or written statements made during the course of the settlement negotiations may not be used for any purposes other than as necessary to support the entry by the Commission of an order implementing this Agreement, and (b) other than to support the entry of such an order, all oral or written statements made during the course of the settlement negotiations are governed by Texas Rule of Evidence 408 and are inadmissible. The obligations set forth in this subsection shall continue and be enforceable, even if this Agreement is terminated as provided below.
- c. This Agreement reflects a compromise, settlement and accommodation among the Parties, and the Parties agree that the terms and conditions herein are interdependent. If the Commission does not issue a final order which implements provisions consistent with the material terms of this Agreement, each Party has the right to withdraw from this Agreement and to assume any position it deems appropriate with respect to any issue in this proceeding. A Party who withdraws shall not be deemed to have waived any procedural right or taken any substantive position on any fact or issue by virtue of the Party's entry into the Agreement or its subsequent withdrawal. However, the parties agree that, if a Party withdraws from this Agreement, all negotiations, discussions and conferences related to this settlement are privileged, inadmissible, and not relevant to prove any issues in GUD No. 10640 or GUD No. 10645 or their respective appeals, pursuant to Texas law, including but not limited to Texas Rule of Evidence 408.
- d. This Agreement is binding on each of the Parties only for the purpose of settling the issues as set forth herein and for no other purposes. Except to the extent that this Agreement expressly governs a Party's rights and obligations for future periods, this Agreement shall not be binding or precedential upon a Party outside this case. It is acknowledged that a Party's support of the matters contained in this Agreement may differ from the position taken or testimony presented by it in other dockets. To the extent that there is a difference, a Party does not waive its position in any other dockets. Because this is a stipulated resolution, no Party is under any obligation to take the same positions as set out in this Agreement in other dockets, whether those dockets present the same or a different set of circumstances, except as may otherwise be explicitly provided in this Agreement.
- e. Each person signing this document represents that he or she is authorized to sign it on behalf of the Party represented. For administrative convenience, this document may be executed in multiple counterparts with facsimile signatures. This agreement supersedes any prior agreements executed by any party to this proceeding.

**Agreed to this 23<sup>rd</sup> day of March 2018.**

By: 

Ann M. Coffin  
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**ATTORNEY FOR ATMOS ENERGY,  
CORP. – MID-TEX DIVISION**

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**ATTORNEY FOR THE CITY OF DALLAS**

**MID-TEX DIVISION  
ATMOS ENERGY CORPORATION**

<b>RIDER:</b>	<b>SUR – SURCHARGE – GUD NO. 10645</b>	
<b>APPLICABLE TO:</b>	<b>Entire Division</b>	
<b>EFFECTIVE DATE:</b>		<b>PAGE:</b>

**Application**

The Rate Case Expense Surcharge (RCE) rate as set forth below is pursuant to the Final Order in GUD No. 10645. This monthly rate shall apply to residential, commercial, industrial and transportation rate classes of Atmos Energy Corporation's Mid-Tex Division in the rate area and amounts shown below. The fixed-price surcharge 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 Final Order in GUD No. 10645. This rider is subject to all applicable laws and orders, and the Company's rules and regulations on file with the regulatory authority.

**Monthly Surcharge**

Surcharges will be the fixed-price rate shown in the table below:

<b>Rate Schedule</b>	<b>City of Dallas</b>
R – Residential Sales	\$0.07629
C – Commercial Sales	\$0.18533
I – Industrial Sales	\$4.43088
T - Transportation	\$4.43088

**Atmos Energy Corporation, Mid-Tex Division ("MDTX")**  
**GUD No. 10645 - Rate Case Expenses Severed from GUD No. 10640**  
**Summary of Rate Case Expenses**  
**At March 20, 2018**

Line No.	Description (a)	Total Amount Before Adjustment (b)	Adjustment Amounts (c)	Total Adjusted Amounts (d)
1	<b>Atmos Energy, Mid-Tex</b>			
2	Total Legal Expenses <i>(Includes an Estimate)</i>	\$ 135,863.18	\$ -	\$ 135,863.18
3	Total Other Expenses	\$ 5,854.41	\$ (296.95)	\$ 5,557.46
4				
5	Total MDTX Legal and Other Expenses (Sum Lns 2 - 3)	\$ 141,717.59	\$ (296.95)	\$ 141,420.64
6				
7	<b>City of Dallas ("Dallas")</b>			
8				
9	Total Dallas Expenses	\$ 96,231.78	\$ -	\$ 96,231.78
10				
11	Total Expenses MDTX and Dallas (Ln 5 + Ln 8)	\$ 237,949.37	\$ (296.95)	\$ 237,652.42
12				
13				
14				

Allocation Factors	Calculated Allocation Factors	Reference (1)	GUD No. 9869 - Net Revenue Requirements
Residential	0.789938	Per GUD No. 9869 Final Order	\$ 311,429,186.24
Commercial	0.187018	Per GUD No. 9869 Final Order	73,730,840.00
Industrial and Transport	0.023044	Per GUD No. 9869 Final Order	9,085,159.43
Total	1.000000	Sum of Ln 16 through Ln 18	\$ 394,245,185.66

**Total Expense Amount times the Allocation Factors:**

Residential	\$ 187,730.64	(Col (d), Ln 11 times Col (b), Ln 16)
Commercial	44,445.22	(Col (d), Ln 11 times Col (b), Ln 17)
Industrial and Transport	5,476.57	(Col (d), Ln 11 times Col (b), Ln 18)
Total	\$ 237,652.42	Sum of Ln 22 through Ln 24

**Note:**

1. The allocation factor calculation from WP\_J-5 included in GUD No. 10640 references GUD No. 9869.



Atmos Energy Corporation, Mid-Tex Division ("MDTX")  
GUD No. 10645 - Rate Case Expenses Severed from GUD No. 10640  
Summary of Rate Case Expenses  
At March 20, 2018

Line No.	Description (a)	Total Amount (b)	Rate R - Residential (c)	Rate C - Commercial (d)	Rate I - Industrial Service Rate T - Transportation (e)
1	Allocation Factors (1)				
2	Rate Case Expenses	\$ 237,652.42	100% 78.9938% \$ 187,730.64	18.7018% \$ 44,445.22	2.3044% \$ 5,476.57
3					
4	Adjusted Customer Charges and Adjusted Meter Charges (2)		2,460,664 CCF	239,813 CCF	1,236 MMBtu
5					
6	Monthly Surcharge Per Customer Charge/Meter Charge		\$ 0.07629 Mcf	\$ 0.18533 Mcf	\$ 4.43088 MMBtu
7					
8	Notes:				
9	1. The allocation factors have been calculated based on the Net Revenue Requirements from GUD No. 9869, Final Order Schedule RD-CCS1, Line 1, Columns (b), (c), (d) and (e).				
10	2. The Adjusted Customer Charges (Rate R and C) and Adjusted Meter Charges (Rate I and T) are from the DARR Appeal Filing, WP_J-1.1, WP_J-1.2 and WP_J-1.3. The amounts are annual amounts.				

Atmos Energy Corporation, Mid-Tex Division ("MDTX")  
GUD No. 10645 - Rate Case Expenses Severed from GUD No. 10640  
Summary of Rate Case Expenses  
At March 20, 2018

Line No.	Description (a)	Total Amount (b)	Rate R - Residential (c)	Rate C - Commercial (d)	Rate I - Industrial Service Rate T - Transportation (e)
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GUD No. 10640 - DARR Appeal Filing Excerpt:

Rate Class	Adjusted Customer Charges	Workpaper Reference
Rate R	2,460,664	WP_J-1.1, Column (b), Line 1
Rate C	239,813	WP_J-1.2, Column (b), Line 1
Rate I & T	Adjusted Meter Charges 1,236	WP_J-1.3, Column (b), Line 1

Revenue Check:				
Rate Class	Annual Charges	Surcharge	Annual Amount	
Rate R	2,460,664	\$ 0.07629	\$ 187,730.64	
Rate C	239,813	\$ 0.18533	44,445.22	
Rate I and T	1,236	\$ 4.43088	5,476.57	
Total			\$ 237,652.42	
Rate Class	Monthly Charges	Surcharge	Monthly Amount	Monthly Amount x 12 Months
Rate R	205,055	\$ 0.07629	\$ 15,644.22	12 \$ 187,730.64
Rate C	19,984	\$ 0.18533	3,703.77	12 44,445.22
Rate I and T	103	\$ 4.43088	456.38	12 5,476.57
Total			\$ 19,804.37	\$ 237,652.42

ATMOS ENERGY CORP. -- MID-TEX DIVISION  
RATE DESIGN

Class Cost of Service Study - 1  
Page 1 of 1

Description (a)		Total (b)	Residential (c)	Commercial (d)	Industrial & Transport (e)
1	Net Revenue Requirements (a)	\$ 394,245,186	\$ 311,429,186	\$ 73,730,840	\$ 9,085,159
2	Customer Charge Revenue:				
3	Monthly Customer Charge		\$ 16.00	\$ 30.00	\$ 550.00
4	Annual Number of Bills (b)		17,244,058	1,452,943	11,571
5	Customer Charge Revenue	(325,857,268)	(275,904,928)	(43,588,290)	(6,364,050)
6	Amounts to be Recovered Through Usage Charges:	\$ 68,387,918	\$ 35,524,258	\$ 30,142,550	\$ 2,721,109
7	Usage Charge Revenue:				
8	Block 1 Rate		\$ 0.43150 /Mcf	\$ 0.57480 /Mcf	\$ 0.13730 /MMBtu
9	Block 2 Rate		\$ -	\$ -	\$ 0.09990 /MMBtu
10	Block 3 Rate		\$ -	\$ -	\$ 0.01590 /MMBtu
11	Block 1 Usage (b)		82,321,960 Mcf	52,439,100 Mcf	9,681,181 MMBtu
12	Block 2 Usage (b)		-	-	10,782,882 MMBtu
13	Block 3 Usage (b)		-	-	19,798,632 MMBtu
14	Usage Charge Revenue	68,385,155	35,521,926	30,141,995	2,721,234
15	Over- (Under-) Recovery	\$ (2,763)	\$ (2,333)	\$ (555)	\$ 125

**GUD NO. 10645**

<b>RATE CASE EXPENSES SEVERED FROM</b>	<b>§</b>	<b>BEFORE THE</b>
<b>GUD NO. 10640, PETITION FOR DE NOVO</b>	<b>§</b>	
<b>REVIEW BY ATMOS ENERGY CORP.,</b>	<b>§</b>	<b>RAILROAD COMMISSION</b>
<b>MID-TEX DIVISION (ATMOS), OF THE</b>	<b>§</b>	
<b>DENIAL BY THE CITY OF DALLAS</b>	<b>§</b>	<b>OF TEXAS</b>
<b>ANNUAL RATE REVIEW (DARR)</b>	<b>§</b>	
<b>MECHANISM TARIFF</b>	<b>§</b>	

**AFFIDAVIT OF ANN M. COFFIN**

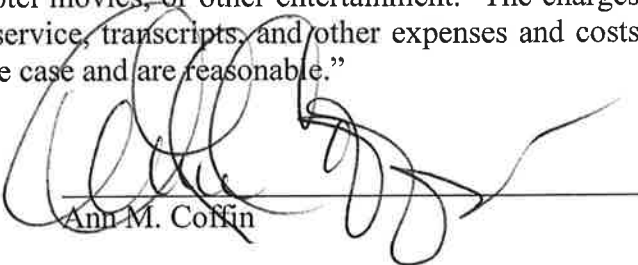
Before me, the undersigned authority, on this date personally appeared Ann M. Coffin, known to me to be the person whose name is subscribed below, and being by me first duly sworn, stated upon oath as follows:

1. “My name is Ann M. Coffin. I am over 18 years of age, of sound mind, and fully competent to make this affidavit. Each statement of fact herein is true and of my own personal knowledge.
2. I am a partner in the Austin, Texas law firm of Coffin Renner LLP, and have practiced law in Travis County since 1993. I have held positions at both the Railroad Commission of Texas and the Public Utility Commission of Texas. My law practice encompasses a wide range of administrative areas, including the representation of natural gas distribution companies and pipeline companies, as well as electric and telecommunications utilities. I have extensive experience representing and defending clients before the Railroad Commission of Texas and the Public Utility Commission of Texas.
3. I was retained by Atmos Energy Corp., Mid-Tex Division (“Atmos Energy”) to serve as counsel of record in GUD No. 10640 and currently serve as counsel of record in the severed rate case expense docket, GUD No. 10645.
4. Attached to this Affidavit are invoices supporting \$126,420.64 in actual rate case expenses incurred by Atmos Energy. In addition, based on my experience in proceedings of this type and my knowledge of issues likely to be raised, I estimate that rate case expenses incurred for the completion of this docket to be \$15,000. Collectively, Atmos Energy seeks recovery of its total actual and estimated future rate case expenses in the amount of \$141,420.64. Atmos Energy also seeks to recover the expenses of other parties that the Commission deems reasonable and necessary.
5. In GUD No. 10640, my services, and the services of my firm, were associated with efforts that were reasonable and necessary for the presentation and defense of Atmos Energy’s appeal. The services performed include the preparation of testimony and exhibits, responses to discovery, attention to prehearing matters, attendance at the hearing and Commission meetings, post hearing briefing, and the drafting of various pleadings throughout the proceeding.

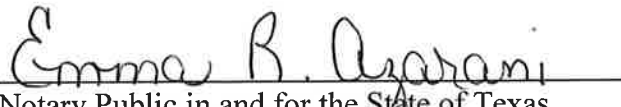
6. I have reviewed the billings of Coffin Renner LLP submitted to Atmos Energy for legal services performed in this proceeding and I affirm that those billings accurately reflect the time spent and expenditures incurred by Coffin Renner LLP on Atmos Energy's behalf. The charges and rates of my firm are reasonable and consistent with those billed by others for similar work, and the legal rates charged by the Coffin Renner attorneys that worked on this matter are comparable to rates charged by other professionals with the same level of expertise and experience and commensurate with the complexity of the issues in the proceeding. The calculation of the charges is correct and there was no duplication of services and no double billing of charges.
7. I am familiar with the Railroad Commission of Texas ("Commission") Rule on Rate Case Expenses, 16 Tex. Admin. Code §7.5530, as well as past decisions rendered by the Commission regarding the types of expenses that are eligible for rate case expenses. Based upon my experience, my review of the work done in this proceeding, the invoices of my firm and of the various consultants, I believe that the work done was reasonable, the time and labor to accomplish the work was reasonable and commensurate with the nature, extent, difficulty and complexity of the work done.
8. As required by Rule 7.5530 (d), Atmos Energy's reasonably and necessarily incurred required regulatory expenses, litigation expenses and estimated expenses are as follows:

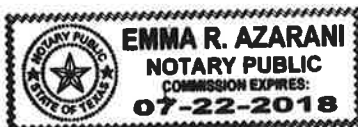
Required Regulatory Expenses	Litigation Expenses	Estimated Expenses	Total Expenses
\$0	\$126,420.64	\$15,000.00	\$141,420.64

9. No portion of fees or expenses is or will be for luxury items, such as limousine service, sporting events, alcoholic beverages, hotel movies, or other entertainment. The charges for copies, printing, overnight courier service, transcripts, and other expenses and costs were necessary for the prosecution of the case and are reasonable."

  
Ann M. Coffin

SWORN AND SUBSCRIBED before me on this 21st day of March, 2018.

  
Notary Public in and for the State of Texas



**Atmos Energy Corporation, Mid-Tex Division ("MDTX")**  
**GUD No. 10645 - Rate Case Expenses Severed from GUD No. 10640**  
**Summary of MDTX Required Regulatory, Litigation and Estimated Expenses**  
**At March 22, 2018**

**DARR Appeal Filing Date: May 26, 2017**

Line No.	Description (a)	Total Adjusted Amounts (b)
1	<b>Total Required Regulatory Expenses</b>	
2	Required Regulatory Expenses	\$ 12,375.00
3		
4	<b>Total Litigation Expenses</b>	
5	Litigation Expenses	\$ 114,045.64
6		
7	<b>Total Estimated Expenses</b>	
8	Estimated Expenses	\$ 15,000.00
9		
10		
11	<b>Total MDTX - Required Regulatory, Litigation and Estimated Expenses (Ln 2 + Ln 5 + Ln 8)</b>	<b>\$ 141,420.64</b>
12		
13		
14		

**Notes:**

1. MDTX rate case expenses have been grouped into the three (3) categories as per 16 TEX. ADMIN. CODE § 7.5530 (d)(1-3), as follows:
- 1) required regulatory expenses, which shall consist of expenses the utility incurs that are related to the initial filing of the statement of intent and the expenses the utility incurs to provide or publish notices;
  - 2) litigation expenses, which shall consist of expenses incurred after the utility files its statement of intent, excluding the cost of providing notice; and,
  - 3) estimated expenses, which shall consist of the costs the utility estimates it will incur for potential appellate

**Atmos Energy Corporation, Mid-Tex Division ("MDTX")**  
**GUD No. 10645 - Rate Case Expenses Severed from GUD No. 10640**  
**Summary of MDTX Legal and Other Expenses**  
**At March 22, 2018**

Line No.	Description (a)	Total Amount Before Adjustment (b)	Adjustment Amounts (c)	Total Adjusted Amounts (d)
1	<b>Total Legal Expenses</b>			
2	Legal Expenses	\$ 120,863.18	\$ -	\$ 120,863.18
3				
4	<b>Total Other Expenses</b>			
5	Other Expenses	\$ 5,854.41	\$ (296.95)	\$ 5,557.46
6				
7	<b>Total Legal and Other Expenses (Ln 2 + Ln 5)</b>	<b>\$ 126,717.59</b>	<b>\$ (296.95)</b>	<b>\$ 126,420.64</b>
8				
9	<b>Total Legal Expense Estimate (1)</b>	<b>\$ 15,000.00</b>	<b>\$ -</b>	<b>\$ 15,000.00</b>
10				
11	<b>Total MDTX - Legal and Other Expenses (Ln 7 + Ln 9)</b>	<b>\$ 141,717.59</b>	<b>\$ (296.95)</b>	<b>\$ 141,420.64</b>
12				

Note:

1. The legal expense estimate is to complete the appeal process.

**Atmos Energy Corporation, Mid-Tex Division ("MDTX")**  
**GUD No. 10645 - Rate Case Expenses Severed from GUD No. 10640**  
**Summary of MDTX Legal Expenses**  
**At March 22, 2018**

Line No.	Description (a)	Total Amount Before Adjustment (b)	Adjustment Amounts (c)	Total Adjusted Amounts (d)
1	<b>Total Legal Expenses</b>			
2	Legal Expenses	\$ 120,863.18	\$ -	\$ 120,863.18
3				
4				
	<b>Total Legal Expenses (Ln 2)</b>	<b>\$ 120,863.18</b>	<b>\$ -</b>	<b>\$ 120,863.18</b>



**DARR Appeal Filing Date: May 26, 2017**

Line No.	Invoice Date (a)	Invoice Number (b)	Vendor Name (c)	Total Amount (d)	Service Period / Description (e)	Category (f)	Required (g)	Litigated (h)	Total (i)
1	05/31/2017	5414	Coffin, Renner LLP	\$ 12,742.50	May-17	Litigation	\$ 12,375.00	\$ 367.50	
2	07/26/2017	5421	Coffin, Renner LLP	840.00	Jun-17	Litigation		840.00	
3	08/21/2017	5430	Coffin, Renner LLP	210.00	Jul-17	Litigation		210.00	
4	09/25/2017	5439	Coffin, Renner LLP	20,675.00	Aug-17	Litigation		20,675.00	
5	10/20/2017	5447	Coffin, Renner LLP	43,254.39	Sep-17	Litigation		43,254.39	
6	11/20/2017	5458	Coffin, Renner LLP	25,686.81	Oct-17	Litigation		25,686.81	
7	12/15/2017	5471	Coffin, Renner LLP	12,745.60	Nov-17	Litigation		12,745.60	
8	01/22/2018	5480	Coffin, Renner LLP	1,804.58	Dec-17	Litigation		1,804.58	
9	02/21/2018	5494	Coffin, Renner LLP	2,613.80	Jan-18	Litigation		2,613.80	
10	03/12/2018	5501	Coffin, Renner LLP	290.50	Feb-18	Litigation		290.50	
11									
12									
13									
14									
15									
16									
17									
18									
19									
Total Legal (Sum of Lns 1 - 11)				\$ 120,863.18			\$ 12,375.00	\$ 108,488.18	\$ 120,863.18
Adjustments:									
14									
15									
16									
17									
18									
19									
Total Adjustments Legal (Sum of Lns 15 - 16)				\$ -			\$ -	\$ -	\$ -
Total Adjusted Legal (Ln 12 + Ln 17)				\$ 120,863.18			\$ 12,375.00	\$ 108,488.18	\$ 120,863.18

**Atmos Energy Corporation, Mid-Tex Division ("MDTX")**  
**GUD No. 10645 - Rate Case Expenses Severed from GUD No. 10640**  
**Summary of MDTX Other Expenses**  
**At March 22, 2018**

Line No.	Description (a)	Total Amount Before Adjustment (b)	Adjustment Amounts (c)	Total Adjusted Amounts (d)
1	<b>Total Other Expenses</b>			
2	Other Expenses	\$ 5,854.41	\$ (296.95)	\$ 5,557.46
3				
4				
	<b>Total Other Expenses (Ln 2)</b>	<b>\$ 5,854.41</b>	<b>\$ (296.95)</b>	<b>\$ 5,557.46</b>

**Atmos Energy Corporation, Mid-Tex Division ("MDTX")**  
**GUD No. 10645 - Rate Case Expenses Severed from GUD No. 10640**  
**Summary of MDTX Other Expenses**  
**At March 22, 2018**

**DARR Appeal Filing Date: May 26, 2017**

Line No.	Invoice Date (a)	Invoice Number (b)	Vendor Name (c)	Total Amount (d)	Service Period / Description (e)	Category (f)	Required (g)	Litigated (h)	Total (i)
1	09/16/2017	010_PAMELA.PERRY _SEP-17_PCARD	Bank of America	\$ 40.71	FEDEX .8_31_17_591540700	Litigation	\$ -	\$ 40.71	
2	10/16/2017	010_PAMELA.PERRY _OCT-17_PCARD	Bank of America	54.59	FEDEX_9_14_17_592993756	Litigation		54.59	
3	08/31/2017	IEXP-2578448	Story, Jennifer K	503.91	TRAVEL EXPENSE	Litigation		503.91	
4	09/07/2017	IEXP-2582517	Felan, Christopher A (Chris)	637.90	TRAVEL EXPENSE	Litigation		637.90	
5	09/21/2017	IEXP-2603688	Myers, Barbara W	496.17	MEALS & TRAVEL EXPENSE	Litigation		496.17	
6	09/28/2017	IEXP-2606784	Myers, Barbara W	263.86	MEALS & TRAVEL EXPENSE	Litigation		263.86	
7	09/29/2017	IEXP-2607158	Story, Jennifer K	521.96	TRAVEL EXPENSE	Litigation		521.96	
8	09/29/2017	IEXP-2607167	Felan, Christopher A (Chris) (1)	2,600.43	MEALS, LODGING & TRAVEL EXPENSE	Litigation		2,600.43	
9	10/18/2017	IEXP-2623485	Christian, Joe T	734.88	MEALS & TRAVEL EXPENSE	Litigation		734.88	
10									
11			Total Other (Sum of Lns 1 - 10)	\$ 5,854.41			\$ -	\$ 5,854.41	\$ 5,854.41
12									
13	<b>Adjustments:</b>								
14	09/29/2017	IEXP-2607158	Story, Jennifer K	\$ (32.00)	Business Select vs Anytime Charge not applicable to	Litigation	\$ -	\$ (32.00)	
15	09/29/2017	IEXP-2607167	Felan, Christopher A (Chris)	(251.85)	proceeding	Litigation	\$	\$ (251.85)	
16	10/18/2017	IEXP-2623485	Christian, Joe T	(13.10)	No detailed receipt	Litigation	\$	\$ (13.10)	
17									
18			Total Adjustments Other (Sum of Lns 14 - 17)	\$ (296.95)			\$ -	\$ (296.95)	\$ (296.95)
19									
20			<b>Total Adjusted Other (Ln 11 + Ln 18)</b>	<b>\$ 5,557.46</b>			\$ -	\$ 5,557.46	\$ 5,557.46
21									
22									

Note:

1. The accommodations for the MDTX hearing at the Embassy Suites in Austin were reserved at \$219.00 per night. This rate included breakfast and Wifi. The room rate exceeded the \$150.00 per night per person by \$69 per night per person; however, in order to procure rooms in Austin in close proximity to the Railroad

**GUD NO. 10645**

<b>RATE CASE EXPENSES SEVERED FROM</b>	<b>§</b>	
<b>GUD NO. 10640, PETITION FOR DE</b>	<b>§</b>	<b>BEFORE THE</b>
<b>NOVO REVIEW BY ATMOS ENERGY</b>	<b>§</b>	
<b>CORP., MID-TEX DIVISION (ATMOS)</b>	<b>§</b>	
<b>OF THE DENIAL BY THE CITY OF</b>	<b>§</b>	<b>RAILROAD COMMISSION</b>
<b>DALLAS (DALLAS) OF THE DALLAS</b>	<b>§</b>	
<b>ANNUAL RATE REVIEW (DARR)</b>	<b>§</b>	
<b>MECHANISM TARIFF</b>	<b>§</b>	<b>OF TEXAS</b>

**AFFIDAVIT OF NORMAN J. GORDON**

THE STATE OF TEXAS     )  
  )  
COUNTY OF EL PASO     )

BEFORE ME, the undersigned authority, on this day personally appeared NORMAN J. GORDON, known to me to be the person whose name is subscribed hereto, and being by me duly sworn, upon his oath, stated as follows:

1. My name is Norman J. Gordon. I am over eighteen years of age and I am not disqualified from making this Affidavit.
2. I am an attorney licensed in the States of Texas and Illinois, and numerous federal courts. I received my undergraduate and law degrees from University of Illinois at Urbana Champaign. I have been in private practice of law in El Paso since completing my military service with the Judge Advocate General's Corps of the United States Army in 1974. I am Board Certified in Civil Trial Law by the Texas Board of Legal Specialization, and have been so certified since 1983. One of the areas of my practice is utility regulation. Since 1978, I have been lead counsel for parties in many major rate cases, rule making proceedings, and other administrative dockets before City Councils, the Railroad Commission of Texas, the Public Utility Commission of Texas, State District Courts, United States Bankruptcy Court, and Texas Appellate Courts, including the Supreme Court of Texas. I have filed testimony on rate case expense issues in cases before Railroad Commission of Texas. I have filed testimony and testified as an expert witness on rate case expenses in cases before the Public Utility Commission of Texas. I have also taught principles of regulation to members of the Public Utility Regulation Board of the City of El Paso, an advisory board on utility matters.
3. I am a shareholder in the El Paso law firm Mounce, Green Myers, Safi, Paxson & Galatzan, A Professional Corporation, and have been a shareholder in that firm since October 2003. Prior to that time my private practice was with the El Paso law firm of Diamond Rash Gordon & Jackson, P.C., where I was a shareholder.
4. The City of Dallas ("COD") engaged Mounce, Green, Myers, Safi, Paxson & Galatzan to act as lead outside counsel for it in Atmos Energy Corporation Mid-Tex Division annual Dallas

Annual Rate Review ("DARR") filing and for the appeal to the Railroad Commission, Gas Utility Docket No. 10640 and related matters including this docket. As lead counsel, I was responsible for the coordinating activities the activities of the COD's consultant and expert witness, Mark Garrett, The Garrett Group, LLC,

5. A summary of the total rate case expense incurred by the COD including bills submitted through February 2018 as well as the estimate to complete the case and the Appeal filed by Atmos Pipeline Texas are included in the summary of rate case expenses attached to this affidavit.

6. In connection with, this related rate case expense docket, the total billings sent for services through February 28, 2018 are \$96,231.78 for fees and expenses of the lawyers and consultants. The total fees and expenses are broken down on the City of Dallas Rate Case Summary attached to this affidavit and filed in the City of Dallas Notice and Summary if Rate Case Expenses.

7. I have reviewed all the statements of the consultants for mathematical accuracy and the amount of time spent by the consultants for reasonableness. All statements were also reviewed by the City of Dallas. In my opinion, based on my experience, the complexity of the issues in this case, the amounts billed by the consultants, \$46,231.78 is reasonable. Each of the consultants/witnesses filed testimony in the rate case. There was no duplication of effort, and no travel expense for those consultants/witnesses. The hourly rates charged by the consultants was, in my experience reasonable and often below the rates charged by others with similar backgrounds and experience for the same type of work.

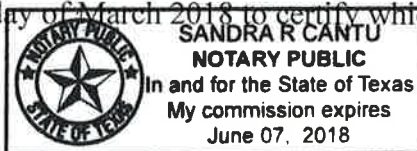
8. I have also reviewed the expenses for legal services by our firm as well as the expenses. The total billed and to be billed for fees and expenses is \$50,000.00. There were no billings for first class travel, luxury hotels, or alcohol. There were no billings in excess of 12 hours on any day. The expenses billed by my firm were for overnight delivery, transcripts, travel, and copies that needed to be filed with the Commission. In my opinion, the total amounts billed are reasonable.

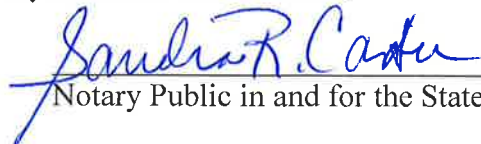
9. The fees and expenses incurred were all reasonable and necessary for the presentation and prosecution of the City of Dallas's case.

Further Affiant Says Not.

  
Norman J. Gordon

SUBSCRIBED AND SWORN TO, BEFORE ME, by the said Norman J. Gordon, this 20<sup>th</sup> day of March 2018 to certify which witness my hand and seal of office.



  
Notary Public in and for the State of Texas

RAILROAD COMMISSION OF TEXAS  
GAS UTILITIES DOCKET NO. 10645  
Rate Case Expense Severed from Gas Utilities Docket No. 10640

City of Dallas Rate Case Expense Summary  
March 20, 2018

LINE NO.	VENDOR (a)	AREA OF WORK (b)	FEES (c)	EXPENSES (d)	TOTAL (e)
1	Mounce, Green, Myers, Safi, Paxson & Galatzan	LEGAL		\$43,594.64	
2					\$6,405.36
3	Garrett Group	CONSULTING		45,425.00	
4					\$806.78
9	Actual Billed for Services through December 31, 2016			\$89,019.64	\$96,231.78

**RAILROAD COMMISSION OF TEXAS**  
**GAS UTILITIES DOCKET No. 10645**  
**Rate Case Expense Severed from Gas Utilities Docket No. 10640**

**City of Dallas Rate Case Expense Summary**  
**March 20, 2018**

Legal

LINE NO.	DATE (a)	VENDOR (b)	AREA OF WORK (c)	(d)	FEES (e)	EXPENSES (f)	Total (g)
1	5/23/2017	Mounce Green Myers Safi Paxson & Galatzan, PC	Legal	Fees	\$12,943.50		
2				Expenses		\$1,613.24	
3	7/7/2017	Mounce Green Myers Safi Paxson & Galatzan, PC	Legal	Fees	\$4,020.00		
4				Expenses		\$279.50	
5	10/19/2017	Mounce Green Myers Safi Paxson & Galatzan, PC	Legal	Fees	12,139.00		
6				Expenses		\$2,653.62	
7	1/31/2018	Mounce Green Myers Safi Paxson & Galatzan, PC	Legal	Fees	\$1,555.50		
8				Expenses		\$907.30	
9					12,936.64		
10						\$951.70	
11							
12							
13	Total	Mounce Green Myers Safi Paxson & Galatzan, PC	Legal		\$43,594.64	\$6,405.36	50,000.00

**RAILROAD COMMISSION OF TEXAS**  
**GAS UTILITIES DOCKET NO. 10645**  
Rate Case Expense Severed from Gas Utilities Docket No. 10640

**City of Dallas Rate Case Expense Summary**

March 20, 2018

Witness: Mark Garrett

LINE NO.	DATE (a)	VENDOR (b)	AREA OF WORK (c)	(d)	FEES (e)	EXPENSES (f)	Total (g)
1	5/18/2017	Garrett Group	Overall Review	Fees	\$20,850.00		
2				Expenses			\$20,850.00
3	8/16/2017	Garrett Group	Overall Review	Fees	\$13,600.00		
4				Expenses			\$13,600.00
5	12/21/2017	Garrett Group	Overall Review	Fees	\$10,975.00		
6				Expenses		\$806.78	\$11,781.78
7	<b>Total</b>				<b>\$ 45,425.00</b>	<b>\$806.78</b>	<b>\$46,231.78</b>



**GUD No. 10645**

**Proposal for Decision**

**ATTACHMENT 2**

**Corrected Rate Case Expense  
Surcharge (Joint Exhibit 1A)**

<b>RIDER:</b>	<b>SUR – SURCHARGE – GUD NO. 10645</b>	
<b>APPLICABLE TO:</b>	<b>City of Dallas</b>	
<b>EFFECTIVE DATE:</b>		<b>PAGE:</b>

**Application**

The Rate Case Expense Surcharge (RCE) rate as set forth below is pursuant to the Final Order in GUD No. 10645. This monthly rate shall apply to residential, commercial, industrial and transportation rate classes of Atmos Energy Corporation's Mid-Tex Division in the rate area and amounts shown below. The fixed-price surcharge 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 Final Order in GUD No. 10645. This rider is subject to all applicable laws and orders, and the Company's rules and regulations on file with the regulatory authority.

**Monthly Surcharge**

Surcharges will be the fixed-price rate shown in the table below:

<b>Rate Schedule</b>	<b>City of Dallas</b>
R – Residential Sales	\$0.07629
C – Commercial Sales	\$0.18533
I – Industrial Sales	\$4.43088
T - Transportation	\$4.43088

**GUD No. 10645**

**Proposal for Decision**

**ATTACHMENT 3**

**Dallas City Ordinance 28281**  
**(providing for recovery of rate case**  
**expenses)**

**WHEREAS**, Atmos Energy Corp., Mid-Tex Division provides natural gas utility service within the City of Dallas in accordance with Ordinance No. 27793; and

**WHEREAS**, on February 25, 2011, Atmos Energy Corp., Mid-Tex Division (Atmos) filed with the City Secretary an "Interim Rate Adjustment Filing Calendar Year 2010" for the Company's Distribution System; and

**WHEREAS**, proposed rate adjustments become effective sixty (60) days from the date of filing, in accordance with Texas Utilities Code, §104.301, unless proposed rate adjustments are suspended by the regulatory authority; and

**WHEREAS**, the City suspended the effective date for 45 days on April 13, 2011 by the adoption of Resolution No. 11-0920; and

**WHEREAS**, On May 19, 2011 Atmos extended the effective date of the proposed "Interim Rate Adjustment Filing Calendar Year 2010" from April 26, 2011 to May 9, 2011; and

**WHEREAS**, the City suspended the amended effective date for 45 days on June 8, 2011 by the adoption of Resolution No. 11-1576; and

**WHEREAS**, the City and Atmos believe that the resolution of the issues raised in the "Interim Rate Adjustment Filing" can best be accomplished by approving the "Settlement Agreement Between Atmos Energy Corp., Mid-Tex Division and the City of Dallas" (Settlement Agreement); and

**WHEREAS**, the tariffs attached to the Settlement Agreement as Exhibit A are a compromise and settlement of the rates requested by Atmos in its "Interim Rate Adjustment Filing Calendar Year 2010" rate request; and

**WHEREAS**, the tariffs attached to the Settlement Agreement as Exhibit A are determined to be fair and reasonable; and

**WHEREAS**, Atmos on June 3, 2011, agreed to the Settlement Agreement, a copy of which is attached to this Ordinance, incorporated by reference and made a part thereof; Now, Therefore,

**BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF DALLAS;**

**Section 1.** That the rate adjustments and tariffs presented in the "Interim Rate Adjustment Filing Calendar Year 2010" filed by Atmos Energy Corp. on February 25, 2011, are unreasonable and are thereof denied in all respects.

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June 22, 2011

**Section 2.** That the "Settlement Agreement Between Atmos Energy Corp., Mid-Tex Division and the City of Dallas" attached hereto and made a part hereof is hereby approved in all parts.

**Section 3.** That the tariffs attached to the Settlement Agreement as Exhibit A including tariffs, DARR- Dallas Annual Rate review, R-Residential Sales, C-Commercial Sales, I-Industrial Sales and T-Transportation, are hereby approved.

**Section 4.** That this ordinance shall take effect immediately from and after its passage in accordance with the provisions of the City Charter of the City of Dallas, and it is accordingly so ordained.

APPROVED AS TO FORM:  
THOMAS P. PERKINS JR.  
City Attorney

By   
Assistant City Attorney

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**SETTLEMENT AGREEMENT BETWEEN ATMOS ENERGY CORP., MID-TEX  
DIVISION AND THE CITY OF DALLAS**

WHEREAS, this settlement agreement is entered into and by Atmos Energy Corporation's Mid-Tex Division ("Atmos" or "the Company") and the City of Dallas ("City" or "Dallas"); and

WHEREAS, on February 25, 2011, Atmos filed with the City a 2010 Interim Rate Adjustment Filing pursuant to TEX. UTIL. CODE § 104.301; and

WHEREAS, the City has analyzed the interim rate adjustment proposed by Atmos in its 2010 Interim Rate Adjustment Filing; and

WHEREAS, the Settlement Agreement resolves all issues between Atmos and the City regarding the 2010 Interim Rate Adjustment Filing, which is currently pending before the City, in a manner that is consistent with the public interest; and

WHEREAS, the City and Atmos believe that the resolution of the issues raised in the Company's 2010 Interim Rate Adjustment Filing can best be accomplished by the City 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, Atmos and the City agree to the following Settlement Terms as a means of fully resolving all gas utility rate issues arising out of Atmos' February 25, 2011 Interim Rate Adjustment Filing:

**Settlement Terms**

1. Upon approval of this Settlement Agreement, the City Council will enact an ordinance to approve this Settlement Agreement and implement the rates, terms and conditions reflected in the tariffs attached to this Settlement Agreement as Exhibit A. Said tariffs should allow Atmos an additional \$11.0 million in annual revenue on a Mid-Tex system basis and shall be effective for bills rendered on or after July 1, 2011. Consistent with the City's authority under Tex. Util. Code §103.001, this Settlement Agreement represents a comprehensive settlement of gas utility rate issues affecting the rates, operations and services offered by Atmos within the municipal limits of the City, arising from Atmos' February 25, 2011 Interim Rate Adjustment Filing.
2. Within 30 days of the adoption of an Ordinance adopting rates setting rates consistent with this settlement Atmos shall pay the City \$122,442 as reimbursement of expenses associated with negotiation of this settlement and costs associated with Mid-Tex related GRIP filings.
3. In an effort to streamline the regulatory review process and eliminate the need for future GRIP filings, Atmos and the City have agreed to establish a new tariff for reviewing the Company's total cost of service on an annual basis. The new tariff is known as the Dallas Annual Rate Review ("Rider DARR").

4. Rider DARR provides for an annual rate adjustment to reflect changes in billing determinants, operation and maintenance expense, depreciation expense, other taxes expense, and revenues, as well as changes in capital investment and associated changes in gross revenue related taxes.
5. In calculating the DARR adjustment, Atmos and the City agree that Atmos shall utilize the same methodology as used in the most recent final order establishing the Company's latest effective rates for customers within the City. Atmos and the City further agree that in the event of an appeal of the applicable final order pursuant to the provisions of TEX. UTIL. CODE § 105.001, Atmos shall, on a prospective basis, calculate the DARR adjustment in a manner to give effect to the final court decision on each discrete issue that is no longer the subject of any pending appeal of the applicable final order.
6. In the event that either Atmos or the City desires to discontinue the Rider DARR annual rate review, written notice shall be provided to the other party no later than November 15th. Upon receipt of such written notification, Atmos shall cease making an annual Rider DARR filing.
7. With respect to the DARR, Atmos agrees to pay all reasonable and necessary expenses of the City that are incurred to review the Company's annual DARR filings. Atmos further agrees that in calculating the proposed rate for any Rate Effective Period, the Company shall not include: (1) any external legal, expert, or consultant costs to prepare and/or provide supportive information related to a DARR filing; or (2) reimbursements to the City that occur in connection with the DARR. Notwithstanding paragraph 7 of this Settlement Agreement, Atmos and the City agree that in the event of an appeal of the City's decision regarding a proposed DARR adjustment, the Company may seek to recover rate case expenses both for the DARR and appeal thereof in accordance with Chapters 103 and 104, TEX. UTIL. CODE ANN. Recovery of rate case expense is limited to costs associated with the current annual DARR subject to the appeal and Atmos shall not be entitled to any recovery or regulatory asset treatment of expenses related to prior years' DARR filings not subject to a timely appeal.
8. The City and Atmos agree that Tex. Util. Code § 103.001 vests the City with the authority to approve the Rider DARR. The City's approval of the Rider DARR shall not, however, be construed as an agreement with or waiver by either the City or Atmos of any legal argument regarding the question of whether the Railroad Commission of Texas has statutory authority to establish an annual rate adjustment mechanism applicable to gas utility service within the municipal limits of a city.
9. Atmos and the City further agree that the express terms of the Rider DARR are supplemental to the filing, regulatory review, or appellate procedural process of the ratemaking provisions of Chapter 104 of the Texas Utilities Code. If Atmos appeals an action or inaction of the City regarding a DARR filing to the Railroad Commission of Texas, the City agrees that it will not oppose the implementation of interim rates subject to refund reflective of the requested DARR adjustment or advocate the imposition of a corporate surety bond by Atmos.

10. In the event that the City fails to act or enters an adverse decision regarding the proposed annual DARR adjustment, the Atmos and the City agree that the Railroad Commission of Texas shall, pursuant to the provisions of Texas Utilities Code § 102.001 and § 103.051, have exclusive appellate jurisdiction to review the action or inaction of the regulatory authority exercising exclusive original jurisdiction over the DARR request. In addition, the Company and the City agree that the Railroad Commission of Texas has, on appeal, jurisdiction to establish the annual DARR adjustment pursuant to the terms of the Rider DARR.
11. Atmos agrees that it will make no filings with the City on behalf of its Mid-Tex division under the provisions of TEX. UTIL. CODE ANN. § 104.301 while the Rider DARR remains in effect.
12. Atmos and the City agree that this Settlement Agreement shall not be construed as a waiver of the City's 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.
13. Atmos and the City agree that Atmos may make all future filings, including, but not limited to, the annual DARR adjustment and any Statement of Intent filing with the City on an electronic basis, in addition to a paper copy. Electronic Filings shall fulfill the requirements of TEX. UTIL. CODE §104.103. Atmos further agrees to make additional paper copies of filings available to the City upon request.
14. Atmos' acceptance of this settlement agreement is contingent upon the City's adoption of an ordinance or resolution to implement the rates, terms and conditions reflected in the tariffs attached to this Settlement Agreement as Exhibit A. Further, the terms of the Settlement Agreement are interdependent and indivisible, and that if the City enters an order that is inconsistent with this Settlement Agreement, then the Company 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 the Company's entry into the Settlement Agreement or its subsequent withdrawal.
15. Atmos and the City agree that all negotiations, discussions and conferences related to the Settlement Agreement are within scope of Tex. R. Evidence 408, and not relevant to prove any issues associated with the Company's 2010 Interim Rate Adjustment filing.
16. Atmos and the City agree that neither this Settlement Agreement nor any oral or written statements made during the course of settlement negotiations may be used by either party for any purpose other than as necessary to support the entry by the City of an ordinance or resolution implementing this Settlement Agreement.
17. Atmos and the City agree that this Settlement Agreement is binding on each party 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 Atmos' or the City's rights and obligations for future periods, this Settlement Agreement shall not be binding or precedential upon Atmos or the City outside of this proceeding.



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Agreed to this 3<sup>rd</sup> day of June, 2011.

ATMOS ENERGY CORP., MID-TEX DIVISION

By: John A. Paris  
John A. Paris  
President, Mid-Tex Division

**GUD No. 10645**

**Proposal for Decision**

**ATTACHMENT 4**

**Proposed Final Order**

**BEFORE THE  
RAILROAD COMMISSION OF TEXAS**

**RATE CASE EXPENSES SEVERED §  
FROM GUD NO. 10640, PETITION FOR §  
DE NOVO REVIEW OF THE DENIAL §  
BY THE CITY OF DALLAS OF THE §  
DALLAS ANNUAL RATE REVIEW §  
MECHANISM TARIFF §**

**GAS UTILITIES DOCKET**

**NO. 10645**

**PROPOSED 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 Chapter 551 (Open Meetings) of the Texas Government Code. The Railroad Commission of Texas ("Commission") adopts the following findings of fact and conclusions of law and orders as follows:

**FINDINGS OF FACT**

***General***

1. Atmos Energy Corp., Mid-Tex Division ("Atmos") filed with the Railroad Commission of Texas ("Commission") a Petition for De Novo Review of the Denial by the City of Dallas ("Dallas") of the Dallas Annual Rate Review Mechanism Tariff ("DARR"), which was docketed as GUD No. 10640.
2. A separate docket was created to consider the resulting rate case expenses from Docket No. 10640.
3. Atmos and Dallas request reimbursement and recovery of reasonable rate case expenses incurred for the DARR case, GUD No. 10640, and for this rate case expense docket, GUD 10645.
4. Atmos and Dallas each incurred rate case expenses in GUD No. 10640 and in GUD No. 10645, totaling \$237,652.42.
5. The Parties filed a Unanimous Stipulation and Settlement Agreement ("Settlement") with the Commission.

6. The terms of the Settlement resolve all rate case expense issues in a manner consistent with the public interest and represent a just and reasonable compromise and settlement of the rate case expenses that have been or are expected to be incurred in connection with GUD Nos. 10640 and 10645.

### ***Parties***

7. The parties in this proceeding are Atmos and Dallas.

### ***Procedural Background***

8. On May 26, 2017, Atmos filed its Petition for De Novo Review of the Denial by the City of Dallas of the Dallas Annual Rate Review Mechanism Tariff.
9. The City of Dallas timely intervened.
10. On July 13, 2017, the rate case expense portion of GUD No. 10640 was severed into this separate docket, GUD No. 10645.
11. On December 5, 2017, the Commission issued its Final Order in GUD No. 10640.
12. On March 23, 2018, Atmos and Dallas filed a Unanimous Stipulation and Settlement Agreement ("Settlement") in GUD No. 10645, resolving all issues regarding rate case expenses associated with GUD Nos. 10640 and 10645.
13. On April 9, 2018, a Notice of Hearing was issued, setting the merits hearing for April 26, 2018.
14. On April 11, 2018, an Amended Notice of Hearing was issued, setting the hearing on the merits for April 27, 2018.
15. On April 15, 2018, the Commission published the Notice of Hearing in *Gas Utilities Information Bulletin No. 1081*.
16. The hearing on the merits was held on April 27, 2018.
17. The evidentiary record closed on May 15, 2018.
18. On May 25, 2018, the Proposal for Decision was issued.

### ***Jurisdiction and Law of the Case***

19. Atmos is a "gas utility" as defined by GURA Section 101.003.

20. The Commission has jurisdiction over Atmos and the issues in this docket.
21. Dallas Ordinance No. 28281 specifically contemplates recovery of rate case expenses in the event a DARR filing is appealed.

### ***Terms of the Settlement***

#### Amounts

22. The parties' actual and estimated requested rate case expenses are as follows:

<b>Party</b>	<b>Actual</b>	<b>Estimated</b>	<b>Total</b>
Atmos	\$126,420.64	\$15,000	\$141,420.64
Dallas	\$96,231.78	\$0	\$96,231.78
<b>TOTAL</b>	<b>\$222,652.42</b>	<b>\$15,000</b>	<b>\$237,652.42</b>

23. Atmos's rate case expenses broken down categorically, in compliance with 16 Tex. Admin. Code §7.5530(d), are as follows:

<b>Regulatory</b>	<b>Litigation</b>	<b>Estimated</b>	<b>Total</b>
\$12,375.00	\$114,045.64	\$15,000	\$141,420.64

24. Atmos and Dallas each provided evidence showing the reasonableness of the cost of all professional services, including but not limited to: (1) the amount of work done; (2) the time and labor required to accomplish the work; (3) the nature, extent, and difficulty of the work done; (4) the originality of the work; (5) the charges by others for work of the same or similar nature; and (6) other factors taken into account in setting the amount of compensation.
25. The above rate case expense amounts for Atmos, and Dallas are reasonable and necessary. GUD No. 10640 involved numerous complex and contested issues, a merits hearing, and significant legal briefing.
26. This severed rate case expense docket, GUD No. 10645, involved negotiation among the parties, required filings, and attendance at a merits hearing.
27. Atmos proved by a preponderance of the evidence the reasonableness of its actual and estimated rate case expenses totaling \$141,420.64.
28. Dallas proved by a preponderance of the evidence the reasonableness of its actual and estimated rate case expenses totaling \$96,231.78.

Allocation and Surcharge

29. Use of a surcharge is a reasonable mechanism for recovering rate case expenses and a 12-month recovery period is reasonable in this case.
30. Rate Schedule Rider: SUR-SURCHARGE-GUD No. 10645 applicable to City of Dallas customers, is reasonable for Atmos to use to recover the above indicated expense amounts. The surcharge tariff is Attachment 1 to this Order.
31. It is reasonable that rate case expenses be allocated in the same proportion as the revenue requirement was allocated to each class in GUD No. 10640.
32. The requested monthly rate surcharges indicated below are reasonable:

Rate Schedule	Surcharge
R – Residential	\$ 0.07629
C – Commercial	\$ 0.18533
I – Industrial	\$ 4.43088
T - Transportation	\$ 4.43088

33. It is reasonable that future expenses will be reimbursed upon presentation of invoices evidencing that the amounts, not to exceed \$15,000, were actually incurred.

Compliance

34. Once estimated future expenses are known, it is reasonable for Atmos to provide Dallas and the Commission's Oversight and Safety Division, invoices with sufficient detail to verify estimated rate case expenses actually incurred, not to exceed \$15,000.
35. It is reasonable that Atmos file a Rate Case Expense Compliance Report with Dallas and the Commission's Oversight and Safety Division detailing the monthly collections by customer class and showing the outstanding balance, if any, upon completion of the 12-month recovery.

**CONCLUSIONS OF LAW**

1. Atmos is a gas utility as defined by GURA Section 101.003, and therefore is subject to the jurisdiction of the Commission.

2. The Commission has appellate jurisdiction over all Atmos municipal customers in the City of Dallas pursuant to the terms of the Dallas Annual Rate Review Mechanism Tariff, Section VII (Reconsideration and Appeal) appeal under Tex. Util. Code § 102.001 (b) (Railroad Commission Jurisdiction) and Tex. Util. Code § 103.021, et seq. (Subchapter B; Rate Determination).
3. Required notices were issued in accordance with the requirements of GURA, Subtitle A (Administrative Procedure and Practice) of the Texas Government Code, and applicable Commission rules.
4. This proceeding was conducted in accordance with the requirements of GURA, Subtitle A (Administrative Procedure and Practice) of the Texas Government Code, and applicable Commission rules.
5. The rate case expense amounts approved herein are reasonable and comply with GURA Section 103.022(b) (Rate Assistance and Cost Reimbursement) and Commission Rule § 7.5530 (Allowable Rate Case Expenses).
6. Allocation of rate case amounts approved herein is reasonable and complies with Commission Rule § 7.5530 (Allowable Rate Case Expenses).
7. Recovery by Atmos via the surcharge tariff described herein is reasonable and complies with Commission Rule § 7.5530 (Allowable Rate Case Expenses).

**IT IS THEREFORE ORDERED** that all terms in the Settlement are **APPROVED**.

**IT IS FURTHER ORDERED** that Atmos file a Rate Case Expense Compliance Report with the Commission's Oversight and Safety Division and the City of Dallas, detailing recovery of rate case expenses as described in Finding of Fact No. 31 on or before October 1, 2019.

**IT IS FURTHER ORDERED** this Order will not be final and effective until 25 days after the Commission's Order is signed. 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. The time allotted for Commission action on a motion for rehearing in this docket prior to its being overruled by operation of law is hereby extended until 100 days from the date this Order is signed.

**IT IS FURTHER ORDERED** that all other motions, requests for entry of specific findings of fact and conclusions of law, and any other requests for general or specific relief, if not specifically granted or approved in this Order, are hereby **DENIED**.

**SIGNED** this 19th day of June, 2018.

**RAILROAD COMMISSION OF TEXAS**

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**CHAIRMAN CHRISTI CRADDICK**

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**COMMISSIONER RYAN SITTON**

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**COMMISSIONER WAYNE CHRISTIAN**

**ATTEST:**

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**SECRETARY**



<b>RIDER:</b>	<b>SUR – SURCHARGE – GUD NO. 10645</b>	
<b>APPLICABLE TO:</b>	<b>City of Dallas</b>	
<b>EFFECTIVE DATE:</b>		<b>PAGE:</b>

**Application**

The Rate Case Expense Surcharge (RCE) rate as set forth below is pursuant to the Final Order in GUD No. 10645. This monthly rate shall apply to residential, commercial, industrial and transportation rate classes of Atmos Energy Corporation's Mid-Tex Division in the rate area and amounts shown below. The fixed-price surcharge 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 Final Order in GUD No. 10645. This rider is subject to all applicable laws and orders, and the Company's rules and regulations on file with the regulatory authority.

**Monthly Surcharge**

Surcharges will be the fixed-price rate shown in the table below:

<b>Rate Schedule</b>	<b>City of Dallas</b>
R – Residential Sales	\$0.07629
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