

**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**

**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:

<b>Rate Schedule</b>	<b>Surcharge</b>
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**.

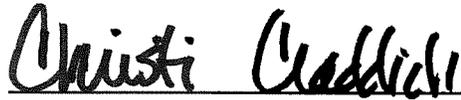
**IT IS FURTHER ORDERED** that Atmos file a Rate Case Expense Compliance Report with the Commission's Oversight and Safety Division and the City of Dallas, detailing recovery of rate case expenses as described in Finding of Fact No. 31 on or before October 1, 2019.

**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.

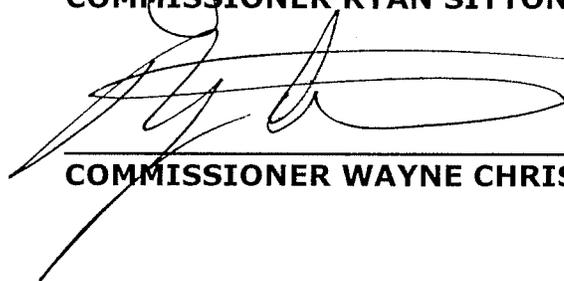
**RAILROAD COMMISSION OF TEXAS**



**CHAIRMAN CHRISTI CRADDICK**

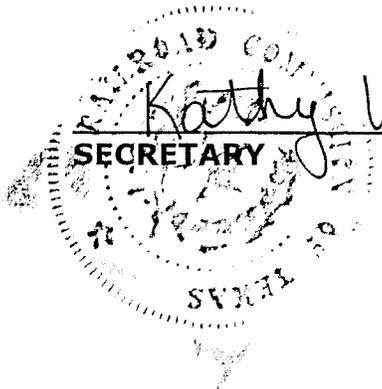


**COMMISSIONER RYAN SITTON**



**COMMISSIONER WAYNE CHRISTIAN**

**ATTEST:**



*Kathy Way*  
**SECRETARY**

**MID-TEX DIVISION  
ATMOS ENERGY CORPORATION**

<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