

GUD NO. 10742

STATEMENT OF INTENT FILED BY	§	BEFORE THE
ATMOS ENERGY CORP. TO CHANGE	§	
GAS UTILITY RATES WITHIN THE	§	RAILROAD COMMISSION
UNINCORPORATED AREAS SERVED	§	
BY ITS MID-TEX DIVISION	§	OF TEXAS

FINAL ORDER

Notice of Open Meeting to consider this Order was duly posted with the Secretary of State within the time period provided by law pursuant to Tex. Gov't Code Chapter 551, *et seq.* (West 2017 & Supp. 2018). The Railroad Commission of Texas adopts the following findings of fact and conclusions of law and orders as follows:

FINDINGS OF FACT

1. Atmos Energy Corp., Mid-Tex Division ("Atmos") is a gas utility as that term is defined in the Texas Utilities Code and is subject to the jurisdiction of the Railroad Commission of Texas ("Commission").
2. On June 29, 2018, Atmos Energy filed a Statement of Intent to Change Gas Utility Rates within the Unincorporated Areas of its Mid-Tex Division (the "SOI") with the Commission. That filing was docketed as GUD No. 10742.
3. On August 21, 2018, the Commission timely suspended the implementation of Atmos's proposed rates for 150 days.
4. For all customers located in unincorporated or environs areas, Atmos timely provided direct mail notice of its SOI to all affected customers in accordance with Tex. Util. Code § 104.103(a) (West 2007 & Supp. 2017) and 16 Tex. Admin. Code §§ 7.230 and 7.235 (2018).
5. The publication of notice meets the statutory and rule requirements of notice and provides sufficient information to ratepayers about the proposed rate change in the SOI, in accordance with Tex. Util. Code § 104.103(a) (West 2007 & Supp. 2017) and 16 Tex. Admin. Code §§ 7.230 and 7.235 (2018).
6. On July 5, 2018, Staff of the Railroad Commission ("Staff") moved to intervene, and the motion was granted.
7. On August 27, 2018, the Atmos Texas Municipalities ("ATM") moved to intervene. The motion, opposed by Atmos, was denied.
8. On September 13, 2018, Atmos notified the Administrative Law Judge ("ALJ") that the parties had reached a settlement in principle and requested an abatement of Staff's testimony deadline. The motion was granted.

9. On October 5, 2018, the parties filed a Unanimous Settlement Agreement (the "Settlement"), which resolved all issues among the parties.
10. Atmos established that it maintains its books and records in accordance with the Federal Energy Regulatory Commission's ("FERC") Uniform System of Accounts ("USOA") prescribed for natural gas companies.
11. Atmos established that it has complied with the books and records requirements of Commission Rule § 7.310, and therefore the amounts included therein are entitled to the presumption in Commission Rule § 7.503 that these amounts are reasonable and necessary.
12. The test-year in this filing is based upon the financial data for the twelve-month period ending December 31, 2017, adjusted for known and measurable changes.
13. In its SOI, Atmos initially requested an apportioned revenue requirement decrease of approximately \$1,998,597 for the unincorporated areas of the Mid-Tex Division, calculated based on a system-wide decrease of approximately \$41,601,866, as adjusted for excess Accumulated Deferred Income Taxes.
14. The Settlement provides for an apportioned decrease of approximately \$2,850,968 for the unincorporated areas of the Mid-Tex Division, calculated based on a system-wide decrease of approximately \$63,189,366, as adjusted for excess Accumulated Deferred Income Taxes.
15. The Settlement includes a reduction of the corporate income tax rate from 35% to 21% to recognize changes to the Federal Tax Code due to the Tax Cuts and Jobs Act of 2017.
16. The parties have established that the proposed revenue decrease of \$2,850,968 from current unincorporated revenues is just and reasonable.
17. The proposed division-wide rates will affect the following classes of customers within the unincorporated areas of the Mid-Tex Division: Rate R – Residential Sales, Rate C – Commercial Sales, Rate I – Industrial Sales, and Rate T – Transportation Sales.
18. The rates reflected in the Settlement, attached to this Order as Attachment 1, and the customer charges set forth therein, are just and reasonable for customers within the unincorporated areas of the Mid-Tex Division.

	Customer/Meter Charge	Consumption Charge (per Ccf)
Rate R – Residential Sales	\$ 17.00	\$.18653
Rate C – Commercial Sales	\$ 40.00	\$.10494
Rate I & Rate T– Industrial and Transportation Sales	\$784.00	
Rate I&T – <= 1,500 MMBtu		\$.3701
Rate I&T 1,501 - <= 5,000 MMBtu		\$.2712
Rate I&T > 5,000 MMBtu		\$.0582

19. The following capital structure, cost of debt, cost of equity, weighted cost of capital, overall rate of return, and pre-tax return included in the Settlement for the Mid-Tex Division are just and reasonable.

Class of Capital	Percent	Cost	Weighted Cost of Capital	Pre-Tax Return
Long-Term Debt	39.82%	5.20%	2.07%	2.07%
Common Equity	60.18%	9.80%	5.90%	7.47%
Weighted Average Cost of Capital	100.00%		7.97%	9.54%

20. The Settlement is just and reasonable to require that any future interim rate adjustment (IRA) filings affecting the unincorporated areas of the Mid-Tex Division pursuant to Tex. Util. Code § 104.301 (West 2007 & Supp. 2017) shall use the following factors until changed by a subsequent rate proceeding:
- The capital structure and related components as shown in Finding of Fact No. 19.
 - For any initial IRA filing, the beginning ad valorem tax rate at a Mid-Tex Division level is 1.18% and the Shared Services Ad Valorem Tax Rate is 0.69%. For subsequent IRA filings, the Ad Valorem Tax Rates will be updated annually to include the actual taxes paid in the calculation of the tax rate.
 - For any initial IRA filing, the system-wide net plant in service amount in the Mid-Tex Division shall be \$3,208,989,119 as presented in Exhibit C to the Settlement.
 - For any initial IRA filing and for any subsequent IRA filings, the depreciation rate for each account shall be those approved in GUD No. 10170 as presented in Exhibit C to the Settlement.
 - For any initial IRA filing, the customer charges and consumption charges as shown in Finding of Fact No. 18 above will be the starting rates to which any IRA adjustment is applied.

- f. Federal income taxes will be calculated using a 21% rate, unless the federal income tax rate is changed, in which case the new rate will be applied.
- g. The base rate revenue allocation factors to spread any change in IRA increase/decrease to the appropriate customer classes are as follows:

	Percentage
Rate R – Residential Sales	77.95%
Rate C – Commercial Sales	19.40%
Rate I & T – Industrial/Transportation Sales	2.65%

21. Atmos may pursue recovery of a deferred benefit regulatory asset or liability pursuant to Tex. Util. Code § 104.059 (West 2007 & Supp. 2017) in a future filing. The following amounts are established as the base-year levels to track changes in pension-related and other post-employment benefits:

Entity	Pension Account Plan	Post-Employment Benefit Plan	Supplemental Executive Benefit Plan	Total
SSU Allocated to Mid-Tex	\$ 1,425,108	\$ 943,775	\$ 0	\$ 2,368,883
Mid-Tex Direct	\$ 1,987,133	\$ 1,062,621	\$ 35,837	\$ 3,085,591
Total	\$ 3,412,241	\$ 2,006,396	\$ 35,837	\$ 5,454,474

22. It is reasonable to continue the use of the depreciation rates established in GUD No. 10170 as presented in Exhibit C to the Settlement.
23. It is reasonable that the revenue requirement includes a reduction of the corporate income tax rate from 35% to 21% to recognize changes to the Federal Tax Code due to the Tax Cuts and Jobs Act of 2017 (the "Tax Cuts and Jobs Act").
24. It is reasonable that the revenue requirement includes an adjustment to federal income tax expense for excess deferred income taxes ("EDIT") resulting from the Tax Cuts and Jobs Act and for this amount to be computed based on the Reverse South Georgia Method (the "RSG Method") for those amounts required under Internal Revenue Service ("IRS") normalization rules.
25. It is reasonable for Atmos's protected EDIT liabilities to be amortized over a 24-year period as determined by the RSG Method.
26. It is reasonable for Atmos's unprotected EDIT to be amortized over a 24-year period because this balance is a net asset on Atmos's books and the use of this amortization period rather than a shorter amortization period benefits

ratepayers by extending the period over which that balance must be repaid to Atmos.

27. It is reasonable that the revenue requirement excludes all expenses associated with the payment of administrative penalties related to the operation of the Mid-Tex Division system, as well as the amortization of any related insurance deductible.
28. Insurance services required by Atmos are acquired from Blueflame, a wholly owned subsidiary of Atmos Energy that provides insurance for all of Atmos Energy's divisions.
29. All of the Mid-Tex Division property, plant, and equipment are covered through property insurance provided by Blueflame.
30. Insurance services provided by Blueflame are at cost and without markup.
31. The cost of insurance coverage is allocated among the Atmos Energy divisions and subsidiaries based upon the annual plant balance.
32. The rate of insurance was \$0.070 per \$100 of gross plant through February 28, 2017, and \$0.065 per \$100 of gross plant through December 31, 2017, which is lower than the previously approved rates that the Commission determined to be reasonable and necessary in GUD No. 10170 and consistent with Tex. Util. Code § 104.055(b)(1).
33. Atmos has established that system-wide expenses in the amount of \$453,887 for Blueflame are (a) reasonable and necessary and (b) the price charged to the Atmos is not higher than the prices charged by the supplying affiliate to its other affiliates or division or to a non-affiliated person for the same item or class of items.
34. Atmos has established that the actual and estimated rate case expenses totaling \$98,762.23 are just and reasonable, that the expenses do not include any charges for luxury items, and that Atmos did not incur any excessive airline, lodging, or meal expenses.
35. Atmos established that the amount of work done and the time and labor required to accomplish the work was reasonable given the nature of the issues addressed.
36. It is reasonable that the recovery of \$98,762.23 in total rate case expenses be over an approximate twelve (12) month period with the surcharge separately stated on each bill.
37. It is reasonable that Atmos submit to Staff invoices reflecting actual rate case expenses with sufficient detail so that Staff can accurately audit such invoices for the purposes of reconciling estimated rate case expenses to actual rate case expenses. In no case shall the total actual rate case expenses exceed

the actual expenses submitted to the Commission as of August 31, 2018, plus the approved estimated expenses of \$30,000.00.

38. It is reasonable that Atmos file an annual Rate Case Expense Compliance Filing with Staff detailing the balance of actual plus estimated rate case expenses at the beginning of the annual period, the amount collected by customer class, and the ending or remaining balance within ninety (90) days after each calendar year end until and including the calendar year end in which rate case expenses are fully recovered.
39. The tariffs attached to this Order are just and reasonable.

CONCLUSIONS OF LAW

1. Atmos is a gas utility as defined in Tex. Util. Code §§ 101.003(7) and 121.001 (West 2007 & Supp. 2017) and is therefore subject to the jurisdiction of the Commission.
2. Under Tex. Util. Code § 102.001 (West 2007 & Supp. 2017), 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.
3. The Commission has jurisdiction over Atmos's SOI under Tex. Util. Code §§ 102.001, 104.001, and 104.201 (West 2007 & Supp. 2017).
4. This proceeding was conducted in accordance with the requirements of GURA §§ 101.001 *et seq.*, (West 2007 & Supp. 2017) and the Administrative Procedure Act, Tex. Gov't Code §§ 2001.001 *et seq.* (West 2017 & Supp. 2018).
5. Tex. Util. Code § 104.107 (West 2007 & Supp. 2017) provides the Commission's authority to suspend the operation of the schedule of proposed rates for 150 days from the date the schedule would otherwise go into effect.
6. In accordance with Tex. Util. Code § 104.103 (West 2007 & Supp. 2017) and 16 Tex. Admin. Code §§ 7.230 and 7.235, adequate notice was properly provided.
7. Atmos filed its SOI in accordance with Tex. Util. Code § 104.102 (West 2007 & Supp. 2017) and 16 Tex. Admin. Code §§ 7.205 and 7.210.
8. Atmos established that its books and records conform with 16 Tex. Admin. Code § 7.310 and therefore Atmos is entitled to the presumption that the amounts included therein are reasonable and necessary in accordance with 16 Tex. Admin. Code § 7.503.

9. The revenue, rates, rate design, and service charges identified in the schedules attached to this Order are just and reasonable, are not unreasonably preferential, prejudicial, or discriminatory, and are sufficient, equitable, and consistent in application to each class of consumer, as required by Tex. Util. Code §§ 101.002, et. seq. (West 2007 & Supp. 2017).
10. The overall revenues as established by the findings of fact and attached schedules are reasonable; fix an overall level of revenues for Atmos that will permit it a reasonable opportunity to earn a reasonable return on its invested capital used and useful in providing service to the public over and above its reasonable and necessary operating expenses, as required by Tex. Util. Code § 104.051 (West 2007 & Supp. 2017); and otherwise comply with Chapter 104 of the Texas Utilities Code.
11. The revenue, rates, rate design, and service charges proposed will not yield to Atmos more than a fair return on the adjusted value of the invested capital used and useful in rendering service to the public, as required by Tex. Util. Code § 104.052 (West 2007 & Supp. 2017).
12. The rates established in this docket comport with the requirements of Tex. Util. Code § 104.053 (West 2007 & Supp. 2017) and are based upon the adjusted value of invested capital used and useful, where the adjusted value is a reasonable balance between the original cost less depreciation and current cost less an adjustment for present age and condition.
13. The test-year level of pension-related and other post-employment benefits expenses are consistent with Tex. Util. Code § 104.059 (West 2007 & Supp. 2017).
14. The rates established in this case comply with the affiliate transaction standard set out in Tex. Util. Code § 104.055 (West 2007 & Supp. 2017).
15. Atmos has complied with all requirements set forth in the February 2018 Gas Utilities Accounting Order in GUD No. 10695, and the related March 2018 Order Nunc Pro Tunc.
16. Capital investment made through December 31, 2017, was reasonable and prudent and consistent with Tex. Util. Code, Chapter 104 and Commission Rule § 7.7101.
17. A rate base amount totaling \$3,208,989,119 for the Mid-Tex Division is just and reasonable.
18. A rate of return of 7.97 percent, including the components specified in this Order, is consistent with the requirements of Tex. Util. Code § 104.052 (West 2007 & Supp. 2017).
19. An overall base revenue requirement of \$19,204,995 for the unincorporated areas and a system-wide base revenue requirement of \$594,157,866 for the

Mid-Tex Division is just and reasonable, and permits Atmos a reasonable opportunity to earn a reasonable return on Atmos's invested capital used and useful in providing service to the public in excess of its reasonable and necessary operating expenses.

20. Actual rate case expenses totaling no more than \$98,762.23 are reasonable, necessary, and consistent with the requirements of 16 Tex. Admin. Code § 7.5530(a).
21. In accordance with 16 Tex. Admin. Code § 7.7101, Atmos may adjust its revenue in future IRA filings based on the difference between values of the investment amounts only by the constant factors set in this docket for: return on investment; depreciation expenses, for those individual rates for each FERC account; ad valorem taxes; revenue related taxes; and federal income tax.
22. The rate schedules and tariffs reflected in this Order are consistent with applicable statutory and Commission requirements.
23. Atmos is required by 16 Tex. Admin. Code § 7.315 to file electronic tariffs incorporating rates consistent with this Order within thirty days of the date of this Order.

IT IS THEREFORE ORDERED that the proposed schedule of rates under the Settlement is hereby **APPROVED**.

IT IS FURTHER ORDERED that the rates, rate design, and service charges established in the findings of fact, conclusions of law, and as shown on the attached tariffs for Atmos are **APPROVED**.

IT IS FURTHER ORDERED that the factors established for future Interim Rate Adjustments in Finding of Fact No. 20 are **APPROVED**.

IT IS FURTHER ORDERED that Atmos file an annual Rate Case Expense Compliance Filing with Staff detailing recovery of rate case expenses as described in Finding of Fact Nos. 34-37 within ninety (90) days after each calendar year end until the calendar year end until and including the calendar year end in which the rate case expenses are fully recovered.

IT IS FURTHER ORDERED that the Settlement attached to this Order as Attachment 1 is hereby **APPROVED**.

IT IS FURTHER ORDERED that within thirty (30) days of this Order, in accordance with 16 Tex. Admin. Code § 7.315, Atmos shall electronically file its rate schedules in proper form that accurately reflect the rates in Attachment 1 to this Order.

IT IS FURTHER ORDERED that any incremental change in rates approved by this Order and implemented by Atmos shall be subject to refund unless and until Atmos's tariffs are electronically filed and accepted by the Gas Services Department in accordance with 16 Tex. Admin. Code § 7.315.

IT IS FURTHER ORDERED that all proposed findings of fact and conclusions of law not specifically adopted in this Order are hereby **DENIED**.

IT IS FURTHER ORDERED that all pending motions and requests for relief not previously granted or granted herein are hereby **DENIED**.

IT IS FURTHER ORDERED that this Order will not be final and effective until 25 days after the date this Order is signed. If a timely motion for rehearing is filed by any party of 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 case prior to its being overruled by operation of law is hereby extended until 100 days from the date this Order is signed.

SIGNED this 11th day of December, 2018.

RAILROAD COMMISSION OF TEXAS



CHAIRMAN CHRISTI CRADDICK



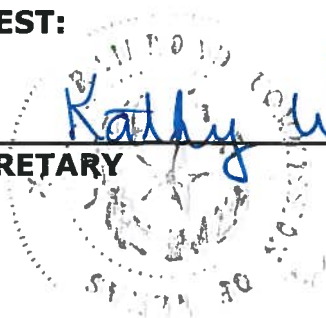
COMMISSIONER RYAN SITTON



COMMISSIONER WAYNE CHRISTIAN

ATTEST:


SECRETARY



Final Order
GUD No. 10742

ATTACHMENT 1

Settlement Agreement (without Exhibit E)

-and-

"Rider SUR-Surcharge" Tariff

GUD NO. 10742

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GAS UTILITY RATES WITHIN THE	§	RAILROAD COMMISSION
UNINCORPORATED AREAS SERVED	§	
BY ITS MID-TEX DIVISION	§	OF TEXAS

UNANIMOUS SETTLEMENT AGREEMENT

This Unanimous Settlement Agreement is entered into by and between Atmos Energy Corp., Mid-Tex Division (Atmos Energy) and the Staff of the Railroad Commission of Texas (Staff), (collectively, the "Signatories").

WHEREAS, on June 29, 2018, Atmos Energy filed its Statement of Intent to Change Gas Utility Rates within the Unincorporated Areas with the Railroad Commission of Texas (Commission); and

WHEREAS, the Commission docketed the rate request as GUD No. 10742; and

WHEREAS, Commission Staff sought intervention and were granted party status in GUD No. 10742; and

WHEREAS, the Company has filed direct testimony and errata to its Statement of Intent; and

WHEREAS, the parties have engaged in discovery regarding the issues in dispute; and

WHEREAS, Staff direct testimony was due on September 21, 2018, but Staff did not file direct testimony in reliance on this Unanimous Settlement Agreement; and

WHEREAS, the Signatories agree that resolution of this docket by unanimous settlement agreement will significantly reduce the amount of reimbursable rate case expenses associated with this docket;

NOW, THEREFORE, in consideration of the mutual agreements and covenants established herein, the Signatories, through their undersigned representatives, agree to and recommend for approval by the Commission the following Settlement Terms as a means of concluding the above-referenced docket filed by Atmos Energy without the need for prolonged litigation:

Settlement Terms

1. As a product of compromise and for the purposes of settlement, the Signatories agree to the rates, terms and conditions reflected in the tariffs attached to this Unanimous Settlement Agreement as Exhibit A. The tariffs attached as Exhibit A replace and supersede those tariffs currently in effect for the unincorporated areas of the Mid-Tex Division. These tariffs are premised on a decrease of \$(2,850,968) million in current annual revenues from

the unincorporated areas as illustrated in the proof of revenues attached as part of Exhibit B to this Unanimous Settlement Agreement. Except as specifically provided herein, the Signatories agree that the \$(2,850,968) million revenue decrease for the unincorporated areas, as adjusted for Accumulated Deferred Income Tax, is not tied to any specific expense in the underlying cost of service within Atmos Energy's Mid-Tex Division. The agreed upon system-wide decrease, as adjusted for excess Accumulated Deferred Income Taxes, is \$(63,189,366). The agreed upon system-wide net revenue requirement is \$594,157,866 as reflected in Exhibit F. The Signatories further agree that the rates, terms and conditions reflected in Exhibit A to this Unanimous Settlement Agreement comply with the rate-setting requirements of Chapter 104 of the Texas Utilities Code. The gas rates, terms and conditions established by this Unanimous Settlement Agreement shall be effective upon approval by the Commission.

2. Signatories agree that the revenue requirement in paragraph 1 includes expenses associated with services acquired by Blueflame, a wholly-owned subsidiary of Atmos Energy that provides insurance for all of the Company's divisions. The rate of insurance included in the Company's filing was \$0.070 per \$100 of gross plant through February 28, 2017, and \$0.065 per \$100 of gross plant through December 31, 2017, which is lower than the previously approved rates that the Commission determined to be reasonable and necessary in GUD No. 10170 and consistent with Tex. Util. Code § 104.055(b)(1).
3. Signatories agree that system-wide expenses in the amount of \$453,887 associated with services acquired by Blueflame are (a) reasonable and necessary and (b) the price charged to Atmos Energy's Mid-Tex Division is not higher than the prices charged by the supplying affiliate to its other affiliates or division or to a non-affiliated person for the same item or class of items as required by Section 104.055 of the Gas Utility Regulatory Act.
4. Signatories agree that the net base revenue requirement in paragraph 1 excludes all expenses associated with the payment of administrative penalties related to the operation of the Mid-Tex Division system, as well as the amortization of any related insurance deductible.
5. The Signatories agree to the following customer charges and consumption charges. These rates are based on test year-end customer count and are reflected in the rate schedules attached as Exhibit A.

	Customer/Meter Charge	Consumption Charge (per Ccf)
Rate R – Residential Sales	\$ 17.00	\$.18653
Rate C – Commercial Sales	\$ 40.00	\$.10494
Rate I & Rate T– Industrial and Transportation Sales	\$784.00	
Rate I&T – <= 1,500 MMBtu		\$.3701
Rate I&T 1,501 - <= 5,000 MMBtu		\$.2712
Rate I&T > 5,000 MMBtu		\$.0582

6. The Signatories agree to use of the following capital structure and weighted cost of capital, including the after-tax return, in future Interim Rate Adjustment (IRA) filings, as shown below.

Class of Capital	Percent	Cost	Weighted Cost of Capital	Pre-Tax Return
Long-Term Debt	39.82%	5.20%	2.07%	2.07%
Common Equity	60.18%	9.80%	5.90%	7.47%
Weighted Average Cost of Capital	100.00%		7.97%	9.54%

7. The Signatories agree that the interim rate adjustments made in 2013, 2014, 2015, 2016, and 2017 pursuant to Texas Utilities Code § 104.301 were just and reasonable.
8. The Signatories agree that any IRA filing in Atmos Energy's Mid-Tex Division pursuant to Texas Utilities Code § 104.301 shall use the following factors until changed by a subsequent general rate proceeding:
- The capital structure and related components as shown above in Paragraph 6.
 - For any initial IRA filing, the beginning ad valorem tax rate at a Mid-Tex Division level is 1.18% and the Shared Services Ad Valorem Tax Rate is 0.69%. For subsequent IRA filings, the Ad Valorem Tax Rates will be updated annually to include the actual taxes paid in the calculation of the tax rate.
 - For any initial IRA filing, the system-wide net plant in service amount in the Mid-Tex Division shall be \$3,208,989,119 as presented in Exhibit C.
 - For any initial IRA filing and for any subsequent IRA filings, the depreciation rate for each account shall be those approved in GUD No. 10170 as presented in Exhibit C.
 - For any initial IRA filing, the customer charges and consumption charges as shown in Paragraph 5 above will be the starting rates to which any IRA adjustment is applied.
 - Federal income taxes will be calculated using a 21% rate, unless the federal income tax rate changed, in which case the new rate will be applied.
 - The base rate revenue allocation factors to spread any change in IRA increase/decrease to the appropriate customer classes are as follows:

	Percentage
Rate R – Residential Sales	77.95%
Rate C – Commercial Sales	19.40%
Rate I & T – Industrial/Transportation Sales	2.65%

9. The Signatories agree that the following amounts are reasonable to establish the base-year levels to track changes in pension-related and other post-employment benefits:

Entity	Pension Account Plan	Post- Employment Benefit Plan	Supplemental Executive Benefit Plan	Total
SSU Allocated to Mid-Tex	\$ 1,425,108	\$ 943,775	\$ 0	\$ 2,368,883
Mid-Tex Direct	\$ 1,987,133	\$ 1,062,621	\$ 35,837	\$ 3,085,591
Total	\$ 3,412,241	\$ 2,006,396	\$ 35,837	\$ 5,454,474

10. The Signatories agree that the decrease amount and net base revenue requirement in Paragraph 1 include a reduction of the corporate income tax rate from 35% to 21% to recognize changes to the Federal Tax Code due to the Tax Cuts and Jobs Act of 2017.

The Signatories further agree that the decrease amount and net base revenue requirement in Paragraph 1 reflect an adjustment to federal income tax expense for excess deferred income taxes (EDIT) resulting from the Tax Cuts and Jobs Act of 2017. The EDIT adjustment has been computed based on the Reverse South Georgia Method for those amounts required under Internal Revenue Service (IRS) normalization rules.

Signatories agree that it is reasonable to amortize the Company's protected EDIT liabilities over a 24 year period as determined by the RSG method and shown on Exhibit D. The Signatories further agree that the Company's unprotected EDIT should be amortized over the same 24 year period as shown on Exhibit D. The Signatories have agreed to a 24 year amortization of the Company's unprotected EDIT because this balance is a net asset on the Company's books and the use of this amortization period rather than a shorter amortization period benefits ratepayers by extending the period over which that balance must be repaid to the Company.

11. The Signatories further agree that Atmos Energy has fully complied with all requirements set forth in the Gas Utilities Accounting Order (Feb. 27, 2018) and Order Nunc Pro Tunc (March 20, 2018) issued in GUD No. 10695.
12. Atmos Energy represents that its reasonable rate case expenses incurred through August 2018, and estimated rate case expenses incurred through completion of this case, are as follows:

	Required Regulatory Expenses	Litigation Expenses	Estimate to Completion	Total
Atmos Energy	\$50,358.00, less \$200, totals \$50,158.00	\$18,604.23	\$30,000	\$98,762.23

13. Atmos Energy has attached as Exhibit E an affidavit and invoices in support of these amounts and will supplement with additional invoices as they are processed. The Signatories agree that the amounts represented above are reasonable and recoverable pursuant to Texas Utilities Code § 104.051. The Signatories agree that the recovery period

for the applicable surcharge to recover rate-case expenses shall be twelve (12) months. The Signatories intend and advocate that the Commission authorize recovery of the rate case expenses recited above in the same proceeding and at the same time as it approves this Unanimous Settlement Agreement.

14. Atmos Energy shall file annually, due on or before April 1, a rate case expense recovery compliance filing with the Railroad Commission of Texas, Oversight and Safety Division, referencing GUD No. 10742. The Signatories agree to and propose the inclusion of the following Findings of Fact and Ordering Paragraph in the Final Order in this docket:
 - a. Finding of Fact: It is reasonable that Atmos Energy submit to Staff invoices reflecting actual rate case expenses with sufficient detail so that Staff can accurately audit such invoices for the purposes of reconciling estimated rate case expenses to actual rate case expenses. In no case shall the total actual expenses exceed the actual expenses submitted to the Commission as of August 31, 2018, plus the approved estimated expenses of \$30,000.00.
 - b. Finding of Fact: It is reasonable that Atmos Energy file an annual Rate Case Expense Compliance Filing with Staff detailing the balance of actual plus estimated rate case expenses at the beginning of the annual period, the amount collected by customer class, and the ending or remaining balance within ninety (90) days after each calendar year end until and including the calendar year end in which the rate case expenses are fully recovered.
 - c. Ordering Paragraph: IT IS FURTHER ORDERED that Atmos Energy file an annual Rate Case Expense Compliance Filing with Staff detailing recovery of rate case expenses as described in Finding of Fact 38 within ninety (90) days after each calendar year end until the calendar year end until and including the calendar year end in which the rate case expenses are fully recovered.
15. The Signatories agree to and propose the inclusion of the following Ordering Paragraphs in the Final Order in this docket:
 - a. Ordering Paragraph: IT IS FURTHER ORDERED that within thirty (30) days of this Final Order, in accordance with 16 Tex. Admin. Code § 7.315, Atmos Energy SHALL electronically file its rate schedules in proper form that accurately reflect the rates in Exhibit A approved in this Final Order.
 - b. Ordering Paragraph: IT IS FURTHER ORDERED that any incremental change in rates approved by this Final Order and implemented by Atmos Energy shall be subject to refund unless and until Atmos Energy's tariffs are electronically filed and accepted by the Gas Services Department in accordance with 16 Tex. Admin. Code § 7.315.
16. The classes and number of customers affected by this Unanimous Settlement Agreement include approximately 56,819 residential, 2,129 commercial, and 38 industrial and transportation customers.

17. The Signatories agree to support and seek Commission approval of this Unanimous Settlement Agreement. The Signatories further agree to make all efforts to present the Commission with this Unanimous Settlement Agreement on or before November 13, 2018.
18. Except as may be allowed under Rule 408 of the Texas Rules of Evidence, the Signatories agree that all negotiations, discussions, and conferences related to the Unanimous Settlement Agreement are privileged and inadmissible to prove the validity or invalidity of any issue raised by or presented in the Statement of Intent to Change Gas Utility Rates within the Unincorporated Areas filed on June 29, 2018.
19. The Signatories agree that neither this Unanimous Settlement Agreement nor any oral or written statements made during the course of settlement negotiations may be used for any purpose other than as necessary to support the entry by the Commission of an order approving this Unanimous Settlement Agreement.
20. The Signatories agree that the terms of the Unanimous Settlement Agreement are interdependent and indivisible, and that if the Commission intends to enter an order that is inconsistent with this Unanimous Settlement Agreement, then any Signatory 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 that Signatory's entry into the Unanimous Settlement Agreement or its subsequent withdrawal and further agrees that Atmos Energy's application to increase rates will be remanded for hearings.
21. The Signatories agree that this Unanimous Settlement Agreement is binding on each Signatory only for the purpose of settling the issues set forth herein and for no other purposes. The matters resolved herein are resolved on the basis of a compromise and settlement. Except to the extent the Unanimous Settlement Agreement governs a Signatory's rights and obligations for future periods, this Unanimous Settlement Agreement shall not be binding or precedential upon a Signatory outside this proceeding. Each Signatory acknowledges that a Signatory's support of the matters contained in this Stipulation may differ from the position taken or testimony presented by it in other dockets or other jurisdictions. To the extent that there is a difference, a Signatory does not waive its position in any of those other dockets or jurisdictions. Because this is a stipulated resolution, no Signatory is under any obligation to take the same positions as set out in this Stipulation in other dockets or jurisdictions, regardless of whether other dockets present the same or a different set of circumstances, except as otherwise may be explicitly provided by this Stipulation. Agreement by the Signatories to any provision in this Stipulation will not be used against any Signatory in any future proceeding with respect to different positions that may be taken by that Signatory.
22. The provisions of this Stipulation are intended to relate to only the specific matters referred to herein. By agreeing to this Stipulation, no Signatory waives any claim it may otherwise have with respect to issues not expressly provided for herein. The Signatories further understand and agree that this Stipulation represents a negotiated settlement of all issues in this proceeding.

23. The Signatories agree that this Unanimous Settlement Agreement may be executed in multiple counterparts and may be filed with facsimile signatures.

Agreed to this 5th day of October 2018.

ATMOS ENERGY CORP., MID-TEX DIVISION

By:


Ann M. Coffin

Attorney for Atmos Energy Corp., Mid-Tex Division

STAFF OF THE RAILROAD COMMISSION OF TEXAS

By:


Natalie Dubiel

Attorney for Staff of the Railroad Commission of Texas

**MID-TEX DIVISION
ATMOS ENERGY CORPORATION**

RRC Tariff No:

RATE SCHEDULE:	R – RESIDENTIAL SALES	
APPLICABLE TO:	UNINCORPORATED AREAS	
EFFECTIVE DATE:	Bills Rendered on or after	PAGE:

Application

Applicable to Residential Customers for all natural gas provided at one Point of Delivery and measured through one 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 monthly bill will be calculated by adding the following Customer and Ccf charges to the amounts due under the riders listed below:

Charge	Amount
GUD 10742 Customer Charge per Bill	\$ 17.00 per month
Rider CEE Surcharge	\$ 0.03 per month ¹
Total Customer Charge	\$ 17.03 per month
Commodity Charge – All Ccf	\$ 0.18653 per Ccf

Gas Cost Recovery: Plus an amount for gas costs and upstream transportation costs calculated in accordance with Part (a) and Part (b), respectively, of Rider GCR.

Weather Normalization Adjustment: Plus or Minus an amount for weather normalization calculated in accordance with Rider WNA.

Surcharges: Plus an amount for surcharges calculated in accordance with the applicable rider(s).

Agreement

An Agreement for Gas Service may be 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.

¹ Reference Rider CEE – Conservation and Energy Efficiency as approved in GUD 10170. Surcharge billing effective July 1, 2018.

**MID-TEX DIVISION
ATMOS ENERGY CORPORATION**

RRC Tariff No:

RATE SCHEDULE:	C – COMMERCIAL SALES	
APPLICABLE TO:	UNINCORPORATED AREAS	
EFFECTIVE DATE:	Bills Rendered on or after	PAGE:

Application

Applicable to Commercial Customers for all natural gas provided at one Point of Delivery and measured through one meter and to Industrial Customers with an average annual usage of less than 30,000 Ccf.

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 monthly bill will be calculated by adding the following Customer and Ccf charges to the amounts due under the riders listed below:

Charge	Amount
GUD 10742 Customer Charge per Bill	\$ 40.00 per month
Rider CEE Surcharge	\$ (0.03) per month ¹
Total Customer Charge	\$ 39.97 per month
Commodity Charge - All Ccf	\$ 0.10494 per Ccf

Gas Cost Recovery: Plus an amount for gas costs and upstream transportation costs calculated in accordance with Part (a) and Part (b), respectively, of Rider GCR.

Weather Normalization Adjustment: Plus or Minus an amount for weather normalization calculated in accordance with Rider WNA.

Surcharges: Plus an amount for surcharges calculated in accordance with the applicable rider(s).

Agreement

An Agreement for Gas Service may be 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.

¹ Reference Rider CEE – Conservation and Energy Efficiency as approved in GUD 10170. Surcharge billing effective July 1, 2018.

**MID-TEX DIVISION
ATMOS ENERGY CORPORATION**

RRC Tariff No:

RATE SCHEDULE:	I – INDUSTRIAL SALES	
APPLICABLE TO:	UNINCORPORATED AREAS	
EFFECTIVE DATE:	Bills Rendered on or after	PAGE:

Application

Applicable to Industrial Customers with a maximum daily usage (MDU) of less than 3,500 MMBtu per day for all natural gas provided at one Point of Delivery and measured through one meter. Service for Industrial Customers with an MDU equal to or greater than 3,500 MMBtu per day will be provided at Company's sole option and will require special contract arrangements between Company and Customer.

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 monthly bill will be calculated by adding the following Customer and MMBtu charges to the amounts due under the riders listed below:

Charge	Amount
GUD 10742 Customer Charge per Meter	\$ 784.00 per month
Total Customer Charge	\$ 784.00 per month
First 0 MMBtu to 1,500 MMBtu	\$ 0.3701 per MMBtu
Next 3,500 MMBtu	\$ 0.2712 per MMBtu
All MMBtu over 5,000 MMBtu	\$ 0.0582 per MMBtu

Gas Cost Recovery: Plus an amount for gas costs and upstream transportation costs calculated in accordance with Part (a) and Part (b), respectively, of Rider GCR.

Surcharges: Plus an amount for surcharges calculated in accordance with the applicable rider(s).

Curtailment 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 midpoint price for the Katy point listed in *Platts Gas Daily* published for the applicable Gas Day in the table entitled "Daily Price Survey."

Replacement Index

In the event the "midpoint" or "common" price for the Katy point listed in *Platts Gas Daily* in the table entitled "Daily Price Survey" 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

An Agreement for Gas Service may be required.

**MID-TEX DIVISION
ATMOS ENERGY CORPORATION**

RRC Tariff No:

RATE SCHEDULE:	I – INDUSTRIAL SALES	
APPLICABLE TO:	UNINCORPORATED AREAS	
EFFECTIVE DATE:	Bills Rendered on or after	PAGE:

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 service under Rate I, Customer must have the type of meter required by Company. Customer must pay Company all costs associated with the acquisition and installation of the meter.

**MID-TEX DIVISION
ATMOS ENERGY CORPORATION**

RRC Tariff No:

RATE SCHEDULE:	T – TRANSPORTATION	
APPLICABLE TO:	UNINCORPORATED AREAS	
EFFECTIVE DATE:	Bills Rendered on or after	PAGE:

Application

Applicable, in the event that Company has entered into a Transportation Agreement, to a customer directly connected to the Atmos Energy Corp., Mid-Tex Division Distribution System (Customer) 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.

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 MMBtu charges to the amounts and quantities due under the riders listed below:

Charge	Amount
GUD 10742 Customer Charge per Meter	\$ 784.00 per month
Total Customer Charge	\$784.00 per month
First 0 MMBtu to 1,500 MMBtu	\$ 0.3701 per MMBtu
Next 3,500 MMBtu	\$ 0.2712 per MMBtu
All MMBtu over 5,000 MMBtu	\$ 0.0582 per MMBtu

Upstream Transportation Cost Recovery: Plus an amount for upstream transportation costs in accordance with Part (b) of Rider GCR.

Retention Adjustment: Plus a quantity of gas as calculated in accordance with Rider RA.

Surcharges: Plus an amount for surcharges calculated in accordance with the applicable rider(s).

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 the greater of (i) \$0.10 per MMBtu, or (ii) 150% of the difference per MMBtu between the highest and lowest "midpoint" price for the Katy point listed in *Platts Gas Daily* in the table entitled "Daily Price Survey" during such month, for the MMBtu of Customer's monthly Cumulative Imbalance, as defined in the applicable Transportation Agreement, at the end of each month that exceeds 10% of Customer's receipt quantities for the month.

Curtailement Overpull Fee

Upon notification by Company of an event of curtailement or interruption of Customer's deliveries, Customer will, for each MMBtu delivered in excess of the stated level of curtailement or interruption, pay Company 200% of the midpoint price for the Katy point listed in *Platts Gas Daily* published for the applicable Gas Day in the table entitled "Daily Price Survey."

**MID-TEX DIVISION
ATMOS ENERGY CORPORATION**

RRC Tariff No:

RATE SCHEDULE:	T – TRANSPORTATION	
APPLICABLE TO:	UNINCORPORATED AREAS	
EFFECTIVE DATE:	Bills Rendered on or after	PAGE:

Replacement Index

In the event the "midpoint" or "common" price for the Katy point listed in *Platts Gas Daily* in the table entitled "Daily Price Survey" 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 service under Rate T, customer must have the type of meter required by Company. Customer must pay Company all costs associated with the acquisition and installation of the meter.

**MID-TEX DIVISION
ATMOS ENERGY CORPORATION**

RIDER:	WNA – WEATHER NORMALIZATION ADJUSTMENT	
APPLICABLE TO:	UNINCORPORATED AREAS	
EFFECTIVE DATE:	Bills Rendered on or after	PAGE:

Provisions for Adjustment

The Commodity Charge per Ccf (100 cubic feet) for gas service set forth in any Rate Schedules utilized by the cities of the Mid-Tex Division service area for determining normalized winter period revenues shall be adjusted by an amount hereinafter described, which amount is referred to as the "Weather Normalization Adjustment." The Weather Normalization Adjustment shall apply to all temperature sensitive residential and commercial bills based on meters read during the revenue months of November through April. The five regional weather stations are Abilene, Austin, Dallas, Waco, and Wichita Falls.

Computation of Weather Normalization Adjustment

The Weather Normalization Adjustment Factor shall be computed to the nearest one-hundredth cent per Ccf by the following formula:

$$WNAF_i = R_i \frac{(HSF_i \times (NDD-ADD))}{(BL_i + (HSF_i \times ADD))}$$

- Where
- i = any particular Rate Schedule or billing classification within any such particular Rate Schedule that contains more than one billing classification
 - $WNAF_i$ = Weather Normalization Adjustment Factor for the i^{th} rate schedule or classification expressed in cents per Ccf
 - R_i = Commodity Charge rate of temperature sensitive sales for the i^{th} schedule or classification.
 - HSF_i = heat sensitive factor for the i^{th} schedule or classification divided by the average bill count in that class
 - NDD = billing cycle normal heating degree days calculated as the simple ten-year average of actual heating degree days.
 - ADD = billing cycle actual heating degree days.
 - BL_i = base load sales for the i^{th} schedule or classification divided by the average bill count in that class

The Weather Normalization Adjustment for the j th customer in i th rate schedule is computed as:

$$WNA_j = WNAF_i \times q_{ij}$$

Where q_{ij} is the relevant sales quantity for the j th customer in i th rate schedule.

**MID-TEX DIVISION
ATMOS ENERGY CORPORATION**

RIDER:	WNA – WEATHER NORMALIZATION ADJUSTMENT	
APPLICABLE TO:	UNINCORPORATED AREAS	
EFFECTIVE DATE:	Bills Rendered on or after	PAGE:

Base Use/Heat Use Factors

Weather Station	<u>Residential</u>		<u>Commercial</u>	
	Base use <u>Ccf</u>	Heat use <u>Ccf/HDD</u>	Base use <u>Ccf</u>	Heat use <u>Ccf/HDD</u>
Abilene	11.27	0.1324	135.40	1.5905
Austin	11.51	0.1658	170.24	0.9314
Dallas	13.47	0.1887	123.81	0.9850
Waco	9.24	0.1362	93.86	1.0142
Wichita Falls	11.24	0.1264	110.38	0.9253

Weather Normalization Adjustment (WNA) Report

On or before June 1 of each year, the company posts on its website at atmosenergy.com/mtx-wna, in Excel format, a *Weather Normalization Adjustment (WNA) Report* to show how the company calculated its WNAs factor during the preceding winter season. Additionally, on or before June 1 of each year, the company files one hard copy and a Excel version of the *WNA Report* with the Railroad Commission of Texas' Gas Services Division, addressed to the Director of that Division.

**MID-TEX DIVISION
ATMOS ENERGY CORPORATION**

RIDER:	FF – FRANCHISE FEE ADJUSTMENT	
APPLICABLE TO:	Entire Division except Unincorporated Areas	
EFFECTIVE DATE:		PAGE:

Application

Applicable to Customers inside the corporate limits of an incorporated municipality that imposes a municipal franchise fee upon Company for the Gas Service provided to Customer.

Monthly Adjustment

Company will adjust Customer's bill each month in an amount equal to the municipal franchise fees payable for the Gas Service provided to Customer by Company. Municipal franchise fees are determined by each municipality's franchise ordinance. Each municipality's franchise ordinance will specify the percentage and applicability of franchise fees.

From time to time, Company will make further adjustments to Customer's bill to account for any over- or under-recovery of municipal franchise fees by Company.

**MID-TEX DIVISION
ATMOS ENERGY CORPORATION**

RIDER:	TAX – TAX ADJUSTMENT	
APPLICABLE TO:	Entire Division except Unincorporated Areas	
EFFECTIVE DATE:		PAGE:

Application

Applicable to Customers taking service under Rate R, Rate C, Rate I, Rate T, Rate CGS, and Rate PT, except for exempt State Agency Customers, to the extent of state gross receipts taxes only.

Each monthly bill shall be adjusted for state gross receipts taxes imposed by Sections 182-021 - 182-025 of the Texas Tax Code.

Each monthly bill shall also be adjusted by an amount equivalent to the amount of all applicable taxes and any other governmental impositions, rentals, fees, or charges (except state, county, city, and special district ad valorem taxes and taxes on net income) levied, assessed, or imposed upon or allocated to Company with respect to the Gas Service provided to Customer by Company, and any associated facilities involved in the performance of such Gas Service. Each monthly bill shall also be adjusted by an amount equivalent to the proportionate part of any increase or decrease of any tax and any other governmental imposition, rental, fee, or charge (except state, county, city, and special district ad valorem taxes and taxes on net income) levied, assessed, or imposed subsequent to the effective date of this tariff, upon or allocated to Company's operations, by any new or amended law, ordinance, or contract.

**MID-TEX DIVISION
ATMOS ENERGY CORPORATION**

	V. – QUALITY OF SERVICE	
APPLICABLE TO:	Entire Division	
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For gas utility service to residential, commercial and industrial sales customers, the following minimum service standards shall be applicable in unincorporated areas served by the Company. For the purposes of this rate schedule, the Company is referred to as the "utility." In addition, these minimum service standards shall be applicable to residential, commercial and industrial sales customers within incorporated areas served by the utility, but only to the extent that said minimum service standards do not conflict with, supersede, or replace a provision of quality of service standards lawfully established currently or in the future within a particular municipality for a gas distribution utility. The utility shall file service rules incorporating said minimum service standards with the Railroad Commission and with the municipalities in the manner prescribed by law.

(1) Continuity of service.

(A) Service interruptions.

- (i) The utility shall make all reasonable efforts to prevent interruptions of service. When interruptions occur, the utility shall reestablish service within the shortest possible time consistent with prudent operating principles so that the smallest number of customers are affected.
- (ii) The utility shall make reasonable provisions to meet emergencies resulting from failure of service, and the utility shall issue instructions to its employees covering procedures to be followed in the event of an emergency in order to prevent or mitigate interruption or impairment of service.
- (iii) In the event of national emergency or local disaster resulting in disruption of normal service, the utility may, in the public interest, interrupt service to other customers to provide necessary service to civil defense or other emergency service agencies on a temporary basis until normal service to these agencies can be restored.
- (iv) Curtailment of gas service will be done in accordance with the utility's curtailment program as authorized by the appropriate regulatory body. When notified by the utility, the customer will curtail gas service. In the event of any curtailment, utility personnel may physically turn off or restrict gas deliveries and only utility personnel will thereafter be permitted to restore gas service. The customer assumes any and all risk and will indemnify the utility against all damages, losses and expenses resulting from a curtailment of gas service under the utility's authorized curtailment program, except to the extent such damages, losses and expenses result from the gross negligence of the utility.

(B) Record of interruption. Except for momentary interruptions which do not cause a major disruption of service, the utility shall keep a complete record of all interruptions, both emergency and scheduled. This record shall show the cause of interruptions, date, time duration, location, approximate number of customers affected, and, in cases of emergency interruptions, the remedy and steps taken to prevent recurrence.

(C) Report to commission. The commission shall be notified in writing within 48 hours of interruptions in service affecting the entire system or any major division thereof lasting more than four hours. The notice shall also state the cause of such interruptions. If any service interruption is reported to the commission otherwise (for example, as a curtailment report or safety report), such other report is sufficient to comply with the terms of this paragraph.

(2) Customer relations.

(A) Information to customers. The utility shall:

- (i) maintain a current set of maps showing the physical locations of its facilities. All distribution facilities shall be labeled to indicate the size or any pertinent information which will accurately

**MID-TEX DIVISION
ATMOS ENERGY CORPORATION**

	V. – QUALITY OF SERVICE	
APPLICABLE TO:	Entire Division	
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describe the utility's facilities. These maps, or such other maps as may be required by the regulatory authority, shall be kept by the utility in a central location and will be available for inspection by the regulatory authority during normal working hours. Each business office or service center shall have available up-to-date maps, plans, or records of its immediate area, with such other information as may be necessary to enable the utility to advise applicants and others entitled to the information as to the facilities available for serving that locality;

- (ii) assist the customer or applicant in selecting the most economical rate schedule;
- (iii) in compliance with applicable law or regulations, notify customers affected by a change in rates or schedule or classification;
- (iv) post a notice on the Company's website informing the public that copies of the rate schedules and rules relating to the service of the utility as filed with the commission are available for inspection;
- (v) upon request inform its customers as to the method of reading meters;
- (vi) provide to new customers, at the time service is initiated or as an insert in the first billing, a pamphlet or information packet containing the following information. This information shall be provided in English and Spanish as necessary to adequately inform the customers; provided, however, the regulatory authority upon application and a showing of good cause may exempt the utility from the requirement that the information be provided in Spanish:
 - (I) the customer's right to information concerning rates and services and the customer's right to inspect or obtain at reproduction cost a copy of the applicable tariffs and service rules;
 - (II) the customer's right to have his or her meter checked without charge under paragraph (7) of this section, if applicable;
 - (III) the time allowed to pay outstanding bills;
 - (IV) grounds for termination of service;
 - (V) the steps the utility must take before terminating service;
 - (VI) how the customer can resolve billing disputes with the utility and how disputes and health emergencies may affect termination of service;
 - (VII) information on alternative payment plans offered by the utility;
 - (VIII) the steps necessary to have service reconnected after involuntary termination;
 - (IX) the appropriate regulatory authority with whom to register a complaint and how to contact such authority;
 - (X) a toll-free telephone number where information may be obtained concerning the hours and addresses of locations where bills may be paid; and
 - (XI) the customer's right to be instructed by the utility how to read his or her meter;

(vii) at least once each calendar year, notify customers that information is available upon request, at no charge to the customer, concerning the items listed in clause (vi)(I) - (XI) of this subparagraph. This notice may be accomplished by use of a billing insert or a printed statement upon the bill itself.

(B) Customer complaints. Upon complaint to the utility by residential, commercial or industrial sales customers either at its office, by letter, or by telephone, the utility shall promptly make a suitable investigation and advise the complainant of the results thereof. The utility shall keep a record of all complaints which shall show the name and address of the complainant, the date and nature of the

**MID-TEX DIVISION
ATMOS ENERGY CORPORATION**

	V. – QUALITY OF SERVICE	
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complaint, and the adjustment or disposition thereof for a period of one year subsequent to the final disposition of the complaint.

(C) Utility response. Upon receipt of a complaint, either by letter or by telephone, from the regulatory authority on behalf of a customer, the utility shall make a suitable investigation and advise the regulatory authority and complainant of the results thereof. An initial response acknowledging the receipt of the complaint must be made by the next working day. The utility must make a final and complete response within 15 days from the date of receipt by Company of the complaint, unless additional time is granted within the 15-day period. The commission encourages all customer complaints to be made in writing to assist the regulatory authority in maintaining records of the quality of service of each utility; however, telephone communications will be acceptable.

(D) Deferred payment plan. The utility is encouraged to offer a deferred payment plan for delinquent residential accounts. If such a plan is offered, it shall conform to the following guidelines:

(i) Every deferred payment plan entered into due to the customer's inability to pay the outstanding bill in full must provide that service will not be discontinued if the customer pays current bills and a reasonable amount of the outstanding bill and agrees to pay the balance in reasonable installments until the bill is paid.

(ii) For purposes of determining reasonableness under these rules, the following shall be considered: size of delinquent account; customer's ability to pay; customer's payment history; time that the debt has been outstanding; reasons why debt has been outstanding; and other relevant factors concerning the circumstances of the customer.

(iii) A deferred payment plan, if reduced to writing, offered by a utility shall state, immediately preceding the space provided for the customer's signature and in bold-face print at least two sizes larger than any other used, that: "If you are not satisfied with this agreement, do not sign. **If you are satisfied with this agreement, you give up your right to dispute the amount due under the agreement except for the utility's failure or refusal to comply with the terms of this agreement.**"

(iv) A deferred payment plan may include a one-time 5.0% penalty for late payment on the original amount of the outstanding bill with no prompt payment discount allowed except in cases where the understanding bill is unusually high as a result of the utility's error (such as an inaccurately estimated bill or an incorrectly read meter). A deferred payment plan shall not include a finance charge.

(v) If a customer for utility service has not fulfilled terms of a deferred payment agreement or refuses to sign the same if it is reduced to writing, the utility shall have the right to disconnect pursuant to disconnection rules herein and, under such circumstances, it shall not be required to offer a subsequent negotiation of a deferred payment agreement prior to disconnection.

(vi) Any utility which institutes a deferred payment plan shall not refuse a customer participation in such a program on the basis of race, color, creed, sex, marital status, age, or any other form of discrimination prohibited by law.

(E) Delayed payment of bills by elderly persons to residential accounts.

(i) Applicability. This subparagraph applies only to:

(I) a utility that assesses late payment charges to residential customers and that suspends service before the 26th day after the date of the bill for which collection action is taken;

(II) utility bills issued on or after August 30, 1993; and

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	V. – QUALITY OF SERVICE	
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(III) an elderly person, as defined in clause (ii) of this subparagraph, who is a residential customer and who occupies the entire premises for which a delay is requested.

(ii) Definitions.

(I) Elderly person--A person who is 60 years of age or older.

(II) Utility--A gas utility or municipally owned utility, as defined in Texas Utilities Code, Sections 101.003(7), 101.003(8), and 121.001 - 121.006.

(iii) An elderly person may request that the utility implement the delay for either the most recent utility bill or for the most recent utility bill and each subsequent utility bill.

(iv) On request of an elderly person, a utility shall delay without penalty the payment date of a bill for providing utility services to that person until the 25th day after the date on which the bill is issued.

(v) The utility may require the requesting person to present reasonable proof that the person is 60 years of age or older.

(vi) Every utility shall notify its customers of this delayed payment option no less often than yearly. A utility may include this notice with other information provided pursuant to subparagraph (A) of this paragraph.

(F) Budget Billing – The utility offers an optional budget billing plan to moderate seasonal differences in customer bills. The details of the plan are published on the utility's website.

(3) Refusal of service.

(A) Compliance by applicant. Any utility may decline to serve an applicant for whom service is available from previously installed facilities until such applicant has complied with the state and municipal regulations and approved rules and regulations of the utility on file with the commission governing the service applied for or for the following reasons.

(i) Applicant's facilities inadequate. If the applicant's installation or equipment is known to be hazardous or of such character that satisfactory service cannot be given.

(ii) For indebtedness. If the applicant is indebted to any utility for the same kind of service as that applied for; provided, however, that in the event the indebtedness of the applicant for service is in dispute, the applicant shall be served upon complying with the applicable deposit requirement.

(iii) Refusal to make deposit. For refusal to make a deposit if applicant is required to make a deposit under these rules.

(B) Applicant's recourse. In the event that the utility shall refuse to serve an applicant under the provisions of these rules, the utility must inform the applicant of the basis of its refusal and that the applicant may file a complaint with the municipal regulatory authority or commission, whichever is appropriate.

(C) Insufficient grounds for refusal to serve. The following shall not constitute sufficient cause for refusal of service to a present customer or applicant:

(i) delinquency in payment for service by a previous occupant of the premises to be served;

(ii) failure to pay for merchandise or charges for nonutility service purchased from the utility;

(iii) failure to pay a bill to correct previous underbilling due to misapplication of rates more than six months prior to the date of application;

**MID-TEX DIVISION
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(iv) violation of the utility's rules pertaining to operation of nonstandard equipment or unauthorized attachments which interfere with the service of others unless the customer has first been notified and been afforded reasonable opportunity to comply with these rules;

(v) failure to pay a bill of another customer as guarantor thereof unless the guarantee was made in writing to the utility as a condition precedent to service; and

(vi) failure to pay the bill of another customer at the same address except where the change of customer identity is made to avoid or evade payment of a utility bill.

(4) Discontinuance of service.

(A) The due date of the bill for utility service shall not be less than 15 days after issuance, or such other period of time as may be provided by order of the regulatory authority. A bill for utility service is delinquent if unpaid by the due date.

(B) A utility may offer an inducement for prompt payment of bills to residential and commercial customers by allowing a discount in the amount of 5.0% for payment of bills within 10 days after their issuance. This provision shall not apply where it conflicts with existing orders or ordinances of the appropriate regulatory authority.

(C) A customer's utility service may be disconnected if the bill has not been paid or a deferred payment plan pursuant to paragraph (2)(D) of this section has not been entered into within five working days after the bill has become delinquent and proper notice has been given. Proper notice consists of a deposit in the United States mail, postage prepaid, or hand delivery to the customer at least five working days prior to the stated date of disconnection, with the words "Termination Notice" or similar language prominently displayed on the notice. The notice shall be provided in English and Spanish as necessary to adequately inform the customer, and shall include the date of termination, a toll-free number for the hours and addresses of locations where payment may be made, and a statement that if a health or other emergency exists, the utility may be contacted concerning the nature of the emergency and the relief available, if any, to meet such emergency.

(D) Utility service may be disconnected for any of the following reasons:

(i) failure to pay a delinquent account or failure to comply with the terms of a deferred payment plan for installment payment of a delinquent account;

(ii) violation of the utility's rules pertaining to the use of service in a manner which interferes with the service of others or the operation of nonstandard equipment, if a reasonable attempt has been made to notify the customer and the customer is provided with a reasonable opportunity to remedy the situation;

(iii) failure to comply with deposit or guarantee arrangements where required by paragraph (5) of this section;

(iv) without notice where a known dangerous condition exists for as long as the condition exists;

(v) tampering with the utility company's meter or equipment or bypassing the same.

(E) Utility service may not be disconnected for any of the following reasons:

(i) delinquency in payment for service by a previous occupant of the premises;

(ii) failure to pay for merchandise or charges for nonutility service by the utility;

(iii) failure to pay for a different type or class of utility service unless the fee for such service is included on the same bill;

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(iv) failure to pay the account of another customer as guarantor thereof, unless the utility has in writing the guarantee as a condition precedent to service;

(v) failure to pay charges arising from an underbilling occurring due to any misapplication of rates more than six months prior to the current billings;

(vi) failure to pay charges arising from an underbilling due to any faulty metering, unless the meter has been tampered with or unless such underbilling charges are due;

(vii) failure to pay an estimated bill other than a bill rendered pursuant to an approved meter reading plan, unless the utility is unable to read the meter due to circumstances beyond its control.

(F) Unless a dangerous condition exists, or unless the customer requests disconnection, service shall not be disconnected on a day, or on a day immediately preceding a day, when personnel of the utility are not available to the public for the purpose of making collections and reconnecting service.

(G) No utility may abandon a residential or commercial customer without written approval from the regulatory authority.

(H) No utility may discontinue service to a delinquent residential customer permanently residing in an individually metered dwelling unit when that customer establishes that discontinuance of service will result in some person residing at that residence becoming seriously ill or more seriously ill if the service is discontinued. Any customer seeking to avoid termination of service under this section must make a written request supported by a written statement from a licensed physician. Both the request and the statement must be received by the utility not more than five working days after the date of delinquency of the bill. The prohibition against service termination provided by this section shall last 20 days from the date of receipt by the utility of the request and statement or such lesser period as may be agreed upon by the utility and the customer. The customer who makes such request shall sign an installment agreement which provides for payment of such service along with timely payments for subsequent monthly billings.

(I) Suspension of Gas Utility Service Disconnection during an Extreme Weather Emergency

(A) Applicability and scope. This rule applies to gas utilities, as defined in Texas Utilities Code, §101.003(7) and §121.001, and to owners, operators, and managers of mobile home parks or apartment houses who purchase natural gas through a master meter for delivery to a dwelling unit in a mobile home park or apartment house, pursuant to Texas Utilities Code, §§124.001-124.002, within the jurisdiction of the Railroad Commission pursuant to Texas Utilities Code, §102.001. For purposes of this section, all such gas utilities and owners, operators and managers of master meter systems shall be referred to as "providers." Providers shall comply with the following service standards. A gas distribution utility shall file amended service rules incorporating these standards with the Railroad Commission in the manner prescribed by law.

(B) Disconnection prohibited. Except where there is a known dangerous condition or a use of natural gas service in a manner that is dangerous or unreasonably interferes with service to others, a provider shall not disconnect natural gas service to:

(1) a delinquent residential customer during an extreme weather emergency. An extreme weather emergency means a day when the previous day's highest temperature did not exceed 32 degrees Fahrenheit and the temperature is predicted to remain at or below that level for the next 24 hours according to the nearest National Weather Station for the county where the customer takes service.

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(2) a delinquent residential customer for a billing period in which the provider receives a written pledge, letter of intent, purchase order, or other written notification from an energy assistance provider that it is forwarding sufficient payment to continue service; or

(3) a delinquent residential customer on a weekend day, unless personnel or agents of the provider are available for the purpose of receiving payment or making collections and reconnecting service.

(C) Payment plans. Providers shall defer collection of the full payment of bills that are due during an extreme weather emergency until after the emergency is over, and shall work with customers to establish a payment schedule for deferred bills as set forth in paragraph (2)(D) of §7.45 of this title, relating to Quality of Service.

(D) Notice. Beginning in the September or October billing periods utilities and owners, operators, or managers of master metered systems shall give notice as follows:

(1) Each utility shall provide a copy of this rule to the social services agencies that distribute funds from the Low Income Home Energy Assistance Program within the utility's service area.

(2) Each utility shall provide a copy of this rule to any other social service agency of which the provider is aware that provides financial assistance to low income customers in the utility's service area.

(3) Each utility shall provide a copy of this rule to all residential customers of the utility and customers who are owners, operators, or managers of master metered systems.

(4) Owners, operators, or managers of master metered systems shall provide a copy of this rule to all of their customers.

(E) In addition to the minimum standards specified in this section, providers may adopt additional or alternative requirements if the provider files a tariff with the Commission pursuant to §7.315 of this title (relating to Filing of Tariffs). The Commission shall review the tariff to ensure that at least the minimum standards of this section are met.

(5) Applicant deposit.

(A) Establishment of credit for residential applicants. The utility may require a residential applicant for service to satisfactorily establish credit but such establishment of credit shall not relieve the customer from complying with rules for prompt payment of bills. Subject to these rules, a residential applicant shall not be required to pay a deposit:

(i) if the residential applicant has been a customer of any utility for the same kind of service within the last two years and is not delinquent in payment of any such utility service account and during the last 12 consecutive months of service did not have more than one occasion in which a bill for such utility service was paid after becoming delinquent and never had service disconnected for nonpayment;

(ii) if the residential applicant furnishes in writing a satisfactory guarantee to secure payment of bills for the service required; or

(iii) if the residential applicant furnishes in writing a satisfactory credit rating by appropriate means, including, but not limited to, the production of valid, generally acceptable credit cards,

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letters of credit reference, the names of credit references which may be quickly and inexpensively contacted by the utility, or ownership of substantial equity.

(B) Reestablishment of credit. Every applicant who has previously been a customer of the utility and whose service has been discontinued for nonpayment of bills shall be required before service is rendered to pay a connect charge plus all his amounts due the utility or execute a written deferred payment agreement, if offered, and reestablish credit as provided in subparagraph (A) of this paragraph.

(C) Amount of deposit and interest for residential service, and exemption from deposit.

(i) The utility shall waive any deposit requirement for residential service for an applicant who has been determined to be a victim of family violence as defined in Texas Family Code, Section 71.004, by a family violence center, by treating medical personnel, by law enforcement agency personnel, or by a designee of the Attorney General in the Crime Victim Services Division of the Office of the Attorney General. This determination shall be evidenced by the applicant's submission of a certification letter developed by the Texas Council on Family Violence and made available on its web site.

(ii) The required deposit shall not exceed an amount equivalent to one-sixth of the estimated annual billings. If actual use is at least twice the amount of the estimated billings, a new deposit requirement may be calculated and an additional deposit may be required within two days. If such additional deposit is not made, the utility may disconnect service under the standard disconnection procedure for failure to comply with deposit requirements. In the absence of billing history, the default deposit amount is \$90.00.

(iii) All applicants for residential service who are 65 years of age or older will be considered as having established credit if such applicant does not have an outstanding account balance with the utility or another utility for the same utility service which accrued within the last two years. No cash deposit shall be required of such applicant under these conditions.

(iv) Each utility which requires deposits to be made by its customers shall pay a minimum interest on such deposits according to the rate as established by law. If refund of deposit is made within 30 days of receipt of deposit, no interest payment is required. If the utility retains the deposit more than 30 days, payment of interest shall be made retroactive to the date of deposit.

(I) Payment of interest to the customer shall be annually or at the time the deposit is returned or credited to the customer's account.

(II) The deposit shall cease to draw interest on the date it is returned or credited to the customer's account.

(D) The utility may require a deposit from a commercial or industrial customer sufficient to reasonably protect it against the assumed risk, provided such a policy is applied in a uniform and nondiscriminatory manner.

(E) Records of deposits.

(i) The utility shall keep records to show:

(I) the name and address of each depositor;

(II) the amount and date of the deposit; and

(III) each transaction concerning the deposit.

(ii) The utility shall issue a receipt of deposit to each applicant from whom a deposit is received and shall provide means whereby a depositor may establish claim if the receipt is lost.

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(iii) A record of each unclaimed deposit must be maintained for at least four years, during which time the utility shall make a reasonable effort to return the deposit.

(F) Refund of deposit.

(i) If service is not connected or after disconnection of service, the utility shall promptly and automatically refund the customer's deposit plus accrued interest on the balance, if any, in excess of the unpaid bills for service furnished. The transfer of service from one premise to another within the service area of the utility shall not be deemed a disconnection within the meaning of these rules, and no additional deposit may be demanded unless permitted by these rules.

(ii) When the customer has paid bills for service for 12 consecutive residential bills without having service disconnected for nonpayment of bill and without having more than two occasions in which a bill was delinquent and when the customer is not delinquent in the payment of the current bills, the utility shall promptly and automatically refund the deposit plus accrued interest to the customer in the form of cash or credit to a customer's account.

(G) Upon sale or transfer of utility or company. Upon the sale or transfer of any public utility or operating units thereof, the seller shall file with the commission under oath, in addition to other information, a list showing the names and addresses of all customers served by such utility or unit who have to their credit a deposit, the date such deposit was made, the amount thereof, and the unpaid interest thereon.

(H) Complaint by applicant or customer. The utility shall direct its personnel engaged in initial contact with an applicant or customer for service seeking to establish or reestablish credit under the provisions of these rules to inform the customer, if dissatisfaction is expressed with the utility's decision, of the customer's right to file a complaint with the regulatory authority thereon.

(6) Billing.

(A) Bills for gas service shall be rendered monthly, unless otherwise authorized or unless service is rendered for a period less than a month. Bills shall be rendered as promptly as possible following the reading of meters.

(B) The customer's bill must show all the following information. The information must be arranged and displayed in such a manner as to allow the customer to compute his bill with the applicable rate schedule. The applicable rate schedule must be mailed to the customer on request of the customer. A utility may exhaust its present stock of nonconforming bill forms before compliance is required by this section:

- (i) if the meter is read by the utility, the date and reading of the meter at the beginning and end of the period for which rendered;
- (ii) the number and kind of units billed;
- (iii) the applicable rate schedule title or code;
- (iv) the total base bill;
- (v) the total of any adjustments to the base bill and the amount of adjustments per billing unit;
- (vi) the date by which the customer must pay the bill to get prompt payment discount, if applicable;
- (vii) the total amount due before and after any discount for prompt payment, if applicable, within a designated period;
- (viii) a distinct marking to identify an estimated bill.

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(C) Where there is good reason for doing so, estimated bills may be submitted, provided that an actual meter reading is taken at least every six months. For the second consecutive month in which the meter reader is unable to gain access to the premises to read the meter on regular meter reading trips, or in months where meters are not read otherwise, the utility must provide the customer with a postcard and request that the customer read the meter and return the card to the utility if the meter is of a type that can be read by the customer without significant inconvenience or special tools or equipment. If such a postcard is not received by the utility in time for billing, the utility may estimate the meter reading and render the bill accordingly.

(D) Disputed bills.

(i) In the event of a dispute between the customer and the utility regarding the bill, the utility must forthwith make such investigation as is required by the particular case and report the results thereof to the customer. If the customer wishes to obtain the benefits of clause (ii) of this subparagraph, notification of the dispute must be given to the utility prior to the date the bill becomes delinquent. In the event the dispute is not resolved, the utility shall inform the customer of the complaint procedures of the appropriate regulatory authority.

(ii) Notwithstanding any other subsection of this section, the customer shall not be required to pay the disputed portion of the bill which exceeds the amount of that customer's average usage for the billing period at current rates until the earlier of the following: resolution of the dispute or the expiration of the 60-day period beginning on the day the disputed bill is issued. For purposes of this section only, the customer's average usage for the billing period shall be the average of the customer's usage for the same billing period during the preceding two years. Where no previous usage history exists, the average usage shall be estimated on the basis of usage levels of similar customers and under similar conditions.

(7) Meters.

(A) Meter requirements.

(i) Use of meter. All gas sold by a utility must be charged for by meter measurements, except where otherwise provided for by applicable law, regulation of the regulatory authority, or tariff.

(ii) Installation by utility. Unless otherwise authorized by the regulatory authority, the utility must provide and install and will continue to own and maintain all meters necessary for measurement of gas delivered to its residential and commercial customers.

(iii) Standard type. No utility may furnish, set up, or put in use any meter which is not reliable and of a standard type which meets generally accepted industry standards; provided, however, special meters not necessarily conforming to such standard types may be used for investigation, testing, or experimental purposes.

(iv) Access to premises and access to company owned meters and service lines. Atmos Energy, Mid-Tex Division' representatives shall have the right at all reasonable hours to enter upon the premises and property of a customer to read a company meter, to remove, to inspect, or to make necessary repairs and adjustments to, or replacements of, service lines, meter loop, and any property of the utility located thereon, and for any other purpose connected with the utility's operation. The Atmos Energy, Mid-Tex Division representative shall have the right at all time to enter upon the premises and property of the customer in emergencies pertaining to the company's service. All animals which might hinder the performance of such operations on the customer's property shall be kept away from such operations by the customer upon notice by Atmos Energy, Mid-Tex Division' representatives of their intention to enter upon customer's premises.

(B) Meter records. The utility must keep the following records:

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(i) Meter equipment records. The utility must keep a record of all its meters, showing the customer's address and date of the last test.

(ii) Records of meter tests. All meter tests must be properly referenced to the meter record provided for therein. The record of each test made on request of a customer must show the identifying number and constants of the meter, the standard meter and other measuring devices used, the date and kind of test made, by whom made, the error (or percentage of accuracy) at each load tested, and sufficient data to permit verification of all calculations.

(iii) Meter readings--meter unit location. In general, each meter must indicate clearly the units of service for which charge is made to the customer.

(iv) Meter tests on request of customer.

(I) The utility must, upon request of a customer, make a test of the accuracy of the meter serving that customer. The utility must inform the customer of the time and place of the test and permit the customer or his authorized representative to be present if the customer so desires. If no such test has been performed within the previous four years for the same customer at the same location, the test is to be performed without charge. If such a test has been performed for the same customer at the same location within the previous four years, the utility is entitled to charge a fee for the test not to exceed \$15 or such other fee for the testing of meters as may be set forth in the utility's tariff properly on file with the regulatory authority. The customer must be properly informed of the result of any test on a meter that serves him.

(II) Notwithstanding subclause (I) of this clause, if the meter is found to be more than nominally defective, to either the customer's or the utility's disadvantage, any fee charged for a meter test must be refunded to the customer. More than nominally defective means a deviation of more than 2.0% from accurate registration for residential and commercial customers and 1% for industrial customers.

(v) Bill adjustments due to meter error.

(I) If any meter test reveals a meter to be more than nominally defective, the utility must correct previous readings consistent with the inaccuracy found in the meter for the period of either:

(-a-) the last six months; or

(-b-) the last test of the meter, whichever is shorter. Any resulting underbillings or overbillings are to be corrected in subsequent bills, unless service is terminated, in which event a monetary adjustment is to be made. This requirement for a correction may be foregone by the utility if the error is to the utility's disadvantage.

(II) If a meter is found not to register for any period of time, the utility may make a charge for units used but not metered for a period not to exceed three months previous to the time the meter is found not to be registering. The determination of amounts used but not metered is to be based on consumption during other like periods by the same customer at the same location, when available, and on consumption under similar conditions at the same location or of other similarly situated customers, when not available.

(8) New construction.

(A) Standards of construction. The utility is to construct, install, operate, and maintain its plant, structures, equipment, and lines in accordance with the provisions of such codes and standards as are generally accepted by the industry, as modified by rule or regulation of the regulatory authority or

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otherwise by law, and in such manner to best accommodate the public and to prevent interference with service furnished by other public utilities insofar as practical.

(B) Line extension and construction charge policy. In the absence of a line extension policy specific to a city franchise agreement, the following policy shall apply:

Atmos Energy shall be required to extend distribution mains in any Public Rights-of-Way up to seventy-five feet (75') for any one residential customer, only if such customer, at a minimum, uses gas for unsupplemented space heating and water heating. The utility may require, on a consistent and non-discriminatory basis, pre-payment, reimbursement, or adequate security for all costs (including, but not limited to, materials, labor, allocated overhead, permit costs and right-of-way acquisition costs) of extending its existing pipeline system to serve a new customer to the extent that extension would exceed seventy-five feet (75').

The applicable provisions of city franchise agreements, which set forth line extension and construction charge policies that differ from the above policy are on file with the applicable municipality and the Railroad Commission of Texas.

The utility reserves the sole discretion to designate routes of all new extensions and the construction materials and manner of fabrication and installation. The utility, on a consistent and non-discriminatory basis, may provide refunds, credits, or security releases based upon facts such as additional customers subsequently attaching, the level of sales experiences through the new facility, or other criteria chosen by the utility. The utility may apply similar cost responsibility and arrangements to a customer requesting an increase in the capacity of existing facilities to accommodate an increase in the customer's service requirements. In no event will contribution in aid of construction be required of any residential customer unless provided for in this extension policy.

(C) Response to request for service. Every gas utility must serve each qualified applicant for residential or commercial service within its service area as rapidly as practical. As a general policy, those applications not involving line extensions or new facilities should be filled within seven working days. Those applications for individual residential service requiring line extensions should be filled within 90 days unless unavailability of materials or other causes beyond the control of the utility result in unavoidable delays. In the event that residential service is delayed in excess of 90 days after an applicant has met credit requirements and made satisfactory arrangements for payment of any required construction charges, a report must be made to the regulatory authority listing the name of the applicant, location, and cause for delay. Unless such delays are due to causes which are reasonably beyond the control of the utility, a delay in excess of 90 days may be found to constitute a refusal to serve.

(9) Non-Liability

(A) Furnishing of Gas. The Company shall not be liable for any loss or damage caused by variation in gas pressure, defects in pipes, connections and appliances, escape or leakage of gas, sticking of valves or regulators, or for any other loss or damage not caused by the Company's negligence arising out of or incident to the furnishing of gas to any Consumer.

(B) After Point of Delivery. Company shall not be liable for any damage or injury resulting from gas or its use after such gas leaves the point of delivery other than damage caused by the fault of the Company in the manner of installation of the service lines, in the manner in which such service lines are repaired by the Company, and in the negligence of the Company in maintaining its meter loop. All other risks after the gas left the point of delivery shall be assumed by the Consumer, his agents, servants, employees, or other persons.

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(C) Reasonable Diligence. The Company agrees to use reasonable diligence in rendering continuous gas service to all Consumers, but the Company does not guarantee such service and shall not be liable for damages resulting from any interruption to such service.

(D) Force Majeure. Company shall not be liable for any damage or loss caused by stoppage or curtailment of the gas supply pursuant to order of a governmental agency having jurisdiction over Company or Company's suppliers, or caused by an event of force majeure. The term "force majeure" as employed herein means acts of God; strikes, lockouts, or other industrial disturbances; acts of the public enemy; wars; blockades; insurrections; riots; epidemics; landslides; lightning; earthquakes; fires; storms; floods; washouts; arrests and restraints of the government, either federal or state, civil or military; civil disturbances; explosions; breakage or accident to machinery or lines of pipe; freezing of wells or lines of pipe; shortage of gas supply, whether resulting from inability or failure of a supplier to deliver gas; partial or entire failure of natural gas wells or gas supply; depletion of gas reserves; and any other causes, whether of the kind herein enumerated or otherwise.

**ATMOS ENERGY CORP., MID-TEX DIVISION
PROOF OF REVENUES
TEST YEAR ENDING DECEMBER 31, 2017**

Line No.	Description	Current Revenue	Proposed Revenue	Total Change	Percent Change
	(a)	(b)	(c)	(d)	(e)
1	<u>RESIDENTIAL</u>				
2	Rate Characteristics:				
3	Customer Charge	\$ 26.24	\$ 17.00		
4	Consumption Charge (Ccf)	\$ 0.04071	\$ 0.18653		
5					
6	Rider GCR Part A	\$ 0.2853	\$ 0.2853		
7	Rider GCR Part B	\$ 0.3349	\$ 0.3349		
8					
9	Number of Bills	681,828	681,828		
10	Total Volumes (Ccf)	25,720,063	25,720,063		
11					
12	Revenue:				
13	Customer Charge	\$ 17,891,167	\$ 11,591,076		
14	Consumption Charge (Ccf)	1,047,064	4,797,563		
15	Total Margin Revenue	\$ 18,938,230	\$ 16,388,639		
16	Rider GCR - Part A	7,338,791	7,338,791		
17	Rider GCR - Part B	8,614,701	8,614,701		
18	Total Gas Cost	\$ 15,953,492	\$ 15,953,492		
19	Revenue Related Taxes ¹	2,304,260	2,135,884		
20	Total Residential Revenue	\$ 37,195,983	\$ 34,478,016	\$ (2,717,967)	-7.31%
21					
22	<u>COMMERCIAL</u>				
23	Rate Characteristics:				
24	Customer Charge	\$ 61.49	\$ 40.00		
25	Consumption Charge (Ccf)	\$ 0.06278	\$ 0.10494		
26					
27	Rider GCR Part A	\$ 0.2853	\$ 0.2853		
28	Rider GCR Part B	\$ 0.2415	\$ 0.2415		
29					
30	Number of Bills	25,548	25,548		
31	Total Volumes (Ccf)	8,580,391	8,580,391		
32					
33	Revenue:				
34	Customer Charge	\$ 1,570,947	\$ 1,021,920		
35	Consumption Charge (Ccf)	538,677	900,426		
36	Total Margin Revenue	\$ 2,109,623	\$ 1,922,346		
37	Rider GCR - Part A	2,448,271	2,448,271		
38	Rider GCR - Part B	2,072,398	2,072,398		
39	Total Gas Cost	\$ 4,520,670	\$ 4,520,670		
40	Revenue Related Taxes ¹	437,867	425,499		
41	Total Commercial Revenue	\$ 7,068,160	\$ 6,868,515	\$ (199,645)	-2.82%
42					

**ATMOS ENERGY CORP., MID-TEX DIVISION
PROOF OF REVENUES
TEST YEAR ENDING DECEMBER 31, 2017**

Line No.	Description	Current Revenue	Proposed Revenue	Total Change	Percent Change
	(a)	(b)	(c)	(d)	(e)
43	INDUSTRIAL & TRANSPORTATION				
44	Rate Characteristics:				
45	Customer Charge	\$ 1,075.48	\$ 784.00		
46	Consumption Charge (MMBTU)				
47	Block 1	\$ 0.2353	\$ 0.3701		
48	Block 2	\$ 0.1724	\$ 0.2712		
49	Block 3	\$ 0.0370	\$ 0.0582		
50					
51	Rider GCR Part A	\$ 2.7865	\$ 2.7865		
52	Rider GCR Part B	\$ 0.5314	\$ 0.5314		
53					
54	Number of Bills	456	456		
55	Total Volumes (MMBTU)				
56	Block 1	528,424	528,424		
57	Block 2	721,697	721,697		
58	Block 3	2,495,038	2,495,038		
59					
60	Sales Volumes	561,202	561,202		
61					
62	Revenue:				
63	Customer Charge	\$ 490,419	\$ 357,504		
64	Consumption Charge (MMBTU)				
65	Block 1	124,338	195,570		
66	Block 2	124,421	195,724		
67	Block 3	92,316	145,211		
68	Total Margin Revenue	\$ 831,494	\$ 894,009		
69	Rider GCR - Part A	1,563,766	1,563,766		
70	Rider GCR - Part B	1,990,140	1,990,140		
71	Total Gas Cost	\$ 3,553,906	\$ 3,553,906		
72	Revenue Related Taxes ¹	289,613	293,742		
73	Total Industrial & Transportation Revenue	\$ 4,675,013	\$ 4,741,657	\$ 66,644	1.43%
74					
75	Total Gas Revenue	\$ 48,939,156	\$ 46,088,188	\$ (2,850,968)	-5.83%
76					
77	Note:				
78	1. Rider FF & TAX	6.6040%			

ATMOS ENERGY CORP., MID-TEX DIVISION
INTERIM RATE ADJUSTMENT NET INVESTMENT AND RATE BASE ADJUSTMENTS
PER TEXAS UTILITIES CODE SECTION 104.301
TEST YEAR ENDING DECEMBER 31, 2017

Line No.	Acct. No.	Description (b)	Plant Balances (c)	Accumulated Depreciation (d)	Net Plant (e) = (c) - (d)	Depreciation Rate (f)
1		<u>Mkt-Tex:</u>				
2		<u>Distribution Plant</u>				
3	374	Land	\$ 969,751	\$ 90	\$ 969,661	0.00%
4	374	Land Rights	3,436,235	1,496,141	1,940,094	0.98%
5	375	Structures & Improvements	1,593,440	1,000,412	593,028	1.71%
6	376.00	Mains - Cathodic Protection	176,245,240	48,934,906	127,310,335	1.85%
7	376.01	Mains - Steel	623,546,751	211,430,322	412,116,430	3.97%
8	376.02	Mains - Plastic	1,617,624,079	430,076,650	1,187,547,429	2.21%
9	378	M&R Station Equipment - General	72,217,273	24,532,123	47,685,150	3.08%
10	378	M&R Station Equipment - City Gate	5,737,696	3,197,871	2,539,825	1.88%
11	380	Services	1,263,780,605	382,969,660	880,810,944	3.67%
12	381	Meters	269,036,417	64,015,902	205,020,515	3.31%
13	382	Meter Installations	124,150,788	34,256,337	89,894,450	3.66%
14	383	House Regulators	92,306,262	21,942,045	70,364,218	3.50%
15	385	Industrial M&R Station Equipment	2,777,560	327,091	2,450,469	2.80%
16		Total Mkt-Tex Distribution Plant (Sum Ln 3 through Ln 15)	\$ 4,253,422,097	\$ 1,224,179,549	\$ 3,029,242,549	
17						
18		<u>General Plant</u>				
19	302	Franchises & Consents	\$ 18,896	\$ 7,231	\$ 11,665	0.00%
20	303	Computer Software	709,231	797,603	(88,372)	0.00%
21	389	Land	5,141,158	114	5,141,045	0.00%
22	390	Structures & Improvements	58,308,484	15,275,690	43,032,795	2.54%
23	390	Air Conditioning Equipment	323,282	52,729	270,553	2.75%
24	391	Office Furniture & Equipment	10,681,124	959,242	9,721,882	4.00%
25	392	Transportation Equipment	1,744,975	725,919	1,019,056	9.04%
26	393	Stores Equipment	102,553	23,454	79,098	4.00%
27	394	Tools, Shop, and Garage Equipment	23,058,833	6,393,734	16,665,100	5.00%
28	395	Laboratory Equipment	361,884	208,926	152,958	10.00%
29	396	Power Oper. Tool & Work Equipment	1,903,358	676,434	1,226,924	7.24%
30	397	Radio Communication Equipment	5,675,755	3,771,085	1,904,669	6.67%
31	398	Miscellaneous Equipment	1,879,501	794,182	1,085,319	2.50%
32	399	Other Tangible Property	341,848	136,991	204,857	14.28%
33	399.01	Other Tangible Property-Servers Hardware	80,686	80,686	-	14.29%
34	399.02	Other Tangible Property-Servers Software	258,852	72,896	185,956	14.28%
35	399.03	Other Tangible Property-Network-Hardware	1,404,540	491,188	913,351	11.11%
36	399.06	Other Tangible Property-PC Hardware	11,980,671	5,707,220	6,273,451	14.28%
37	399.07	Other Tangible Property-PC Software	701,337	501,919	199,418	14.28%

ATMOS ENERGY CORP., MID-TEX DIVISION
INTERIM RATE ADJUSTMENT NET INVESTMENT AND RATE BASE ADJUSTMENTS
PER TEXAS UTILITIES CODE SECTION 104.301
TEST YEAR ENDING DECEMBER 31, 2017

Line No.	Acct.	Description	Plant Balances	Accumulated Depreciation	Net Plant	Depreciation Rate
	(a)	(b)	(c)	(d)	(e) = (c) - (d)	(f)
38	399.08	Other Tangible Property-Application Software				
39	RWIP	Retirement Work in Progress	5,588,144	3,159,690	2,428,454	14.29%
40		Total Mid-Tex General Plant (Sum Ln 19 through Ln 39)	-	(1,579,392)	1,579,392	
41			\$ 130,265,112	\$ 38,257,542	\$ 92,007,570	
42		Total Mid-Tex Direct Plant (Ln 16 + Ln 40)				
43			\$ 4,383,687,210	\$ 1,262,437,091	\$ 3,121,250,119	
44		SSU - Customer Support (Div 012):				
45	General Plant					
46	389	Land & Land Rights	\$ 1,498,341	\$ -	\$ 1,498,341	0.00%
47	390	Structures & Improvements	6,597,144	845,943	5,751,202	3.34%
48	390.09	Improvements to Leased Premises	1,470,386	832,133	638,253	4.06%
49	391	Office Furniture & Equipment	1,213,850	399,157	814,692	4.03%
50	397	Communication Equipment - Telephone	997,308	510,591	486,717	5.54%
51	398	Miscellaneous Equipment	36,499	5,682	30,817	1.72%
52	399	Other Tangible Property	327,984	217,854	110,130	13.84%
53	399.01	Other Tangible Property-Servers Hardware	5,391,936	2,257,878	3,134,057	8.62%
54	399.02	Other Tangible Property-Servers Software	1,055,078	552,182	502,896	8.78%
55	399.03	Other Tangible Property-Network-Hardware	328,015	170,113	157,902	8.72%
56	399.06	Other Tangible Property-PC Hardware	521,209	252,300	268,908	8.78%
57	399.07	Other Tangible Property-PC Software	99,176	64,976	34,200	6.64%
58	399.08	Other Tangible Property-Application Software	46,987,217	13,539,253	33,447,965	6.57%
59		Total SSU Customer Support (Sum Ln 46 through Ln 58)	\$ 66,524,144	\$ 19,648,062	\$ 46,876,082	
60						
61		SSU - Customer Support (Div 012):				
62	General Plant					
63	Charles K. Vaughn Center					
64	389	Land & Land Rights	\$ 1,442,551	\$ -	\$ 1,442,551	0.00%
65	390.10	Structures & Improvements	9,410,198	1,956,188	7,454,010	3.34%
66	391.10	Office Furniture & Equipment	291,181	24,703	266,478	4.03%
67	392.10	Transportation Equipment	73,633	70,406	3,226	28.96%
68	394.10	Tools, Shop, and Garage Equipment	307,542	66,306	241,236	8.88%
69	395.10	Laboratory Equipment	18,071	10,867	7,204	10.00%
70	397.10	Communication Equipment	222,909	109,337	113,571	5.54%
71	398.10	Miscellaneous Equipment	389,445	99,600	289,845	1.72%
72	399.10	Other Tangible Property	259,734	100,214	159,520	13.84%
73	399.16	Other Tangible Property-PC Hardware	196,746	172,014	24,732	8.78%
74	399.17	Other Tangible Property-PC Software	79,445	53,254	26,192	6.64%
75	399.18	Other Tangible Property-Application Software	15,722	7,417	8,305	15.89%
76		Total SSU CKV Center (Sum Ln 64 through Ln 75)	\$ 12,707,179	\$ 2,670,308	\$ 10,036,870	
77						

ATMOS ENERGY CORP., MID-TEX DIVISION
INTERIM RATE ADJUSTMENT NET INVESTMENT AND RATE BASE ADJUSTMENTS
PER TEXAS UTILITIES CODE SECTION 104.301
TEST YEAR ENDING DECEMBER 31, 2017

Line No.	Acct. (a)	Description (b)	Plant Balances (c)	Accumulated Depreciation (d)	Net Plant (e) = (c) - (d)	Depreciation Rate (f)
78	SSU - General Office (Div 002):					
79	General Plant					
80	390	Structures & Improvements	\$ 539,292	\$ 179,862	\$ 359,430	3.34%
81	390.09	Improvements to Leased Premises	3,323,586	3,346,087	(22,502)	4.06%
82	391	Office Furniture & Equipment	1,785,700	622,880	1,162,820	4.03%
83	391.02	Remittance Processing Equipment	-	0	(0)	4.03%
84	391.03	Office Furniture & Equipment	-	0	(0)	4.03%
85	392	Transportation Equipment	2,723	1,941	782	28.96%
86	393	Stores Equipment	-	-	-	10.00%
87	394	Tools & Work Equipment	29,067	11,269	17,798	8.88%
88	395	Laboratory Equipment	-	-	-	10.00%
89	397	Communication Equipment - Telephone	397,133	193,186	203,947	5.54%
90	398	Miscellaneous Equipment	52,160	16,313	35,847	1.72%
91	399	Other Tangible Property	62,003	62,044	(42)	13.84%
92	399.01	Other Tangible Property-Servers Hardware	14,122,193	7,569,076	6,553,117	8.62%
93	399.02	Other Tangible Property-Servers Software	7,262,029	6,345,288	916,742	8.78%
94	399.03	Other Tangible Property-Network-Hardware	1,356,055	914,075	441,980	8.72%
95	399.04	Other Tangible Property-CPU	-	-	-	26.26%
96	399.05	Other Tangible Property-MF Hardware	-	-	-	15.76%
97	399.06	Other Tangible Property-PC Hardware	939,219	379,417	559,801	8.78%
98	399.07	Other Tangible Property-PC Software	562,935	76,217	486,718	6.64%
99	399.08	Other Tangible Property-Application Software	25,355,007	11,717,687	13,637,320	6.57%
100	399.09	Other Tangible Property-System Software	14,998	16,611	(1,613)	6.21%
101	399.24	Other Tangible Property-GenStartupCost	-	-	-	15.89%
102		Total SSU General Office (Sum Ln 80 through Ln 101)	\$ 55,804,099	\$ 31,451,954	\$ 24,352,145	
103						
104	SSU - General Office (Div 002):					
105	General Plant					
106	Greenville Data Center (010.11520)					
107	390.05	G-Structures & Improvements	\$ 1,281,518	\$ 483,815	\$ 797,704	3.34%
108	391.04	G-Office Furniture & Equip.	8,891	4,213	4,678	4.03%
109		Total SSU Greenville Data Center (Sum Ln 80 through Ln 101)	\$ 1,290,410	\$ 488,028	\$ 802,382	
110						

ATMOS ENERGY CORP., MID-TEX DIVISION
INTERIM RATE ADJUSTMENT NET INVESTMENT AND RATE BASE ADJUSTMENTS
PER TEXAS UTILITIES CODE SECTION 104.301
TEST YEAR ENDING DECEMBER 31, 2017

Line No.	Acct.	Description	Plant Balances	Accumulated Depreciation	Net Plant	Depreciation Rate
(a)		(b)	(c)	(d)	(e) = (c) - (d)	(f)
111	SSU - General Office (Div 002):					
112	General Plant					
113	Distribution and Marketing					
114	391.20	Office Furniture & Equipment-AEAM	\$ 89,351	\$ 37,968	\$ 51,383	4.03%
115	394.20	Tools & Work Equipment-AEAM	-	184	(184)	8.88%
116	397.20	Communication Equipment-AEAM	4,192	1,672	2,520	5.54%
117	398.20	Miscellaneous Equipment-AEAM	3,510	335	3,175	1.72%
118	399.21	Other Tangible Property-Servers Hardware-AEAM	773,890	521,281	252,609	8.62%
119	399.22	Other Tangible Property-Servers Software-AEAM	456,693	204,582	252,111	8.78%
120	399.23	Other Tangible Property-Network-Hardware-AEAM	28,587	19,628	8,959	8.72%
121	399.26	Other Tangible Property-PC Hardware-AEAM	149,362	19,285	130,076	8.78%
122	399.28	Other Tangible Property-Application Software-AEAM	9,330,573	5,328,213	4,001,360	6.57%
123		Total SSU Distribution & Marketing (Sum Ln 114 through Ln 122)	\$ 10,836,158	\$ 6,134,149	\$ 4,702,008	
124						
125	SSU - General Office (Div 002):					
126	General Plant					
127	Align Pipe Projects					
128	398.31	Other Tangible Property-Servers Hardware-Align	\$ 19,022	\$ 2,529	\$ 16,493	8.62%
129	398.32	Other Tangible Property-Servers Software-Align	22,123	2,110	20,013	8.78%
130	398.38	Other Tangible Property-Application Software-Align	1,120,918	187,912	933,006	6.57%
131		Total SSU Align Pipe Projects (Sum Ln 128 through Ln 130)	\$ 1,162,063	\$ 192,551	\$ 969,512	
132						
133		Total Allocated SSU Plant (Sum Lns 59, 76, 102, 109, 123, 131)	148,324,053	60,585,052	87,739,000	
134						
135		Total Mid-Tex Net Plant (Ln 42 + Ln 133)	\$ 4,532,011,263	\$ 1,323,022,143	\$ 3,208,989,119	
136						
137		Rate Base Adjustments			\$ 11,562,966	
138						
139						
140						

Note:

1. The SSU Plant Balances and Accumulated Depreciation reflect allocated amounts to Mid-Tex.

ATMOS ENERGY CORP., MID-TEX DIVISION
RATE BASE ADJUSTMENTS
TEST YEAR ENDING DECEMBER 31, 2017
AMORTIZATION OF PROTECTED REGULATORY LIABILITY

Line No.	Year Ended Dec. 31	Beginning of Year Rate Base Adjustment Amount	Annual Amortization (1)	End of Year Rate Base Adjustment Amount	Balance as of December 31, 2017
	(a)	(b)	(c)	(d)	(e)
1	2017	\$	\$	\$	\$
2	2018	289,813,479	12,075,562	289,813,479	289,813,479
3	2019	277,737,918	12,075,562	277,737,918	
4	2020	265,662,356	12,075,562	265,662,356	
5	2021	253,586,795	12,075,562	253,586,795	
6	2022	241,511,233	12,075,562	241,511,233	
7	2023	229,435,671	12,075,562	229,435,671	
8	2024	217,360,110	12,075,562	217,360,110	
9	2025	205,284,548	12,075,562	205,284,548	
10	2026	193,208,986	12,075,562	193,208,986	
11	2027	181,133,425	12,075,562	181,133,425	
12	2028	169,057,863	12,075,562	169,057,863	
13	2029	156,982,301	12,075,562	156,982,301	
14	2030	144,906,740	12,075,562	144,906,740	
15	2031	132,831,178	12,075,562	132,831,178	
16	2032	120,755,616	12,075,562	120,755,616	
17	2033	108,680,055	12,075,562	108,680,055	
18	2034	96,604,493	12,075,562	96,604,493	
19	2035	84,528,932	12,075,562	84,528,932	
20	2036	72,453,370	12,075,562	72,453,370	
21	2037	60,377,808	12,075,562	60,377,808	
22	2038	48,302,247	12,075,562	48,302,247	
23	2039	36,226,685	12,075,562	36,226,685	
24	2040	24,151,123	12,075,562	24,151,123	
25	2041	12,075,562	12,075,562	12,075,562	
26				(0)	
27	Revenue Related Tax Factor	6.60%		See WP F-5.1	
28	Revenue Related Taxes on Annual Amortization		797,474	Amortization * Tax Factor	
29	Amortization Including Revenue Related Taxes		12,873,035	Amortization + Taxes	

Note:

1. The annual amortization of a 24 year recovery period is based on the Reverse South Georgia Method.

ATMOS ENERGY CORP., MID-TEX DIVISION
PROPOSED TARIFF STRUCTURE
TEST YEAR ENDING DECEMBER 31, 2017

Line No.	(a)	(b)	(c)	(d)
1	Proposed Base Revenue Requirements:		\$ 606,233,428	
2	Less: Amortization of Excess Accumulated Deferred Income Taxes		(12,075,562)	
5	Net Proposed Base Revenue Requirements		\$ 594,157,866	
6				
7				
8		Revenue Requirements	Allocations	
9	Residential	\$ 338,431,486	77.95%	Per GUD 10170
10	Commercial	84,223,622	19.40%	Per GUD 10170
11	Industrial and Transportation	11,490,316	2.65%	Per GUD 10170
12	Net Revenue Requirements GUD No. 10170	\$ 434,145,424	100.00%	
13				
14	Net Proposed Base Revenue Requirements by Class:			
15	Residential	\$ 463,166,760	77.95%	Line 4 x Line 8
16	Commercial	115,265,818	19.40%	Line 4 x Line 9
17	Industrial and Transportation	15,725,287	2.65%	Line 4 x Line 10
18	Net Proposed Revenue Requirements by Class	\$ 594,157,866	100.00%	
19				
20				
21	Customer Charge Revenue:			
22	Proposed Monthly Customer Charge	\$ 17.00	\$ 40.00	\$ 784.00
23	Annual Number of Bills	18,314,544	1,470,024	9,624
24				
25	Customer Charge Revenue	\$ 311,347,248	\$ 58,800,960	\$ 7,545,216
26				
27	Revenue to be collected through Consumption Charge	\$ 151,819,512	\$ 56,464,858	\$ 8,180,071
28				
29	Block 1 Usage	813,908,871	538,042,507	10,303,163
30	Block 2 Usage			11,551,493
31	Block 3 Usage			21,195,777
32				
33	Block 1 Rate	\$ 0.18653	\$ 0.10494	\$ 0.3701
34	Block 2 Rate			\$ 0.2712
35	Block 3 Rate			\$ 0.0582
36				
37	Consumption Charge Revenue	\$ 151,818,422	\$ 56,462,181	\$ 8,179,560
38				
39	Total Revenue	\$ 463,165,670	\$ 115,263,141	\$ 15,724,776

**MID-TEX DIVISION
ATMOS ENERGY CORPORATION**

RIDER:	SUR – SURCHARGES	
APPLICABLE TO:	UNINCORPORATED AREAS	
EFFECTIVE DATE:	Bills Rendered on or after	PAGE:

Application

The Rate Case Expense Surcharge (RCE) rate as set forth below is pursuant to the Final Order in GUD No. 10742. 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.10742. This rider is subject to all applicable laws and orders, and the Company's rules and regulations on file with the regulatory authority.

Monthly Calculation

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

Rate Schedule	Unincorporated Areas
R – Residential Sales	\$0.11
C – Commercial Sales	\$0.75
I – Industrial Sales	\$5.73
T - Transportation	\$5.73