

**BEFORE THE
RAILROAD COMMISSION OF TEXAS**

APPLICATION OF ATMOS ENERGY, MID-TEX DIVISION FOR TEST YEAR 2019 ANNUAL INTERIM RATE ADJUSTMENT FOR THE UNINCORPORATED AREAS.	§ § § § §	GAS UTILITIES DOCKET NO. 10944
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INTERIM RATE ADJUSTMENT ORDER

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

FINDINGS OF FACT

Background

1. Atmos Energy Corporation 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. Atmos Energy Corporation, Mid-Tex Division (“Atmos Mid-Tex”), a division of Atmos, owns and operates a gas distribution system.
3. On February 28, 2020, Atmos Mid-Tex filed an application for an annual interim rate adjustment (“IRA”) applicable to customers located in the unincorporated areas of the Atmos Mid-Tex Division.
4. Atmos Mid-Tex requested that the IRA for all customer classes become effective on April 28, 2020.
5. On March 2, 2020, the Commission suspended implementation of Atmos Mid-Tex’s proposed IRA until June 12, 2020, which would be 45 days following the 60th day after the application would be considered complete.
6. Neither TEX. UTIL. CODE § 104.301 nor 16 Texas Administrative Code § 7.7101 provides the opportunity for parties to intervene in the Commission’s review of an application for an annual IRA.

7. 16 TEX. ADMIN. CODE § 7.7101 allows written comments or a protest concerning the proposed IRA to be filed with Gas Services' Market Oversight Section.
8. As of the date of this interim order, two letters of protest concerning this application have been received by the Commission.
9. This docket represents the second annual IRA for the unincorporated areas of the Atmos Mid-Tex Division following GUD No. 10742.¹
10. Until promulgation of TEX. UTIL. CODE § 104.301, a utility could not increase its rates subject to the Commission's jurisdiction without filing with the Commission a formal statement of intent rate case, including a comprehensive cost of service rate review.
11. The proposed IRA will allow Atmos Mid-Tex an opportunity to recover, subject to refund, a return on investment, depreciation expense, and related taxes on the incremental cost of infrastructure investment since its last rate case, GUD No. 10742, without the necessity of filing a statement of intent rate case and without review by the Commission of Atmos Mid-Tex's comprehensive cost of service.

Applicability

12. This docket applies to only those rates over which the Commission has original jurisdiction, which includes the unincorporated areas of the Mid-Tex Division.
13. As of December 31, 2019, Atmos Mid-Tex had approximately 1,686,045 customers in the Mid-Tex Division. Of these, 1,559,386 were residential customers, 125,707 were commercial customers, and 952 were industrial and transportation customers.²
14. As of December 31, 2019, Atmos Mid-Tex had approximately 70,730 customers subject to this order. Of these, 68,440 were residential customers, 2,232 were commercial customers, and 58 were industrial and transportation customers.³

Most Recent Comprehensive Rate Case

15. Atmos Mid-Tex's most recent rate case for the area in which the IRA will be implemented is GUD No. 10742, *Statement of Intent Filed by Atmos Energy Corp. to Change Gas Utility Rates within the Unincorporated Areas Served by its Mid-Tex Division*.

¹ *Statement of Intent Filed by Atmos Energy Corp. to Change Gas Utility Rates within the Unincorporated Areas served by its Mid-Texas Division.*

² Schedule IRA-5.

³ Schedule IRA-5.

16. GUD No. 10742 was filed on June 29, 2018.
17. The Commission signed the GUD No. 10742 Final Order on December 11, 2018.
18. The following chart shows the factors that were established for Atmos Mid-Tex in the Final Order setting rates in GUD No. 10742 to calculate the return on investment, depreciation expense, incremental federal income tax, and ad valorem taxes:

GUD No. 10742 CALCULATION FACTORS

Factor	Percentage
Rate of return	7.97%
Depreciation Rate	Varies
Federal Income Tax Rate	21%
Ad Valorem Tax Rate	Division - 1.18% Shared Services – 0.69%

Interim Rate Adjustment

19. The revenue amounts to be recovered through Atmos Mid-Tex’s proposed annual IRA are incremental to the revenue requirement established in Atmos Mid-Tex’s most recent rate case for the area in which the IRA is to be implemented, GUD No. 10742.
20. Under 16 TEX. ADMIN. CODE § 7.7101(f)(3), for the first IRA following the most recent rate case, a utility may adjust its rates based on the difference between invested capital at the end of the most recent rate case test-year and the invested capital at the end of the calendar year following the end of the most recent rate case test-year.
21. In GUD No. 10822, the first IRA following the most recent rate case, Atmos Mid-Tex adjusted its rates based on the difference between invested capital from test year end December 31, 2017 to test year end December 31, 2018.
22. In this docket, the second IRA following the most recent rate case, Atmos Mid-Tex adjusted its rates based on the difference between invested capital from test year end December 31, 2018 to test year end December 31, 2019.
23. Atmos Mid-Tex seeks approval from the Commission for an adjustment to its revenue, based on incremental net utility plant investment, with regard to the following components: return on investment; depreciation expense; ad valorem taxes; revenue related taxes; and federal income taxes. The incremental change in revenue requirement to be recovered through this IRA filing from all rate classes using the approved component factors is **\$113,027,985** (Exhibit B), of which **\$4,439,923** is attributable to customers subject to this order.

24. The value of Atmos Mid-Tex's invested capital is equal to the original cost of the investment at the time the investment was first dedicated to public use minus the accumulated depreciation related to that investment for the Company's IRAs.
25. Atmos Mid-Tex's incremental adjusted net utility plant investment increase is **\$774,086,650**, as shown in Exhibit B.
26. Atmos Mid-Tex is required to use the same factors to calculate the interim return on investment, depreciation expense, and incremental federal income tax as those established or used in the final order setting rates in Atmos Mid-Tex's most recent rate case for the Atmos Mid-Tex area in which the IRA is to be implemented, GUD 10742.
27. Atmos Mid-Tex filed the Commission's annual Earnings Monitoring Report ("EMR") as required by 16 TEX. ADMIN. CODE § 7.7101. Atmos Mid-Tex's actual rate of return was 4.79% for the calendar year ending December 31, 2019, as compared with the 7.97% allowed rate of return established in GUD No. 10742.
28. GUD No. 10742, Atmos Mid-Tex's most recent Statement of Intent rate case for the unincorporated areas of the Atmos Mid-Tex Division, and the basis for the key factors in an IRA calculation, was approved by the Commission on December 11, 2018. Customer charges are shown in Column B of the table below.
29. The IRA rates approved for GUD No. 10822, the first IRA application for the unincorporated areas of the Atmos Mid-Tex Division, are shown in Column C of the table below.
30. The IRA rates proposed in this docket, GUD No. 10944, the second IRA application for the unincorporated areas of the Atmos Mid-Tex Division, are shown in Column D of the table below.
31. When the Customer Charge as established in GUD No. 10742 and proposed Interim Rate Adjustment (Columns B, C and D) are added, the resulting customer charge for the affected customer classes is shown in Column E of the table below.

Atmos Mid-Tex Division Customer Charges and Interim Rate Adjustments

Customer Class	Customer Charge (GUD 10742)	IRA - 2018 (GUD 10822)	IRA - 2019 (GUD 10944)	New Customer Charge
A	B	C	D	E
Residential	\$ 17.00	\$ 2.89*	\$ 4.71	\$ 24.60
Commercial	\$ 40.00	\$ 8.76*	\$ 14.54	\$ 63.30
Industrial/Transportation	\$ 784.00	\$ 155.84	\$ 261.86	\$ 1,201.70

*Includes the CEE Rider monthly surcharge of \$0.05 for Residential Customers and \$0.02 for Commercial Customers.

32. Atmos Mid-Tex filed its Annual Project Report as required by 16 TEX. ADMIN. CODE § 7.7101(d).
- Net capital investment included in this docket totaled \$774,086,650.⁴
 - Gross capital project additions totaled \$ 888,173,262.⁵
 - Safety-related improvements/infrastructure projects are 83.8% of total additions.⁶
33. Atmos Mid-Tex proposes the IRA as a flat rate to be applied to the monthly customer charges rather than as a volumetric rate to be applied to the initial block usage rates.
34. Atmos Mid-Tex is required to show its annual IRA on its customers' monthly billing statements as a surcharge.
35. The proposed IRA does not require an evidentiary proceeding; rather, TEX. UTIL. CODE § 104.301 and 16 TEX. ADMIN. CODE § 7.7101 require the regulatory authority to review a utility's method of calculating the IRA.
36. Due process protections are deferred until the Atmos Mid-Tex files its next full statement of intent rate case.

Notice

37. Atmos Mid-Tex provided adequate notice to all unincorporated customers, excluding Transportation customers, via bill insert between March 9, 2020 and April 9, 2020, and as a result, notice was completed within 45 days of the filing, fulfilling the requirements under TEX. UTIL. CODE § 104.301(a).

⁴ Schedule IRA – 5.

⁵ Schedules IRA – 16 & IRA - 18.

⁶ Response to RFI 1-1.

- 38. Atmos Mid-Tex provided adequate notice to all unincorporated Transportation customers via certified direct mail on March 6, 2020, and as a result, notice was completed within 45 days of the filing, fulfilling the requirements under TEX. UTIL. CODE § 104.301(a).

Comprehensive Rate Case Required

- 39. Atmos Mid-Tex is not required to initiate a rate case supporting a statement of intent at the time it applies for an IRA.
- 40. Under 16 TEX. ADMIN. CODE § 7.7101(l), a gas utility that implements an IRA and does not file a rate case before the fifth anniversary of the date its initial IRA became effective is required to file a rate case not later than the 180th day after that anniversary.
- 41. Atmos Mid-Tex is required to file a statement of intent rate case no later than November 30, 2024.
- 42. Under 16 TEX. ADMIN. CODE § 7.7101(j), any change in investment and related expenses and revenues that have been included in any IRA shall be fully subject to review for reasonableness and prudence in the next rate case. Per 16 TEX. ADMIN. CODE § 7.7101(i), all amounts collected from customers under an IRA tariff are subject to refund until the conclusion of the next rate case.

Review of Interim Rate Adjustment

- 43. Atmos Mid-Tex’s proposed allocation methodology complies with TEX. UTIL. CODE § 104.301, and with 16 TEX. ADMIN. CODE § 7.7101.
- 44. It is reasonable for the Commission to approve use of the allocation methodology used to determine Atmos Mid-Tex’s overall cost of services (less other revenue, gas cost, and revenue related taxes) as determined in its most recent rate case. The following overall cost of service allocation factors for use in the calculation of Atmos Mid-Tex’s interim rate adjustment are reasonable:

Customer Class	Allocation Factors
Residential	77.95%
Commercial	19.40%
Industrial/Transportation	2.65%
Total	100.0%

45. Atmos Mid-Tex’s proposed customer counts comply with TEX. UTIL. CODE § 104.301, and with 16 TEX. ADMIN. CODE § 7.7101. For calculating the number of customer charges per year, it is reasonable for the Commission to approve use of Atmos Mid-Tex’s 2019 actual number of customer charges. The following total numbers of customer charges for use in the calculation of the IRA are reasonable:

Customer Class	Annual Number of Customer Charges
Residential (R)	18,712,632
Commercial (C)	1,508,484
Industrial & Transportation (I & T)	11,424
Total	20,232,540

46. It is reasonable for the Commission to approve Atmos Mid-Tex’s application for an IRA. The following amounts of IRA revenue and additional customer charges by customer class are reasonable:

Customer Class	Interim Rate Adjustment Revenue	IRA Revenue from Environs	Additional Customer Charge
Residential (R)	\$88,109,253	\$3,868,229	\$ 4.71
Commercial (C)	\$21,927,275	\$389,439	\$ 14.54
Industrial (I & T)	\$2,991,457	\$182,255	\$ 261.86
Total Increase	\$113,027,985	\$4,439,923	

Reimbursements of Expense

47. As provided for in the statute and the rule, a gas utility that implements an IRA is required to reimburse the Commission for the utility's proportionate share of the Commission's annual costs related to the administration of the IRA mechanism.
48. After the Commission has finally acted on Atmos Mid-Tex’s application for an IRA, the Director of the Oversight and Safety Division will estimate Atmos Mid-Tex’s proportionate share of the Commission's annual costs related to the processing of such applications.
49. In making the estimate of Atmos Mid-Tex’s proportionate share of the Commission's annual costs related to the processing of such applications, the Director will take into account the number of utilities the Commission reasonably expects to file for IRAs during the fiscal year, and the costs expected to be incurred in processing such applications.

50. Atmos Mid-Tex is required to reimburse the Commission for the amount determined by the Director of the Oversight and Safety Division within thirty days after receipt of notice of the amount of the reimbursement.

Impact of the COVID-19 Pandemic

51. The impact of the COVID-19 pandemic in the area served by Atmos Mid-Tex establishes that deferring the collection of the proposed annual IRA rate change to customer classes impacted by this Interim Rate Adjustment Order until September 1, 2020 is just and reasonable.

CONCLUSIONS OF LAW

1. Atmos Mid-Tex is a “gas utility” as defined in TEX. UTIL. CODE §§ 101.003(7) and 121.001, and is therefore subject to the jurisdiction of the Commission.
2. The Commission has jurisdiction over Atmos Mid-Tex, Atmos Mid-Tex’s applications for IRAs for incremental changes in investment, and the subject matter of this case under TEX. UTIL. CODE §§ 102.001, 104.001, 104.002, and 104.301.
3. Under TEX. UTIL. CODE § 102.001, the Commission has exclusive original jurisdiction over the rates and services of a gas utility that distributes natural gas in areas outside of a municipality and over the rates and services of a gas utility that transmits, transports, delivers, or sells natural gas to a gas utility that distributes the gas to the public.
4. Under the provisions of TEX. UTIL. CODE § 104.301 and 16 TEX. ADMIN. CODE § 7.7101, Atmos Mid-Tex is required to seek Commission approval before implementing an IRA tariff for environs customers.
5. Atmos Mid-Tex filed its application for an IRA for changes in investment in accordance with the provisions of TEX. UTIL. CODE § 104.301 and 16 TEX. ADMIN. CODE § 7.7101.
6. Atmos Mid-Tex’s application for an IRA was processed in accordance with the requirements of TEX. UTIL. CODE § 104.301 and 16 TEX. ADMIN. CODE § 7.7101.
7. In accordance with 16 TEX. ADMIN. CODE § 7.315, within 30 days of the effective date of any change to rates or services, Atmos Mid-Tex is required to electronically file with the Commission its revised tariffs.
8. In accordance with TEX. UTIL. CODE § 104.301(a) and 16 TEX. ADMIN. CODE § 7.7101(a), the filing date of Atmos Mid-Tex’s most recent rate case, in which there is a final order

setting rates for the area in which the interim rate adjustment will apply, was no more than two years prior to the date Atmos Mid-Tex filed its initial interim rate adjustment.

9. Atmos Mid-Tex is required, under TEX. UTIL. CODE § 104.301(e) and 16 TEX. ADMIN. CODE § 7.7101(d), to file with the Commission an annual project report, including the cost, need, and customers benefited by the change in investment, and describing the investment projects completed and placed in service during the preceding calendar year and the investments retired or abandoned during the preceding calendar year.
10. Atmos Mid-Tex shall include in all future annual IRA filings, relocation project reports that provide additional information about relocation project costs included in investment projects, in the same format as required in this docket.
11. Atmos Mid-Tex is required, under TEX. UTIL. CODE § 104.301(f) and 16 TEX. ADMIN. CODE § 7.7101(e), to file with the Commission an annual earnings monitoring report demonstrating the Atmos Mid-Tex's earnings during the preceding calendar year.
12. Atmos Mid-Tex is required, under 16 TEX. ADMIN. CODE § 7.7101(h), to recalculate its approved IRA annually and is required to file an application for an annual adjustment no later than 60 days prior to the one-year anniversary of the proposed implementation date of the previous IRA application.
13. In accordance with 16 TEX. ADMIN. CODE § 7.7101(i), all amounts collected from customers under Atmos Mid-Tex's IRA tariffs or rate schedules are subject to refund. The issues of refund amounts, if any, and whether interest should be included on refunded amounts and, if so, the rate of interest, shall be addressed in the rate case a gas utility files or the Commission initiates after the implementation of an IRA and shall be the subjects of specific findings of fact in the Commission's final order setting rates.
14. In accordance with 16 TEX. ADMIN. CODE § 7.7101(j), in the rate case that Atmos Mid-Tex files or the Commission initiates after the implementation of an IRA, any change in investment and related expenses and revenues that have been included in any IRA shall be fully subject to review for reasonableness and prudence. Upon issuance of a final order setting rates in the rate case that Atmos Mid-Tex files or the Commission initiates after the implementation of an IRA, any change in investment and related expenses and revenues that have been included in any IRA shall no longer be subject to review for reasonableness or prudence.
15. The Commission has authority to suspend the implementation of the IRA under TEX. UTIL. CODE § 104.301(a) and 16 TEX. ADMIN. CODE § 7.7101(e).
16. Atmos Mid-Tex provided adequate notice of its IRA in accordance with TEX. UTIL. CODE § 104.301(a) and 16 TEX. ADMIN. CODE § 7.7101(b).

17. Atmos Mid-Tex's application for an IRA complies with all provisions of TEX. UTIL. CODE § 104.301 and 16 TEX. ADMIN. CODE § 7.7101.
18. Atmos Mid-Tex's IRA established in the findings of fact and conclusions of law, complies with the provisions of TEX. UTIL. CODE § 104.301 and 16 TEX. ADMIN. CODE § 7.7101.
19. In accordance with TEX. UTIL. CODE § 104.301(h) and 16 TEX. ADMIN. CODE § 7.7101(l), Atmos Mid-Tex shall file a comprehensive rate case for the areas in which the IRA is implemented, not later than the 180th day after the fifth anniversary of the date its initial interim rate adjustment became effective, or November 30, 2024.
20. The Commission has authority, under TEX. UTIL. CODE § 104.301(j) and 16 TEX. ADMIN. CODE § 7.7101(m), to recover from Atmos Mid-Tex the proportionate share of the Commission's annual costs related to the administration of the IRA mechanism.

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

IT IS FURTHER ORDERED THAT within 30 days of this order, in accordance with 16 TEX. ADMIN. CODE § 7.315, Atmos Mid-Tex **SHALL** electronically file its interim rate adjustment tariffs in proper form that accurately reflect the rates, as expressed in Exhibit A, approved by the Commission in this Order.

IT IS FURTHER ORDERED THAT Atmos Mid-Tex **SHALL** file with the Commission no later than November 30, 2024, a statement of intent to change rates as required under TEX. UTIL. CODE § 104.301(h) and 16 TEX. ADMIN. CODE § 7.7101(l).

IT IS FURTHER ORDERED THAT any incremental change in rates approved by this order and implemented by Atmos Mid-Tex shall be subject to refund unless and until Atmos Mid-Tex's interim rate adjustment tariffs are electronically filed and accepted by Gas Services in accordance with 16 TEX. ADMIN. CODE § 7.315.

IT IS FURTHER ORDERED THAT Atmos Mid-Tex **SHALL** reimburse the Commission for the utility's proportionate share of the Commission's annual costs related to the administration of the IRA mechanism. The amount of this reimbursement shall be determined by the Director of the Oversight and Safety Division. This Order will not be final and effective until 20 days after a party is notified of the Commission's order. A party is presumed to have been notified of the Commission's order three days after the date on which the notice is actually mailed. If a timely motion for rehearing is filed by any party at interest, this order shall not become final and effective until such motion is overruled, or if such motion is granted, this order shall be subject to further action by the Commission. Pursuant to TEX. GOV'T CODE § 2001.146(e), the time allotted for

Commission action on a motion for rehearing in this case prior to its being overruled by operation of law, is hereby extended until 90 days from the date the order is served on the parties.

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

SIGNED this 20th day of May, 2020.

RAILROAD COMMISSION OF TEXAS

DocuSigned by:

Wayne Christian

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WAYNE CHRISTIAN
CHAIRMAN

DocuSigned by:

Christi Craddick

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CHRISTI CRADDICK
COMMISSIONER

DocuSigned by:

Ryan Sitton

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RYAN SITTON
COMMISSIONER

ATTEST

DocuSigned by:

Callie Farrar

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SECRETARY



GUD NO. 10944

EXHIBIT A

Tariffs

**MID-TEX DIVISION
ATMOS ENERGY CORPORATION**

RATE SCHEDULE:	R – RESIDENTIAL SALES	
APPLICABLE TO:	UNINCORPORATED AREAS	
EFFECTIVE DATE:		

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	\$ 0.05 per month ¹
Interim Rate Adjustment ("IRA")	\$ 7.55 per month ²
Total Customer Charge	\$ 24.60 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, 2019.

² 2018 IRA - \$2.84, 2019 IRA - \$4.71.

**MID-TEX DIVISION
ATMOS ENERGY CORPORATION**

RATE SCHEDULE:	C – COMMERCIAL SALES	
APPLICABLE TO:	UNINCORPORATED AREAS	
EFFECTIVE DATE:		

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	\$ 0.02 per month ¹
Interim Rate Adjustment ("IRA")	\$ 23.28 per month ²
Total Customer Charge	\$ 63.30 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, 2019.

² 2018 IRA - \$8.74, 2019 IRA - \$14.54.

**MID-TEX DIVISION
ATMOS ENERGY CORPORATION**

RATE SCHEDULE:	I – INDUSTRIAL SALES	
APPLICABLE TO:	UNINCORPORATED AREAS	
EFFECTIVE DATE:		

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
Interim Rate Adjustment ("IRA")	\$ 417.70 per month ¹
Total Customer Charge	\$ 1,201.70 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.

¹ 2018 IRA - \$155.84, 2019 IRA - \$261.86.

**MID-TEX DIVISION
ATMOS ENERGY CORPORATION**

RATE SCHEDULE:	I – INDUSTRIAL SALES	
APPLICABLE TO:	UNINCORPORATED AREAS	
EFFECTIVE DATE:		

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.

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.

¹ 2018 IRA - \$155.84, 2019 IRA - \$261.86.

**MID-TEX DIVISION
ATMOS ENERGY CORPORATION**

RATE SCHEDULE:	T – TRANSPORTATION	
APPLICABLE TO:	UNINCORPORATED AREAS	
EFFECTIVE DATE:		

Application

Applicable, in the event that Company has entered into a Transportation Agreement, to a customer directly connected to the Atmos Energy Corp., 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
Interim Rate Adjustment ("IRA")	\$ 417.70 per month ¹
Total Customer Charge	\$ 1,201.70 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.

¹ 2018 IRA - \$155.84, 2019 IRA - \$261.86.

**MID-TEX DIVISION
ATMOS ENERGY CORPORATION**

RATE SCHEDULE:	T – TRANSPORTATION	
APPLICABLE TO:	UNINCORPORATED AREAS	
EFFECTIVE DATE:		

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

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.

¹ 2018 IRA - \$155.84, 2019 IRA - \$261.86.

GUD NO. 10944

EXHIBIT B

Schedule

**GUD No. 10944 EXHIBIT B Atmos Energy Corp., Mid-Tex Division
Interim Rate Adjustment Application
Twelve (12) Month Period Ending December 31, 2019
Interim Rate Adjustment Summary**

Line No.	Description	Ref	As per GUD No. 10742 At 12/31/18 (1)	Per Book As of 12/31/2019	Adjustments	Per Book Adjusted As of 12/31/2019	Change in Investment
(a)	(b)	(c)	(d)	(e)	(f) = (g) - (e)	(g)	(h) = (g) - (d)
11	Direct Utility Plant Investment		\$ 4,929,817,725	\$ 5,777,066,837	\$ (234,945)	\$ 5,776,831,892	\$ 847,014,167
12	Direct Accumulated Depreciation		1,331,223,325	1,479,029,441	(77,855,761)	1,401,173,680	69,950,355
13	Allocated Utility Plant Investment (If applicable)		145,730,060	148,206,858	(723,516)	147,483,342	1,753,282
14	Allocated Accumulated Depreciation (If applicable)		57,390,795	60,616,403	(445,320)	60,171,083	2,780,288
15	Miscellaneous Adjustments		(16,038,976)		(17,989,131)	(17,989,131)	(1,950,155)
16	Net Utility Plant Investment (Ln 11 - 12 + 13 - 14 + 15)		<u>\$ 3,670,894,691</u>	<u>\$ 4,385,627,851</u>	<u>\$ 59,353,490</u>	<u>\$ 4,444,981,341</u>	<u>\$ 774,086,650</u>
17							
18	Calculation of the Interim Rate Adjustment Amount:						
19	Rate of Return					IRA-1	7.97%
20	Return				Col (h), Ln 16 times Col (h), Ln 19	\$	61,671,483
21	Depreciation Expense					IRA-8 plus IRA-11	25,478,747
22	Property-related Taxes (Ad Valorem)					IRA-21	13,741,448
23	Revenue-related Taxes and State Margin Tax	2					-
24	Federal Income Tax					IRA-20	12,136,307
25	Interim Rate Adjustment Amount (Sum of Ln 20 through Ln 24)					<u>\$</u>	<u>113,027,985</u>
26							
27	Interim Rate Adjustment Amount per Rate Class:						
28	Rate Schedule R				<u>Allocation Factors</u> <u>per GUD No. 10742:</u>	<u>Total Service Area:</u>	<u>RRC Jurisdiction:</u>
29	Rate Schedule C				77.95%	\$ 88,109,253	\$ 3,868,229
30	Rate Schedule I and T				19.40%	21,927,275	389,439
31	Total (Sum of Ln 28 through Ln 30)				2.65%	2,991,457	182,255
32					<u>100.00%</u>	<u>\$ 113,027,985</u>	<u>\$ 4,439,923</u>
33	Monthly Customer Charge Adjustment:						
34	Rate Schedule R				<u>Annual Service Area</u> <u>Bill Count:</u>	<u>Annual RRC</u> <u>Jurisdiction</u> <u>Bill Count:</u>	<u>Monthly Customer</u> <u>Charge Adjustment:</u>
35	Rate Schedule C				18,712,632	821,280	\$ 4.71
36	Rate Schedule I and T				1,508,484	26,784	\$ 14.54
37	Total (Sum of Ln 34 through Ln 36)				11,424	696	\$ 261.86
38	- OR -				<u>20,232,540</u>	<u>848,760</u>	

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Line No.	Description	Ref	As per GUD No. 10742 At 12/31/18 (1)	Per Book As of 12/31/2019	Adjustments	Per Book Adjusted As of 12/31/2019	Change in Investment
(a)	(b)	(c)	(d)	(e)	(f) = (g) - (e) Annual RRC	(g)	(h) = (g) - (d)
39	Monthly Initial Block Rate Adjustment:						
40	Rate Schedule R			N/A	N/A	N/A	
41	Rate Schedule C			N/A	N/A	N/A	
42	Rate Schedule I and T			N/A	N/A	N/A	
43							
44			Current	Other	Current Year IRA	Proposed	
			Customer Charge	Adjustments	Adjustment	Customer Charge	
45	Change to Customer Charge	3					
46	Rate Schedule R		\$ 17.00	\$ 2.89	\$ 4.71	\$ 24.60	
47	Rate Schedule C		\$ 40.00	\$ 8.76	\$ 14.54	\$ 63.30	
48	Rate Schedule I and T		\$ 784.00	\$ 155.84	\$ 261.86	\$ 1,201.70	
49							
50	Notes:						
51	1. The amounts are updated as per GUD No. 10742 Final Order.						
52	2. Revenue related taxes are collected through Rider FF and Rider TAX.						
53	3. Column (d) is from GUD No. 10742, Final Order, Finding of Fact 18. Column (e) encompasses the Rider CEE Tariff per the Compliance Filing (2018-2019 CEE Program Report) and GUD No. 10822 (2018 IRA Filing).						