

**BEFORE THE  
RAILROAD COMMISSION OF TEXAS**

<p><b>APPLICATION FILED BY ATMOS PIPELINE - TEXAS FOR TEST YEAR 2019 ANNUAL INTERIM RATE ADJUSTMENT FILING.</b></p>	<p>§ § § §</p>	<p><b>GAS UTILITIES DOCKET NO. 10942</b></p>
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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 Texas Government Code Chapter 551. The Railroad Commission of Texas adopts the following findings of fact and conclusions of law and orders:

**FINDINGS OF FACT**

*Background*

1. Atmos Energy Corporation (“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. Atmos Pipeline - Texas (“Atmos PT” or “Company”), a division of Atmos, owns and operates a gas pipeline transportation system.
3. On February 14, 2020, Atmos PT filed an application for an annual interim rate adjustment (“IRA”) applicable to customers located on Atmos PT’s system.
4. On February 14, 2020, Atmos PT requested that the IRA for all customer classes become effective on April 14, 2020.
5. On February 14, 2020, the Commission suspended implementation of the Company’s proposed IRA until May 29, 2020, which would be 45 days following the 60<sup>th</sup> day after the proposed implementation date.
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. Title 16 TEX. ADMIN. CODE § 7.7101 allows written comments or protest, concerning the proposed IRA, to be filed with the Oversight and Safety Division.
8. As of the date of this interim order, no comments or protests concerning this application have been received by the Commission.

9. This docket represents the fourth annual IRA for Atmos PT since Gas Utilities Docket (“GUD”) No. 10580, the most recent rate case for Atmos PT.<sup>1</sup>
10. The first IRA for Atmos PT was GUD No. 10652, which was approved by the Commission on December 5, 2017.
11. The second IRA for Atmos PT was GUD No. 10693, which was approved by the Commission on May 22, 2018.
12. The third IRA for Atmos PT was GUD No. 10813, which was approved by the Commission on May 7, 2019.
13. 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.
14. The proposed IRA will allow Atmos PT 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 most recent rate case, without the necessity of filing a statement of intent rate case and without review by the Commission of the Company’s comprehensive cost of service.

#### Applicability

15. This docket applies to only those rates over which the Commission has original jurisdiction, which includes the entire Atmos PT system.
16. Atmos PT’s negotiated rate customers are not allocated any of the interim rate adjustment amounts, consistent with the rate design approved in GUD No. 10580.

#### Most Recent Comprehensive Rate Case

17. Atmos PT’s most recent rate case for the area in which the IRA will be implemented is GUD No. 10580, *Statement of Intent to Change the Rate CGS and Rate PT Rates of Atmos Pipeline - Texas*.
18. GUD No. 10580 was filed on January 6, 2017.
19. The data used in GUD No. 10580 was based on a test year ending September 30, 2016.
20. The Commission signed GUD No. 10580 Final Order on August 1, 2017, and the rates became effective the same day.

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<sup>1</sup> *Statement of Intent to Change the Rate CGS and Rate PT Rates of Atmos Pipeline - Texas*.

21. The following chart shows the factors that were established in GUD No. 10580 to calculate the return on investment, depreciation expense, ad valorem taxes, revenue related taxes, and federal income taxes for Atmos PT:

**GUD No. 10580 CALCULATION FACTORS**

<b>Factor</b>	<b>Percentage</b>
Rate of Return	8.872%
Depreciation Rate	Various <sup>2</sup>
Depreciation Rate - SSU	Various <sup>3</sup>
Federal Income Tax Rate	35% <sup>4</sup>

*Interim Rate Adjustment*

22. The revenue amounts to be recovered through Atmos PT's proposed annual IRA are incremental to the revenue requirement established in the Company's most recent rate case for the area in which the IRA is to be implemented, GUD No. 10580.
23. 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.
24. In GUD No. 10652, the first IRA following the most recent rate case, GUD No. 10580, Atmos PT adjusted its rates based on the difference between its invested capital at the end of its Statement of Intent ("SOI") rate case test year ended September 30, 2016 and the incremental invested capital at the end of December 31, 2016.
25. In its second IRA following the most recent rate case, GUD No. 10693, Atmos PT adjusted its rates based on the difference between its invested capital at the end of December 31, 2016 and the incremental invested capital at the end of December 31, 2017.
26. In its third IRA following the most recent rate case, GUD No. 10813, Atmos PT adjusted its rates based on the difference between its invested capital at the end of December 31, 2017 and the incremental invested capital at the end of December 31, 2018.
27. In this fourth IRA following the most recent rate case, GUD No. 10942, Atmos PT adjusted its rates based on the difference between its invested capital at the end of December 31, 2018 and the incremental invested capital at the end of December 31, 2019.

<sup>2</sup> GUD No. 10580, Final Order Finding of Fact 110 and Schedule F-3.

<sup>3</sup> GUD No. 10580, Final Order Finding of Fact 110 and Schedule F-3.

<sup>4</sup> Interim Rate Adjustments approved subsequent to the approval of Accounting Order GUD No. 10695 have been calculated using a 21% Federal Income Tax Rate.

28. Atmos PT 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 the revenue requirement to be recovered through this IRA filing from all rate classes using the approved component factors is **\$49,250,788** (Exhibit B).
29. The value of Atmos PT’s invested capital is equal to the original cost of the investment at the time the investment was first dedicated to public use minus the accumulated depreciation related to that investment for the Company’s interim rate adjustments.
30. Atmos PT’s incremental net utility plant investment increase is **\$314,489,787** (Exhibit B).
31. Atmos PT 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 for Atmos PT in the most recent rate case for the area in which the IRA is to be implemented (GUD No. 10580).
32. Atmos PT filed the Commission’s Annual Earnings Monitoring Report (“EMR”) as required by 16 TEX. ADMIN. CODE § 7.7101. The Company’s actual rate of return is 8.327% for the test year ended December 31, 2019, which does not exceed the 75 basis points above the return established in GUD. No. 10580, which was 8.872%.
33. GUD No. 10580, Atmos PT’s most recent SOI rate case and the basis for the key factors in this IRA calculation, was approved by the Commission on August 1, 2017. Capacity Charges, set in GUD No. 10580, are shown in Column B of the table below.<sup>5</sup>
34. The IRA rates approved for GUD No. 10652, the first IRA applicable to customers in Atmos PT’s system, are shown in Column C, below.
35. The IRA rates approved for GUD No. 10693, the second IRA applicable to customers in Atmos PT’s system, are shown in Column D, below.
36. The IRA rates approved for GUD No. 10813, the third IRA applicable to customers in Atmos PT’s system, are shown in Column E, below.
37. The IRA rates proposed in this docket, GUD No. 10942, the fourth IRA applicable to customers in Atmos PT’s system, are shown in Column F, below.
38. Atmos PT’s proposed 2016 Year-ended Maximum Daily Quantity (“MDQ”) complies with TEX. UTIL. CODE § 104.301, and 16 TEX. ADMIN. CODE § 7.7101.

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<sup>5</sup> Note: Capacity charges shown in Column B also include additional approved rates under the annual Rider Rev adjustment in GUD No. 10886.

39. When the Capacity Charges, as established in GUD No. 10580, GUD No. 10652, GUD No. 10693, GUD No. 10819, and the proposed 2019 IRA (Columns B, C, D, E and F) are added, the resulting capacity charges for the affected customer classes are shown in Column G, below.<sup>6</sup>

**ATMOS PT CAPACITY CHARGES AND INTERIM RATE ADJUSTMENTS (IRAs)**

A	B	C	D	E	F	G
Rate Schedule	Capacity Charge Per MDQ GUD No. 10580	2016 IRA GUD No. 10652	2017 IRA GUD No. 10693	2018 IRA GUD No. 10813	2019 IRA GUD No. 10942	2019 Capacity Charge Per MDQ
Rate CGS – Mid-Tex	\$8.2382	\$0.74102	\$1.17274	\$1.35723	\$1.34724	\$12.85643
Rate CGS – Other	\$7.85503	\$0.74102	\$1.17274	\$1.35723	\$1.34724	\$12.47326
Rate PT	\$3.55953	\$0.37663	\$0.67366	\$0.81950	\$0.83894	\$6.26826

40. Atmos PT filed its Annual Project Report as required by 16 TEX. ADMIN. CODE § 7.7101.
- Gross Direct Pipeline Additions totaled \$409,603,939.
  - Direct Pipeline Retirements totaled \$20,342,194.
  - Gross Shared Services Units (“SSU”) Additions totaled \$4,373,284.
  - SSU Retirements totaled \$3,212,552.
41. Atmos PT Net Utility Plant Investment is calculated on the following as required by 16 TEX. ADMIN. CODE § 7.7101.
- Net change in Atmos PT Direct Utility Plant Investment \$389,304,307.<sup>7</sup>
  - Net change in Atmos PT Direct Accumulated Depreciation \$76,836,058.<sup>8</sup>
  - Net change in allocated Atmos SSU Utility Plant Investment (\$3,069,913).<sup>9</sup>
  - Net change in allocated Atmos SSU Accumulated Depreciation (\$593,390).<sup>10</sup>
  - Net change in Utility Plant Investment \$314,489,787.<sup>11</sup>
  - Safety-related improvements/infrastructure projects totaled \$223,406,717.65 or 54.54% of total additions.<sup>12</sup>
  - Integrity testing projects totaled \$155,338,019.92 or 37.92% of total additions.<sup>13</sup>

Capacity charges shown in Column B, C, and D also include additional adjustments for rates approved in tax reform adjustments (GUD Nos. 10704 and 10718), and subsequent annual Rider Rev adjustment in GUD No. 10886. The net effect of these adjustments produces the incremental rate adjustments shown under the docket numbers in Columns B, C, and D. Additionally, Rate CGS – Mid-Tex includes a \$0.38317 per MDQ working gas in storage charge which is only applicable to that rate schedule.

<sup>7</sup> Exhibit B.

<sup>8</sup> Exhibit B.

<sup>9</sup> Exhibit B.

<sup>10</sup> Exhibit B.

<sup>11</sup> Exhibit B.

<sup>12</sup> Atmos PT’s Response to Staff’s RFI 1-05.

<sup>13</sup> Atmos PT’s Response to Staff’s RFI 1-06.

42. Atmos PT proposed the IRA as a flat rate to be applied to the monthly Capacity Charge per MDQ rather than to the usage rate. (Exhibit B).
43. Atmos PT is required to show its annual IRA on its customers' monthly billing statements as a surcharge.
44. 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.
45. Due process protections are deferred until Atmos PT files its next full statement of intent rate case.

#### Notice

46. Adequate notice by Atmos PT was provided to its City Gate Service ("CGS") and Pipeline Transportation ("PT") customers by certified direct mail or hand delivery on February 14, 2020, and, as a result, was completed within 45 days of the filing, fulfilling the requirements of under TEX. UTIL. CODE § 104.301(a).

#### Comprehensive Rate Case Required

47. Atmos PT is not required to initiate a statement of intent rate case at the time it applies for an IRA.
48. 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.
49. Atmos PT is required to file a statement of intent rate case no later than June 3, 2023.
50. Under 16 TEX. ADMIN. CODE § 7.7101(j), any change in investment and related expenses and revenues that have been included in any interim rate adjustment shall be fully subject to review for reasonableness and prudence in the next rate case. Per 16 TEX. ADMIN. CODE § 7.7101(i), all amounts collected from customers under an interim rate adjustment tariff are subject to refund until the conclusion of the next rate case.

Review of Interim Rate Adjustment

- 51. Atmos PT presented its IRA calculation using the factors approved in GUD No. 10580 for rate of return, depreciation, and federal income tax, and using a property-related taxes (Ad Valorem) percentage of 1.3379% based on the estimated 2019 taxes paid by the Company.<sup>14</sup>
- 52. Atmos PT’s IRA, as proposed, is \$49,250,788 based on an incremental net utility plant investment increase of \$314,489,787 using the property-related taxes (Ad Valorem) percentage of 1.3379% based on the estimated 2019 taxes paid by the Atmos PT (Exhibit B).<sup>15</sup>
- 53. Atmos PT’s proposed allocation methodology complies with TEX. UTIL. CODE § 104.301 and with 16 TEX. ADMIN. CODE § 7.7101.

Customer Class	Allocation Factor
Rate CGS (City Gate Service)	0.9738
Rate PT (Pipeline Transportation)	0.0262
Total	1.0000

- 54. For calculating the change in the Capacity Charge per year, it is reasonable for the Commission to approve use of Atmos PT’s 2019 Year-ended MDQ times 12. The following total MDQ used in the calculation of the IRA are reasonable:

Customer Class	Total MDQ
Rate CGS (City Gate Service)	35,600,532
Rate PT (Pipeline Transportation)	1,535,868

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

Customer Class	IRA	Change in Capacity Charge Per MDQ	New Capacity Charge Per MDQ
Rate CGS (City Gate Service):	\$47,962,288		
Rate CGS – Mid-Tex		\$1.34724	\$12.85643
Rate CGS – Other		\$1.34724	\$12.47326
Rate PT (Pipeline Transportation):	\$ 1,288,499	\$0.83894	\$ 6.26826

<sup>13</sup> Title 16 TEX. ADMIN. CODE § 7.7101(f)(5) only refers to the return on investment, depreciation expense, and incremental federal income tax factors from the most recent rate case to calculate the IRA. The Ad Valorem taxes are not specifically designated as a factor that must remain constant. In Atmos’ last statement of intent rate case (GUD No. 10580), Ad Valorem taxes were reconciled between the estimate used in the IRAs and actual Ad Valorem taxes paid.

<sup>15</sup> Exhibit B.

Reimbursements of Expense

56. 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.
57. After the Commission has finally acted on Atmos PT's application for an IRA, the Director of the Oversight and Safety Division will estimate Atmos PT's proportionate share of the Commission's annual costs related to the processing of such applications.
58. In making the estimate of Atmos PT's proportionate share of the Commission's annual cost 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 cost expected to be incurred in processing such applications.
59. Atmos PT 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

60. The impact of the COVID-19 pandemic in the area served by Atmos PT 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.
61. It is reasonable to allow Atmos PT to record as a regulatory asset the deferred IRA collections for bills rendered from the effective date of this Interim Rate Adjustment Order through August 31, 2020 (the "Deferred IRA Regulatory Asset").
62. It is reasonable for Atmos PT to recover the balance in the Deferred IRA Regulatory Asset through bills rendered on and after September 1, 2020 through March 31, 2021 (the "Recovery Period").
63. It is reasonable that Atmos PT provide written notice to Commission Staff at least 15 days prior to September 1, 2020 that includes the amount of the Deferred IRA Regulatory Asset to be recovered and the per MMBtu rate by which the reg asset will be recovered.
64. It is reasonable for Atmos PT to recover the Deferred IRA Regulatory Asset through Atmos PT's Rider SUR beginning September 1, 2020 on an allocated basis from each customer class in the same manner as the IRA increase approved in this Interim Rate Adjustment Order is allocated to each customer class, and that allocated amount shall be allocated to the customers in each class based on their proportionate share of the total MDQ of each customer for the Recovery Period compared to the total MDQs for the customer class for the Recovery Period.



65. It is reasonable for Atmos PT to track the total amount of the Deferred IRA Regulatory Asset that is recovered and to cease charging the portion of Rider SUR related to the Deferred IRA Regulatory Asset as soon as the balance is recovered, not to exceed the duration of the Recovery Period.
66. It is reasonable that Atmos PT submit a report of the recoveries of the Deferred IRA Regulatory Asset balance with Commission Staff within 45 days following the end of the Recovery Period. Any over recovery or under recovery of the Deferred IRA Regulatory Asset balance will be trued up in the next Statement of Intent rate case proceeding.

### CONCLUSIONS OF LAW

1. Atmos PT is a “gas utility” as defined in TEX. UTIL. CODE §§ 101.003(7), and 121.001, and is therefore subject to the jurisdiction of the Railroad Commission of Texas (“Commission”).
2. The Commission has jurisdiction over Atmos PT’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 the TEX. UTIL. CODE § 104.301 and 16 TEX. ADMIN. CODE § 7.7101, Atmos PT is required to seek Commission approval before implementing an IRA tariff to Atmos PT’s customers.
5. Atmos PT 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 PT’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 thirty days of the effective date of any change to rates or services, Atmos PT is required to electronically file with the Commission its revised tariffs.
8. Atmos PT may not charge any rate that has not been successfully filed and accepted as a tariff filing pursuant to TEX. UTIL. CODE §§ 102.151 and 104.002 and 16 TEX. ADMIN. CODE § 7.315.

9. In accordance with TEX. UTIL. CODE § 104.301(a) and 16 TEX. ADMIN. CODE § 7.7101(a), the filing date of Atmos PT's most recent rate case, in which there is a final order setting rates for the area in which the IRA will apply, was no more than two years prior to the date Atmos PT filed its initial IRA.
10. Atmos PT 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.
11. Atmos PT shall include in all future annual IRA filings relocation project reports that provide additional information about relocation projects included in investment projects in the same format as required in this docket.
12. Atmos PT 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 company's earnings during the preceding calendar year.
13. Atmos PT is required, under 16 TEX. ADMIN. CODE § 7.7101(h), to recalculate its approved IRA annually and is required to file an application for an annual adjustment no later than 60 days prior to the one-year anniversary of the proposed implementation date of the previous IRA application.
14. In accordance with 16 TEX. ADMIN. CODE § 7.7101(i), all amounts collected from customers under Atmos PT'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.
15. In accordance with 16 TEX. ADMIN. CODE § 7.7101(j), in the rate case that Atmos PT 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 PT files or the Commission initiates after the implementation of an IRA, any change in investment and related expenses and revenues that have been included in any IRA shall no longer be subject to review for reasonableness or prudence.
16. The Commission has authority to suspend the implementation of the IRA, under TEX. UTIL. CODE § 104.301(a) and 16 TEX. ADMIN. CODE § 7.7101(e).
17. Atmos PT provided adequate notice of its IRA, in accordance with TEX. UTIL. CODE § 104.301(a) and 16 TEX. ADMIN. CODE § 7.7101(b).
18. Atmos PT's application for an IRA complies with all provisions of TEX. UTIL. CODE § 104.301 and 16 TEX. ADMIN. CODE § 7.7101.

19. Atmos PT's IRA set forth in the findings of fact and conclusions of law in this Order comply with the provisions of TEX. UTIL. CODE § 104.301 and 16 TEX. ADMIN. CODE § 7.7101.
20. In accordance with TEX. UTIL. CODE § 104.301(h) and 16 TEX. ADMIN. CODE § 7.7101(l), Atmos PT shall file a comprehensive rate case for the areas in which the IRA is implemented, no later than the 180th day after the fifth anniversary of the date its initial IRA became effective.
21. The Commission has authority, under TEX. UTIL. CODE § 104.301(j) and 16 TEX. ADMIN. CODE § 7.7101(m), to recover from Atmos PT the proportionate share of the Commission's annual cost related to the administration of the IRA mechanism.

**IT IS THEREFORE ORDERED BY THE RAILROAD COMMISSION OF TEXAS THAT** Atmos Pipeline - Texas's interim rate adjustments as recommended to be approved in the findings of fact and conclusions of law, are **HEREBY APPROVED**, to be effective for bills rendered on or after the date of this order.

**IT IS FURTHER ORDERED** that Atmos PT shall record as a regulatory asset the balance of deferred IRA revenue collections for bills rendered from the effective date of this Interim Rate Adjustment Order through August 31, 2020.

**IT IS FURTHER ORDERED** that Atmos PT recover the Deferred IRA Regulatory Asset balance through bills rendered beginning on or after September 1, 2020 and ending with bills rendered on or before March 31, 2021 and that such amounts shall be recovered through Atmos PT's Rider SUR beginning September 1, 2020 on an allocated basis from each customer class in the same manner as the IRA increase approved in this order is allocated to each customer class, and that allocated amount shall be allocated to the customers in each class based on their proportionate share of the total MDQ of each customer for the Recovery Period compared to the total MDQs for the customer class for the Recovery Period.

**IT IS FURTHER ORDERED** that Atmos PT shall file a report of the recoveries of the Deferred IRA Regulatory Asset balance with Commission Staff within 45 days following the end of the Recovery Period. Any over recovery or under recovery of the Deferred IRA Regulatory Asset balance will be trued up in the next Statement of Intent rate case proceeding.

**IT IS FURTHER ORDERED THAT** within 30 days of this order in accordance with 16 TEX. ADMIN. CODE § 7.315 Atmos Pipeline - Texas **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 Pipeline - Texas **SHALL** file with the Commission no later than June 3, 2023, 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 Pipeline – Texas shall be subject to refund unless and until Atmos Pipeline – Texas’ interim rate adjustment 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** Atmos Pipeline - Texas **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 PT'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 20<sup>th</sup> 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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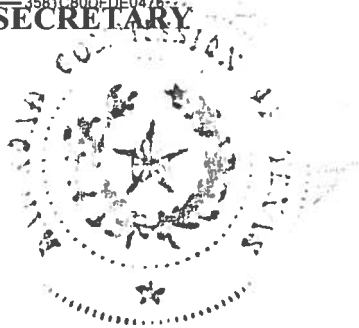
**RYAN SITTON  
COMMISSIONER**

**ATTEST**

DocuSigned by:

*Callie Farnar*

**SECRETARY**



**ATMOS PIPELINE-TEXAS  
ATMOS ENERGY CORPORATION**

<b>RATE SCHEDULE:</b>	<b>CGS – MID-TEX</b>	
<b>APPLICABLE TO:</b>	<b>Mid-Tex</b>	
<b>EFFECTIVE DATE:</b>		

**Application**

Applicable, in the event that Company has entered into a Transportation Agreement for City Gate Service to a Local Distribution Company (Customer) connected to the Atmos Pipeline -Texas System for the transportation of all natural gas supplied by Customer to a Point or Points of Delivery.

**Type of Service**

This service provides firm transportation and storage service to Local Distribution Companies. Where service of the quantity and type required by Customer is not already available at a Point of Delivery, additional charges and special contract arrangements between Company and Customer may be required prior to service being furnished at such Point of Delivery.

**Monthly Rate**

Customer's monthly bill will be calculated by adding the Monthly Customer and Usage charges to the amounts and quantities due under the Riders listed below. The Monthly Customer Charge each month will be equal to the Capacity Charge, as adjusted, multiplied by the Customer's Maximum Daily Quantity (MDQ) as set forth in the Transportation Agreement between Customer and Company. Total Usage Charges each month will be equal to the Usage Charge multiplied by the volume of gas delivered to Customer by Company during such month:

<b>Charge</b>	<b>Amount</b>
Capacity	\$ 9.43303 per MMBtu of MDQ <sup>1</sup>
Capacity Charge related to Mid-Tex Working Gas	\$ 0.38317 per MMBtu of MDQ
Annual Rider REV Adjustment	\$ (1.57800) per MMBtu of MDQ
Interim Rate Adjustment ("IRA")	\$ 4.61823 per MMBtu of MDQ <sup>2</sup>
<b>Total Capacity Charge</b>	<b>\$ 12.85643 per MMBtu of MDQ</b>
Usage	\$ 0.02785 per MMBtu

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

Rider TAX: Plus an amount for tax calculated in accordance with Rider TAX.

Rider SUR: Plus an amount for surcharges calculated in accordance with Rider SUR.

Rider REV: Plus an amount per MMBtu in accordance with Rider REV as an adjustment to the Capacity Charge per MMBtu of MDQ.

<sup>1</sup> The Capacity Charge per MMBtu will be adjusted annually as calculated pursuant to Rider REV.

<sup>2</sup> 2016 IRA - \$0.81992(GUD 10652) revised to \$0.74102 (GUD 10704); 2017 IRA - \$1.17274; 2018 IRA - \$1.35723; 2019 IRA - \$1.34724.

**ATMOS PIPELINE-TEXAS  
ATMOS ENERGY CORPORATION**

<b>RATE SCHEDULE:</b>	<b>CGS – MID-TEX</b>	
<b>APPLICABLE TO:</b>	<b>Mid-Tex</b>	
<b>EFFECTIVE DATE:</b>		

**MDQ Adjustment:** If Shipper's daily usage on any day exceeds Shipper's MDQ as set forth herein by 10% or more, then Shipper's MDQ will be increased to equal such daily usage up to the firm capacity available through the then existing APT facilities. The effective date of such increase in the MDQ will be the first day of the calendar month following the day on which Shipper's daily usage exceeded Shipper's MDQ by 10% or more.

**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."

**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 service 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 CGS – Mid-Tex, 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.

**ATMOS PIPELINE-TEXAS  
ATMOS ENERGY CORPORATION**

<b>RATE SCHEDULE:</b>	<b>CGS – OTHER</b>	
<b>APPLICABLE TO:</b>	<b>CoServ, WTG Marketing, Inc., the City of Rising Star, the City of Navasota, the City of Winona, Corix Utilities (Texas), Inc., Terra Gas Supply, Texas Gas Service Co., and Other City Gate Service Customers, except Mid-Tex</b>	
<b>EFFECTIVE DATE:</b>		

**Application**

Applicable, in the event that Company has entered into a Transportation Agreement for City Gate Service to a Local Distribution Company (Customer), other than Mid-Tex, connected to the Atmos Pipeline -Texas System for the transportation of all natural gas supplied by Customer to a Point or Points of Delivery.

**Type of Service**

This service provides firm transportation and storage service to Local Distribution Companies. Where service of the quantity and type required by Customer is not already available at a Point of Delivery, additional charges and special contract arrangements between Company and Customer may be required prior to service being furnished at such Point of Delivery.

**Monthly Rate**

Customer's monthly bill will be calculated by adding the Monthly Customer and Usage charges to the amounts and quantities due under the Riders listed below. The Monthly Customer Charge each month will be equal to the Capacity Charge, as adjusted, multiplied by the Customer's Maximum Daily Quantity (MDQ) as set forth in the Transportation Agreement between Customer and Company. Total Usage Charges each month will be equal to the Usage Charge multiplied by the volume of gas delivered to Customer by Company during such month:

<b>Charge</b>	<b>Amount</b>
Capacity	\$ 9.43303 per MMBtu of MDQ <sup>1</sup>
Annual Rider REV Adjustment	\$ (1.57800) per MMBtu of MDQ
Interim Rate Adjustment ("IRA")	\$ 4.61823 per MMBtu of MDQ <sup>2</sup>
<b>Total Capacity Charge</b>	<b>\$ 12.47326 per MMBtu of MDQ</b>
Usage	\$ 0.02785 per MMBtu

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

Rider TAX: Plus an amount for tax calculated in accordance with Rider TAX.

Rider SUR: Plus an amount for surcharges calculated in accordance with Rider SUR.

Rider REV: Plus an amount per MMBtu in accordance with Rider REV as an adjustment to the Capacity Charge per MMBtu of MDQ.

<sup>1</sup> The Capacity Charge per MMBtu will be adjusted annually as calculated pursuant to Rider REV.

<sup>2</sup> Interim Rate Adjustment of \$0.81992 (GUD 10652) revised to \$0.74102 (GUD 10704); 2017 IRA - \$1.17274; 2018 IRA - \$1.35723; 2019 IRA - \$1.34724.



**ATMOS PIPELINE-TEXAS  
ATMOS ENERGY CORPORATION**

<b>RATE SCHEDULE:</b>	<b>CGS – OTHER</b>
<b>APPLICABLE TO:</b>	<b>CoServ, WTG Marketing, Inc., the City of Rising Star, the City of Navasota, the City of Winona, Corix Utilities (Texas), Inc., Terra Gas Supply, Texas Gas Service Co., and Other City Gate Service Customers, except Mid-Tex</b>
<b>EFFECTIVE DATE:</b>	

**MDQ Adjustment:** If Shipper's daily usage on any day exceeds Shipper's MDQ as set forth herein by 10% or more, then Shipper's MDQ will be increased to equal such daily usage up to the firm capacity available through the then existing APT facilities. The effective date of such increase in the MDQ will be the first day of the calendar month following the day on which Shipper's daily usage exceeded Shipper's MDQ by 10% or more.

**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.

**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 service 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 CGS - Other, 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.

**ATMOS PIPELINE-TEXAS  
ATMOS ENERGY CORPORATION**

<b>RATE SCHEDULE:</b>	<b>PT - PIPELINE TRANSPORTATION</b>	
<b>APPLICABLE TO:</b>	<b>Entire System</b>	
<b>EFFECTIVE DATE:</b>		

**Applicability**

This rate schedule is applicable to service by the Company under a Transportation Agreement - Pipeline, to a customer directly connected to the Atmos Pipeline-Texas System for the transportation of all natural gas supplied by Customer or Customer's agent for delivery to Customer at one Point of Delivery.

Not applicable for service to City Gate Service customers.

**Type of Service**

This service provides interruptible transportation service to end use customers. Where service of the quantity and type desired by Customer is not already available at a Point of Delivery, additional charges and special contract arrangements between Company and Customer may be required prior to service being furnished at such Point of Delivery.

**Monthly Rate**

Customer's monthly bill will be calculated by adding the Monthly Customer and Usage charges to the amounts and quantities due under the Riders listed below. The Monthly Customer Charge each month will be equal to the Capacity Charge, as adjusted, multiplied by the Customer's Maximum Daily Quantity (MDQ) as set forth in the Transportation Agreement between Customer and Company. Total Usage Charges each month will be equal to the Usage Charge multiplied by the volume of gas delivered to Customer by Company during such month:

<b>Charge</b>	<b>Amount</b>
Capacity	\$ 4.83681 per MMBtu of MDQ <sup>1</sup>
Annual Rider REV Adjustment	\$ (1.27728) per MMBtu of MDQ
Interim Rate Adjustment ("IRA")	\$ 2.70873 per MMBtu of MDQ <sup>2</sup>
<b>Total Capacity Charge</b>	<b>\$ 6.26826 per MMBtu of MDQ</b>
Usage	\$ 0.01325 per MMBtu

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

Rider TAX: Plus an amount for tax calculated in accordance with Rider TAX.

Rider MF: Plus an amount for municipal fees calculated in accordance with Rider MF.

Rider SUR: Plus an amount for surcharges calculated in accordance with Rider SUR.

<sup>1</sup> The Capacity Charge per MMBtu will be adjusted annually as calculated pursuant to Rider REV.

<sup>2</sup> Interim Rate Adjustment of \$0.41672 (GUD 10652) revised to \$0.37663 (GUD 10704); 2017 IRA - \$0.67366; 2018 IRA - \$0.81950; 2019 IRA - \$0.83894.

**ATMOS PIPELINE-TEXAS  
ATMOS ENERGY CORPORATION**

<b>RATE SCHEDULE:</b>	PT - PIPELINE TRANSPORTATION	
<b>APPLICABLE TO:</b>	Entire System	
<b>EFFECTIVE DATE:</b>		

Rider REV: Plus an amount per MMBtu in accordance with Rider REV as an adjustment to the Capacity Charge per MMBtu of MDQ.

**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.

**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.

**MDQ Adjustment**

If a Customer's daily usage on any day exceeds the Customer's MDQ as set forth in the applicable Transportation Agreement by 10% or more, the Customer's MDQ shall be increased to equal such daily usage. The effective date of such increase in the MDQ shall be the first day of the calendar month that begins following the day on which the Customer's daily usage exceeded the Customer's MDQ.

**Agreement**

A transportation agreement is required.

**Notice**

Service hereunder and the rates for service 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 PT, 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.

<b>RIDER:</b>	<b>SUR – SURCHARGES</b>	
<b>APPLICABLE TO:</b>	<b>Rate CGS – Mid-Tex, Rate CGS – Other and Rate PT</b>	
<b>EFFECTIVE DATE:</b>	<b>05/20/2020</b>	<b>PAGE: 18</b>

**Applicability**

This Rider is applicable to customer classes as authorized by the state or any governmental entity or regulatory authority pursuant to any statute, order, rule, contract, or agreement.

**Monthly Calculation**

Surcharges will be calculated in accordance with the applicable statute, order, rule, contract, or agreement.

**GUD No. 10580 - MAOP**

The following surcharge as authorized in GUD No. 10580 shall be recovered from the Rate CGS – Mid-Tex, Rate CGS – Other and Rate PT customers by adding an amount equal to each customer's MDQ times \$0.03958 per MMBtu of MDQ to their otherwise applicable total customer charge for each month for a 60-month period.

**GUD No. 10942 - 2020 GRIP.**

The balance in the Deferred IRA Regulatory Asset approved in Docket No. 10942 shall be recovered from Rate CGS, Rate CGS – Other and Rate PT customers through bills rendered on or after September 1, 2020. The Recovery Period for the balance in the Deferred IRA Regulatory Asset shall begin with bills rendered on and after September 1, 2020 and shall end with bills rendered on or before March 31, 2021. The Rider SUR amounts to be added to the Capacity Charge of each customer within each customer class during the Recovery Period shall be calculated by allocating the balance in the deferred account on September 1, 2020 to each customer class in the same manner as the 2019 IRA increase approved in GUD No. 10942 on May 20, 2020 was allocated among the customer classes, and that allocated amount for each customer class shall be allocated to the customers in each class based on their proportionate share of the total MDQ of each customer for the Recovery Period compared to the total MDQs for the customer class for the Recovery Period. APT shall track the total amount of the Deferred IRA Regulatory Asset that is recovered and cease charging the portion of Rider SUR related to this Docket No. 10942 once the Deferred IRA Regulatory Asset Balance is collected, not to exceed the Recovery Period. APT shall file a report of the recoveries under this portion of Rider SUR with the Market Oversight Section Staff within 45 days following the end of the Recovery Period. Any over recovery or under recovery of the deferred account balance shall be trued up in the next Statement of Intent rate case proceeding.

Atmos Pipeline - Texas  
Interim Rate Adjustment Application  
Twelve (12) Month Period Ending December 31, 2019  
Interim Rate Adjustment Summary

Line No.	Description (b)	Ref (c)	As per GUD No. 10580 At 12/31/18 (1) (d)	Per Book As of 12/31/2019 (e)	Adjustments (f) = (g) - (e)	Per Book Adjusted As of 12/31/2019 (g)	Change in Investment (h) = (g) - (d)
11	Direct Utility Plant Investment		\$ 3,340,427,204	\$ 3,729,731,511	-	\$ 3,729,731,511	\$ 389,304,307
12	Direct Accumulated Depreciation		640,345,178	717,181,236	-	717,181,236	76,836,058
13	Allocated Utility Plant Investment (If applicable)		52,759,359	50,019,574	(330,128)	49,689,446	(3,069,913)
14	Allocated Accumulated Depreciation (If applicable)		20,292,129	19,864,658	(165,918)	19,698,739	(593,390)
15	Miscellaneous Adjustments		(11,882,716)		(7,384,656)	(7,384,656)	4,498,060
16	Net Utility Plant Investment (Ln 11 - 12 + 13 - 14 + 15)		\$ 2,720,666,539	\$ 3,042,705,192	\$ (7,548,866)	\$ 3,035,156,326	\$ 314,489,787
17							
18	Calculation of the Interim Rate Adjustment Amount:						
19	Rate of Return						
20	Return					IRA-1	8.872%
21	Depreciation Expense					Col (h), Ln 16 times Col (h), Ln 19	\$ 27,901,534
22	Property-related Taxes (Ad Valorem)					IRA-8 plus IRA-11	12,122,907
23	Revenue-related Taxes and State Margin Tax					IRA-21	4,165,290
24	Federal Income Tax					See Note (2)	-
25	Interim Rate Adjustment Amount (Sum of Ln 20 through Ln 24)					IRA-20	5,061,056
26							\$ 49,250,788
27	Interim Rate Adjustment Amount per Rate Class:						
28	Rate CGS						
29	Rate PT						
30	Total (Sum of Ln 28 through Ln 29)						
31							
						Total Service Area:	RRC Jurisdiction:
						\$ 47,962,288	\$ 47,962,288
						1,288,499	1,288,499
						\$ 49,250,788	\$ 49,250,788
32	Monthly Capacity Charge Adjustment:						
33	Rate CGS					Annual Service Area	Monthly Capacity
34	Rate PT					MDQ:	Charge Adjustment:
35	Total (Sum of Ln 33 through Ln 34)					35,600,532	\$ 1,34724
36						1,535,868	\$ 0.83894
						37,136,400	37,136,400

Atmos Pipeline - Texas  
Interim Rate Adjustment Application  
Twelve (12) Month Period Ending December 31, 2019  
Interim Rate Adjustment Summary

Line No.	Description	Ref	As per GUD No. 10580 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)
37	Monthly Initial Block Rate Adjustment (Not applicable to APT):						
38	Rate CGS						
39	Rate PT						
40							
41							
42	Change to Customer/Capacity Charge:						
43	Rate CGS - Mid-Tex	3					
44	Rate CGS - Other	4	\$ 10.64155	\$ 0.86764	\$ 1.34724	\$ 12.85643	
45	Rate PT	4	\$ 10.20461	\$ 0.92141	\$ 1.34724	\$ 12.47326	
46		4	\$ 5.46962	\$ (0.04030)	\$ 0.83894	\$ 6.26826	
47	Notes:						

Annual RRC Jurisdiction Volumes: NA NA  
 Annual Service Area Volumes: NA NA  
 Monthly Initial Block Rate Adjustment: NA NA  
 Current Capacity Charge per MDQ: 10.64155 \$, 10.20461 \$, 5.46962 \$  
 Other Adjustments per MDQ: 0.86764 \$, 0.92141 \$, (0.04030) \$  
 Current Year IRA Adjustment to MDQ: 1.34724 \$, 1.34724 \$, 0.83894 \$  
 Proposed Capacity Charge per MDQ: 12.85643 \$, 12.47326 \$, 6.26826 \$

Notes:  
 1. The amounts are updated as per the docket notes on IRA-1 General Information, Notes 1 through 6.  
 2. Revenue related taxes are collected through Rider TAX.  
 3. The capacity charge times each customer's MDQ equals the monthly customer capacity charge.  
 4. Column (d) is from GUD No. 10580, Sch K, Col (c). Column (e) encompasses the following: interim rate adjustment filings (GUD Nos. 10652, 10693, and 10813); tax reform adjustments (GUD Nos. 10704 and 10718); and approved Rider Rev filing (GUD No. 10886).