

**BEFORE THE
RAILROAD COMMISSION OF TEXAS**

APPLICATION OF ATMOS ENERGY, WEST TEXAS DIVISION FOR TEST YEAR 2008 ANNUAL INTERIM RATE ADJUSTMENT FOR THE UNINCORPORATED AREAS OF THE LUBBOCK RATE DIVISION	§ § § § § §	GAS UTILITIES DOCKET NO. 9876
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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 ANN. Chapter 551 (Vernon 2000 & Supp. 2007). The Railroad Commission of Texas (Commission) adopts the following findings of fact and conclusions of law and orders as follows:

FINDINGS OF FACT

Background

1. Atmos Energy Corporation, West Texas Division (Atmos) owns and operates a natural gas distribution system that provides natural gas to customers in the Lubbock, Texas service area known as the Lubbock Rate Division.
2. The Lubbock Rate Division includes incorporated territories within the boundaries of the City of Lubbock and unincorporated territories outside the boundaries of the City of Lubbock, hereafter referred to as the Lubbock unincorporated areas.
3. On May 8, 2009, Atmos filed with the Commission, pursuant to Texas Utilities Code Sec. 104.301 and Rule §7.7101, an application to recover \$51,552 of 2008 infrastructure investment costs through the implementation of a Gas Reliability Infrastructure Program (GRIP) Interim Rate Adjustment applicable to customers in Lubbock unincorporated areas.
4. Atmos proposed the Interim Rate Adjustment applicable to customers in Lubbock unincorporated areas become effective on July 7, 2009.
5. On May 12, 2009, the Gas Services Division suspended, pursuant to Texas Utilities Code Sec. 104.301(a) and Rule §7.7101(a)(6)(B), the effective date of the proposed Interim Rate Adjustment for up to 45 days from July 7, 2009 to August 21, 2009.
6. On May 20, 2009, the Gas Services Division notified Atmos that its application was incomplete and, therefore, the application did not entirely comport with Rule §7.7101(c).

7. On June 3, 2009, Atmos provided the Gas Services Division with a modified project report, to complete the application.
8. On June 4, 2009, the Gas Services Division notified Atmos that the application, as modified, was complete as of June 3, 2009.
9. As required by Rule §7.7101(b)(6), Atmos' public notice to customers invited any affected person to provide written comments or protests concerning the proposed Interim Rate Adjustment to the Commission's Gas Services Division. (Application, Tab 2, page 3)
10. The Gas Services Division received zero (0) comments and protest letters from affected persons.
11. The Gas Services Division received zero (0) requests to intervene in Docket No. 9876 from affected persons.
12. Atmos' most recent Statement of Intent rate case for Lubbock unincorporated areas was administered by the Commission in Gas Utilities Docket No. 9563, *Statement of Intent Filed by Atmos Energy Corporation to Change Gas Rates in the Environs of Lubbock, Texas*.
13. In Docket No. 9563, the Commission approved on June 21, 2005 rates designed to recover from customers in Lubbock unincorporated areas a revenue requirement increase of \$120,338, based upon test year data for the period ending March 31, 2003. (*Final Order at Finding of Fact Nos. 9, 32-35 and 38*)
14. The \$120,338 revenue increase approved in Docket No. 9563 originated from an agreement which preceded Docket No. 9563, in which Atmos and the City of Lubbock agreed to a reduction of Atmos' revenue increase request applicable to the Lubbock Rate Division (then referred to as the Lubbock Distribution System) from \$3,004,219 to \$1,525,000. (*Final Order at Finding of Fact Nos. 3,4, and 6*)
15. Of the \$1,525,000 revenue increase agreed to between Atmos and the City of Lubbock, \$1,404,662 was recovered from customers in incorporated areas, following approval by the City of Lubbock, and \$120,338 was recovered from customers in unincorporated areas, following approval by the Commission, as described in Table 1.0, column A, following. (Atmos June 2, 2009 response to Request for Information No. 1-15)
16. Beginning in 2005, Atmos proposed five sequential Interim Rate Adjustments applicable to customers in the Lubbock unincorporated areas. The applications were administered in Gas Utility Docket Nos. 9609, 9692, 9772, 9834, and 9876.
17. The total revenue requirement increase calculated by Atmos for the Lubbock Rate Division and the revenue requirement increase attributable to Lubbock unincorporated areas through

each of the five Interim Rate Adjustments are shown in Table 1.0, Columns B through F, following.

Table 1.0 Revenue Increase Summary - Lubbock Rate Division

	A Most recent rate case	B 1st Interim Rate Adjustment	C 2nd Interim Rate Adjustment	D 3 rd Interim Rate Adjustment	E 4th Interim Rate Adjustment	F 5th Interim Rate Adjustment
Atmos' initial revenue increase request	\$3,004,219					
Revenue increase for total Lubbock Rate Division	\$1,525,000 per settlement	\$1,263,664		\$726,794	\$564,987	\$752,390
Revenue increase for City of Lubbock, per settlement	\$1,404,662	Rate Review Mechanism (RRM)	Rate Review Mechanism (RRM)	Rate Review Mechanism (RRM)	Rate Review Mechanism (RRM)	Rate Review Mechanism (RRM)
Revenue increase for Lubbock unincorporated areas	\$120,338 (Dkt. 9563)	\$66,138 (Dkt. 9609)	\$0 (Dkt. 9692)	\$52,167 (Dkt. 9772)	\$39,199 (Dkt. 9834)	\$51,552 (Dkt. 9876)

Source: Atmos' June 2, 2009 response to Request for Information Nos. 1-13 and 1-15 thru 1-18 and Atmos' July 8, 2009 response to oral request for information.

- The test year end dates and Interim Rate Adjustment effective dates for each of the five Interim Rate Adjustment cases applicable to Atmos' Lubbock unincorporated areas are shown in Table 2.0, following.

Table 2.0 Interim Rate Adjustment Cases – Lubbock Unincorporated Areas

	Docket No.	Test year end date	Interim Rate Adjustment effective date
1	9609	12/31/2004	12/13/2005
2	9692	12/31/2005	None*
3	9772	12/31/2006	4/8/2008
4	9834	12/31/2007	2/11/2009
5	9876	12/31/2008	7/21/2009 upon approval
	Total		

* In 2005, Atmos earnings exceeded the allowable level; Atmos forfeited its Interim Rate Adjustment.

- On December 4, 2006, a reduction to Atmos' Customer Charges was administratively approved by the Commission in Gas Utilities Docket No. 9712, *Application of Atmos Energy, West Texas Division, to Decrease Rates in the Lubbock Environs to Match Those Approved by the City of Lubbock*. The Customer Charges established in Docket No. 9712 are currently in effect for Lubbock unincorporated areas. (Atmos June 2, 2009 response to Request for Information No. 1-2)

20. Until promulgation of Sec. 104.301 of the Texas Utilities Code, a gas utility could initiate rate increases applicable to customers in unincorporated areas only by filing with the Commission a formal Statement of Intent rate case, including a comprehensive cost of service rate review.
21. Section 104.301 of the Texas Utilities Code provides Atmos an opportunity to recover, subject to refund, its annual infrastructure investment costs, including incremental depreciation expense, incremental ad valorem taxes, incremental revenue related taxes, incremental federal income taxes, and a return on its incremental investment, without the necessity of filing a Statement of Intent rate case and without an immediate review by the Commission of Atmos' comprehensive cost of service.

Applicability

22. This docket applies only to rates over which the Commission has original jurisdiction, including rates applicable to Lubbock unincorporated areas, as identified in Finding of Fact No. 2.
23. During the 2008 calendar year, Atmos had approximately 4,781 customers in Lubbock unincorporated areas. Of these, 4,405 were residential customers, 307 were commercial customers, 4 were small industrial customers, 20 were public authority customers, and 15 were state authority customers. (Atmos June 2, 2009 response to Request for Information No. 1-9)

Most Recent Comprehensive Rate Case

24. In Docket No. 9563, the most recent rate case for Lubbock unincorporated areas, the Commission determined that a rate of return of 9.15% is reasonable for Atmos. (June 21, 2005 *Final Order* at Finding of Fact No. 24)
25. In Docket No. 9563, the Commission determined that Atmos' depreciation rates are reasonable and approved those rates, as described in the June 21, 2005 *Final Order*, Exhibit A, Depreciation Schedules 6, WP6-1, WP6-2, WP6-3, WP6-3, WP6-4 and WP6-5. (*Final Order* at Finding of Fact Nos. 25 and 47)
26. In the Interim Rate Adjustment applications filed by Atmos after Docket No. 9563, Atmos used a composite depreciation rate of 3.35% to calculate its incremental revenue requirement.
27. Atmos' 3.35% composite depreciation rate is the result of dividing depreciation expense of \$2,450,256 by the amount of Invested Capital – Gross Plant of \$73,041,238, as determined in Docket No. 9563. (Docket No. 9563 *Final Order* at Schedule 6, column (b), line 12 and Docket No. 9563 Application, Schedule WP 7-1, line 33)

28. In Docket No. 9563, the Commission approved Customer Charges applicable to Lubbock unincorporated areas. Subsequently, the Customer Charges approved in Docket No. 9563 were reduced in Docket No. 9712 to the levels shown in Table 3.0, column A, following.

Interim Rate Adjustments

29. Interim Rate Adjustments approved by the Commission for the 2004 – 2007 calendar years applicable to Atmos' customers in Lubbock unincorporated areas are shown in Table 3.0, Columns B through E, following.
30. Atmos' proposed Interim Rate Adjustment for the 2008 calendar year, applicable to customers in Lubbock unincorporated areas, is shown in Table 3.0, Column F, following.
31. When Atmos' Interim Rate Adjustments for 2004-2008 are added to Customer Charges approved by the Commission in Docket No. 9712, the resulting total is shown in Table 3.0, Column G, following.

Table 3.0 Atmos' Customer Charges and Interim Rate Adjustments

	A	B	C	D	E	F	G
	Customer Charge	2004	2005	2006	2007	2008	Total
Residential	\$ 8.74	\$ 1.21	\$ -	\$ 0.70	\$ 0.52	\$ 0.70	\$ 11.87
Commercial	\$ 12.26	\$ 3.49	\$ -	\$ 2.01	\$ 1.59	\$ 2.13	\$ 21.48
Public authority	\$ 29.93	\$ 17.29	\$ -	\$ 9.95	\$ 7.70	\$10.45	\$ 75.32
State authority	\$ 29.23	\$ 15.18	\$ -	\$ 8.73	\$ 8.01	\$10.67	\$ 71.82
Small industrial	\$ 30.14	\$ 38.82	\$ -	\$22.33	\$23.54	\$31.35	\$146.18
Docket Nos.	9712	9609	9692	9772	9834	9876	

Source: Application, Tab 2, IRA-4, tariffs applicable to Lubbock unincorporated areas

32. Atmos represented that its proposed Interim Rate Adjustment for the 2008 calendar year is based upon the difference between the value of the Company's invested capital for the Lubbock Rate Division as of December 31, 2008 and the value of the invested capital as of December 31, 2007. (Application, Tab 1, page 2)
33. Per Rule §7.7101(f)(3), the value of 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.
34. For 2008, Atmos reported incremental Utility Plant Investment of \$4,841,190. (Application, Tab 2, IRA-3, column (c), line 1)
35. For 2008, Atmos reported incremental Accumulated Depreciation of \$788,725. (Application, Tab 2, IRA-3, column (c), line 2)

36. In its June 2, 2009 response to Request for Information No. 1-6, Atmos represented that \$22,781 of costs for entertainment, alcoholic beverages, and meals were excluded from the revenue requirement calculation. (Application, Tab 2, IRA-3, column (c), line 5)
37. After reducing the \$4,841,190 of Utility Plant Investment by \$788,725 of Accumulated Depreciation and \$22,781 of exclusions, the net increase in Rate Base for 2008 for the Lubbock Rate Division is \$4,029,684. (Application, Tab 2, IRA-3, column (c), line 9)
38. For 2008, Atmos reported incremental depreciation expense of \$162,180, as permitted by Texas Utilities Code Sec. 104.301(d) and Rule §7.7101(f)(4)(B). (Application, Tab 2, IRA-3, column (c), line 13)
39. For 2008, Atmos reported incremental taxes of \$221,494, including ad valorem taxes of \$49,440, revenue-related taxes of \$49,202, and federal income taxes of \$122,852, as permitted by Texas Utilities Code Sec. 104.301(d) and Rule §7.7101(f)(4)(C) - (E). (Application, Tab 2, IRA-3, column (c), lines 14-16)
40. For 2008, Atmos used an overall rate of return of 9.15% to calculate an incremental increase in return of \$368,716, consistent with Texas Utilities Code Sec. 104.301(d) and Rule §7.7101(f)(4)(A). (Application, Tab 2, IRA-3, column (c), line 11)
41. Atmos used the same factors to calculate the Docket No. 9876 return on investment, depreciation expense, and federal income tax as those used to set rates in the Company's most recent rate case, Docket No. 9563, consistent with Rule §7.7101(f)(5).
42. For 2008, Atmos reported an incremental increase in Lubbock Rate Division infrastructure investment of \$752,390. Of this amount, Atmos proposed to recover \$51,552 from customers in Lubbock unincorporated areas. (Atmos' June 2, 2009 response to Request for Information No. 1-13)
43. To determine the 2008 incremental increase in revenue requirement of \$752,390 attributable to Lubbock Rate Division infrastructure investment, Atmos summed its incremental increases in depreciation expense, taxes, and return, as shown in Exhibit C, attached.
44. Of 71,733 customers located in the Lubbock Rate Division, 6.7%, or 4,781 are located in unincorporated areas. Similarly, the \$51,552 revenue requirement to be recovered from customers in Lubbock unincorporated areas is 6.85% of the \$752,390 revenue requirement attributable to the Lubbock Rate Division.
45. As required by Sec. 104.301(a) of the Texas Utilities Code and Rule §7.7101(f)(6), Atmos allocated the incremental revenue requirement among customer classes in the same manner the cost of service was allocated among customer classes in Docket No. 9563, as shown in Table 4.0, following. (Application, Tab 2, IRA-16)

Table 4.0 Revenue Requirement Allocation Factors for the Lubbock Rate Division

Customer Class	Allocation Factors
Residential	72.9%
Commercial	20.6%
Industrial	3.1%
Public Authority	2.6%
State Authority	.8%

46. Atmos' application included an annual project report, as required by Texas Utilities Code Sec. 104.301(e) and Rule §7.7101(d). According to the report, which describes each investment project completed:
- The change in utility plant investment due to 2008 Lubbock Rate Division investment projects is \$6,269,518 before retirements, transfers and adjustments and \$4,841,190 after retirements, transfers and adjustments. (Application, Tab 4, Summary Assets Activity)
 - The change in utility plant investment due to 2008 safety-related projects is \$2,555,731. (Atmos June 2, 2009 response to Request for Information No. 1-20)
 - The change in utility plant investment for 2008 integrity testing projects is \$0 because Atmos expenses, rather than capitalizes, costs associated with integrity testing. (Atmos June 2, 2009 response to Request for Information No. 1-19)
47. The Interim Rate Adjustment proposed by Atmos is a flat rate for each customer class to be added to monthly Customer Charges, as permitted by Sec. 104.301(a) of the Texas Utilities Code and Rule §7.7101(f)(7).
48. The 2008 Interim Rate Adjustment proposed by Atmos is based, in part, upon Atmos' customer counts for the Lubbock Rate Division.
49. Atmos' customer counts for the Lubbock Rate Division are shown in Exhibit B, attached, as presented by Atmos in Docket No. 9563, the most recent rate case, and in Docket No. 9876, the instant case. (Atmos' June 2, 2009 response to Request for Information No. 1-9)
50. Atmos' 2008 customer counts were multiplied by 12 months to determine the annual number of bills. When the annual number of bills for each customer class is multiplied by the proposed Interim Rate Adjustment for each customer class, the result is the proposed revenue requirement of \$51,552 for Lubbock unincorporated areas.
51. Per Rule §7.7101(f)(7), Atmos is required to show an Interim Rate Adjustment on its customers' monthly billing statements as a surcharge.
52. As required by Texas Utilities Code Sec. 104.301(f), Atmos filed an annual earnings monitoring report with its application. The earnings monitoring report states that Atmos'

actual rate of return in 2008 was 5.75% as compared with the 9.15% allowed rate of return established in Docket No. 9563. (Application, Tab 3)

Notice

53. On May 8, 2009, Atmos included in its Application copies of the bill insert notice mailed to customers, as written in English and Spanish. (Application, Tab 2, IRA-2)
54. As required by Rule §7.7101(b)(5), Atmos' notice of the Interim Rate Adjustment included the website address where information about the application could be publicly viewed via the Internet.
55. On May 18, 2009, Atmos notified the Gas Services Division that a copy of the application was successfully posted on the Company's website at: www.atmosenergy.com/grip.
56. On May 24, 2009, Atmos affirmed by letter that bill insert notice of the Interim Rate Adjustment applicable to customers in Lubbock unincorporated areas was accomplished by June 22, 2009.
57. Per Rule §7.7101(b), mailed notice is deemed complete three days after the notice is mailed; thus, bill insert notice to affected customers was complete on June 25, 2009, three days after the final June 22, 2009 mailing date.

Comprehensive Rate Case Requirement

58. Atmos is not required to file a Statement of Intent rate case at the time it applies for approval to implement an Interim Rate Adjustment.
59. If Atmos does not file a rate case for the Lubbock unincorporated areas before December 13, 2010, which is the fifth anniversary of the date its initial Interim Rate Adjustment became effective, Atmos must file a rate case no later than June 11, 2011, which is the 180th day after the fifth anniversary. (Texas Utilities Code Sec. 104.301(h))

Review of Interim Rate Adjustment Application

60. Atmos filed its application with the Commission 60 days before the proposed implementation date of the Interim Rate Adjustment, in accordance with TEX. UTIL. CODE ANN. §104.301(a) (Vernon 2007) and 16 TEX. ADMIN. CODE §7.7101(a)(2) (2004).
61. Atmos' application included each of the components required by 16 TEX. ADMIN. CODE §7.7101(c) (2004).

62. Atmos' application included an annual report describing investment projects completed during 2008 and an annual earnings monitoring report, in accordance with TEX. UTIL. CODE ANN. §104.301(e) and (f). (Vernon 2007)
63. Notice was mailed, pursuant to TEX. UTIL. CODE ANN. §104.301(a) (Vernon 2007), to affected customers within 45 days from the date the application was filed.
64. The methodology used by Atmos to develop its Interim Rate Adjustment proposal is consistent with the methodology prescribed in TEX. UTIL. CODE ANN. §104.301 (Vernon 2007) and 16 TEX. ADMIN. CODE §7.7101(f) (2004).
65. Atmos allocated the 2008 revenue requirement among customer classes in the same manner the cost of service was allocated in the Company's most recent rate case for the Lubbock unincorporated areas, pursuant to TEX. UTIL. CODE ANN. §104.301(a) (Vernon 2007) and 16 TEX. ADMIN. CODE §7.7101(f)(6) (2004).
66. Atmos' application to implement an Interim Rate Adjustment was reviewed in accordance with the requirements of TEX. UTIL. CODE ANN. §104.301 (Vernon 2007) and 16 TEX. ADMIN. CODE §7.7101(g) (2004).
67. Atmos' proposed Interim Rate Adjustment applicable to customers in Lubbock unincorporated areas is consistent with TEX. UTIL. CODE ANN. §104.301 (Vernon 2007) and 16 TEX. ADMIN. CODE §7.7101 (2004).
68. The reasonableness and prudence of investments, and related expenses and revenues, included in the 2008 Interim Rate Adjustment will be determined in the next rate case for the Lubbock unincorporated areas, as required by 16 TEX. ADMIN. CODE §7.7101(j) (2004).
69. After issuance of a final order in the next rate case, Atmos' investments recovered through the 2008 Interim Rate Adjustment will no longer be subject to a subsequent review for reasonableness and prudence, in accordance with TEX. UTIL. CODE ANN. §104.301(a).
70. It is reasonable for the Commission to approve Atmos' Interim Rate Adjustment, subject to refund until the conclusion of Atmos' next rate case for the Lubbock unincorporated areas.

Reimbursement of Expenses Incurred by the Commission

71. Atmos is required to reimburse the Commission for expenses incurred by the Commission during the review of this Interim Rate Adjustment application.
72. The Director of the Gas Services Division will estimate Atmos' proportionate share of the Commission's annual costs related to the administration of Interim Rate Adjustment applications and will notify Atmos of the amount to be reimbursed to the Commission, as outlined in Rule §7.7101(m).

CONCLUSIONS OF LAW

1. Atmos Energy Corporation, West Texas Division is a “gas utility” as that term is defined in TEX. UTIL. CODE ANN. §101.003(7) (Vernon 2007) and §121.001 (Vernon 2007) and is, therefore, subject to the jurisdiction of the Railroad Commission of Texas.
2. The Commission has jurisdiction over Atmos’ application to establish an Interim Rate Adjustment under TEX. UTIL. CODE ANN. §102.001, §104.001, §104.002, and §104.301 (Vernon 2007).
3. Under TEX. UTIL. CODE ANN. §102.001 (Vernon 2007), 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.
4. Under TEX. UTIL. CODE ANN. §104.301 (Vernon 2007) and 16 TEX. ADMIN. CODE §7.7101 (2004), Atmos is required to seek Commission approval before implementing an Interim Rate Adjustment applicable to customers in unincorporated areas.
5. The Commission has authority to suspend the implementation of an Interim Rate Adjustment, under TEX. UTIL. CODE ANN. §104.301(a) (Vernon 2007) and 16 TEX. ADMIN. CODE §7.7101(a)(6) (2004).
6. Neither TEX. UTIL. CODE ANN. §104.301 (Vernon 2007) nor 16 TEX. ADMIN. CODE §7.7101 (2004) allow a party to intervene in the Commission’s review of an Interim Rate Adjustment application.
7. In accordance with 16 TEX. ADMIN. CODE §7.315 (2002), within thirty days of the effective date of any change to rates or services, Atmos is required to file its tariff with the Gas Services Division.
8. Atmos may not charge any rate that has not been electronically filed and successfully accepted by the Gas Services Division pursuant to TEX. UTIL. CODE ANN. §§102.151 and 104.002 (Vernon 2007) and 16 TEX. ADMIN. CODE §7.315 (2002).
9. Atmos is required, under TEX. UTIL. CODE ANN. §104.301(e) (Vernon 2007) and 16 TEX. ADMIN. CODE §7.7101(d) (2004), to file with the Commission an annual project report.
10. Atmos is required, under TEX. UTIL. CODE ANN. §104.301(f) (Vernon 2007) and 16 TEX. ADMIN. CODE §7.7101(e) (2004), to file with the Commission an annual earnings monitoring report.
11. In accordance with TEX. UTIL. CODE ANN. §104.301(a) (Vernon 2007) and 16 TEX. ADMIN. CODE §7.7101(i) (2004), all amounts collected from customers under Atmos’ Interim Rate

Adjustment tariffs are subject to refund until the conclusion of the next rate case for Lubbock unincorporated areas.

12. Atmos' Interim Rate Adjustment, as set forth in the findings of fact and conclusions of law in this *Interim Rate Adjustment Order*, complies with the provisions of TEX. UTIL. CODE ANN. §104.301 (Vernon 2007) and 16 TEX. ADMIN. CODE §7.7101 (2004).
13. The Commission has authority, under TEX. UTIL. CODE ANN. §104.301(j) (Vernon 2007) and 16 TEX. ADMIN. CODE §7.7101(m) (2004), to recover from Atmos a proportionate share of the Commission's annual costs related to administration of the Interim Rate Adjustment mechanism.
14. Atmos is required under TEX. UTIL. CODE ANN. §104.301(h) and 16 TEX. ADMIN. CODE §7.7101(l) (2004) to file its next Statement of Intent rate case applicable to Lubbock unincorporated areas in accordance with the Texas Utilities Code, Title 3, Subtitle A, Chapter 104, Subchapter C, no later than June 11, 2011.

IT IS THEREFORE ORDERED BY THE RAILROAD COMMISSION OF TEXAS THAT Atmos Energy Corporation, West Texas Division's Interim Rate Adjustment tariffs applicable to customers in unincorporated territories within the Lubbock Rate Division, as shown in Exhibit A attached to this *Interim Rate Adjustment Order*, are **HEREBY APPROVED**, subject to refund, with an effective date of July 21, 2009.

IT IS FURTHER ORDERED THAT within 30 days from the date of this *Interim Rate Adjustment Order*, Atmos shall electronically file its Interim Rate Adjustment tariffs in proper form that reflects the effective date of July 21, 2009 and the rates shown in Exhibit A, attached.

IT IS FURTHER ORDERED THAT Atmos shall not charge any rate that has not been successfully electronically filed and accepted by the Commission.

IT IS FURTHER ORDERED THAT Atmos shall file with the Commission no later than June 11, 2011, a Statement of Intent rate case for unincorporated territories within the Lubbock Rate Division.

IT IS FURTHER ORDERED THAT Atmos shall reimburse the Commission for the Commission's expenses incurred during the review of this application and the Director of the Gas Services Division shall determine the amount of the reimbursement.

IT IS FURTHER ORDERED THAT Atmos shall not file an application to establish another Interim Rate Adjustment applicable to unincorporated territories within the Lubbock Rate Division before the date the Commission signs the final order in the next Statement of Intent rate case for those unincorporated territories.

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)(Vernon 2000 & Supp. 2007), 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' 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 21st day of July, 2009.

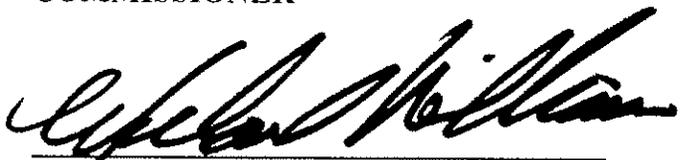
RAILROAD COMMISSION OF TEXAS



VICTOR G. CARRILLO
CHAIRMAN

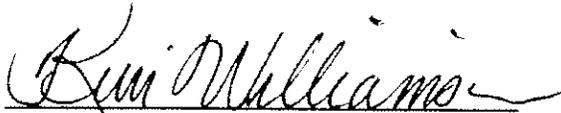


ELIZABETH A. JONES
COMMISSIONER



MICHAEL L. WILLIAMS
COMMISSIONER

ATTEST



SECRETARY



**Interim Rate Adjustment Order
EXHIBIT A**

Interim Rate Adjustment tariffs
applicable to Atmos Energy Corporation, West Texas Division
customers in unincorporated territories within the Lubbock Rate Division
effective July 21, 2009

Residential Gas Service

Availability

This schedule is applicable to general use by Residential customers for heating, cooking, refrigeration, water heating and other similar type uses. This schedule is not available for service to premises with an alternative supply of natural gas.

Monthly Rate

Customer Charge:	\$ 8.74
2004 GRIP Charge:	1.21
2005 GRIP Charge:	0.00
2006 GRIP Charge:	0.70
2007 GRIP Charge:	0.52
2008 GRIP Charge:	<u>0.70</u>
Total Customer Charge:	\$11.87

Commodity Charge:

All Consumption	\$ 0.09668 per Ccf
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The Lubbock System Gas Cost Adjustment Rider applies to this schedule.

The Lubbock System Weather Normalization Adjustment Rider applies to this schedule.

The Lubbock Rate Division 2004, 2005, 2006, 2007 and 2008 GRIP Adjustments apply to this schedule.

Commercial Gas Service

Availability

This schedule is applicable to Commercial type customers including hospitals and churches, for heating, cooking, refrigeration, water heating and other similar type uses. This schedule is not available for service to premises with an alternative supply of natural gas.

Monthly Rate

Customer Charge:	\$ 12.26
2004 GRIP Charge:	3.49
2005 GRIP Charge:	0.00
2006 GRIP Charge:	2.01
2007 GRIP Charge:	1.59
2008 GRIP Charge:	<u>2.13</u>
Total Customer Charge:	\$ 21.48

Commodity Charge:

All Consumption \$ 0.09500 per Ccf

Rate Adjustment Provision

The Lubbock System Gas Cost Adjustment Rider applies to this schedule.

The Lubbock System Weather Normalization Adjustment Rider applies to this schedule.

The Lubbock Rate Division 2004, 2005, 2006, 2007 and 2008 GRIP Adjustments apply to this schedule.

Small Industrial Gas Service

Availability

This schedule is applicable to the sales of any industrial or commercial customer whose predominant use of natural gas is other than space heating, cooking, water heating or other similar type uses. Service under this schedule is available to eligible customers following execution of a contract specifying the maximum hourly load. This schedule is not available for service to premises with an alternative supply of natural gas.

Monthly Rate

Customer Charge:	\$ 30.14
2004 GRIP Charge:	38.82
2005 GRIP Charge:	0.00
2006 GRIP Charge:	22.33
2007 GRIP Charge:	23.54
2008 GRIP Charge:	<u>31.35</u>
Total Customer Charge:	\$ 146.18

Commodity Charge:

1st 1,000	\$ 0.09650
All over 1,000 Ccf	\$ 0.07500

The Lubbock System Gas Cost Adjustment Rider applies to this schedule.

The Lubbock Rate Division 2004, 2005, 2006, 2007 and 2008 GRIP Adjustments apply to this schedule.

Public Authority Gas Service

Availability

This schedule is applicable to general use by Public Authority type customers, including public schools, for heating, cooking, refrigeration, water heating and other similar type uses. This schedule is not available for service to premises with an alternative supply of natural gas.

Monthly Rate

Customer Charge:	\$ 29.93
2004 GRIP Charge:	17.29
2005 GRIP Charge:	0.00
2006 GRIP Charge:	9.95
2007 GRIP Charge:	7.70
2008 GRIP Charge:	10.45
Total Customer Charge:	\$ 75.32

Commodity Charge:

All Consumption \$ 0.09100 per Ccf

Rate Adjustment Provision

The Lubbock System Gas Cost Adjustment Rider applies to this schedule.

The Lubbock System Weather Normalization Adjustment Rider applies to this schedule.

The Lubbock Rate Division 2004, 2005, 2006, 2007 and 2008 GRIP Adjustments apply to this schedule.

State Institution Gas Service

Availability

This schedule is applicable to gas service to state agencies (as provided in Texas Utilities Code, Section 104.202) including, but not limited to, state college and universities, MHMR schools, agriculture, highway and public safety departments, prisons, and other facilities owned or operated by the State of Texas for the purpose of heating, cooking, refrigeration, water heating and other similar type uses.

Monthly Rate

Customer Charge:	\$ 29.23
2004 GRIP Charge:	15.18
2005 GRIP Charge:	0.00
2006 GRIP Charge:	8.73
2007 GRIP Charge:	8.01
2008 GRIP Charge:	<u>10.67</u>
Total Customer Charge:	\$ 71.82

Commodity Charge:

All Consumption \$ 0.08645 per Ccf

Rate Adjustment Provision

The Lubbock System Gas Cost Adjustment Rider applies to this schedule.

The Lubbock System Weather Normalization Adjustment Rider applies to this schedule.

The Lubbock Rate Division 2004, 2005, 2006, 2007 and 2008 GRIP Adjustments apply to this schedule.

**Interim Rate Adjustment Order
EXHIBIT B**

Lubbock Rate Division Customer Counts by Customer Class

A	B	C	D	E
1		Docket No. 9563 rate case	Docket No. 9876 5 th Interim Rate Adjustment	Percent change
2	Residential customers, Lubbock unincorporated areas	4,349	4,405	1%
3	Residential customers, City of Lubbock	59,085	61,040	3%
4	Residential customers, Lubbock Rate Division total	63,434	65,445	3%
5	Commercial customers, Lubbock unincorporated areas	406	337	-17%
6	Commercial customers, City of Lubbock	5,805	5,685	-2%
7	Commercial customers, Lubbock Rate Division total	6,211	6,022	-3%
8	Small industrial customers, Lubbock unincorporated areas	8	4	-50%
9	Industrial customers, City of Lubbock	75	58	-23%
10	Small industrial customers, Lubbock Rate Division total	83	62	-25%
11	Public authority customers, Lubbock unincorporated areas	21	20	-5%
12	Public authority customers, City of Lubbock	139	137	-1%
13	Public authority customers, Lubbock Rate Division total	160	157	-2%
14	State authority customers, Lubbock unincorporated areas	14	15	7%
15	State authority customers, City of Lubbock	42	32	-24%
16	State authority customers, Lubbock Rate Division total	56	47	-16%
17	Total customers, Lubbock unincorporated areas	4,798	4,781	0%
18	Total customers, City of Lubbock	65,146	66,952	3%
19	Total customers, Lubbock Rate Division total	69,944	71,733	3%

Source of customer counts: Atmos' June 2, 2009 response to Request for Information No. 1-9



**Interim Rate Adjustment Order
EXHIBIT C
Lubbock Rate Division
(incorporated and unincorporated areas)**

Net Increase in Rate Base					Net Increase in Revenue Requirement	
Increase in Utility Plant Investment	\$4,841,190	X	Depreciation rate, 3.35% composite	=	Increase in Depreciation Expense	\$162,180
Less: Exclusions	- \$22,781					
Less: Increase in Accumulated Depreciation	- \$788,725				Plus: Increase in Taxes	+ \$221,494
Equals: Net increase in Rate Base	\$4,029,684	X	Rate of return 9.15%	=	Plus: Increase In return	+ \$368,716
						\$752,390
					Equals: Net increase in Revenue Requirement	\$752,390

Reference: Finding of Fact Nos. 34-43