

**BEFORE THE  
RAILROAD COMMISSION OF TEXAS**

**APPLICATION FILED BY ATMOS §  
PIPELINE - TEXAS 2014 RIDER REV § GAS UTILITIES DOCKET NO. 10377  
ADJUSTMENT §**

**FINAL ORDER**

Notice of Open Meeting to consider this Order was duly posted with the Secretary of State within the time period provided by law pursuant to TEX. GOV'T CODE ANN. CHAP 551 (2013). The Railroad Commission adopts the following findings of fact and conclusions of law and orders as follows:

**FINDINGS OF FACT**

1. Atmos Pipeline – Texas (“APT” or “Company”), a division of Atmos Energy Corporation is a gas utility as that term is defined in the Texas Utilities Code.
2. APT is an intrastate natural gas transmission pipeline operating solely in Texas. The Company operates a large intrastate pipeline consisting of approximately 5,600 miles of transmission pipeline, approximately 700 city gate meters, five underground storage facilities, and forty-one (41) gas compressor stations. The geographical areas served by this pipeline division span from the area bounded by the Oklahoma border; the Katy hub near Houston; the Carthage hub in East Texas; the Waha hub in West Texas; and the Austin/Hill Country area.

*Background*

3. On September 17, 2010, APT filed a *Statement of Intent* to change its Rate CGS and Rate PT and related riders and the case was docketed as GUD No. 10000.
4. On June 27, 2011, the Railroad Commission of Texas (“Commission”) issued its *Final Order Nunc Pro Tunc* in GUD No. 10000.
5. As set out in the *Final Order Nunc Pro Tunc* in GUD No. 10000, the Company established that the cost of service without application of a revenue credit for revenue received from non-regulated customers was \$226,772,532.
6. The rates necessary to recover \$226,772,532 would have been as follows:
  - a. Rate CGS – Mid-Tex: Capacity Charge of \$6.2984 per MMBtu of MDQ, Mid – Tex WGIS<sup>1</sup> Charge of \$0.8134 per MMBtu of MDQ, and a Usage Charge per MMBtu \$0.0276 per MMBtu.

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<sup>1</sup> WGIS is an acronym for Working Gas In Storage.

- b. Rate CGS – Other: Capacity Charge of \$6.2984 per MMBtu of MDQ, and a Usage Charge of \$0.0276 per MMBtu of MDQ.
  - c. Rate PT: Capacity Charge of \$4.0732 per MMBtu of MDQ, Usage Charge of \$0.0163 per MMBtu.
7. In GUD No. 10000, APT established that revenue received from the non-regulated customers, Other Revenue, was \$83,723,392. Thus, the rates were adjusted to allow recovery of \$143,049,141.
8. The rates necessary to recover \$143,049,141 were established in GUD No. 10000 as follows:
  - a. Rate CGS – Mid-Tex: Capacity Charge of \$3.6263 per MMBtu of MDQ, Mid – Tex WGIS Charge of \$0.8134 per MMBtu of MDQ, and a Usage Charge of \$0.0276 per MMBtu.
  - b. Rate CGS – Other: Capacity Charge of \$3.6263 per MMBtu of MDQ, and a Usage Charge of \$0.0276 per MMBtu.
  - c. Rate PT: Capacity Charge of \$2.3061 per MMBtu of MDQ, and a Usage Charge of \$0.0163 per MMBtu.
9. In GUD No. 10000, the Commission approved the application of a Rider Rev Tariff designed to allow an annual adjustment to the rates for Other Revenue.
10. In GUD No. 10000, the Commission found that it had the authority to approve an adjustment mechanism such as the Rider Rev Tariff because market forces control the revenue recovered from the non-regulated customers.
11. The Rider Rev Tariff, as approved, was found to be a reasonable mechanism to provide an annual adjustment to Rate CGS-Mid-Tex, and Rate CGS-Other and Rate PT for 75% of the difference between the amount of Other Revenue determined in GUD No. 10000 and the amount of Other Revenue determined on an annual basis.
12. The Commission approved the Rider Rev Tariff on a three-year trial basis. The Commission found that it was reasonable to review the results of the Rider Rev Tariff at the end of three-years to determine if the Rider Rev Tariff was achieving its stated goal and for the Commission to determine if the Rider Rev Tariff should be continued or eliminated.
13. As provided in the Rider Rev Tariff, the annual adjustment would have expired on the fourth November 1<sup>st</sup> following its effective date unless an extension of Rider Rev for an additional 3-year period was approved by the Commission. APT requested an extension with the third Other Revenue Adjustment Report.
14. The request for renewal was docketed as GUD No. 10295. The request properly included a statement on how Rate CGS and Rate PT customers had benefited from the use of Rider Rev, information on the number of negotiated rate customers gained or lost, the annual volumes and revenues for each of the three years on which adjustments have been based, the number of negotiated rate customers who have shifted from Rate PT to Other Revenue, and the number of negotiated rate customers who have shifted from Other Revenue to Rate PT.

15. The Nunc Pro Tunc Final Order in GUD No. 10295 was issued on February 18, 2014.
16. GUD No. 10295 adopted the Rider Rev Tariff approved in GUD No. 10000 with the following modifications:
  - a. APT must update all Maximum Daily Quantities (MDQ) for each customer annually.
  - b. Provided for the directly affected customer's right to request a hearing if the adjustment generated additional revenue of more than 2 ½ percent.
  - c. Adjusted the notice to the customer in the event that the adjustment generated additional revenue of more than 2 ½ percent.
  - d. Provided for the requested hearing to be heard by the Hearings Division on an expedited basis.
  - e. Provided that such hearing to be limited in scope to the sole issue of the reasonableness of any increase greater than 2 ½ percent.
  - f. Provided for the Commission's right to deny the Rider Rev Adjustment and subsequent appeal by APT.
  - g. Provided for APT's right to appeal the Commission's decision by filing a Motion for Rehearing with the Commission within 20 days following issuance.
  - h. The Other Revenue Adjustment shall be implemented on November 1<sup>st</sup> of the current year and shall remain in effect until revised on the following November 1<sup>st</sup>.
  - i. The Rider Rev Tariff will expire with the effective date of rates in the next statement of intent filing by APT.
  - j. APT shall reimburse the Commission the estimated cost of reviewing each Other Revenue Adjustment Report upon invoicing.

#### *Rider Rev Adjustment History*

17. On August 12, 2011, APT filed its first Rider Rev Adjustment filing, docketed as GUD No. 10099.
18. The Final Order in GUD No. 10099 was issued on October 11, 2011.
19. GUD No. 10099 resulted in a credit, or reduction, to the rates currently charged by the Company. The Other Revenue credit in GUD 10000 was \$83,723,392. In GUD No. 10099 for the twelve months ended June 30, 2011, Other Revenue increased to \$88,799,640. The difference was (\$5,076,248.) At 75% of the difference, the credit to Rate CGS and PT customers is (\$3,807,186.)
20. The total reduction of (\$3,807,186) was allocated (\$3,696,891) to CGS customers and (\$110,296) to PT customers.
21. Applying the credit of (\$3,807,186) included in the Rider Rev Adjustment resulted in the following rates:
  - a. Rate CGS – Mid-Tex: Capacity Charge of \$3.6263 per MMBtu of MDQ, Mid – Tex WGIS Charge of \$0.8134 per MMBtu of MDQ, Annual Rider Rev

- Adjustment of \$(0.1213) per MMBtu of MDQ, Interim Rate Adjustment of \$0.4036 per MMBtu of MDQ<sup>2</sup>, and a Usage Charge of \$0.0276 per MMBtu.
- b. Rate CGS – Other: Capacity Charge of \$3.6263 per MMBtu of MDQ, Annual Rider Rev Adjustment of \$(0.1213) per MMBtu of MDQ, Interim Rate Adjustment of \$0.4036 per MMBtu of MDQ<sup>3</sup>, and a Usage Charge of \$0.0276 per MMBtu.
  - c. Rate PT – Capacity Charge of \$2.3061 per MMBtu of MDQ, Annual Rider Rev Adjustment of \$(0.0811) per MMBtu of MDQ, Interim Rate Adjustment of \$0.2454 per MMBtu of MDQ<sup>4</sup>, and a Usage Charge of \$0.0163 per MMBtu.
22. On August 15, 2012, the Company filed its second Rider Rev Adjustment filing, docketed as GUD No. 10202.
23. The Final Order in GUD No. 10202 was issued on October 12, 2012.
24. GUD No. 10202 resulted in a debit, or increase, to the rates charged by the Company. The Other Revenue credit in GUD 10000 was \$83,723,392. In GUD No. 10202, for the twelve months ended June 30, 2012, Other Revenue declined to \$80,022,308. The difference is \$3,701,084. At 75% of the difference, the debit, or rate increase, to Rate CGS and PT customers is \$2,775,813
25. Applying the debit of \$2,775,813 included in the Rider Rev Adjustment resulted in the following rates shown below:
- a. Rate CGS – Mid-Tex: Capacity Charge of \$3.6263 per MMBtu of MDQ, Mid – Tex WGIS Charge of \$0.8134 per MMBtu of MDQ, Annual Rider Rev Adjustments of \$0.0881 per MMBtu of MDQ, Interim Rate Adjustment of \$0.8727 per MMBtu of MDQ<sup>5</sup>, and a Usage Charge of \$0.0276 per MMBtu.
  - b. Rate CGS – Other: Capacity Charge of \$3.6263 per MMBtu of MDQ, Annual Rider Rev Adjustments of \$0.0881 per MMBtu of MDQ, Interim Rate Adjustment of \$0.8727 per MMBtu of MDQ<sup>6</sup>, and a Usage Charge of \$0.0276 per MMBtu.
  - c. Rate PT – Capacity Charge of \$2.3061 per MMBtu of MDQ, Annual Rider Rev Adjustment of \$0.0495 per MMBtu of MDQ, Interim Rate Adjustments of \$0.4967 per MMBtu of MDQ<sup>7</sup>, and a Usage Charge of \$0.0163 per MMBtu.

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<sup>2</sup> Interim Rate Adjustment (IRA) approved in GUD No. 10078.

<sup>3</sup> *Id*

<sup>4</sup> *Id*

<sup>5</sup> IRA approved in GUD No. 10144, plus IRA from GUD No. 10078.

<sup>6</sup> *Id*

<sup>7</sup> *Id*

26. On August 9, 2013, the Company filed its third Rider Rev Adjustment filing, docketed as GUD No. 10293.
27. The Final Order in GUD No. 10293 was issued on September 24, 2013.
28. GUD No. 10293 resulted in a debit, or increase, to the rates charged by the Company. The Other Revenue credit in GUD 10000 was \$83,723,392. In this docket, for the twelve months ended June 30, 2013, Other Revenue declined to \$75,926,413. The difference is \$7,796,979. At 75% of the difference, the debit, or rate increase, to Rate CGS and PT customers is \$5,847,734.
29. Applying the debit of \$5,847,734 included in the Rider Rev Adjustment resulted in the following rates shown below:
  - a. Rate CGS – Mid-Tex: Capacity Charge of \$3.6263 per MMBtu of MDQ, Mid – Tex WGIS Charge of \$0.8134 per MMBtu of MDQ, Annual Rider Rev Adjustment of \$0.1852 per MMBtu of MDQ, Interim Rate Adjustments of \$1.7234 per MMBtu of MDQ<sup>8</sup>, and a Usage Charge of \$0.0276 per MMBtu.
  - b. Rate CGS – Other: Capacity Charge of \$3.6263 per MMBtu of MDQ, Annual Rider Rev Adjustment of \$0.1852 per MMBtu of MDQ, Interim Rate Adjustments of \$1.7234 per MMBtu of MDQ<sup>9</sup>, and a Usage Charge of \$0.0276 per MMBtu.
  - c. Rate PT – Capacity Charge of \$2.3061 per MMBtu of MDQ, Annual Rider Rev Adjustment of \$0.0924 per MMBtu of MDQ, Interim Rate Adjustments of \$0.8698 per MMBtu of MDQ<sup>10</sup>, and a Usage Charge of \$0.0163 per MMBtu.

#### *Current Rider Rev Adjustment*

30. On August 15, 2014, the Company filed its fourth Rider Rev Adjustment filing, docketed as GUD No. 10377.
31. GUD No. 10377 results in a debit, or increase, to the rates charged by the Company. The Other Revenue credit in GUD 10000 was \$83,723,392. In this docket, for the twelve months ended June 30, 2014, Other Revenue declined to \$75,778,425. The difference is \$7,944,967. At 75% of the difference, the debit, or rate increase, to Rate CGS and PT customers is \$5,958,726, as shown in Exhibit B.
32. Applying the debit of \$5,958,726 included in the Rider Rev Adjustment resulted in the following rates shown below:
  - a. Rate CGS – Mid-Tex: Capacity Charge of \$3.6263 per MMBtu of MDQ, Mid – Tex WGIS Charge of \$0.8134 per MMBtu of MDQ, Annual Rider Rev

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<sup>8</sup> IRA approved in GUD No. 10240, plus IRAs from GUD Nos. 10078 and 10144.

<sup>9</sup> *Id*

<sup>10</sup> *Id*

- Adjustment of \$0.1782 per MMBtu of MDQ, Interim Rate Adjustments of \$3.0935 per MMBtu of MDQ<sup>11</sup>, and a Usage Charge of \$0.0276 per MMBtu.
- b. Rate CGS – Other: Capacity Charge of \$3.6263 per MMBtu of MDQ, Annual Rider Rev Adjustment of \$0.1782 per MMBtu of MDQ, Interim Rate Adjustments of \$3.0935 per MMBtu of MDQ<sup>12</sup>, and a Usage Charge of \$0.0276 per MMBtu.
- c. Rate PT – Capacity Charge of \$2.3061 per MMBtu of MDQ, Annual Rider Rev Adjustment of \$0.0965 per MMBtu of MDQ, Interim Rate Adjustments of \$1.4630 per MMBtu of MDQ<sup>13</sup>, and a Usage Charge of \$0.0163 per MMBtu.
33. The Company provided adequate notice to its City Gate Service customers, Rate CGS, on August 15, 2014.
34. The notice to Rate CGS customers provided for protests or comments to be filed by September 15, 2014. No protests or comments were received.
35. The Company provided adequate notice to its Pipeline Transportation customers, Rate PT, on August 15, 2014.
36. The notice to rate PT customers provided for protests or comments to be filed by September 9, 2014. No protests or comments were received.
37. The proposed effective date to implement the Rider Rev Adjustment is November 1, 2014.
38. The Rider Rev Tariff does not contemplate intervention by parties.
39. The Commission did not receive a motion from interested parties to intervene.
40. The Rider Rev Tariff provides that directly affected customers may request a hearing if the additional revenue generated from the Rider Rev is greater than 2 ½ percent.
41. The Rider Rev Adjustment does not generate additional revenue greater than 2 ½ percent.
42. The Commission did not receive a request for a hearing.
43. The Railroad Commission's Gas Services Division Utility Audit Section conducted an audit on August 18, 2014 through August 22, 2014, Audit Number 14-128 (*See Exhibit A*). The audit tested the accuracy of the information and calculations reflected in the 2014 filing of the APT revenue adjustment under the Rider Rev Tariff authorized in Gas Utilities Docket No. 10000 and as modified in GUD No. 10295. Based on the findings of the audit, no violations were noted and the calculation of the 2014 Rider Rev calculation as determined by the Company was determined to be correct.

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<sup>11</sup> IRA approved in GUD No. 10338, plus IRAs from GUD Nos. 10078, 10144 and 10240.

<sup>12</sup> *Id*

<sup>13</sup> *Id*

44. As provided in the tariff, the Company is required to reimburse the Commission for the Commission's estimated annual costs related to the annual review and administration of the Rider Rev Adjustment.

### CONCLUSIONS OF LAW

1. APT is a "Gas Utility" as defined in TEX. UTIL. CODE ANN. §101.003(7) and §121.001 (2010) and is therefore subject to the jurisdiction of the Commission.
2. The Commission has jurisdiction over the Company, its Statement of Intent and the Rider Rev Tariff under TEX. UTIL. CODE ANN. §§ 102.001, 103.022, 103.054, & 103.055, 104.001, and 104.201 (2010).
3. Under TEX. UTIL. CODE ANN. §102.001 (2010) 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. This adjustment to the rates was processed in accordance with the requirements of the Gas Utility Regulatory Act (GURA) and the tariff that was approved in GUD No. 10000, as modified in GUD No. 10295.
5. APT is required by 16 Tex. Admin. Code §7.315 (2010) to file electronic tariffs incorporating rates consistent with this Order within thirty days of the date of this Order.

**IT IS THEREFORE ORDERED** that Atmos Pipeline – Texas' proposed adjustment to its current rates is hereby **APPROVED**.

**IT IS FURTHER ORDERED** that, in accordance with 16 TEX. ADMIN. CODE §7.315 (2010), within 30 days of the date this Order is signed, Atmos Pipeline – Texas shall file tariffs with the Gas Services Division. The tariffs shall incorporate rates, consistent with this Order, as stated in the findings of fact and conclusions of law, Exhibit C attached.

**IT IS THEREFORE ORDERED** that Atmos Pipeline – Texas **SHALL** reimburse the estimated expenses incurred by the Commission in reviewing this application. The amount of this reimbursement shall be determined by the Director of the Gas Services Division.

**IT IS FURTHER ORDERED** that all proposed findings of fact and conclusions of law not specifically adopted in this Order are hereby **DENIED**. **IT IS ALSO ORDERED** that all pending motions and requests for relief not previously granted or granted herein are hereby **DENIED**.

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) (2013), 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.

SIGNED this 14th day of October, 2014.

RAILROAD COMMISSION OF TEXAS

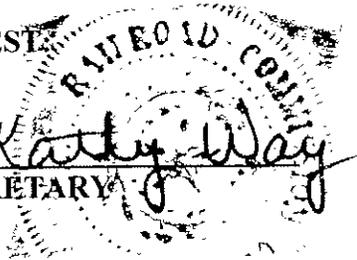
Christi Craddick  
CHRISTI CRADDICK, CHAIRMAN

David Porter  
DAVID PORTER, COMMISSIONER

Barry T. Smitherman  
BARRY T. SMITHERMAN, COMMISSIONER

ATTEST:

Kathy Way  
SECRETARY



**EXHIBIT A**

**Audit No. 14-128**

CHRISTI CRADDICK, CHAIRMAN  
DAVID PORTER, COMMISSIONER  
BARRY SMITHERMAN, COMMISSIONER



C. MARK EVARTS  
ACTING DIVISION DIRECTOR  
EDWARD D. ABRAHAMSON  
DIRECTOR, UTILITY AUDIT

**RAILROAD COMMISSION OF TEXAS**  
**GAS SERVICES DIVISION**  
September 3, 2014

Mr. Charles R. Yarbrough  
Vice President, Rates & Regulatory Affairs  
Atmos Pipeline - Texas  
5420 LBJ Freeway, Suite 1600  
Dallas, Texas 75240

**RE: Audit Number 14-128**  
**Special Audit – Rider Rev**  
Refer to Audit Number 14-128 in all  
correspondence concerning this  
audit.

Dear Mr. Yarbrough:

Our auditors, Josh Settle and Stephen Cooper, contacted you and your representative, Ms. Sharon Whiting, Project Manager, Rates and Regulatory Affairs, on August 18, 2014, through August 22, 2014, and conducted an audit of your **transmission** system in accordance with requirements of rules promulgated under the authority of *Tex. Util. Code, §§ 101.001. et. seq.* The audit tested the accuracy of the information and calculations reflected in the 2014 filing of the Atmos Pipeline – Texas, revenue adjustment under the Rider Rev revenue adjustment tariff authorized in Gas Utilities Docket No. 10000. Based on the findings of this audit there were no violations noted.

If you have any questions concerning this audit, please contact Josh Settle, at (817) 882-8966, the Commission's Fort Worth district office.

Sincerely,

*for* Handwritten signature of Edward Abrahamson in cursive script.

Edward Abrahamson  
Director, Utility Audit

EA/sc

cc: Josh Settle  
Senior Auditor/Fort Worth

Market Oversight Section

RAILROAD COMMISSION OF TEXAS

Christi Craddick, Chairman  
David Porter, Commissioner  
Barry T. Smitherman, Commissioner

INTERNAL  
Gas Services Division  
William O. Geise, Division Director  
Edward D. Abrahamson, Director, Utility Audit

*Audit Number 14-128*

August 27, 2014

Mr. Edward Abrahamson  
Director, Utility Audit  
Railroad Commission of Texas  
Gas Services Division  
P. O. Box 12967  
Austin, Texas 78711-2967

RE: Rider Rev Audit  
Atmos Energy Corporation,  
Atmos Pipeline Texas  
5420 LBJ Freeway, Suite 1600  
Dallas, Texas 75240

Dear Mr. Abrahamson:

Josh Settle and Stephen Copper performed a special Rider Rev audit on Atmos Energy Corporation, Atmos Pipeline Texas (Atmos PT) on August 18 -22, 2014. The audit was done at the utility's main offices located in Dallas, Texas. This audit verified the 2014 Rider Rev Calculation, which maintains the approved allocation of revenues between non-regulated earnings and those revenues earned from customers regulated by the Commission as per GUD Docket No. 10000 and the following related Rider Rev dockets.

Atmos PT is a division of Atmos Energy Corporation whose headquarters are located in Dallas Texas. The utility serves as a transportation system for seven city-gate distribution customers and over 250 transport, compression, and storage, parking and blending customers. The transmission utility owns and operates approximately 6,000 miles of pipeline and several storage facilities. The utility pipeline reaches 111 counties in the State of Texas. The utility brings gas to North Texas from the three major natural gas hubs in Texas, the Waha, Carthage, and Katy terminals. The Atmos PT pipelines run from North Texas to far West Texas and Southeast to the Gulf Coast area. The gas is then brought North Texas area where it is used by gas consumers served by its customers. The utility provides both intrastate and NGPA Section 311 interstate related services to customers using its system.

During this audit various records were made available to complete the audit. Atmos provided the audit staff with 2014 Rider Rev Calculation Report, General Ledger, Trial Balance, Utility work papers, and customer invoices.

Atmos has two types of basic service rates that are charged to its regulated city-gate customers. The largest customer is the utility's affiliate Atmos Mid-Tex the largest burner tip utility in Texas. These rates are noted as Rate CGS Mid-Tex. The Mid-Tex rates are under a Commission regulated transportation agreement for City Gate Service to the Local Distribution Company (LDC) i.e. Atmos Mid-Tex who is connected to the Atmos Pipeline -Texas System for the transportation of all natural gas supplied by Customer to a Point or Points of Delivery. There is another group of Rate CGS customers served by the utility that are known as Rate CGS Other. This rate is for customers who qualify as a local distribution company that are not affiliated with Atmos Mid-Tex. All customers in the CGS class receive the same type of service. The service provided is the provision of firm transportation and storage of natural gas for use by the Local Distribution Companies. In locations where gas service of the quantity and type required by LDC 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.

The CGS customers are charged rates for gas services on a monthly basis. The rate charged to these customers will be calculated by adding the Monthly Customer Charge and Usage. 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 Customers and the 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: The rates charged to Rate CGS customers also contain an Interim Rates Adjustment (IRA) that was approved under GUD Docket No. 10377. The chart below lists the current rates charged and the proposed rates to Rate CGS Mid-Tex and then Rate CGS Other that would include the 2014 Rider Rev adjustment.

Rate CGS Mid-Tex

Charge	Amount
Capacity	\$ 3.6263 per MMBtu of MDQ
Capacity Charge related to Mid-Tex Working Gas	\$0.8134 per MMBtu of MDQ
Annual Rider REV Adjustment	\$ .1852 per MMBtu of MDQ
Interim Rate Adjustment ("IRA")	\$ 3.0935 per MMBtu of MDQ
<b>Total Capacity Charge</b>	<b>\$ 7.7114 per MMBtu of MDQ</b>
Usage	\$ 0.0276 per MMBtu

Rate CGS Other

Charge	Amount
Capacity	\$ 3.6263 per MMBtu of MDQ
Annual Rider REV Adjustment	\$0.1782 per MMBtu of MDQ
Interim Rate Adjustment ("IRA")	\$ 3.0935 per MMBtu of MDQ
<b>Total Capacity Charge</b>	<b>\$ 6.8980 per MMBtu of MDQ</b>
Usage	\$ 0.0276 per MMBtu

The third group of regulated customers is Pipeline Transportation (Rate PT) customers served by Atmos PT. The utility has a transportation agreement, for customers directly connected to the Atmos PT System for the transportation of all natural gas supplied by Customer or Customer's agent for delivery to Customer at one Point of Delivery. These cannot be city gate users although they may receive the same types of service. The rates to Rate PT customers also contain an Interim Rates Adjustment (IRA) that was approved under GUD Docket No. 10377. The chart below lists the current rates charged and the proposed regulated rates to Rate PT customers

Rate PT

Charge	Amount
Capacity	\$ 2.3061 per MMBtu of MDQ
Annual Rider REV Adjustment	\$ .0965 per MMBtu of MDQ
Interim Rate Adjustment ("IRA")	\$ 1.463 per MMBtu of MDQ
<b>Total Capacity Charge</b>	<b>\$ 3.8656 per meter</b>
Usage	\$ 0.0163 per MMBtu

A sample of the utility's contracts were reviewed and briefed during the audit to test their compliance with the rates denoted in the prior paragraphs. First among the contracts to be reviewed was the contract with Atmos Mid-Tex Division, this is Atmos PT's affiliate and its largest CGS customer. Atmos PT has separate third party group of customers that fall in the same CGS class as Atmos Mid-Tex that receive the same rates with exception of a Capacity Charge that is charged to Mid-Tex only. Three of the six current Other CGS customer contracts were reviewed by audit staff. The remainder of the contract sample focused on the rates charged

to customer under the approved rate for this group known as Pipeline Transportation customer who receives a docketed rate from Atmos PT for services provided.

When GUD Docket 10000 was approved it was determined that the cost of transmission and storage was primarily caused by the need to supply the City Gate user's service. Therefore, it was determined that this cost should not be overly borne by the Other Revenue customers served by the utility. These customers have rates charged for service that are under competitive contracts between Atmos PT and individual customers who contract with the utility for use of all of its various services. A method of treating these revenues as a revenue credit was determined as a way to prevent the unnecessary allocation of cost to these customers. GUD Docket 10000 determined that the utility could recover Other Gas Revenues of \$83,723,392.00 during the Rider Rev calculation time period 12 months ending on June 30, 2014. The utility's report filed with the Commission stated that the utility had actually collected \$75,778,425.00 in Other Gas revenues, thus this under-collection will require Atmos PT to take a credit against the regulated revenues earned by the utility from Rate CGS Mid Tex, Rate CGS Other, and regulated Rate PT industrial transportation customers. The adjusted amount of \$5,958,726.00 is 75% of the total amount as per the formula stated in the following paragraphs.

The basic formulation of the Rider Rev Calculation that will apply to revenues earned from these customer classes, Rate CGS – Mid-Tex, Rider CGS - Other and Rate PT follows the following format. The final order for GUD Docket 10000 states that effective each November 1, rate schedules subject to this Rider will be adjusted based on the change in: (1) the level of Other Revenue for the twelve-month period from July 1 of the prior year through June 30 of the current year from (2) the level of Other Revenue credited to the total cost of service in GUD Docket No. 10000. Seventy-five percent of the difference between (1) and (2) less revenue related taxes shall be allocated to the Rate CGS class and the Rate PT class in the same proportion as the Other Revenue was allocated to each class in GUD Docket No. 10000. This is as determined from the dollar amounts for Other Revenue Credit on Schedule J to the Final Order in GUD No. 10000, Columns (d) and (e), Line 6 for each class, respectively, as compared to the Total System Other Revenue Credit on Schedule J, Column (c), Line 6. The allocated portion of the difference in Other Revenue for each class shall be divided by the then current MDQ for such class, and 12 to calculate a monthly amount shall divide that result. The resulting amount shall be added to or subtracted from the capacity charge for each class.

Based on the format stated above the utility determines and files its annual Rider calculation no later than August 15th of each year, The utility has filed with the Commission an "Other Revenue Adjustment" Rider Rev Report that was required to show the following:

1. The actual Other Revenue billed by Atmos PT during the twelve-month period from July 1 of the prior year through June 30 of the current year by FERC Account;
2. A listing of the customers in the Other Revenue class by coded reference showing monthly volumes and monthly revenues for each customer;
3. The then current MDQ for each class (CGS and PT);

4. The Other Revenue allocation percentages for each class
5. The calculations described in the Adjustment Mechanism Section of this Rider REV (similar to the attached illustrative schedule) and supporting schedules;
6. A confidential cross-reference listing of the Customer codes and names (for Railroad Commission Staff only);
7. A statement on whether or not the proposed adjustment would generate additional revenue of more than 2 ½% of Atmos Pipeline – Texas' annual per books revenue for the twelve-month period ending on June 30 of the current year; and
8. Proposed tariffs showing the proposed adjusted rates.

The audit reviewed the actual Other Revenue billed out by Atmos PT during the 12-month reporting period. Verification of all Other Revenue was done by scheduling each of the sub accounts that are included in the four revenue FERC Accounts. The largest account is FERC Account 489.2 Revenues from Transportation of Gas of followed by storage related income that was reported in FERC account 489.4 Revenue from Storage Gas of Others. Atmos PT also generated revenues from selling incidental gasoline produced from its operations, which was reported in FERC Account 492 Incidental Gasoline Sales. Finally, the utility reported revenues from FERC account 495 Other Gas Revenues. A list of the FERC Accounts and their subsidiary sub accounts can be found in the audit work papers on page 13. When reporting Other Revenues to be used in Schedule A the utility made adjustments for prior periods and such. Atmos did this by applying journal entries and accrual adjustments, reversed out estimates and removed Gas Utility Taxes paid during the period to come up with the final amount of \$75,778,425. The audit did the same and verified these adjustments via the general ledger. The audit put special emphasis on FERC Account 489.2 Sub Accounts 31372 and 31373 Industrial Transportation (Transport gas for Industrial end users) as this contained both regulated Rate PT customers and non-regulated competitive rate customers. This was done to make sure no revenue fell into the wrong revenue class. Atmos PT reported all volumes in MMBtu based on these specific reports supplied by the utility.

The audit specifically reviewed FERC Account 489.2, sub-accounts 31372 and 31373, Industrial Transportation, as reported on Page WP\_A-1, Pages 1 and 2 of the 2014 Rider REV Calculation filing. Primary source documents for the review included the utility's general ledger, trial balance, and customer invoices. Secondary verification documents reviewed were the utility's work papers, detail journal, and the 2014 Rider Rev Calculation Report. The utility reported revenue in Transmission/Compression Revenue, FERC Account 489.2, sub-accounts 31372 and 31373 of \$9,528,594.71 during the test year ended June 30, 2014, for all regulated industrial customers. The audit confirmed this information by reviewing actual invoices for 5% of the customers and the utility's general ledger. No discrepancies were noted between the reported totals and the audit totals for the test year. Included in FERC Account 489.2, sub-account 31326 was non-regulated revenue for competitive contracts and plant protection fees. The utility reported this non-regulated

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revenue as \$1,792,744.00 on Page WP\_A-1, Page 2 and Page WP\_A-3 Page 2. The audit confirmed this amount and no discrepancies were noted between the reported totals and the audited non-regulated revenue. FERC Account 489.2, sub-account 31326 also included utility tax revenue, which was later netted out to determine the final Other Revenue to be applied to the Rider Rev calculation. The audit reviewed customer invoices and the utility general ledger to verify the amount reported. No discrepancies were noted between the reported totals on Page WP\_A-2 Page 2 and the audited totals for test year ended June 30, 2014.

Atmos PT met the requirement for step two of the report requirement by filing Schedule C and D. Schedule C shows the Other Revenues earned by customers that are deemed to be non-regulated revenue activity. Assigned numbers that are contained in a confidential customer cross-reference that shows each customer's number and actual contractual name identifies each of these customers. Based on the same format Schedule D shows the volumes from non-regulated activity by customer. The audit verified by customer samples the volumes and the revenue reported in these two schedules. Pages WP\_A-1, Pages 1 and 2 of the 2014 Rider REV Calculation was reviewed by all sub accounts as with the inclusion of adjustments for estimates, journal entries, accruals and gas utility tax. See attachment 1 & 2.

When filing the 2014 Rider Rev Calculation Report Atmos PT staff did include a work paper showing each regulated customer's contracted monthly Maximum Daily Quantity (MDQ) as of June 30, 2014, which is required to determine the capacity charge to each of three classes Rate CGS Mid-Tex, CGS Other, and PT customers. This capacity charge is where the Rider Rev Capacity charge adjustment will be applied to the Base Capacity charge. The audit verified a sample of customer contracts to determine the current MDQ and also requested and received a list of customers whose MDQ changed since the approval of GUD Docket 10000.

The Other Revenue allocation percentages for each class was determined in GUD Docket 10000 based on the Total Revenue Requirement needed to cover the operating expenses and the allowable rate of return allowed by the docket. The docket determined that the Rate CGS class of customer would be required to incur 97.10% of the revenue requirement while Rate PT customers would shoulder 2.90% percent of the requirement. When the adjusted Other Revenue increase or decrease was determined and adjusted down to 75% of its total amount to a \$5,958,726.00 increase above the allowable Other Revenue per Docket 10000, it is then prorated between the revenue classes and then divided by the total MDQ for Rate CGS and Rate PT classes. This resulted in an average annual Rider Rev Adjustment of \$2.1379 per unit for Rate CGS and \$1.1577 for Rate PT customers. These amounts are then divided by 12 to determine the monthly Rider Rev capacity charge to determine the monthly adjustment to the capacity charge to regulated customers. Therefore, Rate CGS customers receive a monthly credit of \$0.1782 per MMBtu of MDQ while Rate PT customers received a monthly credit adjustment of \$0.0965 per MMBtu of MDQ.

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Atmos PT provided a confidential cross-reference listing of the Customer Number and names to be seen by Commission staff only. This was verified against the original confidential cross-reference filed with the 2013 Rider Rev filing to determine if any of the customers had changed from regulated to non-regulated or account for customers who had become inactive or fallen from the customer rolls since the filing of the docket. An analysis was done and found that all customer who where not on the original list had fallen off for acceptable reasons or had been inactive during the 12 month period up to June 30, 2014.

Finally, a statement was filed on whether or not the proposed adjustment would generate an additional revenue affect of more than 2 ½% of Atmos Pipeline – 'Texas' annual per books revenue for the twelve-month period ending on June 30 of the calculation year. The audit divided the adjusted Other Revenue increase in the amount of \$5,958,726.00 by the total audited booked revenue of \$304,475,734. This resulted in a Rider REV percentage Increase/ (Decrease) of 1.96%. In addition to meeting these requirements for filing the 2014 Rider Rev Calculation Report, Atmos PT included the proposed tariffs showing the proposed adjusted rates. In addition to the Rider Rev adjustment, the capacity charge will then be adjusted for any Interim Rate Adjustments approved by the Commission after the issuance of the Final Order in GUD Docket No. 10377.Adjustment Review.

Ms. Sharon Whiting, Project Manager, Rates and Regulatory Affairs provided all audit information. Ms. Whiting and Mr. Charles Yarbrough, Vice President Rates and Regulatory, were informed of the audit findings, with Mr. Yarbrough choosing to agree with the audit results. All subsequent audit correspondence concerning this audit should be addressed to Mr. Charles Yarbrough, Vice President Rates and Regulatory at the utility's Dallas, Texas address noted at the beginning of this report.

Assisted By

Stephen Cooper  
Advising Auditor/Fort Worth

JS/

Attachments

cc: Stephen Cooper  
Advising Auditor/Austin

Respectfully submitted,



Josh B. Settle  
Senior Auditor/Fort Worth

RAILROAD COMMISSION OF TEXAS  
GAS SERVICES DIVISION  
UTILITY AUDIT SECTION

2014 RIDER REV FILING AUDIT (GUD Docket 10377)

UTILITY: Atmos Energy Corp., Atmos Pipeline - Texas

ADDRESS: 5420 LBJ Freeway, Suite 1600  
Dallas, Texas 75240

LOCATION: All Locations



Audit No.: 14-128

Audit Hrs.: 77

Audit Period:

July 2013 - June 2014

Telephone:

Utility Classification:

Transmission

Date of Audit:

August 18 - 21, 2014

Summary of Audit Violations Noted During this Audit:

A review of Atmos Energy Corp., Atmos Pipeline - Texas found that the Rider Revenue calculation determined by the utility to be correct.

Company Representative (s) & Title (s)

- 1) Mr. Charles Yarbrough, Vice President Rates and Regulatory
- 2) Ms. Barbara Myers, Regulatory Accounting Manager
- 3) Ms. Sharon Whiting, Project Manager, Rates and Regulatory Affairs
- 4)

Audit Member (s)

- 1) Josh Settle
- 2) Stephen Cooper
- 3)
- 4)

Representative's Acknowledgment

I acknowledge that the audit results were discussed with me during the exit interview. Each alleged violation, if any, has been brought to my attention and solutions to the problem area (s) have been considered. After review, I (please check only one of the boxes below) \_\_\_ with the audit results.

Agree

Disagree [ ]

Remain Uncommitted [ ]

Representative's Signature

Lead Auditor's Signature

Title

Date Recapped

## **EXHIBIT B**

### **Selected Workpapers**

**ATMOS ENERGY CORP., ATMOS PIPELINE - TEXAS**  
**2014 RIDER REV CALCULATION**  
**REVIEW PERIOD ENDING JUNE 30, 2014**

Line No	Revenue Adjustment Amount	Total	CGS	PT
	(a)	(b)	(c)	(d)
1	Other Revenue Per GUD 10000 (1)	\$ 83,723,392		
2	Less: Other Revenue - July 1, 2013 to June 30, 2014 (2)	75,778,425		
3	(Increase)/Decrease in Other Revenue (Ln 1 - Ln 2)	7,944,967		
4	Times 75% Sharing Factor (3)	75.0%		
5	Other Revenue Adjustment Amount (Ln 3 x Ln 4)	\$ 5,958,726		
6				
7				
8	<b><u>Rider REV Rate Adjustment</u></b>	<b>Total</b>	<b>CGS</b>	<b>PT</b>
9	Other Revenue Allocations per GUD 10000 (4)	\$ 83,723,392	\$ 81,297,894	\$ 2,425,498
10	Other Revenue Allocation Percentages from GUD 10000 (5)		97.1030%	2.8970%
11	Other Revenue Adjustment Shares (Ln 11 Col (b) times Ln 10 Cols (c) & (d))	\$ 5,958,726	\$ 5,786,099	\$ 172,627
12	Monthly Class MDQ as of June 30, 2014 (WP_A-2, Lns 3+12, 86)		2,706,388	149,108
13	Annual Rider REV Adjustment (Ln 11 / Ln 12)	\$ 2,1379	\$ 1,1577	
14	Divided by 12 Months	12		
15	Monthly Rider REV Capacity Charge Adjustment (Ln 13 / Ln 14)	\$ 0.1782	\$ 0.0965	
16				
17	Base Capacity Charge CGS - Mid-Tex (6)	\$ 7,5332		
18	Base Capacity Charge CGS - Other (6)	\$ 6,7198		
19	Base Capacity Charge Rate PT (6)	\$ 3,7691		
20				
21	Adjusted Capacity Charge CGS - Mid-Tex	(Ln 15 + Ln 17)	\$ 7,7114	
22	Adjusted Capacity Charge CGS - Other	(Ln 15 + Ln 18)	\$ 6,8980	
23	Adjusted Capacity Charge Rate PT	(Ln 15 + Ln 19)	\$ 3,8656	
24				
25	Notes:			
26	(1) GUD 10000, Final Order, Schedule A-1, Col (c), Ln 9			
27	(2) See WP_A-1, Col (p), Ln 40			
28	(3) GUD 10000, Final Order, Finding of Fact #110			
29	(4) GUD 10000, Final Order, Schedule J, Ln 12			
30	(5) GUD 10000, Final Order, Schedule H-4.1, Ln 6			
31	(6) The Base Capacity Charge includes changes in GRIP and Rider REV Capacity Charge. Please see the Relied Upon file "Base Capacity Charge Tracking.xlsx" for more detail.			
32				

**ATMOS ENERGY CORP., ATMOS PIPELINE - TEXAS**  
**2014 RIDER REV CALCULATION**  
**STATEMENT OF PERCENTAGE INCREASE/DECREASE**  
**REVIEW PERIOD ENDING JUNE 30, 2014**

Line No	Description	(a)	Amount (b)
1	Total Annual Atmos Pipeline - Texas Revenue (WP_A-1, Col (p), Ln 34)		\$ 304,475,734
2			
3	Rider REV Revenue (Schedule A, Col (b), Ln 5)		\$ 5,958,726
4			
5	Rider REV % Increase/(Decrease) (Ln 3 / Ln 1)		1.96%
6			
7			
8	<b>The proposed adjustment would not increase revenues by more than 2.5%</b>		

# **EXHIBIT C**

## **Tariffs**

**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>	<b>11/01/2014</b>	<b>PAGE: 8</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	\$ 3.6263 per MMBtu of MDQ <sup>1</sup>
Capacity Charge related to Mid-Tex Working Gas	\$ 0.8134 per MMBtu of MDQ
Annual Rider REV Adjustment	\$ 0.1782 per MMBtu of MDQ
Interim Rate Adjustment ("IRA")	\$ 3.0935 per MMBtu of MDQ <sup>2</sup>
<b>Total Capacity Charge</b>	<b>\$ 7.7114 per MMBtu of MDQ</b>
Usage	\$ 0.0276 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.

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

1 The Capacity Charge per MMBtu will be adjusted annually as calculated pursuant to Rider REV.  
2 2010 IRA - \$0.4036, 2011 IRA - \$0.4891, 2012 IRA - \$0.8507, 2013 IRA - \$1.3701.

**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>	<b>11/01/2014</b>	<b>PAGE: 9</b>

**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, 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, West Texas Gas, the City of Rising Star, the City of Navasota, Mitchell County Utility Co, Terra Gas Supply, and Other City Gate Service Customers, except Mid-Tex</b>	
<b>EFFECTIVE DATE:</b>	<b>11/01/2014</b>	<b>PAGE: 10</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	\$ 3.6263 per MMBtu of MDQ <sup>1</sup>
Annual Rider REV Adjustment	\$ 0.1782 per MMBtu of MDQ
Interim Rate Adjustment ("IRA")	\$3.0935 per MMBtu of MDQ <sup>2</sup>
<b>Total Capacity Charge</b>	<b>\$6.8980 per MMBtu of MDQ</b>
Usage	\$ 0.0276 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.

**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.

<sup>1</sup> The Capacity Charge per MMBtu will be adjusted annually as calculated pursuant to Rider REV.  
<sup>2</sup> 2010 IRA - \$0.4036, 2011 IRA - \$0.4691, 2012 IRA - \$0.8507, 2013 IRA - \$1.3701.

**ATMOS PIPELINE-TEXAS  
ATMOS ENERGY CORPORATION**

<b>RATE SCHEDULE:</b>	<b>CGS – OTHER</b>	
<b>APPLICABLE TO:</b>	<b>CoServ, West Texas Gas, the City of Rising Star, the City of Navasota, Mitchell County Utility Co, Terra Gas Supply, and Other City Gate Service Customers, except Mid-Tex</b>	
<b>EFFECTIVE DATE:</b>	<b>11/01/2014</b>	<b>PAGE: 11</b>

**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, 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>	<b>11/01/2014</b>	<b>PAGE: 12</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	\$ 2.3061 per MMBtu of MDQ <sup>1</sup>
Annual Rider REV Adjustment	\$ 0.0965 per MMBtu of MDQ
Interim Rate Adjustment ("IRA")	\$ 1.4630 per MMBtu of MDQ <sup>2</sup>
<b>Total Capacity Charge</b>	<b>\$ 3.8656 per MMBtu of MDQ</b>
Usage	\$ 0.0163 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.

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<sup>1</sup> The Capacity Charge per MMBtu will be adjusted annually as calculated pursuant to Rider REV.  
<sup>2</sup> 2010 IRA - \$0.2454, 2011 IRA - \$0.2513, 2012 IRA - \$0.3731, 2013 IRA - \$0.5932.

**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>	<b>11/01/2014</b>	<b>PAGE: 13</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.

**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.

**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.