

Memorandum



CITY OF DALLAS

DATE May 18, 2012

TO Honorable Members of the Budget, Finance & Audit Committee: Jerry R. Allen (Chair), Tennell Atkins (Vice Chair), Monica R. Alonzo, Scott Griggs, and Ann Margolin

SUBJECT Atmos Energy Dallas Annual Rate Review

The May 23, 2012 City Council agenda includes an item to adopt an Ordinance setting rates to be charged by Atmos Energy Corp. (Atmos) pursuant to Atmos' Dallas Annual Rate Review Filing. The City Manager recommends adoption of the Ordinance and associated rate tariffs (copy attached).

The Dallas Annual Rate Review (DARR) tariff was approved by the City of Dallas as part of a comprehensive settlement of Atmos 2011 Rate adjustment filing and this is Atmos' first filing under the new Rate Review Mechanism.

Atmos filed its Dallas Annual Rate Review (DARR) filing with the City on January 13, 2012. Atmos requested an effective date for the rate increase of June 1, 2012. Atmos requested an increase in annual revenues from City of Dallas rate payers in the amount of \$2.5 million, an increase of 3.31%, excluding gas costs.

The City retained the services of Diversified Utility Consultants to review the filing and make recommendations as to appropriate rates to be charged by Atmos. After reviewing the current DARR filing and the consultants' findings, staff determined that the requested increase was not justified and entered into settlement negotiations with Atmos. Atmos has agreed to accept an annual reduction in revenues from Dallas customers of \$362 thousand in full settlement of the current rate filing. This is a decrease in the City regulated rates of 0.56%.

Please let me know if you have any questions or need additional information.

A handwritten signature in blue ink that reads "Jeanne Chipperfield".

Jeanne Chipperfield
Chief Financial Officer

Attachment

c: Honorable Mayor and Members of the City Council	Ryan S. Evans, Assistant City Manager
Mary K. Suhm, City Manager	Jill A. Jordan, P.E., Assistant City Manager
Rosa A. Rios, City Secretary	Forest E. Turner, Assistant City Manager
Thomas P. Perkins, Jr., City Attorney	Joey Zapata, Assistant City Manager
C. Victor Lander, Administrative Judge Municipal Court	Jeanne Chipperfield, Chief Financial Officer
Craig D. Kinton, City Auditor	Stephanie Pegues-Cooper, Assistant to the City Manager
A.C. Gonzalez, First Assistant City Manager	

May 23, 2012

Ordinance No. _____

WHEREAS, Atmos Energy Corp., Mid-Tex Division (“Atmos”) provides natural gas utility service within the City of Dallas in accordance with Ordinance No. 27793; and

WHEREAS, on June 22, 2011, the City of Dallas adopted Ordinance #28281 which established the Dallas Annual Rate Review (DARR) Tariff; and

WHEREAS, Atmos filed for a \$2,545,025 annual increase applicable to Dallas customers on January 13, 2012 pursuant to terms of the Dallas Annual Rate Review (DARR) tariff; and

WHEREAS, Atmos and the City of Dallas have agreed to an annual rate reduction of \$362,000 to customers within the City of Dallas to settle and resolve the 2012 DARR filing; and

WHEREAS, in the discussion of issues to arrive at the settlement, City Staff and Atmos representatives discussed issues regarding necessary revisions to the original request, the application of new depreciation rates, allocation of corporate expenses (Shared Services Unit) to Mid-Tex Division and treatment and inclusion of Pension and Benefit expense. The City and Atmos ultimately agree that the issues related to those expenses are ultimately resolved as part of the agreed rates without a specific finding on any expense except for the application of new depreciation rates; and

WHEREAS, Atmos completed a depreciation study for its shared services unit in 2011 and completed a depreciation study in 2012 for the Mid-Tex Division both of which studies indicate that a reduction in depreciation rates is appropriate; and

WHEREAS, a change in depreciation rates should be synchronized with a change in rates; and

WHEREAS, Atmos has pending at the Railroad Commission of Texas a proceeding in which it has asked that its depreciation rates applicable to the Mid-Tex Division including the City of Dallas be changed; and

WHEREAS, customers should pay rates which are reflective of more current depreciation costs pending an ultimate determination of depreciation rates; and

WHEREAS, Atmos has agreed to reimburse the City of Dallas its reasonable expenses in participation in a proceeding at the Railroad Commission of Texas in which depreciation rates applicable for inclusion in rates charged within the City of Dallas are determined; and

WHEREAS, Atmos is willing to reflect new depreciation rates in this case subject to a specific agreement and treatment of depreciation rates separate and apart from the remainder of the rate components; and

WHEREAS, Atmos and the City of Dallas agree that Atmos should be authorized to record a regulatory asset effective June 1, 2012 to reflect the difference between the current depreciation rates and the depreciation rates ultimately included in a proceeding at the Railroad Commission of Texas in which new depreciation rates are set applicable for use in setting rates within the City of Dallas. The monthly difference related to City of Dallas customers is \$130,469 based on Plant Balances as filed with the City of Dallas; and

WHEREAS, the tariffs attached to this Ordinance as Exhibit A are determined to be fair and reasonable; Now, Therefore,

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF DALLAS;

Section 1. That the rate adjustments and tariffs presented in the “Dallas Annual Rate Review Filing Test Year Ended 9-30-11” filed by Atmos Energy Corp. on January 13, 2012, are unreasonable and are therefore denied in all respects.

Section 2. That the tariffs attached as Exhibit A including tariffs, R-Residential Sales, C-Commercial Sales, I-Industrial Sales, T-Transportation, GCR-Gas Cost Recovery, and WNA-Weather Normalization Adjustment are hereby approved.

Section 3. That Atmos shall be allowed to establish a regulatory asset for the difference in depreciation expense calculated using current depreciation rates for Mid-Tex direct assets and SSU assets and depreciation expense recoverable through this rate mechanism calculated using the depreciation rates proposed in GUD 10147. Atmos shall record into a regulatory asset account \$130,469 each month between June 1 and the month prior to the month in which final new depreciation rates approved. The accumulated regulatory asset shall be reconciled based on plant balances as of September 30, 2011, and the depreciation rates ultimately approved for the Company’s use. The regulatory asset shall be added to the Company’s next DARR filing as a regulatory adjustment to be recovered from City of Dallas customers over the 36 month period commencing with the effective date of rates from the DARR filing to be made by Atmos with the City of Dallas in 2013 with interest at the rate authorized by the Public Utility Commission of Texas for customer deposits, unless this time period is adjusted as part of the City’s resolution of the 2013 DARR filing.

Section 4. That once new depreciation rates are set in a proceeding at the Railroad Commission of Texas Atmos will cease recording the regulatory asset. To the extent that rates decided in that proceeding differ from the rates filed by Atmos in Railroad Commission of Texas Gas Utilities Docket No. 10147 the difference in the depreciation rates and related expense between June 1, 2012 and the date of the order will be synchronized based on the depreciation rates finally approved and the plant balances as of September 30, 2011 as filed with the DARR on January 13, 2012.

Section 5. That the establishment of the regulatory asset described above shall not be considered precedential for any purpose. Rather, the decision to authorize the establishment of the regulatory asset is the result of negotiation and compromise and shall not obligate any Party to take similar action in other matters, regardless of whether those matters present the same or a different set of circumstances.

Section 6. That this ordinance shall take effect immediately from and after its passage in accordance with the provisions of the City Charter of the City of Dallas, and it is accordingly so ordained.

APPROVED AS TO FORM:
THOMAS P. PERKINS JR.
City Attorney

By _____
Assistant City Attorney

**MID-TEX DIVISION
ATMOS ENERGY CORPORATION**

RATE SCHEDULE:	R – RESIDENTIAL SALES	
APPLICABLE TO:	Customers within the City of Dallas	
EFFECTIVE DATE:	Bills Rendered on or after 06/01/2012	

Application

Applicable to Residential Customers for all natural gas provided at one Point of Delivery and measured through one meter.

Type of Service

Where service of the type desired by Customer is not already available at the Point of Delivery, additional charges and special contract arrangements between Company and Customer may be required prior to service being furnished.

Monthly Rate

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

Charge	Amount
Customer Charge per Bill	\$17.25 per month
Commodity Charge – All Ccf*	\$ 0.04151 per Ccf

*To calculate the Commodity Charge on a Mcf basis multiply the "Amount per Ccf" times 10.

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

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

Franchise Fee Adjustment: Plus an amount for franchise fees calculated in accordance with Rider FF. Franchise Fees are to be assessed solely to customers within municipal limits. This does not apply to Environs Customers.

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

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

Infrastructure Replacement: Plus an amount for steel service line replacement in accordance with Rider IR.

Agreement

An Agreement for Gas Service may be required.

Notice

Service hereunder and the rates for services provided are subject to the orders of regulatory bodies having jurisdiction and to the Company's Tariff for Gas Service.

Exhibit A

**MID-TEX DIVISION
ATMOS ENERGY CORPORATION**

RATE SCHEDULE:	C – COMMERCIAL SALES	
APPLICABLE TO:	Customers within the City of Dallas	
EFFECTIVE DATE:	Bills Rendered on or after 06/01/2012	

Application

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

Type of Service

Where service of the type desired by Customer is not already available at the Point of Delivery, additional charges and special contract arrangements between Company and Customer may be required prior to service being furnished.

Monthly Rate

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

Charge	Amount
Customer Charge per Bill	\$ 33.50 per month
Commodity Charge - All Ccf*	\$ 0.05700 per Ccf

*To calculate the Commodity Charge on a Mcf basis multiply the "Amount per Ccf" times 10.

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

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

Franchise Fee Adjustment: Plus an amount for franchise fees calculated in accordance with Rider FF. Franchise Fees are to be assessed solely to customers within municipal limits. This does not apply to Environs Customers.

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

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

Infrastructure Replacement: Plus an amount for steel service line replacement in accordance with Rider IR.

Agreement

An Agreement for Gas Service may be required.

Notice

Service hereunder and the rates for services provided are subject to the orders of regulatory bodies having jurisdiction and to the Company's Tariff for Gas Service.

Exhibit A

**MID-TEX DIVISION
ATMOS ENERGY CORPORATION**

RATE SCHEDULE:	I – INDUSTRIAL SALES	
APPLICABLE TO:	Customers within the City of Dallas	
EFFECTIVE DATE:	Bills Rendered on or after 06/01/2012	

Application

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

Type of Service

Where service of the type desired by Customer is not already available at the Point of Delivery, additional charges and special contract arrangements between Company and Customer may be required prior to service being furnished.

Monthly Rate

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

Charge	Amount
Customer Charge per Meter	\$ 607.00 per month
First 0 MMBtu to 1,500 MMBtu	\$ 0.1351 per MMBtu
Next 3,500 MMBtu	\$ 0.0983 per MMBtu
All MMBtu over 5,000 MMBtu	\$ 0.0156 per MMBtu

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

Franchise Fee Adjustment: Plus an amount for franchise fees calculated in accordance with Rider FF. Franchise Fees are to be assessed solely to customers within municipal limits. This does not apply to Environs Customers.

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

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

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.

**MID-TEX DIVISION
ATMOS ENERGY CORPORATION**

RATE SCHEDULE:	I – INDUSTRIAL SALES
APPLICABLE TO:	Customers within the City of Dallas
EFFECTIVE DATE:	Bills Rendered on or after 06/01/2012

Agreement

An Agreement for Gas Service may be required.

Notice

Service hereunder and the rates for services provided are subject to the orders of regulatory bodies having jurisdiction and to the Company's Tariff for Gas Service.

Special Conditions

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

Exhibit A

**MID-TEX DIVISION
ATMOS ENERGY CORPORATION**

RATE SCHEDULE:	T – TRANSPORTATION	
APPLICABLE TO:	Customers within the City of Dallas	
EFFECTIVE DATE:	Bills Rendered on or after 06/01/2012	

Application

Applicable, in the event that Company has entered into a Transportation Agreement, to a customer directly connected to the Atmos Energy Corp., Mid-Tex Division Distribution System (Customer) for the transportation of all natural gas supplied by Customer or Customer's agent at one Point of Delivery for use in Customer's facility.

Type of Service

Where service of the type desired by Customer is not already available at the Point of Delivery, additional charges and special contract arrangements between Company and Customer may be required prior to service being furnished.

Monthly Rate

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

Charge	Amount
Customer Charge per Meter	\$ 607.00 per month
First 0 MMBtu to 1,500 MMBtu	\$ 0.1351 per MMBtu
Next 3,500 MMBtu	\$ 0.0983 per MMBtu
All MMBtu over 5,000 MMBtu	\$ 0.0156 per MMBtu

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

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

Franchise Fee Adjustment: Plus an amount for franchise fees calculated in accordance with Rider FF. Franchise Fees are to be assessed solely to customers within municipal limits. This does not apply to Environs Customers.

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

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

Imbalance Fees

All fees charged to Customer under this Rate Schedule will be charged based on the quantities determined under the applicable Transportation Agreement and quantities will not be aggregated for any Customer with multiple Transportation Agreements for the purposes of such fees.

Monthly Imbalance Fees

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

Exhibit A

**MID-TEX DIVISION
ATMOS ENERGY CORPORATION**

RATE SCHEDULE:	T – TRANSPOTATION
APPLICABLE TO:	Customers within the City of Dallas
EFFECTIVE DATE:	Bills Rendered on or after 06/01/2012

Curtailment Overpull Fee

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

Replacement Index

In the event the "midpoint" or "common" price for the Katy point listed in *Platts Gas Daily* in the table entitled "Daily Price Survey" is no longer published, Company will calculate the applicable imbalance fees utilizing a daily price index recognized as authoritative by the natural gas industry and most closely approximating the applicable index.

Agreement

A transportation agreement is required.

Notice

Service hereunder and the rates for services provided are subject to the orders of regulatory bodies having jurisdiction and to the Company's Tariff for Gas Service.

Special Conditions

In order to receive service under Rate T, customer must have the type of meter required by Company. Customer must pay Company all costs associated with the acquisition and installation of the meter.

Exhibit A

**MID-TEX DIVISION
ATMOS ENERGY CORPORATION**

RATE SCHEDULE:	GCR – CAS COST RECOVERY	
APPLICABLE TO:	Customers within the City of Dallas	
EFFECTIVE DATE:	Bills Rendered on or after 06/01/2012	

Applicable to Rate R, Rate C, and Rate I for all gas sales made by Company, and applicable to Rate R, Rate C, Rate I, and Rate T for recovery of Pipeline System costs. The total gas cost recovery amount due is determined by adding the gas cost calculated in Section (a) below and the pipeline cost calculated in Section (b) below.

The amount due for gas cost (Section (a)) is determined by multiplying the Gas Cost Recovery Factor (GCRF) by the Customer's monthly volume. For Customers receiving service under Rate R and Rate C, monthly volume will be calculated on a Ccf basis (to calculate on a Mcf basis divide the monthly volume by 10). For Customers receiving service under Rate I, monthly volume will be calculated on an MMBtu basis and the quantities will be adjusted as necessary to recover actual gas costs.

The amount due for pipeline cost (Section (b)) is determined by multiplying the Pipeline Cost Factor (PCF) by the Customer's monthly volume. For Customers receiving service under Rate R and Rate C, monthly volume will be calculated on a Ccf basis. For Customers receiving service under Rate I and Rate T, monthly volume will be calculated on an MMBtu basis and the quantities will be adjusted as necessary to recover actual gas costs.

(a) Gas Cost

Method of Calculation

The monthly gas cost adjustment is calculated by the application of a Gas Cost Recovery Factor (GCRF), as determined with the following formula:

$$\text{GCRF} = \text{Estimated Gas Cost Factor (EGCF)} + \text{Reconciliation Factor (RF)} + \text{Taxes (TXS)}$$

EGCF = Estimated cost of gas, including lost and unaccounted for gas attributed to residential, commercial, and industrial sales, and any reconciliation balance of unrecovered gas costs, divided by the estimated total residential, commercial, and industrial sales. Lost and unaccounted for gas is limited to 5%.

RF = Calculated by dividing the difference between the Actual Gas Cost Incurred, inclusive of interest over the preceding twelve-month period ended June 30 and the Actual Gas Cost Billed over that same twelve-month period by the estimated total residential, commercial, and industrial sales for the succeeding October through June billing months. The interest rate to be used is the annual interest rate on overcharges and under charges by a utility as published by the Public Utility Commission each December.

Actual Gas Cost Incurred = The sum of the costs booked in Atmos Energy Corp., Mid-Tex Division account numbers 800 through 813 and 858 of the FERC Uniform System of Accounts, including the net impact of injecting and withdrawing gas from storage. Also includes a credit or debit for any out-of-period adjustments or unusual or nonrecurring costs typically considered gas costs and a credit for amounts received as Imbalance Fees or Curtailment Overpull Fees.

Actual Gas Cost Billed = EGCF multiplied by the monthly volumes billed to Residential, Commercial and Industrial Sales customers, less the total amount of gas cost determined to have been uncollectible and written off which remain unpaid for each month of the reconciliation period.

Exhibit A

**MID-TEX DIVISION
ATMOS ENERGY CORPORATION**

RATE SCHEDULE:	GCR – CAS COST RECOVERY	
APPLICABLE TO:	Customers within the City of Dallas	
EFFECTIVE DATE:	Bills Rendered on or after 06/01/2012	

Any amount remaining in the reconciliation balance after the conclusion of the period of amortization will be maintained in the reconciliation balance and included in the collection of the next RF.

Atmos Energy shall file annual reports with the Commission, providing by month the following amounts: Gas Cost Written Off, Margin Written Off, Tax and Other Written Off, Total Written Off, Gas Cost Collected and Margin Collected.

TXS = Any statutorily imposed assessments or taxes applicable to the purchase of gas divided by the estimated total residential, commercial, and industrial sales.

ADJ = Any surcharge or refund ordered by a regulatory authority, inclusive of interest, divided by the estimated total residential, commercial, and industrial sales is to be included as a separate line item surcharge.

(b) Pipeline Cost

Method of Calculation

Each month, a Pipeline Cost Factor (PCF) is calculated separately for each Pipeline Cost Rate Class listed below. The formula for the PCF is:

PCF = PP / S, where:

PP = (P - A) x D, where:

P = Estimated annual cost of pipeline service calculated pursuant to Rate CGS

D = Pipeline service allocation factor for the rate class as approved in the Company's most recent rate case, as follows:

Pipeline Cost Rate Class	Allocation Factor (D)
Rate R - Residential Service	.634698
Rate C - Commercial Service	.302824
Rate I - Industrial Service and Rate T - Transportation Service	.062478

A = Adjustment applied in the current month to correct for the difference between the actual and estimated pipeline cost revenue balance, inclusive of interest, for the most recent 12 months ending June 30, calculated by the formula:

A = R - (C - A2), where:

R = Actual revenue received from the application of the PP component for the most recent 12 months ending June 30.

C = Actual pipeline costs for the most recent 12 months ending June 30.

Exhibit A

**MID-TEX DIVISION
ATMOS ENERGY CORPORATION**

RATE SCHEDULE:	GCR – CAS COST RECOVERY
APPLICABLE TO:	Customers within the City of Dallas
EFFECTIVE DATE:	Bills Rendered on or after 06/01/2012

A2 = The adjustment (A) applied to the PP component for balances from the preceding 12 months ending June 30.

S = Estimated annual Ccf or MMBtu for the rate class for the current and ensuing billing months ending June 30.

The PCF is calculated to the nearest 0.0001 cent.

The Pipeline Cost to be billed is determined by multiplying the Ccf or MMBtu used by the appropriate PCF. The Pipeline Cost is determined to the nearest whole cent.

Exhibit A

**MID-TEX DIVISION
ATMOS ENERGY CORPORATION**

RATE SCHEDULE:	WNA – WEATHER NORMALIZATION ADJUSTMENT	
APPLICABLE TO:	Customers within the City of Dallas	
EFFECTIVE DATE:	Bills Rendered on or after 06/01/2012	

Provisions for Adjustment

The base rate per Ccf (100,000,000 Btu) for gas service set forth in any Rate Schedules utilized by the cities of the Mid-Tex Division service area for determining normalized winter period revenues shall be adjusted by an amount hereinafter described, which amount is referred to as the "Weather Normalization Adjustment." The Weather Normalization Adjustment shall apply to all temperature sensitive residential, and commercial bills based on meters read during the revenue months of November through April. The five regional weather stations are Abilene, Austin, Dallas, Waco, and Wichita Falls

Computation of Weather Normalization Adjustment

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

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

Where

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

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

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

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

Exhibit A

**MID-TEX DIVISION
ATMOS ENERGY CORPORATION**

RATE SCHEDULE:	WNA – WEATHER NORMALIZATION ADJUSTMENT	
APPLICABLE TO:	Customers within the City of Dallas	
EFFECTIVE DATE:	Bills Rendered on or after 06/01/2012	

Base Use/Heat Use Factors

use Weather Station Ccf/HDD	<u>Residential</u>		<u>Commercial</u>	
	Base use Ccf	Heat use Ccf/HDD	Base use Ccf	Heat
Abilene	10.30	.1310	99.40	.5620
Austin	12.80	.1640	201.00	.8290
Dallas	16.10	.1990	202.00	.9400
Waco	11.00	.1420	115.70	.6010
Wichita Falls	12.20	.1400	120.40	.5670