

TOWN OF ADDISON, TEXAS

ORDINANCE NO. 008-037

AN ORDINANCE OF THE CITY COUNCIL OF THE TOWN OF ADDISON, TEXAS, ("CITY") APPROVING A NEGOTIATED RESOLUTION BETWEEN THE ATMOS CITIES STEERING COMMITTEE AND ATMOS ENERGY CORP., MID-TEX DIVISION ("ATMOS MID-TEX" OR "THE COMPANY") REGARDING THE COMPANY'S RATE REVIEW MECHANISM FILING IN ALL CITIES EXERCISING ORIGINAL JURISDICTION; DECLARING EXISTING RATES TO BE UNREASONABLE; ADOPTING TARIFFS THAT REFLECT RATE ADJUSTMENTS CONSISTENT WITH THE NEGOTIATED SETTLEMENT AND FINDING THE RATES TO BE SET BY THE ATTACHED TARIFFS TO BE JUST AND REASONABLE; APPROVING ATMOS' PROOF OF REVENUES; ADOPTING A SAVINGS CLAUSE; DETERMINING THAT THIS ORDINANCE WAS PASSED IN ACCORDANCE WITH THE REQUIREMENTS OF THE TEXAS OPEN MEETINGS ACT; DECLARING AN EFFECTIVE DATE; AND REQUIRING DELIVERY OF THIS ORDINANCE TO THE COMPANY AND LEGAL COUNSEL.

WHEREAS, the Town of Addison, Texas (the "City") is a gas utility customer of Atmos Energy Corp., Mid-Tex Division ("Atmos Mid-Tex" or "the Company"), and a regulatory authority with an interest in the rates and charges of Atmos Mid-Tex; and

WHEREAS, the City is a member of the Atmos Cities Steering Committee ("ACSC"), a coalition of more than 150 similarly situated cities served by Atmos Mid-Tex that have joined together to facilitate the review and response to natural gas issues affecting rates charged in the Atmos Mid-Tex service area (such participating cities are referred to herein as "ACSC Cities"); and

WHEREAS, Atmos Mid-Tex and ACSC Cities have been in continuing disagreement, dispute, and litigation over the implementation of GRIP surcharges pursuant to Section 104.301 of the Texas Utilities Code; and

WHEREAS, as part of the negotiations to resolve Atmos Mid-Tex's 2007 rate case, ACSC Cities and the Company worked collaboratively to develop the Rate Review Mechanism ("RRM") tariff that allows for an expedited rate review process controlled by ACSC Cities as a substitute to the current GRIP process instituted by the Legislature; and

WHEREAS, the City took action earlier this year to approve a Settlement Agreement with Atmos Mid-Tex resolving the Company's 2007 rate case and authorizing the RRM Tariff; and

WHEREAS, on or about April 14, 2008, Atmos Mid-Tex filed with the City its first application pursuant to the RRM tariff to increase natural gas rates by approximately \$33.5

million, such increase to be effective in every municipality that has adopted the RRM tariff within its Mid-Tex Division; and

WHEREAS, ACSC Cities coordinated its review of Atmos' RRM filing and designated a Negotiation Committee made up of ACSC representatives and assisted by ACSC attorneys and consultants to resolve issues identified by ACSC in the Company's RRM filing; and

WHEREAS, the Company has filed evidence that existing rates are unreasonable and should be changed; and

WHEREAS, independent analysis by ACSC's rate expert concluded that Atmos is able to justify a rate increase of \$19.8 million; and

WHEREAS, the ACSC Executive Committee, as well as ACSC lawyers and consultants, recommends ACSC members approve the attached rate tariffs ("Attachment A" to this Ordinance) that will increase the Company's revenue requirement by \$20 million; and

WHEREAS, the attached tariffs implementing new rates and Atmos Mid-Tex's Proof of Revenues ("Attachment B" to this Ordinance) are consistent with the negotiated resolution reached by ACSC Cities (including but not limited to a reduction of the residential customer monthly charge to \$7.00 per month) and are just, reasonable, and in the public interest; and

WHEREAS, it is the intention of the parties that ACSC Cities receive the benefit of any Settlement Agreement that Atmos Mid-Tex enters into with other entities arising out of its RRM or any associated appeals of a decision entered by the Railroad Commission regarding the Company's request to increase rates. The ACSC Cities' acknowledge that the exercise of this right is conditioned upon the ACSC Cities' acceptance of all rates, revenues, terms and conditions of any other Settlement Agreement or associated appeals arising out of the Company's RRM filing *in toto*; and

WHEREAS, the negotiated resolution of the Company's RRM filing and the resulting rates are, as a whole, is in the public interest.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF Addison, TEXAS:

Section 1. The findings set forth in this Ordinance are hereby in all things approved and are incorporated herein and made a part hereof.

Section 2. The City Council finds that the existing rates for natural gas service provided by Atmos Mid-Tex are unreasonable and new tariffs and Atmos' proof of revenues, which are attached hereto and incorporated herein as Attachments A and B, are just and reasonable and are hereby adopted.

Section 3. That to the extent any resolution or ordinance previously adopted by the City Council is inconsistent with this Ordinance, it is hereby repealed.

Section 4. That the meeting at which this Ordinance was approved was in all things conducted in strict compliance with the Texas Open Meetings Act, Texas Government Code, Chapter 551.


Section 5. That if any one or more sections or clauses of this Ordinance is adjudged to be unconstitutional or invalid, such judgment shall not affect, impair or invalidate the remaining provisions of this Ordinance and the remaining provisions of the Ordinance shall be interpreted as if the offending section or clause never existed.

Section 6. That if ACSC Cities determine any rates, revenues, terms and conditions, or benefits resulting from a Final Order or subsequent negotiated settlement approved in any proceeding addressing the issues raised in Atmos Mid-Tex's RRM filing would be more beneficial to the ACSC Cities than the terms of the attached tariff, then the more favorable rates, revenues, terms and conditions, or benefits shall additionally accrue to the ACSC Cities. Exercise of this right is conditioned upon ACSC Cities' acceptance of all rates, revenues, terms and conditions of any other Settlement Agreement or associated appeals arising out of the Company's RRM filing *in toto*.

Section 8. That this Ordinance shall become effective from and after its passage with rates authorized by attached Tariffs to be effective for customer bills delivered on or after October 1, 2008.

Section 9. That a copy of this Ordinance shall be sent to Atmos Mid-Tex, care of David Park, Vice President Rates and Regulatory Affairs, at Atmos Energy Corporation, 5420 LBJ Freeway, Suite 1800, Dallas, Texas 75240, and to Geoffrey Gay, General Counsel to ACSC, at Lloyd Gosselink Rochelle & Townsend, P.C., P.O. Box 1725, Austin, Texas 78767-1725.

PASSED AND APPROVED by the City Council of the Town of Addison, Texas this 23rd day of September, 2008.



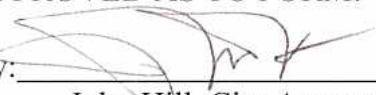
Joe Chow, Mayor

ATTEST:

By: 

Mario Canizares, City Secretary

APPROVED AS TO FORM:

By: 

John Hill, City Attorney

ATTACHMENT A

ATMOS ENERGY CORPORATION
MID-TEX DIVISION

RRC TARIFF NO: 19843
REVISION NO: 0

| | | |
|------------------------|----------------------------------------------------------------|----------|
| RATE SCHEDULE: | R – RESIDENTIAL SALES | |
| APPLICABLE TO: | Entire Division (except Environs areas and the City of Dallas) | |
| EFFECTIVE DATE: | 10/01/2008 | PAGE: 23 |

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 Mcf charges to the amounts due under the riders listed below:

| Charge | Amount |
|----------------------------|-------------------|
| Customer Charge per Bill | \$ 7.00 per month |
| Commodity Charge – All Mcf | \$2.2410 per Mcf |

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.

Rate Review Mechanism: Commodity Charge includes an amount calculated in accordance with Rider RRM.

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).

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.

Issued By: David J. Park
Date Issued: 08/13/2008

Vice President, Rates and Regulatory Affairs

ATTACHMENT A

ATMOS ENERGY CORPORATION.
MID-TEX DIVISION

RRC TARIFF NO: 19844
REVISION NO: 0

| | | |
|------------------------|-----------------------------------------------------------------------|-----------------|
| RATE SCHEDULE: | C – COMMERCIAL SALES | |
| APPLICABLE TO: | Entire Division (except Environs areas and the City of Dallas) | |
| EFFECTIVE DATE: | 10/01/2008 | PAGE: 24 |

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 3,000 Mcf.

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 Mcf charges to the amounts due under the riders listed below:

| Charge | Amount |
|----------------------------|--------------------|
| Customer Charge per Bill | \$ 13.50 per month |
| Commodity Charge - All Mcf | \$ 0.9809 per Mcf |

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.

Rate Review Mechanism: Commodity Charge includes an amount calculated in accordance with Rider RRM.

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).

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.

Issued By: David J. Park
Date Issued: 08/13/2008

Vice President, Rates and Regulatory Affairs

ATMOS ENERGY CORPORATION
MID-TEX DIVISION

RRC TARIFF NO: 19842
REVISION NO: 0

| | | |
|------------------------|----------------------------------------------------------------|----------|
| RATE SCHEDULE: | I – INDUSTRIAL SALES | |
| APPLICABLE TO: | Entire Division (except Environs areas and the City of Dallas) | |
| EFFECTIVE DATE: | 10/01/2008 | PAGE: 25 |

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 | \$ 425.00 per month |
| First 0 MMBtu to 1,500 MMBtu | \$ 0.2733 per MMBtu |
| Next 3,500 MMBtu | \$ 0.1993 per MMBtu |
| All MMBtu over 5,000 MMBtu | \$ 0.0427 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.

Rate Review Mechanism: Commodity Charge includes an amount calculated in accordance with Rider RRM.

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).

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."

Issued By: David J. Park
Date Issued: 08/13/2008

Vice President, Rates and Regulatory Affairs

ATTACHMENT A

ATMOS ENERGY CORPORATION
MID-TEX DIVISION

RRC TARIFF NO: 19842
REVISION NO: 0

| | | |
|-----------------|----------------------------------------------------------------|----------|
| RATE SCHEDULE: | I – INDUSTRIAL SALES | |
| APPLICABLE TO: | Entire Division (except Environs areas and the City of Dallas) | |
| EFFECTIVE DATE: | 10/01/2008 | PAGE: 26 |

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

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.

Issued By: David J. Park
Date Issued: 08/13/2008

Vice President, Rates and Regulatory Affairs

ATTACHMENT A

ATMOS ENERGY CORPORATION
MID-TEX DIVISION

RRC TARIFF NO: 19845
REVISION NO: 0

| | | |
|------------------------|----------------------------------------------------------------|----------|
| RATE SCHEDULE: | T – TRANSPORTATION | |
| APPLICABLE TO: | Entire Division (except Environs areas and the City of Dallas) | |
| EFFECTIVE DATE: | 10/01/2008 | PAGE: 27 |

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 | \$ 425.00 per month |
| First 0 MMBtu to 1,500 MMBtu | \$ 0.2733 per MMBtu |
| Next 3,500 MMBtu | \$ 0.1993 per MMBtu |
| All MMBtu over 5,000 MMBtu | \$ 0.0427 per MMBtu |

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

Rate Review Mechanism: Commodity Charge includes an amount calculated in accordance with Rider RRM.

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.

Issued By: David J. Park
Date Issued: 08/13/2008

Vice President, Rates and Regulatory Affairs

ATMOS ENERGY CORPORATION
MID-TEX DIVISION

RRC TARIFF NO: 19845
REVISION NO: 0

| | | |
|-----------------|----------------------------------------------------------------|----------|
| RATE SCHEDULE: | T – TRANSPORTATION | |
| APPLICABLE TO: | Entire Division (except Environs areas and the City of Dallas) | |
| EFFECTIVE DATE: | 10/01/2008 | PAGE: 28 |

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 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.

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| RIDER: | GCR – GAS COST RECOVERY | |
| APPLICABLE TO: | Entire Division | |
| EFFECTIVE DATE: | 10/01/2008 | PAGE: 40 |

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 Mcf basis. 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 an Mcf 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 published by the PUC every December. The interest rate of 2008 is 4.69%.

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.

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|-----------------|-------------------------|----------|
| RIDER: | GCR – GAS COST RECOVERY | |
| APPLICABLE TO: | Entire Division | |
| EFFECTIVE DATE: | 10/01/2008 | PAGE: 41 |

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:

$PP = (P - A) \times D$, where:

P = Estimated monthly 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 of the second preceding month, calculated by the formula:

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

R = Actual revenue received from the application of the PP component in the second preceding month.

C = Actual pipeline costs for the second preceding month.

A2 = The adjustment (A) applied to the PP component in the second preceding month.

ATTACHMENT A

ATMOS ENERGY CORPORATION
MID-TEX DIVISION

REVISION NO: 0

| | | |
|-----------------|-------------------------|----------|
| RIDER: | GCR – GAS COST RECOVERY | |
| APPLICABLE TO: | Entire Division | |
| EFFECTIVE DATE: | 10/01/2008 | PAGE: 42 |

S = Estimated Mcf or MMBtu for the rate class for the current billing month.

The PCF is calculated to the nearest 0.0001 cent.

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

Issued By: David J. Park
Date Issued: 08/13/2008

Vice President, Rates and Regulatory Affairs

| | | |
|-----------------|----------------------------------------|----------|
| RIDER: | CEE – CONSERVATION & ENERGY EFFICIENCY | |
| APPLICABLE TO: | Entire Division | |
| EFFECTIVE DATE: | 10/01/2008 | PAGE: 58 |

Purpose

Atmos Energy Mid-Tex is proposing to institute a complete Conservation & Energy Efficiency program which will offer assistance to qualified customer segments in reducing energy consumption and lowering energy utility bills. The proposal is one where Atmos Energy shareholders will fund a percentage of the allowable expenses incurred annually, with a customer rate component providing the remainder of the funding. Following is a high-level, concept summary of the proposal. Atmos Energy Mid-Tex Division proposes to work with the communities it serves to develop the details of a new tariff and programs addressing conservation and energy efficiency.

Synopsis:

Voucher system to provide free energy savings materials and supplies to qualifying customers of Atmos Mid-Tex. Qualified Customers will receive up to two hundred dollars (\$200.00) worth of caulking, weather-stripping, sheathing, sealing, water heater blankets, and like materials, other energy saving devices such as clock-thermostats, set-back devices ("covered items") from approved suppliers / retailers. Company will undertake efforts to enlist support from community groups, including its own Employee Action Program, to assist customers with installation. If it is determined that professional installation capabilities are necessary, the parties will agree on labor assistance amounts.

Eligibility

Low Income – Low-income rate-payers that qualify for heating bill assistance through LIHEAP agencies and all agencies that distribute Atmos "Share the Warmth" funds. Agencies that allocate assistance funds denote customer as Low Income, a status that lasts for one year.

Senior Citizen – Primary account holder can request eligibility through ATM call center or web-site. Customer provides primary SSN which is verified through Social Security Administration. And account holder that is or turns 65 years old in that year becomes eligible.

Funding

Initial program funding will be at two million dollars (\$2,000,000). Atmos Energy shareholders will contribute one million dollars (\$1,000,000.00) to this initiative annually with ratepayers providing one million dollars (\$1,000,000.00) per year. It is proposed that the program operate on an October 1 through September 30 year, with benefits being capped at the two million dollar level for the initial program period.

Administration:

A third-party administrator will coordinate qualification of customers, voucher distribution, subsequent verification and reimbursement of eligible expenditures and general program administration. Program administration expenses will be funded from the annual approved budget.

Audits will be provided all interested parties within 120 days of the end of each program year to determine effectiveness.

ATTACHMENT A

ATMOS ENERGY CORPORATION
MID-TEX DIVISIONREVISION NO: 0

| | | |
|-----------------|----------------------------------------|----------|
| RIDER: | CEE – CONSERVATION & ENERGY EFFICIENCY | |
| APPLICABLE TO: | Entire Division | |
| EFFECTIVE DATE: | 10/01/2008 | PAGE: 59 |

Report

Atmos shall file an annual report detailing cost to administer the program with details of the amounts paid out of program for energy conversation assistance. The report shall also detail number of applicants, number rejected and accepted and reason rejected. The report shall be filed with the Gas Service Director.

Issued By: David J. Park
Date Issued: 08/13/2008

Vice President, Rates and Regulatory Affairs

ATTACHMENT A

ATMOS ENERGY CORPORATION
MID-TEX DIVISION

REVISION NO: 0

| | | |
|-----------------|-------------------------------|----------|
| RIDER: | FF – FRANCHISE FEE ADJUSTMENT | |
| APPLICABLE TO: | Entire Division | |
| EFFECTIVE DATE: | 10/01/2008 | PAGE: 43 |

Application

Applicable to Customers inside the corporate limits of an incorporated municipality that imposes a municipal franchise fee upon Company for the Gas Service provided to Customer. Franchise Fees to be assessed solely to customers within the municipal limits. This does not apply to Environs customers.

Monthly Adjustment

Company will adjust Customer's bill each month in an amount equal to the municipal franchise fees payable for the Gas Service provided to Customer by Company. Municipal franchise fees are determined by each municipality's franchise ordinance. Each municipality's franchise ordinance will specify the percentage and applicability of franchise fees.

From time to time, Company will make further adjustments to Customer's bill to account for any over- or under-recovery of municipal franchise fees by Company.

ATTACHMENT A

TARIFF FOR GAS SERVICE

ATMOS ENERGY CORP.,
MID-TEX DIVISION

| | | |
|-----------------|--------------------------------------------------------------|-----------------|
| RIDER: | Rider WNA – Weather Normalization Adjustment | |
| APPLICABLE TO: | Entire System (except Environs areas and the City of Dallas) | REVISION: DATE: |
| EFFECTIVE DATE: | 11/01/2008 | PAGE: 1 OF 2 |

RIDER WNA – Weather Normalization Adjustment

Provisions for Adjustment

The base rate per Mcf (1,000,000 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 Mcf by the following formula:

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

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 Mcf
- R_i = base rate of temperature sensitive sales for the i^{th} schedule or classification approved by the entity exercising original jurisdiction.
- HSF_i = heat sensitive factor for the i^{th} schedule or classification calculated as the slope of the linear regression of average sales per bill (Mcf) and actual heating degree days by month for the test year by schedule or classification and weather station as part of the RRM filing.
- NDD = billing cycle normal heating degree days calculated as the simple ten-year average of actual heating degree days.
- ADD = billing cycle actual heating degree days.
- BL_i = base load sales for the i^{th} schedule or classification calculated as the y-intercept of the linear regression of average sales per bill (Mcf) and actual heating degree days by month for the test year by schedule or classification and weather station as part of the RRM filing.

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

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

ATTACHMENT A

TARIFF FOR GAS SERVICE

ATMOS ENERGY CORP.,
MID-TEX DIVISION

| | | |
|-----------------|--------------------------------------------------------------|-----------------|
| RATE SCHEDULE: | Rate WNA – Weather Normalization Adjustment | |
| APPLICABLE TO: | Entire System (except Environs areas and the City of Dallas) | REVISION: DATE: |
| EFFECTIVE DATE: | 11/01/2008 | PAGE: 2 OF 2 |

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

Filings with Entities Exercising Original Jurisdiction

As part of its annual RRM filing the Company will file (a) a copy of each computation of the Weather Normalization Adjustment Factor, (b) a schedule showing the effective date of each such Weather Normalization Adjustment, (c) a schedule showing the factors of values used in calculating such Weather Normalization Adjustment and (d) a random sample and audit of thirty (30) actual customer bills, with customer information deleted, for each rate schedule or classification to which the WNA was applied in the preceding 12 month period. To the extent that source data is needed to audit the WNA application, such data will be provided by the Company as part of the annual RRM filing.

If the RRM is discontinued, as provided in the Rider RRM tariff, the information required herein to be filed with the entities exercising original jurisdiction shall be filed on March 1 of each year.

Base Use/Heat Sensitivity (HSF) Factors

| Weather Station | Residential | | Commercial | |
|-----------------|--------------|-------------|--------------|-------------|
| | Base use Mcf | HSF Mcf/HDD | Base use Mcf | HSF Mcf/HDD |
| Abilene | 1.27 | .0130 | 10.93 | .0638 |
| Austin | 1.29 | .0133 | 18.47 | .0641 |
| Dallas | 1.79 | .0186 | 20.83 | .0878 |
| Waco | 1.30 | .0141 | 11.41 | .0617 |
| Wichita Falls | 1.35 | .0143 | 11.62 | .0540 |

Sample WNA_i Calculation:

$$.1533 \text{ per Mcf} = 1.2267 \times \frac{(.0131 \times (30-17))}{(1.14 + (.0131 \times 17))}$$

Where

- i = Residential Single Block Rate Schedule
- R_i = 1.2267 per MCF (Rate R - Final Order GUD No. 9670)
- HSF_i = .0131 (Residential - Abilene Area)
- NDD = 30 HDD (Simple ten-year average of Actual HDD for Abilene Area – 9/15/06 – 10/14/06)
- ADD = 17 HDD (Actual HDD for Abilene Area – 9/15/06 – 10/14/06)
- BL_i = 1.14 Mcf (Residential - Abilene Area)

ATTACHMENT B

**ATMOS ENERGY CORP., MID-TEX DIVISION
SUMMARY PROOF OF REVENUE AT PROPOSED RATES
TEST YEAR ENDING DECEMBER 31, 2007**

| Line | Description (a) | Total (b) | Reference (c) |
|------|-----------------------------------------------------|--------------------------------|----------------------------------------|
| | Rate R | | |
| 1 | <u>Rate Characteristics:</u> | | |
| 2 | Customer Charge | \$7.00 | RRM Settlement Agreement, Pg 2, Item 5 |
| 3 | | | |
| 4 | Consumption Charge (\$/Mcf) | \$2.1600 | Settlement Allocation |
| 5 | 2007 RRM True-up (\$/Mcf) | \$0.0810 | Settlement Allocation |
| 6 | Rider GCR Part A | \$8.1244 | Schedule H |
| 7 | Rider GCR Part B | \$0.6243 | Schedule I |
| 8 | | | |
| 9 | <u>Billing Units (1):</u> | | |
| 10 | Bills | 17,069,679 | WP_J-1.1 |
| 11 | Total MCF | <u>78,708,921</u> | WP_J-1.1 |
| 12 | | | |
| 13 | <u>Proposed Revenue:</u> | | |
| 14 | Customer Charge | \$ 119,487,753 | |
| 15 | Consumption Charge | <u>176,385,175</u> | |
| 16 | Base Revenue | \$ 295,872,928 | |
| 17 | Rider GCR Part A | 639,460,135 | |
| 18 | Rider GCR Part B | <u>49,140,231</u> | |
| 19 | Subtotal | \$ 984,473,295 | |
| 20 | Revenue Related Taxes | 59,244,614 | |
| 21 | | | |
| 22 | Total Proposed Revenue- Rate R | <u><u>\$ 1,043,717,909</u></u> | |
| 23 | | | |
| 24 | Note 1: See Billing Determinants Study for details. | | |

ATTACHMENT B

ATMOS ENERGY CORP., MID-TEX DIVISION
 SUMMARY PROOF OF REVENUE AT PROPOSED RATES
 TEST YEAR ENDING DECEMBER 31, 2007

| Line | Description (a) | Total (b) | Reference (c) |
|---------------|-----------------------------------------------------|----------------|----------------------------------------|
| Rate C | | | |
| 1 | <u>Rate Characteristics:</u> | | |
| 2 | Customer Charge | \$13.50 | RRM Settlement Agreement, Pg 2, Item 5 |
| 3 | | | |
| 4 | Consumption Charge (\$/Mcf) | \$0.9442 | Settlement Allocation |
| 5 | 2007 RRM True-up (\$/Mcf) | \$0.0367 | Settlement Allocation |
| 6 | Rider GCR Part A | \$8.1244 | Schedule H |
| 7 | Rider GCR Part B | \$0.5228 | Schedule I |
| 8 | | | |
| 9 | <u>Billing Units (1):</u> | | |
| 10 | Bills | 1,434,516 | WP_J-1.2 |
| 11 | Total MCF | 50,233,642 | WP_J-1.2 |
| 12 | | | |
| 13 | <u>Proposed Revenue:</u> | | |
| 14 | Customer Charge | \$ 19,365,966 | |
| 15 | Consumption Charge | 49,273,373 | |
| 16 | Base Revenue | \$ 68,639,339 | |
| 17 | Rider GCR Part A | 408,116,524 | |
| 18 | Rider GCR Part B | 26,261,046 | |
| 19 | Subtotal | \$ 503,016,909 | |
| 20 | Revenue Related Taxes | 30,271,052 | |
| 21 | | | |
| 22 | Total Proposed Revenue- Rate C | \$ 533,287,962 | |
| 23 | | | |
| 24 | Note 1: See Billing Determinants Study for details. | | |

ATTACHMENT B

**ATMOS ENERGY CORP., MID-TEX DIVISION
SUMMARY PROOF OF REVENUE AT PROPOSED RATES
TEST YEAR ENDING DECEMBER 31, 2007**

| Line | Description (a) | Total (b) | Reference (c) |
|----------------------|-----------------------------------------------------|----------------------|-----------------------|
| Rate I &T | | | |
| 1 | <u>Rate Characteristics:</u> | | |
| 2 | Customer Charge | \$ 425.00 | Settlement Allocation |
| 3 | | | |
| 4 | Block 1 (\$/MMBTU) | \$0.2352 | Settlement Allocation |
| 5 | Block 2 (\$/MMBTU) | \$0.1715 | Settlement Allocation |
| 6 | Block 3 (\$/MMBTU) | \$0.0367 | Settlement Allocation |
| 7 | 2007 RRM True-up (\$/MMBTU): | | Settlement Allocation |
| 8 | Block 1 (\$/MMBTU) | \$0.0381 | |
| 9 | Block 2 (\$/MMBTU) | \$0.0278 | |
| 10 | Block 3 (\$/MMBTU) | \$0.0060 | |
| 11 | Rider GCR Part A | \$8.1244 | Schedule H |
| 12 | Rider GCR Part B | \$0.2938 | Schedule I |
| 13 | | | |
| 14 | <u>Consumption Characteristics:</u> | | |
| 15 | Block 1 (First 1,500 MMBTU) | 0.23502 | (1) |
| 16 | Block 2 (Next 3,500 MMBTU) | 0.26655 | (1) |
| 17 | Block 3 (Over 5,000 MMBTU) | 0.49843 | (1) |
| 18 | | | |
| 19 | <u>Billing Units (1):</u> | | |
| 20 | Bills | 10,052 | WP_J-1 |
| 21 | Block 1 | 9,522,217 | WP_J-1 |
| 22 | Block 2 | 10,799,921 | WP_J-1 |
| 23 | Block 3 | 20,195,218 | WP_J-1 |
| 24 | Total MMBTU | <u>40,517,356</u> | |
| 25 | | | |
| 26 | Sales Volumes | <u>2,331,063</u> | WP_J-1 |
| 27 | | | |
| 28 | <u>Proposed Revenue:</u> | | |
| 29 | Customer Charge | \$ 4,272,100 | |
| 30 | Block 1 | 2,602,422 | |
| 31 | Block 2 | 2,152,424 | |
| 32 | Block 3 | 862,336 | |
| 33 | Base Revenue | \$ 9,889,282 | |
| 34 | Rider GCR Part A | 18,494,542 | |
| 35 | Rider GCR Part B | 11,902,411 | |
| 36 | Subtotal | \$ 40,286,235 | |
| 37 | Revenue Related Taxes | 2,424,385 | |
| 38 | | | |
| 39 | Total Proposed Revenue- Rate I&T | <u>\$ 42,710,620</u> | |
| 40 | | | |
| 41 | Note 1: See Billing Determinants Study for details. | | |