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**PUBLIC SERVICE
COMMISSION**

**BEFORE THE PUBLIC SERVICE COMMISSION
COMMONWEALTH OF KENTUCKY**

IN THE MATTER OF:)
)
RATE APPLICATION BY)
)
ATMOS ENERGY CORPORATION)

Case No. 2009-00354

**DIRECT TESTIMONY OF GARY L. SMITH
IN SUPPORT OF
JOINT SETTLEMENT STIPULATION AND RECOMMENDATION**

I. INTRODUCTION

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Q. PLEASE STATE YOUR NAME AND POSITION.

A. My name is Gary L. Smith. I am Director – Rates and Regulatory Affairs for Atmos Energy Corporation (“Atmos Energy” or the “Company”). My business address is 5420 LBJ Freeway, Dallas, Texas, 75240.

Q. DID YOU PREVIOUSLY FILE TESTIMONY ON BEHALF OF THE COMPANY IN THIS RATE PROCEEDING?

A. Yes. My direct testimony was filed at the time of and in connection with the Company’s rate application.

Q. WHAT IS THE PURPOSE OF THIS TESTIMONY?

A. This testimony provides support for the Joint Settlement Stipulation and Recommendation (hereinafter the “Settlement”) entered into on March 12, 2010 by the Company and the Kentucky Attorney General. A copy of the Settlement and its attachments is provided in conjunction with this testimony.

1 **II. OVERVIEW OF THE SETTLEMENT**

2

3 **Q. PLEASE BRIEFLY DESCRIBE THE TERMS OF THE SETTLEMENT.**

4 A. The Settlement, offered to the Kentucky Public Service Commission (the
5 “Commission”) for its consideration and approval, permits Atmos Energy to
6 adjust its rates to recover an additional \$5.95 million compared to current rates,
7 beginning June 1, 2010. Atmos Energy’s proposed tariff changes, including but
8 not limited to, the implementation of a Pipeline Replacement Program (“PRP”)
9 and modification of the Gas Cost Adjustment Mechanism (“GCA”) to allow
10 recovery of uncollected gas costs through the GCA mechanism are to be adopted
11 and implemented as proposed. Depreciation rates remain unchanged from Case
12 No.2006-00464.

13 **Q. PLEASE DESCRIBE THE ATTACHMENTS TO THE SETTLEMENT.**

14 A. Attached to the Settlement are complete sets of tariff sheets, both in mark-up and
15 side-by-side presentation, and revenue reconciliation. These attachments are
16 considered as a part of the Settlement and have been agreed to by both the
17 Company and the Attorney General.

18 **Q. IS THE SETTLEMENT SUPPORTED BY THE RECORD IN THIS CASE?**

19 A. Yes. All of the adjustments agreed to by the parties are included in the
20 application filed by Atmos and all are supported by facts provided in the
21 Application or in responses to data requests. There are no adjustments or
22 modifications to the revenues or expenses that are not part of the record of the
23 case.

24 **III. TARIFFS**

25

26 **Q. PLEASE DESCRIBE THE ATTACHED TARIFFS.**

27 A. As a part of the Settlement, the Company and Attorney General have agreed upon
28 the tariffs attached hereto. The rates proposed in accordance with the Settlement
29 are included for each tariff service.

30 **Q. FOR AFFECTED TARIFF SHEETS, WHAT GCA DID THE COMPANY**
31 **UTILIZE FOR THESE EXHIBITS?**

1 A. The proposed Settlement tariff sheets reflect the current GCA as approved by the
2 Commission Order dated January 19, 2010 in Case No. 2010-00544 and effective
3 February 1, 2010. Subsequently, on March 30, 2010, the Company filed its GCA
4 proposed to be effective on May 1, 2010. Subject to the approval of the May
5 GCA, in Case No. 2010-00135, the Company would replace affected tariffs
6 (Sheets 4 and 5) with the appropriate GCA.
7

8 **IV. RATE DESIGN AND "PROOF OF REVENUES"**
9

10 **Q. PLEASE DESCRIBE THE ATTACHMENT LABELED "SUMMARY OF**
11 **REVENUE AT PROPOSED RATES".**

12 A. As a part of the Settlement, the Company and Attorney General have agreed upon
13 the referenced 3-page Attachment, which details the rate design and validation of
14 the rate adjustment of \$5.95 million. The first page of the Attachment provides an
15 overview of the present and proposed distribution rates by service type. The total
16 increase is shown in column (f), line 44 and equals \$5,949,907. Pages 2 and 3
17 provide additional information regarding the impact of the proposed rate changes
18 for each customer class.

19 **Q. WHAT IS THE IMPACT OF THE RATE DESIGN PROPOSED IN THE**
20 **SETTLEMENT ON THE VARIOUS CUSTOMER CLASSES?**

21 A. The increase for each customer class, expressed in total dollars and as a
22 percentage of total revenue is shown on pages 2 and 3 of this Attachment.

23 **V. OTHER ISSUES**
24

25 **Q. HAS THE COMPANY PROVIDED PUBLIC NOTICE OF THE HEARING**
26 **IN THIS CASE, SCHEDULED TO BEGIN ON MAY 11, 2010?**

27 A. The Company is preparing for such Public Notice in newspapers throughout its
28 service area. Affidavits demonstrating the publications will be gathered and will
29 be submitted to the Commission when the complete documentation has been
30 compiled.

1 **Q. ARE THERE ANY OTHER MATTERS YOU WISH TO ADDRESS AT**
2 **THIS TIME?**

3 A. Yes. The Company respectfully requests that the Commission address the
4 amortization of the previously deferred manufactured gas plant expenditures in its
5 Final Order in this case. Although this matter was overlooked in the Settlement,
6 the Company notes that its proposal to amortize these expenses over a three-year
7 period was not disputed. The Company deferred \$549,913 per the Commission's
8 Order in Case No. 2008-00230. For accounting purposes, an Order by the
9 Commission is necessary to allow the Company to amortize the previously
10 deferred amounts over three years. Also, in closing, please note that the Company
11 and Attorney General have expended considerable effort to reach the terms that
12 form the basis of the Settlement. The parties agree that this Settlement is
13 reasonable, produces rates that are fair, and is in the best interests of all
14 concerned. Atmos believes that the Settlement provides both the company and its
15 customers a reasonable resolution and urges the Commission to adopt it.

16 **Q. DOES THIS CONCLUDE MATTERS YOU WISH TO ADDRESS IN**
17 **TESTIMONY AT THIS TIME?**

18 A. Yes.

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF)
RATE APPLICATION OF) Case No. 2009-00354
ATMOS ENERGY CORPORATION)

CERTIFICATE AND AFFIDAVIT

The Affiant, Gary L. Smith, being duly sworn, deposes and states that the prepared testimony attached hereto and made a part hereof, constitutes the prepared direct testimony in support of Joint Settlement Stipulation and Recommendation of this affiant in Case No. 2009-00354, in the Matter of the Rate Application of Atmos Energy Corporation, and that if asked the questions propounded therein, this affiant would make the answers set forth in the attached prepared direct testimony.

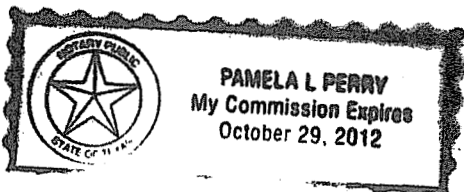
Affiant further states that he will be present and available for cross examination for such additional direct examination as may be appropriate at any hearing in Case No. 2009-00354 scheduled by the Commission, at which time affiant will further reaffirm the attached testimony as his direct testimony in such case.

Gary L. Smith

STATE OF TEXAS

COUNTY OF DALLAS

SUBSCRIBED AND SWORN to before me by Gary L. Smith on this the 12th day of April, 2009 ^{AP}



Pamela L. Perry
Notary Public
My Commission Expires: 10-29-12

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COMMONWEALTH OF KENTUCKY

MAR 12 2010

BEFORE THE PUBLIC SERVICE COMMISSION

PUBLIC SERVICE
COMMISSION

IN THE MATTER OF :

RATE ADJUSTMENT OF

) CASE NO. 2009-00354

ATMOS ENERGY CORPORATION

)

STIPULATION AND RECOMMENDATION

It is the intent and purpose of the parties to this proceeding, namely Atmos Energy Corporation. ("Atmos") and the Attorney General of the Commonwealth of Kentucky ("Attorney General"), to express their agreement on a mutually satisfactory resolution of all of the issues in the instant proceeding.

It is understood by all parties that this Stipulation and Recommendation is not binding upon the Public Service Commission ("Commission"), nor does it represent agreement on any specific theory supporting the appropriateness of any recommended adjustments to Atmos' rates. The parties have expended considerable efforts to reach the agreements that form the basis of this Stipulation and Recommendation. The parties agree that this Stipulation and Recommendation viewed in its entirety constitutes a reasonable resolution of all issues in this proceeding and there are no side bar or collateral agreements regarding this settlement not otherwise disclosed.

In addition, the adoption of this Stipulation and Recommendation will eliminate the need for the Commission and the parties to expend significant resources in litigation of this proceeding and

will eliminate the possibility of and any need for rehearing or appeals of the Commission's final order. It is the position of the parties that this Stipulation and Recommendation is supported by sufficient and adequate data and information and is entitled to serious consideration by the Commission. Based upon the parties' participation in settlement conferences and the materials on file with the Commission and upon the belief that these materials adequately support this Stipulation and Recommendation, the parties stipulate and recommend the following:

1. Atmos is authorized to adjust its base rates in order to permit it an opportunity to recover \$5,950,000 more in annual revenue than it is recovering under its current base rates, with such revised rates to be effective for service rendered on and after June 1, 2010 or sooner if an earlier date is approved by the Commission. The Parties agree that the hearing, if any, should be held at the earliest possible date.

2. Atmos will increase its residential General Firm Sales Service (G-1) customer charge to \$12.50.

3. Atmos' proposed tariff changes, including the implementation of a Pipeline Replacement Program ("PRP") and modification of the Gas Cost Adjustment Mechanism ("GCA") to allow recovery of uncollected gas costs through the GCA mechanism are to be adopted and implemented as proposed. Depreciation rates remain unchanged from Case No. 2006-00464.

4. For purposes of the PRP an effective rate of return on equity of 10.5 percent shall be utilized based on the projected actual capital structure and long term debt.

5. Atmos agrees to reimburse the Attorney General in the amount of \$50,000.00

representing his litigation costs associated with this proceeding pursuant to KRS 48.005, which shall be paid from shareholder funds to be used by the Attorney General as allowed by law. This reimbursement is not an acknowledgement by Atmos of any interpretation of that statute or of its applicability to this proceeding or any future proceeding and is not a waiver by Atmos of any right to challenge or litigate the applicability or interpretation of that statute in any future proceedings.

7. Atmos' revised tariff sheets are attached with the agreed changes in Attachment A.

8. Atmos shall amortize its rate case expenses over a three year period, which shall include any unamortized expenses from Case No. 2006-00464.

9. Attached to this Stipulation and Recommendation as Attachment B are proof of revenue sheets showing that the rates set forth in Attachment A will generate the proposed revenue increase to which the parties have agreed in Paragraph one.

10. Each party waives all cross-examination of the witnesses of the other party except in support of the Stipulation and Recommendation, or unless the Commission disapproves this Stipulation and Recommendation and each party further stipulates and recommends that the Notice of Intent, Notice, Application, testimony, pleadings and responses to data requests filed in this proceeding be admitted into the record.

11. This Stipulation and Recommendation is submitted for purposes of this case only and is not deemed binding upon the parties in any other proceeding, nor is it to be offered or relied upon in any other proceeding involving Atmos or any other utility.

12. If the Commission issues an order adopting this Stipulation and Recommendation in its entirety, each of the parties agrees that it shall not file either an application for rehearing with the Commission or an appeal to the Franklin Circuit Court with respect to such order.

13. In the event the Commission should reject or modify all or any portion of this Stipulation and Recommendation, or impose additional conditions or requirements upon the parties, each party shall have the right within twenty (20) days of the Commission's order to either file an application for rehearing or terminate and withdraw from the Stipulation and Recommendation by filing a notice with the Commission. Upon rehearing, any party shall have the right within fifteen (15) days of the Commission's order on rehearing to file a notice of termination or withdrawal from this Stipulation and Recommendation. In such event the terms of this Stipulation and Recommendation shall not be binding upon the parties, nor shall this Stipulation and Recommendation be admitted into evidence, referred to or relied upon in any manner by any party.

14. The parties agree that the Stipulation and Recommendation is reasonable and in the best interests of all concerned and urge the Commission to adopt the Stipulation and Recommendation in its entirety.

AGREED this 12th day of March, 2010.

Attorney General:

By:  _____

Assistant Attorney General
Office of Rate Intervention

Atmos Energy Corporation:

By: 

John M. Hughes
124 West Todd St.
Frankfort, KY 40601

Douglas Walther
Atmos Energy Corporation
Box 650205
Dallas, TX 75235-0205

Mark R. Hutchinson
Wilson, Hutchinson and Poteat
611 Frederica St.
Owensboro, Ky 42301

Attorneys for Atmos Energy Corporation

ATTACHMENT A

TARIFFS PART 1

FOR ENTIRE SERVICE AREA

P.S.C. NO. 1

Fourth Revised SHEET No. 1

Canceling

Third Revised SHEET No. 1

ATMOS ENERGY CORPORATION

| Rate Book Index | |
|---|-------------------------|
| <u>General Information</u> | <u>Sheet No.</u> |
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| System Map | - |
| Current Rate Summary | 4 |
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ISSUED: October 29, 2009

EFFECTIVE: June 1, 2010

(Issued by Authority of an Order of the Public Service Commission in Case No. 2009-00354)

ISSUED BY: Mark A. Martin - Vice President of Rates & Regulatory Affairs, Kentucky/Mid-States Division

FOR ENTIRE SERVICE AREA

P.S.C. NO. 1

Second Revised SHEET No. 2

Canceling

First Revised SHEET No. 2

ATMOS ENERGY CORPORATION

Rate Book Index

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ISSUED: October 29, 2009

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FOR ENTIRE SERVICE AREA
P.S.C. NO. 1
Thirty-Ninth SHEET No. 4
Canceling
Thirty-Eighth SHEET No. 4

ATMOS ENERGY CORPORATION

| Current Rate Summary | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|-----|--------------------|------------------------------|-----------------------------|---------------------------------|--|--------------------|--|-----------------------------|--|---------------------------|-----|----------|---------|----------|---------|--------------------------|-----|----------|---------|----------|---------|-------------|-----|----------|---------|----------|---------|
| Case No. 2009-00544 | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <u>Firm Service</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Base Charge: | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Residential (G-1) | - | \$ 12.50 | per meter per month | (I) | | | | | | | | | | | | | | | | | | | | | | | | |
| Non-Residential (G-1) | - | 30.00 | per meter per month | (I) | | | | | | | | | | | | | | | | | | | | | | | | |
| Transportation (T-4) | - | 300.00 | per delivery point per month | (I) | | | | | | | | | | | | | | | | | | | | | | | | |
| Transportation Administration Fee | - | 50.00 | per customer per meter | (N) | | | | | | | | | | | | | | | | | | | | | | | | |
| <table style="width: 100%; border: none;"> <thead> <tr> <th style="text-align: left; padding: 5px;"><u>Rate per Mcf²</u></th> <th style="padding: 5px;"></th> <th style="text-align: left; padding: 5px;"><u>Sales (G-1)</u></th> <th style="padding: 5px;"></th> <th style="text-align: left; padding: 5px;"><u>Transportation (T-4)</u></th> <th style="padding: 5px;"></th> </tr> </thead> <tbody> <tr> <td style="padding: 5px;">First 300¹</td> <td style="padding: 5px;">Mcf</td> <td style="padding: 5px;">@ 7.5865</td> <td style="padding: 5px;">per Mcf</td> <td style="padding: 5px;">@ 1.1000</td> <td style="padding: 5px;">per Mcf</td> </tr> <tr> <td style="padding: 5px;">Next 14,000¹</td> <td style="padding: 5px;">Mcf</td> <td style="padding: 5px;">@ 7.2565</td> <td style="padding: 5px;">per Mcf</td> <td style="padding: 5px;">@ 0.7700</td> <td style="padding: 5px;">per Mcf</td> </tr> <tr> <td style="padding: 5px;">Over 15,000</td> <td style="padding: 5px;">Mcf</td> <td style="padding: 5px;">@ 6.9865</td> <td style="padding: 5px;">per Mcf</td> <td style="padding: 5px;">@ 0.5000</td> <td style="padding: 5px;">per Mcf</td> </tr> </tbody> </table> | | | | | <u>Rate per Mcf²</u> | | <u>Sales (G-1)</u> | | <u>Transportation (T-4)</u> | | First 300 ¹ | Mcf | @ 7.5865 | per Mcf | @ 1.1000 | per Mcf | Next 14,000 ¹ | Mcf | @ 7.2565 | per Mcf | @ 0.7700 | per Mcf | Over 15,000 | Mcf | @ 6.9865 | per Mcf | @ 0.5000 | per Mcf |
| <u>Rate per Mcf²</u> | | <u>Sales (G-1)</u> | | <u>Transportation (T-4)</u> | | | | | | | | | | | | | | | | | | | | | | | | |
| First 300 ¹ | Mcf | @ 7.5865 | per Mcf | @ 1.1000 | per Mcf | | | | | | | | | | | | | | | | | | | | | | | |
| Next 14,000 ¹ | Mcf | @ 7.2565 | per Mcf | @ 0.7700 | per Mcf | | | | | | | | | | | | | | | | | | | | | | | |
| Over 15,000 | Mcf | @ 6.9865 | per Mcf | @ 0.5000 | per Mcf | | | | | | | | | | | | | | | | | | | | | | | |
| <u>Interruptible Service</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Base Charge | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | - | \$300.00 | per delivery point per month | (I) | | | | | | | | | | | | | | | | | | | | | | | | |
| Transportation Administration Fee | - | 50.00 | per customer per meter | (N) | | | | | | | | | | | | | | | | | | | | | | | | |
| <table style="width: 100%; border: none;"> <thead> <tr> <th style="text-align: left; padding: 5px;"><u>Rate per Mcf²</u></th> <th style="padding: 5px;"></th> <th style="text-align: left; padding: 5px;"><u>Sales (G-2)</u></th> <th style="padding: 5px;"></th> <th style="text-align: left; padding: 5px;"><u>Transportation (T-3)</u></th> <th style="padding: 5px;"></th> </tr> </thead> <tbody> <tr> <td style="padding: 5px;">First 15,000¹</td> <td style="padding: 5px;">Mcf</td> <td style="padding: 5px;">@ 6.2162</td> <td style="padding: 5px;">per Mcf</td> <td style="padding: 5px;">@ 0.6300</td> <td style="padding: 5px;">per Mcf</td> </tr> <tr> <td style="padding: 5px;">Over 15,000</td> <td style="padding: 5px;">Mcf</td> <td style="padding: 5px;">@ 5.9962</td> <td style="padding: 5px;">per Mcf</td> <td style="padding: 5px;">@ 0.4100</td> <td style="padding: 5px;">per Mcf</td> </tr> </tbody> </table> | | | | | <u>Rate per Mcf²</u> | | <u>Sales (G-2)</u> | | <u>Transportation (T-3)</u> | | First 15,000 ¹ | Mcf | @ 6.2162 | per Mcf | @ 0.6300 | per Mcf | Over 15,000 | Mcf | @ 5.9962 | per Mcf | @ 0.4100 | per Mcf | | | | | | |
| <u>Rate per Mcf²</u> | | <u>Sales (G-2)</u> | | <u>Transportation (T-3)</u> | | | | | | | | | | | | | | | | | | | | | | | | |
| First 15,000 ¹ | Mcf | @ 6.2162 | per Mcf | @ 0.6300 | per Mcf | | | | | | | | | | | | | | | | | | | | | | | |
| Over 15,000 | Mcf | @ 5.9962 | per Mcf | @ 0.4100 | per Mcf | | | | | | | | | | | | | | | | | | | | | | | |
| <p>1 All gas consumed by the customer (sales and transportation; firm, and interruptible) will be considered for the purpose of determining whether the volume requirement of 15,000 Mcf has been achieved.</p> <p>2 DSM, PRP and R&D Riders may also apply, where applicable.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

ISSUED: December 28, 2009

EFFECTIVE: June 1, 2010

(Issued by Authority of an Order of the Public Service Commission in Case No. 2009-00544)

ISSUED BY: Mark A. Martin - Vice President of Rates & Regulatory Affairs, Kentucky/Mid-States Division

FOR ENTIRE SERVICE AREA

P.S.C. NO. 1

Thirty-Ninth Sheet No. 6

Canceling

Thirty-Eighth Sheet No. 6

ATMOS ENERGY CORPORATION

(T)

Current Transportation

Case No. 2009-00544

The Transportation Rates (T-3 and T-4) for each respective service net monthly rate is a follows:

System Lost and Unaccounted gas percentage: 3.45%

| | | | <u>Simple Margin</u> | | <u>Non Commodity</u> | | <u>Gross Margin</u> | |
|--|------------|---|---------------------------------|---|---------------------------------|---|--------------------------------|---------|
| <u>Transportation Service</u>¹ | | | | | | | | |
| <u>Firm Service (T-4)</u> | | | | | | | | |
| First 300 | Mcf | @ | \$1.1000 | + | \$0.0000 | = | \$1.1000 per Mcf | (D,N,D) |
| Next | 14,700Mcf | @ | 0.7700 | + | 0.0000 | = | 0.7700 per Mcf | (I,N,I) |
| All Over | 15,000 Mcf | @ | 0.5000 | + | 0.0000 | = | 0.5000 per Mcf | (I,N,I) |
| <u>Interruptible Service (T-3)</u> | | | | | | | | |
| First 15,000 | Mcf | @ | \$0.6300 | + | \$0.0000 | = | \$0.6300 per Mcf | (I,N,I) |
| All Over | 15,000 Mcf | @ | 0.4100 | + | 0.0000 | = | 0.4100 per Mcf | (I,N,I) |

¹ Excludes standby sales service.

ISSUED: December 28, 2009

EFFECTIVE: June 1, 2010

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ISSUED BY: Mark A. Martin - Vice President of Rates & Regulatory Affairs, Kentucky/Mid-States Division

FOR ENTIRE SERVICE AREA
P.S.C. NO. 1
Third Revised SHEET No. 46
Canceling
Second Revised SHEET No. 46

ATMOS ENERGY CORPORATION

| Reserved for Future Use | (D) |
|-------------------------|-----|
| | |

ISSUED: October 30, 2009

EFFECTIVE: June 1, 2010

(Issued by Authority of an Order of the Public Service Commission in Case No. 2009-00354)

ISSUED BY: Mark A. Martin - Vice President of Rates & Regulatory Affairs, Kentucky/Mid-States Division

TARIFFS PART 2

FOR ENTIRE SERVICE AREA

P.S.C. NO. 1

First Revised SHEET No. 43

Canceling

Original SHEET No. 43

ATMOS ENERGY CORPORATION

| Pipe Replacement Program Rider | |
|---|------------|
| PRP | |
| <p>1. <u>Applicable</u> Applicable to all customers receiving service under the Company's Rate Schedules G-1, G-2, T-3 and T-4.</p> <p>2. <u>Calculation of Pipe Replacement Rider Revenue Requirement</u> The PRP Revenue Requirement includes the following:</p> <ul style="list-style-type: none">a) PRP-related Plant In-Service not included in base gas rates minus the associated PRP-related accumulated depreciation and accumulated deferred income taxes;b) Retirement and removal of plant related PRP construction;c) The rate of return on the net rate base is the overall rate of return on capital authorized in the Company's latest base gas rate case, grossed up for federal and state income taxes;d) Depreciation expense on the PRP related Plant In-Service less retirement and removals;e) Reduction for savings in Operating and Maintenance expenses; and,f) Adjustment for ad valorem taxes. <p>3. <u>Pipe Replacement Program Factors</u> All customers receiving service under tariff Rate Schedules G-1, G-2, T-3 and T-4 shall be assessed an adjustment to their applicable rate schedule that will enable the Company to complete the pipe replacement program. The allocation to G-1 residential, G-1 non-residential, G-2, T-3 and T-4 will be in proportion to their relative base revenue share approved in Case No. 2009-00354. For G-1 services, the adjustment shall be reflected in full as a monthly adjustment to the tariff customer charge. For G-2, T-3 and T-4 services, the adjustment will be spread to the tariff customer charge and distribution charge in proportion to the relative base revenue share as approved in Case No. 2009-00354.</p> <p>The PRP Rider will be filed annually on or around August 1st of each year. The filing will reflect the anticipated impact on the Company's revenue requirements of net plant additions as offset by operations and maintenance expense reductions during the upcoming fiscal year ending each September as well as a balancing adjustment for the preceding fiscal year. Such adjustment to the Rider will become effective with meter readings on and after the first billing cycle of October.</p> | <p>(T)</p> |

ISSUED: October 30, 2009

EFFECTIVE: June 1, 2010

(Issued by Authority of Kentucky Public Service Commission Order in Case No. 2009-00354).

ISSUED BY: Mark A. Martin -Vice President of Rates & Regulatory Affairs, Kentucky/Mid-States Division

FOR ENTIRE SERVICE AREA

P.S.C. NO. 1

First Revised Sheet No. 44

Canceling

Original SHEET No. 44

ATMOS ENERGY CORPORATION

Pipe Replacement Program Rider

(T)

4. Pipe Replacement Rider Rates

The charges for the respective gas service schedules for the revenue month beginning October 1, 2010 per billing period are:

| | <u>Monthly Customer Charge</u> | <u>Distribution Charge per Mcf</u> |
|----------------------------|------------------------------------|--|
| Rate G-1 (Residential) | \$0.00 | \$0.00 |
| Rate G-1 (Non-Residential) | \$0.00 | \$0.00 |
| Rate G-2 | \$0.00 | \$0.00 |
| Rate T-3 | \$0.00 | \$0.00 |
| Rate T-4 | \$0.00 | \$0.00 |

ISSUED: October 30, 2009

EFFECTIVE: June 1, 2010

(Issued by Authority of Kentucky Public Service Commission Order in Case No. 2009-00354).

ISSUED BY: Mark A. Martin-Vice President of Rates & Regulatory Affairs, Kentucky/Mid-States Division

FOR ENTIRE SERVICE AREA
P.S.C. NO. 1
Third Revised SHEET No. 47
Canceling
Second Revised SHEET No. 47

ATMOS ENERGY CORPORATION

| Reserved for Future Use | (D) |
|-------------------------|-----|
| | |

ISSUED: October 30, 2009

EFFECTIVE: June 1, 2010

(Issued by Authority of an Order of the Public Service Commission in Case No. 2009-00354).

ISSUED BY: Mark A. Martin-Vice President of Rates & Regulatory Affairs, Kentucky/Mid-States Division

FOR ENTIRE SERVICE AREA
P.S.C. NO. 1
Fourth Revised SHEET No. 48
Canceling
Third Revised SHEET No. 48

ATMOS ENERGY CORPORATION

| Reserved for Future Use |
|-------------------------|
| |

(D)

ISSUED: October 30, 2009

EFFECTIVE: June 1, 2010

(Issued by Authority of an Order of the Public Service Commission in Case No. 2009-00354)

ISSUED BY: Mark A. Martin - Vice President of Rates & Regulatory Affairs, Kentucky/Mid-States Division

FOR ENTIRE SERVICE AREA

P.S.C. NO. 1

Second Revised SHEET No. 49

Canceling

First Revised SHEET No. 49

ATMOS ENERGY CORPORATION

| Reserved for Future Use |
|-------------------------|
| |

(D)

ISSUED: October 30, 2009

EFFECTIVE: June 1, 2010

(Issued by Authority of an Order of the Public Service Commission in Case No. 2009-00354)

ISSUED BY: Mark A. Martin - Vice President of Rates & Regulatory Affairs, Kentucky/Mid-States Division

FOR ENTIRE SERVICE AREA

P.S.C. NO. 1

First Revised Sheet No. 50

Canceling

Original Sheet No. 50

ATMOS ENERGY CORPORATION

| Reserved for Future Use | (D) |
|--------------------------------|------------|
| | |

ISSUED: October 30, 2009

EFFECTIVE: June 1, 2010

(Issued by Authority of an Order of the Public Service Commission in Case No. 2009-00354)

ISSUED BY: Mark A. Martin -Vice President of Rates & Regulatory Affairs, Kentucky/Mid-States Division

ATMOS ENERGY CORPORATION

| Interruptible Transportation Service | |
|--|------------------------------------|
| Rate T-3 | |
| 1. <u>Applicable</u> | |
| Entire service area of the Company to any customer for that portion of the customer's interruptible requirements not included under one of the Company's sales tariffs. | |
| 2. <u>Availability of Service</u> | |
| a) Available to any customer with an expected demand of at least 9,000 Mcf per year, on an individual service at the same premise, who has purchased its own supply of natural gas and require interruptible transportation service by the Company to customer's facilities subject to suitable service being available from existing facilities. (T) | |
| b) The Company may decline to initiate service to a customer under this tariff or to allow a customer receiving service under this tariff to elect any other service provided by the Company, if in the Company's sole judgment, the performance of such service would be contrary to good operating practice or would have a detrimental impact on other customers serviced by the Company. | |
| 3. <u>Net Monthly Rate</u> | |
| In addition to any and all charges assessed by other parties, there will be applied: | |
| a) Base Charge | - \$300.00 per delivery point (I) |
| b) Transportation Administration Fee | - 50.00 per customer per month (N) |
| c) <u>Distribution Charge for Interruptible Service</u> | |
| First 15,000 Mcf | @ \$0.6300 per Mcf (I) |
| Over 15,000 Mcf | @ 0.4100 per Mcf (I) |
| d) Applicable Non-Commodity Components (Sheet No. 6) as calculated in the Company's Gas Cost Adjustment (GCA) filing. | |
| e) Electronic Flow Measurement ("EFM") facilities charge, if applicable (Sheet No. 68). | |
| f) Pipe Replacement Program (PRP) Rider, referenced on Sheet No. 43. (T) | |
| <p style="margin-top: 10px;">All gas consumed by the customer (Sales and transportation; firm and interruptible) will be considered for the purpose of determining whether the volume requirement of 15,000 Mcf has been achieved.</p> | |

ISSUED: October 30, 2009

EFFECTIVE: June 1, 2010

(Issued by Authority of an Order of the Public Service Commission in Case No 2009-00354)

ISSUED BY: Mark A. Martin - Vice President of Rates & Regulatory Affairs, Kentucky/Mid-States Division

ATMOS ENERGY CORPORATION

| Interruptible Transportation Service | |
|--|-----|
| Rate T-3 | |
| <p>4. <u>Net Monthly Bill</u></p> <p>The Net Monthly Bill shall be equal to the sum of the Base Charge, the Transportation Administration Fee, and applicable Distribution Charge and Non-Commodity Component, applicable Pipe Replacement Program charges, and any applicable Electronic Flow Measurement (“EFM”) facilities charges (see Subsection 8 “Special Provisions” of this tariff.)</p> | (T) |
| <p>5. <u>Nominated Volume</u></p> <p>Definition: “Nominated Volume” or “Nomination” – The level of daily volume in Dth as requested by the customer to be transported and delivered by the Company. Such volume nominated by the Customer shall include an allowance for the Company’s system Lost and Unaccounted gas percentage as stated in the Company’s current Transportation tariff Sheet No. 6. The volumes delivered by the Customer to the Company for redelivery to the Customer’s facilities will be reduced to cover the related system Lost and Unaccounted gas quantities.</p> <p>Such nomination request shall be made by the customer to the Company on a periodic basis prior to the nomination deadline of the respective interstate transporter. Such nomination may be adjusted prospectively from time to time during the billing period as may become necessary. However, the Company retains the right to limit the number of nomination adjustments during the billing period. Daily nominations shall not exceed the Customer’s Maximum Daily Quantity (MDQ). Maximum Daily Quantity means the maximum daily volume of gas, as determined by the Company based on Customer’s historical metered volumes, which a Customer under this Rate Schedule will be allowed to nominate and have delivered into the Company’s system for the Customer’s account. In the event historical data is not available, the Company will determine the MDQ based on data provided by the customer. Once historical data becomes available the MDQ will be revised.</p> | (T) |

ISSUED: October 30, 2009

EFFECTIVE: June 1, 2010

(Issued by Authority of an Order of the Public Service Commission in Case No. 2009-00354)

ISSUED BY: Mark A. Martin - Vice President of Rates & Regulatory Affairs, Kentucky/Mid-States Division

ATMOS ENERGY CORPORATION

| Interruptible Transportation Service | |
|---|--|
| Rate T-3 | |
| 6. | <p><u>Imbalances</u></p> <p>The Company will calculate, on a monthly basis, the customer's Imbalance resulting from the differences that occur between the volume that the customer had nominated into the Company's facilities and the volume the Company delivered to the customer's facilities plus an allowance for system Lost and Unaccounted gas quantities.</p> <p style="text-align: center;">Imbalance = $D_{th\ Customer} - D_{th\ Company}$</p> <p>Where:</p> <ol style="list-style-type: none">1. "Dth Customer" are the total volumes that the customer had delivered to the Company's Facilities. Such volumes nominated by the Customer shall include an allowance for the Company's system Lost and Unaccounted gas percentage as stated in the Company's current Transportation tariff Sheet No. 6. (T) 2. "Dth Company" are the volumes the Company delivered into customer's facilities, however, the Company will adjust the Imbalance, if at the Company's request, the customer did not take deliveries of the volumes the customer had delivered to the Company's facilities. <p>The Imbalance volumes will be resolved by use of the following procedure:</p> <ol style="list-style-type: none">a) If the Imbalance is negative and the Imbalance volumes were approved by the Company, then the customer will be billed for the Imbalance volumes at the rates described in the following "cash out" method in item b) (T) <p>If the Imbalance is positive, then the Company will purchase the Imbalance volumes in excess of "parked" volumes from the customer at the rates described in the following "Cash out" method in item (b).</p> |

ISSUED: October 30, 2009

EFFECTIVE: June 1, 2010

(Issued by Authority of an Order of the Public Service Commission in Case No. 2009-00354)

ISSUED BY: Mark A. Martin- Vice President of Rates & Regulatory Affairs, Kentucky/Mid-States Division

ATMOS ENERGY CORPORATION

| Interruptible Transportation Service | | | |
|--|---|--|---|
| Rate T-3 | | | |
| b) "Cash out" Method | | | |
| <u>Imbalance volumes</u> | | <u>Negative Imbalances Cash-out Price</u> | <u>Positive Imbalances Cash-Out Prices</u> |
| First ¹ 5% of Dth Customer | @ | 100% of Index Price ² | @100% of Index Price (T) |
| Next ¹ 5% of Dth Customer | @ | 110% of Index Price ² | @90% of Index Price (T) |
| Over ¹ 10% of Dth Customer | @ | 120% of Index Price ² | @80% of Index Price (T) |
| ¹ Not to exceed the Imbalance volumes | | | |
| ² The index price will equal the effective "Cash out" index price in effect for the transporting pipeline or as filed with the Commission by the Company. | | | |
| c) Customer will be reimbursed for all pipeline transportation commodity charges applying to cash out volumes. However, the reimbursement will not exceed pipeline transportation commodity charges the Company would have incurred to transport the "Cash Out" volumes. | | | |
| d) In addition to other tariff penalty provisions, the customer shall be responsible for any incremental charges assessed by the pipeline(s) and/or suppliers resulting from the customer's failure to match volumes that the customer had delivered to the Company's facilities with volumes the Company delivered into customer's facilities. | | | |
| e) Customer may, by written agreement with the Company, arrange to "park" positive imbalance volumes, up to 10% of "Dth Company", on a monthly basis at \$0.10/Dth per month. The parking service will be provided on a "best efforts" basis by the Company. Parked volumes will be deemed "first through the meter" delivered to the Customer in the month following delivery to the Company on the Customer's account. | | | |
| 7. <u>Curtailment</u> | | | |
| a) The Company shall have the right at any time without liability to the customer to curtail or to discontinue the delivery of gas entirely to the customer for any period of time when such curtailment or discontinuance is necessary to protect the requirements of domestic and commercial customers; to avoid an increased maximum daily demand in the Company's gas purchases; to avoid excessive peak load and demands upon the gas transmission or distribution system; to relieve | | | |

ISSUED: October 30, 2009

EFFECTIVE: June 1, 2010

(Issued by Authority of an Order of the Public Service Commission in Case No. 2009-00354)

ISSUED BY: Mark A. Martin - Vice President of Rates & Regulatory Affairs, Kentucky/Mid-States Division

FOR ENTIRE SERVICE AREA

P.S.C. NO. 1

Second Revised SHEET No. 55

Canceling

First Revised SHEET No. 55

ATMOS ENERGY CORPORATION

Interruptible Transportation Service

Rate T-3

system capacity constraints; to comply with any restriction or curtailment of any governmental agency having jurisdiction over the Company or its supplier or to comply with any restriction or curtailment as may be imposed by the Company's supplier; to protect and insure the operation of the Company's underground storage system; for any causes due to force majeure (which includes acts of God; strikes, lockouts, civil commotion, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, etc.); and for any other necessary or expedient reason at the discretion of the Company.

- b) All curtailments or interruptions shall be in accordance with and subject to the Company's "Curtailment Order" as contained in Section 35 of its Rules and Regulations as filed with and approved by the Public Service Commission.
- c) In the event a customer fails in part or in whole to comply with a Company Curtailment Order either as to time or volume of gas used or uses a greater quantity of gas than its allowed volume under terms of the Curtailment Order, the Company may, at its sole discretion, apply a penalty rate of up to \$15.00 per Dth. In addition to other tariff penalty provisions, the customer shall be responsible for any incremental charges assessed by the pipeline(s) or supplier(s) resulting from the customer's failure to match volumes that the customer had delivered to the Company's facilities with volumes the Company delivered into customer's facilities

(T)

8. Special Provisions

It will be the responsibility of the customer to pay all costs for additional facilities and/or equipment which will be required as a result of receiving service under this Interruptible Transportation Service Rate T-3. Electronic flow measurement ("EFM") equipment is required to be installed, maintained, and operated by the Company to obtain transportation service. The customer is responsible for providing the electric and communications support services related to the EFM equipment. Customers required to install EFM may elect the optional monthly EFM facilities charge (Sheet No. 68). NOTE: Customers utilizing this service as of July 1, 2007, whose contractual requirements with the Company are less than 100 Mcf/day, are not required to have EFM equipment; however, such customers may, at their option, elect to install EFM equipment under the same provisions set forth above.

No gas delivered under this rate schedule and applicable contract shall be available for resale to anyone other than an end-user for use as a motor vehicle fuel.

Refer to Sheet No. 67.1 for the option of participating in a Transportation Pooling Service.

ISSUED: September 9, 2008

EFFECTIVE: June 1, 2010

(Issued by Authority of an Order of the Public Service Commission in Case No. 2009-00354).

ISSUED BY: Mark A. Martin Vice President - Rates & Regulatory Affairs, Kentucky/Mid-States Division

ATMOS ENERGY CORPORATION

| Interruptible Transportation Service |
|---|
| Rate T-3 |
| <p>9. <u>Terms and Conditions</u></p> <ul style="list-style-type: none">a) Specific details relating to volume, delivery point and similar matters may be covered by a separate written contract or amendment with the customer.b) The Company will not be obligated to deliver a total supply of gas to the customer in excess of the customer's maximum daily transportation volumes. The Company has no obligation under this tariff to provide any sales gas to the customer.c) It shall be the customer's responsibility to make all necessary arrangements, including obtaining any regulatory approval required, to deliver gas under this Interruptible Transportation Service Rate to the facilities of the Company.d) The Company reserves the right to refuse to accept gas that does not meet the Company's quality specifications.e) The Rules and Regulations and Orders of the Kentucky Public Service Commission and of the Company and the Company's General Terms and Conditions applicable to the Company's Sales Tariff Rates shall likewise apply to these Transportation Service Rates and all contracts and amendments there under.f) In the event the customer loses its gas supply, it may be allowed a reasonable time in which to secure replacement volumes (up to the contract daily transportation quantity), subject to provisions of Section 5 of this tariff. <p>A "reasonable time" will be, except when precluded by operational constraints, matched to the make-up grace period by the respective interstate pipeline transporter.</p> |

ISSUED: August 9, 2002

EFFECTIVE: June 1, 2010

(Issued by Authority of an Order of the Public Service Commission in Case No. 2009-00354).

ISSUED BY: Mark A. Martin Vice President - Rates & Regulatory Affairs, Kentucky/Mid-States Division

FOR ENTIRE SERVICE AREA

P.S.C. NO. 1

First Revised SHEET No. 57

Canceling

Original SHEET No. 57

ATMOS ENERGY CORPORATION

Interruptible Transportation Service

Rate T-3

g) The customer will be solely responsible to correct, any imbalances it has caused on the applicable pipeline's system.

10. Late Payment Charge

A penalty may be assessed if a customer fails to pay a bill for services by the due date shown on the customer's bill. The penalty may be assessed only once on any bill for rendered services. Any payment received shall first be applied to the bill for service rendered. Additional penalty charges shall not be assessed on unpaid penalty charges.

ISSUED: August 9, 2002

EFFECTIVE: June 1, 2010

(Issued by Authority of an Order of the Public Service Commission in Case No. 2009-00354)

ISSUED BY: Mark A. Martin Vice President - Rates & Regulatory Affairs, Kentucky/Mid-States Division

ATMOS ENERGY CORPORATION

| Interruptible Transportation Service |
|--|
| Rate T-3 |
| <p>11. <u>Alternative Fuel Responsive Flex Provisions</u></p> <p>Notwithstanding any other provision of this tariff, the Company may, periodically, flex the applicable Distribution Charge on a customer specific basis if, a customer presents sufficient reliable and persuasive information to satisfactorily prove to the Company that alternative fuel, usable by the customer's facility, is readily available, in both advantageous price and adequate quantity, to completely or materially displace the gas service that would otherwise be facilitated by this tariff. The customer shall submit the appropriate information by affidavit on a form on file with the Commission and provided by the Company. The Company may require additional information to evaluate the merit of the flex request.</p> <p>Pursuant to this Section, the Company may flex the otherwise applicable transportation rate to allow the delivered cost of gas to approximate the customer's total cost, including handling and storage charges, of available alternative fuel. The minimum flexed rate shall be the non-commodity component of the customer's otherwise applicable rate.</p> <p>The Company will not flex for volumes which, if delivered, would exceed either (1) the current operable alternative fuel fired capability of the customer's facilities, or (2) the energy equivalent of the quantity of alternative fuel available to the customer, whichever is less. The Company reserves the right to confirm, to its satisfaction, the customer's alternative fuel capability and the reasonableness of the represented price and quantity of available alternative fuel.</p> |

ISSUED: August 9, 2002

EFFECTIVE: June 1, 2010

(Issued by Authority of an Order of the Public Service Commission in Case No. 2009-00354)

ISSUED BY: Mark A. Martin Vice President -Rates & Regulatory Affairs, Kentucky/Mid-States Division

ATMOS ENERGY CORPORATION

| Firm Transportation Service | | | | | | | | | | | | | | | | | | | | | | |
|--|--------|-----|-----|----------|----------|---------|-----|------|--------|-----|---|--------|---------|-----|------|--------|-----|---|--------|---------|-----|--|
| Rate T-4 | | | | | | | | | | | | | | | | | | | | | | |
| <p>1. <u>Applicable</u></p> <p>Entire Service Area of the Company to any customer for that portion of the customer's firm requirements not included under one of the Company's sales tariffs.</p> <p>2. <u>Availability of Service</u></p> <p>a) Available to any customer with an expected demand of at least 9,000 Mcf per year, on an individual service at the same premise, who has purchased its own supply of natural gas and require firm transportation service by the Company to customer's facilities subject to suitable service being available from existing facilities.</p> <p>b) The Company may decline to initiate service to a customer under this tariff or to allow a customer receiving service under this tariff to elect any other service provided by the Company, if in the Company's sole judgment, the performance of such service would be contrary to good operating practice or would have a detrimental impact on other customers serviced by the Company.</p> <p>3. <u>Net Monthly Rate</u></p> <p>In addition to any and all charges assessed by other parties, there will be applied:</p> <p>a) Base Charge - \$300.00 per delivery point (I)</p> <p>b) Transportation Administration Fee - 50.00 per customer per month (N)</p> <p>c) <u>Distribution Charge for Firm Service</u></p> <table style="width: 100%; border: none;"> <tr> <td style="padding-left: 20px;">First</td> <td style="padding-left: 20px;">300</td> <td style="padding-left: 20px;">Mcf</td> <td style="padding-left: 20px;">@</td> <td style="padding-left: 20px;">\$1.1000</td> <td style="padding-left: 20px;">per Mcf</td> <td style="text-align: right;">(D)</td> </tr> <tr> <td style="padding-left: 20px;">Next</td> <td style="padding-left: 20px;">14,700</td> <td style="padding-left: 20px;">Mcf</td> <td style="padding-left: 20px;">@</td> <td style="padding-left: 20px;">0.7700</td> <td style="padding-left: 20px;">per Mcf</td> <td style="text-align: right;">(I)</td> </tr> <tr> <td style="padding-left: 20px;">Over</td> <td style="padding-left: 20px;">15,000</td> <td style="padding-left: 20px;">Mcf</td> <td style="padding-left: 20px;">@</td> <td style="padding-left: 20px;">0.5000</td> <td style="padding-left: 20px;">per Mcf</td> <td style="text-align: right;">(I)</td> </tr> </table> <p>d) Applicable Non-Commodity Components (Sheet No. 6) as calculated in the Company's Gas Cost Adjustment (GCA) filing.</p> <p>e) Electronic Flow Measurement ("EFM") facilities charges, if applicable (Sheet No. 68).</p> <p>f) Pipe Replacement Program (PRP) Rider, referenced on Sheet No. 43. (T)</p> <p style="margin-top: 20px;">All gas consumed by the customer (sales and transportation; firm and interruptible) will be considered for the purpose of determining whether the volume requirement of 15,000 Mcf has been achieved. (T)</p> | First | 300 | Mcf | @ | \$1.1000 | per Mcf | (D) | Next | 14,700 | Mcf | @ | 0.7700 | per Mcf | (I) | Over | 15,000 | Mcf | @ | 0.5000 | per Mcf | (I) | |
| First | 300 | Mcf | @ | \$1.1000 | per Mcf | (D) | | | | | | | | | | | | | | | | |
| Next | 14,700 | Mcf | @ | 0.7700 | per Mcf | (I) | | | | | | | | | | | | | | | | |
| Over | 15,000 | Mcf | @ | 0.5000 | per Mcf | (I) | | | | | | | | | | | | | | | | |

ISSUED: October 30, 2009

EFFECTIVE: June 1, 2010

(Issued by Authority of an Order of the Public Service Commission in Case No. 2009-00354)

ISSUED BY: Mark A. Martin - Vice President of Rates & Regulatory Affairs, Kentucky/Mid-States Division

TARIFFS PART 3

ATMOS ENERGY CORPORATION

| Firm Transportation Service | |
|--|-----------------------|
| Rate T-4 | |
| <p>4. <u>Net Monthly Bill</u></p> <p>The Net Monthly Bill shall be equal to the sum of the Base Charge, the Transportation Administration Fee, and applicable Distribution Charge and Non-Commodity Component, applicable Pipe Replacement Program charges, and any applicable Electronic Flow Measurement (“EFM”) facilities charges (see subsection 8 “Special Provisions” of this tariff.)</p> | <p>(T)</p> |
| <p>5. <u>Nominated Volume</u></p> <p>Definition: “Nominated Volume” or “Nomination” – The level of daily volume in Dth as requested by the customer to be transported and delivered by the Company. Such volume nominated by the Customer shall include an allowance for the Company’s system Lost and Unaccounted gas percentage as stated in the Company’s current Transportation tariff Sheet No. 6. The volumes delivered by the Customer to the Company for redelivery to the Customer’s facilities will be reduced to cover the related system Lost and Unaccounted gas quantities.</p> <p>Such nomination request shall be made by the customer to the Company on a periodic basis prior to the nomination deadline of the respective interstate transporter. Such nomination may be adjusted prospectively from time to time during the billing period as may become necessary. However, the Company retains the right to limit the number of nomination adjustments during the billing period. Daily nominations shall not exceed the Customer’s Maximum Daily Quantity (MDQ). Maximum Daily Quantity means the maximum daily volume of gas, as determined by the Company based on Customer’s historical metered volumes, which a Customer under this Rate Schedule will be allowed to nominate and have delivered into the Company’s system for the Customer’s account. In the event historical data is not available, the Company will determine the MDQ based on data provided by the customer. Once historical data becomes available the MDQ will be revised.</p> | <p>(T)</p> <p>(T)</p> |

ISSUED: October 30, 2009

EFFECTIVE: June 1, 2010

(Issued by Authority of an Order of the Public Service Commission in Case No. 2009-00354)

ISSUED BY: Mark A. Martin - Vice President of Rates & Regulatory Affairs, Kentucky/Mid-States Division

ATMOS ENERGY CORPORATION

Firm Transportation Service

Rate T-4

6. Imbalances

The Company will calculate, on a monthly basis, the customer's Imbalance resulting from the differences that occur between the volume that the customer had nominated into the Company's facilities and the volume the Company delivered to the customer's facilities plus an allowance for system Lost and Unaccounted gas quantities.

$$\text{Imbalance} = \text{Dth}_{\text{Customer}} - \text{Dth}_{\text{Company}}$$

Where:

1. "Dth_{Customer}" are the total volumes that the customer had delivered to the Company's Facilities. Such volumes nominated by the Customer shall include an allowance for the Company's system Lost and Unaccounted gas percentage as stated in The Company's current Transportation tariff Sheet No. 6.
2. "Dth_{Company}" are the volumes the Company delivered into customer's facilities, however, the Company will adjust the Imbalance, if at the Company's request, the customer did not take deliveries of the volumes the customer had delivered to the Company's facilities.

The Imbalance volumes will be resolved by use of the following procedure:

- a) If the Imbalance is negative and the Imbalance volumes were approved by the Company, then the customer will be billed for the Imbalance volumes at the rates described in the following "cash out" method in item b). (T)

If the Imbalance is positive, then the Company will purchase the Imbalance volumes in excess of "parked" volumes from the customer at the rates described in the following "Cash out" method in item (b).

ISSUED: October 30, 2009

EFFECTIVE: June 1, 2010

(Issued by Authority of an Order of the Public Service Commission in Case No.2009-00354)

ISSUED BY: Mark A. Martin - Vice President of Rates & Regulatory Affairs, Kentucky/Mid-States Division

ATMOS ENERGY CORPORATION

| Firm Transportation Service | | | |
|--|------------------------------------|----------------------------|-----|
| Rate T-4 | | | |
| b) "Cash out" Method | | | |
| <u>Imbalance volumes</u> | <u>Negative Imbalances</u> | <u>Positive Imbalances</u> | |
| | <u>Cash-out Price</u> | <u>Cash-Out Prices</u> | |
| First 5% of Dth Customer | @ 100% of Index Price ² | @100% of Index Price | (T) |
| Next 5% of Dth Customer | @ 110% of Index Price ² | @90% of Index Price | (T) |
| Over 10% of Dth Customer | @ 120% of Index Price ² | @80% of Index Price | (T) |
| ¹ Not to exceed the Imbalance volumes | | | |
| ² The index price will equal the effective "Cash out" index price in effect for the transporting pipeline or as filed with the Commission by the Company. | | | |
| c) Customer will be reimbursed for all pipeline transportation commodity charges applying to cash out volumes. However, the reimbursement will not exceed pipeline transportation commodity charges the Company would have incurred to transport the "Cash Out" volumes. | | | |
| d) In addition to other tariff penalty provisions, the customer shall be responsible for any incremental charges assessed by the pipeline(s) or supplier(s) resulting from the customer's failure to match volumes that the customer had delivered to the Company's facilities with volumes the Company delivered into customer's facilities. | | | |
| e) Customer may, by written agreement with the Company, arrange to "park" positive imbalance volumes, up to 10% of "Dth Company", on a monthly basis at \$0.10/Dth per month. The parking service will be provided on a "best efforts" basis by the Company. Parked volumes will be deemed "first through the meter" delivered to the Customer in the month following delivery to the Company on the Customer's account. | | | |

ISSUED: October 30, 2009

EFFECTIVE: June 1, 2010

(Issued by Authority of an Order of the Public Service Commission in Case No. 2009-00354)

ISSUED BY: Mark A. Martin - Vice President of Rates & Regulatory Affairs, Kentucky/Mid-States Division

FOR ENTIRE SERVICE AREA

P.S.C. NO. 1

Second Revised SHEET No. 63

Canceling

First Revised SHEET No. 63

ATMOS ENERGY CORPORATION

Firm Transportation Service

Rate T-4

7. Curtailement

- a) All curtailments or interruptions shall be in accordance with and subject to the Company's "Curtailement Order" as contained in Section 35 of its Rules and Regulations as filed with and approved by the Public Service Commission and for any causes due to force majeure (which includes acts of God; strikes, lockouts, civil commotion, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, etc.); and for any other necessary or expedient reason at the discretion of the Company.
- b) In the event a customer fails in part or in whole to comply with a Company Curtailement Order either as to time or volume of gas used or uses a greater quantity of gas than its allowed volume under terms of the Curtailement Order, the Company may, at its sole discretion, apply a penalty rate of up to \$15.00 per Dth. In addition to other tariff penalty provisions, the customer shall be responsible for any incremental charges assessed by the pipeline(s) or supplier(s) resulting from the customer's failure to match volumes that the customer had delivered to the Company's facilities with volumes the Company delivered into customer's facilities

(T)

8. Special Provisions

It will be the responsibility of the customer to pay all costs for additional facilities and/or equipment which will be required as a result of receiving service under this Firm Transportation Service Rate T-4. Electronic flow measurement ("EFM") equipment is required to be installed, maintained, and operated by the Company to obtain transportation service. The customer is responsible for providing the electric and communications support services related to the EFM equipment. Customers required to install EFM may elect the optional monthly EFM facilities charges (Sheet No. 68). NOTE: Customers utilizing this service as of July 1, 2007, whose contractual requirements with the Company are less than 100 Mcf/day, are not required to have EFM equipment; however, such customers may, at their option, elect to install EFM equipment under the same provisions set forth above.

No gas delivered under this rate schedule and applicable contract shall be available for resale to anyone other than an end-user for use as a motor vehicle fuel.

Refer to Sheet No. 67.1 for the option of participating in a Transportation Pooling Service.

ISSUED: October 30, 2009

EFFECTIVE: June 1, 2010

(Issued by Authority of an Order of the Public Service Commission in Case No. 2009-00354)

ISSUED BY: Mark A. Martin - Vice President of Rates & Regulatory Affairs, Kentucky/Mid-States Division

FOR ENTIRE SERVICE AREA
P.S.C. NO. 1
First Revised SHEET No. 64
Canceling
Original SHEET No. 64

ATMOS ENERGY CORPORATION

| Firm Transportation Service |
|---|
| Rate T-4 |
| <p>9. <u>Terms and Conditions</u></p> <ul style="list-style-type: none">a) Specific details relating to volume, delivery point and similar matters may be covered by a separate written contract or amendment with the customer.b) The Company will not be obligated to deliver a total supply of gas to the customer in excess of the customer's maximum daily transportation volumes. The Company has no obligation under this tariff to provide any sales gas to the customer. (T)c) It shall be the customer's responsibility to make all necessary arrangements, including obtaining any regulatory approval required, to deliver gas under this Firm Transportation Service Rate to the facilities of the Company.d) The Company reserves the right to refuse to accept gas that does not meet the Company's quality specifications.e) The Rules and Regulations and Orders of the Kentucky Public Service Commission and of the Company and the Company's General Terms and Conditions applicable to the Company's Sales Tariff Rates shall likewise apply to these Transportation Service Rates and all contracts and amendments there under.f) In the event the customer loses its gas supply, it may be allowed a reasonable time in which to secure replacement volumes (up to the contract daily transportation quantity), subject to provisions of Section 5 of this tariff. A "reasonable time" will be, except when precluded by operational constraints, matched to the make-up grace period by the respective interstate pipeline transporter.g) The customer will be solely responsible to correct, or cause to be corrected, any imbalances it has caused on the applicable pipeline's system. |

ISSUED: October 30, 2009

EFFECTIVE: June 1, 2010

(Issued by Authority of an Order of the Public Service Commission in Case No. 2009-00354).

ISSUED BY: Mark A. Martin - Vice President of Rates & Regulatory Affairs, Kentucky/Mid-States Division

FOR ENTIRE SERVICE AREA
P.S.C. NO. 1
First Revised SHEET No. 65
Canceling
Original SHEET No. 65

ATMOS ENERGY CORPORATION

| Firm Transportation Service |
|---|
| Rate T-4 |
| <p>10. <u>Late Payment Charge</u></p> <p>A penalty may be assessed if a customer fails to pay a bill for services by the due date shown on the customer's bill. The penalty may be assessed only once on any bill for rendered services. Any payment received shall first be applied to the bill for service rendered. Additional penalty charges shall not be assessed on unpaid penalty charges.</p> |
| <p>11. <u>Alternative Fuel Responsive Flex Provision</u></p> <p>Notwithstanding any other provision of this tariff, the Company may, periodically, flex the applicable Distribution Charge on a customer specific basis if, a customer presents sufficient reliable and persuasive information to satisfactorily prove to the Company that alternative fuel, usable by the customer's facility, is readily available, in both advantageous price and adequate quantity, to completely or materially displace the gas service that would otherwise be facilitated by this tariff. The customer shall submit the appropriate information by affidavit on a form on file with the Commission and provided by the Company. The Company may require additional information to evaluate the merit of the flex request.</p> <p>Pursuant to this Section, the Company may flex the otherwise applicable transportation rate to allow the delivered cost of gas to approximate the customer's total cost, including handling and storage charges, of available alternative fuel. The minimum flexed rate shall be the non-commodity component of the customer's otherwise applicable rate.</p> <p>The Company will not flex for volumes which, if delivered, would exceed either (1) the current operable alternative fuel fired capability of the customer's facilities, or (2) the energy equivalent of the quantity of alternative fuel available to the customer, whichever is less. The Company reserves the right to confirm, to its satisfaction, the customer's alternative fuel capability and the reasonableness of the represented price and quantity of available alternative fuel.</p> |

ISSUED: October 30, 2009

EFFECTIVE: June 1, 2010

(Issued by Authority of an Order of the Public Service Commission in Case No. 2009-0354)

ISSUED BY: Mark A. Martin - Vice President of Rates & Regulatory Affairs, Kentucky/Mid-States Division

ATMOS ENERGY CORPORATION

| Alternate Receipt Point Service |
|---|
| Rate T-5 |
| <p>The administrative fee is waived if, during the month, the Alternate Receipt Point represents the only point of receipt utilized by the customer.</p> |
| <p>4. <u>Imbalances</u></p> <ul style="list-style-type: none">a) Volumes delivered by the Company under the Alternate Receipt Point service may be subjected to imbalance restrictions additional to those specified in the transportation (Rate T-3 or Rate T-4) tariffs. (T)b) Parking allowances for volumes delivered under the Alternate Receipt Point service may be limited or restricted altogether, at the Company's judgment. |
| <p>5. <u>Terms and Conditions</u></p> <ul style="list-style-type: none">a) Volumes under the Alternate Receipt Point service are received for redelivery by the Company on a strictly interruptible basis.b) The Company is not responsible for any costs incurred by the customer in its arrangement for gas supply or capacity to the Alternate Receipt Point.c) Specific details relating to volume, receipt point(s) and similar matters shall be covered by a separate written contract or amendment with the customer.d) Other than provisions referenced herein, or as more specifically set forth in the contract or amendment with the customer, all provisions of the customer's transportation (Rate T-3 or Rate T-4) tariffs shall apply. (T) |

ISSUED: October 30, 2009

EFFECTIVE: June 1, 2010

(Issued by Authority of an Order of the Public Service Commission in Case No. 2009-0354)

ISSUED BY: Mark A. Martin - Vice President of Rates & Regulatory Affairs, Kentucky/Mid-States Division

FOR ENTIRE SERVICE AREA
P.S.C. NO. 1
First Revised SHEET No. 67.1
Canceling
Original SHEET No. 67.1

ATMOS ENERGY CORPORATION

| Transportation Pooling Service | (T) |
|--|-----|
| Rate T-6 | |
| <p>1. <u>Applicable</u></p> <p>Entire service area of the Company to any customer, subject to limitations noted below, for that portion of the customer's transportation service (Rate T-3 or Rate T-4) requirements.</p> | |
| <p>2. <u>Terms and Conditions</u></p> <p>a) For the purpose of this section, a Pool Manager is defined as an entity which has been appointed by a customer or group of customers served under this rate schedule to perform the functions and responsibilities of requesting information, nominating supply, and other related duties. The Pool Manager shall have all of the rights under this Transportation Pooling Service and the companion rate schedules (i.e. T-3, T-4) as does a Customer transporting gas supply. (T)</p> <p>b) The Pool Manager will be responsible for arranging for volumes of transportation gas to meet the daily and monthly requirements of customers in the pool. The cash out provisions and/or any daily scheduling provisions of rate schedule T-4 shall be applied against the aggregate volume of all customers in a specific pool. The Pool Manager will be responsible for the payment of any monthly cash out payments, scheduling fees and any penalties incurred by a specific pool.</p> <p>c) The Company, at its sole discretion, shall establish pooling areas by Connecting Pipeline, Pipeline zone, Company receipt point, geographic area, operational area, companion rate schedule (i.e. T-3 and T-4), administrative or other appropriate parameters. (T)</p> <p>d) No customer shall participate in a Pool that does not individually meet the availability conditions of this rate schedule or the applicable T-3 or T-4 tariffs, and no customer shall participate in more than one pool concurrently. Customers must have EFM and must utilize the Company's electronic nomination system to qualify for this pooling service. (T)</p> <p>e) To receive service hereunder, the Pool Manager shall enter into a Pool Management Agreement with Company and shall submit an Agency Authorization Form for each member of the pool, signed by both Customer and its Pool Manager.</p> <p>f) The Pool Manager shall submit a signed Pool Management Agreement and an Agency Authorization Form for each member of the pool at least 30 days prior to the beginning of a billing period when service under this rate schedule shall commence. A customer who terminates service under this rate schedule or who desires to change Pool Managers shall likewise provide Company with a written notice at least 30 days prior to the end of a billing period.</p> | |

ISSUED: October 30, 2009

EFFECTIVE: June 1, 2010

(Issued by Authority of an Order of the Public Service Commission in Case No. 2009-00354)

ISSUED BY: Mark A. Martin - Vice President of Rates & Regulatory Affairs, Kentucky/Mid-States Division

FOR ENTIRE SERVICE AREA

P.S.C. NO. 1

First Revised SHEET No. 67.2

Canceling

Original SHEET No. 67.2

ATMOS ENERGY CORPORATION

Transportation Pooling Service

Rate T-6

(T)

- g) The Pool Manager shall upon request of the Company agree to maintain a cash deposit, a surety bond, an irrevocable letter of credit, or such other financial instrument satisfactory to Company in order to assure the Pool Manager's performance of its obligations under the Pool Management Agreement. In determining the level of the deposit, bond, or other surety to be required of the Pool Manager, the Company shall consider such factors, including, but not limited to, the following: the volume of natural gas to be transported on behalf of the Pool members, the general credit worthiness of the Pool Manager, and the Pool Managers prior credit record with the Company, if any. In the event that the Pool Manager defaults on its obligations under this rate schedule or the Pool Management Agreement, the company shall have the right to use such cash deposit, or proceeds from such bond, irrevocable letter of credit, or other financial instrument to satisfy the Pool Manager's obligation hereunder. Specific terms and conditions regarding credit requirements shall be included in the Pool Management Agreement. Such credit requirements shall be administered by the Company in a non-discriminatory manner, and such credit requirements may change as the requirements of the pool change.
- h) The Pool Manager shall notify the Company in writing of any changes in the composition of the pool at least 30 days prior to the beginning of the first billing period that would apply to the modified pool.
- i) The Pool Management Agreement will be terminated by the Company upon 30 days written notice if a Pool Manager fails to meet any condition of this rate schedule. The Pool Management Agreement will also be terminated by the Company upon 30 days written notice if the Pool Manager has payments in arrears. Written notice of termination of the Pool Management Agreement shall be provided both to the Pool Manager and to the individual members of the pool by the Company.
- j) Company shall directly bill the Pool Manager for the monthly cash out charges, penalties, or other payments contained in this rate schedule. The monthly bill will be due and payable on the date it is issued. A charge of five percent (5%) may be added to the amount of any bill remaining unpaid at the close of the first business day after fifteen (15) days following such date of issue.
- k) Company shall directly bill the individual customers in the pool for all charges as specified in their contract in accordance with the tariff under which their service is provided.

ISSUED: October 30, 2009

EFFECTIVE: June 1, 2010

(Issued by Authority of an Order of the Public Service Commission in Case No. 2009-00354)

ISSUED BY: Mark A. Martin - Vice President of Rates & Regulatory Affairs, Kentucky/Mid-States Division

ATMOS ENERGY CORPORATION

Rules and Regulations

- a) After having first obtained a test from the Company, any customer of the Company may request a meter test by the Commission upon written application. Such request shall not be made more frequently on one (1) meter than once each twelve (12) months.

14. Access to Property

The Company shall at all reasonable hours have access to meters, service connections and other property owned by it and located on customer's premises for purposes of installation, maintenance, meter reading, operation, replacement or removal of its property at the time service is to be terminated. Any employee of the Company whose duties require them to enter a customer's premises will wear a distinguishing uniform or other insignia, identifying him as an employee of the Company, or show a badge or other identification which will identify him as an employee of the Company.

15. Service Lines

When Company initiates service to a new Residential or Commercial Customer, Company will install, own, operate and maintain the service line at the premises of Residential and Commercial Customers, if such premises are not connected to a Company main by a service line. With respect to Residential and Commercial Customers that occupy premises already connected to a Company main by a service line, Company shall be responsible for operating and maintaining the service line from the main to the meter. The Company will own the service line from the main to the property line while the Customer will own the service line from the property line to the meter ("customer-owned service line"). When the Company determines that replacement of customer-owned service line is necessary, Company shall be responsible for installing and maintaining the service line from the main to the meter and shall thereafter own the service line from the main to the meter. If it becomes necessary for Company to replace a service line, Company shall use its best efforts to replace the line, during normal working hours and as soon as practical, after Company is made aware of the need for the replacement of the service line.

(T)

ISSUED: October 30, 2009

EFFECTIVE: June 1, 2010

(Issued by Authority of an Order of the Public Service Commission in Case No. 2009-00354).

ISSUED BY: Mark A. Martin - Vice President of Rates & Regulatory Affairs, Kentucky/Mid-States Division

ATMOS ENERGY CORPORATION

Rules and Regulations

16. Assignment of Contract

The benefits and obligations of any service application or contract shall begin when the Company commences to supply gas service. It shall insure to and be binding upon the successors and assigns, survivors and executors or administrators, as the case may be, of the original parties thereto, respectively, for the full term thereof. However, no application, agreement or contract for service may be assigned or transferred without the written consent or approval of the Company.

(T)

When the gas supply has been disconnected for non-payment of bills or other violation of the Company's Rules and Regulations the service will not be restored at the same location, or connected at another location, for the same or related occupants under a different contract or name when it is evident the change of name is a subterfuge designed to defraud or penalize the Company.

17. Renewal of Contract

If, upon the expiration of any service contract for a specified term, the customer continues to use the service, the contract (unless otherwise provided therein) will be automatically renewed and extended for successive periods of one year each, subject to termination at the end of any year upon thirty (30) days written notice by either Party.

(T)

18. Turning Off Gas Service and Restoring Same

The gas service may be turned off at the meter when justified by the customer or his agent or any constituted authorities but no person, unless in the employ of the Company or having permission from the Company, shall turn the gas on or restore service.

(T)

19. Special Rules for Customers Serviced from Transmission Mains

In addition to the Standard Rules and Regulations the following special Rules and Regulations shall apply to all customers served directly from a high pressure transmission main which is the property of the Company or one of its suppliers:

(T)

- a) All service connections to a high pressure transmission line shall be subject to the special requirements, consent and approval of the owner of said line. In case the connection is to a line not the property of the Company, proper approval must be obtained from both the owner and the Company.

ISSUED: October 30, 2009

EFFECTIVE: June 1, 2010

(Issued by Authority of an Order of the Public Service Commission in Case No. 2009-00354).

ISSUED BY: Mark A. Martin - Vice President of Rates & Regulatory Affairs, Kentucky/Mid-States Division

FOR ENTIRE SERVICE AREA
P.S.C. NO. 1
First Revised SHEET No. 87
Canceling
Original SHEET No. 87

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Rules and Regulations

- b) An applicant may be required to execute a special form application and service contract or agreement acceptable to both the owner of the transmission line and the Company prior to the time the tap or connection is made. If the transmission line is owned by the Company only the approval and acceptance of the Company is necessary.
- c) All meters, regulators, equipment and connections necessary to serve the customer from a high pressure transmission line shall be installed on the customer's premises at or as near the transmission line as is practical.
- d) Suitable site or location for the equipment owned by the Company or the owner of the line will be provided and furnished by the customer without any expense to the Company or owner of the line. The Company or owner of the line will have the right of ingress, egress and regress to and from this location at any time without any expense or charges from the customer.
- e) The customer's piping extending from the outlet of the meter shall be installed and maintained by the customer at his expense.
- f) The customer shall notify the Company promptly of any leaks in the transmission line or equipment, also, of any hazards or damages to same.
- g) Customers may be required to send in monthly meter readings to the Company on suitable forms provided by the Company.

20. Owners Consent

In case the customer is not the owner of the premises where service is to be provided, it will be the customer's responsibility to obtain from the property owner or owners the necessary consent to install and maintain in or on said premises all such piping and other equipment as are required or necessary for supplying gas service to the customer whether the piping and equipment be the property of the customer or the Company.

The Company will not require a prospective customer to obtain easements or rights-of-way on property not owned by the prospective customer as a condition for providing service. The cost of obtaining easements or rights-of-way will be included in the total per foot cost of an extension, and will be apportioned according to Section 29 in these Rules and Regulations.

(T)

ISSUED: October 30, 2009
(Issued by Authority of an Order of the Public Service Commission in Case No. 2009-00354).

EFFECTIVE: June 1, 2010

ISSUED BY: Mark A. Martin - Vice President of Rates & Regulatory Affairs, Kentucky/Mid-States Division

FOR ENTIRE SERVICE AREA
P.S.C. NO. 1
First Revised SHEET No. 88
Canceling
Original SHEET No. 88

ATMOS ENERGY CORPORATION

Rules and Regulations

21 Customer's Equipment and Installation

- a) In addition to the customer-owned service line, if any, the customer shall furnish, install and maintain at his expense the necessary piping downstream from the meter, including but not limited to house piping, connections and appliances. It shall also be the responsibility of the customer to install and maintain same in accordance with the requirements and specification of all local, state and national codes and regulations applicable to his specific usage and occupancy. (T)
- b) All of the piping, connections and appliances shall be suitable for the purposes thereof and shall be maintained by the customer at his expense at all time in a good, safe and serviceable condition.
- c) The Company will inspect the condition of the meter and service connection before making service connections to a new customer so that prior or fraudulent use of the facilities will not be attributed to the new customer. The new customer will be afforded the opportunity to be present at such inspections. The Company will not be required to render service to any customer until any defects in the customer-owned portion of the service facilities have been corrected. (T)
- d) The Company will not assume any responsibility and will not be held liable in any way for the making of any periodic inspection of the customer's piping downstream of the meter including but not limited to house piping, connections and appliances, or for the customer's failure to properly and safely install, operate and maintain same. (T)

22. Company's Equipment and Installation

The Company will furnish, install and maintain at its expense the necessary meter, regulator and connections. The Company's equipment will be located at or near the main, service connection, property line, near or in the building, at the discretion or judgment of the Company. Whenever practical, in the judgement of the Company, the location will be as near the supply main as possible and outside of buildings. A suitable site or location for the meter, regulator and connections shall be provided by the customer at no cost to the Company. The title to this equipment shall remain in the Company, with the right to install, operate, maintain and remove same, and no charge shall be made by the customer for use of the premises as occupied or used.

ISSUED: October 30, 2009

EFFECTIVE: June 1, 2010

(Issued by Authority of an Order of the Public Service Commission in Case No. 2009-00354).

ISSUED BY: Mark A. Martin - Vice President of Rates & Regulatory Affairs, Kentucky/Mid-States Division

ATMOS ENERGY CORPORATION

| Rules and Regulations | |
|--|-----|
| <p>23. <u>Protection of Company's Property</u></p> <p>All meters, piping and other appliances and equipment furnished by or at the expense of the Company, which may at any time be in or on customer's premises shall, unless otherwise expressly provided herein, be and remain the property of the Company. The customer shall protect such property from loss or damage.</p> | (T) |
| <p>24. <u>Customer's Liability</u></p> <p>The customer shall assume all responsibility for the gas service in or on the customer's premises, at and from the point of delivery of gas, and for all piping, appliances and equipment used in connection therewith which are not the property of the Company. The customer will protect and save the Company harmless from all claims for injury or damage to persons or property occurring on the customer's premises or at and from the point of delivery of gas occasioned by such gas or gas service and equipment, except where said injury or damage will be shown to have been caused solely by the negligence of the Company.</p> | (T) |
| <p>25. <u>Notice of Escaping Gas or Unsafe Conditions</u></p> <p>Immediate notice must be given by the customer to the Company if any escaping gas or unsafe conditions are detected or any defects or improper installations are discovered in piping and equipment of either the Company or the customer which are on the customer's premises.</p> <p>No flames or lights are to be taken near any escape of gas and the gas must be shut-off at the meter cock or valve until the hazard is eliminated and the gas service is not to be turned on again except by a Company employee.</p> <p>The Company will not be responsible or assume any liability for any injury, loss or damage which may arise from the carelessness or negligence of the customer or his agent or representatives.</p> | (T) |
| <p>26. <u>Special Provisions – Large Volume Customers</u></p> <p>Industrial, Commercial or other customers using large volumes of gas on a varying basis shall install and maintain at their expense adequate piping and suitable regulating and control equipment to provide reasonable and practical limitation of intermittence or fluctuation in the pressure, volume or flow of gas. The customer shall so regulate and control their operations and use of gas so as not to interfere with gas service being furnished to them or to any other customers, or with the proper and accurate metering of gas at their or any other location.</p> | (T) |

ISSUED: October 30, 2009

EFFECTIVE: June 1, 2010

(Issued by Authority of an Order of the Public Service Commission in Case No. 2009-00354).

ISSUED BY: Mark A. Martin - Vice President of Rates & Regulatory Affairs, Kentucky/Mid-States Division

FOR ENTIRE SERVICE AREA
P.S.C. NO. 1
First Revised SHEET No. 90
Canceling
Original SHEET No. 90

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27. Exclusive Service

(T)

Except in cases where the customer has a special contract with the Company for reserve or auxiliary service, no other fuel service shall be used by the customer on the same installation in conjunction with the Company's service connection, either by means of valves or any other connection.

The customer shall not sell the gas purchased from the Company to any other customer, company, or person. The customer shall not deliver gas purchased from the Company to any connection wherein said gas is to be used off of customer's premises or by persons over whom customer has no control.

(T)

28. Point of Delivery of Gas

The point of delivery of gas supplied by the Company shall be at the point where the gas passes from the pipes of the Company's service connection into the customer-owned service line, if any, or the outlet of the meter, whichever is nearest the delivery main of the Company.

(T)

29. Distribution Main Extensions

- a) The Company will extend an existing distribution main up to one hundred (100) feet for each single customer provided the following criteria is met:
- 1) The existing main is of sufficient capacity to properly supply the additional customer(s);
 - 2) Provided that the customer(s) contracts to use gas on a continuous basis for one (1) year or more; and,
 - 3) Provided the potential consumption and revenue will be of such amount and permanence as to warrant the capital expenditures involved to make the investment economically feasible.

ISSUED: October 30, 2009

EFFECTIVE: June 1, 2010

(Issued by Authority of an Order of the Public Service Commission in Case No. 2009-00354).

ISSUED BY: Mark A. Martin - Vice President of Rates & Regulatory Affairs, Kentucky/Mid-States Division

FOR ENTIRE SERVICE AREA
P.S.C. NO. 1
First Revised SHEET No. 91
Canceling
Original SHEET No. 91

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- b) Whenever an extension exceeds one hundred (100) feet per customer, the Company will enter into an agreement with the customer(s) or subscriber(s). The agreement will provide for the extension on a cost per foot basis with the additional amount to be deposited with the Company by the customer(s) or subscriber(s). The agreement will contain provisions for a proportionate and equitable refund in the event other customers are connected to the extension within a ten (10) year period. Refunds shall be made only after the customer(s) has used gas service for a minimum continuous period of one (1) year. The Company reserves the right to determine the length of the extension, to specify the pipe size and location of the extension, and to construct the extension in accordance with its standard practices. Title to all extensions covered by agreements shall be and remain in the Company and in no case shall the amount of any refunds exceed the original deposit. Any further or lateral extension shall be treated as a new and separate extension.
- c) Nothing contained herein shall be construed as to prohibit the Company from making at its expense greater extensions to its distribution mains or the granting of more favorable and/or different terms in addition to those herein prescribed should its judgement so dictate, provided like extensions are made for other customers or subscribers under similar conditions.

30. Service Line Extensions

When the length of a service line is 100 feet or less, and the customer has agreed to use natural gas as its major source of energy, Company will assess no charge for the service line installation. A customer's major source of energy is defined as its primary energy source for heating the premises. If the Customer will not be using natural gas as its major energy source, the Customer may be required to contribute a portion of the cost of the service line in the form of a contribution in aid of construction. This amount will vary depending upon the installed appliances but will not exceed the Company's annual average cost of a service line. When the length of a service line exceed the 100 feet, Company may require Customer to contribute toward the cost of the service line installation an amount equal to the estimated cost per foot for each lineal foot of service line beyond the 100 feet.

(T)

ISSUED: October 30, 2009

EFFECTIVE: June 1, 2010

(Issued by Authority of an Order of the Public Service Commission in Case No. 2009-00354).

ISSUED BY: Mark A. Martin - Vice President of Rates & Regulatory Affairs, Kentucky/Mid-States Division

FOR ENTIRE SERVICE AREA
P.S.C. NO. 1
First Revised SHEET No. 92
Canceling
Original SHEET No. 92

ATMOS ENERGY CORPORATION

Rules and Regulations

31. Municipal Franchise Fees

As to service within any county, city, town, urban county or other taxing district (herein referred to as the "franchise area") with respect to which the Company is required to pay to the county, city, town, urban county or other taxing district franchise fees or other payments made in consideration for the Company's use of public streets, properties and rights-of-way located within the applicable franchise area (herein collectively referred to as "franchise fees") based in any manner on a percentage of the amount of revenues received by the Company from service in such area, such franchise fees shall be recovered from the customers receiving service in that franchise area in accordance with provisions of this Section 31.

The charge to customers for the franchise fees shall be determined by multiplying the applicable franchise fee percentage times the customer's bill as otherwise determined under the Company's applicable tariff rate. The charge shall be added to each customer billing for all applicable classes of service in the franchise area. The amount of this charge shall be listed as a separate item on each customer's bill, shall show the amount of the charge and shall designate the unit of government to which the payment is due.

32. Continuous or Uniform Service

The Company will endeavor to supply gas continuously and without interruption, however, the Company shall not be responsible in damages or otherwise for any failure to supply gas or for any interruptions of the supply when such a failure is without willful fault or neglect on its part.

The Company cannot and does not guarantee either a sufficient or an adequate supply, or uniform pressure of the gas supplied. The Company shall not be liable for any damage or loss resulting from inadequate or interrupted supply or from any pressure variations when such conditions are not due to willful fault or neglect on its part.

ISSUED: October 30, 2009

EFFECTIVE: June 1, 2010

(Issued by Authority of an Order of the Public Service Commission in Case No. 2009-00354).

ISSUED BY: Mark A. Martin - Vice President of Rates & Regulatory Affairs, Kentucky/Mid-States Division

ATMOS ENERGY CORPORATION

Rules and Regulations

33. Measurement Base

(T)

The rates of the Company are based upon gas delivered to the customer on a basis of four (4) ounces per square inch above an assumed atmospheric pressure of fourteen and four tenths (14.4) pounds per square inch, or fourteen and sixty-five hundredths (14.65) pounds per square inch absolute pressure, at an assumed temperature of sixty (60) degrees Fahrenheit. However, the Company reserves the right to correct as necessary the actual temperature to sixty (60) degrees Fahrenheit basis. All gas measured at pressures higher than the standard pressure for low pressure distribution systems shall be corrected to a pressure base of fourteen and sixty-five hundredths (14.65) pounds per square inch absolute.

34. Character of Service

(T)

The Company will normally supply natural gas having a heating value of approximately one thousand (1,000) Btu per cubic foot and specific gravity of approximately six tenths (0.6). However, when it is necessary to supplement the supply of natural gas the Company reserves the right, at its discretion, to supply an interchangeable mixture of vaporized liquefied petroleum gas and air, or a combination of same with natural gas.

35. Curtailed Order

(T)

In cases of impairment of gas supply or distribution system capacity, or partial or total interruptions and when it appears that the Company is, or will be, unable to supply the requirements of all of its customers in any system or segment thereof, the Company shall curtail gas service to its customers in the manner set forth below.

a) **Definitions:**

Residential – Service to customers for residential purposes including housing complexes and apartments.

Commercial – Service to customers engaged primarily in the sale of goods or services including institutions and local and federal agencies for uses other than those involving manufacturing.

Industrial – Service to customers engaged primarily in a process which creates or changes raw or unfinished materials into another form or product, including the generation of electric power for sale.

ISSUED: October 30, 2009

EFFECTIVE: June 1, 2010

(Issued by Authority of an Order of the Public Service Commission in Case No. 2009-00354).

ISSUED BY: Mark A. Martin - Vice President of Rates & Regulatory Affairs, Kentucky/Mid-States Division

FOR ENTIRE SERVICE AREA

P.S.C. NO. 1

First Revised SHEET No. 94

Canceling

Original SHEET No. 94

ATMOS ENERGY CORPORATION

Rules and Regulations

b) Priorities of Curtailment:

Sales Service

The Company may curtail or discontinue sales service in whole or in part on a daily, monthly or seasonal basis in any purchase zone in accordance with the following priorities, starting with Priority 8 and proceeding in descending numerical order.

High Priority

- Priority 1. Residential and services essential to the public health where no alternate fuel exists (Rate G-1)
- Priority 2. Small commercials less than 50 Mcf per day (Rate G-1).
- Priority 3. Large commercials over 50 Mcf per day not included under lower priorities (Rates G-1)
- Priority 4. Industrials served under Rate G-1.

Low Priority

- Priority 5. Customers served under Rates G-2 other than boilers included in Priority 6.
- Priority 6. Boiler loads shall be curtailed in the following order (Rates G-2).
 - A – Boilers over 3,000 Mcf per day.
 - B – Boilers between 1,500 Mcf and 3,000 Mcf per day.
 - C – Boilers between 300 Mcf and 1,500 Mcf per day.
- Priority 7. Imbalance sales service under Rate T-3 and Rate T-4.
- Priority 8. Flex sales transactions.

ISSUED: October 30, 2009

EFFECTIVE: June 1, 2010

(Issued by Authority of an Order of the Public Service Commission in Case No. 2009-00354).

ISSUED BY: Mark A. Martin - Vice President of Rates & Regulatory Affairs, Kentucky/Mid-States Division

FOR ENTIRE SERVICE AREA

P.S.C. NO. 1

First Revised SHEET No. 95

Canceling

Original SHEET No. 95

ATMOS ENERGY CORPORATION

Rules and Regulations

The Company and a customer may agree, by contract, to a lower curtailment priority than would otherwise apply under the foregoing curtailment sequence.

If the gas supply is inadequate to fulfill only the partial requirements of a priority category then curtailment to customers in that category will be administered on a continuing basis.

Transportation Service

Transportation services will be curtailed under the following conditions:

- 1 – Due to capacity constraints on the Company's system.
- 2 – Due to capacity constraints on the transporter's system.
- 3 – During temporary gas supply emergency on the Company's system.
- 4 – When the Company is unable to confirm that the customer's gas supply is actually being delivered to the system.

ISSUED: October 30, 2009

EFFECTIVE: June 1, 2010

(Issued by Authority of an Order of the Public Service Commission in Case No. 2009-00354).

ISSUED BY: Mark A. Martin - Vice President of Rates & Regulatory Affairs, Kentucky/Mid-States Division

FOR ENTIRE SERVICE AREA

P.S.C. NO. 1

First Revised SHEET No. 96

Canceling

Original SHEET No. 96

ATMOS ENERGY CORPORATION

Rules and Regulations

a) **Penalty for Unauthorized Overruns**

In the event a customer fails in part or in whole to comply with a Company Curtailment Order either as to time or volume of gas used or uses a greater quantity of gas than its allowed volume under terms of the Curtailment Order, the Company may, at its sole discretion, apply a penalty rate of up to \$15.00 per Mcf.

In addition to other tariff penalty provisions, the customer shall be responsible for any penalty(s) assessed by the interstate pipeline(s) or suppliers resulting from the customer's failure to comply with terms of a Company Curtailment Order.

The payment of penalty charges shall not be considered as giving any customer the right to take unauthorized volumes of gas, nor shall such penalty charges be considered as a substitute for any other remedy available to the Company.

b) **Discontinuance of Service**

The Company shall have the right, after reasonable notice to discontinue the gas supply of any customer that fails to comply with a valid curtailment order.

ISSUED: October 30, 2009

EFFECTIVE: June 1, 2010

(Issued by Authority of an Order of the Public Service Commission in Case No. 2009-00354).

ISSUED BY: Mark A. Martin - Vice President of Rates & Regulatory Affairs, Kentucky/Mid-States Division

FOR ENTIRE SERVICE AREA
P.S.C. NO. 1
First Revised SHEET No. 97
Canceling
Original SHEET No. 97

ATMOS ENERGY CORPORATION

Rules and Regulations

36. General Rules

No agent, representative or employee of the Company has the authority to make any promise, agreement or representative, not incorporated in or provided for by the Rules and Regulations of the Public Service Commission of Kentucky or of this Company. Neither, has any agent, representative or employee of the Company any right or power to amend, modify, alter or waive any of the said Rules and Regulations, except as herein provided.

The Company reserves the right to amend or modify its Rules and the Regulations or to adopt such additional Rules and Regulations as the Company deems necessary in the proper conduct of its business, subject to the approval of the Public Service Commission of Kentucky.

These Rules and Regulations or Terms and Conditions of Service replace and supersede all previous Rules and Regulations or Terms and Conditions under which the Company has previously supplied gas service.

(T)

ISSUED: October 30, 2009

EFFECTIVE: June 1, 2010

(Issued by Authority of an Order of the Public Service Commission in Case No. 2009-00354).

ISSUED BY: Mark A. Martin - Vice President of Rates & Regulatory Affairs, Kentucky/Mid-States Division

TARIFFS PART 4

ATMOS ENERGY CORPORATION

| General Firm Sales Service | |
|--|---|
| Rate G-1 | |
| 1. <u>Applicable</u> | Entire Service Area of the Company. (See list of towns – Sheet No. 3) |
| 2. <u>Availability of Service</u> | Available for any use for individually metered service, other than auxiliary or standby service (except for hospitals or other uses of natural gas in facilities requiring emergency power, however, the rated input to such emergency power generators is not to exceed the rated input of all other gas burning equipment otherwise connected multiplied by a factor equal to 0.15) at locations where suitable service is available from the existing distribution system and an adequate supply of gas to reader service is assured by the supplier(s) of natural gas to the Company. |
| 3. <u>Net Monthly Rate</u> | <ul style="list-style-type: none"> a) Base Charge <ul style="list-style-type: none"> \$12.50 per meter for residential service (I) \$30.00 per meter for non-residential service (I) b) Distribution Charge <ul style="list-style-type: none"> First¹ 300 Mcf @ \$1.1000 per 1,000 cubic feet (D) Next¹ 14,700 Mcf @ 0.7700 per 1,000 cubic feet (I) Over 15,000 Mcf @ 0.5000 per 1,000 cubic feet (I) c) Weather Normalization Adjustment, referenced on Sheet No. 22. d) Gas Cost Adjustment (GCA) Rider, referenced on Sheet No. 23. e) Demand Side Management Cost Recovery Mechanism, referenced on Sheet No. 39. f) Research & Development Rider (R&D), referenced on Sheet No. 42. g) Pipe Replacement Program (PRP) Rider, referenced on Sheet No. 43. (T) <p>¹ All gas consumed by the customer (Sales and Transportation; firm and interruptible) will be considered for the purpose of determining whether the volume requirement of 15,000 Mcf has been achieved. (T)</p> |

ISSUED: October 30, 2009

EFFECTIVE: June 1, 2010

(Issued by Authority of an Order of the Public Service Commission in Case No. 2009-00354)

ISSUED BY: Mark A. Martin - Vice President of Rates & Regulatory Affairs, Kentucky/Mid-States Division

FOR ENTIRE SERVICE AREA
P.S.C. NO. 1
First Revised SHEET No. 11
Canceling
Original SHEET No. 11

ATMOS ENERGY CORPORATION

| Interruptible Sales Service | |
|--|--|
| Rate G-2 | |
| 1. <u>Applicable</u> | |
| | Entire Service Area of the Company. (See list of towns – Sheet No. 3) |
| 2. <u>Availability of Service</u> | |
| a) | Available on an individually metered service basis to commercial and industrial customers with an expected demand of at least 9,000 Mcf per year for any use as approved by the Company on a strictly interruptible basis, subject to suitable service being available from the existing transmission and/or distribution facilities and when an adequate supply of gas is available to the Company under its purchase contracts with its pipeline supplier. (T) |
| b) | The supply of gas provided for herein shall be sold primarily on an interruptible basis, however, in certain cases and under certain conditions the contract may include High Priority service to be billed under “General Sales Service Rate G-1” limited to use and volume which, in the Company’s judgment, requires and justifies such combination service. |
| c) | The contract for service under this rate schedule shall include interruptible service or a combination of High Priority service and Interruptible service, however, the Company reserves the right to limit the volume of High Priority service available to any one customer. |
| 3. <u>Delivery Volumes</u> | |
| a) | The volume of gas to be sold and purchases under this rate schedule shall be set forth in a written contract, specifying a maximum daily interruptible sales service volume and shall be subject to revision in accordance with the Company’s approved curtailment plan. |

ISSUED: October 30, 2009

EFFECTIVE: June 1, 2010

(Issued by Authority of an Order of the Public Service Commission in Case No. 2009-00354)

ISSUED BY: Mark A. Martin - Vice President of Rates & Regulatory Affairs, Kentucky/Mid-States Division

ATMOS ENERGY CORPORATION

| Interruptible Sales Service | |
|---|----------------|
| Rate G-2 | |
| b) <u>High Priority Service</u> The volume for High Priority service shall be established on a High Priority Daily Contract Demand basis which shall be the maximum quantity the Company is obligated to deliver and which the customer may receive in any one day, subject to other provisions of this rate schedule and the related contract. | |
| c) <u>Interruptible Service</u> The volume for Interruptible service shall be established on an Interruptible Daily Contract Demand basis which shall be the maximum quantity the Company is obligated to deliver and which the customer may receive subject to other provisions of this rate schedule and the related contract. | |
| d) <u>Revision of Delivery Volumes</u> The Daily Contract Demand for High Priority service and the Daily Contract Demand for Interruptible service shall be subject to revision as necessary so as to coincide with the customer's normal operating conditions and actual load with consideration given to any anticipated changes in customer's utilization, subject to the Company's contractual obligations with other customers or its suppliers, and subject to system capacity and availability of the gas if an increased volume is involved. | |
| 4. <u>Net Monthly Rate</u> | |
| a) Base Charge: \$300.00 per delivery point per month Minimum Charge: The Base Charge plus any Transportation Fee, EFM facilities charge and any Pipe Replacement Rider referenced on Sheet No. 43. | (I) (T) |
| b) Distribution Charge: <u>High Priority Service</u> The volume of gas used each day up to, but not exceeding the effective High Priority Daily Contract Demand shall be totaled for the month and billed at the "General Firm Sales Service Rate G-1". | |

ISSUED: October 30, 2009

EFFECTIVE: June 1, 2010

(Issued by Authority of an Order of the Public Service Commission in Case No. 2009-00354)

ISSUED BY: Mark A. Martin - Vice President Rates & Regulatory Affairs, Kentucky/Mid-States Division

FOR ENTIRE SERVICE AREA
P.S.C. NO. 1
Second Revised SHEET No. 13
Canceling
First Revised SHEET No. 13

ATMOS ENERGY CORPORATION

| Interruptible Sales Service | |
|---|-------------------------------|
| Rate G-2 | |
| <p><u>Interruptible Service</u> Gas used per month in excess of the High Priority Service shall be billed as follows:</p> | |
| First 15,000 Mcf | \$0.6300 per 1,000 cubic feet |
| Over 15,000 Mcf | 0.4100 per 1,000 cubic feet |
| <p>c) Gas Cost Adjustment (GCA) Rider, referenced on Sheet No. 23.</p> | |
| <p>d) Research & Development Rider (R&D), referenced on Sheet No. 42.</p> | |
| <p>e) Pipe Replacement Program (PRP) Rider, referenced on Sheet No. 43.</p> | |
| <p>¹ All gas consumed by the customer (Sales, Transportation, firm, interruptible) will be considered for the purpose of determining whether the volume requirement of 15,000 Mcf has been achieved.</p> | |

(I)
(I)

(T)

(T)

ISSUED: October 30, 2009

EFFECTIVE: June 1, 2010

(Issued by Authority of an Order of the Public Service Commission in Case No. 2009-00354)

ISSUED BY: Mark A. Martin - Vice President of Rates & Regulatory Affairs, Kentucky/Mid-States Division

ATMOS ENERGY CORPORATION

| Weather Normalization Adjustment Rider | |
|--|--|
| WNA | |
| 1. <u>Applicable</u> | <p>Applicable to Rate G-1 Sales Service, excluding industrial class only.</p> <p>The distribution charge per Mcf for gas service as set forth in G-1 Sales Service shall be adjusted by an amount hereinunder described as the Weather Normalization Adjustment (WNA). The WNA shall be applicable to Rate G-1 Sales Service, excluding Industrial Sales Service.</p> <p>The WNA shall apply to all residential, commercial and public authority bills based on meters read during the months of November through April. The WNA shall increase or decrease accordingly by month. The WNA will not be billed to reflect meters read during the months of May through October. Customer base loads and heating sensitivity factors will be determined by class and computed annually.</p> |
| 2. <u>Computation of Weather Normalization Adjustment</u> | <p>The WNA shall be computed using the following formula:</p> $WNA_i = R_i \frac{(HSF_i (NDD - ADD))}{(BL_i + (HSF_i \times ADD))}$ <p>Where:</p> <p>i = any rate schedule or billing classification within a rate schedule that contains more than one billing classification</p> <p>WNA_i = Weather Normalization Adjustment Factor for the ith rate schedule or classification expressed as a rate per Mcf</p> <p>R_i = weighted average rate (distribution charge) of temperature sensitive sales for the ith schedule or classification</p> <p>HSF_i = heat sensitive factor for the ith schedule or classification</p> <p>NDD = normal billing cycle heating degree days (based upon NOAA 30-year normal for the period of 1971-2000)</p> <p>ADD = actual billing cycle heating degree days</p> <p>BL_i = base load for the ith schedule or classification</p> |

(T)

ISSUED: October 30, 2009

EFFECTIVE: June 1, 2010

(Issued by Authority of an Order of the Public Service Commission in Case No. 2009-00354).

ISSUED BY: Mark A. Martin - Vice President of Rates & Regulatory Affairs, Kentucky/Mid-States Division

ATMOS ENERGY CORPORATION

| Gas Cost Adjustment | | |
|---|--|-----|
| Rider GCA | | |
| EGC is composed of the following: | | |
| <ul style="list-style-type: none"> 1) Expected commodity costs of all current purchases at reasonably expected prices, including all related variable delivery costs and FERC authorized charges billed to the Company on a commodity basis. 2) Expected non-commodity costs including pipeline demand charges, gas supplier reservation charges, and FERC authorized charges billed to the Company on a non-commodity basis. 3) The cost of other gas sources for system supply (no-notice supply, Company storage, withdrawals, etc.). | | |
| Less: | | |
| <ul style="list-style-type: none"> 4) The cost of gas purchases expected to be injected into underground storage. 5) Projected recovery of non-commodity costs and Lost and Unaccounted for costs from transportation transactions. 6) The cost of Company-use volume | | |
| <p>CF - is the Correction Factor per Mcf which compensates for the difference between the expected gas cost and the actual gas cost for prior periods plus any gas cost which is uncollectible.</p> | | (T) |
| <p>CF shall be calculated as:</p> | | |
| <p>CF = (a/b) + (c/b), where</p> | | (T) |
| <p>a = difference between the expected gas cost and the actual gas cost for prior periods</p> | | |
| <p>b = total expected annual customer sales volumes</p> | | |
| <p>c = net uncollectible gas cost (i.e. uncollectible gas cost less subsequently collected gas cost)</p> | | |
| <p>The Company shall file an updated Correction Factor (CF) in its January, April, July, and October GCA filings, to become effective in February, May, August, and November respectively. The net uncollectible gas costs (c) will be reported on an annual basis and included in the February quarterly GCA filing.</p> | | (T) |

ISSUED: October 30, 2009

EFFECTIVE: June 1, 2010

(Issued by Authority of an Order of the Public Service Commission in Case No. 2009-00354).

ISSUED BY: Mark A. Martin - Vice President of Rates & Regulatory Affairs, Kentucky/Mid-States Division

FOR ENTIRE SERVICE AREA
P.S.C. NO. 1
Tenth Revised Sheet No. 41
Canceling
Ninth Revised Sheet No. 41

ATMOS ENERGY CORPORATION

| Demand-Side Management Cost Recovery Mechanism | | |
|---|---------------------------|-----|
| DSM | | |
| <u>DSM Cost Recovery Component (DSMRC):</u> | | |
| DSM Cost Recovery – Current: | \$0.0850 per Mcf | (N) |
| DSM Lost Sales Adjustment | \$0.0000 per Mcf | (D) |
| DSM Incentive Adjustment | \$0.0080 per Mcf | (N) |
| DSM Balance Adjustment: | <u>(\$0.0189) per Mcf</u> | (D) |
| DSMRC Residential Rate G-1 | \$0.0741 per Mcf | (D) |

ISSUED: October 28, 2009

EFFECTIVE: June 1, 2010

(Issued by Authority of an Order of the Public Service Commission in Case No. 2008-00499 date September 2, 2009).

BY: Mark A. Martin - Vice President of Rates & Regulatory Affairs, Kentucky/Mid-States Division

FOR ENTIRE SERVICE AREA

P.S.C. NO. 1
Second Revised SHEET No. 42
Canceling
First Revised SHEET No. 42

ATMOS ENERGY CORPORATION

| Research & Development Rider | (T) |
|--|-----|
| R & D Unit Charge | |
| Applicable: This rider applies to the distribution charge applicable to all gas transported by the Company other than Rate T-3 and T-4 Transportation Service. | (T) |
| R&D Unit Charge: The intent of the Research & Development Unit Charge is to maintain the Company's level of contribution per Mcf as of December 31, 1998. | (T) |
| R&D Unit Charge @ \$0.0035 per 1,000 cubic feet | (T) |
| Waiver Provision: The R&D Unit Charge may be reduced or waived for one or more classifications of service or rate schedules at any time by the Company by filing notice with the Commission. Any such waiver shall not increase the R&D Unit Charge to the remaining classifications of service or rate schedules without Commission approval. | |
| Remittance of Funds: All funds collected under this rider will be remitted to Gas Technology Institute, or similar research or commercialization organization. The amounts so remitted shall be reported to the Commission annually. | (T) |
| Reports to the Commission: A statement setting forth the manner in which the funds remitted have been invested in research and development will be filed with the Commission annually. | |
| Termination of this Rider: Participation in the R&D funding program is voluntary on the part of the Company. This rider may be terminated at any time by the Company by filing a notice of rescission with the Commission. | |

ISSUED: October 29, 2007

EFFECTIVE: June 1, 2010

(Issued by Authority of an Order of the Public Service Commission in Case No. 2009-00354)

ISSUED BY: Mark A. Martin - Vice President of Rates & Regulatory Affairs, Kentucky/Mid-States Division

ATTACHMENT B

ATMOS ENERGY CORPORATION - KENTUCKY
CASE NO. 2009-00354
SUMMARY OF REVENUE AT PRESENT AND PROPOSED RATES
TEST YEAR ENDING MARCH 31, 2011

| Line No. | Description | Block (Mcf) | Test Year Ending 3/31/2011 | | | | | | |
|----------|------------------------------|---------------|----------------------------|-------------|--------------------|---------------------|---------------------|----------------------|--|
| | | | Number of Bills, Units (a) | Volumes (b) | Present Margin (c) | Present Revenue (d) | Proposed Margin (e) | Proposed Revenue (f) | |
| 1 | <u>Sales</u> | | | | | | | | |
| 2 | Firm Sales (G-1) | Customer Chrg | 1,826,839 | | \$9.35 | \$17,080,945 | \$12.50 | \$22,835,488 | |
| 3 | | Customer Chrg | 229,956 | | 25.00 | 5,748,900 | 30.00 | 6,898,680 | |
| 4 | | 0 - 300 | | 15,368,811 | 1.1900 | 18,288,886 | 1.1000 | 16,905,693 | |
| 5 | | 301 - 15,000 | | 977,389 | 0.7530 | 735,974 | 0.7700 | 752,589 | |
| 6 | | Over 15,000 | | 0 | 0.4708 | 0 | 0.5000 | 0 | |
| 7 | Interruptible Sales (G-2) | Customer Chrg | 163 | | 250.00 | 40,750 | 300.00 | 48,900 | |
| 8 | | 0 - 15,000 | | 235,076 | 0.6000 | 141,046 | 0.6300 | 148,098 | |
| 9 | | Over 15,000 | | 0 | 0.3800 | 0 | 0.4100 | 0 | |
| 10 | | | | | | | | | |
| 11 | <u>Transportation</u> | | | | | | | | |
| 12 | Customer Charges (T4, T3) | Customer Chrg | 2,356 | | 250.00 | 589,000 | 300.00 | 706,800 | |
| 13 | Transp. Adm. Fee | Customer Chrg | 2,345 | | 50.00 | 117,250 | 50.00 | 117,250 | |
| 14 | Parked Volumes [1] | | | 277,344 | 0.10 | 27,734 | 0.10 | 27,734 | |
| 15 | EFM Charges | | | | | | | | |
| 16 | Firm Carriage (T-4) | | | 422,154 | 1.1900 | 502,363 | 1.1000 | 464,370 | |
| 17 | | 0 - 300 | | 4,214,899 | 0.7530 | 3,173,819 | 0.7700 | 3,245,473 | |
| 18 | | 301 - 15,000 | | 330,591 | 0.4708 | 155,642 | 0.5000 | 165,295 | |
| 19 | Interruptible Carriage (T-3) | Over 15,000 | | 4,388,043 | 0.6000 | 2,632,826 | 0.6300 | 2,764,467 | |
| 20 | | 0 - 15,000 | | 1,865,617 | 0.3800 | 708,935 | 0.4100 | 764,903 | |
| 21 | Over 15,000 | | | 11,344,454 | Various | 1,283,304 | Various | 1,283,304 | |
| 22 | Total Special Contracts [2] | | 2,059,314 | 39,147,034 | | 51,349,414 | | 57,251,083 | |
| 23 | Total Tariff | | | | | | | | |
| 24 | | | | | | | | | |
| 25 | Other Revenues | | | | | 870,307 | | 870,307 | |
| 26 | Late Payment Fees | | | | | 1,571,877 | | 1,620,115 | |
| 27 | Total Gross Profit | | | | | 53,791,598 | | 59,741,505 | |
| 28 | | | | | | | | | |
| 29 | Gas Costs | | | | | 146,024,522 | | 146,024,522 | |
| 30 | | | | | | | | | |
| 31 | Total Revenue | | | | | \$ 199,816,120 | | \$ 205,766,028 | |
| 32 | | | | | | | | | |
| 33 | Total Adjustment | | | | | | | \$5,949,907 | |
| 34 | | | | | | | | | |
| 35 | | | | | | | | | |

[1] Parked Volumes not included in Total Deliveries.
 [2] Based on confidential information. Number of Bills included in T3 & T4.

ATMOS ENERGY CORPORATION - KENTUCKY
CASE NO. 2009-00354
SUMMARY OF REVENUE AT PRESENT AND PROPOSED RATES
TEST YEAR ENDING MARCH 31, 2011

| Line No. | Description | Test Year Ending 3/31/2011 | | | | | | |
|----------|-----------------------------------|----------------------------|----------------------------|-------------|--------------------|---------------------|---------------------|----------------------|
| | | Block (Mcf) | Number of Bills, Units (a) | Volumes (b) | Present Margin (c) | Present Revenue (d) | Proposed Margin (e) | Proposed Revenue (f) |
| 1 | Transportation | | | | | | | |
| 2 | Customer Charges (T4, T3) | | 2,356 | | 250.00 | 589,000 | 300.00 | 706,800 |
| 3 | Transp. Adm. Fee | | 2,345 | | 50.00 | 117,250 | 50.00 | 117,250 |
| 4 | Parked Volumes [1] | | | 277,344 | 0.10 | 27,734 | 0.10 | 27,734 |
| 5 | EFM Charges | | | | | 122,040 | | 122,040 |
| 6 | Firm Carriage (T-4) | 0 - 300 | | 422,154 | 1.1900 | 502,363 | 1.1000 | 464,370 |
| 7 | | 301 - 15,000 | | 4,214,899 | 0.7530 | 3,173,819 | 0.7700 | 3,245,473 |
| 8 | | Over 15,000 | | 330,591 | 0.4708 | 155,642 | 0.5000 | 165,295 |
| 9 | Interruptible Carriage (T-3) | 0 - 15,000 | | 4,388,043 | 0.6000 | 2,632,826 | 0.6300 | 2,764,467 |
| 10 | | Over 15,000 | | 1,865,617 | 0.3800 | 708,935 | 0.4100 | 764,903 |
| 11 | Total Special Contracts [2] | | | 11,344,454 | Various | 1,283,304 | Various | 1,283,304 |
| 12 | | Gas Costs | | | | 0 | | 0 |
| 13 | Total | | 2,356 | 22,565,758 | | 9,312,913 | | 9,661,635 |
| 14 | Increase Amount | | | | | | | 348,723 |
| 15 | Increase Percentage | | | | | | | 3.7% |
| 16 | | | | | | | | |
| 17 | Service Charges/Late Payment Fees | | | | | | | |
| 18 | Total | | | | | 2,442,184 | | 2,490,422 |
| 19 | Increase Amount | | | | | | | 48,238 |
| 20 | Increase Percentage | | | | | | | 2.0% |
| 21 | | | | | | | | |
| 22 | TOTAL | | | | | | | |
| 23 | Total | | 2,059,314 | 39,147,034 | | 199,816,117 | | 205,766,028 |
| 24 | Increase Amount | | | | | | | 5,949,910 |
| 25 | Increase Percentage | | | | | | | 3.0% |
| 26 | | | | | | | | |

[1] Parked Volumes not included in Total Deliveries.

[2] Based on confidential information. Number of Bills included in T3 & T4.

REQUEST:

Refer to page 2, numerical paragraph 3 of the Stipulation. Among other things, it states that the Pipeline Replacement Program ("PRP") is to be implemented as proposed. Refer also to the response to Item 4 of the Commission Staffs Second Data Request ("Staffs Second Request"). The last sentence in part b. of the response, regarding the PRP rider, reads, "If it is the Commission's preference, the Company does not object to showing the charges associated with this rider on the customer's bill." If the Commission required the cost of the PRP to be shown separately on customers' bills, explain whether that would cause Atmos to withdraw from the Stipulation

RESPONSE:

The Company would not withdraw from the Stipulation if the Commission required the cost of the PRP to be shown separately on the customers' bills.

Respondent: Gary Smith

REQUEST:

Refer to the responses to Items 2 and 24 of the Staffs Second Request. The first deals with the 12-month period used as the forecasted test period; and the second deals with the effective date and implementation date of the PRP rider. The forecasted test period is the 12 months from April 2010 through March 2011. However, based on the proposed effective date in the tariffs in Atmos's application, the first 12 months immediately following suspension would be from June 2010 through May 2011. Given the two-month difference between the forecasted test period and the first 12 months in which Atmos's new rates will likely be in effect, explain whether the implementation date for the PRP rider should be April 1, 2011 or June 1, 2011.

RESPONSE:

Although the Company believes that April 1, 2011 would continue to be an appropriate implementation date for computing the first PRP, the Company is agreeable to implement the first year of the PRP rider on June 1, 2011 to avoid any confusion that may be caused by the 2 month difference referenced in this data request. The result of this change would be that the first implementation of the PRP rider would cover 4 months of investment rather than the proposed 6 months. The tariff language and proposed timing associated with future PRP filings are unaffected by this change.

Respondent: Gary Smith

REQUEST:

Refer to page 2, numerical paragraph 5 of the Stipulation and Recommendation ("Stipulation").

- a. Explain whether numerical paragraph 5 of the Stipulation is a material term of the agreement.
- b. Explain whether it is Atmos's position that the Commission has the authority to approve numerical paragraph 5 of the Stipulation and if so, provide the authority

RESPONSE:

- a. Paragraph 5 of the Stipulation is not a material term for Atmos, except to the extent that it is a term negotiated in good faith with the Attorney General as part of the settlement of all issues in the case. Because the Attorney General sought the inclusion of that provision, its materiality to the Attorney General is an issue that Atmos cannot address.
- b. The Commission has the authority to approve rates that are fair, just and reasonable. To the extent that the inclusion of any ratemaking adjustment falls within that discretion, the Commission may approve. However, Atmos is unaware of any specific statutory authority that allows the Commission to approve the recovery of rate case expenses by the Attorney General except that provided to Atmos during the negotiations by the Attorney General and cited in the Settlement Agreement.

Respondent: Gary Smith